

TERMS OF REFERENCE

Procurement of Consultancy Services for Design and Implementation of an Integrated Information Technology Solution for Accounting, Investment and Member Liability Management and a Consolidated Database for the Employees' Provident Fund Department of Central Bank of Sri Lanka

1. Background

- 1.1 The Government of Sri Lanka has embarked on a modernization of the financial sector with the objective of creating a financially conducive platform for small businesses, entrepreneurs and individuals through increased financial market efficiency. This progression encompasses modernization of the financial market infrastructure, upgrading the legal and regulatory framework for the financial system, and strengthening the institutional capacity of financial sector regulators-the Central Bank of Sri Lanka (CBSL), the Securities and Exchange Commission of Sri Lanka (SEC), and the Sri Lanka Insurance Regulatory Commission (SLIRC). For this purpose, the Government of Sri Lanka has sought the support of development partners such as the World Bank to provide technical and financial support to activities aimed at developing the financial sector. The World Bank agreed to support a Project [known as "Sri Lanka Financial Sector Modernization Project" (FSMP)] over a period of 5 (five) years, with the 3 (three) financial sector regulators as the implementing partners.
- 1.2 The EPF Department of the Central Bank of Sri Lanka (EPFD) (Client) has decided to call for Expression of Interest (EOI) from eligible institutions for providing services in the capacity of a "Consultant" for design and implementation of a comprehensive IT solution for Accounting, Investment and Member Liability Management which includes a centralized database to consolidate member level information of Employees' Provident Fund (EPF). The procurement is facilitated through the World

Bank assistance to Government of Sri Lanka (GOSL) on modernization of financial sector of the country through the FSMP.

- 1.3 EPF was established under the Employees' Provident Fund Act No.15 of 1958 (the Act) with the objective of providing retirement benefits for the private and semi government sector employees of Sri Lanka. Currently, EPF holds approximately USD 13 billion worth of assets (as at end 2018) with more than 18 million member accounts comprising approximately 2.7 million of currently contributing members.
- 1.4 In terms of the provisions of the Act, the Commissioner, Department of Labour (DOL) acts as the general administrator of the Fund while the Monetary Board of the Central Bank of Sri Lanka is vested with the powers, duties and responsibilities to act as the custodian of the Fund. The EPFD facilitates the Monetary Board in discharging its powers, duties and functions entrusted by the Act.
- 1.5 EPFD operates two separate IT systems for Member Liability Management (MLM) and for Accounting and Investment Management (AIM). MLM operates on the AS/400 platform where employer and member accounts are maintained and all transactions principally relating to contribution collections, refund payments and pre-retirement benefits for the members are processed. AIM module operates on SAP system that has been implemented in 2006 which runs on version, ECC 5.0.
- 1.6 DOL and EPFD, being two separate institutions, have two independent IT systems. The system at DOL registers and maintains details of members and employers. The system at EPFD collects, processes, and maintains member contributions until members claim for their refund when they become eligible. EPFD also maintains a member register and relevant information are captured using contribution details directly from employers. There is no link or synchronization between the two member registers at DOL and EPFD. Eligible applications for refunds which are collected by DOL are sent to EPFD electronically as a batch on daily basis to effect the payment. The name of the applicant recorded at the DOL and EPFD are verified manually prior to making refund payments either by direct credit or cheque.
- 1.7 CBSL is of the view that by introducing new technologies, a considerable enhancement for the present activities could be achieved. EPFD has introduced number of new

procedures and processes, such as electronic member contribution collection, digital document management system with a digital archival, member registration with National Identity Card (NIC), allowing 30% pre-retirement withdrawals by members, member services through mobile and web applications for the MLM and guidelines for investments including strategic asset allocation limits, counterparty credit risk limits for AIM. However the existing procedures and processors together with already made enhancements require to be revisited in order to streamline its operations to reach full potential.

- 1.8 In order to improve the level of efficiency in overall operations, EPF is considering the procurement of a fully integrated IT System as an optimal solution, following the World Bank's Procurement Guidelines and Standard Bidding Documents (SBDs).
- 1.9 This assignment comprises two types of contracts, Lump-sum and Time-based.

2. Objectives of the Consultancy Services

- 2.1 Eliminate inefficient processes and duplication of work and introduce important but non-existent processes and controls that would add value to its operations.
- 2.2 Obtain support in selecting the successful bidder and in establishment of the selected IT solution for Accounting, Investment and Member Liability Management which includes a centralized database to consolidate member level information of EPF.
- 2.3 Obtain procurement support and the system implementation support for the proposed IT solution where both offsite as well as onsite involvement is expected for the successful implementation.

