

TERMS OF REFERENCE

FOR THE

REVIEW AND FORMULATION OF

POLICIES AND

PROCESSES



1.0 SECTION I -LETTER OF INVITATION

TO: Interested, eligible candidates

Date: 6 January 2023

Dear Sir/Madam

**RE: Provision of Consultancy Services – Tender No. /RCSL/RFP 01/2023:
Provision of consultancy services for review and formulation of policies and
processes**

Fortune Sacco Ltd now invites sealed tenders from eligible and competent Consultant Firms for the provision of Consultancy Services – review and formulation of policies and processes

The Tender document shall be accompanied by the following Mandatory requirements for preliminary evaluation: -

1. Tender document should not be tampered with, and all pages must be signed/initialized by authorized persons.
2. Certificate of Company Registration in existence for at least two (2) years
3. Current Valid Tax compliance certificate
4. Current Valid NSSF and NHIF Compliance Certificate
5. Audited Accounts for the last two years.
6. Firm Accreditation/Affiliation Certificate to relevant professional body
7. Five Major Clients in the last 3 years
8. List of Directors with respective shareholding & details of citizenship. Prices quoted should be net inclusive of all taxes, and delivery costs, must be in Kenya Shillings and shall remain valid for **60** days from the closing date of the tender.

Completed proposals packaged in plain sealed envelopes and clearly marked with the tender number and tender name and addressed to:

The Chairman Procurement committee,

Fortune Sacco Ltd,

P.o. Box 559-10300 Kerugoya

Should be returned either by post or deposited in the tender box at the Sacco head office entrance to be received not later than **16th January 2023**

Fortune Sacco Ltd reserves the right to accept or reject any tender in whole or in part without giving reasons for its decision.

Yours Faithfully,

CHIEF EXECUTIVE OFFICER

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SECTION II: - INFORMATION TO CONSULTANTS (ITC)

2.1 Introduction

- 2.1.1 Fortune Sacco Ltd will select a firm among those interested firms who will submit a proposal, in accordance with the method of selection detailed in Section II.
- 2.1.2 The consultants are invited to submit a Technical Proposal and a Financial Proposal **in separate envelopes**, as specified in the Appendix “ITC”. The proposal will be the basis for Contract negotiations and ultimately form a signed Contract with the selected firm.
- 2.1.3 The consultants must familiarize themselves with local conditions and consider them in preparing their proposals. To obtain firsthand information on the assignment and on the local conditions, consultants are encouraged to liaise with Fortune Sacco Ltd regarding any information that they may require before submitting a proposal. Consultants should contact the officials named in the Appendix “ITC” to obtain any additional information.
- 2.1.4 Fortune Sacco Ltd will provide the inputs specified in the Appendix “ITC”, assist the firm in obtaining licenses and permits needed to carry out the services and make available relevant project data and reports.
- 2.1.5 Please note that;
- The costs of preparing the proposal and of negotiating the Contract, including any visit to Fortune Sacco Ltd are not reimbursable as a direct cost of the assignment.
 - Fortune Sacco Ltd is not bound to accept any of the proposals submitted.
- 2.1.6 Fortune Sacco’s employees, committee members, board members and their relatives (spouse and children) are not eligible to participate.

2.2 Clarification and Amendment of RFP Documents

- 2.2.1 Consultants may request a clarification of the RFP documents only up to seven [7] days before the proposal submission date. Any request for clarification must be sent in writing by email to Fortune Sacco's address indicated in the Appendix "ITC".
- 2.2.2 At any time before the submission of proposals, Fortune Sacco Ltd may for any reason, whether at his own initiative or in response to a clarification requested by an invited firm, amend the RFP. Any amendment shall be issued in writing through addenda. Addenda shall be sent by mail, cable, telex or facsimile to all invited consultants and will be binding on them. Fortune Sacco Ltd may at his discretion extend the deadline for the submission of proposals.

2.3 Preparation of Technical Proposal

- 2.3.1 The Consultants proposal shall be written in English language
- 2.3.2 In preparing the Technical Proposal, consultants are expected to examine the documents constituting this RFP in detail. Material deficiencies in providing the information requested may result in rejection of a proposal.
- 2.3.3 While preparing the Technical Proposal, consultants must give particular attention to the following:
- a) If a firm considers that it does not have all the expertise for the assignment, it may obtain a full range of expertise by associating with individual consultant(s) and/or other firms or entities in a joint venture or sub-consultancy as appropriate. Consultants shall not associate with the other consultants who have or intend to submit a bid for this assignment. Any firms associating in contravention of this requirement shall automatically be disqualified.
 - b) It is desirable that the majority of the key professional staff proposed be permanent employees of the firm or has an extended and stable working relationship with it.
 - c) Proposed professional staff must have a minimum qualification and experience indicated in Appendix "ITC"
 - d) Alternative professional staff shall not be proposed and only one Curriculum Vitae (CV) may be submitted for each position.
- 2.3.4 The Technical Proposal shall provide the following information using the attached Standard Forms;
- a. A brief description of the firm's organization and an outline of recent experience on assignments of a similar nature. For each assignment, the outline should indicate *inter alia*, the profiles of the staff proposed, duration of the assignment, contract amount and firm's involvement.
 - b. Any comments or suggestions on the Terms of Reference, a list of services and

