

Terms of Reference – System-Based Audit Vi Agroforestry in Eastern Africa

Background

Vi Agroforestry is a development organisation fighting poverty and climate change. The organisation works in collaboration with farmer's organisations in four countries in Eastern Africa - Kenya, Rwanda, Uganda, and Tanzania. Vi Agroforestry works with local farmer organisations and technical and strategical partners. Right to food, advocacy, agroforestry, Sustainable Land Management (SALM), value chains (i.e. coffee), climate change, mitigation, gender transformation are topics addressed. For additional information, please visit <https://viagroforestry.org/app/uploads/2021/07/en-vi-skogen2020.pdf>

Vi Agroforestry is a foundation and a sister organisation to We Effect and share the same founders, the Swedish cooperative union. The two organisations are separate legal entities and brands, but share Secretary-General and other senior management members, Head Office in Stockholm, and organisation-wide administrative tools such as finance, IT etcetera. In Eastern Africa the organisations share Regional Office space and country office space in Uganda, some administrative staff in Kenya and Uganda, and IT- and HR staff at the regional level.

In March 2021 an external organisational review was carried out, examining how Vi Agroforestry and We Effect collaborate, focusing on risk and how to increase efficiency. The review identified several risks in relation to the operations in Eastern Africa.

In order to assess the current status of the organisations, two System-Based Audits, one for each organisation, will be carried out from which the organisations will define how to increase the efficiency in the organisations' operations. The Audits are conducted separately, with separate ToRs and separate reports, but do in several instances overlap. For that reason, it is expected that the same consultancy firm will carry out both audits.

The Assignment

The general purpose of the System-Based Audit is to improve systems and processes, as well as the way they are implemented. The specific purposes of the System-Based Audit are:

INSAMLINGSSTIFTELSEN VI PLANTERAR TRÄD

Adress: Box 11175, 100 61 Stockholm
Besöksadress: Östgötagatan 90, Stockholm
Insamlingen Pg: 90 05 08 – 3

Tel: +46 (0)8 120 371 700
Org.nr: 802012-8081

Webb: www.weeffect.se
E-post: info@weeffect.se

- To provide Vi Agroforestry Board and management with a strategic basis for decision-making, which can be relied upon when making strategic and operational decisions, for the organisation to become as effective and efficient as possible.
- To support Vi Agroforestry management to improve procedures at the regional- and country offices levels.
- Assess whether the organisation has appropriate systems and routines to manage the organisation's activities, in order to achieve its goals and meet the requirements of its donors.

The System-Based Audit will assess Vi Agroforestry in Eastern Africa in the following areas:

Area 1: Internal control and compliance of the Regional Office and Country Offices.

Area 2: Ensuring effective partner collaborations.

Area 3: Competence and capacity of the Regional Office and the Country Offices.

Area 4: Efficient organisation and collaboration between Vi Agroforestry and We Effect at the Regional Office and Country Office levels.

Area 1: Internal control and compliance of the Regional Office and Country Offices

Vi Agroforestry is a decentralised organisation, with certain levels of authority delegated to the Regional and country offices. Although the organisation is decentralised, its Regional Office and country offices must comply with Vi Agroforestry's global policies and procedures, as well as follow the donors' requirements. With this in mind, the assessment to be made in this area is whether or not the control systems and processes of the Regional Office and the country offices are satisfactory.

General questions related to the assessment of Area 1 are:

- Is the monitoring of the country offices by the Regional Office relevant and sufficient?
- Are the internal control procedures, in all parts of the organisation, sufficient and in line with the organisation's global policies and guidelines, as well as manuals, adopted in the region?
- Do Vi Agroforestry have relevant policies, guidelines and manuals, such as financial, ethical, etcetera, in place, and are they known to the staff and management and implemented in all parts of the organisation?

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- At the overall level, is the financial management of the organisation satisfactory?

More specifically, the Regional Office's and the country offices' systems and procedures in the following areas should be reviewed:

- Procurement
- Anti-corruption procedures
- Procedures for analysing and acting on audit findings and recommendations.
- Authorisation of costs and payments; segregation of duties
- Fund management (cash, checks and bank)
- Duty travel (travel advances; costs for travel tickets and accommodation, DSA etc.)
- Staff and management benefits
 - Budget process (from HO-RO-CO and back)
 - Financial reporting procedures.

For each of the above systems and processes, the following questions should be analysed:

- 1) Which policies are in place?
- 2) Are the policies adequate and/or in line with requirements from donors and/or good practice?
- 3) Are there locally adopted guidelines, aligned with the global policies?
- 4) Are the policies and guidelines implemented and complied to in the organisation's different offices?

An Internal Audit of the Regional Office and the country offices in Kenya and Tanzania was carried out 2018, providing recommendations in several of these areas. Conclusions from that report should be used. Other reports could also be relevant.

Potential weaknesses and/or synergies shall be highlighted.

Area 2: Ensuring effective partner collaborations

In this area an assessment should be made to what extent Vi Agroforestry's work to assess and ensure that its partners comply to the organisation's requirements is satisfactory.

