

## **Technical assignment for promotion transparent and effective management of public finances (support 2 Municipalities of Georgia in Performance Audit)**

On behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), GIZ is implementing the Good Governance for Local Development Programme (GGLD) and invites interested parties to submit their proposals for the consultancy services described below.

### **Terms of Reference**

#### **1. General information**

Programme Name: Good Governance for Local Development in South Caucasus (GGLD)

Objective: public institutions in the South Caucasus region are better able to provide citizen-oriented public services at the local level in a sustainable and environment friendly manner in accordance with the principles of democracy, rule of law and transparency that improves the living conditions of local population.

Basic fields of action:

- a) Improving the legal and institutional framework for providing citizen-oriented public services;
- b) Strengthening the capacities of key stakeholders to deliver citizen-oriented services and to finance them;
- c) Introducing public participation mechanisms for the engagement of citizens in service delivery;
- d) Strengthening the procedures, institutions and instruments of regional and local economic development;
- e) Promoting exchange of experience and cross-border learning.

Programme duration: 01/04/2020 – 31/03/2023

#### **2. Background information**

GGLD actively cooperates with Ministry of Finance Georgia (MoF) and in particular with Internal Control Department (ICD). In recent years GIZ GGLD supported MoF with various projects in the decentralization process and with the reform of the Public Finance Management sector on municipal level in Georgia. Since 2020, the cooperation of GIZ GGLD and the MoF entered in a new active phase, external quality assessments, GAP analyses of several municipalities, PEFA and internal audit trainings were conducted. The development and enhancement of the PIFC system (FMC, IA, CHU) is embedded in broader reform of the country's Public Financial Management system (cf. Public Finance Management Reform Policy Vision). A strategic concept for the reforms of Internal Financial Control within the Public Sector of Georgia was developed in 2009 (revision/renewal, is in process. Particularly, the implementation of internal audit system follows a close orientation towards international

standards and the PIFC concept developed by the European Commission. The aim of the PIFC reform is to improve efficiency, effectiveness and accountability in the public administration. EU approximation is also a strong driver of the reform process (cf. Association Agreement EU-Georgia, ENP Georgian AP).

Performance audit is one of the main types of audits for public sector. The main objective of performance auditing is to promote economical, effective and efficient governance in public sector. It also contributes to accountability and transparency. Performance auditing promotes accountability by assisting those with governance and oversight responsibilities to improve performance. As budget it linked with performance and respective programs are developed, which includes indicators for success, it is absolutely necessary to have strong knowledge within all internal auditors of performance auditing. Therefore, since 2013 in line with the Public Internal Financial Control (PIFC) Law, CHU has gradually supported establishment of performance audit practice within internal audit community, starting with internal audit units of central government. The practice shows, that specific knowledge and skills are required to conduct performance audit, which is relatively low within the municipalities. Neither efficiency feasibility studies nor individual defined action goals are available, which allow a detailed performance audit of individual measures.

There is a further need on specific support (performance audit) in on-job trainings in several municipalities. The on-job training shall impart knowledge on role of performance audit, for promoting transparent and effective management of public finances.

### **3. Objective of the assignment and scope of work**

**3.1.** The objective of the assignment is to support 2 municipalities (Tskaltubo and Rustavi) of Georgia to increase awareness and knowledge on Public Sector Performance management and performance audit- purpose, concept and recognized international standards on performance audit, 3E (value for money) concepts and relevant standards and guidelines- performance audit and Financial management and Control systems (task of auditors and tasks of management), take the Georgian theoretical framework into account (i.e. methodology, standards, IA manual).

The Performance Audit aims at examining:

- What are the real results that a particular organization or program has achieved with public funds and to what extent have the set goals of the program been achieved?
- To what extent were the actions taken reasonable and in line with the set objectives? Or could the same outcome have been achieved with less?

For this purpose: the assignment aims to promote and share knowledge on performance Audit, especially in chosen municipalities. This should be achieved by reviewing and analysing 3E components, which includes the assessment of operations from Economy, Efficiency and Effectiveness perspective and creating ground for rational use of public resources and improvement the quality of public services.

**3.2. To fulfill this objective, the contractor shall perform the following tasks:**

(Field work)

- Conduct the training on performance audit for pilot municipalities (After the training the participants should increase knowledge about the performance audit, its' preconditions and methods. They should be capable to define scope and plan a performance audit according to international standards).
- Support two municipalities in preparation of individual audit plan for performance audit and the identification of the main audit objective;
- Accompany the IA Unit in the selection, planning, implementation and reporting process of PAs;
- Support the evaluation and analysis of the collected audit findings;
- Support the development of solid reporting structure;
- Assess the draft report with Municipality Management; Discussion about the distribution of tasks in the context of performance feasibility studies;
- Develop proposals for the implementation procedure;
  
- Kick-up Meeting with Central Harmonization Unit (CHU) to discuss PFM reform strategy, compliance Performance Audit topic into this Strategy and validation of performed tasks;
- Develop training materials for the training module „Basics of performance audit. This material should be provided to the Central Harmonization Unit (CHU) for knowledge management and can be used for future trainings by ToT trainers;
- Conduct knowledge sharing and lessons learnt session for municipalities, where contractor and internal auditors of pilot municipalities will present the results of the performance audit.