facilities to be provided by Fortune Sacco Ltd.

- c. A description of the methodology and work plan for performing the assignment.
- d. The list of the proposed staff team by specialty, the tasks that would be assigned to each staff team member and their timing.
- e. CVs recently signed by the proposed professional staff and the authorized representative submitting the proposal. Key information should include number of years working for the firm/entity and degree of responsibility held in various assignments during the last five years.
- f. Estimates of the total staff input (professional and support staff staff-time) needed to carry out the assignment supported by bar chart diagrams showing the time proposed for each professional staff team member.
- g. A detailed description of the proposed methodology, staffing and monitoring of training, if Appendix "A" specifies training as a major component of the assignment.
- h. Any additional information requested in Appendix "A".

2.3.5 The Technical Proposal shall not include any financial information.

2.4 Preparation of Financial Proposal

- 2.4.1 In preparing the Financial Proposal, consultants are expected to take into account the requirements and conditions outlined in the RFP documents. The Financial Proposal should follow Standard Forms (Section v). It lists all costs associated with the assignment including;
 - (a) remuneration for staff (in the field and at headquarters), and; (b) reimbursable expenses such as subsistence (per diem, housing), transportation (international and local, for mobilization and demobilization), services and equipment (vehicles, office equipment, furniture, and supplies), office rent, , printing of documents, surveys, and training, if it is a major component of the assignment. If appropriate, these costs should be broken down by activity.
- 2.4.2 The Financial Proposal should clearly identify as a separate amount, the taxes, duties, fees, levies and other charges imposed under the law on the consultants, the sub-consultants and their personnel, unless Appendix "ICT" specifies otherwise.
- 2.4.3 Consultants shall express the price of their services in Kenya Shillings.
- 2.4.4 Commissions and gratuities, if any, paid or to be paid by consultants and related to the assignment will be listed in the Financial Proposal Submission Form.
- 2.4.5 The Proposal must remain valid for **60 days** after the submission date. During this period, the consultant is expected to keep available, at his own cost, the professional staff proposed for the assignment. Fortune Sacco Ltd will make his best effort to complete negotiations within this period. If Fortune Sacco Ltd wishes to extend the validity period of the proposals, the consultants shall agree to the extension.

2.5 Submission, Receipt, and Opening of Proposals

- 2.5.1 The original proposal (Technical Proposal and, Financial Proposal) shall be prepared in indelible ink. It shall contain no interlineations or overwriting, except as necessary to correct errors made by the firm itself. Any such corrections must be initialed by the persons or person authorized to sign the proposals.
- 2.5.2 For each proposal, the consultants shall prepare the number of copies as indicated in Appendix "ICT". Each Technical Proposal and Financial Proposal shall be marked **"ORIGINAL"** or **"COPY"** as appropriate. If there are any discrepancies between the original and the copies of the proposal, the original shall govern.
- 2.5.3 The original and all copies of the Technical Proposal shall be placed in a sealed envelope clearly marked **"TECHNICAL PROPOSAL,"** and the original and all copies of the Financial Proposal in a sealed envelope clearly marked **"FINANCIAL PROPOSAL"** and warning: **"DO NOT OPEN WITH THE TECHNICAL PROPOSAL"**. Both envelopes shall be placed into an outer envelope and sealed. This outer envelope shall bear the submission address and other information indicated in the Appendix "ITC" and be clearly marked, **"DO NOT OPEN, EXCEPT IN PRESENCE OF THE OPENING COMMITTEE."**
- 2.5.4 After the deadline for submission of proposals, the Technical Proposal shall be opened immediately by the opening committee. The Financial Proposal shall remain sealed and deposited with a responsible officer of Fortune Sacco Ltd department up to the time for public opening of financial proposals.

