

Section 5. Terms of Reference

1. Background

The United Nations Development Programme (UNDP) is the UN's global development network, advocating for change and connecting countries to knowledge, experience and resources to help people build a better life, as envisaged by 2030 Agenda for Sustainable Development. We are on the ground in more than 170 countries and territories, working with governments and people on their own solutions to global and national development challenges to help empower lives and build resilient nations. UNDP is a founding cosponsor of the Joint UN Programme on HIV/AIDS (UNAIDS), a partner of the Global Fund to Fight AIDS, TB and Malaria (Global Fund), and a co-sponsor of several other international health partnerships. The Global Fund has provided grant funds to the Republic of Indonesia in the amount of US\$ 823 million to fight HIV, Tuberculosis (TB) and Malaria, as well as strengthening the health system. As of September 2019, there are six active grants in the current GF implementation period (2018-2020) with a total budget of US\$ 264 million. The Ministry of Health (MOH) through its Directorate General of Prevention and Disease Control is the Principal Recipient (PR) for the Global Fund's HIV, TB, and malaria grants, with a total budget of US\$ 208 million (2018-2020). The Global Fund as a performance-based financing institution requires the Ministry to take all appropriate and necessary actions to comply with (1) the Global Fund Guidelines for Budgeting of 2017 (2) the Health Products Guide of 2017, and any other policies, procedures and guidelines which the Global Fund may communicate to the Principal Recipient from time to time. Central to the grant requirement is the need for prudent utilisation of programme funds and provision of timely and quality financial reports to the Global Fund. To this end, the MOH has requested UNDP to provide the Technical Assistance aimed at strengthening the Ministry's financial management reporting mandate to The Global Fund. Specifically, UNDP is required to support the implementation of a new Financial Management Information System (FMIS)/Accounting software that can guarantee quality and timely financial reports to the Global Fund, integrate with the Government of Indonesia financial management reporting requirements; and to provide the management with a robust and efficient oversight over the grant implementation.

The Ministry of Health's Global Fund financed PR grant is modelled along three Programme Management Units (PMUs) HIV; TB, and Malaria which are based in the same office in Jakarta. Each of the three PMUs/PRs have active system user requirement averaging 11 concurrent users which brings the total usage at the PMUs level to at least 34 users. The PMUs work with decentralized government districts and provinces across the country known as Sub Recipients (SRs) who receive grant disbursements towards implementation of various activities either directly or through further disbursements to Sub-Sub Recipients (SSRs). Currently, each of the 3 PR disburse funds to an average of 39 SRs and several SSR bringing the total number of SRs to 119, and at least 249 SSRs. The system is intended to be used at the PR and SR level, while the service provider is expected to provide SSRs with cost effective innovative and easy to use pre-configured data import template that integrates with the system. The accounting software is to run in a remote/online access enabled common server platform hosted in the country within the ministry of health infrastructure, with chart of accounts and configuration distinctly set up separately for each disease: Aids, TB and Malaria.

In April 2019, to Fulfill its FMISs Technical Assistance mandate to the Global Fund and the MoH, UNDP commissioned an independent assessment of the current accounting software used by the ministry in managing The Global Fund resources. The purpose of the assessment was to determine the effectiveness, efficiency and sustainability of the accounting software and particularly in regard to its ability to meet The Global Fund financial management and reporting standards and quality. Following the results of the assessment, it has become necessary to implement a new fund accounting software at the Ministry that can meet the required standards with minimal human intervention in a sustainable way.

2. Objectives:

- 2.1. The objective of this assignment is to ensure that the Ministry of Health PMU and its SRs are equipped with a robust, less complex, cost-effective and customizable off-the shelf/fit for purpose fund accounting software that leverages communication interface particularly in regard to ensuring real-time reporting and expenditure control between the PR, SR, and SSRs, and that can guarantee full compliance with The Global Fund financial management and reporting requirements, as well as The Government of Indonesian Financial Accounting Standards IFAS/PSAK.
- 2.2. A thorough infrastructure needs assessment is conducted prior to the installation of the software and a report with list of requirements and cost is issued to inform the system rollout requirement that can guarantee a successful and sustainable software operation at the ministry and its Sub recipients;
- 2.3. The training is planned, spaced and detailed enough to ensure that users at the PR, SR and SSR are fully equipped with the operations of the software without significant reliance on the software vendor to address day to day functionality and reporting issues other than those under standard maintenance and support. All trainings will be conducted in Jakarta.

