



MINISTRY OF FINANCE AND PLANNING

**TERMS OF REFERENCE
FIRM TO IMPLEMENT
ENTERPRISE RISK MANAGEMENT [ERM] PROJECT**



January 2020

**STRATEGIC PUBLIC SECTOR TRANSFORMATION PROJECT
IBRD LOAN NO.: 8406-JM**



1.0. BACKGROUND:

Since gaining independence in 1962, Jamaica's development has been characterized by paradoxes and potential: periods of expansion have alternated with periods of poor economic performance; growth has occurred alongside social issues of inequity including inequalities in wealth and opportunity.

There have been relatively low rates of economic growth that compared unfavourably with regional and international counterparts with low productivity in most sectors of the economy. Governance has been an area of particular concern, with erosion of social capital and trust, an inefficient justice system, political polarization, and weak accountability mechanisms in the public sector.

Planning efforts have had only limited success, due to inherent weaknesses which included relatively short-term planning horizons, inadequate resources to support implementation and the lack of a formalised central government-wide risk management strategy or risk management approach. This led to the formulation of a Fiscal Responsibility Framework (FRF) which aims to provide an effective fiscal structure.

One of the objectives of the FRF is the strengthening of the controls over expenditures and increased budget transparency as a result of the weaknesses identified in the financial management system which was linked directly to the absence of rules and processes to support strategic planning.

Since the public sector plays such a vital role in the economy of a country, there is need for a better governance framework within public sector entities to foster growth. Consequently, the Ministry of Finance and the Public Service (MOF&PS) is seeking to strengthen the internal control mechanisms to safeguard government resources, to promote efficient and economical operations and specifically, to introduce a more formal arrangement in the approach to managing expenditure so as to ensure the achievement of strategic goals.

An integral part of a governance framework is risk management as it enables a proactive approach to business operations and allows for suitable systems of accountability. It is expected that a robust governance framework will increase efficiency and allow for increased productivity while reducing operational costs. The benefit to the private sector is that it will allow for the ease of doing business thereby driving productivity within the country and by extension, enabling increased exports and employment opportunities which addresses the priorities of the FRF.

The need and importance of risk management is a very important aspect of good corporate governance as it enables managers to be more proactive than reactive in addressing risks. However, currently the implementation process within public sector entities is not as robust as in the private sector. It must be noted however, that the governance framework and requisite legislation of Jamaica directs the public sector to incorporate a risk management process. Notwithstanding the mandate, government-funded entities are slow in implementing a risk management process in their business operations. This has given rise to inquiry as to why would this be so and what the hindrances are and how to overcome these challenges.

1.1. Enterprise Risk Management [ERM] Policy Directives: Underpinning the ERM framework is the Financial Administration and Audit Act (FAA Act), 2014/15 the Financial Management Regulations, 2011 Sections 144 & 145. They require accounting officers to have effective risk management processes and to formulate risk management strategies to determine the material risks to which government departments are exposed and to assist in the mitigation of these risks.

Additionally, the Government of Jamaica's [GOJ] Corporate Governance Framework (CGF) Principles (September 2011, revised February 2015) stipulates that:

- Each board should put in place a formal ERM framework to manage risk across all functional areas and business units of the Public Body;
- The board must ensure that an ERM framework is designed to identify, assess, prioritize, monitor and manage risks to the Public Body. The board should ensure that the framework is implemented, monitored and controlled.

In the wider GOJ context, the need to manage risks appears to be reasonably understood by senior management, but to date the need for a formalised central government-wide risk management strategy or risk management approach has not been recognized. Less consideration is given to the management of business risks, i.e. those risks which represent threats to the ability and capacity of MDAs to deliver on core service delivery mandates, particularly given the current and foreseeable fiscal constraints and general security risks.

2.0. INTRODUCTION:

In a bid to address the non-compliance to the policy directives for each public entity to adopt an ERM Framework, Cabinet approved an ERM Policy in 2018. The policy seeks to ensure consistency and a standard approach to risk management in the government sector. Standardization will allow for comparison and ease of analysis. To ensure the achievement of this objective, the GOJ adopted the *ISO 31000 Enterprise Risk Management-Integrated Framework*. This framework embodies a holistic approach to the risk assessment process. The components of the framework establish the foundation for planning, implementation, monitoring and reporting of the risks identified that may thwart the organization's objectives.

