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| Financial Management Research and Resource Society |  |  Institute of Public Auditors of India  |  |   |

JAO/SAS Examination for staff of autonomous bodies

Outline of Vision

# Introduction

There are more than six hundred autonomous bodies which are funded in one manner or the other through the central government and many more by the state governments. The total funds released to these autonomous bodies have already crossed the mark of Rs. 100,000 Crores. For last many years there has been a demand from the Parliament as well as the Comptroller and Auditor General that the quality of their accounts needs to be improved and standardized. Few years back the formats of their final account statements were revised. Recently, taking this issue further, the Ministry of Human Resource Development has prescribed the formats which are simple and specifically useful for educational institutions. A number of these autonomous bodies are still struggling with converting their accounts to accrual basis. One of the major constraints these bodies face is the capacity constraint in the areas of accounts and finance. This capacity constraint is also obstructing them in their day to day functioning which is more serious for their operational efficiency. Some of these capacity constraints are met by borrowing on deputation, with great difficulty, employees from other agencies. This is resisted by the existing employees. Ideal solution to this problem is to develop institutional mechanism for creating internal capacities.

In the following paragraphs we discuss the possibility of helping autonomous bodies in improving their capacities in the areas of accounts and finance and provide them with certification for the JAO/SAS level examination.

# Absence of Accounting Cadre

Most of these autonomous bodies do not have dedicated accounting cadre. The need of accounting functions is met by retraining the staff from within the other administrative staff. There is no mechanism for formally training these staff members and hence the training is by and large in a hit and trial manner. This is at the clerical/accountant level but when it comes to supervisory cadre, this problem becomes acute. The trained staff might not be available to be promoted to supervisor level or the autonomous body itself may not have capacity to evaluate these capacities.

# Helping with accounting skills

FMRRS/ IPAI have been helping some autonomous bodies in improving their accounting skills at the clerical as well as supervisory levels. However, there is demand for an examination on the pattern of the JAO/SAS examination which could enable junior supervisory staff to perform these technical functions in their organization. Both FMRRS and IPAI have so far conducted a number of training programs for autonomous bodies and are aware of their requirements and the difficulties being faced by them in their day to day Accounts and Finance work.

It is understood at different times some large autonomous bodies had approached either CAG or the CGA’s office for conducting such an examination. But due to their occupation with their own schedule of work, and also the fact that the staff of the autonomous bodies are not their employees, it is not possible for them to undertake such an examination. Therefore there is a possibility that FMRRS and IPAI together can take up this opportunity. IPAI has also got its Chapters spread all over India which will help in conducting an All India Examination.

Given that the number of autonomous bodies is very large, it is estimated that every year we will have sufficient number of candidates who might be interested in appearing in such an examination to become qualified.

# Sanctity of the Examination

FMRRS/IPAI are Societies of professionals from the government accountants and auditors community with proven capability and experience and therefore carry legitimacy for the holding of the examination. The sanctity of the examination can be further strengthened by setting up an Examination Council , which can be the supervisory and advisory body for the examination. This Examination Council could include in addition to the FMRRS/IPAI members, selected Financial Advisers from these autonomous bodies and also representatives from the other accounting bodies etc. All matters relating to the Examination, including its conduct and fees etc. will be decided by the Examination Council. It is expected that the supervision by the Examination Council will ensure the quality and relevance of the examination and the benefits of professionalization will accrue to the Autonomous Bodies. The Certification will also help in motivating the staff to acquire the necessary Competencies and promotion to higher levels.

# Syllabus

The basic pattern of the examination would be same as that which is conducted for the JAO/SAS examination in different parts. In addition, other papers which lay more emphasis on financial control, budgeting, accrual accounting, procurement, IT etc. and which are more relevant to autonomous bodies can be included.

The tentative subjects for the Examination subject to the approval of the Examination Council , are given hereunder:

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| Sl.NO. | Subject |
| 1 | Précis & Drafting |
| 2 | Financial Control & Budgeting |
| 3 | Accounting (Autonomous Bodies) |
| 4 | Service Rules |
| 5 | Office Management and IT |
| 6 | Procurement , Internal Audit & Control |

A model detailed Syllabus for the above subjects is also enclosed as Annexure 1 of this paper.

As we go along, we could even include some optional papers which could be selected by different bodies which are interested in participating in the examination. The final say on the Syllabus including any change in subjects or addition of other subjects will be done as per guidance of the Examination Council only.

FMRRS/ IPAI will appoint a Controller of Examination and a Director (Academic) to carry out the following items of work:

1. Setting of papers for various subjects by the Director (Academic) as per syllabus approved by the Examination Council.
2. Printing of Papers as per requirement.
3. Printing of Answer Sheets.
4. Conducting of written examination.
5. Affixing Code Numbers on the Answer Sheets after removing the Index No. flaps.
6. Evaluation of the Answer Sheets.
7. Preparation of Result by the Controller of Examination.

