

Financial Comptroller General Office, Anamnagar

Term of Reference

For the Development of FCGO IT Strategy

1. Background:

Financial Comptroller General Office (FCGO), an organization under the Ministry of Finance (MoF), is the main agency responsible for the Public Financial Management (PFM) system of Government of Nepal (GoN). The treasury operation is the pivotal function of the FCGO. In order to manage the treasury, it carries out the functions mentioned in the Financial Procedure Act, 2055 (B.S.) and Financial Procedure Regulation, 2064 for this office. Actually these laws for this office have mandated the major functions. As per the said law this office mainly oversees budget implementation, treasury administration, internal audit, budget expenditure implementation, cash and budget management, expenditure and revenue accounting, expenditure and revenue tracking, other receipts management, human resource management, strengthening the accounting system and preparation of consolidated financial statements of the government.

There are District Treasury Comptroller Offices (DTCOs) in 75 districts under this office. In Kathmandu district there are additional four TSA counters. The DTCOs release the budget and manage the fund for the expenditure and control the accounts for the offices operating under the line ministries of GoN.

FCGO has been investing on IT at its top since more than decades for the achievement of a complete e-governance system. The organization to some extent is on the way to success through the development and implementation of few software systems for the management and treasury operations.

PFM system of GoN can be visualized as the most vital and critical responsibility of civil servants as it is concerned with the management of public finance. The improvement in ICT to form an e-governance system will add on the improvement of PFM system. The systematic management of finance through IT will certainly result on real time, accurate, versatile and transparent financial information.

Presently, FCGO is engaged in the development and up gradation of web-based IT Systems: Treasury Single Account- District Expenditure Control System (TSA-DECS) that is operated in DTCOs for making payments. Financial Management Information System (FMIS) within FCGO for financial reports. Further, few systems based on the same technology are in piloting phase that includes Revenue Management Interface System (RMIS), being operated in banks and other government organizations for revenue collection, and Computerized Government Accounting System (CGAS) to support budget execution and accounting needs of Spending Units. Additionally, several MoF systems are used to support budget preparation and management of allocations (e.g., Line Ministry Budget Information System (LMBIS), and Budget Management Information System (BMIS)). These systems are developed using prototype approach and thus require continuous reform.

The FCGO requires the services of a consulting firm (the Consultant) to review the operations of existing PFM information systems and prepare a strategy and action plan for the modernization and

integration (interconnectivity and interoperability) of information systems to be able to support budget reforms and improve operational efficiency and service delivery.

2. Purpose and Objectives:

The purpose of this assignment is the preparation of FCGO/MoF IT Modernization Strategy and action plan by the Consultant to achieve stated objectives:

- Leading IT towards achieving FCGO's strategic objectives.
- Improvement of IT Systems for Efficient and Effective Digital Services for our clients and system users.
- Alignment of FCGO/MoF IT modernization efforts with broader e-Government initiatives (e-Payment, Single accounting system for all spending Units, Grant transfer system, IT System implementation strategy in Federal level) and interoperability framework (NeGIF) of the National Information Technology Center (<http://nitc.gov.np/>).
- Development of Transformed and Capable Workforce to use digital technologies effectively.
- Establishment of Transparent, Reliable and Monitored ICT infrastructure.
- Establish a skilled IT Team to develop ,manage and maintain IT setup of FCGO/MoF.
- Improve IT for Realizing “IT as Brain” of the Organization.

3. Time horizon of IT Strategy:

Setting of long term vision and mission and well defined objectives, it is expected to trace forward doable strategies for five years period. However, there can be short term action agenda to support the main strategy.

4. Scope of IT Strategy:

The scope would extend from the development of strategy to improve existing IT functionalities to the implementation of required IT components along with setting up an IT unit of skilled people for transforming FCGO as a complete IT based organization and recognize IT as the central control unit.

Broadly IT Strategy should cover the following:

- IT technology should address FCGO’s business priorities and continuously deliver value.
- Has FCGO made right technology investments which will sustain for 5-8 years?
- With the planned upgrade of investment, is Information Technology agile enough; flexible and secure to continuously support FCGO’s business priorities?
- Do we have skilled staff / IT team to manage and maintain IT environment?
- Conversion plan/strategy of existing IT system in federal system.
- Can our strategy support current and future business needs?
- How to interface and harmonization of FCGO's system to other related PFM system?
- What are the options to improve interconnectivity and interoperability of existing systems?
- How FCGO/MoF can use existing e-Gov shared platforms and e-Services to avoid investments on fragmented information systems and data centers or ICT infrastructure?

