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TOR to engage a firm consultant to support adoption of International Public Sector Accounting Standards (IPSAS) and to produce an updated financial and accounting procedure manual for HESPI

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1. Background

The Horn Economic and Social Policy Institute (HESPI) is a regional policy research Institute and a think tank established to promote high-quality socio-economic policy research, analysis and dissemination; provide policy advisory services and institutional capacity building to assist the governments, private sector actors and other stakeholders in the IGAD region. As a reputable home-grown organization, the Institute recognizes that to realize its ambitious programmatic and operational goals, it requires robust financial and accounting system which in turn contributes to its resources management integrity. The effective financial management and accountancy service is also an objective verifier toward accountability to beneficiaries, donors, partners, to its board, etc., and to give Value for Money.

HESPI has established and instituted its financial management and reporting function based on the Generally Accounting Procedures (GAAP). However, under the African Capacity Building Foundation (ACBF) supported program called “Strengthening African Leadership for Climate Adaptation (SALCA), HESPI is looking into adopting International Public-Sector Accounting Standards (IPSAS) in its financial management and reporting to have internationally uniform financial reporting system and enhance its accountability and transparency.

Moreover, HESPI aims to strengthen and elevate its Financial Governance and Accountancy function and plan to review and update its Financial and Accounting Procedure Manual as a result of some forward-looking push factors. Therefore, the new manual to incorporate procedures to adopt IPSAS and deploy new accounting software in the Institute’s financial system, the manual needs to be more comprehensive to address financial management requirements of diverse donors and also the new manual should have space to engulf financial and accounting procedures of other IGAD member countries as HESPI is opening regional offices in IGAD member countries. Moreover, the updated manual is believed to address the changing financial management landscape both externally and internally which necessitate adjustments with a forward-looking orientation.

2. Objectives

The main objectives of this consultancy engagement are

- (i) to support in the adoption and implementation of IPSAS into the HESPI financial function
- (ii) to produce an updated financial and accounting procedures manual for the Institute.

The specific objectives of the assignment include:

- 2.1 To facilitate adoption and implementation of IPSAS in preparing the annual financial statements of HESPI by providing required technical assistance, detail gap analysis, develop Roadmap for IPSAS implementation.
- 2.2 To review and update the Financial and Accounting Procedure Manual for HESPI that address adoption of IPSAS, related expected changes in the financial system and emerging funding landscapes.
- 2.3 To guide and support HESPI in designing and implementing its system and recommend modifications in information system/ software, policy, processes, and all other required changes necessary for it to adopt and Implement IPSAS
- 2.4 To train HESPI Staff (Addis Ababa and Nairobi office) on theory and Principles of IPSAS, and prepare customized training Materials & ensure proper skill transfer to HESPI Staffs.
- 2.5 To identify risk areas of IPSAS Implementation and develop risk mitigation plan,
- 2.6 To provide ongoing mentoring and technical support to HESPI Finance staff on the implementation of IPSAS and conduct post implementation review.

3. Scope of the work

3.1 For Adopting IPSAS, the consultant will

- a) Develop an inception report based on the TOR, outlining a sound methodology for adoption and implementation of IPSAS. The inception report will have plans and strategies with clear deliverables, indicators, resources and tools to be used in implementation of IPSAS.
- b) Conduct Gap analysis and develop roadmap for IPSAS implementation that build on benchmarking exercise.
- c) Analyze all relevant aspects – capacity, policies, procedures, regulatory, information system/ software etc.
- d) Develop comprehensive roadmap with specific actions, timeline and responsible agencies incorporating all relevant aspects as above.
- e) Analyzes pre-requisites for IPSAS adoption in the longer term and recommends measures, on aspects as above, to be taken for preparation of such adoption in the longer term.

