



Ministry of Finance
Republic of Maldives

Maldives: PFM Systems Strengthening Project

Terms of Reference

Consultancy for Migration to Accrual Accounting and Reporting (International Firm)

[Ref No: MV-M0FT-218290-CS-QCBS]

I. Background

The Government of Maldives (GoM) has been undertaking several initiatives to reforming the public financial management to in order to enhance budget credibility, transparency, financial reporting and controls of central government finances.

The Government of Maldives (GoM) has received credit from the International Development Association (IDA) of the World Bank towards the cost of the Maldives PFM Systems Strengthening Project (PSSP) and the Ministry of Finance (MoF) intends to apply part of the proceeds towards the cost for the Migration to Accrual Accounting and Reporting.

Since the implementation of the Public Accounting System (PAS) from 2009 onwards, MoF has been strengthening the public finance management system. The adoption of IPSAS 1 – Cash Basis of Accounting and Reporting has improved the reporting of financial statements in the past. In 2017, as part of a business process review which was conducted at the Ministry, it was determined that there is an urgent need to commence work towards adopting Accrual Basis of Accounting and Reporting mechanisms in the GoM.

In recent years with a number of developments in the PAS, the GoM has managed to get commitment accounting in the system. As part of additional disclosures on IPSAS 1, the GoM has managed to disclose information relating to assets, liabilities and other disclosures on the Balance Sheet. As part of this work a separate contract is made on Fixed Asset with a local consultancy to complete the SAP fixed assets management including the legacy assets of GoM and creating of GoM National Asset Register. In line with the above, the Ministry is now seeking to hire a firm to migrate the reporting fully from IPSAS cash to IPSAS accrual accounting.

II. Objective

Government Law on Public Finances 3/2006 require to report the financials in Accrual basis and to follow International Public Sector Accounting Standards.

The main objective of the consultant of the project is to provide the GoM with technical advisory services to migrate from IPSAS cash to IPSAS accrual.

The purpose of this assignment is to implement IPSAS Accrual Accounting and Reporting mechanism as in compliance with GFSM 2014 format.

Upon completion of the project the GoM should be in a position in managing and preparing Financial Statements in accordance to IPSAS Accrual.

III. Scope of Work

The GoM currently follows reporting on IPSAS Cash basis. It has now been decided to enhance reporting, by migrating from cash basis to IPSAS accrual basis reporting. In order to achieve this and for first time adaptation of standards on IPSAS accrual, the scope of the project is limited to the following tasks:

- a) Prepare a gap analysis report on the impact of adopting Accrual Basis IPSAS and GFSM 2014.
- b) Identify the required modifications to the Chart of Accounts and its effect and procedural changes to SAP modules in accordance to IPSAS accrual.
- c) Develop an accounting frame work for the financial reporting complying with accrual basis IPSAS and the relevant regulatory provisions on financial reporting.
- d) Develop a roadmap in implementing the accrual basis financial reporting system
- e) Oversee the migration process and provide strategic support in migration
- f) Provide accounting procedural input into existing process of SAP modules to implement accrual basis accounting.
- g) Draft a set of financial statements including accounting policies and notes to the accounts (year ending 31st December 2020).that shall primary be based on IPSAS accrual.
- h) Develop SOP's for the process include changing the existing manual from cash basis to accrual
- i) Develop relevant training Materials and train key trainers
- j) Train the Central Government Staffs members and financial statement audit staff members of the Auditor Generals Offices on the preparation and presentation of financial statements of IPSAS accrual.
- k) Help develop training materials for training line ministries accounting staff members on IPSAS accrual.
- l) Provide technical guidance, during the course of migration, to the Auditor General's Office staff members on auditing IPSAS- accrual- based financial statements.
- m) Assist in meetings conducted by the ministry of Finance in relate to roll out accrual accounting to government agencies

IV. Deliverables Schedule

#	Tasks	On-site / Off-site	Payment Terms
1	Gap analysis report on the impact of adopting Accrual Basis IPSAS and GFSM 2014.	On site	5
2	List of modifications to the COA and the IT related Processes changes	Off site	5
3	Final accounting framework for the financial reporting complying with accrual basis IPSAS and the relevant regulatory provisions on financial reporting.	Both	20
4	Full roadmap in implementing the accrual basis financial reporting system –COA and GL wise	Both	
5	Provide strategic action plan for the whole migration process	Off site	15
6	Process testing report to confirm completeness of process within system	On site	
7	Provide report on GL wise process for changes from cash to accrual concept	Off site	
8	Draft a set of financial statements including accounting policies and notes to the accounts (year ending 31 st December 2020).	On site	15
9	Final SOP's for all accounting process	Off site	15
10	Final training Materials	Off site	
11	Staff training schedules and training	Both	
12	Pilot audit, during the course of migration (transitional phase only), to the Auditor General's Office staff members on auditing IPSAS-accrual-based financial statements.- Technical guidance	On site	10
13	Train the Central Government staff members and financial statement audit staff members of the Auditor General's Offices on the preparation and presentation of financial statements on IPSAS accrual	Both	15

Interested parties may propose specific durations for each of the above deliverables at the Technical Proposal development stage of the selection process, while keeping in mind that the total duration to complete all deliverables should not exceed the proposed duration stated in Section VI.

V. Required Expertise and Qualifications

a. Firm

- i. The firm must have knowledge IPSAS Accrual Accounting and Reporting for at least 7 years
- ii. The firm must have knowledge in Accounting Frameworks and policy making in this field for at least 5 years
- iii. The firm must have minimum 5 years' experience in SAP Public Sector Accounting.
- iv. The firm being a registered firm in the Maldives will be an added advantage
- v. Having extensive experience in conducting and reporting on Public Sector Accounting and Reporting standards (IPSAS) and government financial statistics (GFS) 2014 will be an added advantage.

- vi. Experience in Public Financial Management sector will be an added advantage.
- vii. At least 1 Government IPSAS Accrual Implementation will be an added advantage

b. Consultant

The firm is expected to propose a core team comprising of 1 team leader and a minimum of 2 senior experts who will be on site working closely with the ministry team. The firm may also propose non-key junior experts, if required.

The core requirement of each consultant (i.e. team leader and senior experts) is:

Team Leader

- i. The consultant must be a professional Accountant with public sector experience for at least for 5 years,
- ii. The consultant must have a minimum of 3 years' experience in SAP public sector environment.
- iii. The consultant must have a minimum of 5 years' experience Accounting policy formulation
- iv. Strong working knowledge IPSAS standards and GFSM 2014.
- v. Strong leadership, management and communication skills in presenting, discussing and resolving issues.
- vi. Experience in public sector migration work will be an added advantage

Senior Experts

- i. The consultant must be a professional Accountant with public sector experience for at least for 3 years,
- ii. The consultant must have a minimum of 2 years' experience in SAP public sector environment.
- iii. Strong working knowledge IPSAS standards and GFSM 2014.
- iv. Excellent written and oral communication skills in English
- v. Experience in accounting framework and policy formation.
- vi. Experience in public sector migration work will be an added advantage

The firm is expected to provide references for related work undertaken recently as supporting information.

VI. Duration of the Consultancy

Duration of this project is for 2 years and is expected to commence in May/June 2021.