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Accounting in Panchayats and Autonomous District Councils: A Comparative Analysis

K. Vanlalhruaitluanga[1], Sumarbin Umdor[1] and Tornado Garland Wanniang[2]

Abstract

The accounting system of local government is a key aspect of local governance in India, and it has gradually evolved over the years. While Panchayats have achieved significant milestones with the adoption of the Model Accounting System over the last decade, the accounting system of the Autonomous District Councils (ADCs) under the Sixth Schedule of the Constitution of India has undergone minimal changes over the years. This study highlights recent developments in the Panchayat accounting system, utilising a phased approach that divides accounting reform into periods. It also examines and compares the accounting systems of Panchayats with those of ADCs. It has been found that while Panchayats currently have a uniform method of accounting with standard manuals and dedicated software across the country, the ADCs have no such established accounting system, and some of their basic accounting practices vary across states, highlighting the urgent need to introduce accounting reforms in the councils.

Keywords

Accounting system, local government accounting, Panchayats, Autonomous District Councils

Introduction

Accounting is an essential component of accountability, a key element of good governance. Improvements and reforms in accounting systems and methods have taken place across businesses, governments and local governments over the years.

[1] Department of Economics, North Eastern Hill University, Shillong, Meghalaya, India
[2] Indian Audit and Accounts Department, Regional Training Institute, Shillong, Meghalaya, India

Corresponding author:
K. Vanlalhruaitluanga, Department of Economics, North Eastern Hill University, Shillong, Meghalaya 793022, India.
E-mail: kvtluanga@gmail.com

A significant reform of the accounting system in Panchayats led to the introduction of uniform accounting methods for Panchayats across the country. Since it is possible to reform and introduce a uniform accounting system for Panchayats, which operate in rural areas with more than 0.25 Million village units, it is rational to ask if Autonomous District Councils (ADCs), a unique form of local government established under the Sixth Schedule of the Indian Constitution, could adopt such a model of accounting reform, as they have not undergone accounting reforms since their formation. While seeking an answer to this question, we find that India's local government accounting system has not been widely researched, and there is ample space to be explored in this area. Therefore, through both secondary information and primary survey, the present study attempts to enhance the literature by highlighting the accounting reforms of Panchayats, examining the prevailing accounting system in the ADCs and comparing the existing accounting system of Panchayats and ADCs.

The subsequent sections of the article are organised as follows. The second section reviews conceptual elements and theoretical literature on accounting in a governmental framework. The third section reviews the literature on public sector accounting reforms in the international and Indian contexts. The fourth section examines reforms in the accounting system of Panchayats using phase-wise classification. The fifth section discusses the current features and issues relating to ADC accounting. The sixth section compares the Panchayats and ADC accounting and auditing systems, and finally, the seventh section presents concluding remarks and policy implications.

Conceptualisation of Accounting in a Governmental Framework

Accounting enjoys a remarkable heritage in human life, and its history is as old as human civilisation itself. The American Institute of Certified Public Accountants in 1941 defined accounting in terms of what accounting did, that is, 'record, classify, and summarise the transactions of an entity and interpret the results' (Brewer, 1994). According to the American Accounting Association (1966), accounting is the process of identifying, measuring and communicating economic information helping the users of information to make informed judgements and decisions. Along the same lines, Borgonovi and Anessi-Pessina (2000) also defined accounting as 'a system of principles, methods and techniques to record and organise financial data concerning an entity's operations to generate and provide information on the economic rationality of decisions'. The basic rules of the accounting system, according to Masini (1978), can be summarised as identifying the set of 'relevant' operations; organising those procedures on the basis of 'appropriate' classifications; defining the most 'appropriate' timing of recognition for each class of operations; creating a reliable control system and counting the effects of each operation.

Government accounting was recognised as a critical factor in the transition from the 'absolute-power' government model to a relative (controlled and shared) power model of government (Borgonovi & Anessi-Pessina, 2000). An increase in citizens' demand for more accountability from public officials for effective and efficient governmental programmes led policymakers to make laws for transforming governmental accounting in different countries for more transparent financial reporting (Benito et al., 2007). Moreover, public sector reforms have been carried out in most industrialised countries since the 1980s. The centre of this reform is the New Public Management (NPM), based mainly on new institutional economics and management theory. An essential belief of NPM is that the principles governing private sector management and corporate affairs are superior to their public counterparts (Yamamoto, 2000). Since accounting is an essential measure for NPM, Power and Laughlin (1992) characterised this NPM as a transition to 'accounting-isation'.

