



# **BANCO CENTRAL DO BRASIL**

## **PROGRAM TO ENHANCE THE INSTRUMENTS WITH WHICH THE BANCO CENTRAL DO BRASIL OPERATES IN THE NATIONAL FINANCIAL SYSTEM PROAT**

### **TERMS OF REFERENCE**

**PURPOSE:**      *Adherence to international accounting standards  
– Engagement of consultants to discuss and draft  
technical notes on the applicability of IASB  
accounting standards to the Banco Central do  
Brasil.*

**MANAGEMENT UNIT:** Financial Administration Department (Deafi)



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## ATTACHMENTS

- I. List of operations conducted by the Banco Central do Brasil
- II. Banco Central do Brasil financial statements for:
  - **December 31, 2002**
  - **January 31, 2003**
  - **February 28, 2003**
  - **March 31, 2003**
- III. Glossary



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## **TERMS OF REFERENCE FOR RETENTION OF A FIRM TO ASSIST IN THE PROCESS OF IMPLEMENTING ADHERENCE TO INTERNATIONAL ACCOUNTING STANDARDS BY THE BANCO CENTRAL DO BRASIL**

### **1. CONTEXT**

In accordance with Law 4595/64, article 4, clause 27, and Decree-Law 278/67, the National Monetary Council (CMN) is empowered to decide on the accounting system and financial statements of the Banco Central do Brasil (BCB). Thus the CMN approves the basic guidelines to be applied, and the BCB's Department of Financial Administration (Deafi) implements standard procedures deriving from these guidelines in the Financial Administration Services Manual (MSF) and the General Accounting Plan (PGC).

The CMN's approval of accounting guidelines derives above all from the unique characteristics of the BCB's activities and operations, which have no parallel in private or public institutions even in the financial services industry, and are therefore not completely covered by the rules and regulations issued by regulatory bodies responsible for accounting standards in Brazil or elsewhere in the world.

Discussions begun in 1999 in pursuit of ways to enhance the BCB's accounting procedures led to a number of improvements such as the introduction of a mark-to-market rule for fixed-income securities, the creation of a specific committee to monitor assets for provisioning purposes, greater transparency in explanatory notes, and the engagement of independent accountants to certify financial statements. These discussions were underpinned by the following premises:

- a) accounting is the main language used by economic agents for communication purposes when evaluating investments or transaction risks;
- b) the use of different accounting principles hinders the comprehension and comparability of economic and financial information at the international level.

Other important aspects considered were the diversity of users of the BCB's financial statements, in particular the BCB's Collegiate Management and the National Monetary Council, who approve them; the Ministry of Finance and National Treasury; the Federal Court of Audit and the Brazilian Congress; the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD); universities; and consultants who specialize in economic affairs.

As a result of these discussions, in June 2002 the CMN issued a guideline instructing the BCB to implement the accounting standards published by the International Accounting Standards Board (IASB),



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while at the same time taking into account the peculiarities of its activities, the considerations of the Bank for International Settlements (BIS) on the subject, and the practices adopted by other central banks. The need to complement IASB standards is justified by the fact that central banks are unique entities whose operations are not entirely encompassed by the scope of the IASB's work.

Generally speaking the adoption of international accounting standards is expected to have the following positive results:

- disclosure of more accurate and comprehensible information, facilitating the analysis of financial statements and enhancing the reliability of the information disclosed;
- the BCB's financial statements will serve as an accounting policy framework for the institutions it oversees.

On the latter point, Kenneth Sullivan has the following to say in an IMF working paper entitled *Transparency in Central Bank Financial Statement Disclosures*: "Transparent central bank financial disclosures make it easier for bank supervisors to demand a similar level of statements from the commercial banks that they supervise."<sup>1</sup> It is worth noting that the IMF, in its *Report of the On-Site Safeguards Assessment* in 2002, recommended that the BCB apply international accounting standards to its financial reporting by June 30, 2003. Similarly, the World Bank's *Report on the Observance of Standards and Codes (ROSC)*, which includes an assessment of accounting and auditing practices in Brazil, concludes among other things with a recommendation to adopt IASB-approved reporting principles for financial institutions.

