

Government of Nepal
Ministry of Finance
Financial Comptroller General Office
Anamnagar, Kathmandu, Nepal

REQUEST FOR EXPRESSIONS OF INTEREST
(CONSULTING SERVICES – FIRMS SELECTION)
Publication Date: Sept 23, 2019

Country: Nepal

Project: Integrated Public Financial Management Reform Project

Grant No.: TF-A07474

Assignment Title: Consulting Services for the Review of Internal Control System Guidelines 2075, and Development Operational Internal Control System Manuals.

Reference No. NP-FCGO-128326 –CS- QCBS

The *Government of Nepal* has received a grant from the Multi-Donor Trust Fund through the World Bank(IDA) toward the cost of the Integrated Public Financial Management Reform Project and intends to apply part of the proceeds for consulting services.

The consulting services (“the Services”) include: i) Review the Current Internal Control System Guidelines 2075, ii) Develop Operational Internal Control System Manuals Applicable federal and province government entities based on Internal Control Guidelines iii) Conduct workshop & Training at Federal and Province Government. iv) Assist in developing operational Internal Control System manual to other entities of Federal and Province Government.

The detailed Terms of Reference (TOR) for the assignment *can be found at the following website: (<https://www.fcgo.gov.np/notice>).*

or

Financial Comptroller General Office, Anamnagar Kathmandu, (Procurement Unit Room No 306), Tel:977- 01- 4770734 or procurementunit@fcgo.gov.np.

The **Financial Comptroller General Office** now invites eligible consulting firms (“Consultants”) to indicate their interest in providing the Services. Interested Consultants should provide information demonstrating that they have the required qualifications and relevant experience to perform the Services. The short listing criteria are:

- General Experience of the firm



- Specific Experience of the firm
- Availability of professional staffs in the firm
- Financial information of last five years

Key Experts will not be evaluated at the short listing stage.

The attention of interested Consultants is drawn to Section III, paragraphs, 3.14, 3.16, and 3.17 of the World Bank's "Procurement Regulations for IPF Borrowers" July 2016 revised November 2017 and August 2018 ("Procurement Regulations"), setting forth the World Bank's policy on conflict of interest.

Consultants may associate with other firms to enhance their qualifications, but should indicate clearly whether the association is in the form of a joint venture. In the case of a joint venture, all the partners in the joint venture shall be jointly and severally liable for the entire contract, if selected.

A Consultant will be selected in accordance with the *Quality and Cost Based Selection* method set out in the Procurement Regulations.

This REoI notice and ToR can be downloaded from our website: www.fcgo.gov.np/notices. Interested Consulting firms may obtain further information by sending email or visiting at the address below during office hours [10.00 to 17.00 hours]. Only the shortlisted firms will be provided with the Request for Proposal (RFP) to submit detailed technical and financial proposal.

Expressions of interest must be delivered in a written form to the address below (in person, or by mail, or by fax, or by e-mail) by Oct 14, 2019.



**Government of Nepal
Ministry of Finance
Financial comptroller General office**

Terms of Reference (ToR)

for

Hiring Consulting Services for the Review of Current Internal Control System Guidelines, 2075 and Developing Operational Internal Control System Manuals (Framework)

A. Background

Financial Comptroller General Office (FCGO), as the principal agency under the Ministry of Finance (MoF), is mainly responsible for treasury management, internal audit and preparation of consolidated financial statement of Government of Nepal (GoN). While performing this function, FCGO facilitates budget implementation, oversees expenditure, tracks the collection of revenue and records the loan, investment and grants of all Government and Constitutional bodies. FCGO is also responsible for the design and development of accounting systems and formats, preparation of the Annual Financial Statements of the Government of Nepal and other accounting reports as annual report and submit it to Office of the Auditor General (OAG) and other agencies for loan, grant and government investments. FCGO undertakes responsibility to conduct internal audit of all the federal level agencies.

FCGO works as an apex organization to systematize the financial and operational aspect of the economic entities of Government of Nepal. A part of achievement of this goal is to institutionalize proper internal control mechanism across the offices of Government of Nepal. As provisioned in Financial Procedure rule, 2064 which states that Each Ministry, Secretariat, Constitutional Body, Departmental Head shall prepare an internal control system as per the nature of their respective function so as to accomplish the function supposed to be accomplished by themselves and the subordinate agencies in an economical, efficient and effective manner, to make the financial report system reliable and to accomplish the function in accordance with the prevailing law and implement the same within one year of the commencement of these Rules. Ministry of Finance has already approved Internal Control General Guidelines 2075 applicable for all the levels of government. This created a dire need for Government of Nepal to develop a standard internal control system that adapts to the international principles, practices and goals of



internal control. As the apex body, FCGO is primarily responsible for this work. Hence the requirement of this project emerges to further sustain this Progress towards Internal control.