Local government accounting is recognised as an under-researched area. According to Sargiacomo and Gomes (2011), studies on public sector accounting, including local government accounting, have not been sufficiently emphasised, which started to draw academic and professional interests only in the late 19th century and into the early 20th century. Since local government as a public entity is the administration to which the public finds itself closest, it is reasonable for citizens to demand access to their performance and financial conditions. Accordingly, local governments' adequate disclosure of financial information is essential for accountability (Rodríguez et al., 2002). A comprehensive review of literature on the history of local government accounting by Sargiacomo and Gomes (2011) observed that historical investigations on local government accounting are still underdeveloped. Another study by Gomes and Sargiacomo (2013) acknowledged that studies on the accounting and accountability aspect of local government attract growing interest among researchers.

Public Sector Accounting Reforms

Reforms in the accounting system of the public sector have been debated extensively and broadly discussed in recent years (Adhikari & Gårseth-Nesbakk, 2016; Adhikari et al., 2013; Barton, 2004). It mainly features a transition to accrual accounting from traditional cash accounting (Lapsley et al., 2009). Accrual accounting is advocated as a more responsive, transparent system than cash accounting and it ensures better accountability (Pina et al., 2009). However, despite these claims of accrual accounting, there is also an increasing call for re-examining the effect of accrual accounting-based reforms in the public sector (Krishnan, 2021). Specific issues are found in its implementation process, including an inadequate number of staff with proper accounting skills (McLeod & Harun, 2014), continuing the old practice with merely formal compliance to the new system (Anessi-Pessina et al., 2008), delaying the adoption of new accounting procedures and rules (de Azevedo et al., 2020) and no improvement in quality of financial information (Mir & Sutiyono, 2013).

The importance of accountability and responsiveness in a decentralised fiscal structure was highlighted by Shah (1999), who observed that strengthening the audit, inspection and control functions is essential as they tend to be relatively weak in transition and lower-middle income countries. A critical insight into the role of accounting and auditing of Panchayats in India was given by Alok (2014) during its 'system forming phase' where he included 'accountability' as one of the six indices of devolution in his assessment of devolution to Panchayats in India. Along the same line, the Government of India also promotes the adoption of accounting reform measures by local governments using financial incentives through the Jawaharlal Nehru National Urban Renewal Mission and the issue of performance grants under the 13th Finance Commission onwards, respectively for Municipalities and Panchayats (Abraham, 2013).

The accounting system of ADCs, in principle, remains unchanged since the adoption of the forms of accounts prescribed by the Comptroller and Auditor General of India (C&AG) in 1977 (C&AG, 2017). A Report of the Expert Committee (2006) suggested that a consultation with the C&AG would be necessary regarding improvements in auditing the councils' accounts. A study on the finances of ADCs in Meghalaya by Umdor and Syiem (2017) observed that the accounts of receipts and expenditures of ADCs in Meghalaya are not maintained in the six-tier hierarchical order followed by the union and state governments, and that they do not adhere to uniform reporting of their receipts. This finding also highlights the need to improve the maintenance of accounts in these local governments. Due to a scarcity of literature on the accounting system of ADCs, the area provides a vital scope for further investigation and analysis.

Reforms in the Accounting System of Panchayats

The present accounting system in the Panchayats evolved from a series of improvements over the years. Following the phased approach adopted by Bailey (1998), and Haldma and Jõgi (2006), we categorised the reform process into the introductory phase (1993–2000), the system-forming phase (2000–2010) and the system development phase (2010 onwards).

Introductory Phase (1993–2000): The 73rd Constitutional Amendment 1992 came into force in 1993, legally institutionalising Panchayats. Articles 243J and 243Z of the Indian Constitution indeed mandate that states make provisions by law for the maintenance and audit of accounts. The 11th Finance Commission observed that detailed guidelines and rules had not been laid down in many states, and formats and procedures from decades ago are still being used to strengthen Panchayats' accounting and financial systems in 2000.

***System-forming Phase*:** This phase saw follow-up actions on the 11th Finance Commission's suggestions and other developments. Panchayats were suggested standardised formats by the C&AG for recording budgets and accounts in 2002. In 2008, the need for a simplified accounting system was proposed by the Technical Committee on Budget and Accounting Standards for Panchayats. The same was prepared and approved by the Committee in January 2009. Reviewing recommendations of earlier commissions, the 13th Finance Commission advised all Panchayats to adopt the Model Accounting System (MAS) as prescribed by C&AG. The Commission also recommended that up to 1% of the total grant to Panchayats be a 'performance-based' element, availed only by states complying with MAS.

