

# GOVERNMENT OF KERALA

## Abstract

Local Self Government Department- Adoption of Double Entry Accrual Based system of accounting - Implementation in all the remaining Municipalities -Orders issued.

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### LOCAL SELF GOVERNMENT ( AA) DEPARTMENT

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G.O.(M.S)No.23/10/LSGD

Dated,Thiruvananthapuram 04.02.2010

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- Read:-
1. G.O(Ms)No.8/07/Local Self Government Department dated 06.01.2007
  2. G.O.(Rt) No.652/07/Local Self Government Department dated 02.03.2007
  3. G.O.(P) No.100/07/Local Self Government Department dated 03.03.2007
  4. G.O.(Ms).No.130/07/Local Self Government Department dated 17.05.2007
  5. G.O(Rt) No.4240/08/Local Self Government Department dated 05.12.2008
  6. Government Letter to IKM No.39158/AA1/09/Local Self Government Department dated 01.07.09
  7. Report of the State Performance Audit Officer dated 9-11-2009.
  8. Minutes of the Executive Council Meeting of the Information Kerala Mission held on 24.12.2009.

### ORDER

As part of the policy on improving the accounting system in Local Governments, a pilot project to introduce Double Entry Accrual based system of accounting was launched in all the five Municipal Corporations and the Municipalities of Alappuzha and Thalassery with effect from 1<sup>st</sup> April 2007 as per the G.O. read as 1<sup>st</sup> paper above. As per the G.O. read as 3<sup>rd</sup> paper above, Government notified the publication of the Kerala Municipal (Accounts) Rules, 2007. Government issued the Kerala Municipal Accounts Manual under the G.O. read as 4<sup>th</sup> paper above. Government ordered the implementation of the software developed by the Information Kerala Mission in compliance with the Kerala Municipal Accounts Manual in Kozhikode Corporation as per G.O. read as 5<sup>th</sup> paper above. Government also ordered the implementation of the revenue module deployed by the Information Kerala Mission in the other six Urban Local Governments viz Thiruvananthapuram, Kollam,,Kochi, Thrissur, Alappuzha and Thalassery. Government further ordered in the G.O read as 5<sup>th</sup> paper above that Information Kerala Mission would do the entire accounting at Kannur Municipality using their software.

Government also ordered therein to extend to Kannur Municipality the Kerala Municipality (Accounts) Rules, 2007 and the Kerala Municipal Accounts Manual.

2. A team led by the State Performance Audit Officer and consisting of the Joint Director (Admn) of Urban Affairs and KSUDP officials visited the Kozhikode Corporation to evaluate the Saankhya software developed by the Information Kerala Mission in compliance with the Kerala Municipal Accounts Manual. Based on their report Government directed the Information Kerala Mission as per the letter read as 6th paper above to integrate the Sanchaya (Revenue Module), Sthapana (Establishment Module) and Sulekha (Plan Monitoring Module) software with the Saankhya software. Government also directed that all MIS reports in the existing software and all the reports required by Government should be available from the Information Kerala Mission software Saankhya. After incorporating the modification as directed by Government the Saankhya software was presented to the State Performance Audit Officer and Additional Director of Panchayats on 24.10.2009. The State Performance Audit Officer as per report read as 7th paper above informed that the Saankhya software was suitable for roll out in all the remaining Urban Local Bodies in the State. He also suggested that the Information Kerala Mission should obtain certification for the software from STQC of the Ministry of Information Technology.

3. The matter was discussed in the meeting of the Executive Committee of the Information Kerala Mission held on 24 December 2009 and it was reported that the Information Kerala Mission was ready for the roll out of the 'Saankhya' software in the integrated form in all the remaining Urban Local Bodies including the six pilot Urban Local Bodies with effect from 1<sup>st</sup> April 2010.

4. Government have considered the matter in detail and are pleased to order as follows.

- a) Information Kerala Mission shall get third party testing through Software Testing and Quality Certification (STQC) for the "Saankhya" software developed in compliance with the Kerala Municipal Accounts

Manual from the Electronic Regional Testing Laboratory (ERTL) under the Ministry of Information Technology (MIT)

- b) Meanwhile, the Information Kerala Mission shall take all necessary steps to install the Saankhya software, integrated with Sanchaya (Revenue Module), Sthapana (Establishment Module) and Sulekha (Plan Monitoring Module) in all the remaining Urban Local Bodies in the State excluding six pilot Urban Local Bodies, immediately, so that the accounting process from 1<sup>st</sup> April 2010 shall be in Saankhya software in all those Urban Local Bodies in the State. After successful implementation of the software in those Urban Local Bodies the same shall be extended to the pilot Urban Local Bodies also.
- (c) Director of Urban Affairs shall be responsible for the implementation of the Software in the Urban Local Bodies utilizing the services of IKM and with the technical assistance of State Performance Audit Officer. For this purpose Technical Assistants of IKM in the Urban Local Bodies and a Technical Team from IKM Head Quarters shall be placed at the disposal of Director of Urban Affairs
- (d) A State level Implementation & Monitoring committee comprising the following members is hereby constituted to oversee the implementation of "Saankhya" and accrual based double entry accounting in all the Urban Local Bodies in the State.

