

Terms of Reference

SUPPLY, INSTALLATION, COMMISSIONING AND MAINTENANCE OF ACCOUNTING SOFTWARE FOR THE FINANCE DEPARTMENT OF CEYLON SHIPPING CORPORATION LTD.

1. Introduction

Ceylon Shipping Corporation Ltd (CSC) is the national sea carrier of Sri Lanka. Established on 6th June 1992 as a Company under the company's act of Sri Lanka as a successor to the Ceylon Shipping Corporation (CSC) which is a state corporation established under the Ceylon Shipping Corporation Act No.11 of 1971. The government of Sri Lanka holds all stakes of CSC.

CSC serves as a Ship owner & operator and provides ship management, chartering, ship brokering services, Non Vessel Operating Common Carrier Service (NVOCC) and Total Logistics services together variety of other shipping ancillary services. Moreover, CSC offers promotional freight to exporters and importers to support export oriented industries and facilitates for the sea transportation of government imports in Sri Lanka which encourages Sri Lankan exporters/ importers in their overseas trading activities. CSC as the 'one -stop –shop' for all shipping needs is able to render an excellent services to her worldwide customers.

2. Background

The maritime industry is a very competitive field in the world and it is a largest contributor to the economy, hence it is considered to be one of the most highly efficient industries in the world. Therefore, CSC adopts to follow various technological advances within the organization. As a result, CSC has planned to implement a software solution to improve the effectiveness and efficiency within the organization and provide quality services to the industry.

Currently there are several standalone software systems within the organization to carry out daily operations. Based on the users' experiences several issues were identified with existing standalone systems and the CSC has decided to implement a new software solution with integrated package in order to enhance the efficiency and effectiveness of the existing process.

3. Objective of the assignment

The main objective of implementing the proposed software solution is to improve the effectiveness and efficiency of the existing processes within the organization and provide better quality services to the industry.

4. Scope of Work for Finance Division

4.1 Finance Department

The finance department is responsible/assistance to the management of the organizations on financial affairs, where such financial matters are conducted in an effective manner.

This Department is responsible mainly for the following functions.

- I. Finance, Accounting & Reporting
- II. Budgeting
- III. Treasury Operations
- IV. Taxation
- V. Corporate Reporting

4.2 Functions of Finance Department

- Own/ NVOCC/ Chartered Vessel/Voyage Income collection/accounting
- Own/NVOCC/Chartered Vessel/Voyage Expenses Payment/accounting.
- Own vessel repair and maintenance expenses payment/accounting
- Own vessel operating expenses payment/accounting.
- Port Agency income collection and expenses accounting.
- Other owners' vessel handling Agency income & Expenses accounting.
- Clearing & Forwarding business income & expenses accounting.
- Staff salary/OT/Advance/EPF/ETF preparation/payment and accounting.
- Floating staff salary/EPF/ETF preparation/payment and accounting.
- Cash Book/ Bank accounts Maintenance.
- Reconciliation of Bank/ VAT and other accounts.
- Tax Calculation & Payment (Income/Vat/Stamp etc)
- Fixed Assets register Maintenance.

- Inventory control registers maintenance.
- Periodical/Annual Budget preparation.
- Annual accounts preparation.
- Bank Deposits/ Customer cash deposits management and settlement.

4.3 Requirements of Software Module for Finance Department

General Ledger Module, Cash Book Module, Invoicing and Receipts Module, Payment and Vouching Module, Foreign/ Local Agency Accounts Module, Budgetary Control Module, Accounts Receivable Module, Accounts Payable Module, Procurement & Inventory Control Module, Fixed Assets Register, Contract Management Module, Bank Reconciliation, Accounts Reconciliation, Financial Planning & Forecasting, Reports Generating Module i.e, financial statements etc., Facility to handle multi-currency functions, Payroll Module (Crew and General), EPF/ETF for Crew, Daily Operating Cost (DOC), Tender Records

a) Revenue

- Debt Recovery
- Cash receipts and record in the system
- Automated updating of cash receipts
- Customer wise detailed accounts receivables with age analysis as per user requirement.
- Debt collection
- Revenue to recognize date of transferring to customers
- Revenue recognize from lightering service
- Revenue recognize from Own Vessel/Chartered Vessel/NVOCC operations/Local and Foreign Agent
- Revenue recognize from clearing and forwarding Business
- Revenue recognize from crew manning business
- Revenue recognize from Casual caller Agency matters
- Reconciliation of system record of cash receipts with the invoices raised
- Revenue records in monthly / quarterly / annually