3. Scope of work

- 3.1. Conduct a detailed needs assessment in the country focusing on the current vs necessary hardware and communication infrastructure required to support the smooth operation of the proposed software and issue an inception report detailing list of necessary hardware and communication requirements with specifications, quantity and estimated cost. The inception report should also include a training plan for the many users at the PR and SR/SSRs with clear split between standard and super users. The systems trainings must all be done in country (Jakarta) for not less than a total of thirty-five days under a comprehensive training programme sequentially spaced for maximum impact and user readiness¹.
- 3.2. The service provider is required to implement a highly simplified integrated web-based, multi-currency, multi users/site accounting software with the following key functionality modules for the PMU and its SR/SSRs:

- | | |
|--------------------------------------|---|
| 3.2.1.General Ledger; | 3.2.7.Procurement |
| 3.2.2.Bank and cash management | 3.2.8.Human Resources and Payroll |
| 3.2.3.Budgeting and forecasting | 3.2.9.Financial Reporting (Standard, crystal/Q&A) |
| 3.2.4.Accounts receivable | 3.2.10. System operation and security |
| 3.2.5.Accounts payable | |
| 3.2.6.Asset and inventory management | |

- 3.3. Install and implement an accounting software with the following capabilities against each functionality

Table 3.3.1 Detail system functionality/module requirement²

Mandatory module	Minimum capability
General ledger	<ul style="list-style-type: none">- Properly designed chart of accounts for each disease against which a Trial Balance (TB) can be generated. The chart of account set up and configuration capability that allows several expenditure accounts of up to 700 accounts or more per each disease- Chart of account configuration with view filters to enable visualization of only selected accounts for users who work with some and not all ledger accounts

¹ See ft note 6

² Please also refer to the Global Fund's document titled "**Financial Management Capacity Building: Standard Specifications for Implementers' Financial Management System**"

Mandatory module	Minimum capability
	<ul style="list-style-type: none"> - Availability of control accounts (sub ledgers) for all balance sheet accounts; - Allow monthly/period end closure including PR ability to close the SR financial periods remotely; - Ability to provide note/journal entry for direct payments made by The Global Fund; - Accounting journal adjustments and audit with restrictions and audit trail; - Automatic FX revaluation management and opening balances reconciliations; - Management of taxes through – VAT, withholding tax rates input; - Automatic GL reconciling with control/sub ledgers such as receivables and payable; - Double entry Dr and CR posting control check- system must not be able to post unbalanced/single entry transactions, and must give a pop-up warning message; - Provide user friendly drop-down menus for all codes currently available in the system, such as Activity, Budget line, intervention, module, implementor, location, Global Fund direct payment, Cost Center, Department Codes; - Allow easy introduction of new cost centers and associate them with historic cost centers etc - Design and enable automatic transaction-based number-sequenced payment voucher in PFD format; - Provide multiple-user operations down to the program level without system hitches - Allow data exchange such as data import and export through Microsoft Excel and Government of Indonesia financial reporting system; - Design robust and simplified automatic data import template that can be used in remote locations with no errors for all 249 SSRs. The import template must have batch/mass posting and reversal capability with robust error detection ability; - Provide user defined online HELP screen help associated with each module and functionality to enable fast trouble shooting; - Multi-Currency Trial Balance capability; and - Simplified year end closure process.
Bank and cash management	<ul style="list-style-type: none"> - Multi-currency banking functionality; - Bank/Cash book set up as subledger/control account card linked to the chart of account; - Check printing capability; - Automatic bank reconciliation and bank reconciliation report with cheque numbering series and outstanding check listings; - Petty cash management capability; - Capability to report Global Fund Cash balance, cash reconciliation and cash forecast reports; and - Capability to generate debit and credit notes.
Budgeting and forecasting	<ul style="list-style-type: none"> - Simple input and storage of agreed budget and revised budget; - Budgetary control by Activities and interventions; - Budget in put based on standard unit cost and quantity basis; - Capability to report budget consumption, variance and accurate forecasts monthly, quarterly, semi-annually, annually, and grant period; and - In-built controls to prevent unauthorized over-spends in accordance with government and donor-funded project requirements (system should be capable of implementing the Global Fund’s budgeting including reprogramming flexibilities provided for in its Budgeting Guidelines).
Accounts Receivable	<ul style="list-style-type: none"> - Automatic reconciliation with GL/ Chart of account; - Primary vendor/receivable data input;
Accounts payable	<ul style="list-style-type: none"> - Integration with cash management and payroll for settlement options; - Should have transaction input process; - Payables should be linked to procurement/PO control; - Should allow payment through vendor/customer account control; - Integrate with payroll, cash & bank and GL; - Standard report such as outstanding payable/vendor and aging reporting; and

