

TERMS OF REFERENCE

**FOR DUE DILIGENCE ASSESSMENT OF THE INTERNAL CONTROL SYSTEM OF
TROPENBOS GHANA**

**SECURING FOOD AND ECOSYSTEM SERVICES IN MINING PLAGUED REGIONS
OF GHANA (RAF 3508, GHA-18/0002)**

IMPLEMENTING AGENCY: TROPENBOS GHANA

**FUNDING AGENCY: NORWEGIAN AGENCY FOR DEVELOPMENT
COOPERATION (NORAD)**

1 Background

Tropenbos Ghana (TBG) is an NGO and knowledge broker in Ghana's forest sector, engaged in quality research, capacity building, evidence-based stakeholder dialogue and information take-up for sustainable forest management and forest-based livelihoods. It has been in operation since 2001 and received grant support from a variety of donors including the Dutch Ministry of Foreign Affairs, EU, FAO, IIED and DANIDA.

2 Project Description

In July 2018, TBG entered into a contract agreement with the Norwegian Agency for Development Cooperation (NORAD) for institutional support to enable it carry out activities under a project titled "Securing food and ecosystem services in mining plagued regions of Ghana" (RAF 3508, GHA-18/0002).

This support is in recognition of the fact that illegal artisanal and small-scale mining (ASM) imperils food security and biodiversity in Ghanaian mining communities because it deprives local communities of livelihood assets – fertile land, non-timber forest products – and other ecosystem services, including soil and water. Nonetheless, because of its positive economic contributions notably rural employment and export revenues, artisanal and small-scale mining will continue to be a driver of landscape change in Ghana. Therefore, a sustainable solution to its adverse effects on the environment may lie in an integrated approach, which enables the co-existence of mining and other land uses based on proper planning and implementation of mining activities to ensure that, the environmental and social costs of mining do not outrun its benefits.

The expected results of the Project are as follows:

1. Project Impact:

Diversified and harmonised land use in mining communities in Ghana

2. Project Outcomes:

- Improved national policy for integrated land use (ILU) in mining areas
- Local communities rehabilitate mined out lands
- Local communities integrate farming, settlements, buffer zones and mining in agricultural landscapes.

The Project will use research, dialogue and piloting to achieve its impact and outcomes. The activities will be implemented in districts within Ashanti, Eastern and Western regions of Ghana. These regions cover the greatest proportion of Ghana's high forest zone and have the highest concentration of Ghana's forests, water bodies, cocoa and oil palm farms and, mineral resources (gold, bauxite and diamond). The areas are also characterized by multiple stakeholders with acute conflicting land use objectives e.g. legal and illegal small-scale miners, export and food crop farmers, natural resource regulating agencies of the state and environmental NGOs. The target groups of the project are Ministry of Lands and Natural Resources, Parliamentary Select Committee on Lands and Forestry, Environmental Protection Agency, Minerals Commission, Forestry Commission, Water Resources Commission, administrative district and municipal assemblies, legal small-scale miners and their associations, illegal small scale miners and their financiers, farmers, traditional authorities, small and medium sized forest enterprises and civil society actors.

Through the said agreement TBG will receive a total grant of NOK 16,200,000 (Norwegian Kroner sixteen million two hundred thousand) spanning four years from July 2018 to June 2022. Norad expects the project to be implemented under the following terms and conditions:

- TBG shall implement the Project in accordance with the Agreement including all annexes, and the latest approved Application including implementation plan and budget
- During the implementation of the Project TBG shall exercise the necessary diligence, efficiency and transparency in line with sound financial management, and best practice principles
- TGB shall identify, assess and mitigate any relevant risks associated with the implementation of the project including the risk of corruption, and other financial irregularities and any potential negative effects that the Project may have on the environment and climate, gender equality and human rights.

TBG has a good track record in managing similar projects. However, it is important that its internal controls are subjected to an audit to identify TBG's administrative capacity gaps that should be addressed in order to strengthen the institution and ensure delivery of planned project

results. TBG is therefore seeking to engage a consultant to undertake a due diligence (administrative capacity) assignment on her behalf.

3 Aim of the Due Diligence

The purpose of the due diligence is to assess TBG's internal controls and to determine its overall levels of effectiveness. This will involve a review of TBG's systems and a test of a few transactions through the systems. The assessment will determine whether internal processes and controls are adequate and sufficient to serve the needs of TBG in the areas of assets and liabilities, procurement, expenditure, income, information system, bank and cash management and resource management.

