



**SHELTER AFRIQUE**

THE COMPANY FOR HABITAT AND HOUSING IN AFRICA  
SOCIETE POUR L'HABITAT ET LE LOGEMENT TERRITORIAL EN AFRIQUE

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## **REVIEW OF FINANCIAL MANAGEMENT SYSTEM IN SHELTER AFRIQUE**

### **Request for proposal –and Terms of Reference for a Consultancy**

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JULY 2010

## **REVIEW OF THE FINANCIAL MANAGEMENT SYSTEM IN SHELTER AFRIQUE**

### **0.0 Project Information**

Project Title	REVIEW OF FINANCIAL MANAGEMENT SYSTEM IN SHELTER AFRIQUE
Project Manager	Karen Kandie Director, Financial Management and Control Department
Project Sponsor	Mr. Alassane BA Managing Director
Project Start Date	September 2010
Project End Date	December, 2010
Organization	SHELTER AFRIQUE Longonot Road Upper Hill Nairobi Telephone: +254202722305 to 309 Fax:+254202722024
Country	KENYA
Contact	Karen KANDIE Email: <a href="mailto:kkandie@shelterafrique.org">kkandie@shelterafrique.org</a>

### **1.0 Introduction and background information**

SHELTER-AFRIQUE is a regional Housing Finance Institution established by African governments and the African Development Company dedicated to investment in housing and urban development in African countries. Shareholders include 42 African countries, the African Development Bank and the Africa Re-Insurance Corporation. Its mandate is to provide financing by way of debt, quasi-equity and equity to both public and private institutions for housing and urban infrastructure projects in its member countries. The company's key functions are organized around 5 departments, including Executive Management, Business and Operations, Corporate Services, Finance and Budgeting, Risk and Compliance Departments

Shelter Afrique has prepared a five year (2007-2011) business plan setting out new strategic directions for the Company. The Plan is primarily based on a strategy of growth through expansion of activities and diversification of products to be funded through borrowings. It however recognizes that only a financially strong and well managed Shelter Afrique with best practices in financial management would be able to attract appropriate resources on a sustainable basis.

Shelter Afrique therefore proposes to carry out a detailed study on all aspects of its financial management including strategies, systems, policies and processes with a view to achieving the overall financial objectives of the company as outlined in the strategic plan. This document therefore

outlines the terms of reference for the acquisition of the services of Consultants for carrying out the study.

For more information on Shelter Afrique, please visit our website: [www.shelterafrique.org](http://www.shelterafrique.org)

## **2.0 Overall Objective of the Study:**

The overall objective of the consultancy is to review Shelter Afrique's financial management framework to ensure that its business processes, policies and internal control frameworks are brought in line with international best practice

The key performance indicator would be a revised financial management policy that incorporates anti-money-laundering (AML) principles.

## **3.0 SCOPE OF WORK**

Study will *inter alia* cover the following:

- a) Review and update of the financial regulations and policies of Shelter Afrique in respect of borrowings, liquidity management, project loan disbursements, investments, loan provision and administration, fixed assets management, accounting and financial reporting, risk capital determination;
- b) Review and update of the financial, accounting and budgeting processes, with a view to increasing efficiency, eradicating duplication, enhancing internal controls and streamlining operations within an ERP environment.
- c) To review the performance of the Oracle ERP system to ensure it meets the needs of Shelter Afrique and required quality assurance level; propose improvements as necessary
- d) Examine the Foreign Exchange risks faced by the organization and the processes available for managing them and recommend appropriate reporting, management and mitigation controls and processes.
- e) Examine the workflow across the different functional areas and recommend process flows that are efficient, effective and in support of the corporate strategy.
- f) Review the payment system in the light of the Oracle ERP and recent technological advances in the banking sector including internet banking.
- g) Review and update the disbursement process
- h) Clarify roles and responsibilities of the different units and staff in the department in the delivery of business processes across the financial management function to ensure efficiency, proper bookkeeping, controls and safety of resources.