Mandatory module	Minimum capability
Asset and inventory management	<ul style="list-style-type: none"> - Should have vendors/ suppliers master data management. - Integrate with procurement and GL- Input of asset/inventory related payment/posting should have a field of identification of an asset and inventories including ability to track number of purchased drugs and medical equipment - Ability to assign/mark as an inventory/asset item in the system at the purchase expenditure recording time; - Record assets and goods movement; - Ability to run depreciation tables against the assets register without affecting the value of the assets in the chart of account; - Maintain accurate assets register with purchase date custodian, cost, value, description/tag/serial etc including the ability to add old assets from previous grants/periods without affecting current expenditure; - Restrict the automatic creation of assets based on a minimum dollar amount threshold; - Barcode capability with physical inventory input; and - Highly restricted rights on posting of assets movement, disposal and deletion related transactions in the system.
Procurement	<ul style="list-style-type: none"> - Enables commitment recording for all purchases and contracts through PO - PO linked to payables - Allow both online and printable PO in standard format for online and physical approval; - Automatic control between PO, receipt of goods/service and invoice with payment - PO approval hierarchy capability; - Payment request options for non-PO related payments; - Provide all standard procurement related reports including easy extraction of reports in excel that can integrate/be exported into government reporting system; - Procurement planning tools; - Prevent the ability to initiate/assign a purchase order until the purchase requisition has been approved; and - Ability to establish a tolerance level for overspending on orders and to decline commitment/PO and PR initiation in the system where the PO/PR would lead to an over expenditure against the budget above 15% at the intervention and 5% by cost grouping levels.
Human resources and payroll	<ul style="list-style-type: none"> - Employee database with customized information column and ability to manage multi business unit within an organization; - Payroll budgeting and reporting per staff linked to GL; - Automatic payroll processing in the system with capability to export payroll into Microsoft excel for easy analysis and salary disbursement to multibank; - Accurate Monthly payroll posting and statutory deductions/taxes management - Pay slip and payroll statutory report generation from the system - Payroll data access control; - Time sheet/attendance linked payroll, including overtime, leave, business travel - Performance management tools and salary scaling capability including KPI development and cascading, evaluation & appraisal tools; - Indonesia income Tax (Pph 21), Health insurance (BPJS kesehatan) and BPJS TK statutory deductions and reporting capability with support to multi region reporting within Indonesia; - Linked to the GLs to enable automatic advances recovery from the payroll; - Local bonus/allowances (THR), 13th salary payments etc; - Automatic payroll posting from GLs; and - Employee learning management with ability to conduct assessment, training needs enrolment, tracking, and self-learning all linked with performance management module.

