

**CHECKLIST OF REFORMS  
MUNICIPAL ACCOUNTING**

**DESIRED OBJECTIVES:**

Note: JNNURM requires certain reforms to be undertaken by states/ cities in Municipal Accounting, with the objective of having a modern accounting system based on double-entry accrual principles, leading to better financial management, transparency and self-reliance.

1. **CURRENT STATUS**

- a. Please provide a short note on the present method of accounting being followed in your city

Cash-based, single entry method.

- b. Please provide the status of completion and adoption of accounts, and if they have been audited and published in the last 3 years

Year	Adopted	Audited	Published
2002-2003	√	√	√
2003-2004	√	√	√
2004-2005	√	√	

- c. Please state whether State/city has drawn up its own accounting manual

Yes      No  
     

- d. Please state whether State/city has adopted NMAM

NO

i. without modifications

ii. with modifications.

- e. Please state whether State has modified its current appropriate laws and regulations to be in compliance with the double-entry accrual principles. If yes, please provide date of such modification.

Yes      No      Date  
           

- f. If applicable, please provide current status of implementation of double-entry accrual system.

VMC is taking up the work of conversion to Modified accrual accounting system by appointing consultants for a simultaneous maintenance of two accounting systems and for their synchronization towards Accrual double entry accounting by end of the financial year 2007-2008. The job of asset listing which is underway shall help the conversion to Accrual double entry system as targeted.

2. TIMELINE FOR ACTION ON REFORMS

a. Resolution by Government expressing commitment to establish modern municipal accounting system. (Note: This resolution should be passed within 6 months of signing of MOA under JNNURM and a copy submitted to MOUD.)

b. GO/Legislation/Modification of rules for migrating to double-entry accounting system

Year1	Year2	Year3	Year4	Year5	Year6	Year7
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

c. Appointment of consultants for development of State manual (either based on NMAM or independently)

Year1	Year2	Year3	Year4	Year5	Year6	Year7
<input checked="" type="checkbox"/>	<input type="checkbox"/>					

d. Completion and adoption of manual

Year1	Year2	Year3	Year4	Year5	Year6	Year7
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

e. Commence training of personnel

Year1	Year2	Year3	Year4	Year5	Year6	Year7
<input checked="" type="checkbox"/>	<input type="checkbox"/>					

f. Appointment of field-level consultant for implementation at the city-level

Year1	Year2	Year3	Year4	Year5	Year6	Year7
<input checked="" type="checkbox"/>	<input type="checkbox"/>					

g. Notification of cut-off date for migrating to the double-entry accounting system

Year1	Year2	Year3	Year4	Year5	Year6	Year7
<input checked="" type="checkbox"/>	<input type="checkbox"/>					

h. Buisness Process Re-engineering (if required)

Year1	Year2	Year3	Year4	Year5	Year6	Year7
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

i. Valuation of assets and liabilities

Year1	Year2	Year3	Year4	Year5	Year6	Year7
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

j. Drawing up of opening balance sheet (OBS):

i. Provisional OBS

Year1	Year2	Year3	Year4	Year5	Year6	Year7
<input checked="" type="checkbox"/>	<input type="checkbox"/>					

ii. Adoption of provisional OBS

Year1	Year2	Year3	Year4	Year5	Year6	Year7
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>				

iii.	Finalisation of OBS	Year1	Year2	Year3	Year4	Year5	Year6	Year7
		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k.	Full migration to double-entry accounting system	Year1	Year2	Year3	Year4	Year5	Year6	Year7
		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l.	Production of financial statements (income-expenditure accounts and balance sheet)	Year1	Year2	Year3	Year4	Year5	Year6	Year7
		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
m.	Audit of financial statements	Year1	Year2	Year3	Year4	Year5	Year6	Year7
		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
n.	Adoption of accounts	Year1	Year2	Year3	Year4	Year5	Year6	Year7
		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
o.	Preparation of outcome budget	Year1	Year2	Year3	Year4	Year5	Year6	Year7
		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
p.	Complete re-vamp of the Public Financial Management (PFM) cycle, which includes internal controls	Year1	Year2	Year3	Year4	Year5	Year6	Year7
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
q.	Credit rating of ULB/parastatal (if required)	Year1	Year2	Year3	Year4	Year5	Year6	Year7
		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
r.	Any other reform steps being undertaken (please use additional space to specify)							
	➤ A computerized accounting system using TALLY software is in place.							
	➤ Relevant staff have been trained and the system is functional.							
	➤ Asset Listing and valuation is underway. <i>The services of experienced chartered accountants are being contacted to complete the process in time.</i>							