3 Scope of Work

In this assignment following consultancy services are expected.

- 3.1 Undertaking a comprehensive Business Process Review (BPR) by analyzing existing workflows and processes within and among divisions of EPFD and other stakeholders, benchmarking world class IT solutions established in reputed pension funds.
- 3.2 Redesign existing processes which covers but not limited to the following:
 - a. *Existing Processes*: Facilitate business processes (current and future), work flows and integration in system for the best optimization.
 - b. *Functional Requirements*: Identify core functional areas of EPF and identify processes to be redesigned including beginning and end points, interfaces, as well as divisions in the department and stakeholders involved.
 - c. *Business Process Mapping with existing services*: Identify the mapping of key functional requirements to create a business model eliminating the operational gaps and introducing end-to-end processes.
 - d. *Interfacing between EPFD and DOL*: Propose interfaces between EPFD and DOL for the proposed system implementation at EPFD.
- 3.3 Propose a complete solution with a Project Work Plan acceptable to EPFD for establishment of an IT solution for Accounting, Investment and Member Liability Management which includes a centralized database to consolidate member level information while ensuring the successful implementation of the above project work plan within a time period as specified in Table 1 and 2 below, to EPFD which should include but not limited to the following:
 - a. *Recommendation of an appropriate IT Solution*: Inclusive of investment and treasury management, accounting and financial reporting, employer and member account maintenance, document management, risk management and audit; hereinafter referred to as Comprehensive IT Solution.
 - b. *Technical Requirements*: Propose IT requirements to improve the process design, recommend a suitable IT solution(s) (Application software, Hardware (Servers,

storages etc), Network (LAN/WAN), IT Security, Databases, Backup, Disaster Recovery (DR), Website and Intranet, etc) in line with industry best practices followed by similar institutions.

- c. *Software Requirement Specification (SRS)*: A detailed SRS for the recommended IT solution(s) should be submitted to EPF.
 - d. *Data Integrity*: Provide insight to data integrity and removing unnecessary processes in EPFD.
 - e. *System Manageability*: Ascertain human resource requirement and training needs to fill the gap between existing and proposed systems, which would be designed with a futuristic scale of options and management plans.
- 3.4 Preparing all required SBDs for procurement of proposed and agreed (by EPFD) Comprehensive IT Solution.
- 3.5 Provide implementation support to EPFD to ensure the successful and smooth establishment of the Comprehensive IT Solution by developing user acceptance test plans and implementation of go-live plans.
- 3.6 Training and capacity building: Identify training and capacity building requirements for better performance through human development and IT management

4 Deliverables

The Consultant should ensure the following deliverables and assure all deliverables follow recognized industry standards.

Table 1 : Deliverables and Applicable Timelines for Lump-sum Contract

	Deliverables	Submission Time	Maximum Time for Client's Approval
1.1	Inception Report including, but not limited to the followings; a. Project Charter	6 weeks from the date of	2 weeks

	Deliverables	Submission Time	Maximum Time for Client's Approval
	<ul style="list-style-type: none"> b. Project Work Plan consisting of a detailed Gantt-chart showing milestones and activities as well as the duration for the assignment and expected start and completion dates. c. Resource Plan which consists of the composition of resource pool and intended work allocation. d. Any other relevant sections, documents, procedures, processes, literature and references. 	commencement of services	
1.2	BPR Report, including, but not limited to the Gap Analysis Report with respect to existing business process, divisional business processes, a summary of essential features and functions recommended to be built-in to enhance the performance with high level of credibility comparable to the benchmarked IT solutions established in other reputed pension funds.	12 weeks from the date of commencement of services	2 weeks
1.3	<p>Comprehensive Design Document which details the re-engineered business process of EPFD including but not limited to the followings:</p> <ul style="list-style-type: none"> a. Detailed process mapping towards the implementation of the Comprehensive IT Solution. b. Detailed Design (architecture, functionalities and modules etc.) of the proposed Comprehensive IT Solution. c. Work-Flow Processes d. Procurement methodology for re-engineered business process with a timeline (Gantt Chart) 	18 weeks from the date of commencement of services	5 weeks
1.4	Preparation of Detailed SRS for the Comprehensive IT Solution including but not limited to architecture specification at enterprise level for required new components and modules with appropriate interfaces.	24 weeks from the date of commencement of services	3 weeks