Mandatory module	Minimum capability
	<ul style="list-style-type: none"> - On-boarding and resignation feature, linked with assigned asset to be provided or returned upon resignation; - Employee self-service access with the ability to update personal data, view and download SOP or other notification, submit leave, e-payslip & other reimbursements; and - Ability to present HR data into dashboard and easy to download Excel, Word, CVS and PDF.
System operation and security	<ul style="list-style-type: none"> - Automated/online system access with limited or no human intervention required for database consolidation/uploads and file transfers etc; - Software development environment based on well supported latest/fit for purpose IT technology database for effective upgrades and improvement; - Windows 10 and above operating system; - All reports must be convertible to excel, word, and PDF formats; - Easily amend and customizations subject to security; - Tailor system design and functionality to mirror existing (or enhanced) accounting processes; - Full documentation of database diagrams, tables, structure and storage procedures must be provided to MoH for easy future extended self-support without reliance on the vendor; - The software must be web based supported with simplified interactive data input and import tool options for low level SRs/SSRs who may not need full system access but needs to record data that can be imported in the system; - Configurable design using 'drag and drop' / 'copy and paste' windows functions - Fast, flexible and user-friendly data entry / system navigation; - Full access to all system functions, subject to individual user security profile(s) - Validation checks: Account code, budget line, department, SR, input data, date, type - Restricted but possible direct expense posting. Conduct all postings through control accounts/sub ledgers; - Real time online update, or batch update; - User access and function audit trail capability; - Indefinite retention of all system data, within all modules until archived / purged - Work segregation/process flow that allows separation of view, input, authorization/amendment user rights and control; - Crystal reporting tools; - Use of the software offline and automatically transfer/ upload the offline data on the server, when the system comes online; - Use the multiple functions simultaneously; - Capability to generate system log; and - Generate rejection and error reports.
Other	<ul style="list-style-type: none"> - The vendor should describe the minimum hardware including the precise description of the central processing units, networking and backup hardware system including power requirements; and - Communication protocols and requirements for the system smooth operation.

3.4. Implement a software which has simplified and robust reporting function. Besides the tailored reports listed below, the system should have an inbuilt crystal reporting tool or comparable predictive analytic tools that enables easy navigation and additional reporting options.

Table 3.4.1: Mandatory reporting requirements

Report	Description
Trial balance	Should be a non-customized standard software report based on the chart of account income statement and statement of financial position. The report should be easily exportable to excel for analysis; and Copy standard reports over to user libraries and make specified changes to them without altering the original report.
Detailed ledger listing	Should be a non-customized standard software report based on the chart of account income statement and statement of financial position. The report should be easily exportable to excel for analysis, copy and paste to user libraries and make specified changes to them without altering the original report
Pre-posting report	For every transaction, once entered, but before posting, there should be a printable report that shows what GL codes are going to be debited and credited, dimensions affected such as GF cost input, cost grouping, intervention, module etc. A budget control check that shows budget impact to the planned booking/posting Design the payment voucher authorization form template in the system that is printable for approval prior to making payments
Expenditure reports layouts	The software should be able to run reports that can show expenditure vs budget by different dimensions (Monthly, Quarterly, Semi Annually, and Grant period basis): <ul style="list-style-type: none"> • Expenditure by activity • Expenditure by intervention • Expenditure by module • Expenditure by cost grouping • Expenditure by implementers (PR/SR etc.) • Expenditure by SR • Expenditure by location (HQ, National, Regional, District, Community) • Reprogrammed expenditure
Budget variance analysis reports	Should allow period-based budget input and variance analysis reports at current and multiperiod/cumulative. At a minimum, the report must be able to run at: <ul style="list-style-type: none"> – Monthly (Finance Team and Program Managers) – 3 months (as required for management meetings) – 6 months (as required for the PUDR report submitted to the GF semi-annually) – 12 months (as required for the Annual Financial Report submitted to the GF annually). – Inception to date- indicating entire grant budget vs. the expenditure incurred to the cut-off date of the report or current date.
Other reports	VAT receivable WHT payable Open advances (unaccounted) Annual financial statements (based on IFRS or PSAK in the case for Indonesia) Reports across multiple accounting years Vendor reports (List of all vendors ever paid and the amount in descending order) Invoice tracking report
Project Report	Standard grant financial report by donor with the following aggregated information: Project Number, Donor, Disease, Implementation Period, Total Approved Budget, Grant Agreement Amount, Total Disbursement Received, Total Actuals (Paid & Unpaid separated), Open Commitments (Invoiced & Not Invoiced separated); Disbursement rate (total disbursement/Total grant agreement amount), Expenditure rate (total actuals/Total Approved Budget), Payment rate (total payments/total disbursements), Cash Balance (BRS), Bank statement balance (end of period bank balance) and Fund balances (Budget-total actuals-open commitments).
Global Fund Specific Standard reports	1. TGF specific report on Quarter Financial Update (Attached) 2. TGF specific report on Progress Update Cash Reconciliation 3. TGF specific report on Annual Financial Report – AFR (Attached)

