

NEW VERSION

TERMS OF REFERENCE PREPERARION OF THE FOURTH EITI REPORT FOR LIBERIA

THE LIBERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (LEITI)

BACKGROUND:

The LEITI is a tripartite partnership, referred to as the Multi-stakeholders Group (MSG) - consisting of representatives of the Government of Liberia, civil society organizations, the private sector, and Liberia's Development partners. The initiative endeavours to ensure transparency over payments made to Government by companies in the concerned sectors and revenues received by the Government. The core activities of LEITI entail regular disclosure, publication and dissemination of both (1) all material payments made by oil, mining agriculture and forestry sectors to the Government, and (2) all material revenues received by the Government from the above-mentioned sectors. For more information, please visit the LEITI Website at www.leiti.org.lr.

PURPOSE:

1. The Liberia Extractive Industries Transparency Initiative (LEITI) has received a Grant support from the African Development Bank through the Government of the Republic of Liberia for the fiscal year 2011/2012 and intends to apply part of the proceeds of this **grant** to commission an Independent auditing firm/Administrator to Prepare the Fourth EITI Report for Liberia.
2. The purpose of this assignment is to commission an auditing firm with experience in the EITI process to serve as an Independent Administrator responsible for auditing payments, reconciling data provided by all mining, oil, agriculture and forestry companies as well as brokers and dealers operating in Liberia, and tax payment receipts from these companies confirmed by the Ministry of Finance and all other relevant agencies of the Government of Liberia. The assignment shall also track the use revenues from the extractive sectors by the Government of Liberia.

SCOPE:

1. The assignment will be carried out in two phases: Phase One will focus on the reconciliation of extractive sectors revenue and Phase Two will track the use of revenue from the extractive sectors by the Government of Liberia.
2. The firm will submit its first draft on Phase One (Reconciliation Report) to the Multi-stakeholder Steering Group (MSG) for discussions and amendments (as necessary) leading to the finalization of Phase One. The first draft shall be submitted within 60 days from the date of the contract signature and shall clearly indicate those companies whose reports are in agreement with the report of the Government, those whose reports are inconsistent with the report of the Government, and those whose reports are missing or incomplete; and submit a second draft report on Phase One within 15 days of feedback from the MSG on

the first draft report; and final draft on Phase One within 10 days of feedback from MSG on second draft report.

3. The firm will also submit its first draft report on Phase Two to the Multi-stakeholder Steering Group (MSG) for discussions and amendments (as necessary). The first draft report shall be submitted within 75 days from the date of the contract signature; second draft report within 20 days of feedback from the MSG on first draft report; and final draft report on phase two within 10 days of feedback from MSG on second draft report.
4. The reports of the firm shall be published by the LEITI to a wider audience, including EITI International, in a publicly accessible, comprehensive and comprehensible manner.

More specifically, the services of the Independent Administrator will involve, but not be limited to, the following:

- a) Consistent with guidelines provided by the Multi-stakeholder Group of LEITI and Prior to submitting the Reporting Templates (to include in-kind Contribution templates) to the reporting stakeholders, the Administrator shall first obtain from the LEITI Multi-stakeholders Steering Group ("Group") a formal advice or notice regarding the followings:
 1. Final approval of the Reporting Template;
 2. The agreed date for transmitting to and receiving completed Reporting Templates from reporting stakeholders, and any penalty for failure or delay to submit report or respond to subsequent queries.
- b) The Administrator shall Conduct at least one workshop geared to talking-through the process of completing the templates, highlighting challenges experienced by stakeholders in completing templates for the Fourth Report, defining payment/revenue streams, and providing contact details that reporting stakeholders may use to obtain assistance or clarification in connection with completing the Templates.
- c) The Administrator shall ensure that report of each company is duly signed by the authorized officer of the company and attested to by the external auditor of the company stating that the report is fair and accurate. Similarly, the report of the Government shall be signed by the head of the reporting agency or ministry and attested to by the General Auditing Commission (GAC) or the external auditor of the agency/ministry.
- d) Collecting and/or receiving from the reporting stakeholders all completed templates with appropriate supporting documentation verifying (1) "amount due" from reporting companies by Government and "amount payable" to Government by reporting companies (2) "amount paid or received as appropriate by companies and government.
- e) Upon receiving templates from the Government and each of the companies, the Administrator shall: i) send to the Government copies of all reports received from each of the companies regarding payments reportedly made to the Governments; and ii) send to each of the

- companies a copy of the Government's Report of revenues reportedly received from each and all of them.
- f) The Administrator shall clearly indicate in the report the materiality thresholds and aggregate the report by section based on these thresholds.
 - g) Conducting a preliminary examination of all submissions received from the reporting stakeholders to determine that the report of the Government and the individual or consolidated reports of the companies are in agreement or have any inconsistency.
 - h) Auditing all payments and revenue data submitted (applying internationally accepted auditing standards), irrespective of whether or not discrepancies exist, particularly with regards to the amount paid by companies and receipts issues by Government. The administrator is required to undertake the reconciliation where discrepancies exist.
 - i) Conduct a mapping exercise of the flow of revenue from the Extractive Industries/companies to government agencies or special accounts and the national consolidated revenue account.
 - j) Design a revenue tracking template for line ministries and agencies at different stages of the value chain – flow of funds.
 - k) A mapping of the flow of revenues from line ministries and agencies and the budget and other special accounts to expenditure units/cost centres or projects.
 - l) Review the extent to which revenue from the extractive industry can be linked to public investments/expenditures.
 - m) Identify areas in which reconciliation is feasible, i.e. there is perfect symmetry between the paying and receiving entities, and areas in which only a unilateral disclosure by the receiving or disbursing entity is necessary.
 - n) The Final Report shall be accompanied by the Administrator's Opinion of:
 1. The materiality or immateriality of inconsistencies found in, between or among the reports;
 2. How the inconsistencies were reconciled or resolved;
 3. The completeness of the data in relation to the total corporate presence in the relevant sectors; and
 4. The overall integrity of the LEITI Report.
5. The Auditor will be expected to include in his proposals a work and time schedule.
 6. The LEITI/Republic of Liberia now invites eligible, competent, independent and reputable firms of auditors with experience in preparation of EITI reports to submit proposals to provide these services. Interested Firms must provide information indicating that they are qualified to perform the services including the provision of brochures, description of similar assignments, experience in similar conditions, general qualifications and number of key staff and so forth.
 7. The auditor will carry out the audit services at the Offices of the Liberia Extractive Industries Transparency Initiative (LEITI);
 8. At the end of the audit the auditor will submit 5 certified copies of the audit report to the Management of the Liberia Extractive Industries Transparency Initiative (LEITI).

9. The assignment is expected to be for twenty man weeks with work commencing August 20, 2012.