



Republic of Ghana



GHEITI 2017/18 RECONCILIATION REPORTS

Terms of Reference for Independent Administrator

Approved by the MSG on 16th April, 2019

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1 Background

The Extractive Industries Transparency Initiative (EITI) is a global standard for improving transparency and accountability in the oil, gas and mining sectors.

EITI implementation has two core components:

- **Transparency:** oil, gas and mining companies disclose information about their operations, including payments to the government, and the government discloses its receipts and other relevant information on the industry. The figures are reconciled by an Independent Administrator, and published annually alongside other information about the extractive industries in accordance with the EITI Standard.
- **Accountability:** a multi-stakeholder group (MSG) with representatives from government, companies and civil society is established to oversee the process and communicate the findings of the EITI reporting, and promote the integration of EITI into broader transparency efforts in that country.

The EITI Standard encourages MSGs to explore innovative approaches to extending EITI implementation to increase the comprehensiveness of EITI reporting and public understanding of revenues and encourage high standards of transparency and accountability in public life, government operations and in business.

It is a requirement that the MSG approves the terms of reference for the Independent Administrator

(requirement 4.9.iii), drawing on the objectives and agreed scope of the EITI as set out in the MSG's workplan. The MSG's deliberations on these matters should be in accordance with the MSG's internal governance rules and procedures (see requirement 1.4.b). The EITI requires an inclusive decision-making process throughout implementation, with each constituency being treated as a partner.

It is a requirement that the Independent Administrator be perceived by the MSG to be credible, trustworthy and technically competent (Requirement 4.9.b.ii). The MSG and Independent Administrator should address any concerns regarding conflicts of interest. The EITI Report prepared by the Independent Administrator will be submitted to the MSG for approval and made publicly available in accordance with Requirement 7.1.

These terms of reference include "agreed-upon procedures" for EITI reporting (see section 4) in accordance with EITI Requirement 4.9.b.iii. The international EITI Board has developed these procedures to promote greater consistency and reliability in EITI reporting. The EITI process should be used to complement, assess, and improve existing reporting and auditing systems. The Board recommends that the process rely as much as possible on existing procedures and institutions, so that the EITI process draws on, complements and critically evaluates existing data collection and auditing systems. In this way, the EITI process has the potential to generate important recommendations to strengthen other oversight systems.

EITI Implementation in Ghana

Ghana has been implementing the Extractive Industries Transparency Initiative since 2003. The implementation of the EITI started with the mining sector in 2004 and extended to the oil and gas sector in September, 2010.

The Ghana version of the initiative is called the Ghana Extractive Industries Transparency Initiative (GHEITI). A twenty (21) member Multi-Stakeholder Group (MSG) made up of representatives from government, mining, oil and gas companies, and civil society organisations have oversight responsibility over the activities of the initiative.

The specific objectives of the GHEITI are to:

- enhance the demand-side of social accountability by providing public insights into revenues derived from the exploitation of the country's extractive resources;
- create the platform for public debate on the spending efficiency of extractive sector revenues;
- identify gaps and weaknesses in resource revenue management and make recommendations to prevent revenue leakage and abuse;
- ensure that extractive revenue and expenditure information are provided in a timely manner, and in an accessible and comprehensible format; and
- guarantee the sustainability of transparency and accountability in extractives through legislation and mainstreaming.

More information on GHEITI, work plans and status of reporting can be found on: www.gheiti.gov.gh.

2 Objectives of the assignment

On behalf of the government of Ghana and the GHEITI Multi Stakeholder Group, the Ministry of Finance seeks a competent and credible firm, free from conflicts of interest, to provide Independent Administrator services in accordance with the EITI Standard. The objective of the assignment is to:

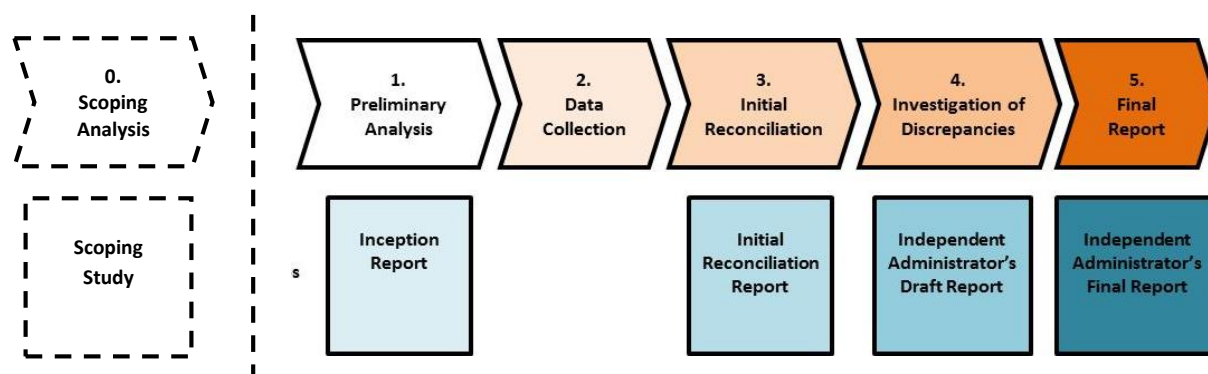
- Produce a scoping study to inform the MSG’s decision on the scope of the 2017/18 EITI Report.
- Produce an EITI Report for 2017/18 in accordance with the EITI Standard and section 3, below.
- Complete the EITI summary data templates for submission to the EITI Secretariat.
- Produce summary reports for easier comprehension during dissemination.
- submit excel files containing all the tables, charts and data covered in the EITI Report.