2.6 Proposal Evaluation General

- 2.6.1 From the time the bids are opened to the time the Contract is awarded, if any consultant wishes to contact Fortune Sacco Ltd on any matter related to his proposal, he should do so in writing at the address indicated in the Appendix "ITC". Any effort by the firm to influence Fortune Sacco Ltd in the proposal evaluation, proposal comparison or Contract award decisions may result in the rejection of the consultant's proposal.
- 2.6.2 Evaluators of Technical Proposals shall have no access to the Financial Proposals until the technical evaluation is concluded.

2.7 Evaluation of Technical Proposal

- 2.7.1 Only firms who shall have met the preliminary evaluation/mandatory requirements will qualify for Technical evaluation.
- 2.7.2 The evaluation committee appointed by Fortune Sacco Ltd shall evaluate the proposals on the basis of their responsiveness to the Terms of Reference, applying the evaluation criteria below;

	Evaluation Criteria	Maximum Weight (%)	Justification/Comments and Section/Page Covered in the proposal	Score
TS 1	Firms experience	15		

	Evaluation Criteria	Maximum Weight (%)	Justification/Comments and Section/Page Covered in the proposal	Score
	5 years firms experience in similar or related assignments – prorated- 5 points			
	Firms experience in similar assignments in at least 5 corporate clients - 5 points <i>Consultants with past experience in a Sacco set up, bank or MFI shall attract 5 marks out of the total 15</i>			
TS 2	Project manager/team leader qualification & Experience	20		
	Master's in business administration Management, social science , operational research/management or related -5 points			
	PhD in related field-Added advantage -2 points			
	10 years' experience in similar assignment -10 points-prorated			
	Professional Certification and Membership-3 points			
TS 3	Composition of other team members	30		
TS 3(a)	Policy expert (10)			
	University degree in business, managing information systems operations management information system or other related field 2.5 points			
	5 years' Experience of Individual working experience in business policy analysis or similar assignment gained from reputable company(as an employee of the company) -2.5 points prorated			

	Evaluation Criteria	Maximum Weight (%)	Justification/Comments and Section/Page Covered in the proposal	Score
	Proven relevant experience in defining in a Sacco, MFI or a financial institution (as a consultant or an employee/partner of a reputable consultancy firm) 3. points prorated			
	Professional Certification and Membership- 2 -points			
TS 3(b)	Process designer /expert (10)			
	5 years' Experience of Individual working experience in business processes modeling or similar assignment gained from reputable company(as an employee of the company) - 2.5 points prorated			
	Proven experience in capturing and modeling business process in a Sacco, MFI or a financial institution (as a consultant or an employee/partner of a reputable consultancy firm) 3. points prorated			
	Professional Certification and Membership- 2 -points			
TS 3(c)	Other experts (10)			
	ICT expert 2 points			
	ISO certification expert 2 points			
	Legal expert 2 points			
TS 4	Specific firm experience & work done in the following areas	20		
	Business process reengineering and institutional strengthening - 3 points			
	Design, Implementation, formulation of key policies - 3			
	Design and implementation of			

	Evaluation Criteria	Maximum Weight (%)	Justification/Comments and Section/Page Covered in the proposal	Score
	change management and process improvement - 3 points			
	Design and implementation of Risk management framework - 4 points			
	Design and implementation of system of internal control - 5 points			
TS 5	Methodology to be applied in the assignment	20		
	Proven methodology – 5 points			
	Understanding of client requirements and well-articulated plan of action - 5 points			
	Work plan and work schedule- 5 points			
	Implementation support proposal - 5 points			
	Total Maximum (TS)	100		

Each responsive proposal will be given a technical score (TS). A proposal shall be rejected at this stage if it does not respond to important aspects of the Terms of Reference or if it fails to achieve the minimum technical score indicated in the Appendix “ITC”.

ONLY FIRMS ATTAINING 75% AND ABOVE IN THE TECHNICAL PROPOSAL SHALL QUALIFY FOR FINANCIAL PROPOSAL EVALUATION.

2.8 Public Opening and Evaluation of Financial Proposal

2.8.1 After Technical Proposal evaluation, Fortune Sacco Ltd shall notify those consultants whose proposals did not meet the minimum qualifying mark or were considered non-responsive to the RFP and Terms of Reference, indicating that their Financial Proposals will be returned after completing the selection process. Fortune Sacco Ltd shall simultaneously notify the consultants who have secured the minimum qualifying mark, indicating the date and time set for opening the Financial Proposals and stating that the opening ceremony is open to those consultants who choose to attend. The opening date shall not be sooner than seven (7) days after the notification date. The notification will be sent by registered letter or electronic mail.