System Development Phase (2010 onwards): This phase witnessed the progress made upon adopting the MAS in the Panchayats across the country. The Ministry of Panchayati Raj (MoPR) and National Informatics Centre developed a Panchayati Raj Institutions Accounting Software (PRIASoft), a centralised online application that helps different tiers of Panchayats to enter their financial dealings online. The MoPR also entrusted institutions with preparing manuals for the MAS, which clearly explain and demonstrate the new system's accounting techniques. Later, PRIASoft was amalgamated into eGramSwaraj. The online auditing system 'Audit Online' was launched on 15 April 2020.

The reform has been implemented widely in most states with a Panchayat system. According to a report by MoPR (2021), in 17 of 25 states using eGramSwaraj, more than 97% of Panchayat units successfully closed their yearbooks in 2019–2020. Moreover, 56% of Panchayat units in all states have adopted the Public Financial Management System (PFMS). As of September 2023, over 0.25 Million Panchayats adopted eGramSwaraj for accounting, and more than 0.24 Million Panchayats integrated eGramSwaraj with the PFMS interface for online transactions, with approximately 0.23 Million Panchayats executing online payments amounting to 25,940 Million during the first half of fiscal year 2023–2024 via this interface. For the Audit Online portal, as of July 2023, 256,000 Panchayats were registered, with 210,000 reports generated for the audit period 2021–2022. Online availability of audited accounts is also a precondition to avail performance grants by the 15th Finance Commission. The primary outcome of Panchayats' accounting reform is evolving a uniform accounting format and simplifying procedures for local bodies at various tiers. Information and Communications Technology tools such as eGramSwaraj and Audit Online are significant steps towards modernisation in line with NPM principles. However, Panchayats in many states have failed to update accounts in the online portal regularly, primarily due to a lack of qualified staff, and internet connectivity remains a key challenge in different parts of the country.

Accounting System of ADCs

An ADC is a distinctive form of local government established by the Constitution of India. Their evolution can be traced to the British period in India, when separate provisions were made for administering the tribal areas in the north-east region, formerly recognised as 'backward tracts'. Preceding independence, the Constituent Assembly formed a sub-committee to provide a proper constitutional set-up for the tribal areas. It submitted its reports in February 1947 to the Advisory Committee of the Assembly. After certain deliberations and extensive debate, the matter found a place in Articles 244(2) and 275(1), also known as the Sixth

Table 1. List of ADCs Under the Sixth Schedule of the Constitution.

State	ADCs Under the Sixth Schedule
Assam	• Bodoland Territorial Council (BTC) • Karbi Anglong Autonomous Council (KAAC) • North Cachar Hills ADC (NCHADC)
Meghalaya	• Garo Hills ADC (GHADC) • Jaintia Hills ADC (JHADC) • Khasi Hills ADC (KHADC)
Mizoram	• Chakma ADC (CADC) • Lai ADC • Mara ADC (MADC)
Tripura	• Tripura Tribal Areas ADC (TTAADC)

Source: Hansaria (2016).

Schedule of the Constitution (Hansaria, 2016). Presently, there are ten ADCs under the Sixth Schedule in four North East states, with three ADCs each in Assam, Meghalaya and Mizoram and one in Tripura (Table 1).

The accounting system of ADCs in Sixth Schedule areas is governed by Articles 244(2) and 275(1) of the Constitution. The first and second provisions deal with creating a district fund/regional fund where all the money the district council/regional councils receive is credited to and withdrawn. The third and fourth provisions concern the method and procedures in which the accounts are to be kept and audited, where the C&AG is vested with the power to prescribe the format. Respective state governments have made their fund rules for ADCs as per the second provision. Also, in pursuance of this third provision, the C&AG prescribed the form in which ADC accounts are to be maintained with the approval of the President of India, in April 1977. It can be observed that the fund rules of different ADCs generally adopt the basic accounting principles of the general financial rules of the Government of India.