Deliverable:

- Draft individual plans of performance audit
- Draft Performance audit report
- Conducted training session for internal auditors
- Conducted knowledge sharing session for municipalities
- Develop training materials for the training module „Basics of performance audit “, on hand of carried out audit. This material should be validated by CHU and can be used for future trainings by ToT trainers.

After the end of the project, tentatively within 10 days a final report in English with up to 10 pages is to be provided which will include recommendations for the Partners. The deliverables described above, information about the process and outcome of the mission should be annexed to.

### 3.3 Schedule and Implementation Details

The assignment is planned to commence on 08.10.2021 and be completed by 10.12.2021. In total, up to 54 expert days are foreseen.

Deliverables		Expert days (up to)	Deadline
Task 1	Interview wit 2 municipalities (2 mun x5 days)	10	
	Preparation of questionnaires.	4	
	Analysis of important documents	8	
Task 2	Support two municipalities in preparation of individual audit plan	8	
	Outline of current situation based on survey evaluation (= draft of interim report)	4	
Task 3	Support the evaluation and analysis of the collected audit findings	6	
	Conduct the training on performance audit for pilot municipalities	6	
	Final version both reports shall be prepared in Georgian language. The submitted electronic versions of all the tasks shall be sent to GGLD for comments before final submission (contact persons: Tamar Gureshidze). The final submission date is 10.12.2021	8	
<b>Total</b>		<b>up to 54</b>	

The Contractor is obliged to perform the assignment based on these ToR while ensuring close contact and cooperation with GIZ throughout the implementation of the assignment. The Contractor is further required to submit all the deliverables to GIZ. Approval from GIZ is mandatory at each stage before moving onto the next level

#### **4. Reporting**

4.1. Submit mid-term and final reports on project implementation. Reports should also include the assessment and analysis of strengths and weaknesses and respective recommendations regarding the changes to be made for the next fiscal year.

4.2. Reporting shall be made in English. Executive summary of the mid-term and final reports shall be also submitted in English. Final report shall be submitted in one document according to the structure and content defined by the terms of reference.

#### **5. Other Terms**

5.1. Service provider shall regularly provide information on results and perform all the assignments listed in the ToR in a close coordination and agreement with GIZ. 5.2. During the performance of the assignment, service provider shall meet the personal data protection standards envisaged by the legislation.

5.3. GIZ contract responsible officer is entitled to oversee the training delivery process.

#### **6. Submission and selection of proposal**

Partner for the consultancy service will be selected based on a competition Entrepreneurial (LLC) and non-entrepreneurial legal entities (NLE, NPO), NGOs/CSOs are eligible to participate in the competition. GIZ reserves the right to check the information indicated in the application. Application will be cancelled in case of inaccurate information.

#### **7. Selection criteria**

1. The technical proposal shall provide evidence of the organization's (or staff presenting by the organization) capabilities and assignment-related experience in executing similar projects in last two years;
2. At least three experts should have experience in performance audit in last two years and more than 5 years of experience working on internal audit field in public sector; working with municipalities and knowing the audit universe. An international expert with a solid knowledge of Georgian context will be an advantage;
3. Experience in conducting internal audit training in particular in performance audit should be an advantage;

4. A work plan, including implementation schedule of number of workdays per tasks to be performed by the contractor for completion of this assignment;
5. Technical proposal describing the methodology of the assignment;
6. Budget cost efficiency.

*More detailed information on assessment criteria is provided under the annexed assessment grid.*

## **8. Project Duration and payments.**

Tentative contract period for the service will be 08.10.2021 –10.12.2022.

Payments will be made gradually during the contract period.

## **9.Submission of Application.**

Applications should be submitted in English.

**The technical proposal shall contain the following information** (*recommended structure of the proposal*):

### *1. Title page*

Name and registration number of organization; legal address, telephone number, e-mail address, director of organization -signature and stamp of a director.

### *2. Project name and implementation period (month/year-month/year)*

#### 2. 1. Project Description

2.2. Project goals and objectives and implementation methodology (shall be in compliance with the terms of reference of this tender);

#### 2.3 Activities defined by the project and implementation schedule

#	Activity	Sept	Oct	Nov.	Comment
1	X				<i>[Indicate if needed]</i>
2	Y				
3	Z				
...	...				

#### *2.4 Persons involved in the project and their functions*

Please, indicate the list and functions of persons, who will be involved in the implementation of the project and will be respectively indicated in the budget.

## 2.5 Annex

Respective Resumes (CV) of the staff involved in the implementation of the project should be attached to the application.

Applicants may attach any additional relevant information to the application

**The financial offer shall contain the following information:**

*Budget in GEL (excl. VAT)*

#	Category	Unit	Unit quantity	Unit price (GEL)	Total Price (GEL)	Definition
<b>1</b>	<b>Fee</b>					
1.1		[Per man-day]				
1.2						
1.3						
	...					
	<b>Total</b>					
<b>2</b>	<b>Other costs</b>					
2.1						
2.2	...					
	<b>Total</b>					
	<b>Grand total</b>					

*\*\*indicated fees shall include income tax and pension fund costs.*

The budget must not contain costs that are not relevant for the activities envisaged under the project. Neither ongoing costs of the organization nor any kind of debt will be covered from the budget.