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Main State Tax Inspectorate

Ministry of Finance

REPUBLIC OF MOLDOVA

Tax Administration Modernization Project (TAMP)
P127734

PROJECT OPERATIONS MANUAL

Developed by MSTI May be reviewed and adjusted only with World Bank's approval

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ABBREVIATIONS AND ACRONYMS

APD	Authorization and Payments Department
BD	Bidding Documents
COTS	Commercial off-the-shelf
CPS	Country Partnership Strategy
CQ	Consultant Qualifications
DA	Designated Account
DPA	Department for Payments Accounting
DPI	Development Policy Implementation
ECA	Europe & Central Asia Region
e-Gov	e-Government Center
EU	European Union
FMS	Financial Management Specialist
FSI	I.S. FiscServInform
GDP	Gross Domestic Product
GPN	General Procurement Notice
GRM	Government of the Republic of Moldova
IBRD	International Bank for Reconstruction and Development
IC	Individual Consultant
ICB	International Competitive Bidding
IDA	International Development Association
IFR	Interim Financial Report
IPS	Intermediary Status Report
IT	Information Technologies
ITMS	Integrated Tax Management System
MDL	Moldovan Leu
MoF	Ministry of Finance
MSTI	Main State Tax Inspectorate
MTBF	Medium-term budgetary framework
OECD	Organization for Economic Cooperation and Development
ONB	Open National Bidding
PAD	Project Appraisal Document
PDO	Project Development Objective
PMU	Project Management Unit
PRAMS	Procurement Risk Assessment Management System
PS	Procurement Specialist
PSC	Project Steering Committee
SBD	Standard Bidding Documents
SDR	Special Drawing Rights
SIL	Specific Investment Loan
SOP	Standard Operations Procedures
SPE	Special Procurement Endorsement
STS	State Tax Service
TAMP	Tax Administration Modernization Project
ToR	Terms of Reference
UNDB	United Nations Business Development Portal
WB	World Bank

1. LEGAL BASIS AND CONSTITUTIVE DOCUMENTS

The legal basis for the present manual is the Financing Agreement between the Republic of Moldova and the International Development Association (IDA) and the Loan Agreement between the Republic of Moldova and the International Bank for Reconstruction and Development (IBRD) both dated June 28, 2016. The Financing Agreement and the Loan Agreement were ratified by the Parliament of Moldova by the law no. ____ of September ___, 2016 and promulgated by the President of the Republic of Moldova. The Laws on the Ratification of the Financing and Loan Agreements have been published in the Official Gazette of the Government of Moldova no. ___, art. ___, and entered into force on ___ October 2016.

The Project was declared effective by the International Development Association and International Bank for Reconstruction and Development on October ___, 2016. *(All relevant legal documents are attached to the Operations Manual, and any eventual legal amendments affecting them will be included in a legal acts' folder to be maintained by the project staff.)*

The list of legal documents which are directly governing, or may be relevant to, the Project activities is presented in Annex 1. This list may be amended and adjusted by the implementation team, without prior approval by the Project Steering Committee and the Bank, if necessary.

The project is implemented based on a Project Operational Manual (POM), which layouts the project's overall operating, fiduciary, and decision making procedures; and results monitoring arrangements.

2. DESCRIPTION OF PROJECT ACTIVITIES

2.1. Objectives and Main Indicators

The development objective of the TAMP project is to improve revenue collection, tax compliance and taxpayer services.

The long-term vision supported by the project is a tax administration with streamlined business processes supported by risk-based compliance management, effective use of electronic communication with taxpayers, skilled and professional staff, contributing to an efficient, client-oriented tax administration. The modernized tax administration will improve the business environment and improve the country's competitiveness.

The immediate beneficiaries are the employees of the State Tax Service who will benefit from an improved working environment based on streamlined operations and working methodologies as well as extensive training and access to international best practice provided by the project. The Government of Moldova and its public finance institutions will benefit from improvements in the administrative efficiency of tax administration. The ultimate beneficiaries are Moldovan taxpayers and citizens. Moldovan taxpayers—business community and individuals—would benefit directly from lower compliance costs and indirectly through more revenues collected to finance important social and infrastructure expenditures.

The following indicators have been agreed to evaluate the development impact of the project:

- (a) improve revenue collection:
 - (i) C-efficiency of VAT;
 - (ii) Domestic gross VAT collection over final consumption net of imports
- (b) improve tax compliance:
 - (i) Additional tax assessments per audit;
 - (ii) Share of active taxpayers filing income declarations in total registered taxpayers;
- (c) improve taxpayer services:
 - (i) Time required to comply with taxes as reported by Doing Business.

2.2. Project Components

2.2.1. Component 1: Tax legislation reform

This component strengthens the legal framework to facilitate effective and efficient tax administration and to comply with requirements of the EU-Moldova Association Agreement. This component consists of three subcomponents:

Sub-component 1.1: Review of Tax legislation compliant with EU-Moldova Association Agreement. This subcomponent will finance:

- (a) A comprehensive revision of tax legislation including based on comparison with appropriate examples of EU member states to ensure that revised legislation reflects best practices including those of the EU and is in line with EU-Moldova Association Agreement requirements. This will include harmonization of VAT and Excise Duties legislation to European Union (EU) legislation according to clauses and terms settled in the Republic of Moldova - EU Association Agreement. The consultancy under this activity will deliver a draft Tax Code.

Sub-component 1.2 Strengthening national legislation and administrative practice to counter risks of profit shifting and base erosion for the Moldovan tax base This component includes a risk and needs assessment to determine sources (transactions, sectors, etc) of base erosion and profit shifting in Moldova. The review will include a comprehensive assessment of national legislation, available data-sources and provide detailed recommendations based on international practice. The consultancy would also provide support to drafting legislative changes where requested.

- (b) The sub-component also supports capacity development, including training for MSTI representatives on specific changes in legislation and development of a training program to be incorporated in the Training Center's schedule and delivery of initial training for trainers.

Sub-component 1.3: Strengthening national tax legislation in order to increase its effectiveness and the efficiency of tax administration. This subcomponent will provide analysis for increasing voluntary tax compliance by improving the consistency of primary and secondary tax legislation, timeliness of access to tax rulings and taxpayers' access to information on tax rules. The project will also support improvements in administration of local taxes and fees.

- (c) Review of national legislation to address inconsistencies in primary and secondary legislation; this will include a comprehensive review of all regulations, normative acts, by-laws (inventory) to identify bottlenecks and the provision of recommendations and drafting options to address these.
- (d) Analysis of current tax ruling practice from the client satisfaction point of view. Recommendations on improvement of tax ruling system in terms of institutional structures and processes, and the development of practical guidance for the the implementation of tax rulings.
- (e) Administration of local taxes and fees. Comprehensive analysis of local budgets' own revenues, including efficiency analysis of each local tax and its administration, analysis of legal and institutional framework of administration of the local taxes and fees. Recommendations, including cost-benefit analysis, on local tax administration system in a centralized way by State Tax Service vs by local government based on applicable international experience.

2.2.2. Component 2: Institutional development

This component focuses on strengthening MSTI as an institution for tax service delivery through sub-components on organization restructuring, management capacity, human resources development and communications capacity as it relates to taxpayer service.

Sub-component 2.1: Organization Restructuring. The activities within this main sub-component will focus on supporting changes in organizational structure, i.e. unification of current model with 35 independent legal authorities as Territorial Offices into single legal entity. The sub-component will finance analysis and recommendations on implementation plans for the new structure of headquarters and local offices. The sub-component will include transition communication and implementation plans to address the impact of the restructuring on the staffing needs of the MSTI.

Sub-component 2.2: Strengthening Management Capacity. This sub-component will strengthen the capacity for strategic management and performance assessment within the MSTI. It will provide:

- (a) development and implementation of performance management system including performance indicators for MSTI by function/process;
- (b) workload and workforce analysis and recommendations for implementation;

- (c) training on strategic management, strategic planning, and leadership.

Sub-component 2.3: Strengthening HR Development Capacity. The sub-component will finance

- (a) training needs assessment, development of a training strategy and curriculum for tax administration management and staff (in addition to the tax operational training covered in component 3);
- (b) building capacity of the MSTI training center including through purchase of technical and training equipment for the training center and distance learning;
- (c) building capacity of MSTI through study tours, managerial/HR training, and language training;
- (d) staff survey and assessment of HR policy, and development of HR policy;
- (e) development of career management framework

Sub-component 2.4: Strengthening Taxpayer Service and Communications Capacity. The sub-component will finance comprehensive needs assessment of taxpayer service function, including

- (a) analysis of taxpayer services including taxpayer journey mapping and recommendations on their improvement with an objective of reducing time required to comply with taxes;
- (b) update of taxpayer service and communication strategy and support to its implementation;
- (c) recommendations on development of e-services for taxpayers, website improvements, and taxpayer aid publication.

Sub-component 2.5: Strengthening Internal Audit Capacity The sub-component will finance a diagnostic of current capacity for internal audit and best practices and internal audit including recommendations for strengthening institutional capacity and will offer training in these areas.

2.2.3. Component 3: Operational Development

This component strengthens MSTI's operational efficiency by modernizing all key tax collection operational functions including, filing declarations, tax payment, risk management and tax audit, collection of tax debts, dealing with tax appeals, and enforcement. Component activities will streamline business processes, define business requirements and strengthen the capacity in MSTI staff to implement the new information systems to support the integrated business functions. The component will include the following sub-components:

Sub-component 3.1: Modernization of tax collection operational functions. The sub-component will work alongside business process reengineering embedded in the proposed COTS revenue management system to drive best practices and business process reengineering within MSTI, especially in reference to the key tax collection functions. It will provide technical assistance on:

- (a) Review and recommendations for procedure manuals and processes for collection function;
- (b) Promotion of electronic filing of tax returns, payments and other communications with taxpayers (e.g. taxpayer portal, MSTI web site);
- (c) Improvements in procedures for payment processing, matching, and attribution to taxpayer sub-accounts to eliminate manual processing;

- (d) Analysis of the training needs of the returns and payment processing units, development of a permanent training program for the staff and deliver initial training in processing, including training of the unit's trainers and study tour of modern tax administrations operations.

Sub-component 3.2: Strengthening of risk based compliance management across the MSTI, including the Large Taxpayers Office. This sub-component will provide technical assistance and capacity development in:

- (a) Development of an integrated database of taxpayers (legal entities and individuals) with data and information inputs from other third party sources; strengthening systems for information collection from third parties and internal dissemination and use of the data collected; creation of a central data warehouse that can support all MSTI operational activities in assessing risks; and development of a protocol for information exchange with other agencies and procedures for use of third party information by the MSTI; update of tax gap estimation methodology.
- (b) Revision of operating procedures for enforcement and compliance activities to incorporate international best practices; development of methodologies to evaluate risk of non-compliance by taxpayers and potential taxpayers for the risk-based tax administration across taxpayer registration, services, filing, payment and audit. This would include preparation of algorithms for the ranking of risk of non-compliance and enforcement priority (e.g. potential value of revenue at risk, probability of failure to comply or follow-up on commitments to pay outstanding amounts); development of manuals for industry-specific audits in coordination with the relevant authorities with interest in the economic sector and in relevant topics such as international taxation and e-commerce. The component will cover development of compliance management methodologies for the LTO, e.g., horizontal monitoring.
- (c) Development of a permanent training program for auditors and deliver extensive training including: (i) develop curriculum and training materials to take full advantage of the audit software and (ii) training in audit techniques covering general audit, forensic audit, specialized economic sectors and specialized audit techniques

Sub-component 3.3: Tax debts, arrears collection and non-filer. This subcomponent will focus on improving capability of the MSTI to collect and manage tax debt through:

- (a) Review of current regulations, rules, and procedures for the management of arrears and enforced collection and preparing recommendations to improve the effectiveness of enforcement and compliance operations.
- (b) Development of manuals for tax debt management, arrears collection, and gap filer/non-filer enforcement.
- (c) Development of a permanent training program for the staff and deliver initial training in recovery of arrears and arrears management along with enforced return filing, including training of the unit's trainers.

Sub-component 3.4: Strengthening the Capacity of the Legal and Appeals Function. This component will improve the transparency and streamline the appeals process, ensuring greater consistency in rulings and reducing transaction coMSTI for tax payers and the tax administration through:

- (a) Development and delivery of a training program for current Legal Department staff covering training on MoF and MSTI's business processes and computer systems for the Legal Department, including on issue of tax resolutions and rulings, and tax appeals

- (b) Development of methodology and capacity to implement multi-lateral and bi-lateral tax treaties.

Sub-component 3.5 Tax Fraud. This subcomponent will help the MSTI build auditor capacity to identify, investigate, and document (in preparation for criminal prosecution) cases of tax fraud or other economic by financing:

- (a) Identification of tax fraud training needs and course delivery;
- (b) Technical assistance on rules of evidence and chain of evidence procedures and relevant training.

2.2.4. Component 4: IT Infrastructure and System Modernization

This component will acquire and implement an Integrated Tax Management Solution (ITMS) that will unify IT support for all business functions for all taxes administered by the MSTI. The procurement strategy for the ITMS solution is to tender for a Commercial Off the Shelf tax solution (COTS) to be configured, customized, tested and implemented by the selected solution provider based on technical specifications finalized by the MSTI under preparation grant. Within the project and procurement strategy, it has been recommended that the ITMS tender include an option for the data center hardware and software provisioning (procurement, installation, and testing) as part of the vendor bids to ensure all integration and supply issues are managed by the vendor in case there are any issues with capability of e-GOV Center to provide for all platform needs as currently envisioned. Installation and testing would be done in collaboration with the MSTI IT service provider (state owned enterprise FiscServInform and the e-Government Center under the State Chancellery) and if the option of hardware and software product selection by the vendor be executed, it would be done in alignment with the e-Gov architecture and technical specifications within the tender documents. The specified architecture is a browser based implementation with centralized transaction processing and data storage under a virtual server environment (M-Cloud – Government Shared Computing Infrastructure) with data managed by a relational database management system. The tender would include the option of provisioning hardware devices to replace existing devices in MSTI that do not meet the minimum technical requirements to support the ITMS applications. The component will finance procurement of network equipment or services in support of the restructuring or new COTS solution.

The chosen ITMS solution will include a security access layer that supports configurable role based system access by staff, transaction audit trails and logging, and support for security monitoring and investigations. The solution will include business continuity recovery tools and capability as well as automated fail over for key public facing components.

Vendor implementation will include a data cleansing and conversion to load the operational databases as well as the data warehouse. This work will require close collaboration with the MSTI IT service provider FiscServInform as will implementation planning and workload transition from old systems to the new ITMS. The ITMS will also provide if needed a bi-directional links to other systems that share data with the MSTI including Customs Service, Registru, National Social Insurance Chamber and National Health Insurance Company.

The COTS tax application provisioning will deploy modern tax operations functionality consistent with international good practices for: taxpayer registration, tax declaration processing, accounting, payment processing, collections and enforcement, objections and appeals, audit, risk assessment profiling, management reporting, case work flow management and execution solutions for collections and enforcement, audit, tax rulings, and appeals, and a document management solution. It also will deploy a taxpayer portal to improve self-service channels for taxpayers for both electronic filing and tax information enquiries. Implementation will support risk profiling through the creation of a data warehouse and

provisioning, configuring, and training in use of business intelligence tools and potentially creation of dependent data marts (a subset of the data warehouse but including other 3rd party data).

The solution provider will provide training modules, material and training delivery for all tax functions and the business intelligence, management reporting, and document management tools. It has been recommended that the tender include ongoing options for application maintenance.

ITMS will use the GoM's shared computing infrastructure M-Cloud data center virtual server environment. It will reuse appropriate existing GoM's platform e-services provided by the e-Government Center and will replicate data to the e-GOV business continuity center.

During the gap fit assessment done by the ITMS solution provider, the MSTI may opt to adopt some good practices included in the vendor solution rather than customize to their existing business processes..

MSTI will require consulting assistance in project management, management training on the role of the functional business owner in developing business requirements and user acceptance testing, system development lifecycle for major IT projects, project management, and management of change. They would also benefit from periodic reviews of project implementation and management of change plans, progress against plans, risks, and issues.

2.2.5. Component 5: Project Management and Change Management

Sub-component 5.1: Project Management

Funds under this component will be used to support the functioning of the project management unit within the MSTI, which will carry out day-to-day project management including: procurement, financial management, and organization of audit activities; help the MSTI coordinate project activities and interact with all local and international entities involved in the project. In addition the subcomponent will finance audit and operational expenses.

Sub-component 5.2: Change Management

Change management and communications will be financed under this Component as well as by communications activities in component 2. Emphasis will be on TAMP management of change strategy, communications plan, and content to address MSTI management and staff concerns as well as those of both public and private sector stakeholders. The sub-component will support establishing a private sector advisory panel for consultation to allow a significant level of citizen engagement in the design and monitoring of reforms.