5. Responsibilities to be performed by Consultants:

The responsibilities of Consultant will include the development of strategic plan that will purpose initiatives for, but will not necessarily be limited to the following reforms:

- **Implementation of Nepal GEA framework:** The Government Enterprise Architecture (GEA) project has been envisioned to deliver a common integrated interoperability platform or service delivery gateway for information exchange and host the national portal of Nepal that will act as the single window (one-stop-shop) for all government e-Services and electronic information of Nepal to be delivered to citizens (G2C), business (G2B) and government employees (G2E). The IT solutions under FCGO to be upgraded to follow GEA, as well as the Nepal Government Interoperability Framework (NeGIF).
- **Consolidate FCGO IT Infrastructure:** The integration of offices under organization into a shared infrastructure improves standardization and systems integration. Integrated offices will benefit from local access to administration of their own systems and users, without the need for involvement of Head Office for routine tasks. The Consultant will also analyze possible use of existing shared data centers (GIDC and Disaster Recovery Center) and propose solutions to leverage existing platforms while developing the integration roadmap.
- **Improve inter-office connectivity:** This initiative supports a responsive Organizational structure by enabling fast and reliable connection to and from offices and it supports financial viability by lowering phone costs.
- **Standardization and monitoring of technical infrastructure:** This initiative supports a responsive Organizational structure by easing monitoring of and maintenance of organization's technical infrastructure. It also supports financial viability by lowering ICT maintenance costs.
- **Expand functionality of the IT system:** Many business processes are being supported by the means of ad-hoc solutions such as excel spread sheets and 3rd party solutions. This hampers productivity and decreases transparency. Additionally, large amounts of information are lost when staff leave (which happens frequently due to high staff turnover that is common in government offices). Thus expansion of IT System has become mandatory.
- **Establishment of Secured, Transparent and monitored IT Infrastructure:** The IT infrastructure developed and its functioning need to be transparent and regularly monitored and required security measures are to be applied for complete utilization of the investment.
- **Establishment of an IT section within FCGO/MoF:** The existing IT unit to be expanded with skilled manpower in Software Development; Enhancement, Management and Maintenance of IT landscape of entire FCGO and DTCOs. An IT organization chart with Job Descriptions to be defined.
- **Monitored and improved applications:** This initiative ensure the regular improvement of the applications on the basis of user, management and developer experience in order to achieve delivery of efficient and effective digital services to the clients and users.
- **Integrated Application:** Integrated FMIS (IFMIS) solutions combine PFM operational systems for online transaction processing (OLTP) with powerful Data Warehouse (DW) and Business

Intelligence (BI) capabilities for multidimensional online analytical processing (OLAP) to assist in effective forecasting, planning, performance monitoring and decision support. The consultants will assist in developing such an integration platform to improve operational systems as well as data warehouse capabilities, in line with the FCGO/MoF strategic objectives.

- **Applications with Privacy and Security:** This initiative will exclusively take care of privacy and security option. It ensures that the application allows data insertion, information access, update and deletion only to the targeted individual. In addition to this, the privacy to be given top level priority.
- **Simplified and Convenient interface between client and the organization:** This initiative will ease the communication between organization and its clients to reach the services with much less or no burden at all.
- **E-Payment system:** This initiative will reduce the risk and limitation of manual financial transactions and will play a vital role in implementing complete e-governance framework.
- **Translation of manual business operation to automated business operation:** This initiative will analyze the existing business process carried on manually and translate those operations to automated business operation through IT. The Consultant will also identify possible improvements to introduce digital signature into PFM operations and reporting as a part of a broader e-Gov program or specific to PFM operations.
- **Reduction or Removal of Manual Reporting System:** This initiative will remove or at least reduce the manual reporting system through generating each and every required report through the application, not limited to existing but also customized reports.
- **IT Organization Structure:** Existence of suitable IT infrastructure is not enough unless and until there exist strong IT team for regular monitoring, operation support, training, and further improvement. This initiative will propose a suitable IT Organization structure for the sustainability of IT functionalities.