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<sup>1</sup> *Transparency in Central Bank Financial Statement Disclosures*, ed. Kenneth Sullivan, Senior Financial Sector Expert, Monetary & Exchange Affairs Division, IMF (Working Paper 00/186, p. 9)  
<http://www.imf.org/external/pubs/ft/wp/2000/wp00186.pdf>



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### **2. RATIONALE**

In order for financial statements to be presented in accordance with international accounting principles, it is necessary first to undertake a comprehensive review of the accounting procedures in use. This entails discussions with managers of operations, the adaptation and development of computer systems, and the reorganization and preparation of staff in the department responsible for accounting so that they are trained to comply with the standards adopted and stay abreast of their evolution.

The computer systems involved are now being adapted as required, and Deafi's staff are being appropriately retrained and reorganized. The measures taken include the creation of a study group, acquisition of the relevant literature, registration for access to information available on the Web from IASB and FASB (Financial Accounting Standards Board), and participation in courses. The following measures have been completed:

- c) Deafi has set up a unit to carry out studies and research into accounting theory and pass on the acquired knowledge (Assessoria de Estudos e Pesquisas, ASSEP);
- d) a study group on IASB standards has been set up with some 12 members of Deafi, under the guidance of a specialist who has a Ph.D. in controlling and accountancy from the University of São Paulo.

However, given the extent of the work it is necessary to retain a firm with suitable technical competencies and production capacity, since without the participation of outside specialists the necessary measures cannot be completed by December 31, 2003, the date considered appropriate by the Collegiate Management of the Banco Central do Brasil.

A crucial part of this assignment is the internalization of knowledge by BCB personnel and for this reason the BCB's own team will be involved full time with the outside consultants brought in to provide the services in question. The terms of reference are such that the project will be completed within the designated time frame and BCB's staff will concurrently be able to absorb such knowledge as will contribute to their self-sufficiency in complying with and continuously improving the accounting procedures adopted.



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### **3. PURPOSE**

The purpose of this project is to retain a firm of consultants to provide the technical input required to enable the Banco Central do Brasil (BCB) to adapt its accounting policies and procedures to the best international standards while also taking into account the peculiarities of its activities.

The work shall be carried out in collaboration with the BCB's own staff, in accordance with best practices, and in a detailed, clear and objective manner. The following goals shall be pursued:

- a) establishment of a solid conceptual framework for accounting and financial reporting;
- b) enhanced comparability of the BCB's financial statements with those of other central banks;
- c) greater transparency and credibility in financial reporting;
- d) internalization of knowledge.

With regard to detail, clarity and objectivity, it is understood that only the information necessary to accomplishing the goals of the project should be supplied. Whatever is not applicable should be omitted and efforts should be made to avoid duplicating information while producing a logical, consistent and coherent text.

At the end of the assignment the BCB expects to be in possession of all the technical inputs specified and have completed the training of its personnel to manage and stay abreast of the procedures in question, and to adopt any enhancements required, so that the financial statements for December 31, 2003 can be drawn up in accordance with international standards.



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### **4. SCOPE**

The work will focus on the IASB accounting standards and will encompass all operations that affect the Banco Central do Brasil's accounting and financial reporting procedures and the restructuring of its financial statements, including the adoption of a cashflow statement and account plan. To this end the following basic premises shall be observed:

- a) an understanding of the Brazilian legislation applicable to the BCB's accounts;
- b) analysis and comprehension of all operations performed by the BCB;
- c) analysis and comprehension of all rules and regulations on which current accounting policies and procedures are based;
- d) analysis and comprehension of the BCB's financial statements;
- e) analysis and comprehension of the current structure of the General Account Plan;
- f) adaptation of all this material to IASB standards or, where such adaptation is not feasible, to the best practices of other central banks.

The technical documentation to be produced by the contractor shall be conclusive and contain all the necessary inputs for the BCB to update its internal accounting policies and develop the pertinent accounting procedures. This documentation shall set forth general accounting policies with definitions of all terms used, and shall cover all operations performed by the BCB, its financial statements and the structure of its account plan, and any further details required with precise and objective definitions.

Restructuring of the financial statements shall take into account the peculiarities of the BCB's operations and the formats used by other central banks. Restructuring of the account plan shall take account of its functionality and flexibility so as to permit adaptations whenever alterations occur, such as new kinds of transaction in the market.

