

Outline Terms of Reference (TOR) for Consultants

I. GENERAL

1. The consultants, including the team leader, will be selected by ADB, following consultation with the government, through consulting firm/firms (including joint proposal with domestic firms) through full technical (for component 1) and simplified (for component 3) proposals using quality and cost ratio for QCBS selection process (80:20) for components relating to strengthening PFM for rural development and for strengthening debt management. One international consultant and one national consultant for component 2 (Internal Audit) and one international consultant and one national consultants component 4 (External Audit) will be selected by ADB following consultation with the government, on an individual basis, as the distinct areas of expertise involved may not be available through a single firm/firms. The consultants will be selected by ADB in accordance with the *Guidelines on the Use of Consultants by Asian Development Bank and Its Borrowers* (2007 as amended from time to time) and other arrangements satisfactory to ADB.

II. TOR FOR PROJECT COMPONENT 1: STRENGTHENING PUBLIC FINANCIAL MANAGEMENT IN RURAL DEVELOPMENT MINISTRIES – MAFF, MRD, AND MOWRAM

2. The project component 1 will be anchored within the Public Financial Management Reform Program (PFMRP). As background materials, all specialists/consultants are required to undertake a review of the PFMRP documents, Consolidated Action Plan and Ministerial Action Plans of MAFF, MRD and MOWRAM the 2007 and 2008 PFM retreat documentation, the 2007 External Advisory Panel report and PFMRP progress reports. The review will include an examination of (i) Capacity Development Plan prepared by the Economic and Finance Institute within the PFMRP framework; (ii) Recommendations of the ADB TA –CAM-4988 – Strengthening Public Financial Management in Rural Development Projects; and (iii) Action Plan resulting from the MOU – 2007 Joint World Bank/ADB Country Portfolio Memorandum of Understanding (MOU) for effective implementation of Standard Operating Procedures (SOPs) and supporting Manuals for ADB/WB/Bilateral Development Partners (DPs) financed projects (Procurement Manual and Financial Management Manual). Besides, priority training course, there will be a number of generic courses needed to assist with the development of individuals and teams in each of the ministries and a number of specialist technical type course (based on ADB TA recommendations) that will not be offered by EFI. Besides, formal training and workshops, the emphasis should be on the job training, knowledge transfer by specialist/consultants/advisers through working together, meetings, and workshops/seminars within relevant departments / ministries. Mentor support should be an important tool.

A. International Consultants

1. Public Financial Management and Public Sector Budget Specialist and Team Leader (Intermittent, 14 person-months)

3. The Public Sector Budget Specialist and team leader will possess an advanced university degree (Masters or equivalent) preferably in Economics, Public Sector Finance, or a relevant combination of academic qualifications and have a minimum of 15 years experience in budget system reforms including budget law, budget planning and formulation, program and policy based budgeting, MTEF and Inter-budgetary fiscal relationship, especially in developing

countries and transitional economies in the region. The specialist should be sensitive to the cultural and political economy context of Cambodia. The specialist will possess competencies in the Public Expenditure and Financial Accountability (PEFA) program framework for improving public financial management. The specialist will work with the following government institutions: PFM Reform Secretariat, Economics and Finance Institute and Rural Development Ministries (MAFF, MRD and MOWRAM), PFM working groups in these ministries, project management units (PMUs). As a team leader, the specialist will possess effective interpersonal and communication skills and will be responsible for all activities under the project, including coordinating the output of the other international and domestic experts and ensure timely delivery of all outputs in coordination with the Cambodian counterparts. Specific tasks to be undertaken are to (i) formulate an action plan for the implementation of PFMRP stage 2, which requires active engagement of rural development ministries, preparation of manuals and guidance note, training materials, and convening of key stakeholders; (ii) strengthen capacity of MAFF, MRD and MOWRAM for budget formulation, budget execution; (iii) support Program Budgeting, MTEF and assist in preparation of Budget Strategic Plan (BSP) in accordance with MEF circulars, best practices and prepare guidelines and consult training and provide regular mentor support; (iv) assist in improving the quality of information on externally funded capital expenditure projects executed directly by development partners and integrate them into BSP and budget reporting system; (v) support the FM and Accounting Specialist MAFF, MRD and MOWRAM in implementing new administrative and economic classification consistent with GFS/COFOG standards in budget formulation and execution vi) Support FM and Accounting Specialist in preparing reports on off-budget expenditures and revenue to MEF, and in adhering to procedures for consolidating rural development ministries bank accounts and strengthening Treasury Single Account (TSA) and undertaking regular reconciliation with National treasury; (vii) Support FM and Accounting Specialist in budget execution and transaction process through training in expenditure commitment control and planning and establishing a mechanism for commitment plan and for increased use of banking system for government revenue and expenditure transaction processing; (viii) Support FM and Accounting Specialist in preparing improved and transparent financial accounting report consistent with MEF requirements on a quarterly, half yearly and end year basis for MEF, MAFF, MRD and MOWRAM senior management; (x) support design of an accountability framework to improve lines of accountability, clarifying roles, functions and responsibilities of budget entities and managers in relation to these ministries; (ix) Support institutional capacity building in the Finance, Planning department, PMUs and members of the PFM working groups; (xi) support PMU staff in capacity building in compliance with Standard Operating Procedures (SOPs), Procurement Manual (PM) and Finance Management Manual (FMM), mandated by the sub-Decree of February 2007 for effective project implementation in coordination with MEF (DIC); (xii) raise awareness about implementation of Good Governance Framework; organize workshop and provide guidance note for effective portfolio performance, especially of ADB assisted projects; (xiii) coordinate capacity building in project implementation and procurement issues with the international procurement specialist and provide an integrated PMU training workshop platform for those dealing with PFM issues under the national budget; (xiv) update the Monitoring and Evaluation Manual, in coordination with procurement and project management specialist and organize training for its use by MAFF, MRD and MOWRAM¹ and (xv) support the framework of D&D Fiscal Decentralization in MAFF, MRD and MOWRAM and sensitize the ministries downward to the sub-national authorities on their evolving functions, responsibilities and prepare advisory notes on implications of fiscal decentralization, de-concentration of functions and de-centralized service delivery.

