**Terms of Reference**

**for selection of Consultant in the framework of GFMIS introduction**

**Background**

In the framework of the strategy of reforms of the public financial management system approved by the Government of the Republic of Armenia it is envisaged to introduce a government financial management information system (hereinafter “the GFMIS” or “the Project). Introducing the Project is a large-scale and long-term process that envisages the engagement of multiple units operating in the area of public finances. In the process of implementation of such a Project the fact of ensuring the compliance with business processes and the project management model being up-to-date is of key significance. In this regard, a consultant (hereinafter “the Consultant”) will be hired for assisting the Ministry of Finance (hereinafter “the MoF) throughout the process of implementing the GFMIS.

**Terms of Reference**

The Consultant should ensure the fulfillment of the following deliverables:

A. Elaboration of management manual necessary for project implementation.

B. Review of the business processes of the core systems embedded in the GFMIS (the architecture is attached), including the government debt management module, e-procurement and internal audit management systems, as well as their definition and/or updating, if necessary.

C. Development of procurement documents, including drafting of terms of reference to be implemented within the project, and discussion and coordination with stakeholders.

D. Quality assessment of GFMIS testing and introduction activities and provision of quality assurance consclusion of the embedded systems to the RA Ministry of Finance.

**A. Elaboration of management manual necessary for project implementation**

In the scope of the deliverable defined in this clause the Consultant shall develop and submit to the professional group established in the MoF (hereinafter “the Group”) a project management manual (charter), which shall include a description of all the processes regarding the project implementation and introduction, all the details of their management and control based on ISO 21500:2012 international standard. The manual, in addition to the requirements set out in the standard, should also include the methodology for achieving the expected outputs within the Project, key stakeholders and/or entities, mentioning the participation, competences and scope of responsibilities of the government, MoF and other partners and entities.

**B. Review of the business processes of the core systems embedded in the GFMIS, including the government debt management module, e-procurement and internal audit management systems, as well as their definition and/or updating, if necessary**

The consultant cooperates with the Group in reviewing business processes, as well as in the process of defining or updating them in case of necessity. In addition, this assignment includes, but is not limited to: (i) reviewing financial reporting consolidation methodology and supporting business processes, (ii) preparation of functional requirements descriptions for ensuring the consolidation of financial statements, (iii) evaluation of existing systems and supporting business processes, (iv) developing technical specifications for analytical and BI (Business Intelligence) expert engagement to ensure proof of concept, (v) the documents related to government debt management module, electronic procurement and internal audit management systems, as well as documents for procurement of debt management, electronic procurement and internal audit management systems, including descriptions of the business processes underlying their elaboration.

“Methodology for preparing interim consolidated financial statements at the ministry level and a methodical component of the software task required for consolidation”, the description of “RA Government Debt Management Module Structure in GFMIS”, the report package elaborated in 2015 by the “Harmony” Information Technology and Education Development Foundation, as well as related legislation is published and available on the official website of the RA MoF at the following link: <http://www.minfin.am/website/images/website/documents/GFMIS%20(2).rar>

As a result of the implemented actions the system will have special architecture which includes core, non-core and auxiliary modules (Annex 1).

The consultant studies the methodology developed by the RA Government to propose appropriate methodology to start the process.

In particular, the Consultant reviews the structure of the RA public sector accounting chart of accounts, identifies shortcomings and proposes additional elements of the chart of accounts to meet financial, statistical and managerial accountability requirements in accordance with RA public sector accounting standard and the requirements of Government Finance Statistics Manual 2014.

The consultant works closely with government user groups in the areas of accounting, public finance management and information technology to accomplish the deliverables set for service provision. Aspects of systems analysis and design thereto are documented by the Consultant.

In the scope of the deliverable set forth herein, the Consultant shall prepare and submit a report to the Group for approval, which shall contain:

- the final descriptions of **business processes of the core systems embedded in the GFMIS, including the government debt management module, e-procurement and internal audit management systems**.

- recommendations on the main weaknesses of the control in business processes and the methods for solving them.

- Conclusion on final business process descriptions, including the recommendations, actions based on the core modules included in the GFMIS, inter alia on the possibility or impossibility to implement them through modernization, including in terms of cost-effectiveness. Moreover, the testing of suggestions set foth in the conclusion (PoC) will be carried out by the Group with the support of the Consultant and the scenario proposed by the Group covering the scope of each business process, security, authorization, control, interface, reporting formats and consolidation capabilities. As a conseqeunce, it will become clear whether the business processes can be resolved through improvements, third party tools and systems, or new systems are needed to acquire. Based on the experiments, the Consultant draws up an advisory opinion summarizing the results of the policy gap analysis for policy-makers and proposes final options in favor of existing and new GFMIS systems.

**C. Development of procurement documents, including drafting of terms of reference to be implemented within the project, and discussion and coordination with stakeholders**

After approval by the Group of the report referred to in paragraph B) of this deliverable the Consultant prepares and submits to the Group for approval the draft documents of the GFMIS introduction, including draft procurement documents of government debt management module, electronic procurement and internal audit management systems (invitation, contract draft, terms of reference, selection of procurement form, qualification requirements for participants, etc.). Moreover, the proposed solutions and procurement documents must comply with, but not be limited to, the following requirements:

- Requirements set forth for such systems in RA, as well as international IT security standards, including ISO 27001

- set the maximum processing time for operations via GFMIS to no more than half a second

- it is also necessary to take into account the GFMIS user-friendliness factor given the circumstance of making the work environment and data flow as convenient as possible.

It should also be taken into account that:

- The requirements of this clause apply to both the upgrading of existing systems and the development of new systems.