A final report shall be produced consolidating the material content of the above-mentioned technical documentation and testifying to the legality, consistency and uniformity of the entire accounting framework presented.



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### **5. OUTCOMES**

The work shall be completed within the time frame stipulated in item 8 (Performance Timetable) with the quality required and in accordance with the needs of the Banco Central do Brasil.

The outcomes shall consist of a number of documents divided into the following six major groups:

- g) Technical Note on fundamentals and general principles;
- h) Technical Notes on the BCB's operations;
- i) Technical Note on the structure of BCB's financial statements;
- j) Technical Note on the structure of BCB's account plan;
- k) Final Report;
- l) Presentation to the BCB's Collegiate Management.

The layout of Technical Notes shall be proposed to the BCB by the contractor, with the following minimum content:

- a) subject;
- b) description – key features and determinants of the subject as required to identify the accounting treatment or reformulation to be implemented;
- c) current status – accounting treatment used hitherto for the operation or structure;
- d) applicable standards – precise indication of the applicable provisions of the international accounting standards published by IASB or, should no such standard exist, of the treatment used by other central banks (involving at least the central banks of Chile, Argentina, Mexico, USA, Canada, England, Australia, and New Zealand, and the European Central Bank);
- e) development:
  - i. general provisions – technical and accounting issues grounded in the theory and definitions applicable to the subject;
  - ii. specific provisions – application of accounting theory to the subject, including topics relating to measurement, recognition, reporting and disclosure;
  - iii. description of the transactions to be considered;
  - iv. indicative accounting schemes;
  - v. models to be implemented, where relevant;
  - vi. criteria for applying a standard for the first time.

The Technical Note on fundamentals and general principles shall be sourced mainly from IASB's Conceptual Framework, but shall be supplemented during the development of the other technical notes with other concepts that arise in discussions. The aim is to develop internal standards governing general accounting policies and contribute to the future development and harmonization of accounting





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procedures, thereby reducing the occurrence of alternative treatments. The Note shall cover the following topics, among others:

- a) reporting period – as applied to the BCB, which reports semiannually;
- b) errors and omissions – how to treat revenue and expenditure for previous reporting periods and annul revenue and expenditure for previous periods;
- c) accrual accounting;
- d) materiality – contributions to the creation of internal criteria for assessing materiality;
- e) related parties – criteria for identifying such parties and supplementary provisions;
- f) asset/liability valuation;
- g) asset/liability recognition – circulating and non-circulating; provision, contingent assets/liabilities;
- h) recognition of revenues, profits and gains; expenses, losses and costs; operating and non-operating revenues and expenses;
- i) exchange rate – application of buying and/or selling rate.

A Technical Note shall be written for each product relating to the operations performed by the BCB. In the event of any occurrence requiring the substitution of any given operation, this can be effected by agreement between the parties. It is important to note that:

- a) the operations to be covered by Technical Notes are listed in Attachment I, which includes examples and a summary of the transactions performed by the BCB;
- b) the examples are designed to show the magnitude of the assets and liabilities considered in each operation;
- c) transactions are taken from the accounting methodology currently in place and should be altered, added to or deleted as required for adaptation to international standards;
- d) where the accounting policies to be implemented allow for more than one treatment, all possible situations should be shown and justification given for the procedure chosen;
- e) indicative schemes shall contemplate the basic accounting entry for each transaction analyzed;
- f) the recognition, measurement and disclosure criteria stipulated in the IASB standards shall be clearly set out.

As examples of BCB's financial statements, Attachment II contains statements for Dec. 31, 2002, Jan. 31, 2003, Feb. 28, 2003 and Mar. 31, 2003. Besides restructuring these financial statements, the outcomes shall also include a study of the relevance and feasibility of implementing a cashflow statement for the BCB. The respective Technical Note shall contemplate the following models, including the requirements for first-time disclosure:



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- a) calendar-year and interim balance sheets;
- b) income statement;
- c) statement of changes in equity;
- d) cashflow statement;
- e) explanatory notes containing the supplementary information required for a perfect understanding of the financial statements (these should cover accounting policy, related parties, subsequent events, prior-year adjustments, changes in practices, methods and estimates, extraordinary items, ordinary activities, discontinued operations, and fundamental errors, among other items).