2.3. Lending Instrument

The lending instrument for the TAMP project is a IPF. Selection of the lending instrument followed considerations of the technical needs of the STS in managing a comprehensive institutional reform. The project is financed through IDA credit in an amount equivalent to five million three hundred thousand Special Drawing Rights (SDR 5,300,000) and IBRD loan in amount of twelve million five hundred eighty thousand United States Dollars (US\$12,580,000), both totaling to US\$20.00 millions. The disbursements are scheduled for a period of five years, however as the bulk of the project will finance IT system for STS, the disbursements under the project will be concentrated the in final two years of implementation.

2.4. Conditions of effectiveness of the Financing and Loan Agreements.

Conditions of Effectiveness of the Financing and Loan Agreements consist of the following:

- (a) The Recipient has adopted a legal instrument governing the organization of the STS, in form and substance acceptable to the WB, and said legal instrument is in full force and effect.
- (b) The Project Operational Manual has been adopted by the IFPS.
- (c) The Financing and Loan Agreements have been executed and delivered and all conditions precedent to its effectiveness (other than the effectiveness of these Agreements) have been fulfilled.

The Effectiveness Deadline is the date one hundred twenty (120) days after the date of the Financing and Loan Agreements.

3. IMPLEMENTATION

3.1. Institutional and Implementation Arrangements

The Main State Tax Inspectorate (MSTI) under the auspices of the Ministry of Finance is responsible implementing agency for the project. MSTI shall ensure appropriate coordination internally within the MSTI as well as with the Ministry of Finance to achieve project objectives.

3.1.1. Project Steering Committee (PSC)

A Project Steering Committee was formed during the Preparation for TAMP project to oversee the project implementation. The Committee is composed of the Project Director – Head of MSTI, Heads of MSTI departments, Head of I.I. “FiscServInform”, representatives of the Ministry of Finance, e-Government Center, Swedish Tax Agency and the Delegation of the EU in the Republic of Moldova.

A PSC with similar functions and scope of activity is created within the TAMP project. The PSC is responsible for making key strategic decisions, monitor overall project implementation progress, and resolve high level implementation and coordination issues as they arise. The composition of the new PSC will be approved upon the initiation of the TAMP project.

The PSC shall ensure project implementation effectiveness and quality by:

- a. understanding the project’s strategic importance;
- b. approving the project strategy and work plan developed by the project team;
- c. ensuring that the project activities are aligned with the organization’s strategy;
- d. understanding and providing support to the achievement of project objectives and deliverables;
- e. providing the resources required for the project;
- f. submitting proposals for overcoming difficulties and risk management with regard to the implementation of project activities;
- g. reviewing and approving, on a periodic basis, the project implementation reports, as well as the progresses made towards achieving the project’s specific objectives, based on the documents submitted by the management team and by partners;
- h. staying up-to-date with regard to the on-site verification and documentation missions carried out by World Bank representatives and other important stakeholders relating to project implementation activities, as well as to implementation of recommendations made;
- i. staying up-to-date with respect to the information and publicity actions undertaken and the media used to promote the project;
- j. analyzing the cases of PSC members’ unauthorized/unmotivated absence and recommend membership revocation for persons concerned;
- k. approving and amending its own Charter on organization and operation.

In order to make the decision making process at the overall TAMP project level simpler, if necessary, MSTI will constitute Project Steering sub-Committees for separate components of the TAMP project with a specific pool of key stakeholders, distinct of the stakeholders for other components, and or specific activities to be implemented (scope, complexity, number of stakeholders, risks, significant budgets, etc.)

3.1.2. Project Coordinator

The MSTI Head or Deputy Head will serve as a Project Coordinator. The Project Coordinator will oversee daily project implementation, ensure the proper communication with and decision making processes with the organization within the project sope are in place, monitor

progress and ensure timely completion of the project activities. The Project Coordinator is the focal point for the communication of the organization with the World Bank team on project related issues. The Project Coordinator will work closely with a resident high-level adviser from US Treasury who will provide technical support to MSTI in support of its tax reforms over a period of two to three years.

3.1.3. Project Managers and Specialist Consultants for the PMU

The Project Coordinator will be assisted by a Project Manager. The Project/Program Manager will be hired within the scope of the TAMP and will head the Project Management Unit (PMU) that assist MSTI with project implementation, including procurement, financial management, contract management, monitoring and evaluation, and project reporting.

An IT Project Manager will be hired in the PMU to assist MSTI during the procurement process and contract implementation of the ITMS system (Component 4 of the TAMP Project).

The Project Manager is hired for specific term similar to major phases of the TAMP project term, as the requirements towards their competencies may vary from one project phase to another one depending on the scope of the TAMP components implemented.

The PMU is staffed with a Project Manager Assistant, Procurement and Financial Management Specialists, hired as consultants. This provides MSTI with required capabilities and contributes to the project risks mitigation.

3.1.4. Private Sector Advisory Panel (PSAP)

No later than ninety days after the Effective Date, MSTI shall establish and operate, throughout project implementation, a Private Sector Advisory Panel vested with the responsibility to facilitate citizen engagement in the implementation of TAMP project activities, with terms of reference and membership acceptable to the Bank.

3.1.5. Administrative regulations

The implementation of TAMP project is governed by:

- Provisions of the Financing Agreement between the Republic of Moldova and the International Development Association (IDA);
- Provisions of the Loan Agreement between the Republic of Moldova and the International Bank for Research and Development (IBRD);
- Moldovan legal framework provisions, if applicable;
- TAMP Project Assessment Document, including the general implementation and procurement plans;
- Regulations of Project Management Unit;
- TAMP Project Operations Manual;
- Project initiation documents and project plans for entire project and each component.

3.2. Results Monitoring and Evaluation

The project results framework is presented in Annex 3. MSTI is responsible for monitoring and evaluation of the project outcomes and intermediate indicators. The monitoring system will maintain records on implementation and generate mid-year project progress reports and annual reports prepared within four months of the end of the financial year, focusing on results-based accountability and accomplishments against performance expectations. Progress reports will be prepared by the PMU, approved by the Project Coordinator, presented to the MSTI Director, and forwarded to Bank and PSC before implementation support missions to guide the discussion of key issues impacting project implementation.

The project will finance the implementation of surveys to assess MSTI's taxpayer services. The surveys will provide gender-disaggregated data (where feasible as in the case of individual taxpayers) and also monitor any gender differences in the feedback provided. The first survey will be completed in the first year of implementation of the project and will be used to establish a baseline for improved satisfaction of taxpayers.

World Bank implementation support missions will be undertaken at least twice yearly. The progress assessed during these missions will be reported by the World Bank team to its management through implementation status and results reports (ISRs) which will include a review of key implementation issues and performance indicators. A mid-term review is scheduled for the third year of implementation. Given the comprehensive nature of these reforms, there are many areas that the project will likely tackle but which cannot be predicted in advance. The results framework could be revised and updated during the mid-term review.

PROCUREMENT

4.1. Background

The procurement for the TAMP project is performed in accordance with:

- World Bank's Guidelines "Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants", published in January 2011, revised in July 2014 (Procurement Guidelines); and
- World Bank's Guidelines "Selection and Employment of Consultants under IBRD Loans & IDA Credits & Grants by World Bank MSTIs", published in January 2011, revised in July 2014 (Consultant Guidelines), and
- latest Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits
- provisions stipulated in the Legal Agreement - Financing Agreement between the Republic of Moldova and the International Development Association (IDA) and the Loan Agreement between the Republic of Moldova and the International Bank for Reconstruction and Development (IBRD) both dated June 28, 2016.

The various items under different expenditure categories are described in general below. For each contract financed by IBRD and IDA, different procurement methods or consultant selection methods, need for pre-qualification, estimated costs, prior review requirements, and time frame are agreed between the Recipient and the Bank in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

The General Procurement Notice (GPN) will be published in the on-line edition of *Development Business (UNDB Online)* announcing goods and consulting services to be procured and inviting interested eligible suppliers and consultants to express interest and to request any complementary information from MSTI. The GPN will contain information concerning the MSTI, amount and purpose of the financing, scope of procurement reflecting the Procurement Plan, and the name, telephone (or fax) number, and address(es) of the MSTI as the agency responsible for procurement, and the address of a widely used electronic portal with free national and international access or website where the subsequent Specific Procurement Notices will be posted.

Specific Procurement Notices (SPN) will be published in the on-line edition of the Development Business for all International Competitive Biddings (ICB) contracts, and in the printed edition at the option of MSTI. For goods to be procured through ICB, individual bidding opportunities would also be advertised in a major local newspaper on the same (or within 5) day(s) of the on-line publication.

The local advertisements will be in the English language and, at the option of the MSTI, will also be in the local language. For consultants' contracts above US\$300,000, Request for Expression of Interest will be advertised in on-line edition of the Development Business and in at least one major national newspaper/publication of wide circulation (in the national and English languages). The notices should also be published on the STS web site.

The contract award publication will include the following information: the names of all Bidders who submitted a bid, the bid prices as read out at the public bid opening, the name of the bidder and the evaluated price for each bid that was evaluated, the name of bidders who were rejected and the reasons for rejection, the name of the winning bidder and the price offered. Information about all contracts awarded through direct contracting, irrespective of

price shall be published. For all ICB contracts and contracts awarded through selection of consultant firms for contract exceeding US\$300,000 the information should be posted on the World Bank site and in UNDB Online. The procurement procedures and SBDs to be used for each procurement method are presented in this Project Operations Manual.

4.2. Procedures and Thresholds

Procurement of goods and non-consulting services. Goods and non-consulting services procured under the project would include, among others, procurement of the ITMS (including hardware and training), equipment for the training center, minor equipment for MSTI and PMU, and logistical services for training activities. Under International Competitive Bidding (ICB) procedures, procurement will be done using the Bank Standard Bidding Document (SBD) for Procurement of Goods.

Goods and non-consulting services contracts below US\$100,000 may be procured through Shopping procedure in accordance with the provisions of paragraph 3.5 of the Procurement Guidelines.

Procurement of ITMS with an estimated value of USD 14.86 million will require the application of the International Competitive Bidding procedures. Bank's SBD for Supply and Installation of Information Systems will be used. Due to the complex nature of this contract and in order to avoid deviations from the MSTI specifications, the Bank recommended the use of a two-stage bidding procedure. First, unpriced technical proposals will be invited, subject to technical as well as commercial clarifications and adjustments, to be followed by amended bidding documents and the submission of final technical and priced bids in the second stage.

Procurement of logistical and organizational services for various events organized under the project would be done using Shopping procedures provided the contract value does not exceed USD 100,000. Training activities in the form of study tours, or participating in national or international workshops shall be procured in accordance with the procedures agreed with the Bank. MSTI will develop a Training Plan which will be prior reviewed by the Bank. Each request to attend an event listed in the Training Plan or other events not listed in the plan will be submitted to the Bank together with the proposed list of participants, agenda of the event and the estimated budget with the breakdown of costs.

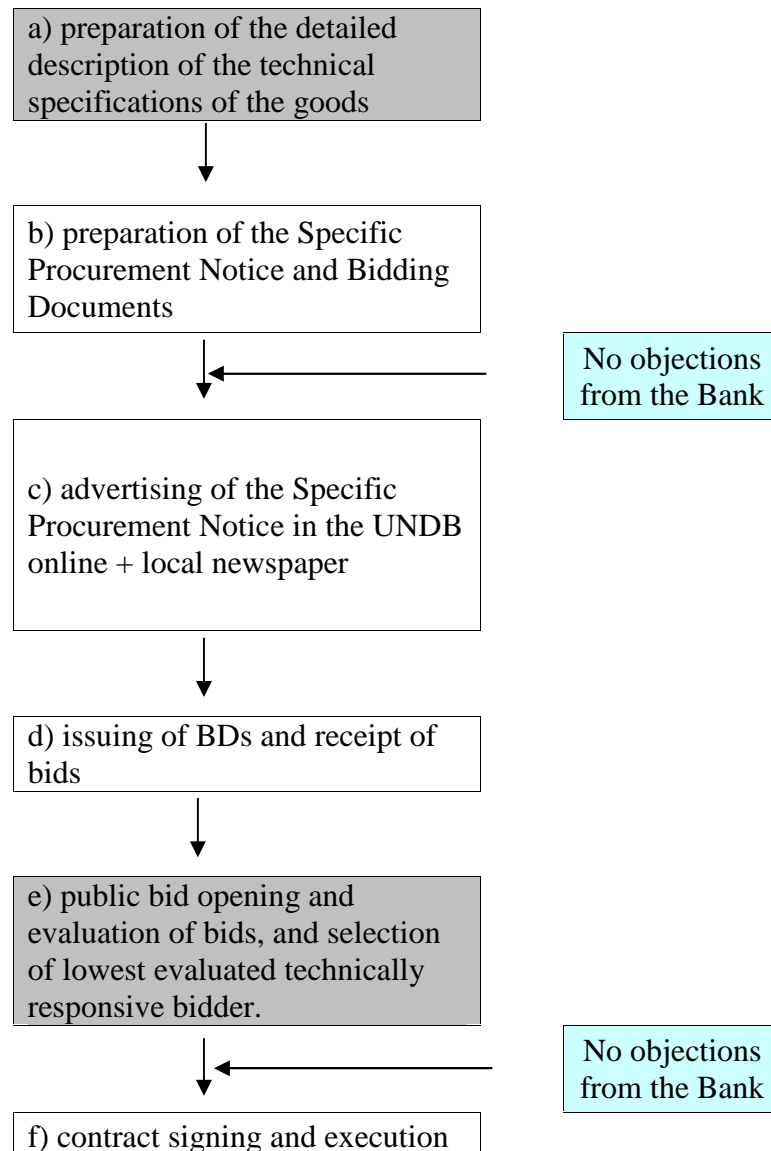
The thresholds for the procurement and selection methods are presented in the Annex no.6.

Methods to be applied for procurement of Goods and non-consultancy services:

- (i) ***International Competitive Bidding (ICB).*** ITMS system, IT equipment and other systems, as well as procurement under the Component 4 of the Project for contracts above US\$1,000,000 equivalent per contract for goods will be procured using ICB procedures in accordance with the Bank's Procurement Guidelines.

Procedures for the Bank's Prior Review will include the steps below, where the boxes indicate a point where the Bank must issue its "no objection".

Chart 1. ICB Steps and Process Sequences



- (ii) **Shopping (SH)** procedure will be used for readily available off-the-shelf goods, including office and computer equipment. In line with regional policy, all items would have standard specifications, estimated to cost less US\$100,000 equivalent per contract. This procedure will be based on obtaining and comparing price offers from at least three suppliers in accordance with paragraph 3.5 of Procurement Guidelines. .
- (iii) **National Competitive Bidding (NCB)**. Goods estimated to cost less than \$1,000,000 equivalent per contract will be procured according to NCB procedures in accordance with paragraphs 3.3 and 3.4 of the Bank's Procurement Guidelines using documents agreed with and acceptable to the Bank;
- (iv) **Direct Contracting**. Where certain goods are available only from a particular supplier or in cases where compatibility with existing equipment so requires goods may be procured under Direct Contracting (in accordance with para. 3.6 of the Procurement Guidelines). For contracts exceeding the value of USD 50,000 Bank's prior approval should be obtained..

Procurement of consulting services. Consulting services under the project are of various size and complexity. These would include, among others: review and drafting of the tax code, including tax ruling review, tax administration issues, and local taxes and fees administration reform; implementation plans for restructuring of STS including workload and workforce analysis and strengthening human resources development capacity; fiduciary and technical consultants. Selection will be done using the Bank Standard Request for Proposals (SRFP).

Contracts for Consulting Services will be packaged to combine related skills and services in order to make them attractive for competition and reduce the number of contracts to be administered taking into consideration the implementation arrangements. To the extent practicable, training activities would be incorporated with consulting services contracts.

The employment of fiduciary and technical experts will be conducted through the selection of individual consultants in accordance with the provisions of the Section V of the Consultant Guidelines.

In case the service is required from a consultancy firm, Quality- and Cost-Based Selection (QCBS) method will be applied in accordance with the Section II of the Bank's Consultants Guidelines. For the contracts below US\$300,000 equivalent Selection Based on Consultants' Qualification method may be used in accordance with paragraph 3.7 of the Consultants' Guidelines. The short list can comprise entirely national consultants, if the contracts with the firms are below US\$300,000 equivalent.

For consulting assignments exceeding US\$300,000 equivalent per contract, expressions of interest will be obtained by advertisement in the Development Business (on-line), supplemented with notices issued in the national press.

