

Government of the People’s Republic of Bangladesh
Local Government Engineering Department (LGED)
Second Rural Transport Improvement Project- RTIP-II (Additional
Financing-AF)

Terms of Reference (ToR)
for Senior Financial Management Specialist

1. Background

The People’s Republic of Bangladesh received a credit from the International Development Association (IDA) in 2012 for the Second Rural Transport Improvement Project (RTIP-II). This recognition has been successfully being implemented since then by the Local Government Engineering Department (LGED) under Local Government Division (LGD) of the Ministry of Local Government, Rural Development and Co-operatives (MLGRD&C). RTIP-II is aimed to improve and maintain/rehabilitate rural transport related infrastructure including inland water transport in 26 districts, covering mainly eastern parts of Bangladesh (excluding Chittagong Hill Tracts). The total project cost was estimated to be about US \$417 million with IDA credit facilities of about US\$ 300 million and the GoB contribution of US\$ 117 million.

In 2017, Bangladesh has experienced widespread, devastating and prolonged flooding due to the extensive rainfall recorded from April to October as well as due to excessive water flow from the upstream rivers in India disrupting people’s normal life and damaging the properties. The flood resulted in interruption in the transportation network of Bangladesh damaging numerous LGED roads, bridges and culverts constructed and maintained under RTIP-II and other projects. This circumstance needs urgent rehabilitation and maintenance of rural infrastructures in order to support the smooth connectivity of road network in the rural area. As a result, IDA and GoB decided to come forward with additional financing under RTIP-II to rehabilitate/maintain the damaged roads with an aim to improve rural accessibility in the 18 districts out of 26 RTIP-II project districts in Bangladesh. These districts are Pabna, Sirajgonj, Tangail, Dhaka, Manikgonj, Gazipur, Narayangonj, Narsingdi, Mymensingh, Jamalpur, Sherpur, Netrokona, Kishoregonj, Munshigonj, Sylhet, Hobigonj, Sunamgonj and Moulvibazar. The total cost of RTIP-II (Additional Financing) is, therefore, estimated at about US\$170 million (US\$100 million from IDA and the remaining US\$70 million from GoB funding).

This Terms of References (TOR) intends to procure Senior Financial Management Specialist for the effective project implementation.

2. Objectives of the Assignment

The main objective of the Senior Financial Management Specialist is to provide overall financial management support for the project ensuring a satisfactory and adequate Financial Management System preparing accurately all transactions undertaken by the project complying with the Rules and Regulations of the Government of Bangladesh and The World Bank's policies and guidelines.

3. Overall Scope of Services

- **Financial Management:** Implement sound financial management system complying with the Rules, Regulations and guidelines applicable for the project. The financial management will include recording and processing procedures for payments, fund flow arrangements, budgeting and forecasting requirements, IDA Special Account operation procedures including details regarding replenishment and documentation requests, accounting and reporting requirements of various GOB agencies and IDA, formats of vouchers, registers and reports, a comprehensive chart of accounts to capture all requisite information, outline of a computerized accounting system to generate timely and accurate financial statements and reports, accounting policies, fund flow and book keeping and reporting procedures, internal audit and internal control arrangements, external audit interface and compliance arrangements.
- **Budgeting :** Assist the PD in preparation of annual budget estimates conforming with the DPP allocations and adjustments/revised allocation/budget and prepare financial plan complying the approved budget line The FMS will assist Project Director in preparation of the project budget in consultation with the other sections of the PMU under a structured budget preparation process, on the basis of approved procurement plan and implementation plan and will undertake the due diligence in preparing realistic budget. The FMS will assist Project Director in submitting the original and revised budget to the planning wing of the Local Government Division for obtaining Planning Commission's approval under Annual Development Plan (ADP) and revised ADP. The FMS will see that the budgeting system is integrated with the accounting system to enable comparison of actual performance with budgets.

The FMS will assist the Project Director in ensuring that expenditures are made within the budget and any variance has a valid justification and duly authorized including tracking of variances and will provide a variance analysis as part of the quarterly Interim Un-audited Financial Reports (IFRs).

