

Terms of Reference – System-Based Audit of We Effect in Eastern Africa

Background

We Effect is a development aid organisation founded by the Swedish cooperative. It is a non-profit association that has some of Sweden's largest and most well-known cooperative companies and organisations as members. We Effect works globally fighting poverty in over 20 countries in Africa, Asia, Europe and Latin America. The organisation works towards strengthen local and democratic civil society organisations so that their members can improve their living conditions, ensure accountability of duty-bearers, defend their rights, and contribute to a more just world. For additional information, please visit <https://weeffect.org/policy-and-research/>

In the Eastern Africa region, We Effect collaborate with Vi Agroforestry, a sister organisation to We Effect. 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 We Effect and Vi Agroforestry 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:

- To provide We Effect Board and management with a strategic basis for decision-making, which can be relied upon when making strategic and

operational decisions, in order for the organisation to become as effective and efficient as possible.

- To support We Effect management to improve procedures at the regional and country levels.
- Assess whether the organisation has appropriate systems and routines to manage the organisation's activities, to achieve its goals and meet the requirements of its donors.

Unlike Vi Agroforestry, We Effect's operations and responsibilities are to a large extent centralised to the Regional Office. For that reason, the assignment should review We Effect in the Eastern Africa region as one entity rather than separate regional- and country offices.

The System-Based Audit will assess We Effect in Eastern Africa in the following areas:

Area 1: Internal control and compliance, Eastern Africa region.

Area 2: Ensuring effective partner collaborations.

Area 3: Competence and capacity in the Eastern Africa region.

Area 4: Efficient organisation and collaboration between We Effect and Vi Agroforestry at regional and country levels.

Area 1: Internal control and compliance, Eastern Africa region

In the past three years, the systems and procedures of We Effect operations in Eastern Africa have been subject to external review with regard to their effectiveness and efficiency, as well as compliance with external and internal regulations on the following occasions. In the beginning of 2019, We Effect commissioned internal audit of We Effect Regional Office in Eastern Africa, conducted by *AP Organisational Development and Management*. Later in 2019, *EY Sweden* conducted Efficiency audit of We Effect, commissioned by Sida, We Effect's largest donor, and We Effect Regional Office in Eastern Africa was among the We Effect local offices selected for the review. The Efficiency Audit in 2019 was followed up in 2021 through an Internal control spot check with a focus on the findings and recommendations of the Efficiency audit 2019, commissioned by Sida and carried out by *EY Sweden*.

Therefore, the assignment will focus on whether the Regional Office has implemented the recommendations of improvement areas stated in these reports or not.

The following areas should be given attention:

- 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.

The review of the above areas should preferably (for cost efficiency) be carried out when visiting and reviewing the offices of Vi Agroforestry.

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 within the organisation?

Potential weaknesses and/or synergies shall be highlighted.

Area 2: Ensuring effective partner collaborations

In this area an assessment should be made of We Effect's work to assess and ensure that its partners comply to the organisation's requirements. The assignment will focus on the implementation of improvements in the earlier identified improvement area, based on the above-mentioned reports.

The following areas should be given attention:

- Do We Effect assess the partner organisations' capacity regarding competence, resources, internal management and control?
- Is there a policy/routine for risk assessments of potential partners? If yes, do We Effect assess its potential partners according to the

policy/routine? (How) do We Effect ensure that its partners comply to their donors' thematic and environmental objectives?

- (How) Do We Effect 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 We Effect 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 We Effect's partners. We Effect'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 in the Eastern Africa region

Based on the current organisational structure, the assessment should be made whether or not the organisation has the relevant (optimal) capacity and possesses adequate competences at the staff and management team level, with the geographical locations of the operations taken into consideration. The assessment should be done 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 areas 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;
 - 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 We Effect and Vi Agroforestry at regional and country levels

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

- What are the pros and cons of how We Effect organisation in Eastern Africa operates?
- How do We Effect and Vi Agroforestry collaborate today and is this collaboration efficient?
- What are the potential synergies of the collaboration between We Effect and Vi Agroforestry 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 We Effect and Vi Agroforestry, as well as to mitigate the potential related risks?
- What changes can be made in the collaboration between We Effect and Vi Agroforestry?

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 We Effect. Furthermore, a field visit to the Regional Office in Nairobi is expected. A suggested work plan is stated below.

- ❖ Start-up meeting with the steering group/consultant team
- ❖ Desk study - study relevant documentation.
- ❖ Preparation of Inception Report
- ❖ Interviews with We Effect 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 We Effect Head Office in Stockholm.

The assignment is facilitated by *AP Organisational Development and Management* on behalf of We Effect and Vi Agroforestry. 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 We Effect 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.