The project aims to institutionalize the internal control system across Federal and Province level apex GoN entities. The output of the project will be standard sample internal control system manual applicable to the federal level and province level, a rigorous and in-depth internal control system manual for FCGO and transfer of knowledge to the federal, province and local level entities. With due commitment towards transparency, economy, efficiency and good governance, this project is expected to prove vital towards gaining confidence of all the stakeholders on the financial and operational undertakings of government entities.

With little precedent work at hand in the area of internal control, FCGO needs consultancy service to have expert input and delivery to ensure the quality of output. Consultant need to perform field visits, consultation, rigorous reporting, provide strong support and assistance and develop the manuals in consideration with the unique functional structures of different entities of GoN. Internal control system Guidelines, 2075 developed by FCGO Based on the Committee of the sponsoring organization of Treadway commission (COSO) framework and International organization of supreme audit institutions (INTOSAI) provide an overall guideline on preparation and development of internal control system manual.

Internal Control Guidelines and Internal control manuals are expected to meet the following objectives;

- i. Effective implementation of operations through efficiency, effectiveness and higher level of governance,
- ii. Enhance transparency and accountability,
- iii. Compliance of relevant laws and regulations,
- iv. Effective utilization of resource and prevent from misappropriation of resources,
- v. Enhance reliability of financial reports and its effectiveness.



B. Objectives of the Consulting Service

The main objectives of this assignment are to review the current internal control system guidelines, 2075 and to develop operational internal control system manuals (framework) applicable in federal and province government entities separately based on the internal control guidelines, 2075.

C. Scope of Services

Scope of services covers the following tasks:

- i. To review the internal control guidelines, 2075 and suggest and recommends necessary Amendments.
- ii. To develop an operational internal control system manual (framework) for FCGO based on Internal Control General Guidelines 2075;
- iii. To conduct sensitization seminar at both federal and each province level.
- iv. To develop an operational model internal control system manual (framework) applicable for federal government central level entities based on Internal Control System Guidelines 2075;
- v. To develop an operational model internal control system manual (framework) applicable for province level entity that is in line with the federal government;
- vi. To conduct dissemination workshop by demonstrating, simulating or calibrating and exercising all the developed internal control system manuals (framework) within all the concerned entities for their objective operational applicability and effectiveness.
- vii. To develop training materials and conduct one-time trainings in each concerned entity to assist in developing own respective framework for their entity and also to teach how to apply the developed internal control system manual (framework) within their entities.
- viii. To continuously assist (within the contract period) in developing internal control manual (framework) to the entities that are in process of developing and approving their own specific internal control manual (framework) as a part of Transfer of knowledge and Training assistance.



D. Methodology for carrying out the Assignments

Following methodology should be used to carry on the assignments (but not limited to it and the consultant can incorporate other reliable methodology also):

- i. For Review Internal control guidelines, 2075 and suggest necessary Amendments
 - Gap assessment of the existing internal control guidelines, 2075 with that of the international principles of international control i.e. COSO and INTOSAI and review the available relevant publications, working documents and literatures.
 - Consultation with FCGO's staffs and other concerned entities by making presentations and collecting feedback.
 - Consult references of best international practices.
- ii. Conduct sensitization seminar to Federal level and Province level apex entities to familiarize and orient on recent Internal Control System Guidelines 2075 and to effectively adopt and implement in the government public financial management system.
 - Study existing level internal control implementation status of internal control system developed within federal government.
 - Prepare Program schedule and Presentation Materials and get approval.
 - Conduct seminar at approved federal and province locations and submit seminar report.
- iii. For developing operational internal control system manual (framework) for FCGO based on the internal control system Guidelines, 2075
 - Review available publications, literature and study functional structure and business processes of FCGO.
 - Prepare Program schedule and Presentation Materials and get approval
 - Conduct meetings and consultations with concerned authorities of FCGO.
 - Make presentation on draft framework system manual and collect feedback
 - Make final Presentation and submit final Internal control system manual
- iv. For developing operational model internal control system manual (framework) applicable for federal level central entities and province level central entities.

- Understand the overall objective of the government units, their operational requirements, business processes and functional structures by visiting across the entire units and provide overall assessment of the functional framework of these entities.
 - Develop an overall checklist of the operations, reporting and compliance of the government institutions based on existing laws and practices,
 - Conduct meeting, consultations and progress presentations and submit reports as required at various stages of the task.
- v. For conducting workshops for demonstrating, exercising and disseminating at federal and province level to inform and teach the concerned entities on the model internal control system manual (framework).
- Develop Program schedule and materials.
 - Conduct one dissemination workshop (demonstration and exercise based) at federal level and seven dissemination workshops for each province.
 - Prepare report of the outcome of these workshops for the FCGO.
- vi. Conduct training program at federal and province level
- Develop training materials ensuring practical implementation of the system within the government institutions, departments and agencies.
 - Provide technical assistance to those federal and province level apex entities that are in process of developing their institution specific internal control system within the contract period.
 - Prepare training output report and submit it to FCGO.
- vii. For assisting (within the contract period) in developing internal control manual (framework) to the entities that are in process of developing and approving their own specific internal control manual (framework)
- Entertain queries make necessary amendments; provide expert opinion through visits, emails and telecommunications

Note: Each activity needs to be verified and get cleared from the appointed desk officer whenever required.