- **Development of a Chart of Accounts:** The SFMS will develop a comprehensive Chart of Accounts with due cognizance to the DPP (Development Project Proposal approved by the Planning commission) for the project to capture financial data under (i) GOB code of accounts (ii) Project components and sub-components (iii) World-Bank disbursement categories for the project so as to enable the computerized system to classify and group financial data for the various financial reports as required by IDA and various GOB agencies.
- **Computerized Accounting System:** The SFMS would require to acquire wisdom and demonstrate expertise in the use of Computerized Accounting System (CAS) and Unified Financial Management System (UFMS) and their reporting, data backup and safe on site/off site data filing system SFMS would also train up other project accounting staff in the UFMS operation and be responsible for keeping it ongoing. The SFMS will take initiative for adopting and upgrading the Uniform Financial Management System(UFMS) of the LGED along with IT Consultants

- **Disbursement Plan:** SFMS will assist the PD in preparation of annual and quarterly disbursement forecasts for all components of the project in line with project's procurement and implementation plan and analyze the reasons for variances between actual and forecast disbursements. The SFMS would review the disbursement plan each quarter and adjust it on the basis of ground reality. The SFMS will analyze the relationship between financial and physical progress and identify the reason for any abnormalities.
- **Fund Management :** SFMS would assist the PD and the PMU in obtaining quarterly fund release for GOB allocated fund and requisite government authorization for use of IDA fund and ensure timely availability of IDA funds for all project transactions including approved bills of RTIP-2 districts, managing IDA fund including operation of a designated account including preparing two quarters' forecast fund requirements, arrange timely replenishment and documentation through submission of SOEs/ Reports and process special commitments and direct payments , monitor timely preparation of Bank Reconciliation Statements and initiate and respond to all fund and bank related correspondence with GOB and IDA.
- FMS will ensure submission of quarterly report to the PD on the mobilization advances, status on performance bank guarantees and their date of extension etc, and increase/revision in the value of packages awarded if any during project implementations.

Payments of IDA share of bills approved by XENs of RTIP-2 (Additional Financing) Districts : The FMS will exercise due diligence to ensure that approved bills received from the districts XEN's are paid with his endorsement in each payment order within the prescribed period through direct bank transfer after deduction of Income tax and VAT at source as per law; to the beneficiaries/Contractors; without **requiring any communication from/to the beneficiaries and will maintain all the appropriate books and records** to monitor payments and provide audit trails. The SFMS's bills approval recommending process would also encompass the concept of the forensic accounting that additionally would look for financial misconduct, and abusive or wasteful activities. SFMS will visit implementing XEN offices as needed to test the supporting vouchers and field reports against packages payments.

- **Processing Payments:** Ensure appropriate continuous arrangement in place for smooth processing, approval and payments of bills for procurement of goods, works and services for the PMU from all sources of funds complying relevant GOB/IDA rules, maintaining requisites files, records and books, following internal control and safeguard measures. The SFMS will ensure that due diligence was applied in processing each bill/ invoice before one is forwarded for PD's approval and actual disbursements.
- **Internal Control:** Ensure that all policies and procedures are in compliance with funding source policies, procedures and requirements and will review the efficacy of internal controls in place and suggest adopting best practices to improve internal governance and to reduce opportunities for corruption. **Books and Records:** The SFMS will ensure maintenance of the adequate registers, books and records in appropriate order to meet the statutory requirements of stakeholders and to facilitate classification and analyzing the financial information for monitoring the project progress and generating interim and annual financial reports.

