DFID/NEPAL HEALTH SECTOR PROGRAMME 3 (NHSP3)

TERMS OF REFERENCE
FOR

Update Transaction Accounting and Budget Control System (TABUCS) to Incorporate the Recent Changes in PFM and Governance Systems

1. Background

The MoHP developed and been using TABUCS digital accounting since FY 2012/13. TABUCS now captures the budget and expenditure of all MoHP activities across Nepal. This has greatly contributed in getting the budget expenditure status of the respective programmes and their activities. The system allows the capture of basic accounting transactions at the source level and enforce budgetary control procedures so that no expenditure can take place without an approved budget. Basic functionality of TABUCS includes:

- *Processing and record of expenditures and payments;*
- *Recording of approved detailed budget, including funds from all sources (NNRFC allocation, development partners, local revenue, etc.);*
- *Automatic posting of Payments to Ledger Accounts and Summary Accounts;*
- *Processing of Cash and Bank Receipts and Revenues;*
- *Automatic posting of Receipts to Ledger Accounts and Summary Accounts;*
- *Automatic posting in Cash and Bank Books;*
- *Generation of all ledgers and accounting and Management Information System (MIS) reports; and*
- *Report on budget and expenditure data to the upper levels of government, in line with the constitution and in compliance with all applicable legislation.*

TABUCS, is a customized financial management software package designed to be compatible with government accounting systems based on GFS 2001 Charts of Account. The software is a web-based database application with three-tier architecture. The first tier is a user interface that is displayed in a web browser, designed using DHTML, graphics, and AJAX. The middle tier is business logic software developed using ASP which captures, processes and stores data on the database. The third tier is a relational database designed in MS SQL Server 2000. TABUCS automates and puts on a common web-based IT platform budgeting and expenditure accounting processes. The whole system is web based and therefore accessible from across Nepal from any standard web browser.

2. Rationale

It should be noted, first, that TABUCS has its own organizational classification, which allows it to keep track of budgets and actual expenditure of all spending units and cost centers individually. This location can actually be a municipality, or health center. Hence, this allows for much more granularity than the MOF's sub-headings and district codes can provide. In addition, the lack of a proper program/activity coding segment in the GON COA (i.e. the lack of a proper program classification, as referred to in figure below) led the MOHP to develop its own logical program and/or activity coding structure: the TABUCS system integrates a separate program/activity coding tier, which distinguishes clusters, sub-clusters, activities and sub-activities. Other line ministries have developed similar logical coding structures. While these line ministry coding structures are not part of the official GON Chart of Account, it is extremely important to understand what they are, and how they can be mapped to the LMBIS activity coding structure.