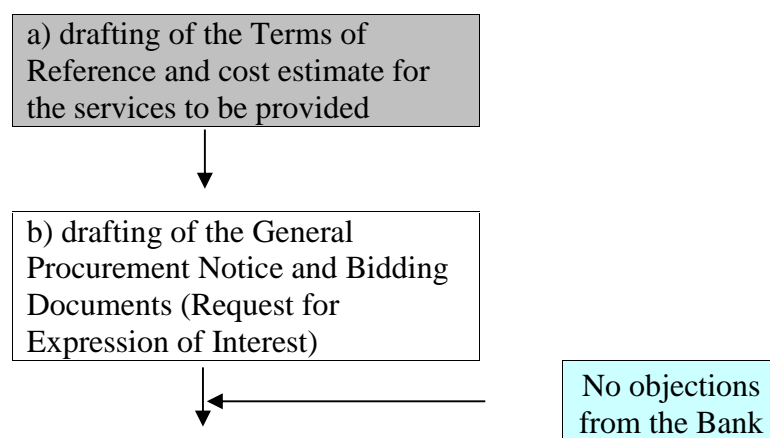
Government officials and civil servants can be hired as individual consultants or as members of a team with financing under the IDA and IBRD Financing, provided they meet the eligibility requirement as per paragraph 1.13 (d).

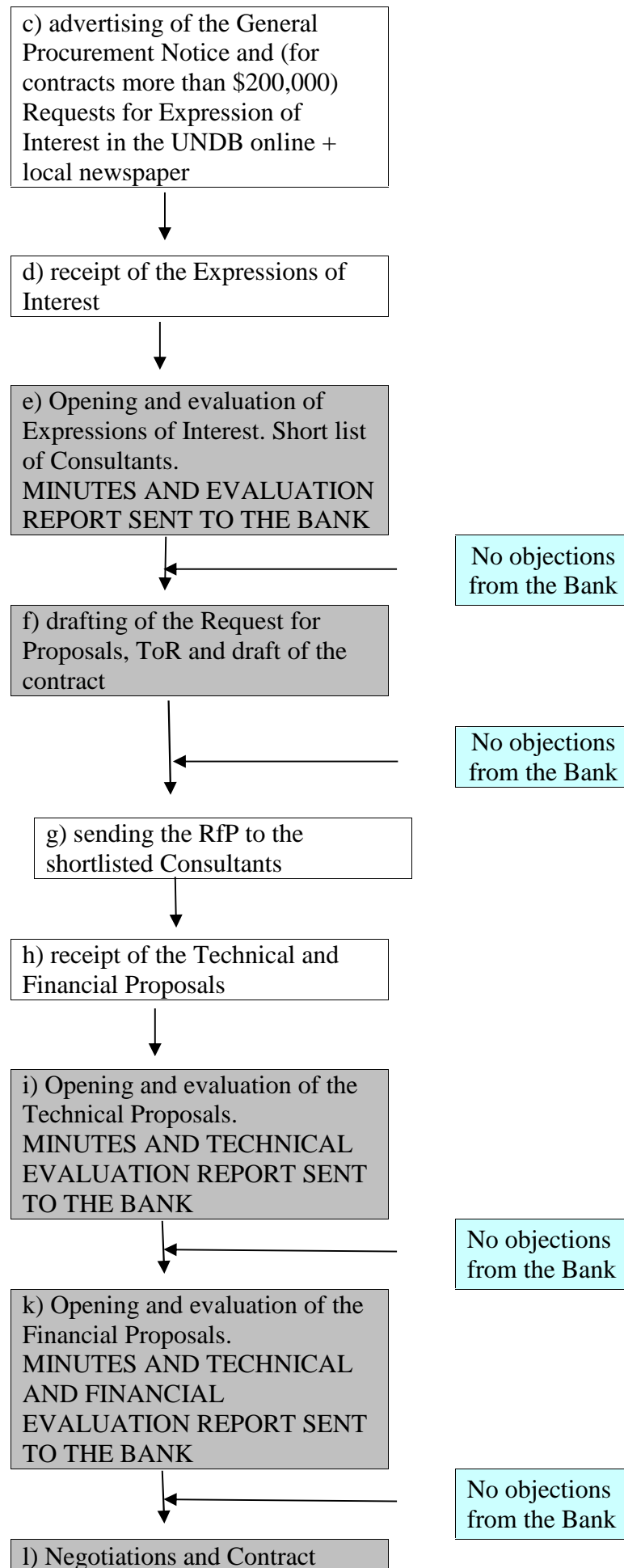
Short lists of consultants for services estimated to cost less than US\$300,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

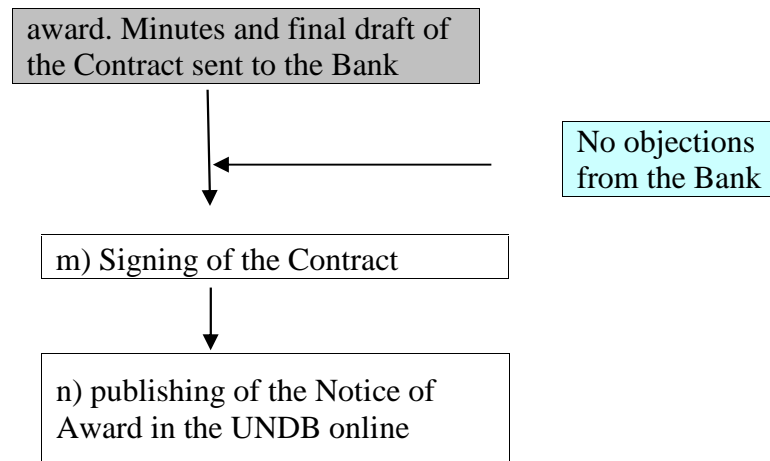
The following selection methods will be used for selection of consultant services:

- (i) **Quality and Cost Based Selection (QCBS)** – procedure would be used for selection of consulting companies for technical assistance assignments for the Project where the contract value exceeds USD 300,000;

(ii) Chart 2. QCBS Steps and Process Sequences







- (ii) **Least Cost Selection (LCS)** procedure would be used for selection of consultants for assignments of standard or routine nature (audits, and others).
- (iii) **Selection Based on Consultants' Qualifications (CQS)** will be used for contracting firms for certain assignments under all components of the project for which the value of the assignments is estimated to cost less than US\$300,000 equivalent per contract and where it is considered that a small team of specialists would be more beneficial than a single individual.
- (iv) **Individual Consultants (IC)** will be used for the employment of fiduciary and technical experts and for the hire of individual consultants (both foreign and national) for specialized activities where specific skills are needed for short period of time at scattered intervals and which would not be practical to package with the assignments for consulting firms described above.
- (v) **Single Source (SS)** The method will be used for certain individuals or training institutions (in accordance with para 3.8 and Section V). Contracts with of a value exceeding USD 2,000 will require the prior approval of the Bank.

4.3. Procurement Arrangements

Similarly to other projects, fiduciary functions (including Procurement) are the responsibility of MSTI. A recent assessment reviewed MSTI's organizational structure for implementing the project as adequate. Overall responsibility for procurement management and coordination is with MSTI, being assisted by PMU staff.

Selection and evaluation committees are established separately for each of the project components. The evaluation committees shall include representatives from the STS, MSTI departments representing the key stakeholders, representatives from FSI and/or Ministry of Finance (for Component 1) and will be responsible for the evaluation of proposals or CVs for consultant services, and bids/quotation for goods. PMU shall provide assistance to the selection committees in drafting of bidding documents, advertising, collection of bids/proposals/CVs, drafting of evaluation reports, drafts of contracts and their submission to the Bank for preview.

Filing of procurement related documents, and records keeping under the project, is done by PMU. Procurement progress reports will be submitted to the Bank as per Financing/Loan agreements provisions.

According to the provisions of the Loan and Financing Agreements, MSTI shall prepare and furnish to the Bank no later than December 31 of every year during the implementation of the

Project, starting with December 31, 2017 a procurement progress report (Procurement Report) in form and substance acceptable to the Bank, which shall include, *inter alia*:

- (a) a description of the issues which arose during the full procurement cycle under the Project during the twelve months preceding the date of presentation of each Procurement Report, from design through planning, bidding, contract implementation and completion;
- (b) a list of proposed measures and actions to be taken to resolve the issues identified under (i) above; and
- (c) a proposed timeline for the implementation of the said measures and actions and thereafter implement, or cause to be implemented, the proposed measures and actions under each Procurement Report in accordance with its terms and in a manner acceptable to the Bank.

4.4. Procurement Plan

The Procurement Plan contains all the relevant procurement information, including prior review thresholds for Bank financed contracts. For procurement under the IDA and IBRD Financing, the MSTI will use the Bank's latest Standard Bidding Documents (SBD), Standard Form of Consulting Contracts and Request for Proposals (RFP), and Standard Bid Evaluation Report Forms. For International Competitive Biddings (ICB) procedures, acceptable Bidding Documents are agreed. These will comprise Supply and Installation of Information Systems - Single or Two Stage Bidding and installation of Information Systems - Two Stage bidding (for both - March 2008 or a more recent version). Also, the sample procurement documents and forms developed in ECA Region for small value procurement would be adapted to suit the Project needs for procurement as outlined in the POM.

Major Procurement Packages:

No.	Description	Estimated Cost (\$ mln)	Review Status	Procurement/Selection Method	Date of IFB/REOI
1	TA on reviewing and drafting of the tax code, including tax ruling review, tax administration issues, local taxes and fees administration reform	1.4	Prior	QCBS	November, 2016
2	TA on implementation plans for restructuring of MSTI including workload and workforce analysis and strengthening HR development capacity	0.6	Prior	QCBS	September, 2017
3	TA on procedures for payment, processing and accounting of tax obligations	1.1	Prior	QCBS	October, 2018
4	TA on compliance management, arrears management and anti-fraud	1.3	Prior	QCBS	January, 2019
5	Integrated Tax Management Solution	15	Prior	ICB	November, 2016

MSTI developed a procurement plan for project implementation, which provides the basis for the agreed procurement methods. This plan has been agreed between MSTI and WB and is available at MSTI. The plan will also be available in the project's database and in the Bank's external website. The Procurement Plan will be updated in agreement with the Project Team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

4.5. Frequency of Procurement Supervision

The Procurement Specialist will conduct routine procurement reviews and supervision. In addition to the prior review supervision to be carried out from Bank offices, one supervision visit is expected to take place per year during which ex-post reviews will be conducted. The project team recommends to post-review at least 20 percent of contracts subject to post review. Procurement documents will be kept readily available for Bank's ex-post review during supervision missions or at any other point in time. A post review report will be prepared, shared with MSTI and filed in the procurement post review system.

5. DISBURSEMENT PROCEDURES

All disbursement arrangements will be based on standard documentation as described in the Bank's Disbursement Handbook (May 2006). Disbursements are administrated by MSTI (processed by the accounting department and signed off by the authorized persons) with the assistance of PMU.

Bank funds will be disbursed under the Bank's standards procedures as described below. Supporting documentation for Statements of Expenditures and Interim Financial Reports, approved by the Bank, including completion reports and certificates, will be retained by PMU and MSTI and made available to the Bank during project supervision.

5.1. Designated Account

The State Treasury shall open two Designated Accounts (DA) for MSTI in the National Bank of Moldova. The designated accounts will be opened and maintained under conditions acceptable to IDA and IBRD. The type of Designated Account: Segregated. An authorization from the Ministry of Finance is needed before the DA can be opened. Together with the DA in US\$ a transit MDL account is opened in the State treasury, so that the payments to local suppliers could be made on the same day as US\$ are converted into MDL. The Treasury will open and manage these Designated Accounts specifically for this Project, to which the IDA and IBRD funds will be transferred.

5.2. Disbursement Arrangements

(i) Disbursement Methods. The following Disbursement Methods may be used under the Credit and Loan:

- Advances
- Direct Payment
- Reimbursement
- Special Commitment

(ii) The closing date for disbursements is 31 December 2021, as specified in the Financing and Loan Agreements.

(iii) The conditions for disbursement are described in the Financing and Loan Agreements.

5.3. Withdrawal Operations

Withdrawal of Financing Proceeds

The withdrawals from the DA will be made for eligible expenditures as indicated in the tables below:

For the financing provided by IDA under the Financing Agreement:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, non-consulting services, consultants' services, Training and Operating Costs for the Project	5,300,000	100%
TOTAL AMOUNT	5,300,000	

For the financing provided by IBRD under the Loan Agreement:

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, non-consulting services, consultants' services, Training and Operating Costs for the Project	12,580,000	100%
TOTAL AMOUNT	12,580,000	

The Closing Date of financing is December 31, 2021.

The Disbursement Deadline Date is four months after the Closing Date specified in the Agreements.

Authorized signatures for withdrawal applications will be given for funds managed by MSTI to the Head of MSTI, Head of Economic and Finance Department from MSTI, Deputy Head of Economic and Finance Department from MSTI.

The authorized signatory letter (ASL) should be furnished to the Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank
1 Dniproviskiy Uzviz
Kyiv, 01010
Ukraine
Attention: Country Director, ECCU2

The completed and signed applications for withdrawal, together with supporting documents, and applications for special commitments, together with a copy of the commercial bank letter of credit, shall be provided to the address indicated below:

The World Bank
Radnicka cesta 80, 9th floor
Zagreb, HR - 10 000
Croatia
Attention: Loan Department

Electronic Delivery The Bank may permit the MSTI to electronically deliver to the Bank Applications (with supporting documents) through the Bank's Client Connection, web-based portal. The option to deliver Applications to the Bank by electronic means may be effected if: (a) the MSTI has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification credentials ("SIDC") from the Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the MSTI have registered as users of Client Connection. If the Bank agrees, the Bank will provide the MSTI with SIDC for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (<https://clientconnection.worldbank.org>). MSTI may continue to exercise the option of preparing and delivering Applications in paper form. The Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the MSTI.

Minimum Value of Applications. The Minimum Value of Applications for Reimbursements, Direct Payments and Special Commitments is USD 100,000 for each DA.

Advances to Credit and Loan

- Type of Designated Accounts:
 - Designated Account A - Segregated for the IDA Credit managed by MSTI
 - Designated Account B - Segregated for the IBRD Loan managed by MSTI
- Currency of Designated Accounts: USD
- Financial Institution at which the DAs will be opened: National Bank of Moldova.
- Ceilings:
 - DA A USD 800,000
 - DA B USD 2,000,000

5.4. Reporting on Use of Financing Proceeds

Supporting documentation should be provided with each application for withdrawal as set out below:

- ***For requests for Reimbursement:***
 - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments against contracts valued more than prior review threshold.
 - Statement of Expenditure in the form attached for contracts not subject to prior review;
 - List of payments against contracts that are subject to the Association's prior review, in the form attached

- ***For reporting eligible expenditures paid from the Designated Accounts:***
 - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments against contracts valued more than prior review threshold.
 - Statement of Expenditure in the form attached for contracts not subject to prior review;
 - List of payments against contracts that are subject to the Association's prior review, in the form attached
- ***For request for Direct Payment:*** Records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices
- ***For request for Special commitments***
Copy of Letter of Credit

Frequency of Reporting Eligible Expenditures Paid from the Designated Account: Monthly

To monitor disbursement information the Project will be using secure website "Client Connection" at <http://clientconnection.worldbank.org>, download Applications, monitor the near real-time status of the Funding, and retrieve related policy, financial, and procurement information.

All the disbursements shall be made in accordance with the Financing Agreements for the Project and the corresponding sources of funds.

6. FINANCIAL MANAGEMENT, ACCOUNTING AND REPORTING

6.1. Introduction

MSTI is responsible for carrying out the financial management function of the project, including planning and budgeting, accounting, flow of funds, financial reporting, internal control and auditing, being assisted by the PMU staff.

Organizational Arrangements

Under the given project arrangements, PMU will provide support to MSTI for fiduciary and technical activities necessary for the implementation and management of the TAMP project, including:

- preparation of withdrawal applications for financing the project activities;
- management of the project Designated Accounts;
- keeping record and maintenance of project accounts and organizing their auditing;
- preparation of financial reports for the project;
- participation in administration of bidding procedures and of contracts under the project;
- development of consolidated quarterly progress reports and submitting them to the attention of the World Bank not later than forty-five (45) days after the end of each quarter, submitting the first such report to the Bank no later than the end of the quarter when the first disbursement takes place.

6.2. Financial Management Action Plan

MSTI will perform the following actions to adjust the financial management procedures for the Project.

	Action	Responsibility	Due Date/condition
1	<i>Projects Operations Manual.</i> Develop a manual to fully document the procedures for accounting and internal control, including disbursement and flow of funds (including flow chart), financial reporting, including IFR, annual reports and audit, acceptable to the World Bank.	MSTI (with support from PMU)	Condition of Effectiveness
2	Adjust the 1C software to reflect the particularities of the Project specific categories and activities	MSTI (with support from PMU)	First disbursement

6.3. Planning and Budgeting

Budgeting is the basic tool for financial planning, monitoring and analysis of the project activities. The budgeting process is to be handled by the accounting staff of the Economic and Finance Department of MSTI with the support of PMU staff, with further submission of project-related information to the Ministry of Finance.