2.1. Project Rationale:

Currently in the GoJ, performance management and risk management processes are not fully integrated in government entities. Risk management is not given due consideration in informing business decisions or in enhancing strategic and contingency planning. Therefore, as part of the submission to Cabinet in 2018, the MoFPS outlined an implementation strategy aimed at ensuring the adoption of the ERM Policy Framework in Ministries, Department and some Executive Agencies and by extension all other government entities. The proposal stated:

“The MoFPS, as the lead, will assist Ministries, Department and Executive Agencies (MDAs) in the formal establishment of the ERM function within the respective entities”. To achieve this

objective, a Project will be implemented over a two (2) year period through the following components:

- I. Implementation of a Risk Management Programme to support the central government
- II. Change Management and Communication Programme to support the implementation of the Risk Management Programme.”

This project initiative will be the formal start of this process of implementing an ERM within the government sector.

2.2. STRATEGIC PUBLIC SECTOR TRANSFORMATION PROJECT (SPSTP)

The Enterprise Risk Management project is part of the larger Strategic Public Sector Transformation Project. The GOJ is the beneficiary of an investment loan from the World Bank. The Strategic Public Sector Transformation Project (IBRD Loan No.-8406-JM) will, inter alia, assist in strengthening of operating systems across the public sector.

The Project Development Objective (PDO) of the SPSTP is to strengthen public resource management and support selected public sector institutions in facilitating a more enabling environment for private sector growth. The project has six components of the SPSTP are:

The components of the SPSTP are:

- Component I: Strengthening the Public Investment Management System
- Component II: Strengthening the Budget Preparation Process & Results-Based Budgeting
- Component III: Adaptive Public Sector Approaches to Promote Fiscal Sustainability
- Component IV Modernizing of the Accountant General’s Department
- Component V: Fostering Industrial Growth and Trade Facilitation
- Component VI: Project Management

This assignment falls under Component III: **Adaptive Public Sector Approaches to Promote Fiscal Sustainability** of the SPSTP, which directs that the Component will support measures to institutionalize the process of behavioural change to support new policy processes and provide just-in-Time Technical Assistance (TA) to take into account ad hoc needs of the government and to effectively take advantage of opportunities of intervention when they arise, enabling MOF&PS to institute measures to bridge policy and implementation gaps revealed in the course of project implementation.

In order to build on the momentum gained from earlier work, a technical assistance project is now proposed to further institutionalize the progress made in respect of ERM.

3.0. OBJECTIVE OF THE CONSULTANCY:

In keeping with the ERM Cabinet Submission of 2018, the objective is to strengthen the organizational capability of Enterprise Risk Management within the Government of Jamaica; beginning with the Ministry of Finance and the Public Service (MOFPS) as the pilot entity.

The specific objective in relation to ERM is to ensure the strategies, practices and skills necessary to apply ERM are institutionalised and embedded within the management structures of the MOFPS and its departments and agencies, thereby applying the ERM Policy and fulfilling legal requirements under the FAA Act and its regulations, and emphasizing that public officials at all levels, are responsible for and are an integral part of the ERM process.

The main outcome of the project will be Risk Management being embedded and integrated into the Strategic Planning and day-to-day management processes.

To achieve this objective, the project will be implemented through the following components:

1. Implementation of a Risk Management Programme.
2. Change Management and Communication Programme to support the implementation of the Risk Management Programme.

4.0. SCOPE OF WORKS:

A. Component 1 – Implementation of a Risk Management Programme:

Under this component, the project will ensure that ERM is integrated within the strategies and performance process of the MOF&PS. The lines of action of the Component 1 will include:

- I. Conducting an assessment of the existing risk management practices;
- II. Recommending an ERM functional structure for the MOF&PS in accordance with the ERM policy which will be suitable for the GOJ's governance framework and for rollout in other MDAs;
- III. Developing and delivering training programmes to support the ERM strategy;
- IV. Holding consultations with critical stakeholders to obtain buy-in and solicit feedback on the implementation of an ERM framework;
- V. Guiding the development of Risk Assessments for all aspects of MOF&PS' operations;
- VI. Supporting the development and performance of a Risk Assessment of all aspects of the MOF&PS' operations, to include inter alia, organisational, operational, technical, business processes, HR, financial, reputational, environmental, etc.;
- VII. Supporting the development and application of the ERM strategy to the planning process and internal control systems. This should include methodologies with accompanying templates for:
 - Risk registers,
 - Risk evaluation and prioritisation,
 - Assessment of risk tolerance on the MDA (risk appetite), and

- Development of appropriate responses
- VIII. Assisting Senior Executives in documenting the Risk Appetite statements and aligning the Risk Registers with the attendant Risk Appetite;
- IX. Training and mentoring in the use of the methodologies; the completion of the risk matrix template will be an integral part of the assignment;
- X. Training institutions should be engaged at an early stage to discuss strategies to ensure that the Ministry is supported in building sustainability capacities in training facilities. Guidelines, handbooks, templates and training manual(s) developed are to be provided to training facilities to ensure sustainability and roll-out of the ERM Strategy;

