



TERMS OF REFERENCE (TOR)

RISK ASSESSMENT CONSULTANCY FOR KEPRO

Organization	Kenya Extended Producer Responsibility Organization
Project	KEPRO Risk Assessment Consultancy
Position Type	Risk Assessment Consultant
Duration of Consultancy	45 days
Reporting To	KEPRO Management
Application Deadline	20th June 2024
Start & End Date	To Be Communicated

1.0 Introduction to KEPRO

Kenya Extended Producer Responsibility Organization (KEPRO) is a Producer Responsibility Organization (PRO) registered under the Companies Act of 2015 Limited by Guarantee and was fully incorporated on 19th January 2021 by the Registrar of Companies.

KEPRO is a non-governmental membership-based PRO that strives to create a sustainable waste management system in Kenya. Extended Producer Responsibility (EPR), which makes producers, importers, and distributors accountable for the post-consumer management of their goods, is the main area of concentration for KEPRO. By reducing waste, recycling, and reusing resources, KEPRO strives to establish a circular economy.

KEPRO will achieve its purpose of accelerating the growth of our Recycling Economy, leading to a Circular Economy for the sake of our future generations & our natural environment, which is embedded within the environmental laws & legal framework of Kenya.

KEPRO will operate based on the principles of these three core values:

1. **Collaboration**- True partnership, collaboration & transparency with all public & private stakeholders within an ecosystem of high ethical & moral standards.
2. **Commitment** - All strategies, policies & actions put sustainability & our environment first.
3. **Circularity** - Developing the Circular Economy in Kenya by supporting the Recycling Economy.

This document seeks to highlight the Terms of Reference for a Risk Assessment Consultant as **recommended** by the **Auditor, RSM** in the last audited Financial Report.

2.0 Objectives

The main objective of hiring a Risk Assessment Consultant is to be given an independent and objective report on the financial & business risks and finally get recommendations to ensure the sustainability of KEPRO as a PRO.

- **Identify risks:** After a thorough examination of the Internal procedures, audited reports and any other publications, the Risk Consultant should be able to point out various sources of risks, how to identify them and finally offer advisory solutions.
- **Recommend ways of mitigating risks:** After the independent examination of procedures, controls and any other reports, the Risk Assessment Consultant will then offer various ways on how to avoid/reduce risks.
- **Advise on Internal Control Procedures:** Internal Control Procedures increase the degree of confidence third party have in financial statements. The Risk Consultant will identify gaps in internal control procedures that might lead to losses or no achievement of goals.
- **Develop a Risk Assessment Procedure:** After an audit report, the Risk Assessment Consultant should help in performing audit duties that will help in developing a plan to obtain sufficient audit evidence.
- **Develop an Audit Risk Model:** This is a risk-based approach to auditing and the Risk Assessment Consultant will help develop a model for KEPRO for identifying, detecting and reducing the risk level.
- **Identify Post Audit Gaps:** Some events that happen post the audit period might severely impact KEPRO. The Risk Assessment Consultant has the mandate to identify any post audit events that the auditor might have left out in their report and further identify any new emerging issue that might affect KEPRO.

3.0 Scope of Work

The Scope of Work will cover the following areas:

- **Advisory on Internal Control Procedures:** The internal control systems will be the main pointers of risk areas, hence a priority. Main areas of focus will be; procurement process, the ERP system and financial reporting.
- **Carry out Financial Risk Assessment:** Financial risk assessment ensures that an organization meets its goals of profit and is able to pay for its financial obligations. KEPRO being a Not-for-Profit Organization (NPO), its main financial goal will be to meet its obligations and also ensure efficient cashflow through monthly remittance from the members. The Risk Assessment Consultant will assist in carrying out a credit assessment, using members' data. Then carry out a liquidity assessment to check on outstanding financial obligations KEPRO has. Finally, the Risk Consultant will advise on all legal requirements and advise appropriately to ensure all legal requirements are in place to minimize on fines that might be paid for non-compliance.
- **Carry out Business Risk Assessment:** Business risk assessment ensures that an organization will not fail. KEPRO's mandate seeks to bring transformation to the community as one of its four core values and enhance a circular economy. The risk

consultant should advise on viable projects that are in line with this vision as KEPRO isn't motivated by profit.

- **Examination of KEPRO's Financial Records:** The Risk Consultant will examine past audited records to advise on way forward. Key focus will be on the Fund Administration Account, which mainly highlights the revenues generated and how they're spent.
- **Development of KEPRO's Risk Assessment Procedure:** After thorough examination of all procedures, documents and testimonials required, the Consultant will finally draft a risk assessment procedure.
- **Development of an Audit Risk Model:** Examination of past audit reports will inform the Risk Assessor the gaps identified by the auditor. From these gaps, the consultant will then develop a risk-based approach model for KEPRO.
- **Write an Independent and Objective Report:** All findings of the Risk Consultant will be outlined in their final report. The consultant will then give recommendations in the report. The report will be presented to the board and management for action.
- **Identify any gaps left out in Audit Reports:** Auditors generally gather information through sampling. Using sampling as a data collection technique, the auditor might have missed vital information that may severely affect KEPRO leading to either financial or business risks. Therefore, this seeks to strengthen on the need for a risk consultant.
- **Train KEPRO management on Risk Mitigation:** The Consultant will then train the Finance team and management on Risk Assessment, the processes and procedures.