The MOHP distinguishes clusters, sub-clusters, activities and sub-activities. Examples of clusters are: cancer services, pediatric services, eye care services, etcetera. Hence, they may be regarded as logical programs – as opposed to the budget programs, which are associated with a budget (sub-headings 1XX or 8XX). The current coding structure identifies 55 separate clusters. Unlike what might be expected, a cluster does not consist of sub-clusters: a cluster consists of activities. Sub-clusters also group activities – but in a different way. Examples of sub-clusters are: service contracts, medical goods, conferences. As such, sub-clusters may be defined as an activity type. The current coding structure distinguishes 42 sub-clusters. Some of the sub-clusters resemble major economic codes, but not all of them. In the current budgetary system, three layers of the government i.e. federal, province and local level government prepare their own annual budget and receive grants from upper level governments too. The problem with this new system is that there is no uniform name for programs in which the budget is spent at the province and local level. For example; as shown in the figure below, budget allocated from the Ministry of Health and Population (say) is spent on Immunization Program (say). This expenditure follows the path: **Ministry of Health and Population →Department→Spending Unit (Immunization Program)**. This expenditure from the Ministry of the Health and Population is recorded under the heading of Immunization Program. However, in the local and provincial level there is no such codes developed yet that align with the federal codes. For example, if there are two Village Palikas A and B which spend money on the same immunization program. However, Palikas A may give the name for this program as Vaccination Program and Palikas B may give the name for the similar program as Polio Program. These two programs in two different Palikas come under the Immunization Program. But due to lack of the uniform code system, the existing software will not be able to capture this expenditure under same heading.
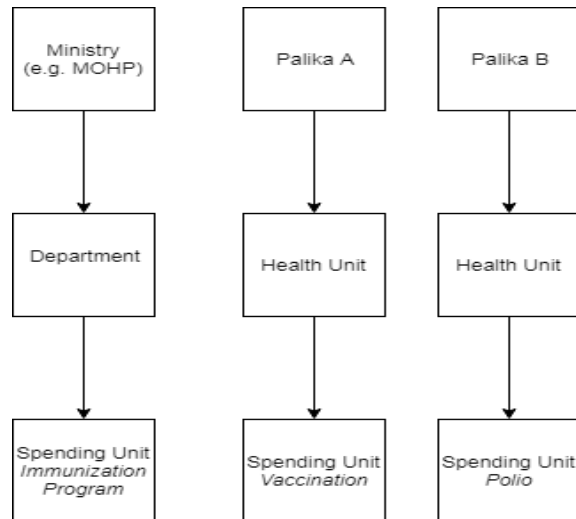
The Federal Ministry of Population and Health (FMPH) is using TABUCS (Transaction, Accounting, and Budget Control System) software for managing its nationwide budgeting, transaction, and accounting activities. TABUCS is primarily used for (a) budget preparation (b) budget authorization (c) accounting (d) auditing, and (e) review. However, this software was designed for the administrative structure prior to the current federal system. After the country adopted federal system, this software also needs to be updated accordingly to accommodate new governance/administrative structure, and new budget preparation and allocation, and control mechanisms.

3. Purpose and Objectives

The purpose of this assignment is to provide IT support in upgrading TABUCS in the devolved context, re-design TABCUS to incorporate GFS 2014 Charts of Account, and update the existing manuals. The specific objectives are to:

Purpose	Specific Objectives
Update TABUCS to align with devolved government structures	1. Prepare a requirement analysis report to upgrade TABUCS in the devolved context 2. Prepare the standard chart of activities based on the GFS 2014 and build in the system 3. Develop a system to capture the Local and Provincial Level Administrative Expenditure and Grant Estimation 4. Update Budgeting (eAWPB) and Accounting (TABUCS) module 5. Revise the existing system, training curriculum, and user manuals that are applicable at all levels (local, provincial and federal level) 6. Provide trainers training to the MoHP and its spending units staffs
Support sustainability of the system	Prepare a handover plan and handover TABUCS software and manuals to NHSSP/MoHP

4. Components and Methods

In order to achieve the abovementioned objectives IT Company need to update the following components. MoHP/NHSSP will review the proposed methodologies and provide the approval.

