

STATUS CAPITAL BUILDING SOCIETY



REQUEST FOR PROPOSAL  
DOCUMENT FOR CONSULTANCY  
SERVICES FOR ENTERPRISE RISK  
MANAGEMENT

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CONFIDENTIAL

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**SECTION I**  
**LETTER OF INVITATION**

**INTERESTED FIRMS OR PERSONS**

**REFERENCE: PROVISION OF CONSULTANCY SERVICES FOR ENTERPRISE RISK MANAGEMENT**

Status Capital Building Society (SCBS) invites proposals for the provision of consultancy services on Enterprise Risk Management (ERM).

The scope of the consultancy includes the engineering and development of the Society's Enterprise Risk Management Framework, development and implementation of ERM tools and training of Management and Staff in the management, monitoring and reporting of risks affecting their respective departments.

The Request for Proposal includes the following documents:

Section I - Letter of Invitation (this letter);  
Section II - Information to the Consultant.

You are kindly asked to submit your proposal to The Society, including all attachments where necessary, on or before March 18<sup>th</sup>, 2022.

Sincerely,

Michael Mbetse  
Managing Director

## SECTION II

### INFORMATION TO THE CONSULTANT

#### INTRODUCTION

Status Capital Building Society (SCBS) seeks proposals from qualified firms to assist The Society with improving its Enterprise Risk Management function, to document related policies and procedures into a manual and to enhance the capacity of its Management and Staff in the administration, monitoring and reporting of risk.

#### BACKGROUND

The SCBS is a body corporate established in 2019, in terms of the Building Societies Act of 1962 as amended and we are authorized and licensed by the Financial Services Regulatory Authority (FSRA).

#### Our Mission

To provide quality, affordable, and sustainable Mortgage finance, financial services, and other allied services for the benefit of clients, stakeholders and the society. Status Building Society aims to innovatively tap into traditional markets such as housing and infrastructure using modern ideas as well as participate and be a front runner in emerging markets within the Kingdom of Eswatini.

#### Our Vision

To be the first digital building society or financial services provider in the country and thriving to create investment opportunities and improve economic growth and development through innovation.

#### Core Business

The Society's core business is in terms of section 17 of the Building Societies Act of 1962 as amended. Our business focuses mainly on lending for individual members and business enterprises in all major sectors of the economy especially the provision of mortgage secured finance. We will also take deposits through various types of transactional and savings accounts.

#### Organization and Management

The day-to-day operations of the SCBS are managed by the Managing Director. The management team consists of a Manager: Finance, Head of IT, Legal & Compliance etc. The management team is responsible for the implementation of policy directives of the SCBS Board of Directors, which comprise a Chairman and currently 4 other directors who are selected by its members.

Committees of the Building Society include the Credit Committee, the Audit & Risk Committee, the Remunerations Committee etc.

#### Regulatory Framework

SCBS is regulated in accordance with the Building Societies Act of 1962 as amended and the Financial Services Regulatory Authority Act of 2010, by the Financial Services Regulatory

Authority (FSRA) under the Ministry of Finance.

### **Risk Management**

SCBS is mindful that its ability to maximize members' value is heavily reliant on the enterprise-wide management of risks, more specifically the inherent risks associated with its investment strategy, consumer and mortgage financing and other events with the potential to adversely impact its operations. To this end, The Society has been slowly enhancing its Enterprise Risk Management (ERM) Framework. The Society has established a Risk and Audit committee that oversees Enterprise Risk Management. Enterprise Risk is coordinated under the Finance departments well as Legal and Compliance Departments. The departments provide the objective view of risk-taking activities & support management with the development of risk management strategies and provide guidance to staff to ensure that there is a consistent approach to risk mitigation. Department managers are responsible for identifying, analyzing, evaluating, and managing the risks affecting their respective departments.

Considering that we are still a fairly new entity, The Society has identified the need to establish and develop an ERM Framework to achieve a more developed and robust stage of risk management, monitoring and reporting in line with its mandate and operating environment, the economic conditions, the emerging industry and technological risks or expectations, and best practices.

In this regard The Society is desirous of engaging a consultant to engineer and develop its Enterprise Risk Management Framework, to develop and implement ERM tools and to enhance the capacity of Management and Staff in managing, monitoring, and reporting on risks affecting their respective departments.