¹ Prepared under ADB TA4428-CAM – Strengthening Programme Budgeting for the Agriculture Sector and being implemented in MAFF.

2. Financial Management (FM) and Accounting Specialist (Intermittent, 10 person-months)

4. The FM and Accounting Specialist should possess advanced qualification in public sector accounting, with a minimum 10 years of experience of public sector accounting, budget system, financial management, including Financial Management Information System (FMIS). The specialist should be sensitive to the cultural and political economy context of Cambodia. The specialist should have direct experience of PFM and accounting reform in developing countries, with significant experience of public sector accounting principles and standards, integrated financial management information systems (FMIS) business processes FMIS application and systems training and FMIS transition management. The specialist should have demonstrated experiences of capacity building and training for accountants and possess strong inter-personnel skills and experience of change management. The Specialist will (i) undertake a critical review of the PFMRP CAP II in the area of Financial Management and accounting, MAPs and identify actions for MRD, MAFF and MOWRAM; (ii) formulate a training program around EFI's core module and provide training, both theoretical and on-the-job, including continuous mentor support on (a) accounting and financial management principles and standards; (b) business processes including linkages to other systems; (c) accounting and financial management controls; (d) accounting and financial management system operations and management capacity; (e) interim and final reporting requirements; (iii) review linkages between the National treasury and MAFF, MRD and MOWRAM relating to revised budget classification and chart of accounts and identify issues of relevance for platform 2 implementation and provide training and mentor support to relevant staff in MAFF, MRD and MOWRAM; (iv) assist in implementation of administrative and economic classifications using GFS standards, including functional and program classifications (pilot) in budget formulation and execution at MAFF, MRD and MOWRAM, prepare guidelines and provide mentor support; (v) prepare guidance notes/briefs based on the quality, timeliness and transparency of existing accounting financial reporting by MAFF, MRD and MOWRAM consistent with government wide accounting standards; (vi) assist in preparation of financial statements and define reporting formats for the existing and new accounting systems to aid efficient accounting information; (vii) strengthen level of understanding, ownership, engagement and capacity for FMIS at MAFF, MRD and MOWRAM; (viii) support establishment of FMIS project/Transition Management Capacity at MAFF and MRD from Conical to FMIS based system (MAFF only) roll-out; (ix) support capacity building in understanding the FMIS policy paper and the roll-out strategy and the changed business processes; (x) support training, seminars and other capacity building programs that will be organized by the MEF on FMIS; (xi) provide recommendations and support implementation on proposed organizational restructuring and staffing in MAFF (initially), MRD and MOWRAM (on pilot basis), arising from changing roles and responsibilities; (xii) assist in preparing reports on off-budget expenditures and revenue to MEF, and in adhering to procedures for consolidating rural development ministries bank accounts and strengthening Treasury Single Account (TSA) and undertaking regular reconciliation with National treasury; (xiii) assist in budget execution and transaction process through training in expenditure commitment control and planning and establishing a mechanism for commitment plan and for increased use of banking system for government revenue and expenditure transaction processing; (ix) assist in preparing improved and transparent financial accounting report consistent with MEF requirements on a quarterly, half yearly and end year basis for MEF, MAFF, MRD and MOWRAM senior management; and (xv) support the Economic and Finance Institute (EFI) training and capacity development programs on a selected basis for accounting and financial management issues.

3. Procurement and project management Specialist (Intermittent, 12 person-months)

5. The specialist should possess advanced qualification in one of the following areas: economics; public administration or law; should have previous experience in procurement, engineering, business Administration; knowledge of international organizations/agencies and national public procurement regulations and procedures; previous work experience in projects financed by international financial organization, especially associated knowledge of ADB procurement, disbursement and monitoring procedures and will work closely with the team leader in ensuring efficient project implementation. Direct experience of public sector procurement (legislation, Institutional framework, systems and training) are added advantages. The specialist should be sensitive to the cultural and political economy context of Cambodia. The specialist will (i) support training and capacity building in all procurement related matters under the deconcentrated procurement sub decrees for procurement under national budget in MAFF, MRD and MOWRAM; (ii) strengthen capacity in procurement planning and monitoring and assisting in preparing the Annual Procurement Plan MAFF, MRD, and MOWRAM and also in preparation of the Project Procurement Plan of PMUs; (iii) strengthen capacity to monitor and evaluate the performance of the public procurement system; (iv) clarify lines of accountability within the procurement process, including effective oversight guidelines and identify key internal controls in budget execution and provide training; (v) develop training materials concerning procurement and disseminate training materials to all members of the procurement committees and all stakeholders and PMUs; (vi) assist in development and preparation of procurement documents; (vii) assistance in monitoring and evaluating procurement progress and conformance procedures and in preparing regular procurement reports to MEF and other agencies; (viii) assist in updating databases on procurement status and train in the use of procurement website to post information on procurement processes and contract awards; (ix) provide a comprehensive project management training program for PMU staff on ADB's requirements for procurement, financial management, monitoring and evaluation, and safeguard polices at the beginning of project implementation within the scope of SOPs, PM, FMM developed under an ADB TA4316-CAM: Harmonizing Loan Project Implementation Procedures; (x) assist MAFF, MRD and MOWRAM in establishing good practices to ensure efficient functioning of the Procurement Review Committees for procurement under projects and contribute to capacity development; raise awareness of the need to comply with SOP/PM/FMM procedures among senior staff of EA through workshops and seminars; and update the SOP/PM/FMM in coordination with ADB and development partners and coordinate with MEF (DIC) in undertaking these tasks; (xi) assist EA and IAs in assessment/revie of their internal approval procedures with a view to streamline them in line with SOP/PM/FMM; (xii) coordinate training and workshop with regard to the above with DIC, MEF; (xiii) support training and capacity building in implementation of ADB procurement, disbursement and monitoring procedures. Training should encompass the complete procurement process, which include the following stages: requirements defining, bidding and selection, contract performance and evaluation; (xiv) develop core monitoring indicators, and design data collection and management instruments and tools for M&E within ADB assisted Framework for Monitoring and Evaluation for regular reporting during project implementation; (xv) update the Manual and prepare M&E capacity building among core staff in MAFF, MRD and MOWRAM.²