4 The Assignment

The consultant will be required to answer the following questions and conduct the following review:

4.1 Management and organization

- Is *TBG* an entity that has legal capacity to enter into an agreement with rights and obligations?
- Does *TBG* have an organization and management structure that is adequate for delivering planned results?
- Does *TBG* have the required resources and competence to deliver the planned results?
- Does the management structure of TBG have clearly defined mandates and roles and is there a functioning board with adequate bylaws in line with the *TBG*'s Charter?

4.2 Management of risk and anti-corruption

- Is there an anti-corruption policy and is the policy operationalized to adequately address corruption risks? Does *TBG* have a Whistleblowing policy? Is there any anonymous channel to report corruption?
- Are risk analyses performed and are there routines to address the identified risks?
- How does the organisation follow up and manage risks at project level?
- Is *TBG* adequately staffed in terms of competence and professional skills to perform tasks and to fulfil obligations related to internal and management controls?

4.3 Audit, financial management and procurement

- Is *TBG* audited according to national rules and regulations applicable in line with the legal form of organization that *TBG* is?
- Does *TBG* follow-up weaknesses identified in the audits in a systemized way and does it have a process for managing the implementation of audit recommendations?
- Does *TBG* have a risk-based audit program designed to identify areas for improvement within all areas of functions and processes?
- Are there manuals or equivalent that stipulate rules and policies in regard to accounting procedures, policies and controls over payments, receipts, advances, travel costs, per diem level etc. and do these rates and rules seem reasonable?
- Are resources administered in accordance with *TBG*'s regulations, rules and procedures, contracts and approvals?
- Are there procedures that adequately ensure segregation of duties in regard to roles and responsibilities within the organization?
- Is there a procurement policy that includes adequate rules and regulations to manage planned procurement in compliance with applicable regulations?
- Procurements: are there sound practices including competition used, reasonable prices obtained and adequate control on qualities and quantities of goods and services purchased?
- Does *TBG* have an accounting software that allows for adequate accounting records (e.g. project accounting) for an organization of *TBG*'s size and operations?
- Does *TBG* have an internal auditing function? How does it operate and to whom does it report to?

4.4 Sub-granting

- Does *TBG* assess the recipient organization's capacity regarding competence, resources, management and internal controls and are these assessments documented?
- Are there signed agreements between *TBG* and its partner organizations that stipulate the obligations of the recipient organizations?

- Are reporting requirements, financial and technical, including audits, adequately placed on the partner organizations?
- How does *TBG* follow up compliance in budget management and reporting with sub-grating organisations? What are the routines that are in place?

4.5 Other Issues

Other issues of importance to the internal controls of *TBG* may be included as deemed by the consultant.

5. Approach

To achieve the objectives of the assignment the consultant shall use appropriate qualitative and quantitative methods, including interviews, document analysis and direct observations. The assignment may be divided into two phases:

Phase 1 starts with initial meeting with the management of *TBG* to discuss requirements stated in the ToR and the availability of documents that the consultant will require from *TBG*. This may be followed by a short desk study culminating in the submission of an inception report. The question bank developed by Norad will be made available to the consultant at this stage.

Phase two starts with a detailed survey that will involve contacting all relevant stakeholders and reviewing of relevant documents to come up with a comprehensive coverage of the information needs of the assignment.

6. Reporting

The consultant will discuss their findings with *TBG*'s management. They will then prepare and submit a report of their assessment of the effectiveness of the system of internal control and report on any control gaps, including the impact they may have on the organization and the actions being taken by Management to rectify them. The recommendations shall be presented in order of priority.

The report should include an executive summary of maximum 2-3 pages. The executive summary should be able to be read as a standalone document. The report should clearly state that *TBG* has commented and agreed to the report.

7. Timelines

Approval of ToRs by Norad:	19 th September 2018
Invitation of proposals:	20 th September 2018
Receipt of proposals:	25 th September 2018
Evaluation of proposals:	27 th September 2018
Contract issuance:	1 st October 2018
Assignment commences:	2 nd October 2018
Assignment ends:	15 th October 2018
Preparation and discussion of report:	16 th October 2018
Submission of final report:	29 th October 2018

8. Consultant/team (skills and qualifications)

The consultant will combine knowledge and evaluation techniques for institutional governance, financial management, legal protection, risk management, project management as well as familiarity with the agriculture, forestry, mining and environment sectors of Ghana. The Consultant must have a minimum of a master's degree and professional experience of at least 5 years as an international consultant/auditor. A previous involvement in due diligence assessment of an organization will be an advantage.