

Storyline

The preparation of accounting manual was taken up for 'The Rural Development and Panchayat Raj Department' of the Government of Karnataka under the World Bank funded Grama Swaraj programme.

NCRCL® prepared the accounting manual for Grama Panchayats in Karnataka. The manual laid down the accounting policies, procedures and reporting formats for Grama Panchayats.

Once upon a time

Accounts of Grama Panchayats (GP) in Karnataka were being maintained under the double entry system of accounting with the help of field level CA firms. However, there was no definite governing framework prescribing the accounting policies, accounting procedures and documents and reporting formats.

There was a need to prepare a comprehensive accounting manual based on double entry accrual based accounting principles suited to the accounting needs of Grama Panchayats.

Moving on

The NCRCL® team began with a preliminary study of select GPs to identify the different types of transactions that take place. This was followed with a review of all existing governing policies and the C & AG guidelines governing GP accounting. Discussions were held with key stakeholders on the aspects of GP accounting. An important consideration while preparing the manual was its suitability for computerized accounting.

Multiple rounds of discussion were held on the draft manual and the changes were incorporated. The team employed its time tested research methodology and implementation expertise to add value to the manual.

The accounting manual included an Accounting Entry Matrix covering the types of entries to be passed which covers most of the transactions that take place in a GP. The entire manual was bilingual – English and Kannada.

The process adopted for finalization was an inclusive process covering all stakeholders – GP accountants, field level CA firms, auditors, software vendor and others.

Certain deviations from complete accrual were made keeping in mind ground realities.

Finally

The manual was well accepted by all stakeholders since they were part of the preparation process. The technology solution was customized to conform to the accounting principles and codification structure prescribed in the manual. The customized solution is being deployed on a pilot basis in select GPs.

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