² Prepared under ADB TA4428-CAM – Strengthening Program Budgeting for the Agriculture Sector and being implemented in MAFF.

B. National Consultants (4)

1. Specialist in Budget, Procurement, Accounting and IT applications (24 person months, continuous)

6. The **budget specialist** will assist the Team Leader and should have some background in finance, especially public sector financial management issues. S/he should have a university degree either in Economics or Public Finance. S/he should be proficient in English. S/he should be familiar with the government structure, and the particular functions of the Ministry of Economy and Finance. S/he will assist the Team leader in providing guidance and training in the areas of budget formulation, in preparation of the Budget Strategic Plan and budget related issues in accordance with the Consolidated Action Plan under PFMRP stage 2 and Ministerial Action Plan of the rural development ministries.

7. The **procurement specialist** will work under the supervision of the international procurement and project management specialist and will have at least 5 years experience in relevant field, including experience in project management and procurement. The specialist will possess sound knowledge of planning, preparation, and implementation of procurement standards and procedures based on government and ADB guidelines. The specialist will have good general knowledge of Cambodia government structure and budgetary procedures and should possess sound skill in IT application. The specialist will review procurement guidelines and support training and assist in dissemination of the guidelines to all PMUs and PIUs and procurement entities. S/he will assist the procurement committees in MAFF, MRD and MOWRAM and support measures for compliance with internal control process for each type of procurement. The specialist will assist in development and preparation of procurement documents and assist in preparation of procurement reports, in maintaining and updating databases on procurement consultants recruitment status for externally funded projects.

8. The **Accounting Specialist** will have working experience in implementing accounting training programs in Cambodia and will demonstrate a good understanding of the history and development of PFM reforms (as well as progress in budget preparation reforms) of the Cambodia and will assist the international Financial Management and Accounting Specialist in implementing a series of training modules on (a) the revised chart of accounts and budget classification system; (b) the continued education about the accounting fundamentals and (c) assist the Government in preparing the first set of consolidated financial statements (on a pilot basis), prior to completion of the project.

9. The **IT Specialist** will have a background in information technology (IT), and the required experience and qualifications in database management systems. The specialist will have (i) some demonstrated experience in managing financial management and accounting software systems and have a good working knowledge of English, and (ii) demonstrated aptitude for computer software and database management systems. The specialist will report to the FM and Accounting Specialist. Working experience with international consultants and/or the government is an advantage. Tasks will include assisting the international FM and Accounting specialist in IT aspects of implementing the FMIS and supporting the design of capacity-building modules and conduct IT training programs in coordination with Department of IT, MEF and the rural development ministries. The specialist will organize IT workshops and assist the international consultants and ADB missions in preparing relevant materials.

10. In addition, the specialists will (i) assist the Team Leader and the international specialists in all aspects of their task within the terms of reference; (ii) under the guidance of the team

leader, collect and analyze information, and make it available in English in an organized, readable form. Help the international team make available to the Government all reports and TA project outputs; (iii) conduct research on specific topics as required by the team leader and the international specialists; (iv) arrange and organize discussions and workshops, and help the team leader and the international specialists prepare materials for them, including translations of documents (if necessary) and interpretation of the discussions; (v) act as an interpreter in meetings and training sessions, help translate documents (if needed) and coordinate translation works to be contracted to others; (vi) Prepare copies of training materials, reserve the venue for training, and liaise with training participants and other resource persons and (vii) perform other task that may be assigned by the international team leader.

III. TOR FOR PROJECT COMPONENT 2: STRENGTHENING INTERNAL AUDIT IN MEF, MAFF, MRD AND MOWRAM

11. The consultants will undertake their activities within the scope of the Internal Audit sub decree, internal control policy statement, internal auditing standards and code of conduct for internal audit staff issued by the Government and internal good practices and will be guided by the PMFRP – Platform 2 – Consolidated Action Plan / Departmental Action Plan/ Ministerial Action Plan and ADB TA recommendations.

