

Terms of Reference
for
the Engagement of Short - Term Consultant for the
Development of Accounting Software for Special
Agro - Industrial Processing Zone (SAPZ) Program

September, 2023

1.0 BACKGROUND

1.1 The Federal Government of Nigeria (FGN) in partnership with African Development Bank (AfDB), International Fund for Agricultural Development (IFAD), Islamic Development Bank (IsDB), state governments and private investors is implementing AfDB/IFAD/IsDB Assisted SAPZ in seven (7) states namely: **Kano, Imo, Kaduna, Cross River, Kwara, Oyo and Ogun**) and Federal Capital territory (FCT) in the first phase.

1.2 SAPZ is a comprehensive agro-industrialization program designed as a tool for creating integrated, agricultural-focused platforms that will accelerate private sector investment in value added agro-processing to unlock opportunities for improved food security, job creation, import substitution, rural poverty reduction and increased contribution of agriculture to national GDP.

1.3 The overall Program development objective is to support the development of SAPZ in high food production areas to supply the domestic food market and create exportable surpluses as well as capacitate smallholder farmers, small agro - processors and traders and community-based service providers including women and youth, to take advantage of the market demand created by the SAPZ to sustainably enhance their income, household food security and resilience to climate change. The Program has four broad components namely: (i) Infrastructure Development and Management of Agro-Industrial Hubs (AIHs) (ii) Agricultural Productivity, Production, Market Linkages and Value Addition in SAPZ Catchment Areas (iii) Policy & Institutional Development Support and (iv) Program Coordination and Management.

1.4 The International Fund for Agricultural Development (IFAD) has provided a start-up fund of USD 500,000 for which the National Program Coordination Office (NPCO) intends to apply part of the proceeds towards the payment for Consultancy Services for the development of accounting software for the SAPZ Program. An accounting software is application software that records and processes accounting transactions within functional modules such as accounts payable, accounts receivable, payroll, and trial balance. It functions as an accounting information system.

The National Coordination Office therefore requires the services of a consulting firm to provide a web-based accounting system that will provide management, accountants, stakeholders and beneficiaries with timely accounting and financial information of the project.

2.0 Main Objective of the Assignment

The main objective of the assignment is to procure an accounting software that is user friendly and will enable the Programme at all levels achieve good financial management system in accounting data capturing, efficient and effective processing and timely provision of internationally accepted financial reports for the program. In addition, the software should be able to help the Programme meet the requirement for the withdrawal of the funds from the donors.

3.0 Software Functionality:

- a. Upload the approved Annual Work Plan and Budget and link same to the accounting system for proper monitoring and reporting on eligible project expenditures
- b. Extract and structure the chart of accounts in line with relevant project documents in such a way that will enable the preparation of financial reports in line with IPSAS Cash basis of accounting that is acceptable to donors and Federal Government of Nigeria
- c. In addition to providing acceptable financial reports, structure the software to generate appropriate Interim Financial Reports for the withdrawal of funds from the donor

- d. Generate appropriate schedules like the fixed assets register, cash advances, bank reconciliation statements.
- e. Have a software that possess appropriate procedures for accounting controls and checks in a computerize environment.
- f. Ensure adequate recording of funds flow through efficient recording and reporting on loan drawdown by categories and component of expenditures, counterpart financing and thereby ensures proper monitoring of the application and utilization of funds.
- g. Provide proper structure and level of Users vis-à-vis the overall management and operation of the software.
- h. Produce a consolidated financial reports from all participating states and National office
- i. Possibility of capturing data from remote locations in the six states where the project will operate in a timely and efficient manner

4.0 Specifications of the Software

General Features

The accounting software is to be configured as a modular solution and the different modules should be suitably integrated, the following are the basic modules:

- a. Annual Work Plan and Budget
- b. Chart of Accounts linked to the AWPB
- c. Accounting system that captures all financial transactions from all locations
- d. Fixed assets register
- e. Cash advance register
- f. Interim Financial Report for withdrawal applications
- g. Complete Financial Reporting
- h. Timely and efficient capturing financial information and reports from various locations
- i. Classifying the levels of the Chart of account into four levels;
 - a. Type (Assets – Liabilities – Expenses)
 - b. General Ledger Account
 - c. Subsidiary Accounts
 - d. Subsidiary -1 Accounts, to end up with auxiliary accounts.
- j. All vouchers used in the system are based on double entries.
- k. Ability to account under different bases of accounting (cash, modified accrual, Accrual)
- l. using adjusting entry when needed
- m. Handling the definition of various currencies used by the system
- n. Holding multi – donor's information,
- o. recording the daily currency rates for all the predefined currencies,
- p. Recording the loan number and source of fund.
- q. Capacity to customize reports by e.g. exporting data to excel.