Comparison of the Accounting and Auditing System of Panchayats and ADCs

Accounting System

We conducted an ADC-level study using a questionnaire survey to understand the existing system further and present a coherent overview of ADC accounting and auditing practices. The findings are juxtaposed with the suggested practices for Panchayats as prescribed in the MAS manuals. The authors tried to get responses from all the ADCs of the four states by contacting the officials. However, responses were received from eight ADCs of three states—Assam: Bodoland Territorial Council (BTC), Karbi Anglong Autonomous Council (KAAC), and North Cachar Hills Autonomous District Council (now called the Dima Hasao Autonomous Council) (NCHADC); Meghalaya: Garo Hills Autonomous District Council (GHADC), Jaintia Hills Autonomous District Council (JHADC) and Khasi Hills

Autonomous District Council (KHADC); and Mizoram: Chakma Autonomous District Council (CADC) and Mara Autonomous District Council (MADC). These eight ADCs made it to our final analysis. Since there is no known prior study on the accounting system of ADCs and the qualitative nature of the study, we expect our findings (Table 2) to draw further research interest and policy attention.

The questionnaire parameters are derived from the manuals of the MAS of Panchayats. They are chosen to display the fundamental accounting practices in the two forms of local governments without stretching to technical elements, which extend beyond the scope of our study.

The basis of account recording shows how transactions are registered in the accounting system. The two main types are cash basis (a transaction is recorded at the time when the amount is paid or received, not when it becomes due) and accrual basis (a transaction is recorded as soon as it occurs, whether they are received or paid). Panchayats use a cash-based accounting system, and the ADCs also use the same method. While Panchayats use the double-entry system, where the twin features of 'debit' and 'credit' are documented in every transaction, our overview shows that ADC accounts use the single-entry cash-based method of recording. Municipalities, on the other hand, use the double-entry accrual-based accounting system.

The classification of account heads provides a breakdown of the financial transactions during accounting periods, which is further sub-classified. In India, the union and state governments use a six-tier classification of account heads: Major heads, sub-major heads, minor heads, sub-heads, detailed heads and object heads. Panchayats use a simplified three-tier structure, that is, functions (major head), programmes/schemes (minor head) and objects (object head). The nomenclature of major heads is kept identical to the 29 functions listed in the Eleventh Schedule of the Constitution. On the other hand, unlike Panchayats, ADCs use a variety of classifications and do not follow any specific functional classification. The comparison of accounting heads used by different tiers of government is given in Table 3.

Another important feature of the chart of accounts is its coding pattern. Codification aims to organise accounting principles and laws in a better way while simplifying them for users. The issue of misrepresenting different sources of revenue has been addressed in the Panchayat system by introducing two-digit sub-heads, which show the grants released by the upper tier of government, that is, the centre and state. The survey responses indicate that all the ADCs, excluding the three ADCs of Meghalaya, follow certain coding patterns of their chart of accounts. Nonetheless, this coding pattern is not reflected in their annual financial statements, which are usually displayed in the statements of state and union governments. For this purpose, the C&AG has recently prescribed a revised format of heads of accounts, which could be implemented in all the ADCs. A comparison between the format of accounting prescribed earlier by the C&AG and the revised list of ADCs expenditure heads is given in Table 4.

As shown in Table 4, the pre-revised format of accounting heads was suggested to the ADCs in 1977 by the C&AG. In this format, the accounting heads are classified into three heads, namely major heads, minor heads and detail heads,

Table 2. Comparison of the Accounting System of Panchayats and ADCs.

	Panchayats	ADCs							
Accounting Practices		BTC	KAAC	NCHADC	GHADC	JHADC	KHADC	CADC	MADC
1. Basis of account recording	Cash	Cash	Cash	Cash	Cash	Cash	Cash	Cash	Cash
2. Classification of account heads	3	6	5	5	3	3	4	6	5
3. Specific coding pattern of accounts	Yes	Yes	Yes	Yes	No	No	No	Yes	Yes
4. Types of vouchers	Four	Two	Two	Two	Two	Two	Two	Three	One
5. Reconciliation procedure to address discrepancy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
6. Number of financial reports prepared	8	8	4	9	7	5	7	10	4
7. Panchayats/ADCs follow the accounting practices of thestate government	No	Yes	Yes	Yes	Yes	No	No	Yes	Yes
8. Panchayats/ADCs fund rule provides detailed accounting instructions	N. A.	No	Yes	Yes	Yes	Yes	No	Yes	Yes
9. Panchayats/ADCs have a separate accounting/auditing manual	Yes	No	No	No	No	No	No	No	No
10. Balance sheet maintained	Yes	No	Yes	No	No	No		Yes	No
11. Details of assets are kept in (1 = Balance Sheet, 2 = Subsidiary registers)	1	2	2	2	2	N.A		2	2
12. Separate web portal/software	Yes	No	No	No	No	No	No	No	No

Source: National Panchayat Accounting Manual and Field Survey.