b) Book Keeping

- System approval to update general ledger

- Asset- revaluation ,depreciation calculation , addition, disposal ,impairment, Especially useful time review & relevant activities according to LKAS
- TAX adjustment, Tax calculation, Tax audit reports
- Balance analysis of accounts for any period
- Maintaining user level with Admin user
- Master data maintenance to control the exchange rates
- Sales order information, unit prices, income records maintained
- Future cash flow assessment / cash forecast
- Invoice number to generate from system
- Invoice process in the accounting system
- Service codes / transaction dates / quantities / customer order details
- Comparison of prices
- Authorization of invoices generated through system
- Comparison between period end invoices and log of delivery orders
- Master data management
- Invoices to be raised based on the instructions of Documentation / Chartering and Agency Department / NVOCC Department and commercial activities.
- Maintenance of vendor master data
- Current asset record
- Working capital management
- General ledger codes and Journal entries
- Monthly Financial Statements
- Quarter /Semi Annual / Annual Financial statements
- Budget variance vs Actual accounts
- Preparation of Bank Reconciliations
- Daily cash position

c) Payments

- System generated payment vouchers & Cheques
- Creditors age analysis as per user requirement
- Payment advance record
- Maintenance of payment schedule

- Automated payment order / Service order process By online, Bank remittance, cheques
- Multicurrency facility
- Netting & Offsetting Payment

d) Payroll

- Payroll System
- Staff loan and salary advance payment
- HR function and Administration function (i.e. Increments Promotions, Transfers, Retirements, and All allowances etc.) Integrated with finance and daily attendance directly from finger print machine and manual system has to update leave records and the payroll system.
- Staff loan process

e) Crew Wages

- Payroll for ship crew
 - Creating Master file by Technical Department
 - Generate Appointment Letters, S/off Letters and Extension Letters (Hard copy & Soft copy)
 - Internal control for indicating of service period
 - Portage account
 - Prepare Portage account by vessel & send it to the Technical Department
 - Check & upload Portage account to the system by Technical Department
 - Generating reports & Text file related to the EPF, ETF, PAYE and Stamp Duty
 - Passing entries for crew wages
 - Generate Reports related to the crew wages

f) Tax Returns

- Facility to prepare and submit All types of tax returns as per requires way of DIR (Income tax, VAT, APIT, WHT, SSCL and etc.)

4. Other areas to be concerned

- Key Performance Indicators
 - ❖ Fulfillment cost per order
 - ❖ Quote to sale conversion rate
 - ❖ Order abandonment rate
 - ❖ % fulfillment meeting commitment date
 - ❖ Cycle time from order to fulfill
 - ❖ % accounts past due
 - ❖ % accounts with missing or incomplete data
 - ❖ Accounts receivable beyond 60 days
 - ❖ Cost of non-compliance as % of total collection of expenses.
- Internal memos from documentation department requesting to prepare invoices
- Control matrix
- Data integrity and security
- Access right to accounting system
- Recording and reporting of transactions
- Update exchange rate in the system
- Integration of Finance & Commercial / Technical & HR Department for relevant functions
- Existing data to be transfers to the new system
- Paperless system to be required
- Safe the data/files daily backup system & Office and other place storage facility required, this allows to staff to access when and if required
- cloud- based system to be required

5. Implementation of the Proposed System

5.1 The selected party should review and understand scope and functionalities of the existing business processes of the organization.

5.2 The selected party should conduct a system requirement study of the process and should propose new features such as simple workflows and dashboards for the relevant user levels. Some of the proposed new features which should be available in the Section 4 – Scope of Work.

