



GOVERNMENT OF TAMIL NADU
DIRECTORATE OF MUNICIPAL ADMINISTRATION

Tamil Nadu Urban Development Project-III
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INDIA

Tamil Nadu Urban Development Project-III
Loan No. 4798 TN

REQUEST FOR EXPRESSION OF INTEREST (CONSULTANCY SERVICES)

The State of Tamil Nadu, India, has received a loan from the International Bank for Reconstruction and Development (IBRD), and intends to apply a portion of the loan proceeds to make payments under the contract for consulting services for the preparation of Outcome Budget and training of officials and the staff.

The Services include but not limited to:

- a. Preparation of separate Outcome Budget documents for Thiruchirappalli, Salem, Tirunelveli, Erode, Tiruppur, Thoothukudi and Vellore city Municipal Corporations and Ambathur and Pollachi Special grade Municipalities for the year 2011-12.
- b. Imparting training for the officials and staff of these ULBs.

The preparation of Outcome Budget for each of the above ULBs for the year 2011-2012 should be completed before 20th of January 2011.

The Terms of Reference for this assignment are available from the Directorate of Municipal Administration, Chepauk, Chennai-5 and in the website <http://www.tn.gov.in/cma> (Please check in "what is new" section in the website.

Interested consulting firms are invited to register their interest in participating in the assignment by sending the following information (five copies in English)

a	Name, address and fax number of consulting firm
b	Name and short CVs of Key staff
c	Ownership and organizational structures of the firm

d	Financial statement for the last three years
e	Details of experience with relevant hand on experience in accounting reforms in ULBs.

Expression of interest must be delivered during office hours on or before **15.9.2010** to the above address. Documents received thereafter will not be accepted.

On the basis of obtained information from interested consultants, the Director of Municipal Administration will prepare and short list six consultants who will be invited to submit their proposals.

Interested Consultants may obtain further information about the consultancy assignments from the following officers at the address mentioned above.

Contact person:

Thiru.K.Annadurai, Financial Advisor (fa.tnudp3@tn.gov.in ,
fa@cma.gov.in) at phone No. 044-28410363 (or)

Thiru. R.Lingasamy, Senior Financial Controller (Incharge),
sfc@cma.gov.in , sfc.tnudp3@tn.gov.in at mobile phone No. 9444343063

Contact Hours : 10.00 AM to 5.45 PM

Sd/- P.Senthilkumar
DIRECTOR OF MUNICIPAL
ADMINISTRATION

TERMS OF REFERENCE

Consulting services for the preparation of Outcome Budget for the year 2011-12 for Thiruchirapalli, Salem, Thirunelveli, Erode, Vellore, Tiruppur and Thoothukudi Municipal Corporations and Ambathur and Pollachi Special Grade Municipalities and imparting training to the officials of these ULBs

1. BACK GROUND

As a follow-up to the 74th Constitutional Amendment Act, the Govt. of Tamil Nadu has introduced many reforms in Urban Management. At present the Budget of ULBs is being prepared based on the guidelines and the instructions issued in Tamil Nadu District Municipal Act 1920, chapter II of the Municipal Manual and GO.Ms. No. 167 MAWS Department Dated. 26.12.2005. Based upon an in-depth study by the consultant appointed for the review of implementation of Accrual Based Accounting System (ABAS) in ULBs in Tamil Nadu, it is felt essential that the ULBs ought to be supported with a Municipal Budget Manual besides an updated Accounting Manual, improved FAS and other new software modules and capacity building.

The 'Outcome Budget' enables the delivery of services based upon the citizens' ultimate priorities, preferences and needs. This budgeting approach enables the city managers to focus upon meeting the ultimate outcomes (effects) of their various programs and services rather than the financial outlays and outputs, which are hitherto used to measure the efficiency of various diversified activities and initiatives in ULBs. It is expected that the use of Outcome budget for deployments of resources shall enable the cities to deliver the quality and level of the services matching the expectations from citizens' perspectives. This in turn shall satisfy the citizens fully and also motivate them to pay their all tax and non-tax due willingly to ULBs, thereby enabling them move further on the road to self-sufficiency.

