



EGERTON

UNIVERSITY

OUTSOURCING POLICY

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OUTSOURCING POLICY

TABLE OF CONTENTS

UNIVERSITY VISION, MISSION, PHILOSOPHY AND CORE VALUES..... ii

1.0 PREAMBLE..... 1

1.2 Policy Statement 2

1.3 Scope of the Policy 2

1.4 Purpose of Outsourcing..... 2

2.0 OUTSOURCED SERVICES..... 3

3.0 RISK ASSESSMENTS..... 3

4.0 OUTSOURCING RISKS AND MITIGATION MEASURES 4

5.0 GUIDELINES OF OUTSOURCING 5

6.0 OUTSOURCING CONTRACT..... 6

6.1 Renewal of Contracts for Outsourced Service Providers..... 6

6.2 Outsourcing Procurement Process, Contract Management and Monitoring 6

6.3 Contract Payment..... 7

7.0 ROLES AND RESPONSIBILITIES..... 7

7.2 Role of University Management Board 7

7.3 Role of Outsourced business process owners 7

8.0 CONFLICT RESOLUTION..... 8

9.0 DISTRIBUTION OF THE POLICY 8

10.0 ENFORCEMENT OF THE POLICY 8

11.0 REVIEW OF THE OUTSOURCING POLICY 8

12.0 EFFECTIVE DATE OF THE POLICY..... 8

OUTSOURCING POLICY
UNIVERSITY VISION, MISSION, PHILOSOPHY AND CORE VALUES

Vision:

To be a world class University for the advancement of humanity.

Mission:

Generate knowledge and offer exemplary education and training to society for national and global development.

Philosophy

Egerton University innovatively influences human development through generation, acquisition, preservation and dissemination of knowledge and skills in Agriculture and related disciplines guided by the core values.

Core Values

The University's activities and decisions are guided by the following core values:

- i. National unity and Social Fairness
- ii. Integrity, Transparency and Accountability
- iii. Professionalism
- iv. Internationalism
- v. Passion for Excellence and Devotion to Duty
- vi. Teamwork
- vii. Passion for Environmental Conservation

OUTSOURCING POLICY

1.0 PREAMBLE

Egerton University is the oldest institution of higher learning in Kenya. It was founded as a Farm School in 1939. In 1950 it was upgraded to an Agricultural College and in 1986 Egerton Agricultural College was gazetted as a constituent college of the University of Nairobi. In 1987 it was established as Egerton University through an Act of Parliament. It was awarded a new Charter in 2013 following the repealing of the Egerton University Act, Cap 214, and the enactment of the Universities Act No. 42 of 2012.

Egerton University is a world class University in Kenya whose core mandate is Teaching and Research. The University offers a wide range of programmes at undergraduate and postgraduate levels in its faculties that are located in Njoro main campus and Nakuru Town Campus College. It has a dedicated pool of academic staff who offer quality education to students and engage in research in various fields.

Over the years there has been reduced Government budgetary support which has led to retrenchment of staff, staff turnover due to retirement and natural attrition hence non-core activities remained largely unattended to and also quite costly to maintain. The University thus resorted to outsourcing certain services as a means of reducing costs, accessing specialist expertise and providing greater focus on core functions. While this service offering provides great benefit to Egerton University and its customers, processes and procedures must be carefully managed to ensure service levels are maintained and risks remain within acceptable levels.

1.1 Definition of Terms

Conflict resolution: This is an informal or formal process by which the university and the outsourcing service provider reach a peaceful resolution to a dispute arising from the outsourcing services.

Grievance Redressal Officer: The designated university officer to whom a complaint may be made or addressed.

Material outsourcing: This means an outsourcing arrangement which, if disrupted, has the potential to significantly impact the university's business operations, reputation and profitability;

Outsourcing: This refers to the university's strategic use of a third party to perform activities traditionally handled by internal staff and resources. It involves the use of third party service providers in any number of operational functions to perform ongoing activities that

OUTSOURCING POLICY

would normally be undertaken by Egerton University.

Outsourcing contract: This is a legal document that goes over what work will be handled by the third-party, what expectations you have, what timelines should be achieved, and things of that nature

Outsourced Service Provider: This is a third party to whom a job or a function has been contracted by the university.

Risk Assessment: This is the identification, analysis and evaluation of relevant risks to achievement of the objectives, forming a basis for determining how the risks should be managed

1.2 Policy Statement

All contracts with external service providers to Egerton University shall be monitored and reviewed to ensure that all the relevant information on service provision are being satisfied. Outsourcing contracts shall include appropriate provisions to ensure continuity of service provision in the event that a contract is terminated or transferred to another party. Outsourcing Policy sets out the conditions that are required to maintain service provision when third parties other than the university's own staff are involved in their operation.

