Terms of Reference for PMU Accountancy Support Services (National) – CS 7

Background:

The Orissa Integrated Irrigated Agriculture and Water Management Investment Program OIIAWMIP) aims to enhance the productivity and sustainability of the existing irrigation schemes in the four northern river basins and a part of the Mahanadi delta.[1] This will involve renovating irrigation infrastructures, installing participatory irrigation management (PIM) systems with water user associations (WUAs), and empowering WUAs as a cohesive platform for irrigation operation and maintenance (O&M) and agriculture development. The OIIAWMIP will renovate six major and nine medium irrigation schemes (having designed net irrigated area [NIA] of 185,000 ha) and about 1,400 community-based minor lift irrigation schemes (having NIA of 30,000 ha). These schemes are suffering from low performance in irrigated agriculture due to inefficient operation, system deterioration, and limited integration with agriculture support services and marketing systems. The OIIAWMIP will also strengthen the institutional basis for PIM and integrated water resources management (IWRM) with management reforms and capacity strengthening of the relevant institutions.

A. Project Components and Implementation Arrangements

Following are the project components:

Part A: Productive and Sustainable Irrigated Agriculture Management Systems

Part B: Institutional Strengthening and Project Management

Part B includes the development of a project and program management system through a multidisciplinary project management unit (PMU) and subproject implementation offices (SIOs). Included are DoWR and outsourced experts, consultants, as well as NGOs.

The detailed component descriptions are available in the Facility Administration Manual (FAM) which is available at www.adb.org, for reference.

DOWR of the State Government of Odisha is the executing agency for the project. The project is being executed through a PMU which is headed by a Chief Engineer (DOWR) - cum Project Director (PD). The project is implemented through 6 DOWR circle offices which are also engaged in other government activities besides ADB project work.

The PMU has a multi-disciplinary structure comprising staff from DOWR, staff on deputation from Command Area Development Authority (CADA), Orissa Lift Irrigation Corporation (OLIC), and from line departments or recruited from the market. Assistance is also provided by a multidisciplinary team of consultants for institutional strengthening and project management (ISPM) for capacity development and project management.

For the purpose of this project, the Finance Advisor-cum-Chief Account Officer (FA-CAO) of the office of Engineer in Chief in DOWR serves as project FA-CAO. This position is responsible for the PMU's budget and administration cell which deals with financial management assisted by an account officer and account assistants. The Finance Advisor

[1] It will also include a few other major and medium schemes that are functional but requiring WUA strengthening and minor infrastructure refinement, and minor creek irrigation schemes to be taken up as a pilot.

manages overall aspects of accounting and financial function including disbursements, establishment and other related matters.

The SIOs also have assigned accounting staff (i.e. Divisional Accountant) from the State Accountant General's office. These staff manages ADB and other State Government projects.

To provide better support and assist PMU in financial management, a Chartered Accountant is being recruited as Financial Management Specialist (FMS) and two Manager Accounts from the open market using the individual consultant selection (ICS) method of ADB.

B. Scope of Work

National individual consultants will be recruited to support and enhance the accounting and financial management functions of the PMU. These include a (i) Financial Management Specialist (24 person-months) with defined qualifications, such as Chartered Accountants and/or related credentials; and (ii) 2 Manager Accounts (24 person months each). The consultants will assist to strengthen the PMU in integrating a financial management and monitoring system with the Project's MIS including using computer software for all accounting functions (i.e., using the Tally software to maintain and monitor accounts).