A. International Consultant

1. Principal Internal Audit Adviser and Team Leader (Intermittent, 10 person-months)

12. The principal internal audit adviser will be required to have an advanced university degree in accounting, audit, business administration, commerce or related field; or professional accounting, auditing or related designation (CA, CPA, CIA, CISA, CFE) and will have a minimum of 15 years experience of working in the area of audit. The adviser will have strong knowledge of general auditing standards and practices; internal audit tools and techniques, and will have extensive working experience in designing and implementing capacity development and internal audit training programs in the region. The specialist should be sensitive to the cultural and political economy context of Cambodia. The specialist must have demonstrated competence in INTOSAI Auditing Standards and International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (IIA). The specialist will show (i) a good understanding of the history and development of PFM reforms and progress in budget preparation reforms in developing countries and (ii) have demonstrated abilities in capacity development and change management in developing countries. The Team leader will build on the capacity development plan of the Internal Audit Department (IAD), and also the recommendations of ADB TA 4988-CAM: Preparing the Strengthening of Public Financial Management for Rural Development Project in undertaking various responsibilities.

13. **To strengthen internal audit capacity in MAFF, MRD, and MOWRAM, the consultant will** (i) Assist MEF, MRD, MAFF and MOWRAM in implementing PMFRP for internal audit activities; (ii) Support in reviewing suitable internal audit mandate for these ministries based on the internal audit sub decree and recommend an appropriate organizational structure with clear roles and responsibilities for Internal Audit in MRD, MAFF and MOWRAM; (iii) Support in preparing suitable ministry specific internal audit procedures/ manuals and guidance notes for internal audit and internal control, especially in the area of budget execution, procurement both under national budget and donor assisted projects, and payment procedures and train staff in its use. Training should include risk assessment methodology, internal audit

techniques, internal audit standards, internal control standards and code of ethics for complying with government procedures and standard operating procedures for donor projects, programs; (iv) Assist the internal audit department in preparing an annual audit plan following a risk assessment methodology and support the internal audit team to conduct field audits; (v) Develop a training program on internal control assessment, public accounting requirements, and modern auditing techniques on internal audit and internal control in PFM processes; (vi) Prepare internal audit methodology and procedures manuals; (vii) Assist audit teams in conducting field audits and writing audit reports in a format consistent with MEF standard; (viii) Prepare procedures for effective follow up of internal audit reports and for review by management; (ix) Hold workshops for internal audit staff on their role and functions; governance, accounting, and auditing issues; and codes of behavior and ethical conduct and (x) Develop procedures for communicating with NAA, MEF and other relevant agencies; (xi) Assist in field audit of selected ADB and donor funded projects; (xii) perform any other tasks required in implementing the project, including assisting ADB missions, to help achieve the objectives and goals of the PFMRD within the approved budget.

14. To strengthen MEF, Internal Audit Department (IAD) capacity, the consultant will

(i) Strengthen IAD role and responsibilities for internal audit oversight responsibilities; (ii) Assist in implementation of CAP and DAP activities relating to Internal Audit and help to produce internal audit manual of line department.; (iii) Assist internal audit staff to apply the methodologies and procedures in the manuals on internal audit, auditing policies and procedures; (iv) Assist staff in conducting field audits;(iv) Arrange workshops and seminars on the internal audit sub decree and related procedures; (v) Design and deliver specific training in internal audit to senior IAD staff, along with MAFF, MRD and MOWRAM staff; (vi) Operationalise the mechanism, for interfacing with NAA; (vii) coordinate with the principal state audit specialist in NAA to include selected IAD staff in the capacity development activities in the areas of audit of loan and externally assisted projects.

B. National consultant

1. Audit Expert - Internal Audit (24 person months, continuous)

15. The audit expert will have a background in accounting and/or auditing and a good working knowledge of English. Working experience with international consultants and/or the government is an advantage. The expert will report to the international audit specialist. The tasks will (i) Assist the Team Leader and the international specialists in all aspects of their task within the terms of reference; (ii) Under the guidance of the team leader, collect and analyze information, and make it available in English in an organized, readable form; (iii) Conduct research on specific topics as required by the team leader and the international specialists; (iv) Arrange and organize discussions, training and workshops, and help the team leader and the international specialists prepare materials for them, including translations of documents and interpretation of the discussions; Prepare copies of training materials, reserve the venue for training, and liaise with training participants and other resource persons; (vi) Assist the international consultants with training for the Internal Audit Department, MEF, MRD, MAFF and MOWRAM; (vii) Participate in the design and implementation of capacity-building modules as assigned by the international audit specialist; (viii) Prepare progress reports for inclusion in the team progress reports; (ix) Assist the international consultants and ADB missions prepare relevant materials and (x) And perform other tasks that may be assigned by the principal audit adviser.