- 5.3** The selected party should conduct workshops when necessary to identify and verify the requirements with all the relevant users of CSC. Furthermore, selected party should propose any improvement if required.
- 5.4** On completing the above, a Detailed Software Requirements Specification (DSRS) and a Detailed Software Technical Design (DSTD) including the proposed solution architecture document should be submitted. The selected party should refer the Section 4-Scope of Work and should improve it further upon studying the client requirements.
- 5.5** After the award of the contract selected party tailor-made the solution to fulfill CSC requirements.
- 5.6** The selected party should submit all deliverables as specified in below; Section 9 – Final outputs, Reporting Requirements, Time Schedule for Deliverables’.
- 5.7** CSC intends to develop and launch proposed solution in Six (06) months, including 3 months operational acceptance. During this period system functionality, quality and performance will be verified. After the operational acceptance period there should be an one year defect liability period and three year warranty period. Support and maintenance will commence after the warranty period.
- 5.8** The selected party should present an application prototype covering major functionalities of the proposed solution such as workflows and dashboards.
- 5.9** The selected party should implement all nonfunctional requirements (security, governance including role-based security, user lifecycle management and complete audit-trails, etc.).
- 5.10** The selected party should study existing operational issues with finance department of the organization and carry out any enhancements needed for the proposed solution in order to provide a more comprehensive service.
- 5.11** The selected party should propose most suitable solution to secure and expose data.

- 5.12** The selected party should study and propose suitable hardware requirements (such as servers, computers, scanners and printers, etc...if required) and cloud requirements to the proposed solution and should provide the detailed specifications.
- 5.13** The proposed solution should be able to generate reports quickly and in intuitive way.
- 5.14** The selected party should propose and incorporate a Business Intelligence tool (BI tool) to the proposed solution to analyze and present data to support more accurate management decisions.
- 5.15** The proposed solution should generate formats requested by banks for direct payments.
- 5.16** The selected party should understand and ensure the existing data volume and data complexity and provide data migration strategy accordingly. Moreover, data transformation strategy should follow the proper industry standards and proper control mechanisms in transforming these data in to the new solution.
- 5.17** CSC / Vendor should conduct security assessments periodically and the consultant should fix any vulnerability issues identified during assessments. (Prior to solution launch and during support and maintenance period).
- 5.18** The selected party should follow templates if provided by CSC for deliverables.
- 5.19** The selected party shall comply with the independent quality assurance process, which will be carried by the CSC.
- 5.20** The vendor should derive the UAT test cases in collaboration with CSC.
- 5.21** Should obtain the User Acceptance for the implemented solution from CSC.
- 5.22** The proposed solution should have proper data backup plan and equipped with high availability and fault tolerance plan.
- 5.23** The selected party should provide support and maintenance services, from the date of launch to agreed time period. Moreover, the selected party should adhere to the Service Level Agreement (SLA), during the support and maintenance (S&M) phase.
- 5.24** During the support and maintenance period the selected party should attend to any issue

reported and carryout configuration changes (if required) and apply relevant security patches to make sure the security of the solution and, apply updates and tuning of performance etc.

5.25 At the end of the Support & Maintenance period, the selected party should handover the relevant updated documents to CSC, with a proper knowledge transfer sessions to the CSC including following updated artifacts (DSRS, DSTD and deployment document).

6. Support and maintenance

6.1 The selected party should provide support and maintenance services for the proposed solution, after the warranty period.

6.2 During the support and maintenance period of the proposed solution the selected party should provide service monitoring, generate reports on request.

6.3 During the support and maintenance period of the proposed solution the selected party should attend to any issue reported and carryout configuration changes (if required) and apply relevant security patches to make sure the security of the solution.

7. Document and Training

7.1 The selected party should provide proper application training for Administrators and end users of the system.

7.2 The selected party should provide a training plan, considering different users, different functionalities and number of days, training approach, required language, etc....

7.3 The selected party should provide both soft and hard copies of user manuals (e.g. Printed documents and CD's).

7.4 The selected party has to provide trainer(s) and training materials etc....

7.5 Participate for Project Review Committee meetings and Project management committee Meetings as a member and present the status of the project when necessary.

7.6 Work collaboratively with CSC throughout the tenure of the project and finalization of decision making related to management and policy decision and are taken by CSC.

7.7 The consultant who engage with the assignment should sign a Non-Disclosure Agreement (NDA) where applicable.

7.8 The intellectual property rights of the solution and all artifacts in accordance with the conditions of the contract.

8. Final outputs, Reporting Requirements, Time Schedule for Deliverables;

- a) Maximum of six months for the implementation of the system.
- b) Three months Operational Acceptance period.
- c) Twelve months Defect Liability Period (during which no any fee will be paid as annual fee or for maintenance or for modification).
- d) After three year warranty period, support and maintenance period will be commenced.
- e) Service level agreement will be signed at the end of the four years period at the discretion of CSC on mutually agreed terms and conditions.