B. Component 2 - Change Management and Communication Programme:

Organizational change management is particularly important for ERM; successful implementation of ERM requires more than new policies and procedures. ERM requires new ways of behaving, both in how risks are viewed relative to other actions in the organization and how risks are balanced with consideration to performance and cost. The lines of action of Component 2 will include:

- I. Conducting a readiness assessment of the Ministry in adopting risk management practices;
- II. Conducting a culture change assessment for all levels of staff;
- III. Providing change management training for key stakeholders to be prepared as Change Champions;
- IV. Identifying resistance & planning and executing resistance management strategies;
- V. Plan and execute an internal marketing/communication campaign of the ERM Framework/Policy;
- VI. In collaboration with the MOF&PS's ERM Sponsor, hosts discussions on the benefits of risk management;
- VII. Prepare and disseminate communication materials, brochures and newsletters and on the ERM responsibilities and accountabilities;
- VIII. Undertake presentations to management on the risk management plans, approaches, issues and mitigation strategies;

C. Project Management Services: -

In the execution of the activities defined under Components 1 & 2 above the Firm will be required to provide project management and coordination of the lines of action which shall include the following activities:

- i. Preparation of a project plan and work schedule for the two-year period;

- ii. Preparation of an expense budget for activities under Components 1 & 2 scheduled over the 2-year period of the project;
- iii. Provide bi-monthly status updates on progress, impact, issues and next steps;
- iv. Provide any special reports required by the Technical Coordinator, Component 3 or the Project Manager SPSTP;
- v. Provide a close-out report with recommendations informed by the pilot in the MOF&PS to inform the government-wide roll-out of the ERM.

5.0. METHODOLOGY:

The Firm is expected to perform the services required in accordance with the highest professional standards and international best practices, bearing in mind the objective of the assignment, the desired outputs and the ERM policy and legislative framework. The Consultant will develop, and submit outputs as specified in these Terms of Reference. The team of consultants is expected to relate to stakeholders at various levels within the MOF&PS in the conduct of this assignment. The assignment should be conducted in a spirit of collaboration and consultation with the staff and key process owners/Sponsors/Change Champions and relevant GOJ stakeholders relevant to the implementation of the ERM Strategy.

6.0. DELIVERABLES:

The deliverables under this engagement are as specified in the table below. All documents submitted must conform to the following minimum standards:

- a) should use language appropriate for the target audience, whether technical or non-technical;
- b) should be comprehensive, properly formatted and well presented;
- c) should be developed through a consultative process, ensuring feedback from key stakeholders.

The key deliverables are expected to include:

- a) ERM functional structure for the MOF&PS;
- b) Guidelines for Risk Assessment for all aspects of operations of the MOF&PS;
- c) Providing training and relevant materials to build and sustain capacity within government for the application of ERM;
- d) Development of a comprehensive Change Management plan.
- e) Development of an ERM Communications plan.

Key Deliverables	Performance Standards/Outputs
Project Plan/Charter and work schedule	Comprehensive overall project charter and schedule detailing timeline for activities under this assignment; bi-monthly slice of the work schedule to be submitted with reports. This in keeping with C. iii in Section 4 of the TOR under Scope of Works;
Expense budget for the project over the two-year period	Detailed expenses related to lines of action under Components 1 & 2 that meet with the tasks as detailed at C. ii in Section 4 of the TOR under Scope of Works;
ERM functional structure for the MOF&PS	Detailed requirements that meet with the tasks as detailed at A. II in Section 4 of the TOR under Scope of Works;
Guidelines for conducting risk assessments and defining risk appetite for the MOF&PS	Detailed requirements that meet with the tasks as detailed at A. I, V, VI, VII in Section 4 of the TOR under Scope of Works;
Plan and delivery of ERM training including design of relevant training materials	Detailed requirements that meet with the tasks as detailed at A. III, VIII, IX, X & B. III in Section 4 of the TOR under Scope of Works;
Development of a Change Management Plan	Detailed requirements that meet with the tasks as detailed at A. IV, B. I, V, VII in Section 4 of the TOR under Scope of Works;
Report on culture assessment	Detailed requirements that meet with the tasks as detailed at B. II in Section 4 of the TOR under Scope of Works;
ERM Communications plan and supporting materials	Detailed requirements that meet with the tasks as detailed at B. I, IV, V, VI, VII, VIII in Section 4 of the TOR under Scope of Works;
Bi-monthly status reports	Detailed requirements that meet with the tasks as detailed at C. iii, iv in Section 4 of the TOR under Scope of Works;
ERM Project close-out report	Detailed requirements that meet with the tasks as detailed at C. v in Section 4 of the TOR under Scope of Works;