General questions related to the assessment of Area 2 are:

- Do Vi Agroforestry assess the partner organisations' capacity regarding competence, resources, internal management and control?

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- Is there a policy/routine for risk assessments of potential partners? If yes, do Vi Agroforestry assess its potential partners according to the policy/routine?
- (How) Do Vi Agroforestry ensure that its partners comply to their donors' thematic and environmental objectives?
- (How) Do Vi Agroforestry assess and ensure that its partners comply to its policies (financial, procurement, ethic, corruption, audit etcetera)? Is it done on a systematic basis?
- Are there procedures in place for the partners' capacity building?
- Are there procedures in place for following up on identified weaknesses? Are they documented?
- What do the systems and procedures for financial and narrative reporting from partners to Vi Agroforestry look like and are they functional and efficient to ensure quality and accuracy of the partners' narrative and financial reports?

It should be clarified that the audit does **not** include assessments of Vi Agroforestry's partners. Vi Agroforestry's collaboration with and **assessments** of its partners is what is of relevance.

Potential weaknesses and/or synergies shall be highlighted.

Area 3: Competence and Capacity of the Regional Office and the Country Offices

During autumn 2021, a competence mapping, on individual employee level, has been carried out in Vi Agroforestry's organisation in the region. Based on this mapping **and** the current organisational structure, an assessment should be made, whether or not the Regional Office and the country offices have the relevant (optimal) capacity and possess adequate competences at the staff and management team level. The assessment should be done for each of the offices at the office level (not for each individual).

Questions to be answered during the assessment of Area 3 are:

- Are the competences of the staff and management team relevant and sufficient, for the organisation to:
 - be able to achieve its operational goals and fulfil the requirements analysed in area 1 and 2;
 - become as cost-efficient as possible.
- Are the capacity and the composition of the staff and management teams relevant and sufficient, for the organisation to:
 - be able to achieve its operational goals and fulfil the requirements analysed in areas 1 and 2;

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- become as cost-efficient as possible.

Potential weaknesses and/or synergies of the current organisational structure shall be highlighted.

Area 4: Efficient organisation and collaboration between Vi Agroforestry and We Effect at the Regional Office and Country Office levels

In this area, an assessment should be made on how an optimal organisation could look like in order for Vi Agroforestry to conduct operations as efficiently as possible, by itself and in collaboration with We Effect. What are the potential synergies of the collaboration with We Effect, with a focus on its beneficiaries?

- In the current organisation of Vi Agroforestry, are the roles and responsibilities between the Regional Office and the Country Offices clear and relevant? What changes can be done to make the organisation more efficient?
- What are the pros and cons of how Vi Agroforestry organisation in Eastern Africa operates?
- How do Vi Agroforestry and We Effect collaborate today and is this collaboration efficient?
- What are the potential synergies of the collaboration between Vi Agroforestry and We Effect and risks, related to the collaboration?
- Are there sufficient policies, procedures and controls in place to take advantage of the benefits of the collaboration between Vi Agroforestry and We Effect, as well as to mitigate the potential related?
- What changes can be made in the collaboration between Vi Agroforestry and We Effect?

When assessing Area 4, it is important to take into account the competence mapping carried out by Vi Agroforestry during autumn 2021.

Methodology

The tenderer shall, in its proposal, outline the methodology, describing how the assignment is planned to be implemented. As part of the process, an inception report should be prepared, outlining a detailed methodology based on information gathered in the beginning of the assignment. The Inception Report shall be approved by Vi Agroforestry. Furthermore, field visits to the Regional Office in Nairobi and the country offices in Uganda (Kampala), Kenya (Kitale) and Tanzania (Mwanza) are expected. A suggested work plan is stated below.

- ❖ Start-up meeting with the steering group/consultant team
- ❖ Desk study - study relevant documentation.

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- ❖ Preparation of Inception Report
- ❖ Interviews with Vi Agroforestry management in Stockholm
- ❖ Field visits, including interviews, of approximately 15 persons.
- ❖ Analyse findings
- ❖ Prepare Draft report
- ❖ Presentation/discussion meeting
- ❖ Prepare Final report based on comments received.

Reporting

The audit is commissioned by Vi Agroforestry Head Office in Stockholm.

The assignment is facilitated by *AP Organisational Development and Management* on behalf of Vi Agroforestry and We Effect. Any questions related to the procurement should be addressed to: questions.weeffect@orgdev.se .

The output of the assignment will be a written report with the following contents:

- a) Executive summary
- b) Methodology used in the audit
- c) Findings with analysis of all four areas above
- d) Conclusions and recommendations in order of priority
- e) Annexes including lists of interviewed persons, supporting documentation and the terms of reference for the assignment.

Note that the four focus areas stated above shall be reported separately in different chapters, and that each chapter shall be divided into relevant sub-chapters. Furthermore, findings, analysis, conclusions, and recommendations, in order of priority, shall be presented in each sub-chapter.

The final report should be submitted both in Word format and in PDF format, signed by the Consultant.

The Consultant is expected to give Vi Agroforestry a PowerPoint presentation on the methodology, findings, conclusions, and recommendations of the report.

The reporting and all other communication in connection with this assignment will be done in English.

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