4.1 Develop Standard Chart of Activity

Current budgetary process follows the universal economic codes for budget headings. The problem with universal code is that it shows only activities but not program. However, the existing system does not reveal programmatic expenditure. Furthermore, the new federal structure of the government allows different level of governments to allocate budget for different programs. On doing so different government may give different name for similar expenditure. For example; an immunization program implemented by provincial and local level government may have two different names. This will create difficulties to track total expenditure made on a particular program. If total 761s government spend resources in similar program but with different names, then the budget tracking mechanism becomes extremely difficult. In order to overcome from this problem, the proposed update in TABUCS will make similar program name up to three level (chart of activity) in all government structure. This will make uniformity in budgeting and expenditure mechanism and allow different level of government to track expenditure more conveniently. After developing standard chart of activity, all 761 government will prepare their health sector budget based on the chart of activity and will be compiled in TABUCS. This is essential to calculate total health sector budget as well as prepare NPSAS.
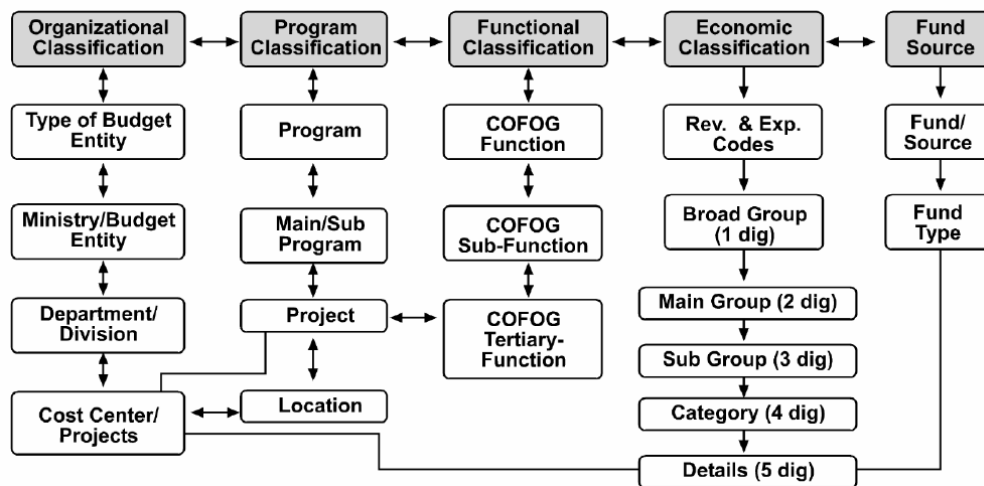
4.2 Local and Provincial Level Administrative Expenditure Grant Estimation

In the current version of TABUCS there is no mechanism for estimating administrative expenditure for local and provincial government. However, due to changed governance structure, it is now necessary to estimate such grant. The new constitution and other statute, laws and bylaws define basis for grant from the federal ministry health and population. The first step towards this process is to upload the expected expenditure from local and provincial government so that the FMPH could, considering other factors too, estimate the genuine grant figure. The new update in the software will include the mechanism that will allow local, provincial, and federal authority to upload expected expenditure before the budget estimation and allocation.

4.3 Update Budgeting (eAWPB) and Accounting (TABUCS) Module

To address the change requirement in federal structure and capture expenditure from cost center level, we need to update following:

a. **Implement Chart of Activity in eAWPB:** Current design of yawp, standard activities are implemented under individual budget sub heading. The design was good for single government. But in federal structure, there are 761 governments and each government will have their separate budget sub heading. So current design of yawp will not be able to generate consolidated program wise budget and expenditure of entire 761 Governments. To address the problem, we need to implement standard chart of activity and budgeting process will be designed as figure bellow:

Organizational Classification ↔ Program Classification ↔ Functional Classification ↔ Economic Classification ↔ Fund Source

Type of Budget Entity | Program | COFOG Function | Rev. & Exp. Codes | Fund/ Source

Ministry/Budget Entity | Main/Sub Program | COFOG Sub-Function | Broad Group (1 dig) | Fund Type

Department/ Division | Project ↔ COFOG Tertiary-Function | Main Group (2 dig)

Cost Center/ Projects ↔ Location | Sub Group (3 dig)

Category (4 dig)

Details (5 dig)

b. Update Source of Fund: Before federalization there was only two variable were used to address the source of fund i.e. Funding Source and Support Type. In the context for federal structure, there need to address funding sources by four different variable i.e. 1. Source Level, 2. Donor, 3. Funding Line Item, 4. Support Type. IT company need to ensure the revision in the manuals and system.

c. Update in TABUCS: Currently the TABUCS is based on GFS2001 Chart of Account and Province and local level government are using new charts of account based on GFS2014. In order to compile the financial data, MoHP has to map both charts of account in TABUCS. This requires an update in TABUCS to include GFS 2014 in the system.

4.4 Update Manuals

After the update of TABUCS, it will be necessary to update user, training and system manuals. IT Company in regular consultations with TIU will update the respective manuals and finalise. The final copies should be provide in an electronic format.