- Director of Urban Affairs - Chairperson
- State Performance Audit Officer - Convener
- Joint Director (Admn.), Urban Affairs - Member
- Director, KILA -Member
- Finance Officer, Directorate of Urban Affairs- Member
- Director (Implementation), Information Kerala Mission-Member
- Director (Technical),Information Kerala Mission-Member
- Sri.S.Pameswaran Nair, Retired Director of Municipal Administration.

- Sri.Udaya Bhanu Kandeth, Retired Senior Audit Officer, AG's Office and Consultant Information Kerala Mission..

The Committee shall report the progress of implementation of the software to the government every month.

(e) The above committee shall arrange for imparting training for selected staff of Urban Local Bodies in Double Entry Accounting and Saankhya software. All Urban Local Bodies shall be covered in the training programmed which is to be conducted during January-March 2010. The training programme shall be organized by KILA. The Directorate of Urban Affairs shall issue necessary direction to the staff to participate in the training, ensuring that all the members of the Accounts Department/ Section who are to make operations in Saankhya and all members of staff who are to generate demands for receipts in Saankhya are covered in the training. The Secretary of each Urban Local Body shall issue office order specifying the names of staff engaged in accounting and cash functions. Names of such persons and those entrusted with the functions of raising demands of revenue collection may be intimated to Director of Urban Affairs and Director KILA for training. The Training Hand Books shall be provided by the Information Kerala Mission. The committee shall decide the content, faculty, schedule etc. for training in the domain part and the application part.

(f) A monitoring Committee at the Regional Level shall be constituted for the Southern, Central and Northern Regions with the Regional Joint Director of Urban Affairs as Chairperson and Convener, and the Secretaries of all Municipal Corporations and Municipalities in the region as members. The committee shall meet every month, take suitable decisions and furnish report to the committee mentioned supra.

(g) In each Urban Local Body a core team consisting of the Chairman Finance Standing Committee as Chairman, the Secretary of the Urban Local Body as Convener and Superintendent, Accounts and IKM representatives as members may be constituted for overseeing the implementation of the Accounting Software.

(h) The implementation of Saankhya software shall commence in February 2010 so that in all Urban Local Bodies accrual based double entry accounting is implemented from 1st April 2010.

(i) To commence with, the Opening Balance Sheet as on 31<sup>st</sup> March 2010 shall be prepared as prescribed in the Kerala Municipal Accounts Manual, incorporating the balance of Cash and Bank/Treasury Accounts as on 31<sup>st</sup> March 2010. The Urban Local Bodies shall utilize the services of a Chartered Accountant or a qualified person to prepare the Opening Balance Sheet. The expenditure on this account shall be met from Own Fund/General Purpose Fund. The balance under loans, specific grants, advances and deposits received on the Liability side and the balances with receivables as per the DCB statement on the Asset side shall be incorporated along with this or as soon as they are ready. The balances under Fixed Assets shall be incorporated subsequently and it shall be ensured that all assets and liabilities have been incorporated in the Balance Sheet.

(j) Revenue data base, which is essential for the integration of Sanchaya (Revenue Module) software, shall be prepared for Property Tax, Profession Tax, Rent, License Fee etc. by the Urban Local Body concerned. The data entry for the purpose shall be arranged by the Urban Local Body. Own Fund/General Purpose Fund shall be utilized for the purpose and Information Kerala Mission shall provide necessary technical support.

(k) All Urban Local Bodies shall ensure that the Treasury functions, which were under the control of the Revenue Department are transferred to the control of the accounts Department as ordered in the G.O. read as 2<sup>nd</sup> paper. Thereafter, the control of all receipts and payments in the Urban Local Body shall be solely with the Accounts Department.

(l) The Secretaries of all Urban Local Bodies shall issue office orders detailing the duties of the staff in the operation of Saankhya Application. The entire operations shall be done by the Urban Local Body staff, using their user names and passwords (which are to be maintained as confidential) All operations in the Saankhya Application shall be under the control of the Accounts Officer/ Superintendent of Accounts section. Monthly Receipts and Payments Statements and other Financial

Statements prepared in Saankhya, after conducting Bank/ Treasury Reconciliation shall be forwarded by every Urban Local Body to the Director of Urban Affairs with copy to the State Performance Audit Officer, by the 10<sup>th</sup> of every month

By Order of the Governor

**S.M.VIJAYANAND**

Principal Secretary

To

The Principal Accountant General (Audit) Kerala, Thiruvananthapuram

The Accountant General (A & E) Kerala, Thiruvanthapuram.

The Mayors of all Municipal Corporations

The Chairpersons of all Municipalities

The Secretaries of all Municipal Corporations

The Secretaries of All Municipalities

The Director of Urban Affairs, Thiruvananthapuram

✓ The Executive Chairman & Director, Information Kerala Mission,  
Thiruvananthapuram

The Director, KILA, Mulankunnathukavu, Thrissur

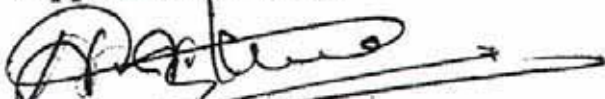
The Project Director, KSUDP, Thiruvananthapuram

The Director Local Fund Audit, Thiruvananthapuram

The Director of Information & Public Relations, Thiruvananthapuram ( for  
issuing Press Release

The Stock File

Approved for issue

  
Section Officer