

TOR for short-term Consultant

Project: Public Financial Management in the South Caucasus
PN: 2017.2023.4-005
Mission: Assistance to the Central Harmonization Unit of the Armenian Ministry of Finance in elaboration of Manuals on Financial Audit, its piloting and trainings
Period: 29.09.2017 – 31.05.2018

1. Background of the Project:

The Caucasus initiative of the Federal Ministry for Economic Cooperation and Development (BMZ) promotes the political and economic cooperation of the South Caucasus republics of Azerbaijan, Armenia and Georgia. The initiative increased not only the country-specific bilateral cooperation, but it also provides them in a regional context. It forms the conceptual clamp and the roof for the German development cooperation with and in the region. Priority areas of cooperation for the Caucasus Initiative are: (a) sustainable economic development, (b) democracy, municipal development and the rule of law, and (c) environment and natural resources.

The Regional Programme “Public Financial Management in the South Caucasus” is implemented by GIZ on behalf of German Development Cooperation in the period of April 1, 2017 till March 31, 2020. The previous programme has been implemented from May 2014 till March 2017. The module objective of the programme is “Subsystems of public finances in Georgia and Armenia approach European and international standards in the fields of result orientation, efficiency and accountability.” The planned activity will be realised in the scope of activities aimed at reaching following output - “Modern internal control systems are piloted”.

The services to be rendered by this ToR are deemed to contribute to the above mentioned objectives and the indicator.

2. Background Situation

In 2010 the Government of Armenia adopted the Strategy for Reforming the Public Finance Management System outlining the reforms, which should be implemented in the period of 2011-2020. The Strategy adopted sequential approach to the reforms devoting also separate part on professional capacity development in the field of PFM; for the period 2011-2014 the following priorities have been identified under “Capacity development measures”:

- Universities - to supply cadre of graduates with PFM specialization,
- Continuing professional development - to assure PFM specialist with up to date and adequate knowledge
- Qualified PFM specialists available through the modern certification system.

One of the targets of the PFM reforms has been establishment of Public Internal Financial Control system. By the end of 2010 the Government of Armenia adopted the Strategy of Public Internal Financial Control (PIFC) intended to identify the preconditions and activities necessary for the introduction of an integrated and modern PIFC system in Armenia. One of the crucial steps in this regard is the setting of a solid qualification and capacity development mechanisms. The latter one has been also set up in the new Law on Internal Audit adopted in 2010 and enforced since February 2011. The law states, that the Ministry of Finance of RA “ensures existence of the system of education and Continuous Professional Development of internal auditors” and that the list of qualified auditors as well as auditors having international qualification will be published. Thus, Capacity Development measures are necessary for the currently employed staff.

With technical support of EU in August 2014- August 2016 a Twinning Project on PIFC was implemented in the Ministry of Finance of Armenia. Main focus of the Twinning project was the establishment of the FMC System in Armenia. Among other activities the Twinning Project since February 2016 was focusing also on small-scale training activities for the Internal Auditors.

In the framework of cooperation between GIZ and Ministry of Finance it has been agreed that a number of manuals will be elaborated, piloted and be used for trainings. Manuals will be devoted to different types of audit, as well as to some methodology related topics, such as risk-based planning and quality assurance. All manuals will be then tested and fine-tuned in a series of pilot audits. Pilots will be also used for improving of capacities of both CHU and internal auditors in application of methodology and gained new skills in practical work and revealing challenges to be addressed in terms of application of the legislation, regulations and methodological instructions.

3. The Objective of the TOR

The main objective is to support the Ministry of Finance in development of professional capacities of the Central Harmonization Unit and public sector Internal Auditors through joint elaboration of detailed manuals, conduction of pilot audits and trainings. The manual will be devoted to the topic of Financial Audit.