2.8.2 The Financial Proposals evaluated by the evaluation committee.

2.8.3 The evaluation committee will determine whether the financial proposals are complete (i.e. whether the consultant has costed all the items of the corresponding Technical Proposal and correct any computational errors. The cost of any unpriced items shall be assumed included in other costs in the proposal. In all cases, the total price of the Financial Proposal as submitted shall prevail.

2.8.4 The formulae for determining the Financial Score (FS) shall, unless be as follows:- $FS = 100 \times \frac{FM}{F}$ where FS is the financial score; Fm is the lowest priced financial proposal and F is the price of the proposal under consideration. **Financial Score Calculations**

$$FS = 100 \times FM / F$$

Fees Quotation guidelines	Calculation	Where
Lowest Financial Proposal (FM) will be given 100 points	100	FM=Financial Minimum/ Lowest Financial Score
Other Financial Scores (FS) under consideration will be	$100 \times FM / F$	F=Amount Quoted in the Financial Proposal under consideration
TOTAL Maximum (FS)	100	FS=Financial Score
Combined Scores will be	Calculation	Where
Combined Scores (CS) will be	$TS \times 80\% + FS \times 20\%$	TS=Technical Score FS=Financial Score
TOTAL Maximum (CS)	100	

2.8.5 Proposals will be ranked according to their combined technical (TS) and financial (FS) scores using the weights T =the weight given to the Technical Proposal; P = the weight given to the Financial Proposal; $T + P = 1(100\%)$. The combined technical and financial score, **CS**, is calculated as follows $CS = TS \times T \% + FS \times P \%$
The firm achieving the highest combined technical and financial score will be invited for negotiations. The weighted Scores for Technical Evaluation (T) are 80% and that of the Financial Evaluation (P) is 20%.

2.8.6 The tender evaluation committee shall evaluate the tender within 30 days of from the date of opening the tender.

2.8.7 Contract price variations shall not be allowed for contracts not exceeding one year (12 months).

2.8.8 Where contract price variation is allowed, the variation shall not exceed 10% of the original contract price

2.8.9 Price variation requests shall be processed by Fortune Sacco Ltd within 30 days of receiving the request.

2.9 Negotiations

2.9.1 Negotiations will be held at the same address as “address to send information to

Fortune Sacco Ltd” indicated in the Appendix “ITC”. The aim is to reach agreement on all points and sign a contract.

- 2.9.2 Negotiations will include a discussion of the Technical Proposal, the proposed methodology (work plan), staffing and any suggestions made by the firm to improve the Terms of Reference. Fortune Sacco Ltd and the firm will then work out final Terms of Reference, staffing and bar charts indicating activities, staff-months, logistics and reporting. The agreed work plan and final Terms of Reference will then be incorporated in the “Description of Services” and form part of the Contract. Special attention will be paid to getting the most the firm can offer within the available budget and to clearly defining the inputs required from Fortune Sacco Ltd to ensure satisfactory implementation of the assignment.
- 2.9.3 Unless there are exceptional reasons, the financial negotiations will not involve the remuneration rates for staff (no breakdown of fees).
- 2.9.4 The negotiations will conclude with a review of the draft form of the Contract. To complete negotiations Fortune Sacco Ltd and the selected firm will initial the agreed Contract. If negotiations fail, Fortune Sacco Ltd will invite the firm whose proposal received the second highest score to negotiate a contract.
- 2.9.5 Fortune Sacco Ltd shall appoint a team for the purpose of the negotiations.

2.10 Award of Contract

- 2.10.1 The Contract will be awarded following negotiations. After negotiations are completed, Fortune Sacco Ltd will promptly notify other consultants who have shown interest that they were unsuccessful and return the Financial Proposals of those consultants who did not pass the technical evaluation.
- 2.10.2 The selected firm is expected to commence the assignment on the date as specified in Appendix “ITC”.
- 2.10.3 The parties to the contract shall have it signed within 30 days from the date of notification of contract award unless there is an administrative review request.

- 2.10.4 Fortune Sacco Ltd may at any time terminate procurement proceedings before contract award and shall not be liable to any person for the termination.
- 2.10.5 Fortune Sacco Ltd shall give prompt notice of the termination to the tenderers and on request give its reasons for termination within 14 days of receiving the request from any tenderer.
- 2.10.6 To qualify for contract awards, the tenderer shall have the following:
- a) Necessary qualifications, capability experience, services, equipment and facilities to provide what is being procured.
 - b) Legal capacity to enter into a contract for procurement
 - c) Shall not be insolvent, in receivership, bankrupt or in the process of being wound up and is not the subject of legal proceedings relating to the foregoing.
 - d) Shall not be debarred from participating in public procurement.

