ENGAGING A CONSULTING FIRM TO CONDUCT AN EXTERNAL AUDIT OF SWEDD PROJECT
FINANCIAL YEARS 2023-2024 AND GRACE PERIOD

TERMS OF REFERENCE

FUNDING: World Bank
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I. BACKGROUND AND RATIONALE

The West African Health Organization is the specialized Health Institution of the Economic Community of West African States (ECOWAS). The mission of the West African Health Organization is to provide the highest standard of health care to the peoples of the region anchored in the harmonized policies of Member States, the pooling of resources and cooperation among Member States and other countries and partners for a collective and strategic combat against health problems in the region. In order to fulfill its mission, the West African Health Organization (WAHO) received funding from the World Bank (WB) to implement the following project:

1. Sahel Women Empowerment and Demographic Dividend (SWEDD) Project (Regional)
The objective of the project is to speed up the demographic transition (i.e. reduced fertility and child mortality) and thus to achieve the broader goals of triggering the demographic dividend (i.e. economic gains) and reducing gender inequality in the Sahel region. This project is jointly implemented with the UNFPA Regional Office for Western and Central Africa (UNFPA-WCARO). The budget allocated by the World Bank to the WAHO for the SWEDD project is $6.014 million for 4 years, from 2021 to 2024.

MISSION PERIOD
The audit assignment covered by the TORs herein will cover the following financial years:
- 31st December 2023
- 31 December 2024 and grace period

In the event that WAHO signs a contract for new projects, during the current contract period, the closing dates of these projects and related information shall be specified.

These ToRs which set out the objectives and tasks assigned to the Auditor, are in line with the World Bank’s guidelines.

CONTACTS DURING THE MISSION
Once the Consulting firm is selected, WAHO will provide a list of key contacts for the purposes of the audit. This list shall include the names of the persons occupying the following positions:

- Director General of WAHO;
- Director - Department of Planning and Health Information (DPHI);
- Director of Administration and Finance (DAF);
- The Financial Controller;
- Principal Accountant;
- PO-Administration, Assets and Risk;
- Accountants, Administrative Staff and Professional Officers;
- Projects Management Unit General Coordinator (PMU-GC);
- Project Coordinators, Procurement Specialist and Assistant, Financial Management Specialist and Accountant; Monitoring and Evaluation Specialist and Assistant;

II. OBJECTIVES OF AUDITING THE WORLD-BANK FUNDED PROJECTS

The purpose of the financial and accounting audit is to provide a professional opinion on the financial situation of the project at the end of each financial year and to ensure that the resources provided for
the projects are being used for their intended purposes in furtherance of the project development objectives.
The expression of such professional opinion will be based on documents prepared and provided by WAHO and other legal documents relevant documents of the project.
To this end, WAHO has put in place an adequate internal control system as well as acceptable documentation of transactions related to each project.

III. PREPARATION OF ANNUAL FINANCIAL STATEMENTS

WAHO shall be responsible for preparing financial statements, including notes and annexes, in accordance with the International Public Sector Accounting Standards (IPSAS).
The auditor shall expressing an opinion on the financial statements based on the International Standards on Auditing (ISA) especially, by making reference to ISA 800 (Auditor’s Report on special audit missions) published by the International Federation of Accountants (IFAC) in order to provide reasonable assurance that the financial statements are fair and clear. Auditing shall include any such tests and controls as the auditor may deem necessary. The Auditor should note that he is required to conduct a compliance audit and not a regular statutory audit for the purposes of the mission assigned to them.