3 Scope of services, tasks and expected deliverables

The work of the Independent Administrator has five conceptual phases (see figure 1). These phases may overlap and there may also be some iteration between the phases. EITI reporting is generally preceded by scoping work which is sometimes undertaken by the Independent Administrator (phase 0 in the figure), and sometimes undertaken by the MSG or other consultants.

The Independent Administrator’s responsibilities in each phase are elaborated below.

Figure 1 – Overview of the EITI Reporting process and deliverables



[Phase 0 - Scoping and scoping study]

Objective: Scoping work aims to identify what the EITI Report should cover in order to meet the requirements of the EITI Standard. Scoping sets the basis for producing a timely, comprehensive, reliable and comprehensible EITI Report. It commonly involves looking at issues such as the fiscal period to be reported, the contextual information that should be part of the EITI Report, reviewing the types of assurances that are needed for ensuring that the data submitted by reporting entities is

credible, determining which revenue streams from oil, gas and mining are significant, and consequently which companies and government entities should be required to report. It is also an opportunity for the multi-stakeholder group to consider the feasibility of extending the scope of EITI reporting beyond the minimum requirements in order to address the objectives outlined in the EITI work plan. Scoping may also investigate likely gaps or issues that may be particularly challenging to include in the EITI Report with a view to identifying options, solutions, and recommendations for an appropriate reporting methodology for consideration by the multi-stakeholder group. The IA should also explicitly include that all aspects of Annexes in the scoping report.

The Independent Administrator is expected to undertake the following tasks during the scoping phase:

- identify any information gaps or weaknesses;
- outline what improvements are needed in order to address the gaps.
- Establish in consultation with the MSG determine the materiality threshold and the number of companies which should be covered in the GHEITI Reports. The materiality statement will have to be clarified in the scoping study.
- Any other relevant task that may be necessary to be undertaken as part of the scoping exercise.
- Establish the type licensing regime and compare with international best practice
- Establish the nature of exchange of information between the Regulator(s) and GRA
- Establish materiality level for reporting on the Artisanal and the small scale mining sector
- Verify the existence of information/data already provided by reporting government agencies and companies through their websites and other reporting mechanisms established during Ghana mainstreaming workshop.
- Follow-up on the progress being made by government and companies on the outstanding information gaps identified as part of the mainstreaming process.

Phase 1 – Preliminary analysis and inception report

Objective: The purpose of the inception phase is to confirm that the scope of the EITI reporting process has been clearly defined, including the reporting templates, data collection procedures, and the schedule for publishing the EITI Report. In cases where the Independent Administrator is involved in scoping work, the inception phase will not be extensive. Where the Independent Administrator is not involved in scoping work, some work is required by the Independent Administrator to review prior scoping decisions and considerations taken by the MSG (1.1-1.2 below). The inception report thus ensures that there is a mutual understanding between the MSG and the Independent Administrator of the scope of the EITI Report and the work to be carried out.

The Independent Administrator is expected to undertake the following tasks during the scoping phase:

- 1.1 Review the relevant background information, including the governance arrangements and tax policies in the extractive industries, the findings from any preliminary scoping work, and the conclusions and recommendations from previous EITI Reports and Validations. (A list of relevant documentation is provided as Annex 2).**
- 1.2 In addition to the review of the relevant background information, the Independent Administrator is expected to review the findings from any preliminary scoping work, and conclusions and relevant recommendations from the previous oil, gas and mining EITI Report as agreed with the MSG.**

1.3 On the basis of 1.1 and 1.2 as applicable, produce an inception report that:

1.3.1 Includes a statement of materiality (annex 1) confirming the MSG's decisions on the payments and revenues to be covered in the EITI Report, including:

- The definition of materiality and thresholds, and the resulting revenue streams to be included in accordance with Requirement 4.1(b).
- The sale of the state's share of production or other revenues collected in-kind in accordance with Requirement 4.2.
- The coverage of infrastructure provisions and barter arrangements in accordance with Requirement 4.3.
- The coverage of social expenditure in accordance with Requirement 6.1.
- The coverage of transportation revenues in accordance with Requirement 4.4.
- Disclosure and reconciliation of payments to and from state owned enterprises in accordance with Requirement 4.6.
- The materiality and inclusion of direct sub-national payments in accordance with Requirement 4.5.
- The materiality and inclusion of sub-national transfers in accordance with Requirement 5.2.
- The level and type of disaggregation of the EITI Report in accordance with Requirement 4.7.

1.3.2 Include a statement of materiality (annex 1) confirming the MSG's decisions on the companies and government entities that are required to report, including:

- The companies, including SOEs, that make material payments to the state and will be required to report in accordance with Requirement 4.1(c).
- The government entities, including any SOEs and sub-national government entities, that receive material payments and will be required to report in accordance with Requirement 4.1(c-d), 4.5 and 4.6.
- Any barriers to full government disclosure of total revenues received from each of the benefit streams agreed in the scope of the EITI report, including revenues that fall below agreed materiality thresholds (Requirement 4.1(d)).

1.3.3 Based on the examination of the audit and assurance procedures in companies and government entities participating in the EITI reporting process (1.2.3 above), confirms what information participating companies and government entities are required to provide to the Independent Administrator in order to assure the credibility of the data in accordance with Requirement 4.9.