The accounting software is to cover all the financial transactions of the program according to the chart of accounts, to be able to:

- a. Capture the financial data under the appropriate headings
- b. Classify and group financial data for the various financial reports, the structure of the Chart of accounts caters data to be captured by:
 - i. The project components and sub-components
 - ii. Expenditure items under each component and sub-component
 - iii. The donors' disbursement category for the project
 - iv. Sources of funding (AfDB, IFAD, IsDB, Federal Government and State Governments and beneficiaries)

Financial reporting

1. Produce the periodic Financial Reports as requested by the donors:
 - a. Statement of Cash Receipts and Payments per Program components and category Budget Monitoring reports, yearly and cumulative balances for the quarter and cumulative;
 - b. Statement of Cash Receipts and Payments per Program categories and financier showing quarterly, yearly and cumulative balances for the quarter and cumulative;
 - c. Statement of Designated Account reconciling period-opening and end balances;
 - d. Statement of Program commitments, i.e., the unpaid balances under the Program's signed contracts;
 - e. Statement of fixed assets,
 - f. Statement of Cash Payments using Interim Financial Report.
2. Produce other financial statements on a quarterly and annually basis, which are as follows;
 - a. Journal and Payment Vouchers
 - b. Statement of Designated Accounts
 - c. Cost Center Statements
3. Progress report (physical) and not financial by contract, component and category (all projects). This request will involve:
 - a. A function that will be designed and developed to allow the user to define the planned (estimated) physical % completion on each period (year, Quarter).
 - b. A function that will be designed and developed to allow the user to enter/modify the actual reported on physical % completion on each period (year, Quarter).
 - c. An Inquiry function to display physical progress on each contract
 - d. A report showing detailed physical progress reporting per period
 - e. A report showing up-to-date physical progress reporting per period
4. Consolidated report (financial report) of all program managed under the software per category and per component and sub component.
5. Recording the budget of all the activities of the program, and enable comparison of the actual performance with budgets/targets (quarterly, annually, and cumulative for the Project).
6. A fixed assets listing report indicating all relevant information (such as description, location, quantity, serial number, etc.) which needs to be updated and include any discrepancies between the regular physical inspection and the accounting records
7. Produce Withdrawal Application report to include the Interim Financial Report and Summary sheet

5.0 Expected Result

The accounting software will be a source of information for underlisted uses:

- a. A reference by the programme Accounts section to ensure compliance with financial management policies and procedures.
- b. Generate Interim Financial Reports that includes:
 - I. IFAD Funds - Cash Forecast
 - II. Sources and Uses of Funds
 - III. DA Activity Review
 - IV. Variance Analysis - Quarterly
 - V. Variance Analysis - Financial Year
 - VI. Variance Analysis - Cumulative
 - VII. Other Financial Cash Forecast
- c. Generate more timely information such as sets of financial statements, interim financial reports, management reports and Withdrawal Applications, especially the following financial reports should be automated:
 - i. Statement of cash receipts and payments (by category and by financiers),
 - ii. Statement of cash receipts and payments (by component and by financiers)
 - iii. Statement of comparative budget and actual amount,
 - iv. Statement of Designated Account movements,
 - v. Statement of Designated Account Reconciliations,
 - vi. Interim Financial Report-Withdrawal Application Statement
 - vii. Fixed asset register: The fixed asset register is to be set up according to accounting standards. It facilitates handover of assets to government after project completion
 - viii. Statement of Project commitments, i.e. the unpaid balances under the Program's signed contracts:
 - ix. Register of contracts using relevant forms
 - x. Statement of Cash Payments using relevant forms:
 - xi. Journal and Payment Vouchers:
 - xii. Withdrawal Application report to include the Interim Financial Report using relevant forms, Summary sheet, withdrawal application and the designated account reconciliation statements:
- d. Ability to perform bank reconciliation statements and reports, impress account holding and reconciliation, ability to prepare e-payment voucher, ability to recognize e-payment and other payments.