5. Deliverables

SN	Deliverable	Due by	Means of Verification
1	Report on the updated requirement analysis	20th January 2019	Report
2	Chart of Activity	Second Week of February 2019	Report
3	Administrative and Grant Estimation Module	Second week of February 2019	Report
4	System Update (Budgeting and Accounting Module)	Third week of February 2019	Report
5	Update the system, user and training manuals	First week of week of January 2019	Respective manuals
6	Training of trainers	February 2019	Training reports
7	Handover to MoHP/NHSSP	March 2019	Handover report

6. Timeframe

Jan 2019 to March 2019

7. Consulting Firm's Qualification and Experience

The supplier should have the following qualifications and experience to carry out the work
- Company/Firm/Business registration certificate as IT institution ;
- VAT and PAN registration; and
- Tax clearance certification.

Experience of the consulting firm
- The Consulting firm with 5 Years of in the field of IT related services.
- Firm-having experience of software development especially the online system with at least one national level public sector assignments.
- At least 5 fulltime IT consultants involving in the development and roll out of public sector IT system.
- Experience in developing system, user and training manuals.
- Proven record of analysing the functionality of IT system and preparing requirement analysis.
- Sound annual financial transaction (more than NPR 10 million).
- Sound financial and office management systems.
- Having own server.
- Practice of external audit.

8. Bid Submission

The Technical Bid and Price bid must be sealed and submitted in separate envelope and reach the Nepal Health Sector Support Programme (DFID-NHSSP, Oasis Complex, Patan Dhokha no later than 17.00 hours on the 17th December 2018. Technically qualified bidders are only eligible for financial evaluation.

DFID-NHSSP reserves all rights to reject any or all quotations/proposals without assigning any reason Whatsoever.

9. Bid Evaluation Criteria

Bids are evaluated on the basis of both technical and financial proposal. 70% is allocated for technical component and 30 % for financial component. The technical component will be analysed first using the following criteria:

- Registration certificate as IT institution; tax clearance certificate
- Firm with 5 Years of experience in the field of IT related services.
- Firm-having experience of software development especially the online system with at least one national level public sector assignments.
- At least 5 fulltime IT consultants involving in the development and roll out of public sector IT system.
- Experience in developing system, user and training manuals.
- Proven record of analysing the functionality of IT system and preparing requirement analysis.
- Sound annual financial transaction (more than NPR 10 million).
- Sound financial and office management systems.
- Having own server.
- Practice of external audit

The financial proposal will be evaluated on the basis of price bid.

10. Risks

There are several request from FCGO to provide the manuals and system as soon as possible. The risk is MOHP may ask to provide the system to FCGO and support them in updating. This can cause risk in updating the system completely. We will work with TIU to understand the risks and find the appropriate solution.

11. Audience and Dissemination Requirements

The GON, FCGO, TIU, MoHP spending units, and DUDBC spending units will benefit from this task. Supplier need to involve the responsible officials from FCGO, MoHP, DUDBC, provincial government and local government to understand the changing context and provide the required supports.

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Ministry of Health and Population.

3. Pankaj Adhikari, Dr Suresh Tiwari, Bishnu Barakoti, Rajan Adhikari, Shiva Pandit, Shree Krishna Nepal, and Dr Florian Friedrich. MoHP (2014). Technical Note on Linking the Transaction Accounting and Budget Control System (TABUCS) with Relevant Management Information Systems. Kathmandu:Ministry of Health and Population.

4. Dr Suresh Tiwari, Pankaj Adhikari, Rajan Adhikari and Shiva Pandit. October 2014. Transaction Accounting and Budget Control System (TABUCS) Monitoring and Evaluation Framework. Ministry of Health, Kathmandu.

5. Mr. Bishnu Hari Timilsina, Dr. Suresh Tiwari, Pankaj Adhikari, Shiva Prasad Pandit, Rajan Adhikari, and Bishnu Barakoti (2015). Institutionalisation of TABUCS at the MoHP. Ministry of Health and Population/Family Health Division and Nepal Health Sector Support Programme.

6. Dr. Suresh Tiwari, Bishnu Hari Timilsina, Suresh Sharma, Shiva Pandit, and Tomas Lievens. MoHP 2015. Preparation and submission of financial monitoring reports (FMRs) using TABCUS. Ministry of Health and Population/Family Health Division and Nepal Health Sector Support Programme.