3.2 For updating the HESPI Financial and Accounting Procedures Manual, the consultant will

- a) Develop an inception report based on the TOR, outlining a sound methodology for updating all sections of the existing Financial Manual to standardize and make more comprehensive. The consultant will also conduct analysis of the existing financial management system and discuss with the finance units on how to design the manual following adoption of IPSAS and other factors needs to be considered.
- b) Guide and conduct the Financial Management System and the Accounting operations context analysis and propose improvement strategies in view of the growth and expected transformation of HESPI into a capable proximate entity, and the changing financial management and accountancy land scape
- c) Conduct consultative meetings with the HESPI Addis Ababa and Nairobi staff to gather ideas on proposed areas of update.
- d) Analyze the information and produce draft of the updated manual

- e) Organize a validation session to validate the proposed updates of the draft manual
- f) Submit a final report (updated Financial and Accounting Procedures Manual) after incorporation of all inputs

3.3 For IPSAS implementation

- a. Revision of the HESPI chart of account
- b. Revision of the condata format, monthly, quarterly and yearly financial reporting formats
- c. Hands-on support (coaching and mentoring) in the transition from the Peach Tree Accounting to the IPSAS
- d. Assist HESPI Staff in preparing IPSAS compliant annual financial statements (Years 2021-2023) as way of testing the proper functioning of the IPSAS

3.4 For the training on implementation of IPSAS, the consultant will

- a) Develop a training inception report based on the TOR.
- b) Conduct skills assessment in the finance management and accounts unit, both Addis Ababa and Nairobi Offices
- c) Develop training module based on critical capacity gaps on the theory, principles and implementation of IPSAS.
- d) Train relevant HESPI staff members from Addis Ababa and Nairobi offices
- e) Share training/reference materials with the trainees and for the Institute's repository.
- f) Conduct post implementation assessment to verify successful adoption and Implementation of IPSAS

4. Methodology

The assignment will be conducted using various methods such as but not limited to:

- 4.1 Conduct desk review of relevant documents including HESPI's exiting Finance Manual, ICT strategy, government directives/policies on Finance Management for non-state actors, donor compliance requirements, audit review reports, etc.
- 4.2 Conduct bench marking Analysis with other non-governmental regional or international Institutes which successfully adopted IPSAS in their Financial system and with updated financial manual after implementing IPSAS
- 4.3 Conduct interviews with HESPI staff at the HQ and regional offices, and with identified partners and other relevant stakeholders on matters related to Finance Management
- 4.4 Assess the changing landscape of Finance Management and Standard Accountancy (including data management, consolidated data, technology use, analysis, multiple currency handling, multiple reporting, etc.)
- 4.5 Make qualitative analysis of data/information from various sources.
- 4.6 Prepare and present an updated Finance Management policy and procedure manual in a face-to-face or virtual or a hybrid session and gather comments, observations and additions.
- 4.7 Assess the Finance Management and Accounting skill and knowledge gaps.

- 4.8 Prepare Training materials and train relevant staff of HESPI (Addis and Nairobi offices) on IPSAS adoption.
- 4.9 Provide reference materials that can build staff skills and knowledge in Financial Management, Accountancy and New accounting systems/Technology use.
- 4.10 Use other methodology deemed appropriate.

5. Key Deliverables

At the end of the assignment, the following deliverables are expected:

- 5.1 An inception report detailing the approach/methodology that the consultant will follow in updating the Financial and Accounting Procedures Manual and adoption and Implementation of IPSAS
- 5.2 Organize a workshop to discuss elements of the draft manual and for training needs assessment.
- 5.3 Draft the Finance and Accounting Procedures Manual and training modules on Adoption of IPSAS
- 5.4 Organize a workshop to review and validate the draft outputs.
- 5.5 Assist HESPI Staff in preparing IPSAS compliant annual financial statements (Years 2021-2023)
- 5.6 Provide training on Adoption of IPSAS for selected HESPI staff develop and share standard training and reference materials on Adoption of IPSAS.
- 5.7 Incorporate all comments and additions from the review process; and produce final Updated Finance and Accounting Manual for HESPI
- 5.8 Ongoing support and updates up- to the closing of financial statements
- 5.9 Expected outputs includes:
 - 5.9.1 Soft and Hardcopy of revised HESPI's Financial and Accounting Procedures Manua
 - 5.9.2 Soft and Hardcopy of HESPI's Finance training Manual/Procedures
 - 5.9.3 Soft and Hardcopy of IPSAS converted Financial Statements (Years 2022-2023)

6. Desired Qualification, Experience and Competencies of the consultant

The consultancy firm to update the Finance and Accounting Procedures Manual and support on the adoption and Implementation of IPSAS should possess:

- Master's degree in financial law, Accounting or Business Administration with over 5 years of working experience, preferably within the IGAD region
- IPSAS professional qualification from ACCA or similar recognized body is a must.
- Demonstrable previous experience of development of high-quality Financial Management and Accounting policy manuals for regional or international institutions with recorded concrete evidence (samples could be requested during recruitment). HESPI will review, discuss on and provide acceptance confirmation of the inception report to the consultant.
- Considerable experience in adopting and implementing International Public-Sector Accounting Standards (IPSAS) and/ or International Financial Reporting Standards (IFRS) for

minimum of five years, in non-governmental organizations (with At least Three Testimonies on IPSAS Conversion Process).