6. Availability of Documents:

The use of Participatory process requires, the consultant will be expected to provide for active and meaningful engagement of relevant government representatives and other stakeholders. Thus, the documents require for the assessment of existing IT scenario, Organization's business operations and Organizational Strategy will be certainly made available.

7. Consulting Firm Qualification and Experience

The consulting firm should have the following qualifications and experience to carry out the work

- Company/Firm/Business registration certificate.
- VAT and PAN registration
- Tax clearance certification.

Experience of the consulting firm

- **General Experience:** The Consulting Firm must have 5 Years of experience in the field of Long-term & short term-IT plan development, IT Strategy development and other IT Research for the improvement of IT architecture.
- **Special Experience as advantage:** Firm having experience of IT Strategy development of public sector will be preferable.

8. Qualification and Experience of Manpower

8.1 Team Leader (One x 9 weeks)

At least Master degree in Information Technology or equivalent. PhD in information technology is preferable.

General Experience: At least 10 years of experience in the field of strategy development and research as project leader.

Special Experience: Experience of development of IT Strategy or multi-year IT plan for private/public organization.

Special Experience as advantage: Experience of IT Strategy development in Government Organization is preferable.

8.2 Finance Expert (One x 9 weeks):

At least Master degree in Finance, Economics or equivalent.

General Experience: At least 10 years of Experience in Public Financial Management sector.

8.3 IT Expert (Two x 7 weeks):

At least Master degree in Information Technology or equivalent.

General Experience: At least 5 years of experience in the field of Information Technology.

Specific Experience: Experience of development of IT Strategy or multi-year IT plan for private/public organization.

Special Experience as advantage: Experience of IT Strategy development in Government Organization is preferable.

(The firm can provide additional assistants (if required))

9. Evaluation Criteria: The evaluation criteria for the proposal is summarized below:

- Experience of Consulting Firm
 - General Experience
 - Special Experience
- Qualification and Experience of Manpower
 - Team Leader

- Finance Expert
- IT Expert
- Methodology of Job accomplishment and work plan
- Knowledge Transfer
- Understanding of TOR

10. Duration of Services:

The consultant should perform all the study and submit the Report in no more than 10 weeks from the date of agreement. FCGO as a first party will provide all relevant documents and information on time.

11. Procurement Methodology:

The selection method will be Consultant's Qualification selection (CQS) method as per World Bank procurement Guidelines.

12. Reporting Relationships:

The Consultant will work under the general management of the Project Manager (PM) appointed by the FCGO. The Consultant will work closely with and report to Name / Position.

In the Consultant's working relations with the Client and all the key stakeholders, the Consultant will be expected to be self-sufficient and conduct him/herself in the highest professional manner.

13. Deliverables:

The consultants are required to provide following deliverables:

- **An inception report** including the details of the proposed activities to be presented in a workshop to the FCGO (Week 1)
- **Draft final report** including items listed below (Week 5)
 - An overview of FCGO/MoF strategic directions, PFM information systems and practices
 - Gap analysis compared to FCGO objectives and future directions
 - Recommendations for ICT modernization strategy
 - Metrics to assess progress made in the attainment of these strategic priorities (using Theory of Change and/or Organizational Balanced Scorecard and/or similar methodology)
 - Proposed action plan for improvements
- **Final report** after draft report being reviewed by the FCGO(Week 8)

All deliverables shall be submitted electronically and in hard copy in English (and Nepalese). These reports shall be submitted to the Project Manager (PM) by the end of indicated week after contract signature.

The PM will accept or decline to accept (with stated justification) reports no later than 14 days following their receipt. In the event the PM or designee does not notify the Consultant within such 14 day period, the report shall be deemed accepted.

Unless otherwise indicated in the General and/or Specific Conditions of Contract, The inability to reach agreement on the Inception Report and the Work Program and Methodologies shall be sufficient cause for the Client to terminate the Contract. Similarly, non-performance with respect to the key Deliverables may also be grounds for the Client to terminate the Contract.

14. Payment Schedule:

20 % of Total contract price after acceptance of inspection reports

30 % of Total contract price after acceptance of draft reports

50 % of Total contract price after acceptance of final reports

15. Workshop and Presentation:

The Consulting Firm should organize workshops and Presentations as and when required. The Consultant may also require being involved in group discussion regarding the preparation, modification and final submission of the strategy.