MSTI prepares its annual budget in accordance with the architecture of Moldova's budget classification system. As Bank financed Projects are included in the overall State budget

framework, the project budget will follow the established procedure for approval, budget execution reporting and monitoring at the Government level.

These include budget formulation, monthly distribution of allocations through financing plans, and monthly, quarterly and annual reporting on budget execution (separately for credits and grants). All activities that need to be covered are listed below:

1. Preparation of 3 years expenditure and disbursement forecasts for purposes of the Medium-term budget framework (MTBF);
2. Preparation of the draft Project Procurement Plan by the PMU Procurement Specialist;
3. Coordination of the Procurement Plan with the Bank and MSTI;
4. Annual Preparation of Expenditures Forecast by the MSTI and PMU finance staff;
5. Preparing by MSTI and PMU finance staff of the Annual Budget for the Project Expenditures under expenditure categories and project activities;
6. Approval of the Annual Budget by MSTI through the PSC;
7. Approval of monthly distribution of allocations (for credits and grants);
8. Adjustments of annual budgets and financing plans based on project implementation progress;
9. Preparing the monthly Aggregate budget execution reports to be submitted to the Ministry of Finance (MoF) separate for Credits and Grants (according to formats approved by MoF);
10. Preparing the quarterly and annual budget execution reports to be submitted to the Ministry of Finance (MoF) (according to formats approved by MoF);

Budget execution will be monitored through the regular budget reports submitted to the Ministry of Finance. Once reviewed and endorsed by the Ministry of Finance, the Project budget will be included in the state budget. The approved annual budget will be entered into the accounting system and used for periodic comparison with actual results as part of the interim reporting.

6.4. Flow of funds and step sequencing

The designated accounts of MSTI shall be opened in the State Treasury, separately for each source of financing within the limits established in the Project Disbursement Letter. At the same time, transit accounts shall be opened for payments in national currency (MDL).

The request for funds may be made online using “Client Connection” database. Before the first disbursement, MSTI shall submit to the World Bank the specimen of authorized signatures for disbursement of project funds and will request access to Client Connection through the World Bank’s local coordinator.

While executing the payments in local currency, the Treasury shall ensure the transfer of funds to local suppliers on the day when payment orders are submitted and shall submit bank statements and a copy of the payment order as confirmation that the funds reached the beneficiary’s account.

The following chart reflect the general framework of documents and funds flows.

Chart 3. Sequence and flow of documents and funds under MSTI

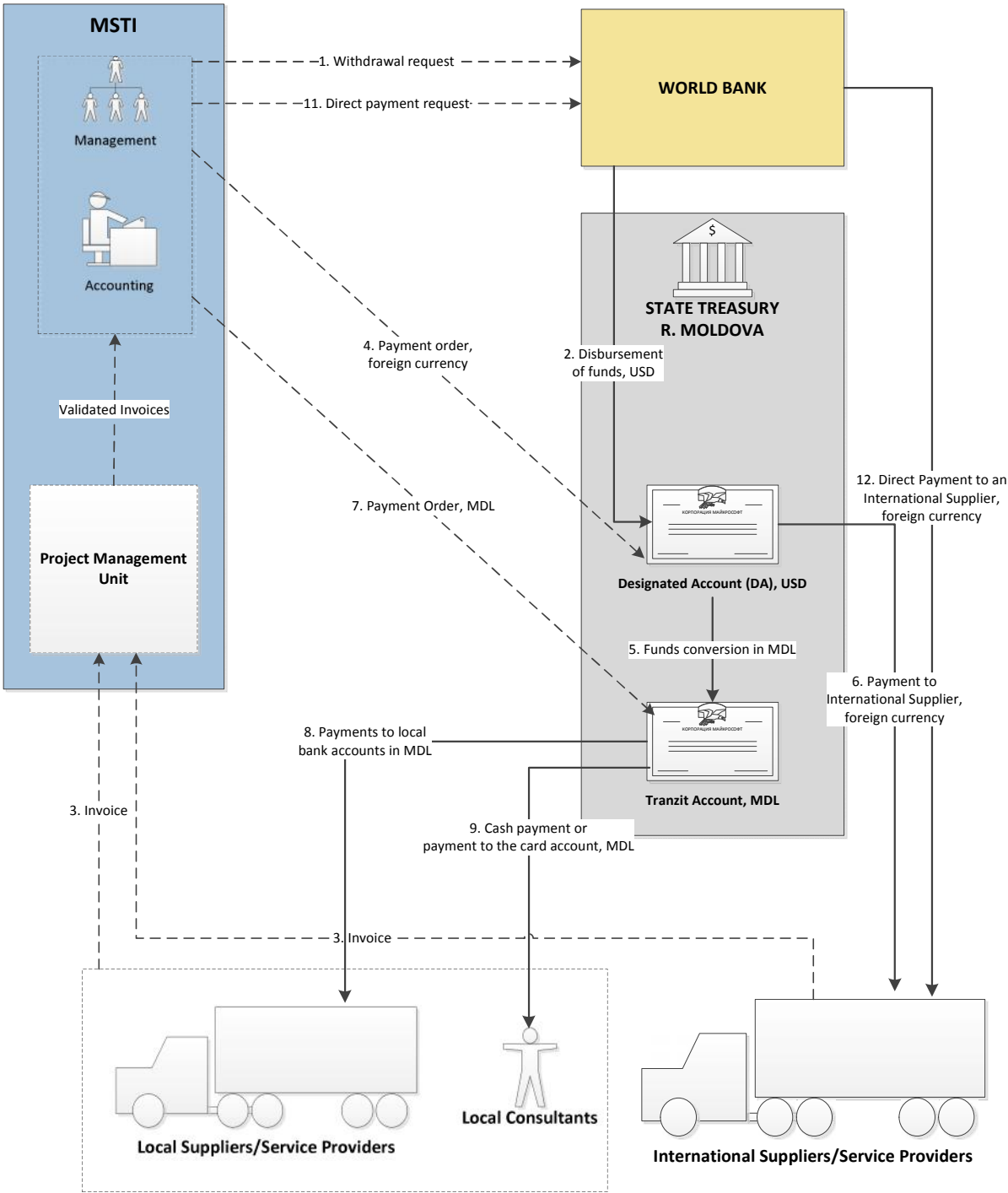


Table to Chart 3
SEQUENCE AND FLOW OF DOCUMENTS AND FUNDS – DESCRIPTION

Step	Description
1-2	<p><i>Replenishment of the Designated Account.</i></p> <p>As required, the MSTI Accountant prepares a withdrawal application [the latter is incorporated in the automated process with the project accounting software] together with relevant supporting information – Statement of Expenditure, List of payments against prior review contracts, copies of invoices, bank statements and any other documents as requested by finance providers. The withdrawal application is then reviewed and approved by MSTI Head before it is sent to the WB Loan Department for the replenishment of the Designated Account. The first application for the initial deposit into the DA will be submitted as soon as the project is declared effective.</p>
3 -13	<p><i>Procurement</i></p> <ol style="list-style-type: none"> 1. Contracts are signed and Invoices from suppliers and consultants are approved by MSTI, as appropriate, and then are directed for payment. 2. Other invoices (i.e. project operating costs) are approved and paid by MSTI. <p>Note 1: Invoices from suppliers and consultants are matched by the Procurement Specialist, Project Manager and Project Coordinator, as well as by Head of Economic-Financial Department to an approved goods delivery note, or similar document, and to the original purchase order, and contract, if necessary. The Procurement Specialist, the Project Manager as well as Project Coordinator approves the invoice. Payments are effected in one of the following two ways, depending upon the source of financing: (i) from WB funds – a bank payment order from the relevant DA is prepared and funds are transferred from the DA either directly to the foreign supplier or via the Transit account to the local supplier/consultant. All goods procured by the project will be received directly by MSTI (with PMU's participation).</p> <p>Note 2: IDA and/or IBRD funds are not used to pre-finance other sources of funds.</p> <p>Note 3: Local consultant's/PMU staff remuneration – these are computed monthly by the MSTI accounting staff on a single spreadsheet for all employees (all projects administrated), verified by the Head of Economic-Financial Department. Individual employee calculations and payment orders are prepared and again signed by the MSTI Head of Economic-Financial Department and the MSTI Head; sufficient cash in MDL (if payments are made in MDL) is withdrawn from the DA (via the Transit Account); and payments are made to relevant employees/consultants via transfer to a banking account (card or simple bank account).</p> <p>Note 4: Transit Account – the Transit Account is used for converting US\$ funds from the designated financing account into MDL, and therefore WB funds are not kept in the Transit Account except for very brief periods of time.</p> <p>Note 5: If the small petty cash transactions are required – the reimbursement to employee is made through a debit card account. Cash is used in cases of training abroad for logistical support costs (travel expenses, etc.)</p>
14-15	<p><i>World Bank Direct Payments.</i> Direct Payment requests are sent from MSTI to the World Bank Loan Department when necessary. The payment request is prepared on Form 2380 and authorized as for normal Withdrawal Applications (see above). The World Bank makes direct payment to the suppliers as directed.</p>

6.5. National Accounting Policy Framework

The MSTI accounting policy is developed according to the provisions of the Law on Accounting no. 113-XVI from 27 April 2007, Chart of accounts and Methodological norms on accounting and financial reporting in the institutions part of the state budgetary system (approved by the Order of the Ministry of Finance no. 216 from 28th of December 2015), Budget classification (approved by the Order of the Ministry of Finance no. 208 from 24th of December 2015) and other normative acts issued by the Ministry of Finance, as well as according to the Internal Regulations of the Economic-Financial Department from MSTI.

Accounting records are produced in the language of the state and transactions value is expressed in the national currency. The transactions made in foreign currency are recorded in both – the local and foreign currencies. The transactions made in foreign currency are recorded at the official exchange rate set by the National Bank of Moldova. Double entry accounting is used for accounting records. MSTI records the accounting elements using both principles – cash based and accruals. The cash based principle is applied for records related to the budget execution and the accruals principle is applied for records off revenue and actual expenditures, financial and non-financial assets, liabilities and results.

Basic accounting definitions

Non-financial assets are non-monetary, tangible and intangible assets.

Intangible assets - assets that are not physical in nature, controlled by the entity and having a useful life greater than one year in production, distribution and any other activity, as well as for administrative purposes or rent to physical or legal entities.

Tangible assets – assets that have a physical form (fixed assets, land, natural resources, etc.).

Financial assets – stocks, bonds, receivables, cash and bank deposits.

Revenue – transactions increasing the net value of assets

Expenses – transactions reducing the net value of assets

Net assets value – the value of an entity's assets minus the value of its liabilities.

Fixed assets – tangible assets with an useful life exceeding 1 year.

Financial instruments - assets not used in the production or for consumption purposes and held for appreciation of the cost over time.

Basic accounting principles

The basic principles of accounting are as follows:

- *going concern* – an assumption that financial statements are prepared assuming that the public authority will continue to operate in the foreseeable future;
- *accruals* - concept of accounting which requires that the accounting elements must be recognized in the accounting periods to which they relate rather than on cash basis;
- *comparability* - comparability of financial statements over different accounting periods can be ensured by the application of similar accountancy policies over a period of time;
- *dual aspect concept* - a fundamental convention of accounting that necessitates the recognition of all aspects (assets and liabilities) of an accounting transaction;
- *non-compensation* - any compensation of debt by asset elements, or revenue by expense elements is not allowed, except the compensations provided by the law;
- *consistency* – the way of presentation of the elements and their classification in the financial statements must be consistent from one accounting period to another one.

Accounting of Revenue and Expenditures

The expenditures represents the actual expenses made by the institution, confirmed by corresponding documents, including expenses for unpaid Invoices and accrued remunerations.

The revenues reflects the payments received from the sale of the standardized forms of primary documents with special regime and payments from rental of the public property.

6.6. Financial Reporting to IDA and IBRD (IFR)

General provisions

MSTI prepares its statutory financial statements based on the provisions of the Law on Accounting and according to terms and requirements set by the Ministry of Finance. The financial statements (except the Cash Flows Statement) provides information on previous transactions on payments made and received and are prepared based on the accrual principle. the Cash Flows Statement, as compared to other financial statements, is prepared on a cash basis principle.

The financial statements shall comply with the following qualitative characteristics:

- a) understandability - transactions and events must be presented in the financial statements in a manner that is easily understandable by users;
- b) relevance - information should be relevant to the assessemnet of past, current and future events;
- c) reliability - information is reliable and faithfully represents the transations, events, value of the assets, liabilities, revenues and expenditures and the information presented in the financial situations is complete;
- d) comparability/consistency - the information presented by different authorities/budgetary institutions or financial statements of one accounting period must be comparable to another.

Project management-oriented Interim Un-audited Financial Reports (IFRs) will be prepared under the project. MSTI will produce a full set of IFRs every quarter throughout the life of the project. The format of IFRs includes: (i) Project Sources and Uses of Funds, (ii) Uses of Funds by Project Activity; (iii) Project Balance Sheet, (iv) Designated Account Statement; and (v) Statement Of Expenditures Withdrawal Schedule. These financial reports will be submitted to Bank within 45 days of the end of each calendar quarter for the quarter. The first quarterly IFRs will be submitted after the end of the first full quarter following the initial disbursement.

TAMP project Interim Financial Reports are compiled on a cash basis method, as long as these are mostly related to the actual disbursements made under the Designated Accounts, and no much difference in timing appears from the due payment date until the actual payment, as well as from the date of generation of the revenue and the actual receipt of funds. As a result, no material differences would appear between financial and disbursement reports. (Note. The information produced by IFRs is used for monthly, quarterly and annual budget execution reports submitted to Ministry of Finance). The Financial reports for statutory purposes, excluding cash flow statements, are prepared based on the accrual method.

Currency

The functional currency of the project is US Dollars and the accounting records for the Project are maintained in US Dollars (USD) and Moldovan Lei (MDL). As the part of project financing is provided in Special Drawing Rights, MSTI shall periodically reconcile the USD/XDR differences that might appear.

Fixed assets and capital items

The fixed assets held by MSTI are shown in the financial statements (IFRs) at cost at the moment of purchase. Since the organization does not have any commercial revenues, the accrual of depreciation does not have sense for their reconciliation with the corresponding revenues; thus depreciation is not shown in the corresponding reports.

Foreign currency

Transactions denominated in currencies other than US Dollar are translated at the National Bank of Moldova rates in effect on the date of such transactions. Foreign currency monetary assets and liabilities are translated at the rates in effect on the last day of the reporting period. Foreign currency non-monetary assets and liabilities are translated at historical rates.

Revenue recognition

Revenues are recognized upon receipt of funds in the designated account.

This section also summarizes agreed formats of financial reports (e.g. Project Management Reports, government reports, reports to tax authorities), information relating to the submission of the reports (specifying to whom, when and where the reports should be delivered):

A) Tax returns:

- Information of individual tax for the year;
- Report on the health insurance premiums;

B) Reports to national social insurance house on social charges:

- Report on social charges accrued and paid;
- REV forms on individual contributions paid for each employee;

C) IFRs. The following basic IFRs are to be produced by MSTI (templates are attached in the Annex 6):

- Balance sheet;
- Project sources and uses of funds;
- Use of sources by project components/activities, details on expenditures
- Designated account statement
- Project cash forecast
- Report on execution of funds under each component and/or sub-component
- Report on monitoring of the procurements

6.7. Financial Management staff

The MSTI Economic-Financial Department is responsible for statutory accounting, planning and financial analysis within MSTI, and it will undertake the Financial Management function of the project with the support of the Financial Management Specialist from the PMU.

MSTI has an adequate internal control system in place for implementation of the project, including adequate segregation of duties among its accounting staff. The division of tasks is performed according to the four eyes principle and the principle of tasks' segregation. Thus, the procedures of issuing payment orders and preparing accounting formulas are made

by two different persons. At the same time, each payment document is reconciled with the grant agreement by the person making the payment order and the Head of Department.

The Head of MSTI Economic-Financial Department will hold primary responsibility and accountability for maintaining reliable financial arrangements for the project, including performing data import-export, monitoring use of funds, reporting, development of record keeping methodology, training of employees and implementation of internal control measures, planning and organizing for external audit, provide overall guidance on project-related issues to the rest of staff.

The Head of MSTI Economic-Financial Department will be responsible for preparing financial plans and monitoring their implementation, provision of financial reports and statements to the Bank, organizing the financial audit. The Deputy Head of MSTI Economic-Financial Department will replace the head of the department during the absence of the latter.

The PMU Financial Management Consultant will provide support in planning and monitoring the use of funds under the project, drafting payments documents, project financial statements and their submission to the Bank, in planning and organizing of the external audit of the project financial statements.