The Independent Administrator should exercise judgement and apply appropriate

international professional standards¹ in developing a procedure that provide a sufficient basis for a comprehensive and reliable EITI Report. The Independent Administrator should employ his /her professional judgement to determine the extent to which reliance can be placed on the existing controls and audit frameworks of the companies and governments. Where deemed necessary by the Independent Administrator and the multi-stakeholder group, assurances may include:

- Requesting sign-off from a senior company or government official from each reporting entity attesting that the completed reporting form is a complete and accurate record.
- The information supplied by a company should be comprehensive and consistent with its published audited financial statement. In a case that a company does not publicly publish its audited financial statement, then a confirmation letter from the companies' external auditor(s) that confirms that the information they have submitted is comprehensive and consistent with their audited financial statements. The MSG may decide to phase in any such procedure so that the confirmation letter may be integrated into the usual work programme of the company's auditor. Where some companies are not required by law to have an external auditor and therefore cannot provide such assurance, this should be clearly identified, and any reforms that are planned or underway should be noted.
- Where relevant and practicable, requesting that government reporting entities obtain a certification of the accuracy of the government's disclosures from their external auditor or equivalent.

The inception report should document the options considered and the rationale for the assurances to be provided.

1.3.3 Includes a definition of the term 'project' for project level reporting and an overview of the revenue streams to be reported by project, confirming the MSG's decision that the financial data should be disaggregated by project where levied by project.

1.3.4 The inception report should incorporate table 1 below, confirming the division of labour between the Independent Administrator, the MSG or other actors in compiling this data, and how the information should be sourced and attributed.

Where necessary the inception report should also highlight any unresolved issues including progress on collecting contextual information or potential barriers to effective reporting and implementation, and possible remedies for consideration by the Multi-Stakeholder Group (MSG). The IA should review and confirm the reporting templates based on the revenue streams to be reported and reporting entities.

Table 1 – Non-revenue information to be provided in the EITI Report

¹ For example, ISA 505 relative to external confirmations; ISA 530 relative to audit sampling; ISA 500 relative to audit evidence; ISRS 4400 relative to the engagement to perform agreed-upon procedures regarding financial information and ISRS 4410 relative to compilation engagements.

Non-revenue information to be provided in the EITI Report	Work to be undertaken by the Independent Administrator	Work to be undertaken by the MSG/others
<p>Legal framework and fiscal regime in accordance with EITI Requirement 2.1.</p>	<p>The IA should review information on the legal framework and fiscal regime on government entities' website and assess whether they reflect the current legal and regulatory environment, and government agencies' different roles. The IA should add information where government entities are lacking necessary information and recent changes. The IA must take into account ongoing reforms such as review of the mining and minerals Act and the review of companies' Act etc.</p> <p>The IA should include a description of any reforms recently passed, including a brief summary of their implications.</p>	<p>The MSG to ensure that reporting government agencies' websites are up to date and contain a correct reflection of current legislation and regulations.</p> <p>Government entities should also provide a description of the fiscal regime on their websites, including the level of fiscal devolution.</p> <p>Direct hyperlinks to such descriptions and documents should be provided to the IA for inclusion in the EITI Report.</p>
<p>An overview of the extractive industries, including any significant exploration activities in accordance with EITI Requirement 3.1.</p>	<p>For the mining sector, the IA should provide: An overview of the mining industry, including exploration activities, analysis of how mining has developed over time, levels of investments, confirmed reserves, level of employment, price developments and average cost developments.</p> <p>The IA should provide an overview of the artisanal and small scale mining activities in Ghana including an analysis of the governance architecture and how it can be improved.</p> <p>For the oil and gas sector, the IA should provide: An overview of the oil and gas industry, including exploration activities, analysis of oil and gas production liftings (under lift/over lift) and levels of investments, reserves, level of employment, price developments and average cost developments.</p>	<p>Facilitation- access to the relevant MDAs/official documentations</p>
<p>Information on comprehensive disclosure (EITI requirement 4.1)</p>	<p>For both the mining and oil/gas sectors, the IA with the support of the MSG should ensure that all government agencies and companies that make</p>	<p>Government and MSG to facilitate and ensure</p>

	material receipts and payments disclose.	compliance by reporting agencies and companies.
<p>Information about the contribution of the extractive industries to the economy in accordance with EITI Requirement 6.3.</p>	<p>For the mining sector, the IA should provide information on the contribution of the mining industry to the economy for the 2017/18 fiscal years, including:</p> <ul style="list-style-type: none"> - Contribution of the industry to GDP - Production and export data including volumes and values by commodity for 2017/18; - Total government revenues generated by the mining industry (including sales/export receipts, taxes, royalties, bonuses, fees and other payments for all exploration and production companies) in absolute terms and as a percentage of total government revenues; - Report on government spending patterns of mineral revenues through the national budget. <p>The IA should also compare the mining sector contribution with the oil sector and the rest of the other sectors within the economy. The data used in the reports must be properly referenced.</p> <p>Compare the contribution of the oil and gas sector to the mining sector and the rest of the sectors in the economy. Use pie chart(s) and tables to show the comparison of the contributions and all the data must be properly referenced.</p> <p>For the oil sector, the IA should provide information on the contribution of the oil and gas industry to the economy for the 2017/18 fiscal years, including:</p> <ul style="list-style-type: none"> - Contribution of the industry to GDP (including the informal sector) Production and export data including volumes and values by commodity for 2017/18 - Total government revenues generated by the oil and gas industry (including sales/export receipts, taxes, royalties, National Oil Company's (NOC) equity share, bonuses, fees and other payments) in absolute terms and as a 	<p>Facilitation- access to the relevant MDAs/official documentations</p>

