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New accounting system for all municipalities

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HYDERABAD: After decades, the municipalities in the State are adopting a new and standard accounting system, paving the way for transparency, authenticity and reliability.

Already, 58 urban local bodies (ULBs) have adopted this system in the first phase of the modernisation programme and the remaining 63 ULBs will adopt it within seven months.

Though the 58 municipalities were scheduled to switch over to the new accounting system by the end of August, the exercise was delayed by a week and the new system would come into vogue in two or three days.

These municipalities will conduct their accounting in the new system with effect from April 1 of this year and the remaining municipalities would start it in the next financial year.

The new accounting system is being adopted by the State municipalities as the Union Government made it mandatory under the Jawaharlal Nehru Urban National Renewal Mission (JNNURM).

While the AP Urban Finance and Infrastructure Development Corporation is supervising the implementation of the new accounting system in the 121 ULBs, the Greater Hyderabad, Greater Visakhapatnam and Vijayawada Municipal Corporations are developing their own software.

The APUFIDC had procured the software from the e-Governance department of the State Government and is supplying it free of cost to the ULBs.

The commissioners and accounts officers of the municipalities are being trained in the new accounting procedures.

Speaking to Express, the APUFIDC manager says that municipalities are replacing the single-entry accounting system with double-entry system.

Since the inception of the ULBs in the State the old (single entry) system has been in vogue.

But the old system was a non-standard one and shows only the receipts, payments and balance of a particular day. The double-entry system, which is practised all over the world, shows various aspects of a transaction under different heads. Under the existing single-entry system commerce students or even chartered accountants are unable to understand the financial statements of municipalities. This has led to lack of transparency in accounts and authenticity, he explained.

“Even officials working in the municipal offices were often unable to know the financial position as they could not make a distinction between arrears and new revenue demands at the end of the financial year, and are not in a position to tell the quantum of arrears,” says a chartered accountant hired by the APUFIDC on the modernisation project.

The government is also unable to know the financial strength of the municipalities because of this difficulty.

Once the new system is in place, the municipalities will be in a position to tell their financial position without confusion. As the computer-based accounts system is going to be introduced and made a Statewide network, officials of the municipal administration department in the capital will be able to know the financial position of the municipalities with a click of the mouse.