2.0 APPENDIX TO INFORMATION TO CONSULTANTS

Clause Reference

- 2.1 The name of the Client is: **Fortune Sacco Ltd**
- 2.1.1 The method of selection is: **QCBS-Lowest evaluated proposal/Tender-Quality of proposal and price taken into consideration as a combination. -QCBS-Quality of proposal and price shall be taken into consideration as a combination.**
- 2.1.2 Technical and Financial Proposals are requested: **in separate envelopes**
The name, objectives, and description of the assignment are:
- “Provision of consultancy services for the review and formulation of policies and processes**
- 2.1.3 A pre-proposal conference will **not be held**.
- 2.1.4 Fortune Sacco Ltd will provide the following inputs:
- a) **Necessary Documentation**
 - b) **Fortune Sacco Ltd shall be responsible for the seminar/workshop venues.**
 - c) **Any other necessary documentation and/or service that may be necessary**
- 2.1.6 Training is a specific component of this assignment: **YES**
- 2.1.7 Taxes: [Specify firm's liability: nature, sources of information]:
- 2.5.2 Consultants must submit **one original and one additional copy** of each proposal.
- 2.5.3 Proposals must be submitted not later than the following date and time:

Monday, 16th January, 2023. 4.30 PM

- 2.6.4 The minimum technical score required to pass *for financial stage* is **75%**
- 2.6.5 Alternative formulae for determining the financial scores is the following-
The weights given to the Technical and Financial Proposals are: T=0.80 F=0.20
- 2.6.6 The assignment is expected to commence on, date indicated in the signed contract.

3.0 SECTION III –TERMS OF REFERENCE(TOR)

3.1.1 BACKGROUND INFORMATION

Fortune Sacco Ltd Limited is a Savings and Credit Co-operative Society established by Kirinyaga District Farmers' Co-operative Society in 1998, after transformation of Kirinyaga district co-operative union to an independent Sacco society with a banking section. The banking section was created to offer services such as leasing farm inputs and farm equipment. As a coffee farmers' Co-operative, it was owned and controlled by farmers. Overtime, it has increased its scope of membership to include all types of farmers, civil servants, pensioners, business people and employees from other institutions operating in Kirinyaga District. In November 2011, the Sacco undertook a rebranding exercise in which it changed its name to Fortune Sacco Ltd.

Since its inception, the Sacco recognizes the critical role it plays in the provision of financial services and ensuring the financial freedom of its members. In line with its mandate, Fortune Sacco Ltd offers a wide range of different types of financial services including savings products and services aimed at improving the quality of member's livelihood. In 2022, the society reviewed its product in an exercise that involved extensive consultation with members and stakeholders. This gave rise to refined products such as coffee development loans, tea development loans, Maziwa loan, dairy loan, project finance loan, working capital loan among others. In addition, the Sacco offers non-financial services to its members. To enhance customer service and also remain competitive, the Sacco continues to embrace new technologies, processes, products and services that will ensure efficient and effective service provision to its members.

The Sacco was formed under the Cooperative Societies Act (Cap 490) and hence its operations are guided by the Co-operative principles. Subsequently, SACCO Societies Act 2008 (Cap 490B) was enacted and Sacco Societies Regulatory Authority (SASRA) formed to administer the provisions of the Act in providing prudential supervision of deposit-taking Sacco Societies (DT-SACCOs). Fortune Sacco Ltd is currently licensed by SASRA as Deposit Taking Sacco



The Sacco currently has fifteen branches in Kirinyaga and Nairobi Counties and this has been very instrumental in uplifting the living standards of the people. The Sacco serves over 140,000 members with over 3.2 billion in savings. Our current gross loan portfolio stands at 5 billion being held by over 30,000 members.

As at December 2022, FORTUNE SACCO LTD SOCIETY LTD had an asset base of Ksh 5.5 billion and Share Capital of Ksh 480 million classifying it as one of the leading rural SACCO's in asset size in Kenya.

Vision

“Empowered community with improved living standards.”

Mission

“We exist to provide affordable financial and non-financial services to our members through mobilization of savings.

Core Values of the Society

The SACCO is guided by the following values:

- Quality.
- Integrity
- Respect

Motto:

“Your Success, Our Success”

Goals of the Sacco

- To create and foster good governance and management principles in the operations of the Sacco in accordance to the Sacco laws and regulations.
- To increase level of savings and investment for the benefit of members and their families.
- To improve the economic and social welfare of members.
- To develop and offer a wide range of diversified and market driven financial products and services.
- To promote security of members funds through sound risk management programs.