IV. TOR FOR PROJECT COMPONENT 3: STRENGTHENING DEBT MANAGEMENT

A. International Consultants

1. Public Debt Management Specialist and Team Leader (Intermittent, 15 person-months)

16. The Public Debt Management (PDM) Specialist and Team Leader will be an economist with high-level academic qualifications and significant experience in managing public debt in small, developing economies, preferably those comparable to Cambodia. The specialist will have had experience in assessing the fiscal implications of external borrowing, national development planning, and implementation of projects funded by external sources, public finance, and basic accounting. The consultant will assist MEF with formulation of the public debt management strategy with objectives of improving realism and sustainability of the budget, strengthening debt management functions (forecasting, financing analysis and payment management) covering both external and domestic debt, and linking them to budget formulation and execution, as designated under Stage 2/Platform 2 Consolidated Action Plan (CAP) and Departmental Action Plan (MEF) under the Public Financial Management (PFM) Reform Program of the Royal Government of Cambodia. The specialist should be sensitive to the cultural and political economy context of Cambodia. The focus of the consultant's work will be to (i) Provide detailed strategic recommendations, technical advice, and on-the-job training to MEF departments/units concerned to strengthen integrated public debt management functions, based on thorough review of prevailing practices in Cambodia and on account of international best practices; (ii) Assistance to MEF in further enhancing institutional and capacity development of Debt Management Office (DMO) set up with ADB technical assistance (TA4441-CAM:Support to Public Financial Management); (iii) Assistance in setting up a "middle office" function; (iv) Preparation and implementation of a training plan and update the debt management manual and standard operating procedures to include enhanced training in the use of DFMAS to strengthen existing skills and to expand the number of users; training in debt sensitivity Analysis; risk management analysis for middle office staff and enhanced use of DFMAS database; (v) Assistance in further reviewing legal framework of debt management and preparation of the draft public debt management strategy, and in the preparation of regular debt reports; (vi) Assistance in drafting of a Sub Decree on Debt Management including road-mapping of necessary steps for long-term implementation of CAP and DAC Activities; (vii) Assistance in organizing training and workshop and also procurement of computer system, including hardware and software and training aids; (viii) Assist in implementing a system for portfolio management database in coordination with Computer-Based Management System (CBDMS) Specialist for Department of Investment and Cooperation, MEF to provide information and generate on: (i) actual disbursement of all projects financed by both types of financing sources (in month, year and total accumulative amounts up to date by project, sector and ministry); (ii) projection of disbursement for next three years by project, sector and ministry; (iii) actual contract award of all projects by project, sector and ministry; (iv) projection of contract award for a later year; (ix) support DIC in implementation of new Chart of Accounts and new budget classification with respect to external and domestic debt supplementing efforts under the FMIS component of PFMRP; (x) perform any other tasks required in implementing the project, including assisting ADB missions, to help achieve the objectives and goals of the PFMRD within the approved budget.

2. Computer-Based Debt Management System (CBDMS) Specialist(s) - (Intermittent - 10 person-months)

17. The specialist will be a PDM public debt management specialist, who has had at least 10 years of experience with major debt management software packages (e.g., Debt Management and Financial Analysis System (DMFAS) of United Nations Conference on Trade and Development (UNCTAD), Debt Sustainability Model (DSM+) of the World Bank, CS-DRMS of the Commonwealth Secretariat, and/or private packages such as Debt-pro). The specialist should be sensitive to the cultural and political economy context of Cambodia. The consultant will work closely with the MEF staff for integrated debt-related data flows, especially with the use of information and communication technology at various stages of utilization and operation of the new DMFAS through: (i) extending necessary technical support to Public Debt Management Specialist /Team Leader with his/her assistance to MEF in capacity development around the DMFAS database; (ii) providing technical recommendations to Public Debt Management Specialist /Team Leader on improvements in the design of debt-related data flow within MEF and relevant outside institutions, in a manner feasible on account of DMFAS functions; (iii) ensuring proper arrangement for efficient operation of the debt management system, procedures, documentation for server and database back-up and recovery; (iv) overseeing loan database migration to the new debt management system and data validation; (v) integration with aid management practices in the DMFAS software program; (vi) incorporating reporting capabilities based on agreed formats; (vii) helping incorporate forecasting capabilities to enable debt service forecasts to be generated; (viii) assisting with updating the debt management system to address loans, grants, and government guarantees; (ix) reviewing data capturing arrangements in the system to ensure all transaction data is captured accurately; and (x) designing and conducting supplementary training for MEF staff on database and system management, features of the debt management software, and generation of debt and portfolio analysis from the DMFAS database using the software; (xi) assist, in coordination with other international and national specialist, in developing functions and specifications of the portfolio management database of all investment projects in Cambodia, in specifying the hardware and software system, supervise the installation and commissioning of the system for Department of Investment and Cooperation, MEF. S/he will undertake these tasks with a team of national IT experts. Specific activities to be undertaken will be to:

- Review the current project management database system, identify the weaknesses and recommend how these could be improved;
- Review the reporting mechanisms of EAs to DIC/MEF on contract awards and disbursements;
- Review how consultant contracts under externally financed projects are managed by EAs. Establish a computerized system where DIC/MEF is able to track past as well as current performance of consultants in respect of their rates, areas and years of experience, sector, and duration of contracts;
- Establish mechanisms to update regularly physical performance of ongoing projects. Build in a mechanism to alert DIC/MEF if project's performance is poor in terms of contract awards and disbursements;
- Development of systems for the production of annual and rolling 12-month forecasts of monthly funding requirements/disbursement, including counterpart funds, provided by multilateral and bilateral funded investment projects, and other RGC financed investment projects;
- Development of an integrated Information Technology Solution/System that is capable of reporting the following Investment Project Information:
 - (i) Summary project approval and management information (e.g. project approval and end dates, outputs and deliverables, financing limits/budget

- allocation, contract management of ongoing civil works, goods, and services etc);
- (ii) Multiyear estimates of combined sources of externally financed investment project budgets;
- (iii) Multiyear estimates of locally financed investment project budgets;
- (iv) Monthly, quarterly and annual disbursement, commitment/contract awards and expenditures by category, project, ministry, sector (classification in PIP) etc;
- (v) Annual investment project procurement plans and/or annual work plans;

3. Legal / Institutional Development Specialist - (3 person-months)

18. The consultant will provide necessary legal support for implementation of CAP Activities, including: (i) identification of necessary legal instruments (e.g., a general law on public debt or an implementation decree of existing relevant legislation or decrees in public debt management as appropriate - stipulating guiding principles and strategic orientations) necessary to enhance debt management functions, and supporting rules and regulations, manuals, and job descriptions to clarify roles and responsibilities of MEF's departments/units and other Government agencies, in line with a draft public debt management strategy to be prepared by Public Debt Management Specialist / Team Leader; (ii) providing advisory support to MEF in drafting the above-mentioned legal instruments, and supporting rules and regulations, manuals, and job descriptions; (iii) preparation of a sample model of the general law on public law and sub decrees and other related documents to establish a clear set of rules, responsibilities and obligations in public debt management, based on international best practices and the country context of Cambodia; and (iv) helping reflect the relevant findings to the prospective debt management strategy.

