

Technical assignment for promotion improvement of financial management in the municipalities in the frame of Public Financial Management Reform Strategy 2018-2021

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 the Ministry of Regional Development and Infrastructure Georgia (MRDI) and Ministry of Finance Georgia (MoF). In recent years GIZ GGLD supported MRDI and MoF with various projects in the decentralization process and with the reform of the Public Finance Management sector on municipal level in Georgia.

In 2017-2019, public financial management assessments using PEFA indicators (based on PEFA 2016 methodology) were conducted in 2 municipalities. In order to encourage the measures to be taken by the municipalities to eliminate the weaknesses identified by the assessments, on the basis of Government Decree # 2735 of December 30, 2019, the MoF and 27 municipalities signed a memorandum of understanding. One of the important indicators

Annex 1

of the memoranda is the municipalities's internal audit reports and the efficient functioning of the internal financial management and control system (indicator 2.3).

Internal Audit reports prepared by internal audit entities in Georgia are often not based on risk assessment. Risk based internal auditing (RBIA) is a methodology that links internal auditing to an organisation's overall risk management framework. RBIA allows internal audit to provide assurance to the organizations steering bodies that risk management processes are managing risks effectively, in relation to the risk appetite. Thus, risk management is a comprehensive process, supported by appropriate strategies and frameworks that are designed to identify, assess, treat, and monitor risks that could prevent a department or organization from achieving its objectives. On the contrary to this, Georgian municipalities mainly prepare compliance audits, i. e. that they are establishing the compliance level against the binding regulations (laws and bylaws), standards, policies and etc.

Therefore, it is important to prepare risk-based audits and monitor recommendations to improve the direction of internal audit.,

3. Objective of the assignment and scope of work

3.1. The objective of the assignment is to support 27 municipalities of Georgia to prepare risk strategic and annual plans based on risk assessment and to carry out risk based internal audits in accordance with the legislative requirements.

In the process of developing a strategic and annual plan, risk assessment is vital while internal auditors are having limited resources it is very important to have possibility to properly select the auditee they intend to inspect throughout the year. Risk assessment also helps internal auditors to exclude all subjective approaches, and to examine the most important and high-risk areas.

The risk-based audit carried out in accordance with the action plan prepared by the internal audit units shall be compatible with the requirements developed by the Harmonization Unit of the MoF: the basic principles of the internal financial control system, international and local standards. For this purpose, the internal auditors on local level (27 municipalities) needed to be trained.

Within the framework of consulting services, the contractor is obliged to perform the following tasks:

Provide the following trainings for internal audit staff of 27 municipalities, in particular, risk-oriented internal audit trainings:

Annex 1

- Purpose of internal financial control;
- The role of internal audit in the internal financial control system;
- Risk-based planning;
- The role of system audit in financial management and control;
- Description of processes and techniques for their use;
- Consulting and ensuring role of internal audit;
- Auditing standards and internal legal regulations governing activities;
- Develop a risk-based strategic and annual plan;
- Prepare a risk register;
- Writing audit reports;
- Write a report on the financial management and control system;
- Communication: Interview technique, feedback mechanism, right messages right audience;
- Arrange peer-to-peer workshops between municipalities for exchange of learning experiences and best practices;
- Establish a network between the internal audit units for consultations on specific problems in the long term;
- Organize a debriefing session and presentation of learning results between the municipalities and the Center for Harmonization;
- Make recommendations on how the municipalities and MoF can ensure knowledge management for preserving the training/learning results for the future and how to upscale them to other municipalities.
- Audit marketing.

Training must be carried out online, for 27 municipalities according to Memorandum with the Ministry of Finance, 70 participants in total. Approximate number for participants per group is 15 and 5 groups accordingly. The training schedule according to the topics should be provided by the service provider.

4. Reporting

4.1. Submit mid-term and final reports on project implementation. Reports should also include the assessment and analysis of strength 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.

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 capabilities and assignment-related experience in executing similar projects;
2. Over five years of experience in designing and delivering training in the area of public financial management;
3. Experience in conducting training in the field of internal audit for the last two years;
4. Experience in implementing accredited training courses;
5. Letter of recommendation on the conducting training from the municipalities in the area of public financial management;

Annex 1

6. Over five years of experience in conducting training according to ISA standards;
7. Experience in conducting online trainings.
8. A work plan, including implementation schedule of number of workdays per tasks to be performed by the contractor for completion of this assignment;
9. 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 17.09.2020 –20.11.2020. Within the frames of the contract the payments will be made gradually.

9.Submission of Application.

Application should be submitted in English.

9.1 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 under this tender announcement);

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				
...	...				

Annex 1

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. Applicant may attach any additional relevant information to the application

9.2 Financial offer shall contain the following information:

Budget in GEL (excl. VAT)

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

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

Budget should not contain the 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.