4. Main Tasks and Responsibilities of the Consultant

The main tasks of the Consultant will be assistance to the Ministry of Finance in following:

TASK A: Elaboration of detailed manual on:

- Financial Audit (*in total up to 25 expert-days*)

This work will be conducted in close cooperation and jointly with public sector auditors, who will be selected by MoF (a working group will be formed). Consultant will draft the abovementioned manual and deliver to local experts (working group members) for comments. Local experts will also assist in providing information on different legal acts of RA, country specifications and practical examples.

Elaborated drafts will be then used /piloted during Task B, after which they will be finalised and used also as training materials for Task C.

In two-weeks period after start of the contract the consultant should submit an **inception report (1st interim report)**, which will contain not only administrative report of the expert for that period, but also the agreed draft structure of the manual (reflective to the relevant Armenian legal framework), time-schedules, detailed activities to be done.

TASK B: Piloting of the draft of manual on Financial Audit during one audit assignment and provision of on-job assistance and practical training to the working group members and Internal Auditors who are conducting the audit, in particular:

<i>Phase/Mission</i>	<i>Activities</i>
<p>Phase 1: Assistance in preparatory and planning activities of a predetermined audit process</p> <p><i>7 expert-days</i></p>	<ul style="list-style-type: none"> • preparation of all necessary documents, • conduction of kick-off meetings with both management of auditing and auditee entities, • consulting on audit team composition and responsibilities, • discussion/instruction/coaching of the audit team, etc.

<p>Phase 2: Assistance in field works/monitoring</p> <p><i>10 expert-days</i></p>	<ul style="list-style-type: none"> • carrying audit activities according to the Audit Programme, • review and maintenance of the collected and created working papers, etc.
<p>Phase 3: Assistance in report preparation and presentation</p> <p><i>11 expert-days</i></p>	<ul style="list-style-type: none"> • reviewing the draft audit report, • participation in discussion of the findings with the management of both auditing and auditee entities, • finalization of the report, presentation to relevant parties, • assistance in planning follow-up steps, etc.

TASK C: Conduction of 2 trainings for large group of internal auditors on Financial Audit (it is envisaged 3 expert-days for training + 4 expert-days for training materials preparation)

Training will be conducted by Consultant together with local auditors engaged in preparation of manuals.

It is envisaged that the Consultant will have in overall up to 63 expert-days for all 3 TASKs of assignment.

5. Coordination of Assignment

The coordination of the assignment will be done jointly by GIZ “Public Financial Management in the South Caucasus” Regional Programme and the Ministry of Finance of the Republic of Armenia, particularly the CHU.

The Ministry of Finance will provide the Consultant with all the support and information, required for proper implementation of this assignment and will identify the institutions, which will conduct pilots.

6. Reporting and the time table

The Consultant will provide 4 reports, of which 1st report should be submitted in two-week period after the start of the contract (Inception report), and the rest 3 reports will be submitted after completion of each of the abovementioned TASKs. All reports should incorporate detailed information on activities implemented during each stage of assignment and the deliverables elaborated during the reporting period.

The reports should precisely indicate actual working days spent and activities performed. The reports and deliverables will be in Armenia language (GIZ will provide translation of the reports and all deliverables into English). Payments will be made based on submitted reports and relevant remuneration claims.

The Consultant will report to GIZ and the MoF for discussion and approval. Only after approval from MoF payments will be made.

In total the assignment duration will be up to 63 expert-days.

It is envisaged that the activities should be implemented from September 29, 2017 till May 31, 2018.

7. Required Qualification

- ✓ At least Master Degree level in public finance, accounting, economics or other related field is required or at least 10 years of equivalent working experience.
- ✓ Strong experience in public sector internal auditing, experience in drafting methodologies and regulations is a must.
- ✓ Active engagement in Public Internal Financial Control reforms in central government level in at least 2 countries during recent 7 years, and being familiar with all trends and recent developments of that field in Armenia and in the world is a must.
- ✓ Holding a certificate of ACCA or CPA is a must.
- ✓ Experience in developing Manual on Financial Audit in other countries is an advantage.
- ✓ Fluency in English, fluency in Armenian is an essential requirement.