B. National consultants (9)

1. Financial Management Specialist / CBDMS Facilitator - (24 person-months)

19. The consultant will work closely with and assist the international consultants in support of implementation of CAP Activities and provide administrative support for overall implementation of the CBDMS, as well as other areas within the broader PFM Reform Program. The consultant will (i) collect newly released data and statistics related to public debt; (ii) review new legislations, guidelines, circulars and other debt-related documents written in Khmer and summarize them in English for use by the international consultants; (iii) liaise with MEF departments concerned and collect other information required as inputs to mid-term, draft final, and final reports; (iv) provide administrative support to procurement of equipment under the project; (v) provide logistic support necessary for CBDMS-related and other training programs to be provided under the project component; (vi) provide logistic support to organize the tripartite and other meeting(s) for ADB review mission(s); and (vii) provide additional support which may be requested by ADB's project officer/international consultant(s), as needs arise.

C. Portfolio Management Database System.

20. To have better reporting system, improved accuracy of contract award and disbursement projections, improved monitoring and evaluation mechanism on investment projects implemented by RGC's agencies, and further improved portfolio management database of all investment projects, a portfolio database management database will be designed, commissioned and

implemented by a team of 8 national IT experts engaged for a total of 45 person months under the supervision of International CBDMS Specialist.

1. Financial System Adviser - (1) - (10 person-months)

21. **The Financial Systems Adviser** will have at least 10 year working experience of ICT Experience in Management Information System and hands on experience of and successful track record in developing budgetary systems (Financial Management Information System). S/he will possess at least a Masters degree in Computer Science and Engineering or equivalent. A formal qualification in financial management or an equivalent qualification is highly desirable. Practical experience in developing project and financial management information system, budgetary management in a large scale public body, Ministry, UN, ADB, World Bank, or NGOs and proven ability to communicate effectively in either English or Khmer, preferably both. S/he will be responsible for project management, interview users and conduct user acceptance testing.

2. System Analyst and Design Adviser - (1) - (5 person-months)

22. **The System Analyst and Design Adviser** will have at least 3 years working experience of ICT Experience in Management Information System and hands on experience of and successful track record in developing budgetary systems, Financial Management Information System and will possess at least a Bachelor's Degree of Computer Science and Engineering or equivalent. Practical experience in developing project and financial management information system, budgetary management in a large scale public body, Ministry, UN, ADB, World Bank, or NGOs. S/he will possess an ability to communicate effectively in either English or Khmer, preferably both. S/he will interview users, undertake systems analysis and design, prepare architectural design, system design and test plan documentation, undertake prototyping and implement the system.

3. User Interface Designer - (1) - (1 person month)

23. **The User Interface Designer** will be knowledgeable in graphics design. S/he will carry out graphics design and prototyping

4. Quality Assurance Specialist - (1) - (3 person months)

24. **The Quality Assurance Specialist** will undertake testing and will have experience in using database and web-based system.

5. Documentation / Training Specialist - (1) - (2 person months)

25. **The Documentation / Training Specialist will be** knowledgeable in Microsoft Word and experience in using Database and Web-based systems. S/he will possess at least Bachelor's Degree of Computer Science and Engineering or equivalent and an ability to connect to people to easily in order to facilitate a conducive learning environment. S/he will possess a strong ability to transfer knowledge and communicate processes to users with little background in database and web-based systems and an ability to communicate effectively in either English or Khmer, preferably both. S/he will develop user manuals and provide training for administrators and users

6. Web Developers (3) – 8 person months each

26. **The Web Developers.** Knowledgeable in VB, ASP, Microsoft Access and SQL Server. Knowledgeable in the display and capture of English and Khmer data in database and web-based systems. S/he will possess at least Bachelor's Degree of Computer Science and Engineering or equivalent. One of these web developers will be designated as the Team Leader and should have at least 5 years experience in developing enterprise database and web-based projects (other 2 web developers should have at least 1 year related experience). S/he will be responsible for Web development and database designing and developing and Implementation of System for World Bank Division, Debt Management Division, Local Investment Division, Bilateral Division and Policy and Planning Division.

V. TOR FOR PROJECT COMPONENT 4: STRENGTHENING THE EFFECTIVENESS OF NATIONAL AUDIT AUTHORITY

27. The principal audit adviser will coordinate activities with relevant officials of National Audit Authority (NAA), Ministry of Economy and Finance (MEF), the Line Ministries, ADB Resident Mission in Cambodia and the Developed Partners (DPs) and will adopt a well sequenced cluster program approach consistent with NAA's Strategic Development Plan and the recommendations of the Audit Peer Review. Emphasis will be to strengthen NAA to (i) undertake externally assisted / loan project audits; (ii) provide assistance for drafting audit sub decree; (iii) support measures capacity building arising out of Audit Peer Review (APR) and those recommended by ADB TA 4988-CAM: Preparing the Strengthening of Public Financial Management for Rural Development and (iv) support the institutional arrangement between NAA and Internal Audit Departments.