Services Offered By Fortune Sacco Ltd

The Sacco offers a wide range of products and services geared towards improving the Community living standards by financially and otherwise empowering the individual. Products provided by the Sacco are summarized below:



3.2.2 Savings

Transaction accounts, investments accounts, term deposit accounts, specialized accounts

Loans

Short, medium and long term loans covering all sectors of the local economy specifically agriculture, SME, transport, working class, co-operative society etc.

Alternative channels

Mobile banking, personal cheques, agency banking, own mobile solution

Financial services

Custodial services, benevolent fund (burial expenses)

Organizational Structure

The Sacco's main office is located in Kerugoya town the capital of Kirinyaga County. The Sacco has fifteen branches across the county. The head office is responsible for providing support and policy direction while the branches are mainly involved in service delivery and business development.

Key Business Processes

The Sacco's main business is mobilization of deposit and provision of credit to its members. Besides, the Sacco offers both financial and non-financial services either directly in through business partners.

The following are key processes:

- Lending,
- Member accounts management and maintenance
- Procurement and asset management processes
- Human resource processes
- Public relation and communication
- Cheques and other draft processes
- Cash and treasury processes
- Governance and Risk management processes
- Document and information management processes
- Member service and delivery / alternate channel management
- General administration and management process
- ICT processes and procedures
- AML/ KYC policies

- Collateral management policy
- Data update policy
- Record management processes
- Business Continuity plan policies and processes
- Security policies and processes
- Governance and Enterprise Risk management processes
- Operation policies and processes

Information and Communication Technology Infrastructure

The Sacco uses Orbit-R, which is a robust core banking system, configured for the Sacco specific requirements with the aim of providing sophisticated products and services to a wide range of customer categories in a cost-effective manner. Orbit R is a web- based and built to sit across several operating systems including Linux. The database sits on oracle. Orbit's ISO 8583 interface allow us to interface to payment networks such as Mpesa, ATMs and any other networks. Reporting done by integrating with Crystal reports which allows the Sacco to build custom reports. This has enabled us to comply with Sasra's reporting requirements in a timely manner. It's a truly Client/Server with Three Tier Architecture Supports Centralized Supports both Local database for branch independence and a centralized model Open (supports standard hardware devices including printers, cheque readers, etc.) Completely Windows based with on-line context sensitive help Ability to connect to popular transaction origination

Generation of customer transaction advises, direct debit/credit of funds, Support for Foreign Exchange, Money Market, Securities and Derivatives, Generation of FX deals for Treasury position & accounting statistical reporting ,Full Reconciliation module for automatic reconciliation of accounts and confirmations, Adherence to ISO standards, Adherence to ICC UCP rules, Adherence to SWIFT standards, Support for Generally Accepted Accounting Principles (GAAP),Support for International Accounting Standards Board (IASB),Automatic generation of SWIFT, Telex and Fax messages, Daily exception and status reporting, Interface to local and international payment systems, Unlimited reporting capability, Bank-defined security and audit controls, Customer Relationship Management, Customer Loyalty Programs

The application also supports integrated workflow – Orbit-R workflow management is integral to all its modules to provide a complete and automated control of operations. The application has an integrated customer and case management capability enabling Sacco's to create a customized, rich and differentiated value proposition to their customers.it also provides a seamless transition from one day to another without having to stop bank operations, offering a 24/7 availability to customers

Orbit-R multi-channel architecture ensures the customer has a consistent and smooth experience whatever the channel used: branch, ATM, internet, mobile, e banking, IVR, SMS or POS. It also offers a unified, real-time view of the Sacco's customer across all channels and products

The application also supports a comprehensive risk management system and anti-money laundering module

3.6.0 BACK GROUND ,OBJECTIVES, PURPOSE OF THE ASSIGNMENT AND EXPECTED RESULTS

Back Ground

The society faces a myriad of operational, economic and regulatory challenges;

1. Outdated polices which are not able to address the current and future operating dynamics
2. Horizontal growth in business thus increasing number of district transaction types
3. Growth in size i.e.;
 - a. Number of transactions
 - b. Number of branches
 - c. Transaction type
 - d. Volume of business
4. Financial sector land scape
 - a. Adoption of technology
 - b. Opening up of the common bond
5. Legal and regulatory development leading to high cost of compliance
6. Increased exposure to various types of risks
7. Competition especially from banks after adopting risk based lending

Objectives

The main objective of conducting thorough **review of the Sacco policies and process re-engineering** is radical redesign and modernization of all business policies processes at Fortune Sacco Ltd, with the purpose of raising the business efficiency, effectiveness and reduction of risk at all levels across the organization in light of changes identified above.