6.8. Accounting Software

The MSTI Economic-Financial Department shall keep records both on paper, as well as using the automated 1C accounting software, version 8.1, developed and maintained by IS „Fintehinform", subordinated to the Ministry of Finance, ensuring permanent and timely renewal of the database with the new financial and accounting provisions.

The 1-C system capabilities will be adapted to use analytical accounts and additional sign (additional classifications related to specific accounts), and all the payments for the project related transactions will be refelected using:

- A) Categories of expenditures,
- B) Levels of project components and sub-components,
- C) Sources of funds.

Thus the system will have the capability to generate the required information for the statements to be presented for disbursements, as well as for the IFRs. The system shall be adapted to use the information on each specific category, component or sub-component, and source of funding for budgeting purposes. The forms of the reports and statements are provided in the Annex 6 of this manual.

At least once a week the a back-up of the files containg data shall be made and stored aut the office according to a set procedure. If necessary, the 1-C accounting system maintainance services will be provided by a company having the capacity to provide such services.

6.9. Periodic Processing Schedule

The following table indicates the periodic procedures for the software operation (e.g. backup of data, maintenance of data), for manual procedures (e.g. formal reconciliation of bank account statements to project accounting records, reconciliation of IDA and IBRD disbursement records), agreed project reporting schedules.

Table 4. Periodic Processing Schedule

Frequency	Responsible	Process
Weekly	MSTI and PMU FM specialists and IT administrator	Back up of data files
Periodically, upon processing of each Withdrawal Application	MSTI and PMU FM specialists	Checking the processed data in the Client Connection system with the Project records
Monthly (3 working days after end of the month)	MSTI and PMU FM specialists	Submission of aggregate budget execution reports to the MoF
Monthly (25 days after end of the month)	MSTI FM specialists	Submission of income tax return, reports to the Social Insurance House, including detailed reports on individual social charges paid for each employee (REV forms)
Quarterly or more frequently, upon use of funds	MSTI and PMU FM specialists	Preparation of withdrawal applications
Quarterly	MSTI FM specialists	Submission of reports on health insurance premiums
Quarterly (within 10 days)	MSTI FM specialists	Submission of detailed budget execution reports to MoF
Quarterly (within 45 days)	MSTI and PMU FM specialists	Submission of IFRs to the WB
Annually	MSTI FM specialists	Submission of the information on Income tax withheld for each employee.
Annually	MSTI FM specialists and PMU staff, including Project Manager, Procurement and FM Specialist	Following up on auditing arrangements (bidding, contracts, TORs)
Annually 6 months after the year end	MSTI FM specialists	Sending the auditing reports to the WB

6.10. Internal Control Procedures

- A) **Control Environment** – MSTI has the competence and organization methods to ensure a proper control environment.
- B) **Risks** – The overall project financial management staff comprises the financial management consultant from the PMU and the financial management staff of the MSTI Economic-Financial Department, therefore internal checks and reconciliation can be ensured by employees from these two organizational structures. In addition, the approval procedures of contracts, invoices and other relevant source documents by the Procurement Specialist, Project Manager and Project Coordinator can be put in place.
- C) **Control activities** –
- *Authorization procedures*: all transactions related to procurement of works and services shall be authorized by MSTI.

- *Segregation of duties*: the main segregations should be performed between the Project Coordinator, the Project Manager, the Procurement Officer, Financial Management Specialist and Head of MSTI Economic-Financial Department. The PMU Procurement Specialist will be responsible for the support to MSTI in planning and administering project procurements, including monitoring the delivery of goods and services. The PMU Financial Management Specialist will be responsible for providing support to MSTI Economic-Financial Department staff with all project financial management and reporting. The Project Manager, Project Coordinator and the Head of the MSTI Economic-Financial Department – will approve all transactions, monitor activity of the subordinated project staff, monitor their reports, etc.
- D) **Information and communication** – timely and appropriate information reporting about the project implementation, projects expenditures, and sources of funds should be in place. Information should be delivered to all relevant stakeholders (WB team, MSTI, Ministry of Finance, project beneficiaries, etc.).
- E) **Monitoring** – The proper monitoring of the project shall be organized by the WB supervision team as well as by PMU and MSTI specialists who shall report on any weaknesses that may appear. MSTI and PMU will then be responsible for elimination of the identified weaknesses.

External Control

The activity of the MSTI and PMU is checked and monitored by external institutions:

1. The Court of Accounts performs total and thematic controls of the use of funds both from budget allocations and project sources;
2. The Ministry of Finance continuously monitors the situation of expenditures, presentation of financial reports, financing plans and operating information;
3. The World Bank verifies the use of project funds, payment procedures and reporting.

6.11. External Audit

MSTI is responsible for regular audit of the project financial statements. The annual audits of the project financial statements will be provided to the Bank within six months of the end of each fiscal year, and also at the project closing. MSTI has agreed to disclose the audit reports for the project within one month of their receipt from the auditors, by posting the reports on the STS Website. Following the Bank's formal receipt of these reports from the MSTI, the Bank will make them publicly available according to World Bank Policy on Access to Information. If the period from the date of effectiveness of the loan to the end of the MSTI's fiscal year is no more than six months, the first audit report for the project may cover financial statements for the period from effectiveness to the end of the second fiscal year. The contract for the audit awarded during the first year of project implementation may be extended from year to year with the same auditor, subject to satisfactory performance. The cost of the audit will be financed from the proceeds of the project.

The ToRs for the project audit have been developed during the project preparation and are part of negotiation package. The sample of ToR for financial audit is attached in Annex 8. Before an auditor is contracted, the TORs shall be agreed with the WB country Financial Management Specialist, and "No-objection" is to be received from the TAMP Project Task Team Leader (TTL), in accordance to procurement procedures. The audit arrangements (selection and contracting of auditor, etc.) are organized by MSTI with PMU support, both being required to provide necessary support to the auditors in conducting their duties related to the audit and to sign their part of financial reports for which preparation they are

responsible for. The project audit will cover the calendar year, beginning with the year when the first disbursement takes place. Each audit report is to be submitted within six months after the end of that calendar year. The list of eligible auditors is provided by the WB country Financial Management Specialist before the selection of project auditors.

In accordance with "The World Bank Policy on Access to Information" dated July 1, 2010, which requires that the audited financial statements are made publically available, the project financial audit reports would be published within sixty days after submission of the audit report to the Bank on its external website. The reports will be published at the same time on the web sites of MoF and MSTI: www.mf.gov.md and www.fisc.md.

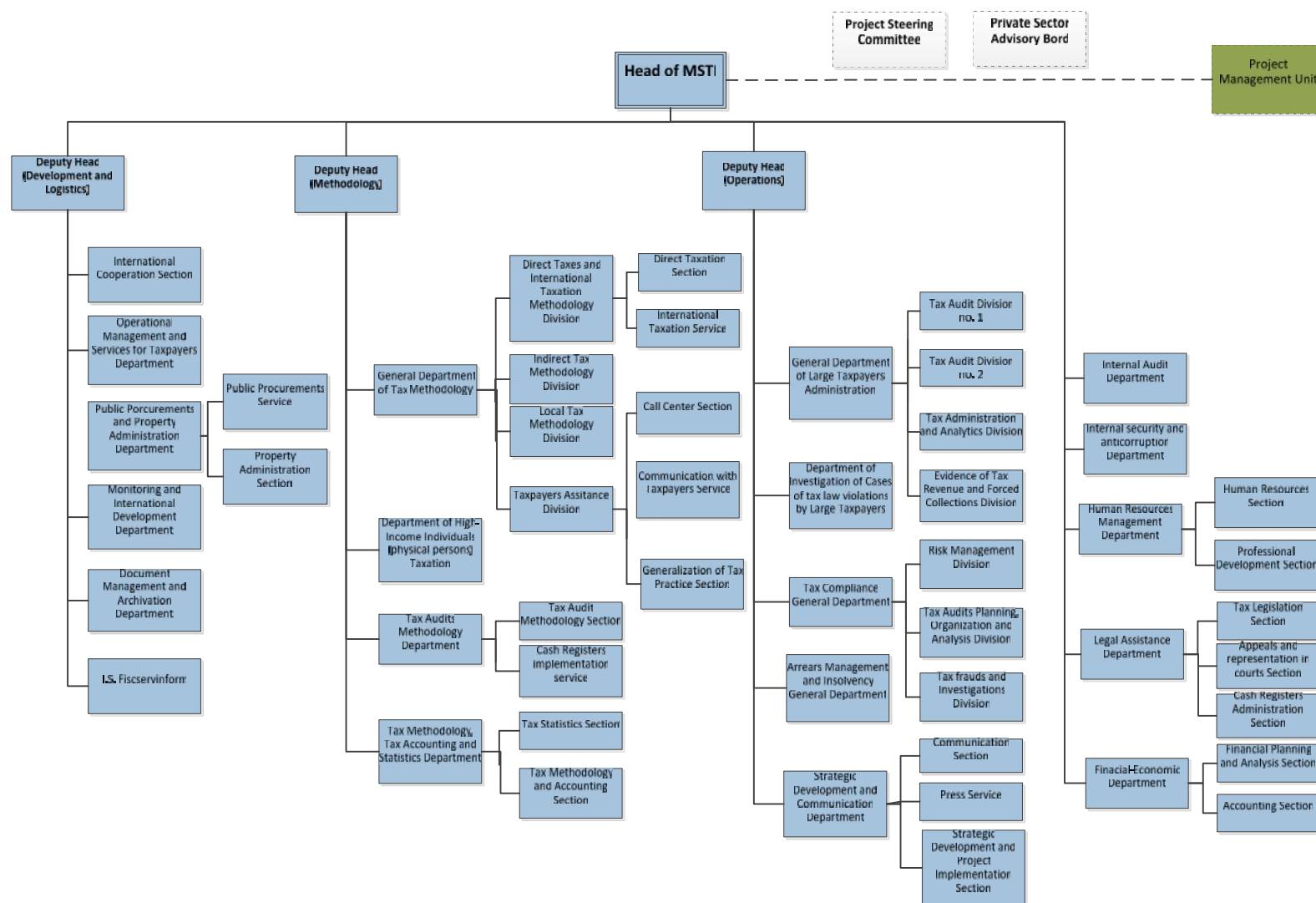
7. ANNEXES

Annex 1. List of legal acts governing Project activities

The following legal documents (project files) are governing or affecting in a way or another Project's operation:

1. Provisions of the Financing Agreement between the Republic of Moldova and the International Development Association (IDA);
2. Provisions of the Loan Agreement between the Republic of Moldova and the International Bank for Reconstruction and Development (IBRD);
3. TAMP Project Assessment Document, including the general implementation and procurement plans;
4. Law on ratification of the Financing and Loan Agreements
5. Moldovan legal framework provisions, if applicable;
6. Regulations of Project Management Unit;
7. TAMP Project Operations Manual;
8. Project initiation documents and project plans for entire project and each component.

Annex 2. MSTI Organizational Structure Chart¹²



¹ This is the current MSTI organization chart. Any changes may incur as a result of the new law on the STS.

² The PMU will report to Project Coordinator, who may be the Head or any Deputy Head of MSTI

Annex 3. Results Framework and Monitoring

Project Name: Tax Administration Modernization Project (P127734)

Project Development Objectives

PDO Statement

To improve revenue collection, tax compliance and taxpayer services

These results are at Project Level

Project Development Objective Indicators

Indicator Name	Baseline	Cumulative Target Values									
		YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8	YR9	End Target
Time required to comply with taxes (Hours)	186.00	186	186	186	175	165					165.00
Increase in additional tax assessed per audit (Percent)	25822 MDL per audit in 2015	10	15	21	27	34					34
Share of active taxpayers filing income declarations in total registered taxpayer (Percentage)	19.35	20	21	22	23	24					24
Overall efficiency of VAT collection (Percentage)	52.3	52.4	52.7	53.3	54.2	54.7					54.7

Efficiency of VAT collection by the STS (Percentage)	11.06	11.16	11.34	11.70	12.20	12.54					12.54
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Intermediate Results Indicators

Indicator Name	Baseline	Cumulative Target Values									
		YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8	YR9	End Target
Share of income tax returns filed electronically (Percentage)	39.60	40.00	45.00	50.00	55.00	60.00					60.00
Share of large taxpayer audits which includes related parties in cases when related parties exist (Percentage)	0.00	0.00	10.00	20.00	30.00	35.00					35.00
Number of hits to the STS web-site (Number)	3,570,004	3,900,000	4,300,000	4,600,000	5,200,000	5,700,000					5,700,000
Decrease in tax arrears (Percentage)	8.50	8.50	8.50	8.00	7.50	7.00					7.00
The Training Center capacity in permanent	The list of training programs	The list of training programs is	The identified training	The technical capacity, including IT	The permanent training	100% of appropriate STS staff have					100% of appropriate STS staff have

training program (Text)	is not identified	identified	programs are developed	solutions of the Training Center is developed	program is fully functioning	been trained in use of business functions and new tools, data disaggregated by gender					been trained in use of business functions and new tools, data disaggregated by gender
Taxpayer satisfaction (Text)	Satisfaction not measured	<p>Satisfaction in crease - 0%</p> <p>Baseline survey conducted with data disaggregated by gender, results and suggests actions of the STS to address weaknesses are published on the STS website</p>	-	<p>Satisfaction in crease - 10% (compared to baseline)</p> <p>Mid-project survey conducted with data disaggregated by gender, results and suggests actions of the STS to address weaknesses are published on the STS website</p>		<p>Satisfaction in crease - 20% (compared to baseline)</p> <p>Final survey conducted with data disaggregated by gender, results and suggests actions of the STS to address weaknesses are published on the STS website</p>					Satisfaction in crease - 20%

Indicator Description

Project Development Objective Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Time required to comply with taxes	The indicator measures improved taxpayer services part of the PDO, as taxpayer services would lead to less time required to prepare, file and pay (or withhold) CIT, VAT, labor taxes, including payroll taxes and social contributions (in hours per year).	Annual	Doing Business	World Bank
Increase in additional tax assessed per audit	The indicator measures improved enforced compliance part of the PDO. Increased additional assessment (i.e., monetary amount assessed during audit) as a result of audit will measure improved efficiency of audit planning process and quality of audit. Better audits will lead to reduced non-compliance	Annual	STS management reports	STS
Share of active taxpayers filing income taxes out of registered taxpayers	The indicator measures improved voluntary compliance part of the PDO. Ratio of active taxpayers-economic agents filing income taxes (legal entities and individual entrepreneurs) to all registered taxpayers.	Annual	STS Management Reports	STS
Overall efficiency of VAT collection	The indicator measures improved revenue collection based on the c-efficiency of VAT (Ratio of VAT revenue to the product of the standard rate and consumption). Increases in the C-efficiency will be used as an indicator of reducing revenues losses as a result of issues with administering VAT.	Annual	Statistical data and STS's estimates	STS

Efficiency of VAT collection by STS	The indicator measures efficiency of VAT collection by the STS domestically, netting out performance of Customs. It is calculated as actual VAT collection over consumption net of imports	Annual	Statistical data and STS's estimates	STS
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Annex 4. Thresholds for procurement

Prior Review Thresholds:

	<i>Procurement Type</i>	<i>Prior Review Threshold (USD Million)</i>
1	Works, Turnkey and S&I of Plant & Equipment	5.0
2	Goods	0.5
3	IT Systems and Non-Consulting Services	0.5
4	Consultant (Firms)	0.2
5	Consultant (Individuals)	0.1

Procurement/Selection Method Thresholds:

	<i>Procurement /Selection Method</i>	<i>Prior Review Threshold</i>
1	Direct Contracting (Goods, Works & Non-Consulting Services)	50,000
2	Single Source Selection	2,000
3	Selection of Individual Consultants	Only key positions, long term consultants (irrespective of the cost estimate)
4	Negotiations with lowest bidder, cancellation of procurement/selection process and/or rebidding	All
5	Terms of References	All (irrespective of the threshold and review status)

Procurement Method Thresholds

ICB		NCB		Shopping		National Consultant Ceiling
Goods	Works	Goods	Works	Goods	Works	
1	5	<1	<5	\$0.1	\$0.2	0.3

Annex 5. Samples of Project Reports
Tax Administration and Modernization Project
Project Sources and Uses of Funds

As of: _____

	Actual			Planned			Variance (Over) Under			Life of Project
	Current Quarter	YTD	CTD	Current Quarter	YTD	CTD	Current Quarter	YTD	CTD	
Opening Cash Balance(s) Designated Accounts (by accounts) Other accounts (if any) Total opening cash balance(s)										
Add: Sources of Funds (by financiers and implementing agency) Designated Account Direct payments Other accounts (if any) Total Sources										
Less: Uses of Funds (by expenditure category for each financier in accordance with Financing Agreement and by each implementing agency) Total Uses										
Closing Cash Balance(s) Designated Account and other accounts (for each account) Other accounts (if any) Total closing cash balance(s)										

Tax Administration and Modernization Project
Uses of Funds by Project Component/Activity (Statement of Expenditure Detail)
As at: _____

Project components/activities	Actual			Planned			Variance (Over) Under			Life of Project
	Current Quarter	YTD	CTD	Current Quarter	YTD	CTD	Current Quarter	YTD	CTD	
Consolidated Agricultural Projects Management Unit (PMU)										
Component 1. Tax legislation reform										
Component 2: Institutional development										
Component 3: Operational Development										
Component 4: IT Infrastructure and System Modernization										
Component 5: Project Management and Change Management										
Overall Total										

Tax Administration and Modernization Project

Designated account statement

MSTI

(for the quarter ended XXXX.)