6.1. “Sign-off” Procedure

The MOF&PS counterpart will be the Technical Coordinator Component 3, SPSTP who will review all deliverables to ensure they align with the objectives and defined lines of action as detailed in the scope of work for this assignment. The Project Manager, SPSTP will also review and authorise acceptance on all deliverables produced. Sign-off for payment will be by the Technical Coordinator Component 3, **SPSTP** subject to acceptance by the **SPSTP** Project Manager.

6.2. Variations

Revisions to the TOR may be accommodated through mutual discussion and agreement with the Technical Coordinator Component 3, **SPSTP**. All proposed changes to the deliverables must be discussed with the Project Manager, **SPSTP** and agreed on the advice of the Procurement Manager, **SPSTP**.

7.0. CONDITIONS:

At the level of the contract to which this TOR belongs the presentations, document outputs and reports will function as the basis on which the performance is monitored and evaluated. Their timely delivery and quality will be monitored closely.

The following indicators will be used to assess the performance of the consultant:

- Meeting the project objectives and expected outputs;
- Ability on meeting targets and milestones;
- Timely submission of deliverables;
- Quality of reports.

Confidentiality: The Firm/Consultants will not disclose to others or use, whether directly or indirectly, any confidential information shared by the client at any time during or after the contract term, unless the client grants, written consent for such disclosure or use. In addition, the firm will use its best efforts to prevent any such disclosure.

The firm is expected to come equipped with the tools and necessary equipment to carry out the assigned tasks.

8.0. CHARACTERISTICS OF THE CONSULTANCY:

Type of Consultancy:	Firm – local or international
Duration of Contract	18 months
Place of Work:	MOF&PS, Office space and meeting rooms as required will be provided by the client. The consultants are however expected to be equipped with the necessary equipment and tools to carry out the assignment.
Type of Contract:	Fixed Price Contract
Activity Cost	Cost related to expenses for tasks under the assignment is the responsibility of the client.
Payment Responsibility	MOFPS, SPSTP
NB: The contract amount includes all firm related costs to undertaking the consultancy.	

9.0. QUALIFICATION, EXPERIENCE & COMPETENCIES REQUIRED:

Profile/Qualifications of the Firm:

- A minimum of ten (10) years' experience in risk management, particularly as it relates to, though not limited to, financial management and internal control activities;
- A minimum of ten (10) years' experience in the implementation of an enterprise risk management framework in developed and developing countries inclusive of a change management and training programme.
- Testimonials (3) of assignments of a similar nature completed in the last five (5) years and their locations.

The team should comprise:

Key Expert 1– Risk Management Specialist and Project Lead

- i. Ten (10) years professional experience in the design and operation of risk assessment and management systems in the public and/or private sectors inclusive of enterprise risk management and project management
- ii. Masters' degree in Business Management or equivalent
- iii. Professional certification in Risk Management from an accredited institution
- iv. Project Management Certification or equivalent from an accredited project management institution

Key Expert 2 – Risk Management Specialist

- i. Seven (7) years' experience in financial management and control, with specific reference to risk assessment and risk management.
- ii. Bachelor's degree in Business Management, finance or equivalent
- iii. Knowledge of project management approaches and principles
- iv. Professional certification in Risk Management from an accredited institution

Key Expert 3 – Change Management Specialist

- i. Five (5) years' experience implementing change management interventions within large organizations
- ii. A Bachelor's Degree from a recognised University in Social Sciences or Humanities;
- iii. Certification in change management principles and methodologies
- iv. Knowledge of project management approaches and principles
- v. Experience with conflict management.

Key Expert 4 – Communication Specialist

- i. University Degree in Communication, Public Relations or related field
- ii. Five (5) years' experience in communications in large scale complex organisations;

iii. Three (3) years' experience in Change Management is desirable.

