

TERMS OF REFERENCE FOR PREPARATION OF FINANCE AND ACCOUNTING POLICY MANUAL FOR DOMINICA AGRICULTURAL INDUSTRIAL AND DEVELOPMENT BANK (AID BANK)

I. ABOUT AID BANK

The Dominica Agricultural Industrial and Development Bank (AID Bank) is a corporate body established in 1971 under the Dominica Agricultural Industrial and Development Bank Act, Chapter 74:03 of the laws of the Commonwealth of Dominica (1990 Revised Edition), with its principal objectives to promote and influence the economic development of the Commonwealth of Dominica and to mobilize funds for the purpose of such development.

The Bank's principal place of business and registered office is located at the corner of Charles Avenue and Rawles Lane, Goodwill, Commonwealth of Dominica.

The authorized share capital of the AID Bank is 10,000,000 ordinary shares with a \$5 par value. The Bank's audited financial statements for the year ended June 30, 2016 indicated that issued and fully paid shares totaled 9,594,041 and were valued at \$47,970,205. The ownership of the Bank is as follows: Government of Dominica (89.6%) and Dominica Social Security (10.4%).

The AID Bank has contributed immensely to the economic development of Dominica by financing projects in the Agricultural, Industrial, Tourism, Mortgage and Education sectors. The Bank also owns and operates an Industrial Estate where it rents factory space to medium and small businesses for agro-processing, manufacturing, and warehousing.

The AID Bank also has several agency agreements whereby it manages funds and provides other administrative services for companies who provide credit facilities as well as loans to their approved customers. An agency fee is charged for managing those loans.

Information about the AID BANK is available on the AID BANK's website at www.aidbank.com

II. SCOPE OF WORK FOR CONSULTANTS

The Bank is seeking professional services from reputable consultants to submit proposals for the design and development of its Finance and Accounting Policy Manual. The objectives, detailed scope, timelines and other terms for the assignment are outlined in the sections below.

III. OBJECTIVES OF THE ASSIGNMENT

The objective of this assignment is to review the existing procedures with the view to strengthen the finance and accounting systems in the organization so as to ensure that:

- Consistent and uniform accounting policies are followed by the various departments within the organization.
- There is a clear delegation of responsibility matrix available.
- Processes are in line with International Financial Reporting Standards (IFRS)

- Processes are in line with the statutory requirements.
- Efficient, accurate processing and accounting of transactions with adequate controls are in place.
- A process based approach is followed to identify, account and monitor revenue and costs.
- A proper fixed assets register is kept at all times and that these assets are tracked and secured.
- A proper process is in place related to the acquisition and disposal of assets in accordance with statutory guidelines.
- A robust financial management information system is in place.
- A payroll processing system is in place.
- There is Key Relationship Management

IV. SCOPE OF SERVICES

The scope of services would inter-alia include:

Review of existing finance and accounting procedures to include the accounting and financial management software currently in use.

Developing policy manuals for the following functions:

- Finance and Accounting
- Payroll Operations
- Loan Accounting
- Liquidity Management
- Cash Collateral Management
- Vault Operations
- Fixed Assets acquisition, update, maintenance, security and disposal

- Budgeting for all departments
- Staff training to ensure that the procedures as set out in the Manual are understood and can be carried out in line with the Bank's expectations

Detailed sub activities to be covered in the above processes inter-alia includes:

1. **Finance and Accounting** – shall include but not limited to the following areas:

- Cash and Bank Accounting
- Contracts Accounting
- Expense Accounting
- Purchasing and Storeroom Accounting
- Share Capital register
- Management Accounts – monthly reports with prior year comparisons

2. **Payroll Operations** – shall include but not limited to the following areas:

- Accounting for Employees' Remuneration and Benefits including vacation pay and Gratuity
- Payroll processing

3. **Loan Accounting**

4. **Liquidity Management** – shall include but not limited to the following areas:

- Treasury Management (Fund Planning, Working Capital Management, Treasury Related Accounting).
- Investment Accounting

5. **Cash Collateral Management**

6. **Vault operations and management**

7. **Fixed Assets Policy**

- Fixed Asset and Depreciation Accounting
- Physical verification of Assets and Storing

8. **Budgets and Budgetary Control Policy** – budgetary system prescribing the following:

- Roles and responsibilities for preparation of budget estimates and budget revision.
- Budget heads and linking with the account codes.
- Budget compilation, finalization, approvals and monitoring process
- Budget formats
- Appropriation and re-appropriation policy of budget estimates
- Budget monitoring reports to be generated (to be part of Financial MIS)
- Interface with the financial management and accounting system.