- it is possible that by the request of the MoF, the development of documents related to government debt management module, electronic procurement and/or internal audit management system may not be carried out, conditioned by which the price quotation for the services provided by the Consultant is set out separately from the price quotations for the systems referred to in this paragraph.

**D. Quality assessment of GFMIS, including government debt management module, e-procurement and internal audit management systems testing and introduction activities and provision of quality assurance consclusion of the embedded systems to the RA Ministry of Finance**

Quality assurance of systems incorporated in the GFMIS through appropriate testing, including government debt management module, e-procurement and internal audit management systems. In the scope of elaboration and finalization of the Project Procurement Documentation, terms of reference, the Consultant develops the Proof of Concept to ensure the preparation of testing to be carried out (script design). Testing assumes 60-80 corresponding scripts which relate to the issues of business process, security, authorization controls, reporting formats and consolidation capabilities.

The consultant will also support the assessment of volume and stress capabilities of the system, to process the transaction load during peak times

The Consultant will also prepare the evaluation methodology for the Bids submitted as a result of tender for the Project Implementation from the point of view of compliance with the tender documents and submit a report/conclusion to the evaluation committee.

The deliverables would be test scripts, RFP, and proof-of-concept test/evaluation report.

The testing will be implemented by the system users, with the assistance of the consultant, who will be responsible for preparing the test evaluation sheets, summarizing test results, and compiling final report.

The testing is an ongoing process. If some tests fail during the quality assurance process, the consultant will support the users in the next rounds of focused testing, until all tests are successful.

It is possible that by the request of the MoF, the quality assessment of government debt management module and (or) electronic procurement and (or) internal audit management systems testing and introduction activities may not be carried out and the quality assurance consclusion of the embedded systems, including quality assessment professional information of testing and introduction may not be provided, conditioned by which the price quotation for the services provided by the Consultant is set out separately from the price quotations for the systems referred to in this paragraph.

Throughout the entire service delivery period, the Consultant is also responsible for organizing regular sessions, meetings for the purpose of discussing and implementing the improved ideas embedded in the revised manual with users and professional team members. The consultant also assists users in selecting trainers.

**Schedule for Reporting and Results Provision**

The Consultant shall provide:

* **Report on the results of Phase 1 (Elaboration of management manual needed for project implementation) –** within 20 days after the entry into force of the rights and obligations of the parties stipulated by the contract.
* **Report on the results of Phase 2 (Review of the business processes of the systems, embedded in the GFMIS including the government debt management module, e-procurement and internal audit management systems, as well as their definition and/or updating, if necessary) –** within 3 months after the approval by the Group of the Phase 1 report.
* **Report on the results of Phase 3 (Development of procurement documents, including drafting of terms of reference to be implemented within the project, and discussion and coordination with stakeholders) –** within 1 month after the approval by the Group of the Phase 2 report.
* **Phase 4 results (Quality assessment of GFMIS, including government debt management module, e-procurement and internal audit systems testing and introduction activities and provision of quality assurance conclusion of the embedded systems to the RA MoF,** including quality assessment professional information of testing and introduction**) –** Within one month after submission by the project developer organization of the acceptance protocol to the MoF. According to preliminary predictions, the Project is expected by the end of December, 2023.

The timeframe for review and approval of each phase report by the Group is 30 days and to fix the recorded deficiencies is 20 days.

During the implementation of activities under this deliverale, the Consultant shall submit in writing electronic presentations to the Group Secretary at least every month.

The communication must be conducted in Armenian. Reports and deliverables should be both in paper and electronic form in Armenian and English.

The activities with the Consultant are coordinated by the Group.

**Payments**

Payments to the consultant shall be made in the following amounts:

* 10% of the contract value upon acceptance of the 1st phase report
* 50% of the contract value upon acceptance of the 2nd phase report
* 20% of the contract value upon acceptance of the 3rd phase report
* 20% of the contract value upon acceptance of the 4th phase report.

**Consultant qualification requirements**

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| **Qualification** | **Qualification Requirements** |
| **Conformity of professional activities with the activities envisaged by the contract** | Provision of services for the elaboration of functional and technical specifications needed for a multi-stakeholder information-driven project introduced in public finance management sector |

**Restrictions**

The Consultant pursues no material interest in carrying out any of the deliverables following this deliverable, and shall not be eligible to participate in the procurement procedure organized to involve an individual consultant coordinating the activities both of the introduction of the GFMIS to be announced later, including the introduction of a government debt management module, e-procurement and internal audit management systems, and the introduction of the GFMIS (including supervising the work of other consultants and suppliers working within the project and ensuring its quality).

**Logistics**

The MoF should provide office space, administrative support for meetings and trainings required to carry out the deliverable. Other costs, including translation related costs, must be borne by the Consultant.

Annex 1

**1. Dashboard (Control panel)**

**2. Analytical systems**

**3. Central Consolidation and Reporting Systems** (Provision of offsets in the RA public sector)

**4. Core Module**

4.1. Budget planning and budget organization process (planning based on macroeconomic indicators, income planning, spending, etc.)

* 1. . Accounting for liabilities (accounting for long-term liabilities, accounting for current liabilities, etc.)

4.3. Accounts payables

4.4. Accounts receivables

4.5. General Ledger and Accounting (consolidated key statements based on IASB)

4.6. Cash management Կանխիկ հոսքերի կառավարում (cash budget execution)

**5. Non-core modules**

* + Payroll system
  + Public Investment management
  + Asset management
  + E-pension system
  + Other

**6. Other public finance management systems**

* + Government debt management system
  + E-procurement system
  + Taxpayer 3 system
  + Non-tax revenue accounting system
  + Human resources management system
  + Audit management system