Table 3. Comparison of Classification of Accounting Heads by the Union Government, Panchayats and ADCs.

	Panchayats	ADCs							
Union Government		BTC	KAAC	NCH ADC	GHADC	JHADC	KHADC	CADC	MADC
1. Major heads		✓	✓	✓	✓	✓		✓	✓
2. Sub-major heads	✓	✓	✓	✓		✓	✓	✓	✓
3. Minor heads	✓	✓	✓	✓	✓	✓	✓	✓	✓
4. Sub-heads		✓	✓	✓	✓		✓	✓	✓
5. Detailed heads		✓	✓	✓				✓	✓
6. Object heads	✓	✓					✓	✓	

Source: National Panchayat Accounting Manual and Field Survey.

Table 4. Comparison of the Pre-revised and Revised Format of ADC Accounting Heads.

Pre-revised ADC Expenditure Head		Revised List of ADC Expenditure Heads	
A. Capital account of general services		A. Capital account of general services	
40. Capital outlay on public works		4059. Capital outlay on public works	
Minor Head Construction	**Detailed Head** Expenditure on Buildings	**Sub-major Head:** 01. Office buildings 60. Other buildings 80. General	**Minor Head:** 051 Construction (This minor head may be divided into sub-heads corresponding to various functional major heads, as considered necessary.)
Pre-Revised ADC Receipt Head		**Revised List of ADC Receipt Heads**	
VII. Public works		0059. Public works	
Minor Head Rent	**Detailed Head** i. Rent received from employees for occupation of council building ii. Recoveries from central and state governments iii. Rent from other residential and non-residential buildings	**Sub-major Head:** 01. Office buildings 80. General	**Minor Head:** 011 Rents (Rents of buildings include PW circuit houses and furniture and other special amenities, which will be recorded under this minor head.) 103 Recovery of percentage charges.

Source: C&AG.

without a digit-wise coding system. However, in the revised format, the account heads are classified into a four-digit major head, a two-digit sub-major head, a three-digit minor head, a two-digit sub-head, a two-digit detail head and a two-digit object head. The C&AG has recently introduced this revised accounting format to two ADCs, namely BTC from Assam and TTADC from Tripura, on a pilot basis. There is a prospect for implementing such a system across all the ADCs in the upcoming years. This revised system will also help link accounts and budgets systematically.

Vouchers record financial transactions and the intent to pay, each numbered and supported by documents. Panchayats maintain four vouchers, namely: receipt, payment, contra and journal vouchers. In contrast, most ADCs keep only receipt and payment vouchers, with CADC maintaining three and MADC using only a single voucher.

To avoid discrepancies in the accounts, reconciliation procedures are prescribed. Panchayat manuals list eight such procedures, and all ADCs also reported following them to ensure consistency in accounts. The maintenance of financial statements is another key element of transparency. Comparatively, Panchayats are required to prepare eight financial statements by their manual, while the survey shows that ADCs generally prepare more than four, with variations in the actual number of statements kept across different councils.

Accounting manuals and rules are vital for standardisation. Six of the eight ADCs reported to follow their state government's methods and fund rules, but none have separate manuals or auditing instructions tailored to their own reporting needs. Balance sheets, meant to track assets and liabilities, are poorly maintained. Two ADCs reported preparing proper balance sheets. However, the C&AG office has informed us that the ADCs did not produce such balance sheets. Moreover, in all the ADCs, the details of assets are kept in registers other than the balance sheet.

Accounting software is an important tool for systematic and uniform recording of accounts across accounting units over time. The need for using accounting software in Panchayats arises due to their increasing financial and other responsibilities, which need proper recording. Panchayats employ PRIASoft, now part of eGramSwaraj, which allows simple entries and generates online reports accessible via website and mobile. Despite its advantages, this software has not been introduced in ADCs.

Auditing System

Audits are conducted to examine accounting, financial records and financial statements independently to decide if they conform to the law and follow proper accounting principles. Auditing of local governments is required for their sound functioning and to ensure that the benefits of public funds being used reach the people at the grassroots level. The audit of Panchayats' accounts falls under two main categories: (a) for watching over the utilisation of assistance from the government and (b) for the certification of annual accounts. The Directorate of Local

Table 5. Auditing System of Panchayats and ADCs.