	Deliverables	Submission Time	Maximum Time for Client's Approval
1.5	<ul style="list-style-type: none"> a. Prepare SBDs for the selection of a suitable firm/s for the supply of Comprehensive IT Solution b. A document that includes a detailed assessment methodology to support the selection of the most suitable bidder in accordance with the applicable World Bank procurement guidelines for international competitive bidding on a cost and quality based. 	28 weeks from the date of commencement of services	3 weeks
1.6	Support EPFD in evaluation of SBDs and selection of bidder/s.	52 weeks from the date of commencement of services	NA
1.7	Support EPFD in contract negotiation with selected bidder/s.	56 weeks from the date of commencement of services	NA

Table 2 : Deliverables for the Time-based Contract

	Deliverables
2.1	Engage in the management of the project and ensure on going supervision throughout the project period and submit Monthly Progress Reports one week after end of each month and Quarterly Progress Reports 2 weeks after end of each quarter.
2.2	Developing and conducting a suitable System Testing Plan .
2.3	Assist to review the Quality Assurance Report provided on each module of the Comprehensive IT Solution.
2.4	Developing and conducting of a comprehensive User Acceptance Test (UAT) plan.
2.5	Developing and implementing of a comprehensive go-live plan and assist EPFD in go-live.
2.6	Ensure the completeness and timely provision of complete Operation and Maintenance Manual for the operations of the overall Comprehensive IT Solution.
2.7	Provisional Project Completion Report after post implementation review for each individual module of the system.
2.8	Completion report for the entire Comprehensive IT Solution after post implementation review.

5 Payment Schedules

Payment schedules with respect to the lump-sum contract and the time-based contract with project milestones are as follows.

Table 3 : Lump-sum Contract Payment Schedule

	Milestone	Percentage of total amount of Lump-sum
3.1	Advanced Payment (within 30 days of the commencement upon the submission of an Advance Payment Guarantee)	10%
3.2	Inception Report, BPR Report with Gap Analysis Report (Deliverables 1.1&1.2)	15%
3.3	Comprehensive Design Document and detailed SRS for the proposed Comprehensive IT Solution (Deliverables 1.3&1.4)	35%
3.4	Issue of SBDs, assist in bid evaluation and contract negotiation (Deliverables 1.5, 1.6 & 1.7)	40%

Table 4 : Time-based Contract Payment Schedule

	Milestone
4.1	Commencement of System implementation (Deliverables 2.1, 2.2, 2.3, 2.4 & 2.5)
4.2	Receipt of comprehensive Operation and System Maintenance manual reviewed by the Consultant (Deliverable 2.6)
4.3	Completion of System implementation (Deliverables 2.7 & 2.8)

Payments will be made subsequent to the successful completion of the deliverables and the respective acceptance by EPFD.

6 Team Composition and Qualifications for the Key Experts

The consulting firm is free to propose team and skill compositions appropriate to their proposed work plan. However, the Consultant Team will comprise of, at least, the following key roles, where a given individual may perform a number of these roles simultaneously if they have the specified expertise.

Key Experts

a. Project Manager/Program Manager

The prime responsibility of this role is to provide leadership to the whole team, to assign work, provide guidance, monitor outputs and ensure that the whole team is responding effectively to the needs of the Client and is able to maintain necessary control over all project activities as in the scope of the assignment. Key requirements for this role are described below.

- A post-graduate degree in Management or related disciplines and/or relevant experience that demonstrates acceptable level of professional skills and expertise. Project Management certification will be an added advantage.

- At least 12 years of professional relevant experience in ICT project management as Project Manager/Team Leader in projects of similar nature; with at least five years of relevant international experience.
- Ability to understand both the IT systems requirements and the investment strategy and management requirements of a large pension fund in terms of implementing a multi-asset class investment strategy within the main domestic economy coupled with the functionality to add additional asset classes in the future to facilitate international diversification of asset classes.
- Excellent inter-personal and communications skills, and proficiency in English language.
- Possesses international & regional knowledge and experience of successful delivery of large and complex IT projects in similar nature and complexity.
- Must have one or more relevant and comparable live reference site(s).

b. Business Analyst and System Designer for the Member Liability Management System (MLMS)

The responsibility of the business analyst is to study the existing business process and identify the improvements required in the member liability management system and design an efficient business model for EPFD eliminating inefficient processes and duplication of work while introducing new processes and controls.