- **Fixed Assets Record:** Ensure that the computerized fixed assets records are maintained in the PMU identifying location and user of each asset and arrange for the annual and periodical inventory of the assets and updating of the records.
- **Preparation of Financial Statements and Reports:** The FMS will ensure that the annual financial statements and other monthly and quarterly reports as specified under the GOB Project Accounting Manual and Interim Un-audited Financial Reports (IFRs) required under the Financing Agreement are accurately prepared and timely submitted. The SFMS will make sure of preparing the IFRs including complete information on the district offices under a centralized payment system for IDA financed expenditures and payments through District Accounts Offices for GOB expenditures.
- **Financial Disclosure:** The FMS will assist the PD in ensuring that necessary financial information is included in the Project's web site under LGED/ LGD.
- **Interface with External Auditors:** The FMS will prepare the Statement of Audit Needs (SAN) to be agreed with the C&AG extending the audit focuses on testing controls preventing corruption and detecting transactions with corrupt practice. The FMS will attend entry and exit meetings with FAPAD auditors, facilitate timely completion of audits by arranging timely submission of annual financial statement in appropriate format, supply of information and documents responding to queries, initiate actions for holding tripartite meetings and coordinating with various units of PMU in meeting audit objections. The SFMS will assist the PD in publishing the project audit reports in the project website.
- **Internal Audit:** The SFMS will take initiatives in consultation with IDA to finalize the TOR for internal audit which would be conducted throughout the project by an external audit firm. The SFMS will provide recommendations to the PD on corrective actions to the issues that would be raised in the Internal Audit Report.
- **Cooperation in follow-up action by Audit Committee:** The SFMS will provide necessary cooperation to the Audit Committee who will review the audit reports and will assist the AC in carrying out its proceedings and will recommend to the PD the actions required to address directives of the AC.
- **Monitoring and Training the Project Accounting Staff:** The SFMS will monitor Accounts Officer (s) and other accounting staff of the project and will provide hands on training to the accounting staff on various aspects of financial management tasks under a structured training plan.
- **Special Assignments:** Participate in Project Procurement/Tender Committee meetings and activities; assist/advise the PD in all financial matters as and when required, and advise all concerned in complying with the latest income tax and VAT deduction rules and tax certification.
- **New Project Preparation:** The Consultant will assist PMU and the feasibility study team to develop financial management plan for new project.

4. Duration of the Assignment:

The duration of the assignment will be started from January 2022 and ended by December 2022.

5. Required Qualifications and Experience:

- A Bachelors degree in Accounting/Finance/Commerce/Business along with a professional accounting qualification (Chartered Accountant /Cost and Management Accountant). Eight years Experience for CAs and Ten years for CMAs in financial management out of which preferably three years in a management position in any government / semi government/ multinational organizations/ donor funded development project, being actively involved and fully conversant with large contract payments, GOB budget and planning procedures, Development Project Proposal fundamentals, rules and regulations of the Government for budgeting, fund release, accounting, financial reporting and auditing and authorization for use of donors' funds. Experience/exposure on World Bank's fund operating conditions & reporting requirements would be an advantage.
- Is fully conversant with and have had hands on experience in application software and also in **Computerized Accounting System** with ability to assist in implementation and customization; Skills in software installation and trouble shooting will be added advantages.
- Proven track record of ability to develop a Chart of Accounts with relevance to DPP, Disbursement Categories and Project Components and befitting the relevant computerized accounting system and the reporting.
- Experience in the effective supervision of personnel.
- Self-guided strong organizational and planning skills with the ability to work independently as a team player and under pressure.
- Strong interpersonal communicative skills, experience in team leadership and participatory management.
- Ability to impart training to the project staff on financial management system.

6. Institutional Arrangements:

The SFMS will be responsible to the Project Director for duly discharging all project FM functions with the assistance of other FM staff in the section. He will assist PD to ensure that all FM activities are completed on time to enable the Project to meet the deadlines of various GOB authorities and IDA.

7. Reporting Requirements

- 7.1 Inception Report: Inception Report within 30 days of mobilization;
- 7.2 Monthly Report: summarizing briefly the accomplishment over the previous month including details progress, capacity building and training, and consultant's activities, any issues related with achievement of assigned task, and a work plan for the following month;

- 7.3 Half-Yearly Reports: Summarizing briefly the accomplishment over the previous six months including details progress, capacity building and training, and consultant's activities, any issues and resolution of these, and a work plan for the following six months;
- 7.4 Annual Reports: Annual reports covering all details of the half-yearly reports summarizing all activities to date, any issues and methods for resolution of these, and planning to achieve future targets;
- 7.5 Task Completion Report: The consultant will submit the Draft Task Completion Report (DTCR) after completion of services but within two months of contract end.

After approval of the Draft Task Completion Report (DTCR), the consultant will submit Final Task Completion Report (FTCR) within the contract period.