Financial statements shall include the line item “currency in circulation”, which recognizes the amount of paper money and coins in circulation.

The Technical Note on the structure of the account plan shall be compatible with the model established for financial statements, itemizing:

- a) definitions and nomenclature for first-level account groupings, corresponding to the first digit of the accounting code;
- b) definitions and nomenclature for account groupings at other levels up to the level corresponding to the transactions analyzed in the technical notes;
- c) structure of the “Clearing” grouping, for items requiring additional control records.
- d) The Final Report shall comprise at least the following topics:
- e) summary of the items covered, highlighting the main changes introduced;
- f) situations in which the standard allows for additional accounting treatment, evidencing the possible situations and justifying the procedures chosen;
- g) solutions adopted partially and measures to be taken to ensure completion;
- h) clarification on the legality, uniformity and consistency of the solutions produced.

The contractor shall have fifteen (15) days from the Supervisory Committee’s approval of the Final Report (see item 11) to present a summary of the proposals to the BCB’s Collegiate Management.



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### 6. ACTIVITIES

The work shall be done during the BCB's normal office hours, from 9 a.m. to 12.30 p.m. and from 2 p.m. to 6.30 p.m. The BCB shall contribute up to twelve (12) employees, at least eight (8) full time, reserving the right to assign alternates at any time for reasons it deems appropriate and to invite other individuals to join the team to take part in discussions with the contractor.

#### 6.1 PRIOR CONTACT

Not less than fifteen days before the date set for the work to begin, a preliminary meeting shall be held in Brasília (DF) with the following order of business (minutes to be taken):

- m) the contractor will be taken on a tour of the areas of the BCB's premises involved in the work;
- n) a list of the required furniture will be drawn up;
- o) a list of equipment to be installed by the contractor will be drawn up so that the BCB can take the necessary action to provide it;
- p) the layout of technical notes will be determined;
- q) the work routine to be followed will be established, including the scheduling of meetings with units of the BCB;
- r) any remaining doubts will be cleared up.

The procedures specified in the above order of business may be changed by mutual agreement in the interest of continuous improvement while the work is in progress.

#### 6.2. DEVELOPMENT

At least seven days before the first step of an item in the Performance Timetable, the BCB shall provide internal material on the subject for the contractor's advance perusal. The work shall be developed as follows for each of the steps set out in the Performance Timetable (item 8):

	Item	Responsibility
A	Presentation of current status	BCB
B	Presentation of standards applicable to the topic	Contractor
C	Discussion of applicability of regulatory standard to case discussed	BCB & Contractor
D	Preliminary draft of technical note	Contractor



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E	Discussion of preliminary draft	Contractor & BCB
F	Final draft of technical note	Contractor
G	Acceptance of final draft	BCB

The BCB shall provide the necessary material for the contractor's personnel to familiarize themselves with the subject and shall produce presentations on current status, consisting normally of a technical, operational and accounting aspects. These presentations shall be scheduled at the preliminary meeting but may be rescheduled if necessary and possible, provided notice is given at least seven days in advance.

Once the contractor's team has been given this information, it shall make a detailed technical presentation to the BCB team on the methods to be used for adapting the subject to the pertinent accounting standards. This step will establish a conceptual framework and enable the BCB team to familiarize themselves with the concepts involved. If necessary, the presentation may use case studies, examples, exercises and simulations, as well as seminars and workshops.

The aim of discussing the applicability of the regulatory standard is to make a consistent link between theory and practice and ensure that specific issues are included from the start. The contractor's team will then produce a preliminary technical note.

Notwithstanding the specification that the preliminary technical note is to be discussed with the BCB, the contractor shall be entirely responsible for production of the final draft and shall request any information deemed necessary for satisfactory completion of the final draft. Satisfactory completion means provision of all the information indispensable to comprehensive adaptation of all BCB accounting policies and practices. Moreover, technical notes that have already been approved may be revised in order to ensure uniformity and consistency in the proposed procedures.

The last step is approval by the BCB of the final draft of each technical note, to be effected on a case-by-case basis.