# Business model

Preliminary discussions have been held with a few autonomous bodies and we have received positive response from them. Therefore we can develop the concept further. The business model will be based on two dimensions:

* Conducting classes
* Conducting Examination

As mentioned above, the scheme of the examination will follow JAO/SAS Examination subject to the overall guidance of the Examination Council. In the past, FMRRS has conducted classes prior to the JAO Examination to improve their knowledge and understanding of various subjects and the same approach can be followed by FMRRS/ IPAI for the staff of autonomous bodies.

Given such a large number of autonomous bodies and the demand for trained staff in the autonomous bodies, this could become a regular source of activity for FMRRS and IPAI. The partnership can be organized in a Project Mode with the management of the project being shared on 50:50 basis between the two Organisations.

Financing of the Project is proposed initially on a Pilot basis from Ministry of Finance as it is a nodal ministry on finance issues for Autonomous Bodies. To start the Project, a token provision would be required for 2016-17. The financial details of the Project can be worked out once it is approved in principle. It is expected that in a period of three years, the system will settle down so that sufficient number of candidates appear in the Examination. At that point of time the Project financing from Ministry of Finance may not be required, as most of the revenue for day to day expenses will then be coming from Autonomous bodies in the form of fee for each candidate appearing in the Examination.

 **ANNEXURE 1**

**Syllabus for JAO/SAS ( Autonomous Bodies) Examination**

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| **Sl. No** | **Subject / Topics** |
| **1** | **Precis & Drafting;**1. **Precis of a correspondence or of notes /material of an official subject**
2. **3 Short questions relating to the given passage in the précis.**
3. **Drafting of an official letter/ Office Memorandum/U.O note bearing on the subject matter provided in the passage.**
4. **Paragraph writing of around 150 words on the subject of current events/general interest.**
5. **Questions on grammar.**
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| **2** | **Financial Control & Budgeting*** **General Financial Rules,**
* **Central Government Account (R&P) Rules, 1983,**
* **Budget and Accounts Integration- Expenditure control**
* **Handling of receipts**
* **Maintenance of Cash Book**
* **Closing of cash book and verification of cash**
* **Bank Reconciliation**
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| **3** | **Accounting (Autonomous Bodies)*** **General Accounting concepts**

**-dual (two entries) aspects, ongoing concern, Money measurement, price paid/ cost concepts, Accrual concepts.*** **General principles of Accounting**

**-Cash & Accrual Accounting., Some reference to Commercial accounting:*** **Book keepings**

**-Events and Financial transactions;****- Single entry and double entry System.*** **Types and Rules of Accounting:**

**-personal accounts,****-impersonal accounts-real and nominal.****- Credits and Debits with Examples** **-Assets and liabilities;** * **General entries,-concept.**

**-General entries in cash book and one/two other ledger****-Practical** * **Trial balance of transactions,**

**-practical*** **Depreciation**

 **Preparation of final Accounts in the format of Accounts prescribed by Controller General of Accounts/ Minstry of HRD*** **Balance sheet.**

**-Income and expenditure Accounts and****- Receipts and Payments Accounts*** **Statements of Accounts in Balance sheet. (including preparation of schedules)**

**Audit of accounts and Utilization Certificate****Action points on the C& A.G. Comments on the Annual Accounts and Submitting the Annual ACCOUNTS report to the Ministry for laying in Parliament.****Accounting Procedure**1. **Receipts & Payments Rules, 1983**
2. **Government Accounting Rules, 1990**
3. **List of Major & Minor Heads of Accounts of Union & States**
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| **4** | **Service Rules** * **Fixation of pay on different occasions , grant of increment**
* **TA/ DA Rules/orders**
* **GPF (CS) Rules**
* **CCS(Pension) Rules**
* **New Pension Scheme**
* **CCS (Leave) Rules**
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| **5** | **Office Management**1. **Manual of Office Procedure**
2. **DDO Manual**

**Grants-in-aid*** **Application for sanction / release of grants-in-aid**
* **Fulfillment of conditions attached thereto.**

**Information Technology** |
| **6** | **Procurement, Internal Audit & Control**1. **DGSD Manual**
2. **General Conditions of Contract- Published by DGS&D**
3. **General Financial Rules-2015**
4. **Indian Contracts Act,1872**
5. **The Central Sales Tax Act, 1956**
6. **The Limitation Act,1963**
7. **Internal Audit and Control:**
8. **Concepts, objectives, principles & techniques of auditing**
9. **Types of Audit**
10. **Internal Control System**
11. **Sampling in auditing**
12. **Auditing in an EDP environment**
13. **Verification of Assets**
14. **Audit of Special Institutions**
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