- i) Ensure that proposed policies and procedures support the Basel II framework to the extent applicable to Shelter Afrique
- j) Make recommendations on any organizational and structural changes which might be required to support business process improvements.
- k) Develop and document systems, processes, policies and procedures that will ensure that the overall financial management framework and related transactions of Shelter Afrique meet international standards, such as IFRS, Basel II requirements, FATF, AML and ATF principles. Please note there is an ongoing consultancy on Basel II Compliance.
- l) Strengthen exceptional reporting in key areas for quick and timely decision-making.
- m) Review operational systems for detecting and reporting transactions that do not comply with AML/ATF policies; and recommend processes to strengthen these
- n) Make recommendations on training required for staff for the implementation of the recommended new financial management framework.

#### **4.0 Methodology**

1. The consultant will be expected to employ, analytical and acceptable methodology in carrying out the study including but not limited to the following:
  - Review and analysis of relevant documents of Shelter Afrique on the subject;
  - Interview of key management and other staff of Shelter Afrique to determine actual processes and practices in place;
  - Review of application software currently in use or under implementation in Shelter Afrique.
2. The consultants will be at liberty to further elaborate or supplement the TOR and the scope of work with a view to ensuring that the overall objective of the study is achieved.

#### **5.0 Time Input and Schedule**

1. The consultancy is expected to be for a period of 3 months from the date of commissioning.
2. Stages of work shall comprise of preparation and desk work, data collection and analysis, report preparation, review of report, finalization and submission.

#### **6.0 Output and Reporting Arrangements.**

1. The consultants are expected to submit reports as follows:
  - i) Inception report detailing their understanding of the scope of work, methodology to be adopted and time frame for executing the assignment;

- ii) A Draft Report: within six weeks of signing the consultancy contract detailing the preliminary findings of the study, key preliminary recommendations and suggested implementation strategies.
- iii) Shelter Afrique shall review and provide comments on the draft report to the consultant within four weeks of its submission.
- iv) Consultant will then be expected to revise the draft report, taking into consideration, the comments of Shelter Afrique and thereafter submit a revised draft final report to Shelter Afrique within one month of receipt of the comments. Specifically, the report should contain, among others:
  - (a) New financial policy document
  - (b) Documentation of the financial and accounting processes
  - (c) Financial and Accounting Manual
  - (d) Financial regulations
  - (e) Fixed assets management and disposal policies
  - (f) Key financial reports under ERP
  - (g) Provisioning policies and related operational guidelines
  - (h) Operational guidelines for risk capital determination
  - (i) Guidelines for capital utilization and asset risk classification
  - (k) Training Requirements
  - (l) Liquidity policy and related operational guidelines
  - (m) Revised Investment Guidelines

## 7.0 - Governance

1. The Consultant will report to Karen Kandie, Director, Financial Management and Control Department for Shelter Afrique who will be overseen in this role by the Managing Director of Shelter Afrique. There shall be a project committee for the overall supervision and monitoring of the project.
2. There shall be a project committee whose roles will be to :
  - Ensure that the outputs and deliverables are consistent with the overall objectives of the project.
  - Ensure the appropriate reviews of issues encountered during the lifespan of the project.
  - Ensure that the required approvals and directions for the project are obtained at each stage of the project.
  - Approve the reports and deliverables submitted by the consultant.
3. The project committee will comprise of Managing Director, Team Leader Risk Management, Director of Finance, Senior Officer, Accounts and Budgets, and the Internal Auditor

4. Shelter Afrique`s board of directors will approve the Final Report of the project. The draft and final report will be submitted to AFD.

