

Terms of Reference (ToRs) for
Hiring the Consultancy Services for Reforms in Sindh Government
Servants Benevolent Fund

Context

1. The Finance Department (FD), Government of Sindh has rolled out Sindh Public Sector Management Reform Project (SPSMRP) in collaboration with World Bank with the aim to strengthen the Public Sector Performance through improved revenue generation and expenditure management. The project supports government in improving upstream government systems, hence resulting in better policies and service delivery through two objectives a) improved Sales Tax on Services (STS) collection; (b) Transparency in budget formulation, allocation and execution.

2. Economic Reform Unit; Finance Department, Government of Sindh under Technical Assistance Component of World Bank funded project SPSMRP is seeking an experienced consulting firm for devising a centralized mechanism for making the payments of the Benevolent Fund to the beneficiaries of the Head Quarter and Districts of Provincial Government of Sindh. The payment of the Benevolent Fund is disbursed to the beneficiaries of the provincial and districts boards under the Sind Government Servants Benevolent Fund Ordinance, 1960 & the Rules, 1960.

3. The Benevolent Fund is deducted from the salary of employees of Government of Sindh at the rate specified by the Government of Sindh. The total size of the fund is Rs. 3.5 billion. Monthly contribution to the fund is Rs. 154 million. The estimated number of provincial beneficiaries is 4,500 and districts' beneficiaries is 41,532 from District Benevolent Fund Boards. Total deductions are credited in the Public Account of the Government of Sindh on monthly basis and is paid through the cheque to the Provincial Benevolent Fund Board in succeeding month on prescription of the bill by the Board. The Provincial Benevolent Fund Board further releases the required funds to the District Benevolent Fund Boards.

Scope of Work:

4. The Consulting firm will work and complete the following tasks (Deliverables):

(i) **Analyze, assess and redesign the existing payment mechanism of Benevolent Fund from the Provincial Benevolent Fund Board to 29 District Boards and onward payments to districts' beneficiaries:** The firm will conduct assessment of the existing system of Benevolent Fund disbursements to districts' as well as provincial beneficiaries and will propose a centralized and digitized mechanism for payment to the provincial as well as beneficiaries of 29 districts of Sindh keeping in view the Sind Government Servants Benevolent Fund Ordinance, 1960 & the Rules, 1960 and the Sind Government Servants Benevolent Fund, Part-I (Disbursement) Rules, 1965 & the Part-II (Disbursement) Rules, 1966 and the amendments made there under.

(ii) **Assess and redesign a reconciliation and accounting mechanism for Benevolent Fund disbursement:** The firm will conduct assessment of the existing reconciliation and accounting system and will propose a mechanism through which payments may be reconciled and cash books may be maintained as per requirement of audit conducted by the Directorate of the Local Fund Audit. The firm shall design a complete set of standard operating procedures with forms, formats and tools for the Provincial and District Benevolent Fund Boards and report on the assessment of the following areas that whether:

- a. The funds disbursed to the District Benevolent Fund Boards are reconciled with the provincial BF Boards.
- b. The utilization of funds disbursed in the past were in accordance with the BF rules.
- c. The observations made by Deloitte Yousuf Adil during its financial review of the Districts BF Board's accounts are noted, implemented and acted upon in letter and spirit.
- d. Pending audit of previous years completed and compliance made, consulting the office of Local Fund Audit.
- e. The cash books/ cash registers are maintained as per requirement of external audit conducted by the office of Local Fund Audit.
- f. Audit observations issued by the office of Local Fund Audit have been complied.
- g. Districts' BF Board cash books are being completed on regular basis with monthly reconciliation with respective bank statements.

The report on the above shall also be supported with recommendations as to how the present short comings in the system shall be mitigated by the newly designed system.

(iii) **Design of Database for Provincial and District Benevolent Fund Boards:** The firm will design a complete database for the benevolent fund contributories and beneficiaries (to be procured later). The Design shall include design of all forms, formats, fields, validation and approval mechanisms to keep a digitalized and reconciled record of all the receipts and payments at provincial and district level.