Purpose

The purpose of this project is as follows:

- Review of key operating, governance, and administrative policies and guidelines with specific focus on reduction of risk and increasing efficiency
- Establishing cost-effective and measurably more efficient set of business processes across the whole organization to operationalize the policies.
- Creating an improved business system based on the Sacco's IT and ICT infrastructure and solutions in order to facilitate better provision of all Sacco services to members, business partners and regulators.

Expected Results and Activities.

In order to meet the high expectations regarding the harmonization of business practices and reduction of compliance and transaction costs, the Sacco seeks the expertise of a consulting company who will provide the following:

Thorough as-is analysis: review of Sacco documentation i.e. policies, processes, map all business processes and provide comparative analysis of selected and corresponding processes in different the Sacco, Identify shortcomings, constraints to operational efficiency and bottlenecks in each process;

Thorough to-be analysis: - formulate/ develop policies and design results-oriented end-to-end processes as well as providing detailed recommendations on business practices

Gap analysis report: The consultant should highlight key policy and operational gaps especially in the ERP and recommend the most appropriate ERP for the Sacco to plug in

Change management support: Identify key training requirements for the implementation of agreed harmonized business processes.

Implementation: Assist the Sacco in implementation of the new policies and Processes

Knowledge transfer: the consultant is expected to equip the core team with the necessary skills to enable them update key policies and procedure in response of evolving circumstances

SCOPE OF WORK

Harmonization of policies and processes is an essential input for the increase in the Sacco's business system wide efficiency, reduction of risk and transaction costs. Most financial transactions are characterized by ad hoc controls based in non-existent or outdated policies which causes prolonged transaction time and inconsistent decisions. Further, the Sacco operates within a complex framework of regulations and rules and therefore policies, procedure and internal governance frameworks should be aligned to prevent possibilities of provoking prolonged workflows and different business practices at each business for similar tasks.

In order to determine how an organization's operational performance can be improved and harmonized across department and branches, a review of policies, Processes, their associated costs, and how they are completed is needed. As such, the most relevant business practices will be identified, mapped out, analyzed and re-designed.

The project aims to capture the current state policies and processes, reviewing, redesigning, restructuring and reengineer all the Sacco's policies and processes as document in flow charts as well as descriptive manual /booklets

Key Tasks and Activities

The key tasks and main activities of the project are the following (but not limited to):

Phase 1: Assessment

1. Project Kick-off Presentations – this meeting will agree on the project resources time lines clarification on deliverables and other operational details

2. Discovery Workshop – intensive few-day workshops that bring together the Consultant and Sacco personnel.
3. As-Is Study – to provide a report on the current status of the policies and processes in terms of adequacy, completeness, compliance with the law, relevance and action ability

Phase 2: Strategy

Building

In this phase, the team of consultants will carry out the following activities:

To-Be Study

Provide a detailed study of new policies and processes by validating the Sacco's business objectives with key simulating stakeholders against every of the policies and processes introduced,

Gap analysis

Analyze performance and structures of current policies and processes and the redefined (improved) processes, in order to clearly point-out the benefits, but also the possible radical changes that could impact other aspects of the Sacco's business systems;

Risk analysis

Risk is a critical consideration in all financial transaction. The consultant is expected to analyse the risk the Sacco is likely to face and suggest mitigating measures. The risk should include but not limited to political, compliance, control, business and reputation risks

Recommendations

Make the final recommendation by documenting transformation policies and process using appropriate tools, methods, techniques and notations. The proposed report should among others redesign structures and processes of the Sacco across all levels in order to deliver high standards of service, reduce duplication of effort, encourage development of harmonized more streamlined business flow and to clarify roles and responsibilities at every level of administration.

Identify the best practices for adoption.

Reduce duplication and role overlap

Conduct the thorough gap analysis.

Identify the appropriate tools such as Business Activity Monitoring and Process Mining to fulfill the process;

Change Management and Capacity Building

The Consultant is expected to design a viable and detailed change management and capacity building strategy

Documentation

Prepare final policies and procedure documents for all operational areas preferably by visiting branches and head office departments and meeting with key staff and selected members to better understand and observe practices on the Ground.

Wrap-up Event

The Consultant will organize a final wrap-up workshop in order to present the results of this project, validate the reports and to underline the impact of the new processes to the Sacco business.