As a major reform in Urban Management the Consultant appointed for the review of implementation of ABAS in ULBs had recommended to prepare Outcome Budget for all the ULBs. With a vision to achieve "Modern and Transparent Financial Management" consistent with the best practices, providing demand based information for efficient and effective service delivery, Coimbatore and Madurai Municipal Corporations have introduced Outcome Budgeting from 2008-09 as a pilot project and implemented successfully. In continuation of this, it has

been proposed to extend the same in the remaining 7 Municipal Corporations (except Chennai Corporation) and two special grade Municipalities i.e. Ambathur and Pollachi in the year 2011-12.

The DMA proposes to hire professional services of a Consultant for the preparation of Outcome Budget for the year 2011-12 for the above mentioned 7 Municipal Corporations and 2 Special Grade Municipalities.

The consultant shall be expected to prepare the Outcome Budget for the 9 ULBs which must be discussed and agreed to with the Review Committee constituted by the DMA and the Mayor/Chairman/Commissioners of the respective ULB.

2. OBJECTIVES

The overall objective of the consultancy service is to prepare the outcome Budget for the year 2011-2012 for Thiruchirapalli, Salem, Thirunelveli, Thoothukudi, Vellore, Erode, Tiruppur City Municipal Corporations and Ambathur and Pollachi Special Grade Municipalities. The objectives of the assignment are as follows:-

- to provide infrastructure which is relevant to poor people's needs and priorities;(GO (D) No.167 MA&WS Dept. Dated.15.04.2008)
- to ensure that the infrastructure meets the needs of women and other marginalized groups;
- to utilize the local knowledge and human resources;
- to improve the maintenance of infrastructure and services and decrease governmental responsibility for maintenance;
- to establish cost-sharing arrangements and to increase people's ownership' of services and
- to impart training to the officials of respective ULBs in the preparation of outcome Budget

3. Scope of Tasks :

The consultant shall perform the following tasks/activities:

- Meet at least for five working days with the Review Committee constituted by the DMA during the consultancy period.
- The Committee constituted by the DMA to review the quality and quantity of the work done by the consultancy services should be consulted both at the level of planning and also at its finalization as and when required on need basis.
- To consult the Commissioners of respective ULBs, Financial Advisor and Senior Financial Controller for advice on crucial matters

- The methodology to be adopted for this service will be based on an extensive study of the existing method of Budget preparation, final report submitted by the Consultant taking into consideration the suggestions made on the review of the implementation of ABAS, and the requirement of JnNURM.
- In Outcome Budget 2011-2012, the physical dimension of the financial budgets as also the actual physical performance in the year 2009-2010, performance for the first 9 months of the year 2010-11 should be arrived by ascertaining data from concerned ULBs and the targeted performance for the year 2011-2012 should be broadly indicated through Outcome Budgeting approach.
- Impart training to the officials and the staff of the ULBs (25 to 30 persons in each ULBs) on preparation of Outcome Budget.
- The Consultant shall also be expected to make arrangement for printing the approved outcome Budget of each ULB as shown below:-

English version	30 copies (for office use)
Tamil version	100 copies (to supply to the members of council)

The following processes are involved in preparation of outcome Budget.

- Conducting citizens' survey and analysis of results.
- Formation of Outcome Budget Committee in ULBs
- Finalization of Cost centres / unit under each department for bottom-up budgeting.
- Determination of outputs and outcomes for each service and for each infrastructure project for citizens and also separately for Urban Poor (who have usually exclusive allocation in the budgets)
- Issue of Budget guidelines including various budget input forms in excel format for outputs and outcomes, requests for headcount, revenue and capital expenditure against various account codes.
- Revenue projects by wards and for each source of revenue.
- Standardizing unit cost of outputs and benchmarking the standards / quality of outcomes and services;
- Review and approval of budget requests from each cost centre / unit against benchmark for costs / indicators of performance;

- Review of Budget requests by Outcome Budget Committee for approval in relation to available resources;
- Consolidation of reviewed budget requests by departments, Funds and for the ULB.
- Review by Taxation and Finance Committee of the ULB concerned.
- Review and approval by the council.

Further, the revised guidelines issued by Ministry of Finance, Department of Expenditure in No.2 (i) Pers / E.Card / OB/2005 dated 06.01.2010 for the preparation of outcome Budget should be followed mutatis mutandis in the preparation of outcome Budget for the ULBs.

The service level Bench marks (SLB) formulated by Ministry of Urban Development, GOI should also be taken into account.