Key requirements for this role are as follows:

- At least 10 years of professional relevant experience, preferably international projects of similar nature and scale to this consultancy.
- Should have provided the consultancy as a business analyst to design an IT system at least to one superannuation fund or large insurance company which has total assets over USD 1 Billion.
- A postgraduate degree in the related discipline (Master of Business Administration/Master of Science in Information Management/Master of Science in Business Analytics)
- Should have one or more relevant and comparable live reference site(s).

- Excellent inter-personal and communication skills.
- Proficiency in English language.

c. Treasury Process Subject Matter Expert

This role ensures the comprehensive coverage of Treasury management functions to the system to be procured. Accordingly, this role provides subject matter expertise in business process and technology areas of treasury management ensuring industry best practices are considered at the scoping, analyze, design, build, test and release of the intended comprehensive solution.

Key requirements for this role are described below.

- A post-graduate degree in a related discipline from an internationally recognized university and relevant experience that demonstrates acceptable level of skills and expertise.
- Relevant professional qualifications such as CPA, CFA, FRM
- Experience with financial and treasury business processes
- Experience with large scale Treasury Management System (TMS) implementation projects and solid knowledge in integration of accounting systems, SWIFT, Bloomberg and reporting solutions of TMS
- Knowledge of industry best practices in Treasury processes and system implementations
- Excellent inter-personal and communication skills.
- Proficiency in English language.

d. Expert in General Ledger Accounting

This role brings relevant business skills and experiences in the area of general ledger accounting of large funds which ensures all transactions of the Client will be properly accounted for and accurately to reflect the clients accounting process and the accounting module meets user requirements and expectations and is fit for purpose. This role facilitates incorporation of and alignment with prevailing accounting standards.

- Key requirements for this role are described below. Bachelor's degree in accounting or finance from an internationally recognized University.
- Relevant professional qualifications such as CA, ACCA, CIMA or CPA.
- At least 10 years relevant experience in general ledger accounting and accounting standards.
- Working experience in investment funds of size and scope similar or larger than EPF is essential.
- Excellent inter-personal and communications skills.
- Proficiency in English language.

e. IT Solution Architect

The responsibility of this role is to prepare the architecture of the proposed Comprehensive IT Solution in line with the redesigned business model of EPFD integrating MLMS, AIM and building interfaces between EPFD and Banks; and between EPFD and DOL considering IT risk management. IT Solution Architect should collaborate with the project manager and other staff members to develop budget and timelines for the Comprehensive IT Solution.

Key requirements for this role are described below.

- A post-graduate degree in Computer Science/Information Technology or related discipline from an internationally recognized University and/or relevant experience that demonstrates acceptable level of professional skills and expertise.
- At least 10 years of professional relevant experience, preferable international as an IT expert in projects of similar nature and scale as this consultancy.
- Experience of working with complex software systems implementation of similar nature.
- Experience of preparing specifications for and testing and commissioning of specialized ICT systems.
- Experience in developing or implementing asset and liability management systems for funds of similar nature will be highly desirable.

- Excellent inter-personal and communication skills.
- Proficiency in English language.

f. IT Procurement and Contract Management Specialist

This role is responsible for drafting the procurement documents and assist EPFD during the entire procurement cycle. Responsibilities of this role includes, but not limited to, provide requirement specifications for the proposed system, drafting and finalizing of SBD, assisting the Client to evaluate bids, assisting Client to negotiate with bidders and finalization of the contract with the selected bidder.

Key requirements for this role are described below:

- A post-graduate degree in a related discipline and/or relevant experience that demonstrates acceptable level of professional skills and expertise.
- At least 10 years relevant experience of procurement of IT related services and equipment.
- Experience of preparing specifications for and testing and commissioning of specialized IT systems.
- Experience with procurement of IT systems and provision of consulting services under World Bank Procurement Guidelines.
- Excellent inter-personal and communications skills.
- Proficiency in English language.

7 Reporting and Presentations

Superintendent of EPF (SEPF) is the in charge of the assignment. Therefore, all contractual matters have to be discussed with SEPF and all reporting and deliverables should be submitted to EPFD through SEPF. The language of the assignment shall be in English. All the outputs and deliverables shall be written in English language and should be presented in a format acceptable by EPFD.

8 Duration of the Contract

Anticipated duration of the contract is 24 months from the date of signing the contract with EPFD upon awarding the assignment.

9 Place of Work

The Consultant will work at the head office of Central Bank of Sri Lanka.