Report	Description
	4. Standard activity report by project with budget, commitment (2 levels); actual (paid & unpaid) 5. Standard periodic payment forecast for up to 3 years 6. Standard Trial Balance by project, donor, and consolidated 7. Trial Balance by Costing Dimension 8. Consolidated standard Income Statement 9. Consolidated standard Statement of Financial Position (Balance Sheet) 10. Consolidated standard Statement of Cash Flow 11. Project standard Income Statement – with a separate column for PR, Implementing Entities & SRs 12. Project standard Statement of Financial Position (Balance Sheet) – with a separate column for PR, Implementing Entities & SRs 13. Project standard statement of Cash Flow – with a separate column for PR, Implementing Entities & SRs
Government reports	1. RKAK/L (Ministerial workplan)/budgeting 2. SAS (System application for work unit)/reporting
Assets/Inventory register	The system should have an inbuilt capability to input and extract assets/inventory information including date of purchase, type of asset, value, number (serial & tag), custodian, location, and whether at PR/SR/SSR as well as the status of the asset/inventory.

The following report templates (3.4.2 to 3.4.8) are attached as samples of financial reports to the Global Fund³:

- 3.4.2 Annual Financial Report (see file titled “Core_PUDR_Template_en”: refer to tab “PR Expenditure_7A”)
- 3.4.3 PR Cash Reconciliation (see file titled “Core_PUDR_Template_en”: refer to tabs “PR Cash Reconciliation 2A, B, C, D” and “SR_Cash Reconciliation_2E”)
- 3.4.4 Budget Variance (see file titled “Core_PUDR_Template_en”: refer to tab “Budget Variance_2F”)
- 3.4.5 Cash Forecast (see file titled “Core_PUDR_Template_en”: refer to tab “Cash Forecast_8A”)
- 3.4.6 Request and Recommendation (see file titled “Core_PUDR_Template_en”: refer to tab “Request and Recommendation_8B”)

The referred to reporting templates in (2.4.2) to (2.4.6) above are contained in the following attached file. For latest guidance on this template, please consult this [link](#) (under “implementers’ section) and refer to the document titled “**Principal Recipient Progress Update/Disbursement Request (PU/DR) Guidelines**”.



PUDR Report.xlsx



core_pudr_guidelines
_en.pdf

- 3.4.7 Quarterly cash balance and expenditure report (see file titled “FD_Quarterly Financial Update Form September 2015”: refer to tabs “Cash Balance Reporting” and “Expenditure Reporting- NFM”)
- 3.4.8 Annual Tax Report (see file titled “FD_Quarterly Financial Update Form September 2015”: refer to tab “Tax Reporting”)

³ At a minimum, reporting capability from the system refers to being able to generate from the system a flexible output (such as a flat file or other similar medium) containing minimum data sets required to produce the organization’s required financial reports including that for its donors or development partners.