The development stage shall be considered complete with the delivery of the Final Report and its presentation to the Collegiate Management of the BCB in accordance with the following schedule:

Group	Outcomes
1. Fundamentals & General Principles	1. Fundamentals & General Principles
2. Operations	1. Trading securities – Deposits for more than 90 days 2. Own securities 3. Derivatives 4. Financial investments 5. Gold & other metals 6. Lending



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	7. Fixtures and Fittings / Real State & investments 8. Leasing 9. Employee benefits 10. Result 11. Allowances, contingent assets & liabilities 12. Deposits 13. Loans payable
3. Structure of Financial Statements	1. Calendar-year & interim balance sheets 2. Income statement 3. Statement of changes in equity 4. Cashflow statement 5. Explanatory notes
4. Structure of Account Plan	1. Structure of Account Plan
5. Final Report	1. Final Report
6. Presentation to Collegiate Management	1. Presentation to Collegiate Management

### 6.3 FOLLOW-UP

Questions to clarify doubts shall be submitted and answered in writing as part of the Support service to be provided for a period of six (6) months after acceptance of the Final Report (item 6.2). The demand for clarification is integral to the work performed by the contractor in order to resolve all doubts that arise as and when the BCB updates the MSF, PGC and financial statements, and during the course of the audits performed by the independent accountants to be retained for this purpose by the BCB.

The Support service for clarification of doubts shall consist of one batch of questions per week via e-mail, to be answered also via e-mail within forty-eight (48) hours.

The BCB shall release the performance bond deposited by the contractor as described in the agreement only after the contractor has satisfactorily answered all such questions.



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### **7. PRESENTATION FORMAT**

All outcomes shall be delivered in the Brazilian Portuguese language. Additionally, Technical Notes and the Final Report shall be delivered in English translation. The presentation formats shall be print and electronic media (CD-ROM) using MS Word and MS Excel. Two identical copies of each printed document and one of each CD-ROM shall be delivered.

The presentation to the Collegiate Management of the BCB shall be made using MS PowerPoint and shall last no more than thirty (30) minutes.



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## 8. PERFORMANCE TIMETABLE

The following timetable is suggested for performance of the work. It is important to note that:

- s) steps and outcomes overlap to some extent, so that the number of calendar days to final delivery exceeds the number of business days when converted into hours of work;
  - t) the timetable may be altered by mutual agreement between the contractor and the BCB;
- the Development stage shall be completed in forty-five (45) business days.

OUTCOMES		PC <sup>1</sup>	DEVELOPMENT (business days) <sup>2</sup>																								
	Business days		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
	Preliminary Meeting																										
1.1	Fundamentals & General Principles	B	B																								
2.1	Trading securities –Deposits for more than 90 days	A	A	A	B	B	C	D	D	D		E	E	E	F	F	F					G					
2.2	Own securities	A	A	A	B	B	C	D	D	D		E	E	E	F	F	F					G					
2.3	Derivatives	A	A	A	B	B	C	D	D	D	F	E	E	E	F	F	F					G					
2.4	Financial investments							A	A	B	C	D	D	E	F		E	F	F		G			G			
2.5	Gold & other metals							A	A	B	C	D	D	D	D	E	E	F	F					G			
2.6	Lending															A	B	C	C	D	D	D					E
2.7	Fixtures and Fittings / Real State & Investments															A	B	C	C	C	D	D	E				F
2.8	Leasing																		A	B	B	C	C	C	D	D	
2.9	Employee benefits																		A		B	B	C	C	D	D	
2.10	Result																									A	
2.11	Allowances, Contingent assets/liabilities																										
2.12	Deposits																										
2.13	Loans payable																										
3.1	Calendar-year & interim balance sheets																										
3.2	Income statement																										
3.3	Statements of changes in equity																										
3.4	Cashflow statement																										
3.5	Supplementary information - explanatory notes																										
4.1	Structure of account plan																										
5.1	Final report																										
6.1	Presentation to Collegiate Management																										
	Follow-up																										



