

# **THE GUJARAT MUNICIPAL ACCOUNTING REFORM PROJECT**

## **Introduction**

The Gujarat State in India has 161 municipalities. They are under the jurisdiction of the Gujarat Municipal Finance Board. Based on population census (last in 2001), there are 18 Class A municipalities, 34 Class B, 45 Class C and 64- Class D municipalities.

The historic Gujarat Municipal Accounting Reform Project (GMARP) for implementing the Computerized, Accrual-based, Double-entry Accounting System in all 161 municipalities of Gujarat was launched in November 2005 by the Gujarat Government through a third-party agency, CMAG. CMAG was appointed as a GMARP Project Management and Training Unit (PMTU). An expert in the subject of accounting reform was appointed as Project Adviser to CMAG and a Technical Advisory Committee headed by the then Joint Secretary, Urban Development Department, Govt. of Gujarat was setup, comprising of CMAG Project Manager, government officials, eminent CAs and auditors and accountants.

The project Phase-I, covering the original 130 municipalities handled by 27 CA firms from the state, is expected to be completed by 31<sup>st</sup> March 2008 and the financial reform will continue till 2009 when each municipality will adopt the new accounting system and run it on their own in a sustainable manner.

## **Objectives**

The primary objective of GMARP to undertake the project implementation based on National Accounting Manual published by the Comptroller and Auditor General (C&AG) of India. The secondary objectives are:

1. to introduce elements of efficiency and accountability in municipal accounting
2. to make municipal accounting and budgeting as transparent as possible for citizens to ultimately participate in urban governance, and
3. to make municipalities globally competitive and assist them in future, in market borrowings for up-gradation of infrastructure.

## **CMAG as Project Management & Training Unit (PMTU)**

The PMTU has assumed the responsibility of managing the selected consultant/Chartered Accountant (CA) firms and guide the vendors as well as asset valuation firm and monitor their activities. It has coded the accounts as per C & AG recommended Chart of Accounts. In consultation with CA firms, the PMTU helps facilitate organisation of training programs for the staff of municipalities and elected representatives. It is responsible for budgetary controls and all payouts are handled by PMTU.

## **Status as of February 2008**

- ✓ Dummy Balance Sheets from 159 municipalities
- ✓ Municipal Fixed Asset Valuation completed in 98 municipalities
- ✓ Approved Final Balance Sheets for all 130 municipalities
- ✓ Budgetary Reforms completed in all 159 municipalities