

**Jharkhand Bijli Vitran Nigam Ltd**

**Terms of Reference**

**For**

**Transformation Initiatives for Strengthening Financial  
Management in JBVNL**

## 1) About JBVNL

JBVNL (Jharkhand Bijli Vitran Nigam Limited) is a distribution utility for the state of Jharkhand. Its creation took place on 06.01.2014 after unbundling of Jharkhand State Electricity Board. JBVNL came into existence as a distribution licensee to maintain the power supply through the state. It is responsible for the operation and maintenance of the electrical system covering all 33 KV, 11KV & 440/220 voltage power distribution system.

JBVNL is functioning from its Hq. at Ranchi, supported by Electric Supply Area's, Electric Supply Circle's, Electric Supply Divisions, and Electric Supply Sub-Divisions. Accounts are prepared at Hq level by consolidating the accounts prepared at the level of Area and Circle Offices. Revenue accounting is done at the level of Division and is incorporated in the Circle Accounts.

## 2. OBJECTIVE

The erstwhile Jharkhand State Electricity Board (JSEB) was unbundled in 2014 into separate companies for Generation, Transmission and Distribution, which were duly incorporated under the Companies Act, 2013. Accordingly, these companies are required to follow the Companies Act for their accounting in terms of adopting Schedule III for presentation of their financial statements and following the Accounting Standards prescribed under the Act. The new companies by and large, have been continuing with the accounting policies and procedures prescribed under ESAAR 1985 which governed the accounting framework of the erstwhile Jharkhand State Electricity Board.

The overall objective of the assignment is to strengthen the existing financial management system of JBVNL through a multi-layered approach involving (i) Drafting of the Financial Management Manual ("Manual") which is amenable to ERP environment, (ii) training of staff in the application of prescriptions and procedures of the manual; and (iii) Implementation support in the preparation of the annual financial statements for the financial year 2016-17 in accordance with the manual. New Accounting standards (called IND AS) which were developed under the international IFRS umbrella and notified by the Government of India in 2015 are also applicable to JBVNL.

## 2) SCOPE OF WORK

The consultant will prepare the Financial Management Manual for JBVNL considering all the applicable provisions of the regulatory prescriptions viz. Companies Act, 2013, Electricity Act, 2003 and their subordinate legislations, generally accepted accounting and financial reporting standards and practices in similar companies and prudent disclosure requirements particularly in respect of a power distribution utilities and the observations of the statutory and internal auditors of the company, adequacy of internal controls and contract management etc. The brief scope of work inter-alia includes:

### **A. Drafting of Financial Management Manual**

- 1) The manual must adequately cover all financial management aspects incorporating prescriptions and procedures for planning and budgeting, fund flow, updation of the existing accounting prescriptions/manual, internal controls and

internal audit, financial reporting, FM staffing, audits, transparency and FM disclosures etc.

- 2) Updation of the existing accounting prescriptions/manual incorporating the new IND AS applicable from 2016-17 and covering all accounting areas such as employee benefits, billing & accounts receivable, bill passing & accounts payable, fixed assets and inventory management, accounting for consumer contributions, revenue and capital grants, loans & borrowings, power purchase and investments etc.
- 3) Update the Chart of Accounts and provide accounting entries for every type of transaction
- 4) Adequately cover the regulatory accounting as per Regulations
- 5) The Manual will contain clear roles and responsibilities of all FM staff, significant accounting policies, framework of Notes to Accounts, List and formats of vouchers, records and documents to be maintained, format of Financial Statements including cash flow statement, detailed procedures for closing of books of account and finalization of annual accounts, financial MIS including the type of reports, formats, frequency, distribution, roles and responsibilities and data source
- 6) The manual needs to be adequately supplemented by detailed process flows, procedures and formats to guide staff at the field offices and Head Office.

#### **B. Trainings on the Financial Management Manual**

1. Develop and document a comprehensive training strategy and plan— with separate content for field offices and head office.
2. Conduct training of staff particularly the accounting staff at the Divisions, Circles and the Head office with objective to build capacities within the accounting function to understand and implement the updated accounting manual.

#### **C. Implementation Support**

1. Handholding support (onsite/off-site) in implementing the manual including assistance in the preparation and finalization of the annual financial statements for the financial year 2016-17 in accordance with the manual; suitably address audit issues arising during statutory audit of these financial statements which may entail revisions in the manual.
2. Formation of a help desk to which the field office staff can connect to and address any issues they will face during the implementation of the manual.