Auditing Practices	Panchayats	BTC	ADCs						
			KAAC	NCHADC	GHADC	JHADC	KHADC	CADC	MADC
1. Annual statements audited internally	Yes	No	Yes	No	Yes	No	Yes	Yes	Yes
2. Internal audit done by	State Audit Agency		Internal auditors		Dir. of local fund audit		Internal auditors	Dir. of local fund audit	Dir. of local fund audit
3. External audit done by	C&AG.	C&AG	C&AG	C&AG	C&AG	C&AG	C&AG	C&AG	C&AG
4. Test check on the finances conducted by C&AG	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
5. Latest audit of the ADC accounts by C&AG in		2020	2018	2018	2020	2022	2021	2022	2018

Source: Field Survey.

Fund Audit of the state governments is tasked to be the primary auditor of Panchayats with technical guidance from the C&AG. Moreover, Panchayats have Audit Online software, which provides an online audit portal for different tiers. In the case of ADCs, five of the eight ADCs have an internal audit system, and the external audit is done solely by the C&AG. The external audit is done periodically, and test checks have also been conducted to confirm the robustness of the accounting system used by the ADCs. The survey response shows that all the ADCs have been test-checked by the C&AG, and an audit is also conducted annually. However, the latest audit varies across ADCs, as shown in Table 5.

Conclusion and Policy Implications

This study enhanced the emerging literature on accounting systems relating to local government accounting by highlighting the central government's key role in local governments accounting reforms. While the literature (Lapsley et al., 2009) indicates that accounting system reform often features a transition to accrual-based accounting from cash-based accounting, the local government accounting reforms in India are still primarily centred around reforming cash-based accounting, and accrual-based accounting has been introduced only in urban areas. Moreover, the study revealed that constitutionally established local governments, namely ADCs, have been left out of accounting reforms even though there is a prospect and the need to reform their accounting and auditing system uniformly.

While having a uniform accounting system, proper manual and common accounting software is a significant result of Panchayats accounting reforms; this progress could be taken further by implementing an accounting based on the accrual method, which is generally agreed to be a better method of accounting as it provides a more precise presentation of the relationship between revenue and expenses as well as the assets and liabilities of the accounting entities. For ADCs, a uniform manual of accounting for all ADCs could be prepared and implemented as is in the case of Panchayats and Municipalities. However, the introduction of accrual accounting in Panchayats and ADCs would be effective through the skill development of the accountants and the use of simplified accounting software.

A reform of the ADC accounting system could be centred on adequate disclosure of ADCs' financial information in the public domain, previously suggested for Panchayats by Alok (2006). This has become increasingly important for ADCs as well. For instance, 10,000 Million was recommended by NITI Aayog to ADCs in 2015 as one-time assistance, and financial support has been continued by the 14th Finance Commission, which gives budgetary support to ADCs. However, the C&AG report shows some ADCs failed to produce utilisation certificates regarding their use of the fund. Moreover, there is an ongoing political demand for direct funding of ADCs. Their increasing role in managing public funds must be paralleled with increased transparency and accountability. For this purpose, a more systematic entry of accounts, financial reports and financial statements in a separate web portal could help ADCs soundly maintain their financial records.

Finally, to enhance the successful implementation of accounting reforms in the ADCs, capacity-building of the staff of the councils should be prioritised. Under the current staffing pattern in most ADCs, personnel in the accounts and finance sections are directly recruited by the councils, with a basic qualification of graduation. However, these recruits may not possess the necessary expertise in accounting and finance. Furthermore, most ADCs lack provisions for the lateral entry of experienced professionals at senior levels, except for the BTC and the TTAADC, where officers from the central and state civil services are deputed to head some departments. In this context, a two-pronged approach is suggested. First, ADCs may collaborate with the C&AG and the Institute of Chartered Accountants of India to design and implement accounting and audit reforms. This collaboration should also include regular training and upskilling of accounts personnel to effectively implement these reform measures. Second, ADCs may consider inducting experienced personnel from the central and state civil services or engaging private sector consultants at supervisory levels to support the implementation of accounting reforms. These experts can play a critical role in providing guidance and ensuring the successful implementation of the accounting and audit reforms. The reforms may be incentivised by the central and state finance commissions through grants or devolution by using it as one of the performance criteria for devolution.

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ORCID iD

K. Vanlalhruaitluanga https://orcid.org/0000-0001-5725-4843

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