(iv) **Revision of legal documents (Acts and Rules) of Benevolent Fund:** The firm will review and propose revisions in all existing legal documents (Acts, Rules, SOPs) of the Benevolent Fund which shall be required to implement the newly designed system under this project.

(v) **Training of relevant staff of Benevolent Fund on Accounting and Maintenance of Cash Books:** The firm will train the relevant accounts and finance staff of Provincial and Districts' Benevolent Fund Boards on the newly designed payment, accounting and reconciliation system under this project.

5. **Timelines and duration of assignment:** Total duration for the assignment shall be **Four months** from signing of contract.
6. **Implementation & Payment Schedules:** The tenure of the contract is Four **months**, tentatively, from May, 2020 to August, 2020 with below implementation schedule:

| Sr. No. | Tasks/ Deliverables | Frequency/ Time schedule | Payment Percentage (%) |
|---------|--|---|------------------------------|
| i. | Inception Report containing a detailed work and activity plan of the staff engaged by the firm, list and timing of deliverables. | <u>15 days</u> from Signing of Contract | 10% |
| ii. | Analysis and Design Report for the approval of payment mechanism for provincial and district BF Boards. | <u>02 months</u> from Signing of contract | 20% |
| iii. | Report on assessment of existing accounting and reconciliation system and design of a new system. | <u>02 months</u> from Signing of contract | 20% |
| iv. | Design of Database for Provincial and District Benevolent Fund beneficiaries and contributories. | <u>03 months</u> from signing of contract | 20% |
| v. | Revision of legal documents (Acts and Rules) of Benevolent Fund: | <u>03 months</u> from signing of contract | 20% |
| vi. | Training of relevant staff of benevolent fund on accounting and maintenance of cash books: | <u>105 Days</u> from signing of contract | 10% |
| | Total | | 100% |

7. Evaluation Criteria:

The procurement of Consultancy Services shall be completed as per “Consultant Qualification Selection (CQS) method under World Bank guidelines. The primary areas for consideration will be:

(i) Minimum Eligibility

Submission of:

1. Expression of Interest with Profile of the firm.
2. Last three years Financial Audit reports

3. Firm Registration Certificate (s).

4. Tax Registration Certificate (s).

(ii) Evaluation Criteria for Short listing

A. Organization (45 Marks)

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| Firm Profile (15 Marks) | (i) | Firm presence in the consulting/professional advisory business- <i>More than 10 years</i> | 10 Marks |
| | (ii) | “Satisfactory” rating from ICAP | 05 Marks |
| Credentials (30 Marks) | (i) | Experience in Performance-Based Budgeting | 5 Marks |
| | (ii) | Experience in Public-Sector Financial Management Systems | 5 Marks |
| | (iii) | Experience in supporting Decentralization of Public Finance and respective devolution | 5 Marks |
| | (iv) | Experience of working on donor-funded (WB, ADB, UNDP, etc.) projects | 5 Marks |
| | (v) | Experience of working with the Government of Sindh- <i>at least two assignments</i> | 5 Marks |
| | (vi) | Experience with Online payment mechanisms and their implementation | 5 Marks |

B. Overall Managerial Capacity (40 Marks)

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| Team Members (40 Marks) | (i) | <u>Team Leader:</u> <u>Qualification:</u> FCA/CFA/MBA (Finance) or Equivalent <u>Experience:</u> At least 10 years Senior Management Experience with expertise in project finance, transaction advisory and forensic audit. | 15 Marks |
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| | (ii) | Team Members having skills and experience in Financial System Design, IT systems, Legal matters and public sector operations. | 15 Marks |
| | (iii) | Team members having experience in developing payment mechanisms for decentralization of public finance. | 10 Marks |

C. Understanding and Effective Response to ToRs (15 Marks)

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| Clarity | (i) | Comprehensive Understanding and effective response to all the tasks/deliverables listed in the TORs (keeping in context the overall scope of work. | 5 Marks |
| Approach/ Work Plan | (ii) | Clear and logical methods in responding to the needs of assignment with a step by step approach and a comprehensive work plan for each of the scope component (tasks/deliverables) listed in TORs. | 10 Marks |