	percentage of total government revenues.	
Production and export data in accordance with EITI Requirement 3.2 and 3.3	<p>For the mining sector, the IA should:</p> <ul style="list-style-type: none"> -Analyse documentation on production, exports, payments and receipts from solid minerals in the country. - Review feasibility reports of Mining Companies in order to compare projected production with the actual production. - Where applicable, check if quantities of solid minerals declared are in conformity with the declarations made to the regulatory institutions and refinery certificates. 	Facilitation- access to the relevant MDAs/official documentations
Information regarding state participation in the extractive industries in accordance with EITI Requirement 2.6 and 6.2. ²	<p>For the mining sector the IA should: explain state participation in the mining industry. Disclosures from state owned companies of their revenues, costs and expenditures such as payments for social services, public infrastructure, fuel subsidies and national debt servicing. Where such benefits are provided in-kind, report on the nature and the deemed value of the in-kind transaction. Where the beneficiary of the mandated social expenditure is a third party, i.e. not a government agency, provide/disclose the name and function of the beneficiary.</p> <p>For the oil and gas sector, the IA should collect information on disclosures from state owned companies on their revenues costs and expenditures including quasi fiscal expenditures such as payments for social services, public infrastructure, fuel subsidies and national debt servicing among others.</p>	Facilitation- access to the relevant MDAs/official documentations
Information about the distribution of revenues from the extractive industries in accordance with EITI Requirement 5.1.	<p>For the mining sector, the IA should document revenue and expenditure budget management and outcomes, i.e., revenues earmarked for specific programmes or districts.</p> <p>For the oil sector, the IA should; report on government spending patterns of oil revenues through the national budget; report on the distribution of revenues</p>	Facilitation- access to the relevant MDAs/official documentations

	from the oil and gas sector; sovereign wealth (Ghana Petroleum Funds) and other development funds, subnational governments, state-owned companies, and other extra-budgetary entities.	
Any further information requested by the MSG on revenue management and expenditures in accordance with EITI Requirement 5.3.	For the mining sector, the IA should report on amounts accruing to the Minerals Development Fund, how the funds have been utilized, and whether or not the utilization is in accordance with provisions of its statute.	Facilitation- access to the relevant MDAs/official documentations
Information about license holders in accordance with EITI Requirement 2.3 ³ , and the allocation of licenses in accordance with EITI Requirement 2.2. ⁴	<p>For the mining sector, the IA should document the state of completion of the Mining cadastre. The IA should also document technical and financial criteria for grant of mineral rights. The IA should also provide information on the licensing processes, register and the allocation of licenses (license holders, coordinates of the license area, date of application, award, duration and commodity being produced).</p> <p>For oil and gas, the IA should provide information on the licensing processes, register and the allocation of licenses (license holders, coordinates of the license area, date of application, award, duration and commodity being produced) for all exploration and production companies. The IA is also expected to document the state of completion of the oil and gas cadastre</p>	Facilitation- access to the relevant MDAs/official documentations
Any information requested by the MSG on beneficial ownership in accordance with EITI Requirement 2.5 ⁵	<p>The Independent Administrator should:</p> <ul style="list-style-type: none"> Propose an approach for assuring the BO data assurance as well as BO threshold for consideration and adoption by the MSG1. Reflect the MSG's decisions on the definition of BO as per the amended Companies' Act, 2016, the details to be disclosed about the identity of the beneficial owners, and the data assurance process in the EITI's model BO template1. Distribute the BO template to the companies included in the scope of 	Facilitation- access to the relevant MDAs/official documentations

	<p>the EITI Report, collect data and follow up on any missing or incomplete submissions.</p> <ul style="list-style-type: none"> • Compile the data in an open data format (xlsx or cvs)1. • Present the findings in the EITI Report, noting for each of the companies in the scope of the report: the name of the BOs of each company, details about their identity, and information about how ownership is exerted. Where legal owners have been disclosed, this should be clearly distinguished from beneficial ownership. • Provide comments on the comprehensiveness and reliability of the BO information, and present recommendations for improving beneficial ownership reporting in the future. 	
<p>Any information requested by the MSG on contracts in accordance with EITI Requirement 2.4⁶</p>	<p>For the mining sector, the IA should provide information on mining contract and disclosure practices and policy of companies and government.</p> <p>For oil and gas, the IA should provide information on oil and gas contracts and disclosure practices and policies of companies and government.</p>	<p>Facilitation- access to the relevant MDAs/official documentations</p>
<p>Any information requested by the MSG on social expenditures in accordance with requirement 6.1 on social expenditures</p>	<p>For the mining sector, the IA should document the distribution of revenues from the extractive industries; sovereign wealth and development funds, subnational governments, state-owned companies, and other extra-budgetary entities. The IA should also report on social expenditures: Where material social expenditures by companies are mandated by law or the contract with the government that governs the extractive investment, report on it, where possible, reconcile these transactions. The IA should also provide a brief description on how each company does its CSR.</p> <p>The IA should capture information on the work of assaying of gold by the PMMC including the numbers, inherent</p>	<p>Facilitation- access to the relevant MDAs/official documentations</p>