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OUTCOMES		DEVELOPMENT (business days) <sup>2</sup>																				FOLLOW-UP (calendar days)					
	Business days	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	30	60	90	120	150	180
1.1	Fundamentals & general principles																										
2.1	Trading securities – deposits for more than 90 days																										
2.2	Own securities																										
2.3	Derivatives																										
2.4	Financial investments																										
2.5	Gold & other metals																										
2.6	Lending	F	F					G																			
2.7	Fixtures and Fittings / Real State & Investments	F	F					G																			
2.8	Leasing	E	E	F	F				G																		
2.9	Employee benefits	E	E	F	F				G																		
2.10	Result			A	B		C	C	D	D	E	F	F					G									
2.11	Allowances, contingent assets/liabilities			A	B	B	C	C	D	D		E	F	F					G								
2.12	Deposits					A			B	C	D	E	E	F					G								
2.13	Loans payable								A	B	C	D	E	F	F					G							
3.1	Calendar-year & interim balance sheets												A	B	C	D	D	E	F	F		G					
3.2	Income statement												A	B	C	D	D	E	F	F		G					
															A	B	C	D	E	F		G					
3.4	Cashflow statement														B	C	D	E	F	F		G					
3.5	Supplementary information - explanatory notes														A	B	C	D	E	F		G					
4.1	Structure of account plan																C	D	D	E	F	G					
5.1	Final report																										
6.1	Presentation to Collegiate Management																					(3 )					
	Follow-up																										

<sup>1</sup> PC = prior contact to take place at least fifteen days before the date set for the work to begin.

<sup>2</sup> Key:

**A** Presentation of current status

**B** Presentation of standards applicable to each topic

**C** Discussion of applicability of regulatory standard to case discussed

**D** Preliminary draft of technical note





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- E** Discussion of preliminary draft
- F** Final draft of technical note
- G** Acceptance of final draft

<sup>3</sup> Within fifteen (15) days of acceptance of Final Report.



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### 9. DISBURSEMENT TIMETABLE

Payments shall be disbursed following acceptance of the Final Report and presentation to the Collegiate Management, in accordance with the Performance Timetable (item 8), as follows:

OUTCOMES	FRACTION
2.1 Trading securities – deposits for more than 90 days	20%
2.2 Own securities	
2.3 Derivatives	
2.4 Financial investments	20%
2.5 Gold & other metals	
2.6 Lending	
2.7 Fixtures and Fittings / Real state& investments	
2.8 Leasing	
2.9 Employee benefits	20%
2.10 Result	
2.11 Provisions, contingent assets/liabilities	
2.12 Deposits	
2.13 Loans payable	
3.1 Calendar-year & interim balance sheets	20%
3.2 Income statement	
3.3 Statement of changes in equity	
3.4 Cashflow statement	
3.5 Explanatory notes	
1.1 Fundamentals & general principles	20%
4.1 Structure of account plan	
5.1 Final report	
6.1 Presentation to Collegiate Management	
Total	100%



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### 10. QUALIFICATIONS

The contractor shall have a proven record of experience in accounting services with similar characteristics to those involved here and of comparable complexity. The contractor's minimum staff shall conform to the following requirements:

Function	Academic background	Proven experience
One coordinator (fixed)	Doctorate, master's or graduate studies in controlling, accounting, finance or business management	At least 5 years in services of comparable complexity and with similar characteristics to those involved at the BCB
One senior consultant (fixed)	University degree with major in accounting	At least 3 years in international accounting standards
One specialist for each area of specialization in IASB standards applicable to the subject	University degree	Specialization in all or some international standards

Qualifications shall be established and demonstrated by means of references, letters of recommendation, degrees and diplomas issued by public or private entities of the highest standing in Brazil or elsewhere.

The Banco Central do Brasil reserves the right to request the substitution of any member of the contractor's team for failing in its judgment to perform or behave as expected for the proper development of the work. Such substitution shall be effected as quickly as possible so as not to cause changes in the agreed timetable.

The language spoken at all meetings and presentations shall be Brazilian Portuguese.

The contractor shall establish its own logistics team and identify the individuals assigned to carry out their duties on the premises of the Banco Central do Brasil.



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## **11. SUPERVISION**

The contractor's activities shall be subject to the supervision of a Supervisory Committee appointed by the Head of the Department of Financial Administration of the Banco Central do Brasil. The Supervisory Committee shall consist of three members of the BCB's staff chosen among those assigned to work full-time on the project.