The commercial benefits of outsourcing non-core business functions must be balanced against the commercial and information security risks. In addition, the risks associated with outsourcing must be managed through the imposition of suitable controls, comprising a combination of legal, physical, logical, procedural, and managerial controls

1.3 Scope of the Policy

This policy applies to all non-core services in Egerton University. Management shall ensure all outsourcing arrangements do not diminish Egerton University's ability to meet regulatory, contractual and/or compliance obligations. Procedures shall be identified to ensure that outsourced service providers employ qualified staff with the same quality standard of care in performing services as would Egerton University employees.

1.4 Purpose of Outsourcing

The University aims at having efficient services, concentrate on its core mandate, value for money

OUTSOURCING POLICY

and pass on the risks of outsourcing to the service providers contracted amongst other benefits.

1.5 Benefits of outsourcing

The benefits of outsourcing to the university include the following:

- i. Improved focus on core university activities: Outsourcing non-core activities enables the university to focus time and resources on its core business without sacrificing quality or service.
- ii. Increased efficiency: Choosing an outsourcing company that specialises in the process or service you want them to carry out for you can help you achieve a more productive, efficient service, often of greater quality.
- iii. Controlled costs: Cost savings achieved by outsourcing can help you release capital for investment in other areas of your business.
- iv. Risk management: By outsourcing certain functions or processes to experts in their respective fields, the university will benefit from their enhanced ability to plan and mitigate potential risks.
- v. Maintain lower costs: Sometimes the expense of purchasing equipment or needing a new location can be prohibitive. In these cases, it's more cost-effective to outsource than to expand operations internally. In addition, the university will minimize the costs associated with having full-time staff.
- vi. Increased reach: Outsourcing can give the university access to capabilities and facilities that would otherwise not be easily accessible or affordable.

2.0 OUTSOURCED SERVICES

Egerton University may outsource non-core functions that a third party company may perform better, faster and cost effectively.

3.0 RISK ASSESSMENTS

Material outsourcing contracts have the potential to significantly impact Egerton University business operations, customer service, and reputation. As such, management shall use the following indicators to determine outsourcing risks:

- i. The level of importance of the service to the University.
- ii. The potential impact to Egerton University should the outsourced service provider be unable to provide services.

OUTSOURCING POLICY

- iii. The potential impact of an outsourced service provider gaining unauthorized access to university information and data whether in soft or hard copies.
- iv. Outsourced service provider costs and related cost controls.

4.0 OUTSOURCING RISKS AND MITIGATION MEASURES

The potential risks of outsourcing and mitigation measures include the following:

- 4.1.1 **Strategic risks:** where the university faces material or moral losses as a result of an outsourcing decision and the timeliness of the decision. Amongst the strategic risks is the service provider performing services in his/her own name and manner in conflict with the general strategic goals of the university. The engagement contract shall expressly provide that the service provider shall not act in a manner that will be in conflict with the university's strategic objectives and goals.
- 4.1.2 **Exit strategy risks:** This may result from the excessive use of an outsourcing entity and loss of relevant skills inside the university which prevents it from going back to carrying out the activities internally. In this case, letting go of the existing outsourcing entity and the timely contracting of another outsourcing entity may prove expensive. To mitigate against this risk, the university shall closely monitor the activities of the service provider so as to identify potential problems in good time. The university will also try to have internal staff who are multi-skilled and hence can easily be deployed to perform the outsourced functions if necessary.
- 4.1.3 **Reputational risks:** This may arise from poor service delivery by the outsourcing contractor and an inconsistent interaction level with customers that do not match the general standards of the university. The university shall closely monitor the activities of the service provider so as to ensure service quality is maintained at all times.
- 4.1.4 **Compliance risks:** Privacy and consumer rights laws may not be adequately observed by the outsourcing contractor. The university shall prepare a water tight contract to ensure the service provider complies with all the relevant laws.
- 4.1.5 **Operational risks:** Emerging from technical failures, fraud, errors, and insufficient capacity to meet obligations on the contractor's part. The university shall ensure that project managers and service users closely monitor the activities of the service provider so as to minimize operational risks.

OUTSOURCING POLICY

- 4.1.6 **Legal risks:** This includes but not limited to fines, penalties or punitive damages due to the breach of any legal contractual clause. The university shall ensure that the clauses of the contracts and other legal provisions are strictly adhered to.
- 4.1.7 **International risks:** Emerging from contracting service providers in another country which may expose the university to risks. Economic, social, and political circumstances and events in that other country may prevent the service provider from delivery on its contractual commitments towards the university. To manage international risk, the university shall examine the government policies as well as the political, social, economic, and legal circumstances in the country where the contracted service provider is located during the risk assessment process. The university shall also put in place procedures for dealing with such risks.
- 4.1.8 **Other risks:** This includes potential risk of theft of property of the university in the form of physical property and/or information in either soft or hard copy. This can be mitigated by limiting the scope of outsourced services away from management offices where there may be sensitive information and carrying out regular checks at points of entry and exits for outsourced service providers staff.