	<p>weaknesses of the system and make recommendations to strengthen the process.</p> <p>For oil and gas, the IA report on Social expenditures: Where material social expenditures by companies are mandated by law or the contract with the government that governs the extractive investment, report on it, where possible, reconcile these transactions. i. Where such benefits are provided in-kind, report on the nature and the deemed value of the in-kind transaction. Where the beneficiary of the mandated social expenditure is a third party, i.e. not a government agency, provide/disclose the name and function of the beneficiary.</p>	
Information on project level reporting and mainstreaming	For the mining and oil/gas sectors, the IA should provide information based on project level reporting and provide appropriate links/websites to all the information provided in the reports where available.	
[Add any other contextual information that the MSG has agreed to include in the EITI Report]	<p>The Administrator is expected to report on the Trust Funds from the established Foundations, how much is accrued, how much has been used and on what projects. Where reconciliation is not feasible, include unilateral company and/or government disclosures of these transactions.</p> <p>The IA should also provide information regarding disclosures on environmental impact assessment and environmental management plans.</p> <p>The IA will also be expected to review the entire gas project with respect to investments, revenues, cost and tax payments</p>	

1.2.6 The government and company entities should report themselves by providing direct URL's on the contextual information to the IA, and then the IA will assess whether it is comprehensive and correct. In the instances where it is not, the IA should ask the entities to (i) provide the information to cover gaps of the websites in the EITI Report, and (ii) advise entities on how to improve on their information.

1.2.7 Confirms the reporting templates, as well as any procedures or provisions relating to safeguarding

confidential information. The Independent Administrator should also develop guidance to the reporting entities on how to complete the reporting templates, and provide training to reporting entities.

- 1.2.8 The EITI scoping and inception reports on the Mining Sector and Oil/Gas Sector for 2017/18 should be submitted in soft and hard copies four weeks after the contract signature.

Phase 2 – Data collection

Objective: The purpose of the second phase of work is to collect the data for the EITI Report in accordance with the scope confirmed in the Inception Report. The MSG and national secretariat will provide contact details for the reporting entities and assist the Independent Administrator in ensuring that all reporting entities participate fully.

The Independent Administrator is expected to undertake the following tasks during the data collection phase:

- 2.1 Distribute the reporting templates and collect the completed forms and associated supporting documentation directly from the participating reporting entities, as well as any contextual or other information that the MSG has tasked the Independent Administrator to collect in accordance with 1.3.4 above.
- 2.2 The Independent Administrator will ensure that adequate mechanisms are in place to ensure data quality.
- 2.3 Contact the reporting entities directly to clarify any information gaps or discrepancies.
- 2.4 The Independent Administrator should provide advice on ensuring that appropriate safeguards are in place to protect the integrity of the process.

Phase 3 – initial reconciliation

Objective: The purpose of this phase is to complete an initial compilation and reconciliation of the contextual information and revenue data with a view to identify any gaps or discrepancies to be further investigated.

- 3.1 The Independent Administrator should compile a database with the payment and revenue data provided by the reporting entities. disaggregated by project in accordance with the MSG's definition.
- 3.2 The Independent Administrator should comprehensively reconcile the information disclosed by the reporting entities, identifying any discrepancies (including offsetting discrepancies) in accordance with the agreed scope and any other gaps in the information provided (e.g. assurances).
- 3.3 The Independent Administrator should identify any discrepancies above the agreed margin of error established in agreement with the MSG. The margin of error should be properly defined and agreed with the MSG in line with Requirement 4.9.
- 3.4 Establish the nature of exchange of information between the Regulator(s) and GRA

3.5 For the mining report, the Independent Administrator is expected to execute the following specific tasks:

- 3.5.1 Review the capital investments in order to assess the actual amount of investment and determine if the amortization and depreciation declared is correct and does not improperly reduce the amount of taxable profit of the mining companies.
- 3.5.2 Check the correctness of the computation of payments in order to determine the appropriateness of the revenues received as mineral royalty, dividends, tax on profit, property rate, ground rent, as well as the additional royalty paid for mining in forest reserves.
- 3.5.3 Analyse all tax deductions claimed by the companies to ensure that only legitimate claims have been made.
- 3.5.4 Scrutinize the transfers made to District Assemblies, Traditional Authorities and Stools within the operational areas of mines, and establish the correctness of computation in accordance of the operational formula.
- 3.5.5 Reconcile the data so collected to ascertain, where applicable, if there is any disparity between the government's reported template and the companies' reporting Templates and make appropriate recommendations to deal with the disparities.
- 3.5.6 Review financial statements of companies and institutions for consistency. Specifically, for companies the Administrator shall review company capital investments and operating cost using the World Gold Council Cost Matrix (WGCCM) as the Benchmark.
- 3.5.7 Provide an explanation as to how the discrepancies or gaps may have occurred.
- 3.5.8 Capture the amount and date of payment of Mineral Royalties paid into the MDF account.
- 3.5.9 Capture and analyse whether or not the amount paid-in and paid-out of the MDF is consistent with the MDF Law and make recommendation(s) to strengthen the application or address the weaknesses of the Law.
- 3.5.10 Obtain production and export data from the mining companies and compare same with the assay export data of Precious Minerals Marketing Company and export data of Bank of Ghana
- 3.5.11 Undertake a comprehensive analysis of assaying processes and make recommendations to strengthen it.
- 3.5.12 Establish whether or not a bank account has been setup for the Mineral Royalties in the Forest reserve by the Liaison Group Ascertain whether revenues accruing to the account has been used in line with the guidelines and assess corporate governance framework for the management of the additional royalty revenue
- 3.5.13 Assess the trend of dividend payment and make recommendation(s) whether or not the dividend can be converted into equity by government.
- 3.5.14 Explain state participation in the mining industry. Also, capture and analyse disclosures of state-owned companies' cost, revenue and expenditure information such as payments for social services, public infrastructure, fuel subsidies and national debt servicing. Where such benefits are provided in-kind, report on the nature and the deemed value of the in-kind transaction. Where the beneficiary of the mandated social expenditure is a third party, i.e not a government agency, provide/disclose the name and function of the beneficiary and how that affected the benefits to the state.