4. **Schedule for Completion of Work:-**

The time frame for the reports is as follows:-

Stages	Time frame	No of copies
Inception Report	4 weeks from the start of the study;	10 for each ULB
Interim Report	10 weeks after the start of the study.	10 for each ULB
Draft Final Report	5 weeks after approval of interim report.	20 for each ULB
Final Report	4 weeks after the approval of the Draft final Report.	20 for each ULB
Printing of outcome budget documents	1 week after the approval of the final report	30 copies -in English for each ULB 100 copies - in Tamil for each ULB
Training to the officials of ULB	After Budget is passed in the respective Municipal council (within a period of one month)	

5. **Outputs of the study**

- Preparation of Outcome Budget for 9 ULBs
- for each Service & Fund , Revenue Expenditure - Financial Outlays, Outputs, Outcomes & risks

- For each Service & Fund, Capital Expenditure, timeline and risks
- For each Capital Project, Financial Outlay, Outputs, Outcome, Timeline and risks and
- For Allocation for Urban Poor, for each item of Revenue and Capital Expenditure/project, Financial Outlay, Outputs & Outcomes, timeline and risks
- Printing 100 copies of Outcome Budget document in Tamil for the use of respective Municipal council and 30 copies in English for the use of imparting training
- Impart training to the officials and the staff of the ULBs concerned

The Consultancy services proposed to be carried out in six stages

Stage-I	Inception report including developing preliminary approach to the study, detailed methodology for preparing of the report, identification of data requirement and mode of data collection
Stage-II	Interim report after conducting citizens' survey and analysis of results, formation of outcome budget committee, finalization of cost centre's /unit under each department for bottom-up budgeting, determination of outputs and outcomes for each service and issue of budget guidelines
Stage-III	Draft final report based on the review by the Review Committee
Stage-IV	Final report based on the suggestion offered by the Review Committee and approval of Taxation and Finance Committees of the respective ULBs.
Stage-V	Printing of outcome budget documents at rate of 30 copies in English version and 100 copies in Tamil version for each ULB
Stage-VI	Training to the officials and the staff on

	Outcome Budget
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6. Data , Services and facilities to be provided by the TNUDP-III -DMA

An in-house Outcome Budget Committee constituted by the Commissioner of respective ULB will facilitate the assignment specifically with regard to data collection, past reports, arrangements for citizen survey etc

The Commissioners of respective ULB shall furnish the list of participants for the training programme and communication will be sent for attending the training. The training hall will be arranged by the Commissioners of respective ULBs.

7. Composition of the Review Committee and the Review Procedure to monitor the Consultants:

7.1. The Committee consisting of the following officers will review and monitor the progress and the quality of the services rendered by the consultant:

- Director of Municipal Administration, Chennai-5 or his representative
- Joint Commissioner of Municipal Administration, Office of the Director of Municipal Administration, Chennai-5
- Managing Director and CEO, TNUIFSL (or) his Nominee
- Director of Local Fund Audit, Chennai-108
- Financial Adviser, office of the Directorate of Municipal Administration, Chennai-5
- Senior Financial Controller, TNUDP III.

7.2 If the services are not up to the mark as per the conditions referred to in the TOR/Agreement the Director of Municipal Administration has the right to terminate the contract at any point of time without any notice.

7.3 The Review Committee will review the Progress and quality of the services in six stages and recommend for payment of Consultancy charges.

- a) 10% of Contract value on submission and acceptance of Inception Report.
- b) 20% of Contract value on submission and acceptance of Interim Report
- c) 20% of Contract value on submission and acceptance of draft final report

- d) 20% of Contract value on submission and acceptance of final report.
- e) 20% of contract value on submission of printed copies of the approved outcome budget document.
- f) 10% of the contract value after providing training to the officials of ULBs on preparation of outcome budget.

8. LIST OF KEY POSITION:

8.1. The consultant may either be an organization or a team of individuals. The qualification and experience of the consultant will be as follows:

Key Professional	No. of Persons	Qualification & Experience
Team Leader	1	C.A. or CWA with 10 years relevant post qualification experience with relevant 'hand on' experience in accounting reforms in ULBs.
Urban Specialist	1	Master's degree in Urban Planning or equivalent with 5 years of experience
Infrastructure Finance Specialist	1	MBA with Municipal Accounting and Budgeting experience with 5 years
Accounting Specialist	3	CA/CWA/ICWA /M.Com/MBA with not less than 5 years experience [or] Retired senior offices at the level of Joint Director or above with more than 5 years experience of transition of ABAS in ULBs in Tamil Nadu.

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