

## ANNEX 1: TERMS OF REFERENCE

### Background

1. The Government of Bangladesh (GOB) established a Committee on Reforms in Budgeting and Expenditure Control (CORBEC) in March 1990 with terms of reference to review the procedures and processes for budgeting and expenditure control and to prepare recommendations for improvements in the present systems to be implemented over a period of several years. The report of the committee has been accepted by the GOB. The Government now intends to implement the recommendations of the CORBEC report in the following manner:

I Phase I: Design Study (9 months total) - Prepare a detailed implementation programme for the CORBEC report including (a) a revised system of classification for budget and accounts (including a programme for computerisation of accounts that will facilitate the eventual introduction of a Financial Management Information and Reporting System); (b) development of a training programme for GOB officers and staff involved in budget and accounts that will take place concurrently (and in close association with the introduction of the revised structure for budget and accounts; and (c) prepare a detailed action plan, timetable, estimate of resource requirements, and terms of reference for the Phase II: Implementation Programme.

II. Phase II: Implementation Programme

- (i) Part A (2-3 years). Implement the action programme arising out of Phase I, initially in the Ministry of Finance (MOF) including the Office of the Comptroller and Auditor General (C&AG), Ministry of Planning and two or three selected sectoral ministries, including introduction of computerisation and on-the-job training programmes.
- (ii) Part B (3-5 years, possibly overlapping with Part A). Implement the action programme arising out of the Phase I in the remaining ministries and government agencies, taking into account the lessons learned in Phase-II (A).

### Scope of Work for Phase I: Design Study

2. The Government requires the assistance of consultants to carry out the Phase I: Design Study, including specialists in public budget and accounting, computerisation, and design of training programmes. Reference will be given to consultants with experience in budget and accounting systems in a developing country context, particularly a South Asian country or similar situation. The study is intended to be completed within a nine month period, with the preliminary report and recommendations to be completed within seven months, and the remaining period to be used for revising the report and preparation of detailed terms of reference for the Phase II study.

3. The following tasks are to be completed by the consultants as part of the Phase I: Design Study.

- (a) Familiarise themselves with the CORBEC report, including the working papers, as well as any related documentation (such as various IMF reports previously prepared in this area and codes/manuals/instructions etc. on accounting and audit) and prepare a detailed Inception Report for the study within four weeks of the commencement of the assignment, showing the detailed work plan and any issues and problems identified as part of the initial review.
- (b) Prepare a revised system for classification of budget and accounts, identifying:

- (i) Procedures for minimising disruptions in the government's financial accounting processes during the introduction of the revised classification system; and
  - (ii) Changes in the current operational structure of budget and accounts that may need to be resolved as part of the introduction of the revised classification system. This will include possible changes in the relationship between central government accounts and the accounts of local government (including initial accounts), departmental enterprises (such as Forest, Public works Department and the Post Office) and commercial undertakings (such as T&T, Railways etc.)
- (c) Prepare a programme for computerisation as an integral part of the introduction of the revised classification of accounts, including provision for the eventual introduction of a Financial Information Management and Reporting System.
- (d) Review the skill requirements for personnel at various levels and prepare outline training programmes to develop proficiency in these skills, both at the staff level and for senior officials of the Government, with primary emphasis on on-the-job training and short courses conducted in-house and close association with the introduction of the revised system of budget and accounts.
- (e) Prepare a comprehensive report summarising the findings and recommendations resulting from tasks a through (b) above, to be provided in draft form within seven months of the commencement of the assignment and completed in final form incorporating all necessary changes and revisions within nine months of the commencement of the assignment.
- (f) Prepare detailed terms of reference for the Phase II: Implementation Programme in a format required by potential donors in this areas (to be identified by the Government prior to the inception of this task).

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End of terms of reference