- Excellent organizational and communication skills, ability to prioritize, to lead and work independently with minimum supervision from the client and strong interpersonal skills and the ability to communicate and work well with diverse people from diverse cultural backgrounds.
- Experience in assessing and identifying gaps in skills and competencies of employees and experience in designing new training programs and delivering tailored training programs.
- Experience of preparing training manuals and developing training plans and providing training for middle and senior level staff members in the areas of Finance Management and Accounting and adoption and Implementation of IPSAS
- Renewed Practicing Certificate from Accounting & Auditing Board of Ethiopia (Personal & Firm Competency Certificates).
- Excellent writing and oral communication skills in English

7. Duration of the Assignment and Remuneration

The provisional start date of this assignment is on 1st August 2024, with the expected end date being the October 2024. The consultant will submit a financial proposal along with other documents listed under #11 below. Any travel expenses, if applicable, will be paid by HESPI in accordance with HESPI's and the ACBF's Travel Policy. The consultative meeting and training expenses will also be covered by the HESPI. The consultant shall receive 20% of the remuneration upon submission and approval of the inception report, 40% after the delivery and approval of a satisfactory draft report based on the TOR, and the remaining 40% after meeting all deliverables and expected outputs.

8. Content, Timing and Submission

The outputs must match quality standards. The text of the strategies and the training materials should be illustrated as appropriate, with graphics. The final deliverable of the updated policy documents for Financial and Accounting Procedure Manual; and the training materials for the adoption of IPSAS training along with IPSAS converted financial statements and all other relevant attachments is expected to be submitted on 21st August 2024.

The deliverables and tentative timeline are presented in the table below.

Table 1. Deliverables

| No. | Milestones | Timeline |
|-----|--|---------------------------------|
| 1 | Submission of Inception Report Including Draft Report Outline | 1 st August 2024 |
| 2 | Conclusion of Consultation Missions | 18 th August 2024 |
| 3 | Submission of policy documents and training materials | 7 th September 2024 |
| 4 | Provide training materials and train selected staff on IPSAS started | 15 th September 2024 |
| 5 | Submission of final revised and updated policy document | 21 st August 2024 |
| 6 | Completion of IPSAS migration | 30 th October 2024 |

9. Location and Working Arrangements

The firm consultant will be based in Addis Ababa, Ethiopia and will be given access to relevant information necessary for execution of the tasks under this assignment. She/he will be responsible for providing her/his own working station (i.e., laptop, internet, phone, scanner/printer, etc.) and have access to reliable internet connection while in the field and at home base. However, HESPI can provide the working station and internet access while working, like during the training, at HESPI office.

The focal point for all communications will be the HESPI Finance department and HESPI Procurement Committee. The consultations will be done face to face and virtually and therefore availability during the working hours of HESPI Regional Headquarters in Addis Ababa Ethiopia (08:30 – 17:00 GMT) is important. The consultant will seek inputs from and regularly liaise with the procurement committee and Finance department for all important matters related to the assignment throughout the period of its implementation. HESPI will critically review draft reports for quality assurance and provide feedback on the deliverables within a maximum of ten working days. Approval of the documents and reports by the HESPI as deliverables will be a prerequisite before any payment are made to the consultant.

10. Language

All reports should be written in English, single spacing font size 11, Times New Roman and submitted as both word and pdf versions.

11. How to Apply

Qualified firm consultants are requested to submit technical and financial proposals detailing how this consultancy will be delivered. Indicating clearly the approach, the methodology to be employed, including the deliverables and the timeline. Evidence of previous experience of similar work and outputs with references and summarized CVs for the lead consultant and team covering all technical specialties required.

The proposals (technical and financial) should be delivered electronically to HESPI procurement committee, via email hiwot.gezahegn@hespi.org and contacthespi@hespi.org in 15 days from the day of advertisement

HESPI is an equal opportunity organization; Female Candidates and People with Disabilities (PWDs) are highly encouraged to apply