

NATIONAL HOME MORTGAGE FINANCE CORPORATION

TERMS OF REFERENCE

PURCHASE OF AN ENTERPRISE-WIDE RISK MANAGEMENT SOFTWARE

I. BACKGROUND

The National Home Mortgage Finance Corporation (NHMFC) was created in December 1977 by virtue of Presidential Decree No. 1267 primarily to develop and operate a viable home mortgage market by purchasing mortgages originated by both private and public institutions that are within government approved guidelines. Said mortgages shall be seasoned, pooled and securitized to recycle funds to provide liquidity for housing.

As part of the project under the Information System Strategic Plan (ISSP) and the engagement of a risk management consultancy firm for the National Home Mortgage Finance Corporation (NHMFC), one of its deliverables is to recommend an appropriate risk management software (cloud-based) for deployment corporate-wide for the purpose of facilitating the various risk management activities and to keep abreast of the latest technology in the market.

II. OBJECTIVE

To strengthen the capability of NHMFC in handling risk management activities through the implementation of the use of a cloud-based risk management software. In particular, to equip the officers and staff at the Risk Management Department (RMD) who will act as administrator of the system.

III. REQUIREMENTS/SPECIFICATIONS OF THE ERM SOFTWARE

To fulfill its purpose, the ERM system should possess the following CORE functionalities;

1. Perform risk identification by formulating a RISK STATEMENT to create risk items with unique risk ID;
2. Perform risk analysis by assigning SEVERITY SCORES i.e. impact score, likelihood score, and proximity score (optional) and prioritize risks;
3. Perform Risk EVALUATION by prioritizing risks and choosing a Risk Strategy (e.g. avoid, transfer, reduce, accept, pursue, enhance).
4. Perform Risk MITIGATION by creating risk treatment plans (i.e. set deadline, actions, status) and assign tasks to risk treatment owners;
5. Perform RISK RE-ASSESSMENT (i.e. update the risk scores) and determine the RESIDUAL RISK;

6. Assign a RISK OWNER that can review and approve the risk treatment plan and the residual risk;
7. REPORT on risk levels and the status of risk management activities per risk category e.g. top-ranking risks, progress of risk treatment actions;
8. Perform importation of data from spreadsheets and/or applications in order to facilitate the migration to an automated Enterprise Risk Management system.
9. Perform risk management based on ISO 31000 AND COSO-ERM.

The ERM system should give users the flexibility to customize their use of the system, in particular;

1. Users can document different types of risks (i.e. risk taxonomies, risk categories) such as operational risks, financial risks, information security risks, project risks, strategic risks, service continuity risks; the risk categories (i.e. labels) are customizable;
2. Users can automatically generate REAL-TIME RISK REPORTS (e.g. charts, graphs);
3. Users can set the RISK ASSESSMENT CRITERIA (i.e. impact, risk likelihood) and risk acceptance criteria;
4. Users can set the RISK APPETITE level, and generate a RISK HEAT MAP; associate each risk to the risk heat map to visually depict which risks are acceptable (i.e. very low, low risks) and not acceptable (i. e. moderate risk, high risk, very high risks) based on the set risk appetite;
5. Users can set KEY RISK INDICATORS (KRIs), and be informed (i.e. alerted) of near-term KRIs;
6. Administrators can customize the screen layout and fields for the data entry.
7. Administrators can do user segregation or team views for different Risk Areas and control access rights for identified fields or reports.

For ease of use, convenience, and better alignment with International Standards e.g. ISO/IEC 31000 and COSO-ERM, the ERM system may possess the following optional capabilities:

1. Allow users to set the risk tolerance i.e. the acceptable performance variation where risk remains acceptable.
2. Allow users to generate a risk profile for specific performance objective or target.
3. Allow users to create a risk appetite statement
4. Allow users to know if treatment actions are nearing or past the set deadline.
5. Allow users to access the system securely from a Mobile Application.

To promote the adoption of the ERM System and ensure its continued use and operation, the purchase of the ERM system should include provision for the following:

1. Users will be trained on the use of the ERM system
2. Users can access self-help or learning modules, after the initial training
3. Users can be effectively and immediately assisted when issues or questions related to the use of the ERM system arise.

IV. REQUIRED DOCUMENTS FOR SUBMISSION

- a. Certified copy of business registration, place of registration and principal address of business;
- b. Mayor's Permit;
- c. PhilGeps Registration Certificate (Current);
- d. Income/Business Tax Return
- e. Omnibus Sworn Statement
- f. List of completed and on-going projects in the Philippines and abroad for the last three (3) years including CY 2020;
- g. Certification issued by at least three (3) clients attesting to the satisfactory deployment/service rendered by the supplier/vendor;
- h. Description of the Data Center facility where the ERM software is installed (e.g. TIA-942 Tier level and ISO Security Level/Certification).

V. EVALUATION AND RATING SCHEME

The bidders are evaluated based on technical and financial measures (See Annex A).

VI. PAYMENT

The winning Bidder shall be paid upon complete delivery of the ERM software after the conduct of the following activities:

- a. Orientation of the functionalities of the ERM System;
- b. Training of authorized users including system administrator/s;
- c. Customization of reports
- d. Conduct of User Acceptance Training
- e. Acceptance of Authorized Users

VII. OTHER REQUIREMENTS

1. The winning bidder must provide a test environment prior to deployment of the ERM System.
2. The ERM System should have an audit trail that would be used for review and audit purposes.
3. The NHMFC will have an initial subscription for twenty (20) authorized users for a period of one (1) year.

VIII. BUDGET

The Approved Budget for the Contract (ABC) is One Million Pesos (Php 1,000,000.00) inclusive of all applicable taxes.

IX. PRODUCT WARRANTY

The warranty of the ERM Software shall be for a period of one (1) year) which shall cover an annual subscription and to commence upon the date of acceptance of the system, subject to annual renewal for maintenance services.


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Purchase of Enterprise Risk Management (ERM) System Software



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