Designated Account _____ **in USD**

Bank:

		USD	
Designated Account opening balance as at _____20xx		0	
Total Credits (add):			
	Advance to DA during the period	0	
		0	
		<u>0</u>	<u>0</u>
Total debit (less):			
	Refund to IDA from DA during the period	0	
	Amount of eligible expenditures paid from DA during the period	0	
	Funds transferred to the project account in MDL	0	
		<u>0</u>	<u>0</u>
Designated Account closing balance as at _____20xx		0	

Tax Administration and Modernization Project

Designated account statement

MSTI

(for the quarter ended XXXX.)

Designated Account _____ in USD

Bank:

		USD	
Designated Account opening balance as at _____20xx		0	
Total Credits (add):			
	Advance to DA during the period	0	
		0	
		0	0
Total debit (less):			
	Refund to IBRD from DA during the period	0	
	Amount of eligible expenditures paid from DA during the period	0	
	Funds transferred to the project account in MDL	0	
		0	0
Designated Account closing balance as at _____20xx		0	

Tax Administration and Modernization Project

IBRD - Statement of Expenditures (SOE)

Payments made during the period from _____ to _____

Loan No.:

Application No.: _____

Category No.: _____

SOE No.:

1	2	3	4	5	6	7	8	9	10	11
Supplier's Name	WB Contract Number in Client Connection	Type of Good or Service / Brief Description	Currency and Total Amount of Contract	Currency and Total Amount of Invoice Covered by Application	% Financed by IBRD/IDA	Amount Eligible for Financing (5 x 6)	Currency and Amount Paid from Designated Account (if Applicable)	Exchange Rate	Date of Payment	Remarks
TOTALS										

Supporting documents for this SOE retained at _____
(location)

Tax Administration and Modernization Project

**Payments Made during Reporting Period
Against Contracts Subject to the Association's Prior Review**

Contract Number	Supplier	Contract Date	Contract Amount	Date of WB's Non Objection to Contract	Amount Paid to Supplier during Period	WB's Share of Amt Paid to Supplier during Period

Tax Administration and Modernization Project

Balance Sheet

Period ended _____

ASSETS	
Total cash	0.00
Cash under the Agreement xxx	0.00
Undisbursed balance	0.00
Cumulative expenses	0.00
Project expenses	0.00
TOTAL assets	0.00
EQUITY AND LIABILITIES	
Funding	0.00
Agreement xxxx	0.00
TOTAL equity and liabilities	0.00

Annex 6. TORs for the Project staff

Terms of Reference for Project Manager (PM)

Objectives of the Assignment of the Project Manager (PM)

The main objective of the PM is to ensure the coordination and successful implementation of the TAMP project from initiation and planning to execution, monitoring, control and closing, within the approved budget, scope and terms.

The PM is responsible for the management and coordination of the PMU team activities.

The PM will benefit from the support of the PMU team, including the Procurement Specialist and Financial Management Specialist for all the administrative issues.

1. Scope of Work

1.1. The scope of work and activities of the TAMP Project Manager (PM)

The scope of work and activities of the PM will include the following:

- Manage the TAMP project from start to end throughout its life cycle by coordinating the efforts of the project team(s) towards the achievement of the project objectives and realization of the expected benefits for STS and other stakeholders. Coordination of change management activities to facilitate the smooth realization of the transformations within STS;
- Develop in close collaboration with other PMU team members of the project management function and capabilities within STS, including provision of training in project and program management and change management for the STS employees. To setup an effective and efficient internal control (for goods, works, services, fixed assets);
- Ensure the fulfillment of the provisions of the Financing and Loan Agreements, and if it will be necessary to coordinate the activities related to the amendment of these agreements and to all the administrative procedures resulting from such an amendment to be effective;
- Coordinate the activities related to the inclusion of the TAMP project into the list of projects with tax exemptions applied for the services and goods delivered within its scope, according to the applicable legal framework;
- Coordinate and participate to the drafting and updating of the TAMP Project Operations Manual (POM);
- Ensure TAMP project objectives are aligned to the STS strategic objectives. Coordinate, align and synchronize the activities related to the TAMP components and / or sub-components implementation with the purpose:
 - to avoid and / or minimize the risks of overlaps by identifying interdependencies between TAMP components and / or sub-components
 - to take into account the STS institutional capacity, and
 - to increase the value of benefits realized at the program level;

- Ensure alignment and synchronization of the TAMP project activities with other initiatives, projects and actions being implemented within STS and, if it's the case, within the Ministry of Finance;
- Ensure effective communication and liaison with TAMP Project Coordinator and Project Owner(s), including for the purpose of strategic and tactical documents and plans approval and coordination;
- Cooperate and communicate effectively with TAMP key stakeholders (MSTI, FiscServInform, World Bank, Ministry of Finance, members of the Project Steering Committee(s) and Private Sector Advisory Panel, e-GOV, consultants and other stakeholders) with the aim to identify their requirements, needs and expectations and manage them to ensure the project results will meet the stakeholders expectations;
- Conduct TAMP Project Steering Committee(s) and Private Sector Advisory Panel meetings;
- Ensure an effective communication and information of the society and taxpayers on the TAMP project activities already completed and scheduled to be implemented. Promotion and marketing of the TAMP project within and outside STS;
- Ensure an effective communication and liaison with the IT Project Manager, Procurement and Financial Management Specialists for all project activities;
- Ensure compliance with World Bank procedures and guidelines related to procurement and financial management, as well as with POM provisions, MSTI internal procedures, and Moldovan legal framework requirements within the TAMP implementation;
- Manage effectively and efficiently the TAMP project including the processes of project initiation, planning, execution, monitoring, control and closing, and inter alia performing the following project management activities:
 - project scope management including project stakeholders requirements management;
 - project stakeholders management, including stakeholder's identification, analysis and developing strategies on stakeholder's management and communication;
 - project integration management, including project charter, project and subsidiary plans development, implementation of an effective and efficient change control framework;
 - project time and scheduling management, including identification of the interdependencies between the activities, scheduling based on available capabilities and resources, as well on existing constraints, management of the project within the agreed terms;
 - project human resources management, including the coordinate, allocate tasks, assign responsibilities and accountability, assess and manage the performance of the TAMP project implementation team members from MSTI (including PMU team) and subcontracted service providers;
 - project costs management, including costs estimates and analysis, budgeting, planning and allocation of funds, monitoring and control of approved plans and budgets;
 - project procurement management, including planning, administering and monitoring procurements;

- project risks management, including risks assessment and analysis, developing risk response strategies in order to minimize or exclude any negative impact on the project;
- project quality management, including identifying and implementing quality assurance and quality deficiencies remediation activities to ensure compliance to the requirements set for the deliverables.
- Monitor the compliance to World Bank, MSTI and local legal framework provisions and guidelines on procurement, financial management and reporting activities within the project financed by IDA and IBRD;
- Develop and adjust/update the TAMP project plan according to the requirements set by POM, MSTI project management procedures and best practices for projects of similar dimension, scope and complexity, and coordinating it with the MSTI Project Coordinator and Steering Committee;
- Develop TAMP annual plans including any subsidiary plans (for project components and subcomponents) with a sufficient level of detail to allow a better management, monitoring and control of current activities;
- Exercise independent judgment by promptly bringing potential problems to the attention of the TAMP Project Coordinator and PMU team members. Keep others informed as appropriate, by providing relevant information, reports or status updates;
- Assist and supervise the MSTI Evaluation Committee(s) in defining needs of services and goods to be subcontracted, administering procurement, selection, negotiation and subcontracting vendors or consultants to meet the TAMP project needs;
- Schedule and facilitate weekly TAMP project progress meetings and submit weekly progress reports to key project stakeholders;
- Initiate, review, coordinate and/or approve modifications to project plans.
- Perform any other activities related to the TAMP project as it may be required by the approved project plans.

1.2. Qualifications and Experience

The most suitable candidate for the Project Manager position, who will be able to provide support to MSTI in successfully implementing the TAMP project, is expected to demonstrate specific knowledge and abilities in the following areas:

Knowledge:

- a) Administration and Management;
- b) Project Management advanced level (Waterfall and Agile methodologies), including inter alia:
 - Project Integration Management
 - Project Scope Management
 - Project Time Management
 - Project Cost Management
 - Project Quality Management
 - Project Human Resource Management
 - Project Communications Management
 - Project Risk Management

- Project Procurement Management
 - Project Stakeholder Management.
- c) Change management
 - d) Business analysis;
 - e) Tax administration;
 - f) World Bank regulations and guidelines related to projects financed by IDA and IBRD

Specific abilities:

- a) Integrity – being honest and ethical
- b) Strategic thinking, seeing the big picture without losing details
- c) Prioritisation and information ordering
- d) Judgement and decision making
- e) Critical thinking, system analysis and complex problem solving
- f) Negotiation skills
- g) Coordination, persuasion and effective communication
- h) Stress tolerance and ability to work under pressure
- i) Time management
- j) Ability to work independently
- k) Emotional intelligence

Therefore, the candidates for the Project Manager position will be evaluated against the following main requirements on qualifications and experience:

Qualifications:

The Project Manager should have the following minimum Qualifications:

- a) Internationally recognized professional certification in Project Management (PMP, Prince2)
- b) Degree in business administration and/or finance/accounting/computers or informational systems;
- c) Internationally recognized professional certifications in Business Analysis, Accounting and Finance would be an advantage;
- d) Knowledge of World Bank procedures and guidelines related to project procurement and financial management;
- e) Knowledge of local and regional consulting and IT development services markets would be an advantage;
- f) Excellent written and oral communication skills in English and Romanian, including the ability to draft memos, messages, letters and internal regulations, documents and reports. Fluency in Russian would be an advantage;
- g) Excellent computer skills in Microsoft Office tools (Word, Excel, PowerPoint), Microsoft Project, Adobe Acrobat, Microsoft Outlook and Share Point, Internet use.

Experience:

The Project Manager should have proven experience as follows:

- a) More than 7 years of project management experience (minimum 1 or 2 referrals);

- b) Experience in managing of projects/programs in central public authorities from Republic of Moldova or the region (South-Eastern, Central or Eastern Europe) (minimum 1 or 2 referrals) would be an advantage;
- c) Experience of project management in the World Bank projects of similar scale and complexity would be an advantage;

Terms of Reference for IT Project Manager (ITPM)

1.1. Objectives of the Assignment of the IT Project Manager (ITPM)

The ITPM's will be responsible for the overall management and coordination of the ITMS project team activities in implementation of the ITMS system.

The ITPM will benefit from the support of the PMU team, including the Procurement Specialist and Financial Management Specialist for all the administrative issues.

The main its objective is to ensure effective and flexible overall coordination and implementation of the ITMS solution from initiation, planning, procurement, data migration, to system step-by-step implementation and adjustment to the user's requirement, user training and GoLive, according to set procedures and within the approved budget, schedule, and scope.

2. Scope of Work

2.1. The scope of work and activities of the ITMS Project Manager (ITPM)

The scope of work and activities of the ITPM will include the following:

- Provide end-to-end project management throughout the lifecycle by directing the efforts of project team(s) to the successful implementation the ITMS solution and release of expected benefits;
- In close collaboration with the TAMP Project Manager and other PMU team members, set up and develop MSTI and PMU project management function and capabilities, including effective and efficient systems of internal control (goods, works, services, fixed assets, civil works);
- Contribute to drafting and maintain up to date of the TAMP Project Operations Manual (POM) in all the aspects that relates to the ITMS project;
- Ensure the alignment of the ITMS project objectives to TAMP project and STS strategic objectives. Coordinate, align and synchronize the ITMS project activities with other TAMP components or subcomponents projects activities, thus increasing the benefits realization at the program level;
- Exercise independent judgment by promptly bringing potential problems to the attention of the TAMP Project Manager and PMU team members. Keep others informed as appropriate, by providing relevant information, reports or status updates;
- Ensure adherence during the implementation of the ITMS to World Bank procedures and guidelines, TAMP POM guidelines, MSTI internal procedures and Moldovan legal framework requirements
- Ensure the drafting and updating, present to TAMP Project Managemer and Project Steering Committee for approval procurement and implementation strategies for the ITMS solution and related components;
- Ensure the effective communication and liaison with the TAMP Project Manager and Project Coordinator, approve and coordinate with them all the ITMS project plans, strategic and tactic decisions.

- Ensure the effective communication and liaison with the PMU Procurement and Financial Management Specialists for all the procurement and financial management activities and issues from to the ITMS project;
- Effectively coordinate and communicate with TAMP and ITMS project key stakeholders (MSTI, FiscServInform, World Bank, Ministry of Finance, Steering Committee and Private Sector Advisory Panel members, e-GOV, consultants and any other stakeholders) in order to identify requirements, needs and expectations and manage them to ensure the project results meets the key stakeholder's expectations;
- Effectively and efficiently manage the ITMS project through the initiation, planning, execution, monitoring & control and closing group of processes delivering activities related to main area of project management (scope, stakeholders, integration, costs, human resources, time, procurement, risks, quality management), including inter alia estimating costs and budgets, scheduling, coordinating, assigning resources, technical requests, architecture reviews, network deployment, infrastructure and application deployment, data migration, development of applications and databases, client management and assisting in recommending business solutions/alternatives;
- Develop or update ITMS project plans, including annual plans, according to the POM requirements, MSTI project management procedures and best practices for projects of similar size, complexity and scope and coordinate these plans with TAMP Project Manager, MSTI Project Coordinator and Project Steering Committee;
- Assist and supervise the MSTI Evaluation Committee(s) in defining needs of services and goods to be subcontracted, administering procurement, selection, negotiation and subcontracting vendors or consultants to meet the ITMS project needs, including provision of independent opinion on the procurement issues.
- Monitor or track the ITMS project milestones and deliverables;
- Direct or coordinate activities, assign duties, responsibilities, and spans of authority to the ITMS project team. Confer with the ITMS project team (from MSTI and all subcontracted Consultants and Suppliers) to identify and resolve problems.
- Monitor the performance of project team members, providing and documenting performance feedback.
- Prepare and submit ITMS project weekly status reports by collecting, analyzing, and summarizing information and trends.
- Schedule and facilitate meetings related to the ITMS project.
- Initiate, review, coordinate and/or approve modifications to project plans.
- Perform risk assessments to develop response strategies.
- Perform any other activities related to the ITMS project as it may be set in project plans.

2.2. Timing and Inputs

It is estimated that the ITMS project will be implemented within four years starting with November 2016. The initial duration of the contract will be 24 months with the possibility to subsequently extend the term for the next years based on performance appraisal results and project needs.

The assignment requires a full time involvement for at least 8 hours each day, Monday to

Friday, for a minimum period of 40 hours per week. The ITPM may take up to 4 weeks of unpaid leave each year (12 consecutive months). The assignment is expected to start in November 2016.

2.3. Qualifications and Experience

The most suitable candidate for the IT Project Manager position, who will be able to provide support to MSTI in successfully implementing the ITMS solution, is expected to demonstrate specific knowledge and abilities in the following areas:

Knowledge:

- a) Administration and Management;
- b) Project Management advanced-level (Waterfall and Agile methodologies), including inter alia:
 - Project Integration Management
 - Project Scope Management
 - Project Time Management
 - Project Cost Management
 - Project Quality Management
 - Project Human Resource Management
 - Project Communications Management
 - Project Risk Management
 - Project Procurement Management
 - Project Stakeholder Management.
- c) IT systems architecture and security

Specific abilities:

- a) Integrity – being honest and ethical
- b) Strategic thinking, seeing the big picture without losing details
- c) Prioritisation and information ordering
- d) Judgement and decision making
- e) Critical thinking, system analysis and complex problem solving
- f) Coordination, persuasion and effective communication
- g) Stress tolerance and ability to work under pressure
- h) Time management
- i) Ability to work independently

Therefore, the candidates for the IT Project Manager position will be evaluated against the following main requirements on qualifications and experience:

Qualifications:

The IT Project Manager should have the following minimum Qualifications:

- a) Internationally recognized professional certification in Project Management (PMP, Prince2)
- b) Degree in business administration or computer science/information systems;
- c) An internationally recognized professional certification in Business Analysis, IT systems architecture and security (CBAP, TOGAF, ITIL, CISA, etc.) would be an advantage;

- d) Knowledge of World Bank procedures and guidelines related to project procurement and financial management;
- e) Excellent written and oral communication skills in English and Romanian, including the ability to draft memos, messages, letters and internal regulations, documents and reports. Fluency in Russian would be an advantage;
- f) Excellent computer skills in Microsoft Office tools (Word, Excel, PowerPoint), Microsoft Project, Adobe Acrobat, Microsoft Outlook and Share Point, Internet use.