A. International Consultant

1. Principal Audit Adviser (State Audit) and Team leader (Intermittent, 12 person- months)

28. The principal audit adviser will be required to have an advanced university degree in accounting, audit, business administration, commerce or related field; or professional accounting, auditing or related designation (CA, CPA, CIA, CISA, CFE) and will have a minimum of 25 years experience of working in government audit, or preferably in one of the Supreme Audit institutions of an INTOSAI/ ASSOSAI member countries. The specialist should be sensitive to the cultural and political economy context of Cambodia. The specialist will have strong knowledge of general auditing standards and practices; audit tools and techniques, and will have extensive working experience in designing and implementing capacity development and audit training programs for the national supreme audit institutions in the region. The specialist must have demonstrated competence in INTOSAI Auditing Standards and ASOSAI Performance Auditing Standards and Implementation Guidelines and International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (IIA).

29. Specific responsibilities will be to (i) Strengthen audit function within NAA in the area of externally funded projects, including loan projects - ADB/WB/Bilateral Development Partner (DP) financed projects; (ii) Assist in formulating a three-year work plan using a risk-based methodology for identifying auditable externally funded loan projects (initial emphasis on compliance and financial audit and gradually planning for performance audit); (iii) Assist in documenting existing procedures and systems for externally funded projects; (iv) Assist in preparing project audit procedures manual and Guidance Notes, consistent with INTOSAI

standards, for audit of externally funded projects; (v) Assist to prepare Audit tools (audit criteria and performance benchmark) in verifying compliance with Standard Operating procedures (SOPs), Procurement Manual (PM) and Financial Management Manual (FMM) developed under ADB TA4316-CAM: Harmonizing Loan Project Implementation Procedures for ADB and other donor assisted projects. Develop a training program and undertake training in Standard Operating procedures, Procurement and Financial Management Procedures of ADB/WB/Bilateral Development Partner (DP) financed projects (the training will also cover quality control techniques, risk identification, preparation of working papers, documentation of findings, interviewing techniques, use of questionnaire and reporting, and follow up of audit recommendations; (vi) Work with the NAA audit teams in conducting field assignments from planning through to final reporting including supporting audit of selected ADB projects and other donor funded projects; (v) Design and deliver specific training to senior NAA staff; (vi) Support in preparing format and content of audit report on externally aided projects; (vii) Support regular meetings between NAA and Heads of internal audit departments of the ministries, and document best practices for supporting NAA and internal audit interface; (viii) Assist in preparing draft implementation sub-decrees under the 2000 Audit Law and arrange workshops and seminars on the implementation decrees³; (ix) Prepare roadmap for strengthening NAA based on recommendations of audit peer review and implement measures for capacity development during the implementation period of the project; (x) Assist in organizing an open forum for high level policy dialogue involving NAA, MEF, Finance and Banking Commission, and SAs in the Region, INTOSAI, ASSOSAI and eminent persons in coordination with ADB Resident Mission; (xi) Assist in study tour of officers involved in externally aided projects; (xii) assist, NAA, in close coordination with ADB resident Mission in Cambodia, in preparatory arrangements, including travel, related to the proposed Audit Peer review; (xii) prepare regular reports incorporating analytical results based on the above tasks for submission to NAA and ADB; (xiii) facilitate improved coordination between the Second Commission of the Parliament and the NAA and prepare terms of reference to clarify NAA roles; (xii) perform any other tasks required in implementing the project, including assisting ADB missions, to help achieve the objectives and goals of the PFMRD within the approved budget.

B. National consultant

1. Audit Expert (continuous, 24 person-months)

30. The audit expert will have some detailed background of the public financial management development, be well acquainted with recent developments in PFM reforms in Cambodia, including the Government policy and procedures. The specialist will be thoroughly conversant with Audit Laws, all relevant Decrees and Sub-decrees establishing the National Audit Authority (NAA) and will be required to have a minimum of 6 years experience in internal audit. The audit expert will possess an understanding and knowledge of audit and accountability issues in

³ The sub decree will need to look into the following: deadlines for preparation and submission of the audited financial statements and budget settlement accounts to the national assembly; NAA's role in the context of the ongoing reforms in financial management decentralization and de-concentration; the relationship between the NAA and the Commission of Finance, Banking and Audit (CFBA) of parliament and the senate; a more objective and transparent process for identifying suitable candidates for the position of AG and DAG; strengthening article 19 of the law relating to holding positions in any political party; the process for tabling and publishing audit reports; the provisions of the law relating to restriction of disclosure of information contrary to public interest; the qualifications and process for selecting an independent auditor; and the interface between internal audit and the NAA. The sub decree will serve as a basis for more clear definition of the processes, procedures and organizational interfaces for running the audit office further strengthen independence and improve the communication and information flows between the various external agencies and institutions the NAA deals with.