The referred to reporting templates in (2.4.7) and (2.4.8) above and associated guideline on what is required are contained in the following attached files:



FD_Quarterly
Financial Update Fo



Guidelines for the
Quarterly Financial Re

The following are the Global Fund's modules, interventions, cost groupings and cost inputs for implementation in the system (refer to "malaria/HIV/TB modules-intervention"⁴ and "Cost Groupings & Inputs" tabs):



Modules,
Interventions, Cost Gr

- 3.5. Develop a simple data import function tool and work with the ministry to accurately mass import previous transactions from the existing accounting systems and compare the opening balances with the latest period closing balances in the ministry previous software records.
- 3.6. Assist the ministry in the extraction of the first semi-annual report/PUDR due to the Global Fund following the successful implementation of the system
- 3.7. Maintain a standard record of all issues raised by the ministry pertaining to errors and challenges faced by the users during the implementation and the status of their resolution confirming that all issues have been closed before sign off and system acceptance.
- 3.8. Develop a detailed system training/user manual (soft and hard copies in both English and Bahasa) with step by step functionality screen visualization covering all functionality/modules. The system should also have automated inbuilt help screen functions that enables the users to access real-time support;
- 3.9. Conduct a business process mapping, agree with the PR/SR and document the final system process map that is aligned to the PR/SR/SSR operations to inform the new system implementation.
- 3.10. The vendor shall provide software maintenance and administration services and train users on the same. The price for the maintenance and support services for the first one year following go-live sign off will be included as a separate line in the quoted price and forms part of the price analysis. For sustainability planning purposes, the vendor will separately provide cost of annual software license maintenance/renewals as well as technical support to the PR which may be considered under an option contract for year two and three. This cost will however not form part of the price analysis and is provided for information and planning purposes only.

Schedule for completion of tasks:

The company is expected to be contracted for a period not more than Six months January 2020 -June 2020 for implementation of the software and subsequent twelve months for maintenance support. The payment for the new system implementation will be made as per the table below. The schedule for payment of the maintenance fees will be agreed following successful system installation and implementation.

⁴ Implement in system the modules and interventions specific to a disease component, for example refer to the malaria modules & interventions tab for all modules and interventions specific to malaria. For cost groupings and cost inputs use the cost groupings and cost inputs tab which cuts across all disease components.

S.No.	Deliverables	Timelines	Payment (%)
1	Submission of an inception report detailing results of the hardware, server and online/remote access infrastructure needs assessment, business process mapping, and software implementation and training plan/strategy covering PR, SR/ SSRs	31 January 2020	10%
2	Installation of demo/training software for PR and finalisation of training for PRs including provision of PR tailored training manuals in English and Bahasa	15 February 2020	15%
3	Installation of demo/training software for SR/SSR and finalisation of training at SR/SSRs including provision of SR/SSR tailored training manual in English and Bahasa	14 March 2020	15%
4	Upon completion of Installation of customized system for both PR, SR/SSR and successful importation/entry of previous period data	31 April 2020	20%
5	Successful go live, sample reports- PUDR generation, and all Global Fund, Government and management reports and system acceptance sign off	30 May 2020	20%
6	Completion of customizations, data migration and, preparation of draft PUDR reports from the system and issuance of completion report.	30 June 2020	20%

Deliverables:

The Assignment will be considered complete on:

- Successful installation of a new simplified accounting software that can handle the Global Fund financial reporting at the MoH Indonesia's PRs and SR/SSRs;
- Successful training of all system users and accurate data migration;
- Pilot testing system handling of MoH Global Fund reporting through 30 May 2020

Management Arrangement/Support or inputs to be provided:

- The selected vendor will work under the overall direction of Democratic Governance Unit of UNDP and will work closely with the UNDP's International Finance Team Leader as well as assigned accounting software implementation technical committee from the ministry of health for the day-to-day management of the assignment;
- All software licenses will be issued in the name of: The Directorate General of Prevention and Disease Control, Ministry of Health of The Republic of Indonesia;
- Payment for the software implementation contract and first year of maintenance and support will be made through UNDP; and
- Post implementation related support after the first one year and related license maintenance option contract including payments may be entered directly between the ministry of health and the vendor with or without UNDP.