The Supervisory Committee shall perform the following:

- u) approve the overall work plan, proposing any adjustments it deems appropriate;
- v) approve a detailed plan for each step, proposing any adjustments it deems appropriate;
- w) negotiate the timetable;
- x) arrange contacts, interviews and consultations with staff in the BCB's different units, making any necessary changes to previously scheduled appointments;
- y) schedule the meeting with the Collegiate Management;
- z) convene meetings with the contractor's personnel;
- aa) negotiate the substitution or redefinition of activities;
- bb) answer the contractor's questions on operating issues (facilities, equipment, personnel etc.);
- cc) supervise the work and assure the conformity of reports and other documents;
- dd) approve the outcomes delivered by the contractor;
- ee) approve partial disbursements and final payment;
- ff) approve final conformity of the work;
- gg) demand the substitution of any member of the contractor's team, as established in **10. QUALIFICATION**;
- hh) decide on possible strategic changes or, where deemed appropriate, submit them for approval to the Director of Administration of the Banco Central do Brasil
- ii) decide on any other questions related to this Term of Reference.

The Supervisory Committee shall have autonomy to request that the contractor submit questions in writing if deemed appropriate, and to request additional clarification regarding principles, methodology, criteria and conclusions.

Permanent contact between the Supervisory Committee and the contractor, and an attitude of collaborative construction of the outcomes, are considered an integral part of the scope of the services contracted for.



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### **12. MATERIALS AVAILABLE & FINAL REMARKS**

For the purposes of research and familiarity with the subject of the work, the contractor shall use a copy of the Financial Administration Services Manual (“Manual de Serviços de Administração Financeira”, MSF) and the General Account Plan (“Plano Geral de Contas”, PGC). The following points should be noted with regard to these two documents:

- a) MSF: the Financial Administration Services Manual condenses in organized form all of the BCB’s accounting policies and procedures, indicating the proper recording of each transaction in a uniform manner by relevant BCB staff and comprising a table of contents, titles (main subjects), chapters (detailing each subject with general and specific provisions, accounting procedures and attachments), sections and sub-sections (segments of chapters and sections respectively);
- b) PGC: the General Account Plan comprises the complete list of all accounts in five distinct levels, detailing the function and functioning of each account along with all other elements required for the recording of activities – numeric code (title, sub-title, sub-account, verification digit), account owner code if any, account grouping (operations managers), and account nomenclature.

Also available for the same purpose is a report written by Prof. Jorge Katsumi in April 2002, “Assessment of the Level of Adherence of the Criteria for Recognition, Measurement, Appropriation, Classification & Disclosure Adopted by the Banco Central do Brasil to the Criteria Laid Down in the IASB’s International Accounting Standards”.

The contractor shall not be allowed to publicize or in any way divulge the services to be performed without the BCB’s prior consent.

The information to which the contractor’s personnel have direct or indirect access in the course of performing the work shall be considered confidential, including any information that may become public at a particular time or be disclosed by third parties not directly related to the contract.

The contractor’s fee shall include all expenses deriving from performance of the specialized technical services involved, such as material and human resources, per diems, travel, taxes, charges and contributions. The Banco Central do Brasil waives responsibility for all administrative, labor-related and/or technical-juridical issues relating to the performance of the contract in question.

The language spoken at all meetings and presentations, including workshops and seminars, shall be Brazilian Portuguese.

The work shall be carried out on the premises of the BCB in Brasília, which shall provide physical space, furniture (desks, chairs, lockers), electric power and power outlets for use by the contractor’s personnel.



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The contractor shall be responsible for computer equipment and supplies, and for all other expenses and resources (human and material) required for performance of the work, including expenses deriving from national and international telephone calls by its own personnel.

In light of the above, the fee and disbursement timetable take duly into account all expenses necessary for performance of the contract, including all office equipment and supplies and rental and licensing of telephone lines.

All documents produced for the project shall remain the property of the Banco Central do Brasil, which shall be free to use them as it sees fit. No third-party use or disclosure shall be permitted without the BCB's prior consent.

Copyright on technical services belongs solely to the Banco Central do Brasil, which may disclose the results if and when it sees fit.