9. **Financial Management Information System** - Financial MIS, prescribing the following:

- Objectives
- Types of Reports
- Formats
- Frequency
- Distribution
- Responsibility for preparation
- Source of data

10. **Revised Chart of Accounts** so that it fully covers all aspects of the Bank's operations as well as to accommodate the requirements of the Enterprise Risk Management (ERM) Programme that is to be implemented.

The Finance and Accounting Policy Manual shall also cover the following aspects:

- Accounting policies
- Key accounting controls
- List of documents /records to be maintained
- Formats of the accounting documents/records.
- Procedure for compliance with all statutory provisions.

- Guidelines for the preparation of annual audits.
- Closing Guidelines for finalization of Annual Accounts
- Implementation of International Financial Reporting Standards (IFRS) accounting only as it relates to the operations of development banks and accounting requirements applicable to development banks.

The Finance and Accounting Policy Manual should be prepared for the AID Bank keeping in view compliance to statutory obligations/provisions; various accounting and auditing standards issued by IFRS, as well as the approved policies of AID Bank as relevant.

V. TRAINING AND IMPLEMENTATION SUPPORT

The consultants would be required to effect a training programme for AID Bank's Finance and Accounting staff such that they would be proficient in all aspects of the Manual. The consultants would describe in detail the manner in which training would be provided to AID Bank.

VI. OTHER ASPECTS

The AID Bank shall make available to the consultant office working space and all internal office policies, circulars, manuals etc. necessary for review and for timely completion of the Manual.

The Manual shall cover the activities performed by the Finance and Accounting Department including interfaces with other departments.

VII. TIME FRAME

The AID Bank requires that this assignment be completed with signed copies of the Manual submitted to the Bank no later than three (3) months from the date of execution of the contract.

VIII. ELIGIBILITY CRITERIA FOR CONSULTANTS

The consultant should be a professionally qualified individual or a professional firm and have been providing related consultancy services for a minimum period of five (5) years.

The following eligibility criteria are mandatory, non-fulfillment of which will lead to disqualification of the bid:

The consultant should have experience in providing advisory services across a range of services in the area of financial management information systems, including design, development and implementation of manuals as well as knowledge of related software to be sourced and installed.

The consultant should have experience in providing consulting services in the field of design and development of Finance and Accounting manuals as well as knowledge of related software to be sourced and installed.

The consultant should submit a complete profile of the firm to include CVs of the lead partners or in the case of individuals, details of qualifications as well as reference of related assignments that they have completed.

IX. CONFIDENTIALITY

All deliberations relating to preparations of the Manual including all information collected from various meetings/documents, primary & secondary data etc. shall be kept confidential and shall not be divulged to any third party either verbally or in writing or in any other form.

X. PRICE BASIS

Lump sum price inclusive of service tax and other applicable taxes, duties and levies etc. is to be quoted for the preparation of the Finance and Accounting Policy Manual.

XI. PAYMENT TERMS

Mobilization fee of 20% of the contracted sum within fifteen days of execution of the agreement at which time synopsis and a schedule for preparation of the Manual is to be submitted.

First installment of 20% of the fee within fifteen days of submission of 1st Draft of Finance and Accounting, Payroll Operations and Loan Accounting sections of the Manual.

Second installment of 20% of the fee within fifteen days of submission of 1st Draft of Liquidity Management, Cash Collateral Management, Vault Operations and Management and Fixed Assets Policy sections of the Manual and 2nd Draft of the previous three (3) sections.

Third installment of 20% of the fee within fifteen days of submission of 1st Draft of Budgets and Budgetary Control Policy, Financial Management Information System section and Revised Chart of Accounts and Final Draft of the previous seven (7) sections of the Manual.

Final installment of 20% of the fee after three months from the date of acceptance of Manual by AID Bank; this period would facilitate any further revision required by the Board of Directors prior to approval and also the training of staff.