### **INSTRUCTIONS**

1. Interested firms or persons are asked to submit One (1) original and two (2) copies of their proposals to

**Attention: Mr. Michael Mbetse**  
**Managing Director**  
**Status Capital Building Society**  
**Office 12, The Crescent, Ezulwini**  
**P.O Box 78, The Gables**

**Reference: PROPOSAL FOR PROVISION OF ENTERPRISE RISK MANAGEMENT CONSULTING SERVICES**

2. Proposals must be presented on business letterhead, should be concise and include all attachments where necessary.
3. Proposals must be marked (or watermarked in case of electronic records) "ORIGINAL" or

“COPY” as appropriate. If there are any discrepancies between the original and the copies of the proposal, the original shall govern.

4. Proposal must be received no later than 18<sup>th</sup> March 2022

5. Proposals must be accompanied by
- i. the company's business profile,
  - ii. Certificate of Incorporation,
  - iii. Form J and C,

Tax registration certificate.

- iv. CV indicating clearly the qualification and experience of the lead consultant.

## CONTACT DETAILS

1. Any clarification of any matter related to the proposal should be made in writing to [sanele.kunene@scbs.co.sz](mailto:sanele.kunene@scbs.co.sz) or [peter.maseko@co.sz](mailto:peter.maseko@co.sz).

## OBJECTIVES AND SCOPE OF WORK

|   | Key Output                     | Details   |
|---|--------------------------------|---|
| 1 | Risk Appetite Statement        | <ol style="list-style-type: none"> <li>i. Create <ul style="list-style-type: none"> <li>• Risk appetite policy and procedures document</li> <li>• Risk appetite periodic reporting document</li> <li>• Risk governance structure</li> <li>• Defense model</li> </ul> </li> <li>ii. Develop defined risk appetite measures. This include risk appetite, risk tolerance definitions and limits</li> </ol> <p>Define various department's responsibilities in contributing to risk measures. Special emphasis on Credit, liquidity, market risk and operational risk</p> |
| 2 | Policy on Concentration Limits | Establish of concentration limits to include sectors, single entity exposure etc.   |
| 3 | Risk Rating System             | <p>Establish a risk rating system for borrowers (individuals and business).</p> <ul style="list-style-type: none"> <li>• Borrower Risk Rating should be linked to repayment capacity and probability of default</li> </ul> <p>Facility Risk Rating should be linked to the terms, collateral and loss given default.</p>  |

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| 4 | Enterprise Risk Management Policies and Procedures Manual | <p>Develop an Enterprise Risk Management framework</p> <ol style="list-style-type: none"> <li>Strategic Risk</li> <li>Credit Risk</li> <li>Operational Risk</li> <li>Liquidity Risk</li> <li>Capital Adequacy Risk</li> <li>Market Risk</li> <li>Legal and Regulatory Risk</li> <li>Reputational Risk</li> <li>Cyber Risk</li> <li>Business risk</li> <li>Concentration risk</li> </ol> <ol style="list-style-type: none"> <li>Develop the Risk Management Framework incorporating: <ul style="list-style-type: none"> <li>COSO Framework</li> <li>The Three Lines of Defense Models (Business Line, Risk Department, Audit).</li> <li>Risk Appetite Statements</li> </ul> </li> <li>Development of Draft policies and Procedures for a, b, c, d, e, f, g, h, i, j and k.</li> <li>Develop models and procedures for measuring risk exposure.</li> <li>Develop an enterprise-wide risk monitoring framework to include various levels (Departments, Management, Risk Department, Board).</li> <li>Create periodic reporting documents for a, b, c, d, e, f, g, h, , j and k.</li> <li>Provide training to staff to build skills on items i to v.</li> </ol> <p><b>Note:</b> The framework must be tailored specifically to the needs of SCBS.</p> |
| 5 | Financial Simulation for Stress Testing                   | Develop of a financial simulation model for stress testing The Society's financial position.  |
| 6 | Revised Credit Policy/Procedures Manual                   | <p>Refine the credit appraisal and credit processes for greater efficiency and proper management of credit risk</p> <ul style="list-style-type: none"> <li>Amend the policy and procedures manual to incorporate new</li> </ul>   |