1. Financial Management Specialist (FMS) - 1

The tasks of the financial management specialist will include but not limited to:

A. Assessment

Understand and review of overall financial management and ensure adequate financial arrangements are in place these include the following:

- Study the existing operational arrangement and validate for effectiveness of the controls and processes to ensure that these are in place.
- Review the adequacy of support structures in place for the Department of Water Resources and Finance and Accounts (F&A) department
- Identify the gaps/weaknesses if any in the existing overall system control procedures mainly in key areas of accounting such as the system of book keeping, treasury operations like cash and banking functions/ fund flow system, procurement of goods and services; asset management, human resource management including payroll operations, control over expenditure, authorization procedures.
- Any other measures that would be necessary to make an overall assessment of the environment within which the organization is operating.
- Any other measures that would be necessary to implement fiduciary internal controls and measures.
- After the assessment, prepare and submit an assessment report within a reasonable time frame (4-6 weeks) to the top management with its recommendations that would be necessary to improve the overall environment.

- All significant deviations from the existing systems are to be computed in financial terms. This should be clearly brought out and must form the part of the assessment report with recommendation for improvement in the existing system, so that a timely and correction action could be taken by the project management.
- Assessing training needs and imparting training to subordinate accountants on project accounts/ project financial statements.

B. Project Implementation Measures including Corrective Courses of Action

Based on Understanding and Review of the overall assessment procedures with its recommendation to improve the F&A control environment, the specialist is required to do the following:

- Prepare descriptive manuals around the key processes to improve the existing book keeping function.
- Formulate and implement various systems, policies and procedures relating to F&A function the internal control functions; and ensure these are operating throughout the intended period of the project.
- Prepare accounting operations manual with detailed steps to be followed in maintenance of books of accounts, expenditure claims documentation, formats and templates for appropriate financial and management accounting systems and procedures to help PMU to manage projects funds, maintaining accounts, and submitting timely and reliable financial reimbursement claims and reports.
- Recommend structural design for development and installation of Management Information System (MIS) for the 2nd phase of the project and uploading of data from phase-1 to enable GoO to have a complete overview of the entire funding facility;
- Train the PMU staff on budgeting, forecasting the annual funding requirements, preparing norms and formats for submission of request for funds by SIOs/field supervision units;
- Train and provide insights on the standard checks to be carried out during finalization of reimbursement claims of expenditures, documentation sets to be maintained/submitted by the PMU,
- Train PMU and SIO staff in financial management, accounting and reporting as per ADB project management and reporting requirements.
- Train PMU-SIO staff on application of Tally software for maintaining books of accounts, loan administration, related systems and internal controls, using technology wherever possible to streamline operations.
- Train PMU staff on preparation and monitoring of budgets, updation of projections, procurement data and contract data management,

- Monitor project financial disbursement and recommend ways to facilitate and streamline Government administrative procedures for disbursement;

- Assist the PMU in preparing and reporting project financial statements on a quarterly basis, and consolidating financial statements for the entire Project;

- Assist the PMU to develop project implementation monitoring system and provide support in developing their capacity in financial management monitoring system;

- Advise the project management including assisting in drafting on suitable responses in cases of audit observations/qualifications etc.

- Assist the PMU to prepare annual program and budget of the project.

- Assisting the Government in bid evaluation for assessing financial documents and advise the government accordingly.

- Assist the Project management's officials in preparation of initial budgets, revised budgets, expenditure forecasts etc.

- To assist PMU to liaise effectively with various officials from Central Government departments like DEA / AAAD / C&AG ; State Government departments like State treasuries / State secretariat officials etc.

- Initiate communication and coordinate with State Govt/ C&AG officials for timely audit of project accounts.

- On a continuous basis, exercise vigil on unnecessary leakages of funds and advice project management for taking steps necessary to mitigate such risks.

- Any other tasks that may arise during the tenure of appointment relating to the project from a financial management perspective.

C. Compliance and Reporting Measures

- The specialist is required to ensure compliance with ADB loan/project covenants, at all the times with specific focus on financial and procurement Aspects. Non compliances are to be identified and flagged immediately.
- Keep the management always updated on issues of non compliances with laws and regulations if any, during the project implementation.
- Formulate and prepare necessary MIS reports for the top management so that deviations are detectable for timely corrective actions.
- Preparation of Project Accounts as per requirement. For this it should ensure books of accounts are up to date and prepared within the close of 3 months of the financial year, so that a timely audit as per TOR agreed by the ADB and C&AG can be conducted and submitted to ADB accordingly. Ensure that

audited project accounts are submitted to ADB within the covenanted period.