Experience:

The IT Project Manager should have proven experience as follows:

- a) More than 7 years of project management experience (minimum 1 or 2 referrals);
- b) Recent experience (last 3-4 years) in managing of at least one complex IT project focused on the implementation of an integrated IT system (including ERP solutions) in an organisation from Republic of Moldova or region (South-Eastern, Central or Eastern Europe) with more than 200 employees (minimum 1 or 2 referrals). Recent experience with implementing an ITMS system in a tax authority would be an advantage;
- c) At least 5-8 years' experience with Account team, Infrastructure Delivery team (server, network, storage, etc), quality testing and 3rd party vendors experience in deployment of an IT integrated system or ERP;
- d) Experience of project management in the World Bank projects of similar scale and complexity would be an advantage.

Terms of Reference for Project Manager Assistant (PMA)

1.1. Objectives of the Assignment of the Project Manager Assistant (PMA)

The PMA's role is to provide support to the whole TAMP implementation team, with an emphasis of direct assistance to the TAMP and IT Project Managers, Procurement Specialist and Financial Management Specialist for the everyday project management activities.

The main objectives of the assignment are the following:

- Provide assistance to the TAMP and IT Project Managers in all administrative and project management activities to successfully manage the TAMP project;
- Provide assistance to the PMU Procurement Specialist and Financial Management Specialist in performing administrative activities in accordance to the provisions of the Credit and Loan Agreements, World Bank's Guidelines and Procedures, as well as local legal requirements;
- Ensure the administrative activities are performed timely and facilitates the smooth project operation of TAMP.

2. Scope of Work

2.1. The scope of work and activities of the Project Manager Assistant (PMA)

The scope of work and activities of the PMA will include the following:

- Assist the PMU Project Manager to set up the TAMP project management function and to fulfill day-to-day administrative project management activities;
- Provide support to the TAMP and IT Project Managers, Procurement and Financial Management Specialists in drafting the project management, procurement and financial documents;
- Work with a high level of discretion in providing comprehensive executive and administrative assistance in setting and managing priorities and the workflow of the TAMP and IT Project Managers, as well as administrative coordination and communication with key stakeholders (MSTI, World Bank, Ministry of Finance, Steering Committee and Advisory Panel members, consultants and any other stakeholders) and across the PMU to facilitate a changing business environment (i.e. scheduling appointments, coordinating travels and study visits, independently resolving scheduling conflicts, screening and prioritizing incoming calls and correspondence, and monitoring activities to ensure appropriate follow-up);
- Compose, type, and distribute meeting notes, routine correspondence, or reports, such as presentations or expense, statistical, or monthly reports.
- Open, read, route, and distribute incoming mail or other materials and answer routine letters. Mail newsletters, promotional material, or other information.
- Review work done by others to check for correct spelling and grammar, ensure that organisation format policies are followed and recommend revisions.

- In close collaboration with the TAMP and IT Project Managers and other team members, monitor deliverables and follow up on key actions as necessary. Exercise independent judgment by promptly bringing potential problems to the attention of the Project Managers and team members. Keep others informed as appropriate, by providing relevant information, reports or status updates;
- Take responsibility for logistical support of the PMU team meetings e.g. prepare agenda, draft minutes (as needed), and monitor on agreed actions. Ensure that relevant background materials are available for meetings, deadlines are met and documents are of high quality and adhere to administrative and operational guidelines as set by the unit. Manage and monitor communications sent by the team when needed;
- Provide leadership on quality control of electronic and hard copy documents to ensure consistency and compliance with established standards and procedures; as well as establish/implement/maintain effective monitoring, tracking, filing and retrieval system for the Project Manager and other members of the team in compliance with World Bank and other internal policies. Support preparation of PMU team's correspondence, including documents/letters to be sent by the Head of the PMU on behalf of the team, ensuring adherence to unit's and institutional guidelines, including appropriate clearances and distribution;
- Maintain in good order the archive of project documents in hard and electronic copies according to PMU guidelines. Ensure timely periodic back-up of data files, including emails database;
- Provide support for the preparation and logistical planning of a wide variety of events within the TAMP project scope including workshops, seminars, presentations, trainings and audio/video conferences;
- Help maintain and update contacts lists and distribution databases in SharePoint and Excel, as well as maintain/update records of the PMU Team's leave and mission information;
- Process other consultant's contracts, and follow up on contract details with the relevant parties, as well as on any issues related to payment requests, travel arrangements, purchase orders, etc.
- Manage all aspects involved in welcoming new staff or external consultants joining the team, including organizing internal introductory meetings across the unit; logistical arrangements for the new staff member's office and equipment, etc.
- Conduct searches to find needed information, using such sources as the Internet;
- Order and dispense supplies;
- Assist with PMU administrative tasks as assigned by the TAMP and IT Project Managers.

2.2. Qualifications and Experience

The most suitable candidate for the PMU Project Manager Assistant position, who will be able to provide support to MSTI in successfully fulfilling the project management function, is expected to demonstrate specific knowledge and abilities in the following areas:

Knowledge:

- g) Administration and Management;
- h) Project Management intermediate-advanced level (Waterfall and Agile methodologies), including inter alia:

- Project Integration Management
 - Project Scope Management
 - Project Time Management
 - Project Cost Management
 - Project Quality Management
 - Project Human Resource Management
 - Project Communications Management
 - Project Risk Management
 - Project Procurement Management
 - Project Stakeholder Management.
- i) Knowledge of administrative and clerical procedures.

Specific abilities:

- a) Integrity – being honest and ethical;
- b) Attention to detail;
- c) Prioritisation and information ordering
- d) Stress tolerance and ability to work under pressure
- e) Time management
- f) Ability to work independently
- g) Communicate effectively
- h) Monitoring

Therefore, the candidates for the PMU Project Manager Assistant position will be evaluated against the following main requirements on qualifications and experience:

Qualifications:

The Project Manager Assistant should have the following minimum Qualifications:

- h) Degree in business administration;
- i) Degree in philology would be an advantage;
- j) Professional certification in Project Management would be an advantage.
- k) Excellent written and oral communication skills in English and Romanian, including the ability to draft memos, messages, letters and internal regulations, documents and reports. Fluency in Russian would be an advantage;
- l) Excellent computer skills in Microsoft Office tools (Word, Excel, PowerPoint), Adobe Acrobat, Microsoft Outlook and Share Point, Internet use. Skills in using Microsoft Project would be an advantage.

Experience:

The Project Manager Assistant should have proven experience as follows:

- d) At least 3 years of successful experience with administrative project work and assisting the project managers in performing project management activities (minimum 2 referrals);
- e) Experience of project administration in the World Bank projects of similar scale and complexity in Republic of Moldova or in the region (South-Eastern, Central and Eastern European countries) would be an advantage ;
- f) Experience of performing of administrative activities in projects implementes in central public authorities from the Republic of Moldova would be an advantage;
- g) Experience in event management would be an advantage.

Terms of Reference for Procurement Specialist (PS)

1.1. Objectives of the Assignment of the Procurement Specialist (PS)

The Procurement Specialist is responsible for leading the procurement function by providing support and overseeing all aspects of the procurement processes including market analysis, procurement strategy, bidding, negotiations, supplier contracting and management within the scope of the TAMP project. The Procurement Specialist will also be required to provide support to MSTI Evaluation Committee(s) in the procurement/selection process under the TAMP project.

The main objectives of the assignment are the following:

- Provide assistance to MSTI to successfully manage and carry out procurement activities for the TAMP project;
- Ensure the procurement activities are done in accordance to the provisions of the Credit and Loan Agreements, World Bank's Guidelines and Procedures, as well as local legal requirements;
- Ensure the procurement activities are performed timely and facilitates the smooth project operation of TAMP, and the risks related to procurement and contract management are minimized or eliminated;
- Develop the procurement capacity of the PMU and MSTI to ensure long-term sustainability of the project outcomes.

2. Scope of Work

2.1. The scope of work and activities of the Procurement Specialist (PS)

The scope of work and activities of the PS will include the following:

- Set up the TAMP project procurement management function in collaboration with the MSTI Public Procurements and Property Administration Department and Evaluation Committee(s) representatives, the TAMP Project Coordinator and Project Manager;
- Establish and enhance, as appropriate, the systems of internal control (goods, works, services, fixed assets);
- Draft and update the TAMP Project Operations Manual (POM) in terms of procurement management procedures, so as to ensure the full compliance with the World Bank procedures, MSTI internal regulations and requirements set by the local legal framework;
- Develop, implement and maintain procurement policies with regular review to ensure relevance, conformance with World Bank guidelines, best practices and ensure compliance with all internal and regulatory policies.
- Ensure the effective communication and liaison with the World Bank, MSTI Evaluation Committee(s) and Public Procurements and Property Administration Department, Public Procurements Agency on all procurement management and administration issues;
- Analyze and define the needs for procurement, analyze the markets for specific goods and services, identify and screen potential suppliers, analyze costs and recommend the most suitable procurement strategy for each procurement exercise;
- Maintain and update, upon request or when it might be necessary, the TAMP project overall Procurement Plan.

- Draft Annual Procurement Plans for the TAMP project and subsidiary Procurement Plans for TAMP components and sub-components as part of the Annual Operating Planning exercise of the procurement of goods, works and services, including consulting services.
- Maintain and regularly update the Annual Procurement Plans (i.e. updating the plan twice a year and whenever requested by the Bank, MSTI or it might be necessary);
- Provide advice on interpretation of procurement policy, giving expert advice and guidance to members of the MSTI Evaluation Committee(s), MSTI Public Procurements and Property Administration Department and PMU team;
- Draft using the World Bank respective formats Bidding Documents (BDs), Terms of References (ToR), requests of expression of interest (REoI), technical specifications, Requests for Proposals (RFP), Evaluation Reports and all other relevant documents required for the procurement of goods, works and services, including consulting services for the TAMP project and sub-projects;
- Thoroughly review all bidding documentation prior to submission to the World Bank for 'No Objection';
- Assist the TAMP Project Manager and the IT Project Manager in the procedure of getting the World Bank prior or post 'No Objection', as it might be required. Where applicable, ensure the required World Bank "No Objection" relating to a specific expenditure is available before effecting payment;
- Ensure that the procurement process is conducted in accordance with the Procurement Plan, Project Operations Manual, in line with provisions the World Bank Procurement Guidelines and local legal framework;
- Assist the TAMP Project Manager and the IT Project Manager on drafting of the correspondence with bidders during the bidding process or suppliers during contract implementation;
- Oversee the opening of Expressions of Interest, Bids and Requests For Proposals in a timely manner and assist the TAMP Project Manager and the IT Project Manager on drafting of the minutes of bid (or proposals) opening;
- Assist the Evaluation Committee(s) to ensure that evaluations are conducted in accordance with the criteria stipulated in the bidding documents and World Bank procedures and guidelines;
- Draft all necessary evaluation reports and present them to the Evaluation Committee(s) members, and submit the evaluation reports to the World Bank for 'No objection', through the TAMP Project Manager and the IT Project Manager or Project Coordinator;
- Assist the PMU staff and MSTI Evaluation Committee members to conduct contract negotiations with suppliers and on preparation of draft negotiated contract; and final drafts of contracts for award;
- Ensure the contracts for works, goods and consulting services are prepared based on the draft contracts included in the approved Bidding Documents / Request for Proposals, using the World Bank formats;
- Draft, coordinate with the TAMP Project Manager and the IT Project Manager, publish and submit to World Bank notifications for advertising contracts, General Procurement Notices (GPN), Specific Procurement Notices (SPN) and Contract Award Notices;
- Provide guidance to the TAMP Project Manager and the IT Project Manager on all procurement related issues;

- Assist the TAMP Project Manager, the IT Project Manager and Financial Management Specialist on monitoring and control of contracts execution to ensure that all the activities are conducted according to the Project Schedule and the Procurement Plan, and the assignments are carried out in accordance with the contract terms and provisions.
- Countersign (jointly with the MSTI' representatives) the acceptance of the goods and services provided in accordance with the terms of reference, contracts and the relevant technical specifications;
- Maintain up to date all project procurement records and documents in line with the approved policies, standards and procedures as set out in the Project Operations Manual;
- Ensure that the filing system of the procurement records and documents are up to date at all times and that they are easily retrievable for reviews and audit purposes;
- Perform any other procurement related duty as may be requested by the TAMP and IT Project Managers.
- Initiate corrective measures to address internal financial shortcomings and irregularities as it might be requested and approved;
- Support and build the capacity in procurement management of PMU and MSTI staff;
- Report to the Project Coordinator and Project Manager on any issue identified with recommendations on its remediation;
- Submit to the Project Manager a monthly progress report on procurement management and a final report at the end of the contract period outlining achievements and challenges pertaining to the procurement management function.

2.2. Qualifications and Experience

The most suitable candidate for the PMU Procurement Specialist position, who will be able to provide support to MSTI in successfully fulfilling the procurement management function, is expected to demonstrate specific knowledge and abilities in the following areas:

Knowledge:

- j) Administration and Management;
- k) Macroeconomics, Marketing and Business Intelligence;
- l) Contract law – international aspects and Moldovan legal framework requirements;
- m) The World Bank guidelines and regulations as follows:
 - World Bank's Guidelines "Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants", published in January 2011, revised in July 2014 (Procurement Guidelines); and
 - World Bank's Guidelines "Selection and Employment of Consultants under IBRD Loans & IDA Credits & Grants by World Bank MSTIs", published in January 2011, revised in July 2014 (Consultant Guidelines), and
 - "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011;
- n) Legal Agreements' provisions - Financing Agreement between the Republic of Moldova and the International Development Association (IDA) and the Loan Agreement between the Republic of Moldova and the International Bank for Reconstruction and Development (IBRD) both dated June 28, 2016.

- o) “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of the Appendix;
- p) “International Bank for Reconstruction and Development General Conditions for Loans”, dated March 12, 2012, with the modifications set forth in Section II of the Appendix;
- q) The legal framework applicable to procurement in public authorities in Republic of Moldova.
- r) Project management basic processes and documents.
- s) Knowledge of administrative and clerical procedures.

Specific abilities:

- a) Integrity – being honest and ethical;
- b) Analysing data or information;
- c) Attention to detail;
- d) Prioritisation and information ordering
- e) Problem sensitivity and complex problem solving
- f) Negotiation skills
- g) Stress tolerance and ability to work under pressure
- h) Persistence
- i) Time management
- j) Ability to work independently
- k) Train the others

Therefore, the candidates for the PMU Procurement Specialist position will be evaluated against the following main requirements on qualifications and experience:

Qualifications:

The Procurement Specialist should have the following minimum Qualifications:

- a) Degree in business administration, procurement, marketing and/or macroeconomics;
- b) Degree or qualification in law and/or contract management would be an advantage;
- c) Internationally recognized professional qualification or certification in Procurement would be an advantage;
- d) Trainings and courses in Procurement management according to World bank procedures would be an advantage;
- e) Professional certification in Project Management or a course certificate would be an advantage.
- f) Excellent written and oral communication skills in English and Romanian, including the ability to draft memos, letters and internal regulations, bidding documents and reports. Fluency in Russian would be an advantage;
- g) Excellent computer skills in Microsoft Office tools (Word, Excel, PowerPoint), Microsoft Outlook and Internet use. Skills in using Microsoft Project would be an advantage.

Experience:

The Procurement Specialist should have proven experience as follows:

- a) At least 5 years of successful experience in procurement management (planning, administration, monitoring and controlling and closing processes) in the World Bank projects of similar scale and complexity (minimum 1 or 2 referrals) in Republic of Moldova or in the region (South-Eastern, Central and Eastern European countries);
- b) Experience in managing procurement (including drafting bidding documents, conducting bidding conferences) based on International Competitive Biddings (ICB) procedure (experience in ICB procurements for IT systems would be an advantage);
- c) Experience and knowledge of the trends on local, regional and international markets for consulting and IT development services;
- d) Experience in delivering trainings, coaching others in procurement management;
- e) Experience of participation in project management teams would be an advantage;

Terms of Reference for Financial Management Specialist (FMS)

1.1. Objectives of the Assignment of the Financial Management Specialist (FMS)

The PMU Financial Management Specialist will provide support in planning and monitoring the use of funds under the project, ensuring the accounting of project transactions and events, drafting the payment documents, project financial statements and their submission to the World Bank and Moldovan Authorities, render assistance in planning and organizing the external audit of the project financial statements.