3.6.1 Deliverables and Work Products

All deliverables, such as reports, plans and other artifacts, should be delivered to FORTUNE steering team for acceptance and/or approval, in order to reach the milestone planned and continue to the next project phase. The project will result in the following deliverables and work products, which will be made available both in all suitable electronic (html, pdf, and doc) and printed forms:

a. Phase 1

i. Project Inception Report

Shall consist of the detailed Project Work Plan to carry out the assignment. The Project Work Plan shall have details of the Project team, detailed timelines, detailed note on the proposed approach and methodology as well as an identified list of key stakeholders. The terms of reference may be improved and refined for better achieving the outcomes, through mutual discussions at the inception report stage;

Situation analysis,

The consultant is expected to prepare an as is report which should clearly provide references to documentation. The report shall also identify current gaps and threats to the organization, bottlenecks and possibilities for improvement.

b. Phase 2

To-Be Report

New policies and processes iterating and validating the Sacco's business objectives with key stakeholders against every of the policy processes suggested, including the roles and responsibilities of institutional structures and individual functions

Comparative Report (Gap Analysis),

Analyzing performance and structures of the current business processes and the redefined (improved) processes, in order to clearly point-out the benefits but also the possible radical changes that could impact other aspects of FORTUNE business systems. This report should contain a gap analysis.

Risk analysis report

The consultant is expected to analyse the risk the Sacco is likely to face and suggest mitigating measures.

Fortune policy and procedure review report;

All areas outlined in the scope of work and as modified through discussions during kick off and subsequent meeting

ICT Focus Report,

A report detailing areas of IT enabled intervention, priorities, and approaches to effecting implementation.

Focus Report on member operating policies and Processes,

With a Member centricity as the aim of ensuring members' welfare and Members' satisfaction, which is critical for improving customer service at the same time reducing inherent risks.

ii. Action plan

The action plan will clearly define, in a step-by-step manner, the scale up, approach and methodology. Action Plan will be one consolidated document, which shall include tactics, activities and operational goals to be implemented with specified periods, detailed implementation approach/schedule, anticipated outcomes, risk mitigation plans.

iii. Detailed Training and Change Management Plan,

For achieving the proposed recommendations, including training workshops selected Sacco employees

iv. Final Project Report

Project Summary; Introduction; Objectives Statement; Methods and Resources; Project Results (quantitative and qualitative results, with proper visualizations); Conclusions and Discussion (findings, project usefulness, challenges and limitations, future work directions, lessons learned); Outreach (describing very briefly the type of outreach that the project did, or expects to do);

v. Final project output

- The final output should include but not be limited to the following new/reviewed policies; Operational, administrative, governance,

governance, management, finance, ICT, internal control, data/information, compliance.

- A detailed Process Mapping of processes to operationalize the policies preferably done by visiting branches and head office departments and meeting with key staff and selected members to better understand and observe practices on the Ground. It will also involve facilitating process mapping workshop

3.7.1 General Methodology for Consultancy

The following methodology is a generic outline and the Consultant is free to suggest approaches and methodologies based on their own experience and expertise. General methodology outlines the following:

- Review of existing policies, Processes, and systems
- Consultative meetings with the stakeholders;
- Review of existing rules, Processes, policies and related documentation;
- Review of laws and regulations
- Consultation and collaboration with other relevant consultants (if any);
- Focus group discussions including with officials at all levels of SACCO administration including board, Key business partners, selected customers among others
- Verification and validation workshops;
- Review of best practices.

LOGISTICS AND TIMING

The selected Consultants are expected to start working on the assignments immediately upon signing the contract.

1.1. Location

Since the project requires regular interaction with the employees, it is essential that the selected consultants deploy the required number of resources on site (our head office in KERUGOYA TOWN). It is also required that the consultants appoint a project manager, which has sufficient experience to lead the team on-site and provide overall guidance to the team and consultancy.

REQUIREMENTS FOR PROFESSIONAL EXPERTISE

This is a full time consultancy project. It is expected that the core team of key experts and the desired number of suitable consultants shall be available on-site as needed during the entire

duration of the project. Off-site teams of senior consultants, subject matter and/or domain experts, etc will duly support this core team. An indicative profile of such consultants is given below.

Project Team

The Consultant shall provide the consultancy of the following staff (consisted of key experts and other experts) and expertise (but not limited to):

- **A project manager / team leader** – ideally, governance or reforms / restructuring expert; s/he shall provide the overall guidance to the project. Also a professional project management consultant with at least 10 years of project management experience. S/he will provide a comprehensive project management support during the project;
- **Process expert/s** –with relevant experience in study of the business process reengineering, institutional strengthening etc.
- **Policy expert** - an expert with extensive knowledge of in policy analysis, formulation documentation, implementation and review
- **A business process designer** – an expert with deep knowledge of standard and widely-accepted business process modeling methods, techniques, tools, languages and notations, its analysis in static terms and simulation in dynamic conditions, process bottlenecks detection, etc.;
- **Other expert/s** –various experts e.g. with specific experience in implementation of change management, process improvement, capacity building and training programs.