- Prepare supporting schedules; provide necessary explanations on behalf of the project management that would be relevant during the course of audit.
- Delivering monthly financial progress reports, that correlates physical progress of the project.
- Prepare project financial statements in line with requirements for ADB-financed projects.
- Coordinate with C&AG field office and manage the audit team, including drafting responses to audit observations if any.

D. Education and Experience

The specialist should have a recognized professional accountancy qualification such as a CPA, ACCA, Chartered Accountant, ICWAI, MBA or a related Masters degree in the field of finance. The candidate must have relevant experience of at least 10 years in the Government Sector accounting. Apart from knowledge and hands on experience with the prevailing accounting framework in India and the Generally Accepted Accounting Practices and Principles, a prior exposure with GFR rules as per the Government of India accounting rules would be an added advantage. A prior working in the field of financial management of at least 5 years with ADB or World Bank projects is also desired.

E. Deliverables

1. Assessment report including findings from the current financial management systems/ practices followed by the PMU;
2. Ensure projects financial statements adhere with all loan covenants including timely submission of audited financial statements to the bilateral/multilateral funding agencies
3. Recommendations for improvement in current practices and for Tranche-2 project;
4. Training of PMU and SIO staff on maintenance of project accounts, financial reporting, and process checks during processing of expenditure claims and submission of reimbursement claims to CAAA- ADB. Consultant can also recommend need of PMU staff for disbursement related trainings to ADB;
5. Ongoing monitoring, oversight, and advisory support to the PMU accounting team;
6. Timely preparation and keeping up to date the project books of accounts.
7. Develop simple operative level financial management and accounting manual with formats and templates which could be referred to on a day-to-day basis for guidance.
8. Reports to PMU and ADB every six months

The consultant shall report to the Project Director, OWAIIMIP.

F. Duration

The duration of the assignment is 24 person months based in Bhubaneswar, Orissa.

2. **Manager <u>Accounts (MA) – 2</u>**

A. Basic Function: The Manager Accounts' position is accountable for monitoring the progress of projects accounts, investigating variances, approving/verifying expenses, and ensuring that project billings/accounts and budgetary replenishment (Withdrawal Applications -WAs, etc) documents are issued/ processed. Training of PMU based accounting staff with the guidance of FMS in the principal tasks and areas of responsibility as defined below and as maybe needed otherwise (hands-on, on-the-job facilitation and coaching):

B. Position Accountabilities (principal tasks and responsibility areas):

- Create and maintain project accounts in the accounting system (Tally planned))
- Maintain project-related accounting records (budgets, disbursements contracts, variances, etc,)
- Coordinate authorized access to project accounts with management
- Monitor transfers into and out of project accounts
- Review and approve project related invoices related to the
- Review and approve time sheets for work related to the project
- Review and approve charges to be applied to project
- Review account totals related to project assets and expenses
- Investigate project variances and submit variance reports to management
- Confer with receivables staff regarding unpaid contract billings
- Report on project accounts/disbursements status to management as required
- Report to management on funding status for projects (DoWR, ADB, OFID, JFPR)
- Respond to requests for more detail from DoWR, DEA, PMU, ADB
- Compile information for internal and external auditors, as required

C. Desired Qualifications: A bachelor's degree in commerce with accountancy, at least three years of experience in project accounting, knowledge of government accounting, project accounting systems (software based, e.g. Tally), contracts documentation; and must have excellent communication and writing skills.

The MAs shall report to the Financial Management Specialist, OWAIIMIP.

D. DURATION

The duration of the assignment is 24 person months each and based in Bhubaneswar, Orissa.