The main objectives of the assignment are the following:

- ensure fiduciary safeguards facilitating the smooth project operation, by assisting the STS in fulfilling its financial management function within the scope of TAMP;
- ensure that the TAMP project financial management, disbursement and administration of funds, the financial reporting and auditing are performed timely and in compliance with World Bank procedures and Moldovan legal framework;
- develop the necessary project financial management skills and technical capabilities within STS.

2. Scope of Work

2.1. The scope of work and activities of the Financial Management Specialist (FMS)

The scope of work and activities of the FMS will include the following:

- Set up the TAMP project financial management function in collaboration with the MSTI Economic and Financial Department, the TAMP Project Coordinator and Project Manager, including the setup of the 1C software adapted for project accounting and reporting;
- Establish and enhance, as appropriate, the systems of internal control (goods, works, services, fixed assets, civil works);
- Draft and update the TAMP Project Operations Manual (POM) in terms of financial management and disbursement, accounting and financial reporting procedures so as to ensure the full compliance with the World Bank procedures, MSTI internal regulations and requirements set by the Ministry of Finance;
- Ensure the effective communication and liaison with the financial management and payments specialists of the MSTI Finance and Economic Department, Ministry of Finance, State Treasury and World Bank on all financial management, disbursement, payments, accounting, financial reporting and auditing issues;
- Maintain up to date all project accounting records and accounts in line with the approved accounting policies, standards and procedures as set out in the POM;
- Prepare project budgets and cash flow forecasts in consultation with the MSTI Economic and Financial Department, TAMP Procurement Specialist, TAMP Project Manager and Project Coordinator;
- Provide assistance to the Procurement Specialist in drafting procurement plans with cost estimating, payments planning, financial and tax risks assessment and mitigation, drafting contractual clauses related to payments and taxes;

- Provide assistance to MSTI top management, as well as to MSTI Economic and Financial Department, in including the TAMP project in the list of technical assistance projects exempted of specific taxes, and provision to project suppliers of documents confirming the application of such a specific tax regime;
- Provide assistance to the MSTI Economic and Financial Department in preparing forecasts for the purposes of Medium Term Budget Framework in terms of project related cash-flows and expenditures;
- Ensure that disbursements and payments are made in accordance with the approved budgets, procurement plans, contracts provisions and cash flow forecasts, according to POM and World Bank procedures;
- Where applicable, ensure the required World Bank “No Objection” relating to a specific expenditure is available before effecting payment;
- Inform the Procurement Specialist where “No Objection” is not available and follow up on that issue to ensure that the project expenditures are properly filed as part of the accounting records;
- Maintain relevant books and records for the Project that reflect transactions by cost categories, sub-projects and components;
- Ensure that the filing system of the accounting records are up to date at all times and that they are easily retrievable for reviews and audit purposes;
- Draft and timely submit to the MSTI Economic and Financial Department, TAMP and IT Project Managers and Project Coordinator the periodic financial reports, (i.e. monthly/quarterly/annually) in the formats approved by the World Bank and the Ministry of Finance of the Republic of Moldova and in line with the POM, project documents and financing agreement;
- Together with the MSTI Economic and Financial Department, TAMP and IT Project Managers and Project Coordinator ensure strict adherence to MSTI and TAMP internal control systems and procedures for all areas of project operation;
- Ensure and assist the MSTI Economic and Financial Department staff to liaise with the external auditors to get project financial statements audited and follow up any audit queries/management letters;
- Ensure that no project category/component is overspent without proper authorization from the World Bank;
- Monitor the financial performance of the TAMP and suggest reviews and updates to budgets, cash-flow forecasts, activities and procurement plans;
- Initiate corrective measures to address internal financial shortcomings and irregularities as it might be requested and approved;
- Prepare Unaudited Quarterly Financial Reports (IFRs) and Annual Financial Statements for all Project Funds analyzed according to the categories and project components as appropriate, and provide timely reporting of any material variances to the PMU and MSTI Economic and Financial Department;
- Prepare detailed Budget Execution Reports for all Project Funds analyzed according to the categories and project components as appropriate, and provide timely reporting of any material variances to the PMU and MSTI Economic and Financial Department;
- Support and build the capacity of financial management staff from the MSTI Economic and Financial Department;

- Report to the Project Coordinator and TAMP Project Manager on any issue identified with recommendations on its remediation;
- Present a final report at the end of the contract period outlining achievements and challenges pertaining to the financial management function.

2.2. Qualifications and Experience

The most suitable candidate for the PMU Financial Management Specialist position, who will be able to provide support to MSTI in successfully fulfilling the fiduciary and financial management function, is expected to demonstrate specific knowledge and abilities in the following areas:

Knowledge:

- a) Business and Administration;
- b) Accounting and Finance, including cost estimating, forecasting and budgeting, monitoring and control, financial auditing;
- c) World Bank Disbursement Guidelines for Projects, dated May 1, 2006;
- d) Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation (“Terms and Conditions of Use of Secure Identification Credentials”), dated March 1, 2013;
- e) World Bank’s Debtor Reporting System Manual, dated January 2000 (DRSM);
- f) “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011;
- g) “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of the Appendix;
- h) “International Bank for Reconstruction and Development General Conditions for Loans”, dated March 12, 2012, with the modifications set forth in Section II of the Appendix;
- i) Law on Accounting no. 113-XVI from 27 April 2007;
- j) Chart of accounts and Methodological norms on accounting and financial reporting in the institutions part of the state budgetary system (approved by the Order of the Ministry of Finance no. 216 from 28th of December 2015);
- k) Budget classification (approved by the Order of the Ministry of Finance no. 208 from 24th of December 2015)
- l) Project management basic processes and documents.

Specific abilities:

- a) Integrity – being honest and ethical;
- b) Attention to detail;
- c) Prioritisation and information ordering
- d) Problem sensitivity and complex problem solving
- e) Stress tolerance and ability to work under pressure
- f) Persistence
- g) Time management
- h) Ability to work independently

- i) Train the others

Therefore, the candidates for the PMU Financial Management Consultant position will be evaluated against the following main requirements on qualifications and experience:

Qualifications:

The Financial Management Specialist should have the following minimum Qualifications:

- a) Degree in accounting, finance or business administration (accounting);
- b) Internationally recognized professional qualification (or part-qualified at an advanced level) or certification in finance e.g. ACCA, CIPFA, CA, CPA, CMA, CIMA, CFA;
- c) Excellent written and oral communication skills in English and Romanian, including the ability to draft memos, letters and internal regulations, financial documents and reports. Fluency in Russian would be an advantage;
- d) Excellent computer skills in Microsoft Office tools (Word, Excel, PowerPoint), Microsoft Outlook, 1C Accounting and Internet use. Skills in using Microsoft Project would be an advantage.
- e) Professional certification in Project Management or a course certificate would be an advantage.

Experience:

The Financial Management Specialist should have proven experience as follows:

- a) At least 5 years of successful experience in audit or financial management of the World Bank projects of similar scale and complexity (minimum 1 or 2 referrals);
- b) Experience of financial management in the World Bank projects of similar scale and complexity in Republic of Moldova or in the region (South-Eastern, Central and Eastern European countries);
- c) More than 5 years of experience in financial management and or accounting in Moldovan entities (experience in accounting and finance in public authorities would be an advantage);
- d) Experience in delivering trainings, coaching others.
- e) Experience of participation in project management teams would be an advantage.

Annex 7. TOR for the audit firm³

SAMPLE TERMS OF REFERENCE FOR A NORMAL SCOPE FINANCIAL STATEMENTS AUDIT

Introduction

The Government of the Republic of Moldova (GoM) is implementing a comprehensive Tax Administration Modernisation Project (TAMP), aiming at comprehensive reforming of the Moldovan State Tax Service (STS, Beneficiary) in terms of the organisational and HR aspects, tax policy and operational procedures, as well as the profound modernisation of the information technology. The TAMP implementation coincides with the STS Strategy 2016-2020, and as such it also forms the core of the Strategy development priorities.

[This section should provide appropriate background information on the project that is subject to audit, including a brief description of the project; its implementation arrangements, including the name of the implementing agency/recipient; the sources of financing; and the requirement for periodic audits.]

Objective

The objective of the audit of the project financial statements is to enable the auditor to express a professional opinion on the project's financial position as at the end of [audit reference date] and of the income and expenditure for the accounting period ending on that date. The project's books of account provide the basis for preparation of the financial statements and are established to reflect the financial transactions in respect of the project.

Responsibility for preparation of financial statements

The organisation's management is responsible for the preparation of financial statements, including the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, the safeguarding of the assets of the project, and adequate disclosure. As part of the audit process, the auditor will request from management written confirmation concerning representations made to us in connection with the audit.

Scope

1. The audit will be conducted in accordance with [International Standards on Auditing](#). Those Standards require that the auditor plans and performs the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.
2. In complying with International Standards on Auditing, the auditor is expected to pay particular attention to the following matters, including special considerations for public sector entities:
 - (a) In planning and performing the audit to reduce audit risk to an acceptably low level, the auditor should consider the risks of material misstatements in the financial statements due to fraud, as required by [International Standard on Auditing 240: The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements](#).
 - (b) When designing and performing audit procedures and in evaluating and reporting the results thereof, the auditor should recognize that noncompliance by the entity with laws and regulations may materially affect the financial statements, as required by [International Standard on Auditing 250: Consideration of Laws and Regulations in an Audit of Financial Statements](#).
 - (c) The auditor should communicate audit matters of governance interest arising from the audit of financial statements to those charged with governance of an entity, as required by

³ Audit TORs will need to be revised to include the actual terms and conditions before incorporating them in request of proposals.

[International Standard on Auditing 260: Communication with those Charged with Governance.](#)

- (d) The auditor should appropriately communicate to those charged with governance and to management any deficiencies in internal control that the auditor has identified in an audit of financial statements, as required by [International Standard on Auditing 265: Communicating Deficiencies in Internal Control to Those Charged with Governance and Management.](#)
 - (e) To reduce audit risk to an acceptably low level, the auditor should determine overall responses to assessed risks at the financial statement level, and should design and perform further audit procedures to respond to assessed risks at the assertion level, as required by [International Standard on Auditing 330: The Auditor's Responses to Assessed Risks.](#)
 - (f) When certain aspects of an entity's operations are performed by a third-party service provider, the auditor is expected to include an understanding and assessment of the internal control environment of the service provider during the audit process, as required by [International Standard on Auditing 402: Audit Considerations Relating to an Entity Using a Service Organization.](#)
 - (g) As part of the audit process, the auditor is expected to obtain written representations from management and, where appropriate, those charged with governance, as required by [International Standard on Auditing 580: Written Representations.](#)
 - (h) When the external auditor decides to use the work of an entity's internal audit function to modify the nature or timing, or reduce the extent, of audit procedures to be performed directly by the external auditor, the determination shall be in accordance with [International Standard on Auditing 610: Using the Work of Internal Auditors.](#)
 - (i) In determining whether to use the work of an auditor's expert or the extent to which the work of an auditor's expert is adequate for audit purposes, the determination shall be made in accordance with [International Standard on Auditing 620: Using the Work of an Auditor's Expert.](#)
3. In evidencing compliance with agreed project financing arrangements, the auditor is expected to carry out tests to confirm that:
- (a) All external funds have been used in accordance with the conditions of the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which the financing was provided. Relevant financing agreements include *[Loan/Credit Agreements]*.
 - (b) Counterpart funds have been provided and used in accordance with the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which they were provided.
 - (c) Goods, works, and services financed have been procured in accordance with relevant financing agreements,⁴ including specific provisions of the [World Bank Procurement Guidelines.](#)⁵
 - (d) All necessary supporting documents, records, and accounts have been maintained in respect of all project activities, including expenditures reported using Statements of

⁴ Depending on the complexity of procurement activities, the auditor may consider involving technical experts during the audit engagement. When such experts are involved, the auditor is expected to comply with provisions of [International Standard on Auditing 620: Using the Work of an Expert.](#) Consideration of using of the work of experts should be brought to the early attention of the borrower and the World Bank for mutual agreement and appropriate guidance.

⁵ See [Guidelines: Procurement Under IBRD Loans and IDA Credits, Revised July 2014](#) and [Guidelines: Selection and Employment of Consultants by World Bank Borrowers, Revised July 2014.](#)

Expenditure (SOE) or Interim Unaudited Financial Statements (IFS) methods of reporting. The auditor is expected to verify that respective reports issued during the period were in agreement with the underlying books of account.

Project financial statements

4. The auditor should verify that the financial statements have been prepared in accordance with [International Public Sector Accounting Standards](#). The financial statements should include:
 - (a) A statement of financial position;
 - (b) A statement of financial performance;
 - (c) A statement of changes in net assets/equity;
 - (d) A cash flow statement;
 - (e) When the entity makes publicly available its approved budget, a comparison of budget and actual amounts either as a separate additional financial statement or as a budget column in the financial statements; and
 - (f) Notes, comprising a summary of significant accounting policies and other explanatory notes.

Review of Statements of Expenditure and Interim Unaudited Financial Statements

5. The auditor is required to audit all SOE submitted to the World Bank in support of requests for periodic replenishment of the project designated account(s). Expenditures should be examined for eligibility based on criteria defined in the terms of the financing agreement and detailed in the Project Appraisal Document. The auditor should report any ineligible expenditures identified as having been included in withdrawal applications and reimbursed.

Review of designated accounts

6. During the audit of the project financial statements, the auditor is required to review the activities of the project's designated account(s). Activities to be examined will include deposits received, payments made, interest earned, and reconciliation of period-end balances.

Audit Reports

Audit opinion

7. The auditor will issue an audit opinion on the financial statements. The auditor's opinion shall be based on an evaluation of the conclusions drawn from the audit evidence obtained and shall be expressed clearly through a written report that also describes the basis for that opinion. The audit report shall be prepared in accordance with [International Standard on Auditing 700: Forming an Opinion and Reporting on Financial Statements](#).
8. A modified audit opinion shall be rendered in the financial statements when the auditor concludes, on the basis of the audit evidence obtained, that the financial statements as a whole are not free from material misstatement; or the auditor is unable to obtain sufficient appropriate audit evidence to conclude that the financial statements as a whole are free from material misstatement. Modified audit opinions shall be in accordance with [International Standard on Auditing 705: Modifications to the Opinion in the Independent Auditor's Report](#).
9. The auditor will include emphasis of matter paragraphs or other matter paragraphs in the audit opinion where the auditor, having formed an opinion on the financial statements, seeks to draw users' attention, when in the auditor's judgment it is necessary to do so, by way of clear additional communication in the auditor's report. The paragraphs will refer to either a matter that, although appropriately presented or disclosed in the financial statements, is of such importance that it is fundamental to users' understanding of the financial statements; or as appropriate, any other matter that is relevant to users' understanding of the audit, the auditor's responsibilities, or the auditor's report. This form of opinion will be presented in accordance with [International Standard on Auditing 706: Emphasis of Matter Paragraphs or Other Matter Paragraphs in the Independent Auditor's Report](#).

Other audit reports

10. In addition to the audit opinion, the auditor will also, either in the audit report or in the report to management:
 - (a) provide comments and observations on the accounting records, systems, and controls that were examined during the course of the audit;
 - (b) identify specific deficiencies and areas of weakness in systems and controls and make recommendation for their improvement;
 - (c) report on instances of noncompliance with the terms of the financial agreement(s);
 - (d) quantify and report expenditures that are considered to be ineligible and either paid out of the designated account(s) or claimed from the World Bank;
 - (e) communicate matters that have come to attention during the audit that might have a significant impact on the implementation of the project;
 - (f) draw to the borrower's attention any other matters that the auditor considers pertinent; and
 - (g) ask for responses from management, including implemented and proposed remedial actions.
11. The auditor's opinion on the financial statements and management letter should be received by the Bank no later than [*three to six*] months after the end of [*the audit reference date*].

General

12. The auditor is entitled to unlimited access to all information and explanations considered necessary to facilitate the audit, including legal documents, project preparation and supervision reports, reports of reviews and investigations, correspondences, and credit account information. The auditor may also seek written confirmation of amounts disbursed and outstanding in the Bank records.
13. The auditor is encouraged to meet and discuss audit-related matters, including input to the audit plan, with the World Bank project task team.
14. It is highly desirable that the auditor reviews the Bank's financial reporting and auditing requirements contained in Operational Policies [OP 10.00 Investment Project Financing](#). The auditor should also be familiar with the Bank's [Disbursement Guidelines and Handbook \(2006\)](#) and *Financial Monitoring Reports for World Bank-Financed Projects: Guidelines for Borrowers*, November 30, 2001; and [World Bank Procurement Guidelines](#).