4.0 Deliverables

The Risk Assessment Consultant is expected to meet the following:

- Deliver comprehensive written and oral reports on the Internal Controls & Risk they might pose.
- Develop comprehensive risk models that will clearly outline the risks, procedures and mitigation.
- Presentation of findings to responsible stakeholders for decision-making.
- Offer recommendations on risk reduction and mitigation.
- Offer training for KEPRO Finance and Management on Risk Mitigation.
- Develop action plans that will increase KEPRO's chances of being a Going Concern.
- Map out risk areas for KEPRO in credit, liquidity, operations, and legal.

5.0 Timeframe

The consultancy is supposed to commence on **TBC** and end on **TBC** with an estimated duration of **45 days**.

6.0 Application and Qualifications of the Service Provider

To be eligible to respond to this offer, the consultancy firm must first demonstrate that they or the principal assigned to provide this service are fully qualified and licensed to do work of this nature.

7.0 Criteria for Evaluation

7.1 Qualifications of the Consultant

The ideal Firm must be one with extensive experience in Risk Consultancy, both Financial and Business Risk Management.

- Educational qualifications of the Risk Consultant must be within the fields of Finance, Economics, Accounting or a related field.
- Minimum of 3 years' experience in Risk Management/Consultancy.
- Ability to develop post-audit risk models and risk maps.
- Experience working with membership organizations will be an added advantage.
- Commitment to environmental sustainability and positive societal impact is desired but not a must.
- Alignment with KEPRO's core values.

7.2 Values

The ideal consultant should possess the following values & ethics:

- **Integrity:** Stright forward and honest in all undertaking. Should clearly disclose all material information and anything discovered during the consultancy period.
- **Objectivity:** Should not allow bias or opinion of third parties to influence reports. Should only allow discovered information and disclosures from management influence reports.
- **Confidentiality:** KEPRO being a membership organization, handles a lot of material information about its members, the consultant must undertake to sign a Non-Disclosure Agreement (NDA).
- **Due Care:** The consultant must take reasonable steps to ensure disclosed & discovered information during the period of engagement is well protected including use of secure passwords.

In addition to the above the consultant must believe in KEPRO's four core values of **Commitment, Collaboration, Community & Circular Economy**.

7.3 Manner of Submission

Proposal shall be prepared in the English Language. It shall comprise of the following:

- **Overview Component**
- **Technical Component**
- **Financial Component**

Each copy on a separate envelope clearly marked and indicating the name of the Firm and marked as overview, technical or financial component.

Two copies shall be submitted, one marked '**original**' and another marked '**copy**'.

Please attach a copy of the following supporting documents also:

- **CVs of the Lead Risk Consultant(s)**
- **Company Registration Certificate**
- **KRA PIN Certificate**
- **KRA Tax Compliance Certificate**
- **CR12**

7.4 Content of Proposal

a) Overview Component

Narrative Proposal providing a brief description of your Firm, understanding of the Terms of Reference, suitability of your Firm to deliver a successful outcome, what capacity & resources are available to deliver the outcome, location from where the services are rendered, any risks you foresee that could compromise the delivery of the outcome as expected & what mitigation measures you will take, and any other relevant details you may wish to share.

b) Technical Component

Description of the firm/consultant qualifications; **Refer to Table Below.**

- Detailed project planning & execution approach and methodology
- Project plan activities with timelines & frequency & format of progress reports.
- Evidence of past related experience (give contact details of the past clients and attach awards contracts)
- Proposed team structure: showing detailed profiles & CVs of proposed project team members with the minimum qualifications as per **Table Below.**

Certificate of Incorporation	Demonstrate at least 3 years of experience in Risk Consultancy	Demonstrate at least 5 similar projects, attach clients' contacts
Company Profile including Org Charts ensuring key roles of successful projects	Demonstrate a clear understanding of the project with Gantt Chart	Sign declaration & NDA that any discovery property of KEPRO

c) Financial Component

The price component shall have a cover letter wherein your firm/institution's authorized representative affirms the following:

- A summary of the commercial fees
- The period of its validity
- Applicable taxes
- Other costs if any (indicating nature and breakdown)
- Currency in which payment is required

In addition, the price component must cover all the services to be provided and must itemize the following:

Note: Quote should be in Kenya Shillings (KES)

Deliverable	Duration	Amount (KES)
Report on findings of KEPRO's risks from Internal Control		
Map out risk areas for KEPRO		
Development of action plans to ensure KEPRO remains as a ongoing concern		
Development of audit risk models		
Recommend & Advise on Risk Mitigation		
Train KEPRO staff on Risk Assessment		

**Please ensure 100% of ALL costs including software subscription, taxes, etc. are reflected above.*

Deadline for Submission

Interested service providers are requested to submit technical and financial proposals to KAM House 5th floor. 15 Mwanzi Road, Opp Westgate Mall, Attn: Procurement Manager **by close of business on 20th June 2024 at 5.00 pm stating "KEPRO RISK ASSESSMENT CONSULTANT"**

Electronic copies of the same are to be sent via email to procurement@kam.co.ke with the subject line **"KEPRO RISK ASSESSMENT CONSULTANT"** by close of business on 20th June 2024.

Payment terms (provisions)

Kenya Extended Producer Responsible Organisation (KEPRO) policy is to pay for contractual services based on the performance of contractual services rendered.

Evaluation of proposals

A two-stage procedure will be utilized in evaluating the proposals, with an evaluation of the Overview Component & Technical Component being completed prior to any Financial Component.

Please note that only successful firm(s) will be contacted.