## **8.0 Invitation to bid and content of the Bid.**

1. The study will be commissioned by Shelter Afrique management in accordance with its procurement policies and procedures on best technical proposal and least cost basis. Consulting firms within and outside Africa are eligible to apply.
2. Interested consulting firms, with expertise and extensive experience in financial management, treasury management and anti-money –laundering are invited to submit bids to undertake this task. They should submit their bids **in three following parts – administrative, technical and financial.**

### **2.1 - Administrative information** including:

- Name of applicant, full address, telephone and fax numbers and e-mail address;
- Legal status;
- Identification of the headquarter or domicile;
- Date of establishment or registration;
- Details of the organization structure;

### **2.2. - The technical bid**, to be submitted in a separate envelope should contain details of :

- the qualifications and experience (by way of CVs) of the consultants, an explanation of the extent of their availability;
- description of the consultants` proposed work plan; methodology to be adopted and organization of the implementation of the task;
- comments or suggestions on the terms of reference for the task as outlined by Shelter Afrique,
- list of proposed experts to be assigned to the task by their individual professional specialisations and their timing in implementing the consultancy.
- Any other relevant information.

The consultant is expected to provide at least 2 consultants with experience in different aspects of the study but should be at liberty to advise on the use of more consultants if need be. ERP quality assurance expert should be included.

The technical proposal should not include financial proposals or information.

- ### **2.3 - The Financial Proposal** which should be submitted in a separate sealed envelope, should list all costs associated with the assignment, including professional remunerations and reimbursable expenses. The financial proposals should be expressed in U.S. Dollars.

## 9.0 Dates for Receipt of Applications;

Completed Technical and Financial proposals, respectively clearly marked and enclosed in separate sealed envelopes, should be addressed to:

Ms. Karen Kandie  
Director, Financial Management and Control Department  
Shelter Afrique  
Longonot Road, Upper Hill, Nairobi  
P.O. Box 41479-00100, GPO Nairobi, Kenya  
Tel: +254-20-2722305 – 9  
Fax: +254-20-2722024; 2721211  
E-mail: [kkandie@shelterafrique.org](mailto:kkandie@shelterafrique.org).

And should be received in Shelter Afrique by 31<sup>st</sup> August 2010, time 16.30 O'clock (Nairobi)

## 10. SELECTION CRITERIA AND EVALUATION

The contract will be awarded to the bidder whose offer represents the best value to Shelter Afrique, taking account of the professional and technical capacity, the quality of offer and the price.

### 1. Professional and technical capacity

The selected consultant(s) should have:

- Significant experience in financial management framework review and implementation, preferably on issues related to the housing and real estate development sector.
- Proven ability to perform the co-ordination of tasks involved in organising and managing a financial framework review. Shelter Afrique will assess this criterion on the basis, *inter alia*, of a list of previous activities carried out in this field by the consultant.
- Excellent oral presentation skills in English and French to facilitate communication with Shelter Afrique`s staff.

### 2. Quality of the offer

- The quality of the understanding of the nature of the assignment, its context and the results to be achieved.
- The qualitative value of the offer, including in particular the presentation of the overall working method and the capacity to liaise and cooperate with all the relevant stakeholders.
- The work organization and the feasibility of the time schedule given.
- The coherence of the work programme with regard to the identification and distribution of tasks.

The criteria will be scored as described below:

Criteria	Points	Description
TOTAL	100	
Education	20	<ul style="list-style-type: none"> <li>• Qualifications</li> </ul>
Experience	30	<ul style="list-style-type: none"> <li>• Experience in financial framework implementation</li> <li>• Experience of any international DFI</li> <li>• Experience in Africa</li> </ul>
Presentation	10	<ul style="list-style-type: none"> <li>• Excellent communications, writing and presentation skills</li> <li>• bilingualism English and French</li> </ul>
Methodology	15	<ul style="list-style-type: none"> <li>• Planning and analytical methodology</li> <li>• Coherence of the work programme</li> </ul>
Understanding of the assignment	25	<ul style="list-style-type: none"> <li>• Context and the results to be achieved</li> </ul>

Final selection will be based on 80% technical and 20% financial. Shelter Afrique however reserves the right to negotiate with selected consultant his/her remuneration in line with the budget.

The minimum technical score (St) required to pass is 80 pts.

The formula for determining the financial scores (sf) is the following:

$Sf = 100 \times Fm / F$ , in which Sf is the financial score, Fm is the lowest price and F the price of the proposal under consideration.

Final Score =  $0.2 Sf + 0.8 St$

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