Cambodia, and will be proficient in English. The position requires a significant amount of facilitation and communication skill. The expert will undertake the following tasks: (i) Assist the Team Leader and the international specialists in all aspects of their task within the terms of reference; (ii) Under the guidance of the team leader, collect and analyze information, and make it available in English in an organized, readable form; (iii) Conduct research on specific topics as required by the team leader and the international specialists; (iv) Arrange and organize discussions, training and workshops, and help the team leader and the international specialists prepare materials for them, including translations of documents (if necessary) and interpretation of the discussions; (v) Act as an interpreter in meetings and training sessions, help translate documents (if needed) and coordinate translation works to be contracted to others; (vi) Prepare copies of training materials, reserve the venue for training, and liaise with training participants and other resource persons and (vii) And perform other tasks that may be assigned by the principal audit adviser

VI. REPORTING AND MONITORING ARRANGEMENTS COMMON TO ALL COMPONENTS

31. The Team leaders for all the project components will regularly provide written reports in English: (i) an inception report to include a comprehensive implementation plan to be submitted within 2 weeks after the project starts including log frame outlining the implementation schedule; (ii) regular progress reports; (iii) a mid-term report; (iv) draft final report (to be submitted two weeks before the end of consulting services) and (v) a final report reflecting comments by EA and ADB, to be submitted at the end of consulting services for each of the project components. The Team Leader will be responsible for preparation of the various reports. Specific timing and content of the reports will be discussed with EA, IAs and the ADB. The reports will be submitted to EAs and IAs and ADB, and will include an assessment of the outputs and activities, including performance indicators included in the Design and Monitoring Framework (Appendix 1 of the RRP. The consultant's team will ensure that baseline data for each component is gathered and monitored over time in the proposed Project. The team leader should provide monitoring and evaluation reports to the EAs and IAs for review by the Program Steering Committee, and ADB. The performance indicators of the PMRP Stage 2 will additionally be the reference point for progress monitoring. The reports will be discussed with the EAs and the IAs and also with ADB. For the National Audit Authority, the Team Leader will report to NAA and coordinate with the Project Management Unit (PMU) established for implementing externally assisted projects.

32. In executing the terms of reference (TOR), the team leader will closely coordinate and liaise with (i) the Ministry of Economy and Finance (PFM Reform Committee Secretariat), EFI, and other relevant departments (DIC, IAD), with the PFM Reform Committee Secretariat in ensuring consistency with the government-wide PFM standards; (ii) members of the PFM Working Group in MAFF, MRD, and MOWRAM; including Department of Accounting, Finance and Planning in these ministries and NAA; (iii) development partners and the ADB Resident Mission in Cambodia, and Project Director of the Public Policy Training Program; and with Project coordinators of the EA and IA for specific tasks. The team leader will assist in procurement of goods and services under the project in accordance with ADB's procurement policies.

33. The Team Leader of each project component, will assist EAs to maintain separate project accounts and financial statements, in accordance with the provisions of the Grant Agreement and ADB Guidelines (Guidelines for the Financial Governance and Management of Investment Projects Financed by ADB, 2002) to facilitate annual audit by an auditor acceptable to ADB. In addition, the team leaders will assist MEF and NAA, to prepare and submit semi-

annual and annual reports to ADB, indicating progress made, problems encountered, and steps taken to remedy the problems, a program of activities, and expected progress during the implementation period. The reports will incorporate the project performance monitoring data and all relevant financial data.

34. The Team leader and the consultant's team will perform additional tasks required, including assisting ADB missions, to help achieve the goals and objectives of the projects within the approved budget.

VII. MISCELLANEOUS

35. In respect of component 3, key Deliverables will be provided in two phases. The first phase (review) activities will be to:

- a. Review DIC's investment project management systems to identify weaknesses and recommend how they can be improved.
- b. Identify requirements for establishing an IT solution (e.g. a database system) that will capture, analyze and report on investment projects in relation to: projection of contract awards and disbursements; actual contract awards and disbursements; and physical performance.
- c. Identify all current and/or future related financial and project management systems located in other RGC relevant departments/agencies: e.g. CDC (DAD), Treasury (FMIS), Debt Management Systems, PIUs/PMUs (Project and Financial Management Systems) and the RCS (Project and Financial Management Systems e.g. FMRs).
- d. Reassessment of existing DIC's network structure and IT facilities needed for system enhancement within the context of any Ministry wide networking and computerization plans.
- e. Recommended improvements of DIC systems should also cover the following:
 - (i) Improvements to the capture and analysis of information on projections of disbursements and contract awards, commitments and actual spending and financing of investment projects (separation of capital investment spending and recurrent spending to support investment projects is recommended);
 - (ii) Development of a system capable of producing annual and rolling 12-month forecast of monthly funding requirements/disbursements, including counterpart funds, for all investment projects;
 - (iii) Development of reports for reference during budget preparation;
 - (iv) Development and implementation of a model for a monthly/quarterly rolling plan of current year local capital and recurrent expenditure impact of ongoing projects;
 - (v) Development of system that supports monitoring of the effectiveness of TA (e.g. a system able to track contract approvals and consultant performance, in terms of rates, areas and years of experience, sector, and duration of contracts);

- (vi) Standardization of the reporting formats; and
- (vii) Establish an alerting system to ensure appropriation budgets are not exceeded.

36. **Implementation and Management.** On the successful completion of **1-5**, the second phase will include the following activities:

- a. Implementation and management of a process to develop and build the agreed IT solution/system.
- b. Develop procedures for DIC and line agencies and other stakeholders to gather and record information in the system;
- c. Develop the required reporting formats and, when required, ad hoc inquiry mechanisms;
- d. Establish procedures for maintaining the database system (technical maintenance);
- e. Prepare a User Operational Manual and a System Administration/Maintenance Manual;
- f. Prepare training for the procedures and database system;
- g. Conduct operational training for using the database system and for maintaining the database system.
- h. Section B commences after Section A has been completed.