- e. Ability to compare expenditures by financier by component against annual planned and project appraisal figures.
- f. A training resource for existing staffs and others coming on board organised at quarterly bases.
- g. Audit trail for both Internal and External Auditors, consultants and development partners to understand or evaluate the financial management system.
- h. A reference for implementing agencies to ensure they comply with program's financial management policy and procedures.
- i. A tool to be used to standardize financial management practices and procedures programs.
- J. A tool for generating financial reports such as historical disbursement, fixed asset register disbursement by categories and by component
- k. A tool to manage budget performance by categories and components.
- l. The software should have ability to post in each state and FGN thereby enabling the NPCO to consolidate the reports.
- m. The software should have access levels to operators.
- n. The software should include proper security features including:
 - i. Handling the required security according to predefined system security and privileges
 - ii. The project has adequate security features including password protection, not possible to delete a posted transaction, controlled access.
 - iii. Includes proper back up and system maintenance procedures.
 - iv. The software should include user specific password protection and information back up.
 - v. Identity and access management functionality
- o. post-Implementation maintenance and technical support in the states

6.0 Scope and Methodology

The expected Accounting Software will be used at all levels of programme implementation, accommodate the financial management requirements of the financiers. The firm will use existing programme documents especially the Financial Procedural Manual, the subsidiary loan agreement, the Project financing agreement, the programme implementation manual and the appraisal report/its cost tables. donors letter to the borrower, donors sample financial reports , donors sample withdrawal applications and other templates should serve as a guide in developing the software and the chart of accounts.

IFAD guidelines for programme management, financial management, loan and grant fund management, procurement management should also serve as references. It is expected that the consulting firm will liaise with the Financial Controller and carry out wide consultation on programme experiences so far while preparing the software.

7.0 Reporting and Deliverable

The working language is English and the deliverable from the firm will be:-

- a. Accounting software for seven states and FCT including the National Program Coordination Office with a facility for consolidation and real time transmission to the centre.
- b. Assist in the determination of specifications of a server and all accessories with an Operating System
- c. Recommend Backup strategy, solutions and tools to include backup scope, schedule, infrastructure, network and storage etc ,and assist in the installation of the infrastructure.
- d. Software maintenance, assistance and troubleshooting (on-line) for at least one year.
- e. A training guide in hard and soft for each of the states

The consulting firm shall work under the supervision of the Financial Controller and report to the National Project Coordinator who will provide general oversight on the assignment.

The reporting sequence will be as follows: -

Report Time Frame

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| 1) Inception Report (Flow Charts/ Software documentation,design and prototyping) | End of Week 1 |
| 2) Software Testing and correction of any bugs or errors / Deployment / Reports | End of Week 5 |
| 3) Operation and Maintenance/Final Software with documentation / Training Guide | End of Week 8 |

8.0 Duration of Services

The consultancy services shall be for a period of one (1) year and the maintenance contract will be renewed on annual bases based on satisfactory performance.

9.0 Qualification Requirement

The consulting firm shall be selected using the Consultants Qualification Selection(CQS) Method of procurement and it is expected to demonstrate:

- i. Substantial experience in Enterprise Resource Program, Accounting Software Training, Implementation & System Support, Computerized Accounting Services, Information Technology Training and Development of user networks.
- ii. Capacities and experience related to:
 - ◆ Operations of donor funded projects
 - ◆ Design of accounting systems
 - ◆ Application of IT
 - ◆ Installation of computerized Accounting Systems including training of staff and provisions of technical support
- iii. Ability to provide a team that includes:
 - ◆ Leader with at least a professional qualification in Computer Systems/Information Systems
 - ◆ Technical Capacity in design and development of computerized accounting systems, and analysis and development of management information systems
- iv. A firm with a minimum of 10years' experience in finance and Accounting practice and extensive knowledge of Nigeria Accounting and Auditing Standards, International Reporting Standards,

as well as International Public Sector Accounting Standards (IPSAS) will be engaged. Past experience with development projects financed by an International Financing Institution (e.g. IFAD, World Bank, African Development Bank) is desirable.

Staff Qualifications

1. Lead Consultant--- A minimum of master's degree in accounting/ finance, business administration, information communication technology, engineering, physical sciences and related discipline with at least 15 years post qualification experience. He/ She should be conversant with the deployment of accounting software and customization in donor projects and public service. Experience in specifically working with donor projects accounting software for a minimum of 10 years.
2. Accountant --- A minimum degree in accountancy, finance, management sciences and business administration with 8 years post qualification experience. Must have worked with donor projects accounting software for 5 years
3. System Analyst --- A minimum degree in computer science, ICT, electrical /electronic engineering, management sciences with 6 years post qualification experience. The person must be conversant with the deployment and certification of accounting softwares especially with donor projects.
4. Computer programmer—Minimum of first degree from a recognised university in computer science or ICT or electrical /electronic engineering or management sciences with 4 years post qualification experience. The person must be conversant with the programming, deployment and certification of accounting softwares especially with donor projects.

**The National Coordination Office,
Special Agro – Industrial Processing Zone (SAPZ) Program,**