5.0 GUIDELINES OF OUTSOURCING

For each outsourcing engagement, Egerton University management shall consider and ensure the following:

- i. For the university to engage in outsourcing, the benefits of outsourcing must outweigh the associated costs. A proper cost-benefit analysis must therefore be carried out before outsourcing is engaged in.
- ii. Measure the potential negative impact on the University's reputation and its ability to achieve its strategy, goals and plans in case the service provider fails while performing the service.
- iii. Ensure availability of well-defined documentation outlining roles and responsibilities of service users.
- iv. Avoid conflict of interest.
- v. Undertake periodical review of the outsourcing terms and conditions.
- vi. Ensure availability of a monitoring and evaluation mechanism for both the outcomes of the outsourcing activity as well as the performance of the service provider.

OUTSOURCING POLICY

- vii. All measures and procedures must be followed to verify the identity of the outsourcing service provider to avoid dealing with shadowy companies. All compliance measures must be applied to the service provider.
- viii. All outsourcing engagements shall conform to the provisions of the Public Procurement and Assets Disposals Act 2015 and Public Procurement and Assets Disposals Regulations 2020.
- ix. The outsourced service provider and University Staff shall ~~to~~ take into account the conflict-of-interest instructions as per Egerton University Code of Conduct and Ethics Policy, 2014 and Public Procurement and Disposal Act, 2015.
- x. The procedures for ending or terminating a contract are to be clear and comprehensive. These procedures must ensure business continuity and safety of university property.

6.0 OUTSOURCING CONTRACT

The outsourcing contract makes reference to the tender in the description of parties to the contract and contains the terms of the Contract which include the following:

- i. Commencement date of the contract
- ii. Documents that form part and parcel of the contract
- iii. Obligations by each party to the contract
- iv. Contract price and payments
- v. Time of completion of tasks/assignment
- vi. Room for extension of time
- vii. General provisions
- viii. Governing law and Dispute Resolution mechanisms
- ix. Mode of issuing notices by parties to the contract

6.1 Renewal of Contracts for Outsourced Service Providers

When considering renewing of the contracts for existing outsourced Service Providers, the University shall evaluate the performance of existing service providers in terms of quality of service, risks associated with the renewal and compliance with the contract and any other applicable laws, circulars and government directives. _

6.2 Outsourcing Procurement Process, Contract Management and Monitoring

All procurements for outsourced services must comply with the Public Procurement and Assets Disposals Act, 2015 and Public Procurement and Assets Disposals Regulations, 2020.

OUTSOURCING POLICY

6.3 Contract Payment

All payments made out to outsourced service provider shall be as provided for in the university's Financial Rules and Regulations Policy and the Public Finance and Management Act, 2012.

7.0 ROLES AND RESPONSIBILITIES

7.1 Role of University Council

University Council shall be responsible for:

- i. Approval of the policy
- ii. Approval and monitor the University budget in so far as the outsourced service is concerned
- iii. Approval and oversight of the procurement Plan

7.2 Role of University Management Board

The University Management Board shall be responsible for:

- i. Designating suitable owners of business processes that are outsourced, overseeing the outsourcing activities and ensuring that this policy is followed.
- ii. Putting in place measures to manage risks arising from outsourcing.
- iii. Ensuring that quality and availability of services to customers are not adversely affected due to the outsourcing arrangements entered in to by the University.
- iv. Reviewing periodically the effectiveness of policies and procedures.
- v. Ensuring that contingency plans, based on realistic and probable disruptive scenarios, are in place and tested adequately.

7.3 Role of Outsourced business process owners

Where services have been outsourced by the university, the user department generally responsible for the services that have been outsourced shall:

- i. Ensure that the performance of the service provider meets the standards set out in the contract
- ii. Ensure service providers submit periodic reports as per the contract
- iii. Confirm and certify invoices for payment
- iv. Raise any other matters pertaining to the outsourced service.

OUTSOURCING POLICY

8.0 CONFLICT RESOLUTION

The following processes shall be considered when resolving any emerging conflict:

- i. All outsourcing contracts shall contain a clause on the manner in which any conflicts arising shall be resolved
- ii. The Legal Officer together with the Head of procurement function shall be designated as Grievance Redressal Officers for Outsourcing contract.
- iii. Any grievance raised by the grievance redressal officer shall be in writing.
- iv. The grievance redressal officer shall ensure that genuine grievances are addressed promptly and remedial action taken in line with the provisions of the contract.

9.0 DISTRIBUTION OF THE POLICY

This policy is to be distributed to all Egerton University staff responsible for Outsourcing services.

10.0 ENFORCEMENT OF THE POLICY

Staff members found in policy violation shall face appropriate disciplinary in accordance with the Human Resource (HR) manual.

11.0 REVIEW OF THE OUTSOURCING POLICY

This Outsourcing Policy shall be reviewed within every FIVE (5) years or when necessary.

12.0 EFFECTIVE DATE OF THE POLICY

This Outsourcing policy shall be effective from the date of approval by the University Council.