|     |   |   |
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|     |   | requirements: concentration limits, risk rating of customers, credit risk, etc.   |
| 7   | Liquidity Contingency Plan                                  | Define a liquidity contingency plan and automating the liquidity gap reports  |
| 8   | Asset and Liability Management Policy and Procedures Manual | <p>Develop ALM policies and procedures to include:</p> <ul style="list-style-type: none"> <li>• interest rate risk and currency risk management</li> <li>• Asset liability management appetite statement</li> <li>• Liquidity portfolios and associated investment strategies</li> <li>• Key Risk Indicators</li> <li>• Systems and standards for identifying, measuring, monitoring and evaluating Asset/liability management</li> <li>• Internal Controls</li> </ul> <p>Lines of authority and responsibility for the management and control of ALM risk.</p> |
| 9   | Training  | <p>i. Conduct training relating to the scope of work and tailored for the Board of Directors, the Risk Department, Management and key staff.</p> <p>iii. Prepare a training plan to include training on various frameworks, Items, policies, procedures, processes, models, reports, Key performance Indicators, Key Control Indicators as they relate to areas outlined in 1 to 11.</p> <p>iv. Execute the training plan within agreed timeframes.</p>   |
| 10. | Business Continuity Management                              | <p>i. Develop adequate and appropriate Business continuity policies and procedures.</p> <p>ii. Advise and recommend on the implementation of the policy.</p> <p>iii. Include IT strategies in light of possible need for remote work/work from home.</p>  |
| 11  | Investment Policy   | <p>i. Review and possibly revise our investment policy in line with investment strategy and</p>   |



|    |                                    |   |
|----|------------------------------------|---|
|    |                                    | the Building Societies Act section 17<br>ii. Train management and the board of the policy   |
| 11 | Capital Resources and asset ratios | 1) Liquidity coverage ratio<br>2) Leverage ration<br>3) Capital ratio (CAR)/Capital Adequacy Ratio<br>4) Risk asset ratio<br>5) Risk weighted ratio |

### B. Guidelines and Standards

The consultant is expected to utilize and incorporate:

- the Building Society Risk weightings and Liquidity requirements in terms of the Building societies Act.
- the Basel Guidelines,
- FSRA Act and FSRA Risk Management Guideline
- International Financial Reporting Standards
- Where there are Risk Areas without corresponding guidelines, the consultant will present draft guidelines/ standards.

### C. Supervision and Reporting

The consultant will be under the direct supervision of the RISK MANAGEMENT COMMITTEE and the Managing Director in coordination and collaboration with other stakeholders.

### D. Duration

1. The project should commence not later than 30th, March 2022 and will be expected to be completed based on a mutually acceptable timeframe.
2. The consultant will propose to Management a schedule for onsite and offsite assignments and the necessary resource staff will be made available to assist.

## QUALIFICATION AND EXPERIENCE

1. The Consultant must demonstrate that it possesses the knowledge, skills and other competencies needed to perform its responsibilities with due professional care. The Consultant must have at least seven years professional experience in carrying out enterprise risk management and business continuity planning services with banking experience.

2. The team leader for the assignment must be a competent trainer and must have at least 5 years' experience in risk management consulting. The team leader must have a degree in finance, commerce or equivalent qualifications from a recognized university, must also be a member of a relevant Professional Body and have certification in risk management.
3. Other personnel should have a degree in finance, risk or equivalent qualifications from a recognized university and five years' experience in risk management consulting. Training in risk management and professional certifications in CPA, CISA, CRA or equivalent certifications will be an added advantage.

## **PAYMENTS/ REMUNERATION**

The Society proposes to make payments to the Consultant based on agreed milestones/deliverables, in tranches upon SCBS certified completion of the deliverables. The consultant will be expected to present invoices in support of each payment.

## **ITEMS TO BE INCLUDED WITH YOUR PROPOSAL**

### **A. General Firm Information**

1. Provide a brief description of your firm, including but not limited to the following:
  - a. Name of the principal(s) of the firm.
  - b. Name, telephone number and email address of a representative of the firm authorized to discuss your proposal.
  - c. Number of employees of the firm.

### **B. Experience and Resources**

1. Describe your firm and its capabilities. In particular, support your capacity to perform the Scope of Work.
2. Indicate which principals and associates from your firm would be involved in providing services to SCBS. Provide appropriate background information for each such person, and identify his or her specific responsibilities or tasks and estimate of time needed to carry out the engagement/assignment.
3. Provide a detailed list of references (at least three (3)), including a contact name and telephone number for organizations or businesses for whom you have performed similar work.
4. A description of the methodology and work plan for performing the engagement/assignment.