3.6 For the oil and gas report the Independent Administrator is expected to execute the following specific tasks:

- 3.6.1 Analyse relevant documentations on all oil and gas volumes produced and planned volumes and report on any discrepancies.
- 3.6.2 Analyse documentation on all oil and gas lifted by the National Oil Company (NOC) and the International Oil Companies (IOCs) and compare with the documentation on production and lifting.
- 3.6.3 Analyse declarations of oil and gas liftings reported by the NOC and the IOCs and compare with the aggregate of periodic declarations made to the regulatory institutions and the Ghana Revenue Authority and report on any discrepancies.
- 3.6.4 Analyse documentations on the realised prices of all oil and gas lifted by the NOC and IOCs and compare with reference prices and verify the revenue from the oil and gas lifted.
- 3.6.5 Review documentations on petroleum cost (exploration, appraisal, development and production) and other costs of the oil and gas companies so as to confirm that only actual and qualifying costs are deducted from income to arrive at profits.
- 3.6.6 Review audited documentation on capital expenditure and operational expenditure and compare it with GRA's reviews and analysis
- 3.6.7 Ascertain the correctness of all payments (cash and in kind) made by the NOC and the IOCs to the State. Payments shall include royalties, initial (carried) interest, additional participating interest, petroleum income tax, additional oil entitlement, surface rentals, dividend, the investment income derived from accumulated petroleum funds, capital gains tax derived from the sale of ownership of exploration, development and production rights.
- 3.6.8 Reconcile all payments made by the NOC and IOCs with receipts by the State and report on any discrepancies.
- 3.6.9 Reconcile all material expenditure by the NOC
- 3.6.10 Verify the basis for the determination of Benchmark Revenue, Annual Budget Funding Amount, and confirm whether they are in accordance with the provisions of the Petroleum Revenue Management Act of 2015, Act 893 as amended.
- 3.6.11 Check and report on disbursements from the Petroleum Holding Fund to the Annual Budget Funding Amount, Heritage and Stabilization Funds and confirm if they are in conformity with the provisions of Act 893 as amended.
- 3.6.12 Analyse and report on the performance (returns) of the investment activities of the Ghana stabilization Fund and the Ghana Heritage Fund in accordance with provisions of Act 893 as amended.
- 3.6.13 Report on the utilization of the Annual Budget Funding Amount, the Stabilization Fund and Heritage Fund and confirm whether they are in accordance with the provisions of Act 893 as amended.
- 3.6.14 Ensure that the report is guided by the provisions of the PRMA, Act 893 as amended and the 2017/18 Budget Statements in the analysis of the distribution of revenues – Distribution of revenues from the oil and gas sector; sovereign wealth (Ghana Petroleum Funds) and other

development funds, subnational governments, state-owned companies, and other extra budgetary entities.

- 3.6.15 Review the entire gas project with respect to investments, revenues and costs with the view to assess whether or not the right taxes were paid
- 3.6.16 Capture the determination and collection of capital gains tax payment
- 3.6.17 Compare the value of crude oil recorded and establish whether or not it is in line with the PRMA
- 3.6.18 Establish whether or not new contract(s) has been signed
- 3.6.19 Provide an explanation of prevailing rules and practices regarding financial relationship between Government and State Owned Enterprises (SOEs)
- 3.6.20 Provide and analyse information on revenue and expenditure activities of the GNPC Foundation
- 3.6.21 Capture export and production data separately.
- 3.6.22 Reconcile production and export data
- 3.6.23 Capture expenditures/monies spent on the Western Corridor Gas project.
- 3.6.24 Disclose the volumes sold and received by government and state owned enterprises as per requirement 4.2 of the EITI standards. The published data must be disaggregated by individual buying companies and to levels commensurate with the reporting of other payments and revenue streams in line with EITI requirement 4.7
- 3.6.25 Report on whether the GNPC US\$100.00 million expenditure on the Karpower deal has been resolved.

Phase 4 – investigation of discrepancies and draft EITI Report

Objective: The purpose of this phase is to investigate any discrepancies identified in the initial reconciliation, and to produce a draft EITI Report that compiles the contextual information, reconciles financial data and explains any discrepancies above the margin of error determined by the MSG, where applicable.

- 4.1 The Independent Administrator should contact the reporting entities to clarify the causes of any significant discrepancies or other gaps in the reported data, and to collect additional data from the reporting entities concerned.
- 4.2 The Independent Administrator should submit a draft EITI Report to the MSG for comment that comprehensively reconciles the information disclosed by the reporting entities, identifying any discrepancies, and reports on contextual and other information requested by the MSG. The financial data should be disaggregated to the level of detail agreed by the MSG and in accordance with requirement 4.7. The draft EITI Report should:
 - a) describe the methodology adopted for the reconciliation of company payments and government revenues, and demonstrate the application of international professional standards.
 - b) include a description of all revenue streams, related materiality definitions and thresholds (Requirement 4.1). In addition, the Independent Administrator reconciler is required to produce graphs and charts to capture trends in figures i.e sales/export receipts, taxes, royalties, bonuses, fees

and other payments that were reported in the earlier EITI oil, gas and mining reports as well as for the 2017/18 reporting process.