Key Expert 5 – Project Administrator & Logistics Specialist

- i. Bachelor's degree in Business Administration or Public Administration or equivalent from a recognised tertiary institution;
- ii. Minimum 3 years' work experience as a Project Administrator;
- iii. Hands-on experience with flowcharts and schedules;
- iv. Knowledge of project management software

Required Competencies:

I. Team Lead - The ability to:

- Analyse a situation with an objective mind, make effective decisions
- Adhere to the organisation's values, regulations and act accordingly
- Develop insight into the culture and environment of the organisation
- Listen carefully when conversing with internal and external stakeholders
- Build trust and confidence to enhance support of shared objectives
- Think strategically
- Provide specific instructions, and a clear vision

II. Team Members – The ability to:

- Behave and speak appropriately
- Be creative and adaptable
- Write and speak in a clear and convincing manner
- Demonstrate good organization, team-work and time-management skills
- Endure and work under stress
- Negotiate with the best interests of the organisation in mind
- Demonstrate good communication and presentation skills

10.0. EVALUATION CRITERIA:

CRITERIA	MAXIMUM SCORE %
<i>Profile/Qualification of the firm</i>	9%
- <i>A minimum of ten (10) years' experience in risk management, particularly as it relates to, though not limited to, financial management and internal control activities;</i>	4.5%

CRITERIA	MAXIMUM SCORE %
- <i>A minimum of ten (10) years' experience in the implementation of an enterprise risk management framework in developed and developing countries inclusive of a change management and training programme</i>	4.5%
<i>Testimonials [3] – 2% for each</i>	6%
- <i>3 from client over last 5 years</i> - <i>2 from client over last 5 years</i> - <i>1 from client over last 5 years</i>	
<i>Qualification & Experience of Team Lead/ Key Expert 1</i>	25%
i. <i>Ten (10) years professional experience in the design and operation of risk assessment and management systems in the public and/or private sectors inclusive of enterprise risk management and project management;</i>	6.25%
ii. <i>Masters' degree in Business Management or equivalent</i>	6.25%
iii. <i>Professional certification in Risk Management from an accredited institution</i>	6.25%
iv. <i>Project Management Certification or equivalent from an accredited project management institution</i>	6.25%
<i>Qualification & Experience of Key Expert 2</i>	5%
i. <i>Seven (7) years' experience in financial management and control, with specific reference to risk assessment and risk management;</i>	1.25%
ii. <i>Bachelor's degree in Business Management, finance or equivalent;</i>	1.25%
iii. <i>Knowledge of project management approaches and principles;</i>	
iv. <i>Professional certification in Risk Management from an accredited institution.</i>	1.25%
<i>Qualification & Experience of Key Expert 3</i>	5%
i. <i>Five (5) years' experience implementing change management interventions within large organizations;</i>	1%
ii. <i>A Bachelor's Degree from a recognised University in Social Sciences or Humanities;</i>	1%
iii. <i>Certification in change management principles and methodologies;</i>	1%
iv. <i>Knowledge of project management approaches and principles;</i>	1%
v. <i>Experience with conflict management</i>	1%
<i>Qualification & Experience of Key Expert 4</i>	5%
i. <i>University Degree in Communication, Public Relations or related field;</i>	1%

CRITERIA	MAXIMUM SCORE %
ii. <i>Five (5) years' experience in communications in large scale complex organisations;</i>	2%
iii. <i>Three (3) years' experience in Change Management is desirable.</i>	2%
<i>Qualification & Experience of Key Expert 5</i>	5%
i. <i>Bachelor's degree in Business Administration or Public Administration or equivalent from a recognised tertiary institution;</i>	1.25%
ii. <i>Minimum 3 years' work experience as a Project Administrator;</i>	1.25%
iii. <i>Hands-on experience with flowcharts and schedules;</i>	1.25%
iv. <i>Knowledge of project management software [must have]</i>	1.25%
<i>Competencies of team Lead</i>	20%
<ul style="list-style-type: none"> ▪ <i>Analyse a situation with an objective mind, make effective decisions;</i> ▪ <i>Adhere to the organisation's values, regulations and act accordingly;</i> ▪ <i>Develop insight into the culture and environment of the organisation;</i> ▪ <i>Listen carefully when conversing with internal and external stakeholders;</i> ▪ <i>Build trust and confidence to enhance support of shared objectives;</i> ▪ <i>Think strategically;</i> ▪ <i>Provide specific instructions, and a clear vision.</i> 	<i>All 7 areas of competence – 20%; 6 areas of competence – 17%</i>
<i>Competencies of Team Members</i>	20%
<ul style="list-style-type: none"> ▪ <i>Behave and speak appropriately</i> ▪ <i>Be creative and adaptable</i> ▪ <i>Write and speak in a clear and convincing manner</i> ▪ <i>Demonstrate good organization, team-work and time-management skills</i> ▪ <i>Endure and work under stress</i> ▪ <i>Negotiate with the best interests of the organisation in mind</i> ▪ <i>Demonstrate good communication and presentation skills</i> 	<i>All 7 areas of competence – 20%; 6 areas of competence – 17%</i>
TOTAL SCORE	100%