E. Availability of previous documents

In attempts to implement the internal control system, several ministries have developed internal control system manual on their own efforts. FCGO has also developed the internal control guidelines 2075, internal audit guidelines and other manuals. Hardcopies/softcopies of the following materials will be provided to the consulting service provider;

- i. Internal control system guidelines, 2075.
- ii. Internal control guidelines developed by central level ministries at federal level.
- iii. COSO-Framework.
- iv. Audit Reports.
- v. Other Publication related to internal control developed by FCGO.

F. Required Qualifications and Experience of Service provider

The service provider shall be a reputed consulting firm with composition of the following team members:

i. Team leader

He/she shall have academic qualification of Master degree in Finance, Economics, Management or equivalent qualification and preferred professional course completed of Chartered Accounts (CA)/ Certified Public Accountant (CPA)/Association of Certified Chartered Accountants (ACCA)/certified Public Finance Accountants(CIPFA); Specific professional knowledge gained through certified course on internal control system or internal auditing will be preferred. General working experience of at least 15 years of working experience in the field of PFM basically accounting and auditing. He shall have international working experience with national exposure. Should have specific experience of developing

ii. PFM Analyst-1

He/she shall have academic qualification of Master degree in Finance, Economics, Management or equivalent qualification and preferred professional course completed of Association of Certified Chartered Accountants (ACCA)/certified Public Finance Accountants (CIPFA); Specific professional certified course on internal control system or auditing will be preferred. General working experience of at least 10 years of working experience in the field of PFM basically accounting and auditing. Should have specific

experience of developing or executing of operational internal control system guidelines/manual/framework in any public entities.

iii. PFM Experts – 1

He/she shall have academic qualification of Master degree in Finance, Economics, Management or equivalent; Specific professional certified course on internal control system, accounting or auditing will be preferred. General working experience of at least 10 years of in the field of PFM, basically in accounting and auditing. Should have specific experience of developing or executing of operational internal control system guidelines/manual/framework in any public entities.

iv. Training specialist-1

She/he shall have academic qualification of Masters in business management with specialization in human resource (Preferable). She/he must have at least 2 years of experience in conducting training and human resource development related activities. Proficient in Verbal and written communication, analytical, assessment, leadership, supervisory, interpersonal, teaching skills;

v. Officer – 1

She/he shall have academic qualification of Bachelors in public administration/commerce/management/ economics/accountancy; Knowledge and skill of preparing deliverables and reporting requirements of this assignment; Perfect in MS Word, Excel and Power Point developing;

G. Facilities and logistics provided by the client

Service provider shall arrange all the logistics and utilities required for the accomplishment of assignment. The client shall provide the following whenever required for execution of the assignment;

- i. Client will provide the list of entities required for development of the internal control system.
- ii. Client will provide access to the archives and documentation required for study purpose.



- iii. Coordination with the central level entities of federal and provincial government will be made by the client.
- iv. Necessary arrangement for the government meeting and consultation will be managed by the FCGO.
- v. Nomination of participants for trainings and facilitation will be provided by the client.
- vi. All training venue and modality shall be managed by the service provider in consultation with the client.

H. Deliverables/Reporting requirements

The consultant should fulfill following deliverables and reporting requirements as per performing the above stated scope of work during or at the completion of the assignment: -

- i. **Inception Report**
The consultant shall submit the inception report along with the detailed work plan within 7 days from the date of signing of the agreement.
- ii. **Monthly Progress Reports**
The consultant shall submit the monthly progress report within 7 days from the expiry of every month along with the details of the entity which has been technically assisted after the training has been imparted, progress reports as well as the reports of the training conducted and skill transferred as Per TOR scope of work.
- iii. **Draft Final Report**
The consultant shall submit draft final report along with the details of the entity which has been technically assisted as well as the reports of the training conducted, the achievement of training/skill transfer and the final consolidation report of the central and provincial government at the 12th month of assignment.
- iv. **Final Report**
The consultant shall submit the final report no later than the 12th month of assignment by incorporating all the feedback of the monthly progress report and draft report.

Note: All the review and feedback on submitted reports should be incorporated in the immediate forthcoming report of the consultant.

I. Schedules of deliveries

Total duration of assignment is of one year from the date of signing the contract agreement. The contractor will implement the activities under this TOR over the period of one year. Following is the schedule of deliveries of the activities.