- c) include an assessment from the Independent Administrator on the comprehensiveness and reliability of the (financial) data presented, including an informative summary of the work performed by the Independent Administrator and the limitations of the assessment provided.
 - d) indicate the coverage of the reconciliation exercise, based on the government's disclosure of total revenues as per Requirement 4.1(d).
 - e) include an assessment of whether all companies and government entities within the agreed scope of the EITI reporting process provided the requested information. Any gaps or weaknesses in reporting to the Independent Administrator must be disclosed in the EITI Report, including naming any entities that failed to comply with the agreed procedures, and an assessment of whether this is likely to have had material impact on the comprehensiveness of the report.
 - f) document whether the participating companies and government entities had their financial statements audited in the financial year(s) covered by the EITI Report. Any gaps or weaknesses must be disclosed. Where audited financial statements are publicly available, it is recommended that the EITI Report advises readers on how to access this information. It is a requirement that EITI reports are based on accounts based on international audit standards.
 - g) include non-revenue information as per Requirement 2,3,5 and 6 and other information requested by the MSG. The contextual information should be clearly sourced in accordance with the procedures agreed by the Independent Administrator and the MSG.
- 4.3 Where previous EITI Reports have recommended corrective actions and reforms, the Independent Administrator should comment on the progress in implementing those measures. The Independent Administrator should make recommendations for strengthening the reporting process and the systematic disclosures of government and company systems in the future, including any recommendations regarding audit practices and reforms needed to bring them in line with international standards, and where appropriate, recommendations for other extractive sector reforms related to strengthening the impact of implementation of the EITI on natural resource governance. The Independent Administrator is encouraged to collaborate with the MSG in formulating such recommendations.
- 4.4 The Independent Administrator is encouraged to make recommendations on strengthening the template Terms of Reference for Independent Administrator services in accordance with the EITI Standard for the attention of the EITI Board.
- 4.5 Draft 2017/18 EITI reports of the oil/gas and the mining sector should be submitted in hard and soft copies sixteen weeks after the contract signature.

Phase 5 – final EITI Report

Objective: The purpose of this phase is to ensure that any comments by the MSG on the draft report have been considered and incorporated in the final EITI Report.

- 5.1 The Independent Administrator will submit the EITI Report upon approval to the MSG. The MSG will endorse the report prior to its publication and will oversee its publication. Where stakeholders other than the Independent Administrator decide to include additional comments in, or opinions on, the EITI Report, the authorship should be clearly indicated.

- 5.3 The Independent Administrator should produce electronic data files⁷ that can be published together with the final Report.
- 5.4 Following approval by the MSG, the Independent Administrator is mandated to submit summary data from the EITI Report electronically to the International Secretariat according to the standardised reporting format available from the International Secretariat⁸.
- 5.5 Final 2017/18 EITI reports of the oil/gas and mining sectors to be submitted in hard and soft copies after comments have been incorporated into the draft document containing the findings, financial data, conclusions and recommendations as regards the above-mentioned tasks. The final reports shall be submitted twenty-eight weeks after the contract signature.**
- 5.6 The IA will make an oral presentation of the final document to the MSG. The Administrator should also produce and submit to the GHEITI Secretariat, electronic data files that can be published together with the hard copy of EITI Reports.
- 5.7 The Independent Administrator shall take appropriate measures to ensure that the report is comprehensible. This includes ensuring that the report has high levels of readability, legibility and usability. The MSG may wish to request that the report be edited by a professional copy-editor and/or be designed by a professional graphical designer.
- 5.8 The MSG may request that the Independent Administrator submit to the national secretariat all data gathered during reconciliation available, including the contact information of all institutions contacted during the reporting process.

4 Qualification for Independent Administrators

The reconciliation of company payments and government revenues must be undertaken by an Independent Administrator applying international professional standards (requirement 4.9). It is a requirement that the Independent Administrator is perceived by the MSG to be credible, trustworthy and technically competent (ibid). Bidders must follow (and show how they will apply) the appropriate professional standards for the reconciliation / agreed-upon-procedures work in preparing their report.

The Independent Administrator will need to demonstrate:

- Expertise and experience in the oil, gas and mining sectors in Ghana.
- Expertise in accounting, auditing and financial analysis.
- A track record in similar reconciliation work will be advantageous.
- Excellent command of spoken and written English.

In order to ensure the quality and independence of the exercise, Independent Administrators are required, in their proposal, to disclose any actual or potential conflicts of interest, together with commentary on how any such conflict can be avoided.

5 Reporting requirements and time schedule for deliverables

The assignment is expected to commence on **17th June, 2019**, culminating in the finalisation of the EITI Reports by **16th December, 2019**. The duration of the assignment is twenty-eight weeks. The proposed schedule is set out below:

Signing of contract	17 th June, 2019
(If relevant) Phase 0: Scoping studies	
=> Scoping Study	2 weeks after Contract Signing
Phase 1: Preliminary analysis	Within 2-5 weeks after contract signing
=> Inception report	6 weeks after contract signing
Phase 2: Data collection	6-10 weeks after contract signing
Phase 3: Initial reconciliation	10-15 weeks after contract signing
Phase 4: Investigation of discrepancies	20 weeks after contract signing
=> Draft report	24 weeks after contract signing
Phase 5: Final report	26 weeks after contract signing
=> Final report	28 weeks after contract signing

- The Independent Administrator should be available to accompany the MSG for dissemination/sensitisation workshops

The schedule of payments shall be as follows:

- 10% following contract signing
- 20% following delivery of the inception report
- 30% following delivery of the draft EITI report
- 40% following MSG approval and publication of the EITI report

6 Client's input and counterpart personnel

The Independent Administrator will report to the GHEITI Coordinator.