### **C. Fee Structure**

The information requested in this section is required to support the reasonableness of your

fees.

1. Please provide a cost proposal for providing the Scope of Work, to include all related activities and attendance at related meetings. Provide an itemized breakdown of billing rates and hourly costs, list of key personnel and their hourly rates, where applicable, reimbursable expenses, etc. for any services that may be requested in addition to the services previously described.
2. The fee structure should clearly identify as a separate amount any local taxes, levies or other charges imposed where applicable.
3. Please provide any other fee information applicable to the engagement that you wish to bring to the attention of SCBS.
4. All fees shall be expressed in Emalangeni.

#### **D. Miscellaneous**

1. Discuss any additional information or topic not covered in this Request for Proposal that you would like to bring to the Society's attention.
2. Any comments or suggestions on the terms of reference and a list of services and facilities to be provided by The Society
3. The proposal should remain valid for 60 days after the submission date, within which The Society will make its best effort to complete negotiations. If the Society wishes to extend the validity period of the proposals the bidders shall agree to the extension.

## **EVALUATION AND SELECTION**

### **A. Selection Committee**

A selection committee consisting of Board Members and Management (the "Committee") will evaluate all proposals on the basis of their responsiveness to the scope of work required and will make a determination principally on the following factors:

- Professional capacity to undertake the scope of work:
- Proposed fee structure inclusive of taxes, where applicable:
- Ability to perform within time and budget constraints:
- Evaluation of potential work plans:
- Previous work experience and performance with SCBS and/or similar organizations;
- Recommendations by references:
- Other pertinent information submitted.

The Committee will forward its report and recommendations to the Society's Board of Directors.

### **B. Negotiations**

The Society will make its best efforts to negotiate with the finalist (s), once selected, to reach agreement on all points within the shortest time possible. A payment schedule will also be agreed during negotiations.

#### **C. Award of Contract**

The successful consultant, once selected, will be required to sign a contract for services. The parties to the contract shall have it signed within 100 days from the date of notification of contract award.

Should you not receive any communication from the society within 30 days then please note that it means your bid was unsuccessful.

#### **D. Termination of Procurement Proceeding**

The Society may at any time terminate procurement proceedings before contract award and shall not be liable to any person for the termination. The Society shall give prompt notice of the termination to the applicants.

#### **E. Disclaimers**

1. SCBS may invite one or more finalists to make presentations.
2. In its sole discretion, SCBS may negotiate with one or more firms who have submitted qualifications to submit more detailed proposals on specific projects as they arise.
3. By this Request for Proposal, SCBS has not committed itself to undertake the work set forth.
4. SCBS reserves the right to reject any and all proposals, to rebid the original or amended scope of services and to enter into negotiations with one or more respondents.
5. SCBS reserves the right to make those decisions after receipt of responses.
6. The Society's decision on these matters is final.

### **NONDISCLOSURE/ CONFIDENTIALITY**

The consultant will be expected to hold the interests of the SCBS, including its members, Board of Directors, Staff and Clients, paramount and in so doing, will ensure that all advice and recommendations reflect the utmost professionalism. The consultant is expected to treat all records and information that comes into their possession as a result of the consultancy as confidential. To this extent, the consultant, including the officers assigned to carry out the scope of work will be expected to sign a non-disclosure/confidentiality agreement prior to the commencement of work.

### **FRAUDULENT PRACTICES**

SCBS requires that the Consulting firm observe the highest standards of ethics during the selection and award of the consultancy contract and also during the performance of the engagement/ assignment.

## **ACCESS TO INFORMATION AND RECORDS**

The Consultant will have access to all the information necessary to carry out their work, upon written request, in order to deliver effectively on the requirements of this consultancy subject to the consultancy signing a non-disclosure agreement. This includes financial and non-financial records and explanations from any Department.

Nevertheless, if in the opinion of management, a member of the consultancy team is not considered sufficiently senior in position to be allowed unlimited access to the Society's information or has not signed off the confidentiality or nondisclosure agreement as required, such a member may be denied access and the same will be communicated to the officer in charge of the Consultancy. The Consultant is not permitted to take copies of any documents without SCBS Management's authorization.

## **PERSONNEL, FACILITIES AND OTHER REQUIREMENTS TO BE PROVIDED BY SCBS**

The Society will provide the onsite office space, when onsite visits are required, and The Society contact persons necessary to facilitate the Consultant's work.