Annex 1 – Statement of materiality

The purpose of this statement of materiality is for the Independent Administrator to understand the scoping work and associated decisions that have already been carried out by the multi-stakeholder group or by other consultants. The Independent Administrator confirms the joint understanding of the scope of the services in the inception report. Annex 2 lists relevant attachments, including any scoping studies undertaken in the past. This should form part of the inception report.

1. Taxes and revenues to be covered in the EITI Report (Requirement 4.1)⁹

With regards to the revenue streams set out in Requirements 4.1-4.2, the multi-stakeholder group has agreed that the following revenue streams from the extractive sector are material and should be reconciled in the EITI Report:

Table 1 – Material revenues to be reconciled

Revenue stream	Estimated value and share of total extractive industry revenue	Government recipient	Additional commentary on work to be undertaken by the Independent Administrator as necessary.
Mineral Rights license	<value>	Minerals Commission	...
Property rate	(<percentage>)	District Assemblies	
Ground rent		Office of the Administrator of Stool lands	
Mineral Royalty		Ghana Revenue Authority	
Corporate Tax		Ghana Revenue Authority	
Dividends		Min. of Finance (Non-Tax Unit)	
Environmental Permit Fees		Environmental Protection Agency	

OIL AND GAS			
Revenue stream	Estimated value and share of total extractive industry revenue	Government recipient	Additional commentary on work to be undertaken by the Independent Administrator as necessary.
License Fees		Petroleum Commission	
Surface Rental		Petroleum Commission	
Royalty		Ghana Revenue Authority	
Corporate Tax		Ghana Revenue Authority	
Carried Interest		Ghana Revenue Authority	
Additional Participating Interest		Ghana Revenue Authority	
Dividend by NOC		Ministry of Finance	
Training/Technology Fee		GNPC	
Signature Bonus			
The materiality and inclusion of the state's share of production			

collected in-kind (Requirement 4.2 ¹⁰ , where applicable)			
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The multi-stakeholder group has agreed that the revenue streams from the extractive sector listed in Table 2 should be unilaterally disclosed by the government in the EITI Report rather than reconciled with company figures. The reasons for unilateral disclosure rather than reconciliation should be documented by the MSG.

Table 2 – Material revenues to be unilaterally disclosed by the government

Revenue stream	Estimated value and share of total extractive industry revenue	Government recipient	Additional commentary on data sources and work to be undertaken by the Independent Administrator as necessary.
...	<value> (<percentage>)

The multi-stakeholder group has agreed that the following revenue streams from the extractive sector are immaterial and should not be reconciled or unilaterally disclosed by the government in the EITI report:

Table 3 – Immaterial revenue streams from the extractive sector to be excluded from the EITI Report

Revenue stream	Estimated value and share (%) of total extractive industry revenue	Government recipient	Additional commentary on data sources and rationale for concluding that the revenue stream is immaterial
...	<value> (<percentage>)

2. Additional benefit streams:

With regards to the benefit streams set out in Requirements 4, the MSG has agreed the following:

Table 4 – Additional benefit streams

Benefit stream	Applicable/material?	Estimated value and share (%) of total extractive industry revenue	Government recipient	Additional commentary on data sources and work to be undertaken by the Independent Administrator as necessary.
The materiality and inclusion of infrastructure and barter arrangements (Requirement 4.3) ¹¹				

The materiality and inclusion of <u>mandatory</u> social payments (Requirement 6.1(a)) ¹²				
The materiality and inclusion of <u>voluntary</u> social payments (Requirement 6.1(b)) ¹³				
The materiality and inclusion of transportation revenues (Requirement 4.4) ¹⁴				

3. Reporting companies (Requirement 4.1)

The MSG has agreed that any company making payments [equal to or above [insert threshold]] against the material revenue streams identified in table 1 are required to be included in the EITI Report:

Table 5 – Companies to be included in the EITI Report

Companies	Sector	Additional commentary on work to be undertaken by the Independent Administrator as necessary.
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4. Government - government transactions (Requirement 4)

Table 6 – Government to government transactions included in the scope of the EITI Report

Transactions	Applicable/ material?	Financial flow	State-owned company	Government agency	Additional commentary on work to be undertaken by the Independent Administrator as necessary.
The disclosure and reconciliation of payments to and from state-owned enterprises (Requirement 4.6) ¹⁵					
Transactions	Applicable/ material?	Financial flow and revenue sharing formula	Government agency executing the transfer	Government agency receiving the transfer	Additional commentary on work to be undertaken by the Independent Administrator as necessary.
The materiality and inclusion of mandatory sub-national transfers in					

accordance Requirement 5.2 ¹⁶	with					
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Annex 2 – Supporting documentation

Documentation on governance arrangements and tax policies in the extractive industries, including relevant legislation & regulations

- http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&id=40:acts-a-policy-documents&Itemid=54 [...]

EITI work plans & other documents

- http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=section&id=4:gheiti-documents&Itemid=54 [...]

Previous EITI Reports

- http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=section&id=1:aggregation-reports&Itemid=54

Commentary on previous EITI Reports

- http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=category&id=32:2014&Itemid=54

Other relevant documentation (e.g. annual progress reports)

- http://www.gheiti.gov.gh/site/index.php?option=com_phocadownload&view=section&id=2:annual-reports&Itemid=54