IV. SCOPE OF THE AUDIT

As indicated above, each Project will be audited in accordance with the International Standards on Auditing (ISA) issued by IFAC and shall include such audit tests, procedures and controls, as may be deemed necessary by the Auditor. The Auditor shall ensure that:

a) All Bank resources and other external funds have been used in accordance with the provisions of the relevant financing agreements with an eye on cost saving and efficiency and only for the purposes for which they were provided. These are: Grants D6380 for the SWEDD project;
b) Procurement of goods and services have been awarded in accordance with the provisions of the relevant financing agreements based on the procurement procedures of the World Bank and have been properly recorded in the accounting books;
c) All necessary files, records and accounts have been kept for the various transactions relating to the Projects (including expenditure covered by statements of expenditure or financial monitoring reports);
d) Designated Accounts are administered in accordance with the provisions of the Financing Agreements;
e) Each Project’s accounts have been prepared while systematically applying the OHADA Accounting standards and provide a true and fair view of the financial situation of each Project at the end of each financial year and of the resources received and expenditures incurred during the financial year at the closing date.
f) The overall financial performance of each project is satisfactory;
g) The capital assets of each Project are real and properly assessed and the ownership of the Project or beneficiaries thereon is established in accordance with the financing agreement;
h) Ineligible expenses in requests for reimbursement of funds identified during the audit of each project have been reimbursed to the Designated Account. These expenses shall be reported separately in the audit report.
In accordance with IFAC standards, the Auditor shall pay particular attention to the following issues:

i. **Fraud and Corruption**: In accordance with ISA 240 on the auditor’s responsibility to consider fraud in an audit of financial statements, the auditor shall identify and assess any risk of fraud, obtain or provide sufficient audit evidence for analyzing these risks and treat identified or suspected frauds appropriately.

ii. **Laws and Regulations**: In developing the audit approach and performing audit procedures, the audit shall assess compliance of the Project Management Unit with laws and regulations that could significantly affect the financial statements as required by ISA 250 (Taking into account the risk of irregularities in the accounts resulting from non-compliance with legal and regulatory requirements).

iii. **Governance**: Communication with project managers in charge of the governance of significant audit issues in accordance with ISA 260 (Communication on mission with those responsible for Governance).

iv. **Risks**: In order to reduce audit risks to a relatively low level, the auditor shall implement the appropriate audit procedures in response to the risk of irregularities identified at the end of the audit in accordance with ISA 330 (Audit Procedures implemented by the Auditor on assessed risks).

**V. FINANCIAL STATEMENTS OF THE PROJECTS**

The auditor shall verify that the financial statements of each project have been prepared in accordance with the accepted accounting principles (see paragraph 3 above) and give a true and fair view of the financial situation of the project at the closing date as well as of resources and expenditure on that date. The financial statements of each project include:

a) Statement of resources (funds received from IDA, etc.) and use (expenditure incurred during the reporting period);

b) Statement of transactions in the Designated Account;

c) a statement of assets and liabilities showing the accumulated funds of each project, bank balances, other assets and liabilities of the project and commitments, if any;

d) the notes to the financial statements describing the accounting principles used and showing a detailed and explained analysis of the principal accounts;

e) list of fixed assets purchased from the funds of each Project.

The auditor shall append to the financial statements a reconciliation of the funds received by the project from the World Bank, on the one hand, and the funds disbursed by the World Bank, on the other.

**VI. CERTIFIED STATEMENTS OF EXPENDITURE**

In addition to auditing the financial statements, the auditor shall verify the certified statements of expenditure or financial tracking reports used as a basis for requesting repayment of funds from the World Bank. The auditor will conduct tests, audit procedures and controls as may be warranted by prevailing circumstances. A list of certified statements of expenditure as evidenced by reimbursement...
claims, shall be appended to the financial statements including specific references relating to the amount and digital sequencing. The total number of claims for reimbursement of funds under the procedures of certified statements of expenditure or financial monitoring reports should be an element of the overall reconciliation of disbursements as described in paragraph 5 above.

VI. DESIGNATED ACCOUNT

As part of the audit of the financial statements of each project, the auditor will analyze the transactions of the Designated Account which should include:

- Advances received from the World Bank;
- replenishments of the Designated Account supported by claims for repayment of funds;
- any interest that may have accrued to the project account;
- withdrawals made for project expenditure.

The auditor shall pay particular attention to compliance of balances of the Designated Account at the close of the financial year with the World Bank procedures. The auditor shall review the eligibility of the financial transactions over the period under review and fund balances at the end of the fiscal year in accordance with the provisions of the financing agreement and disbursement letter. The auditor shall review suitability of the internal control system based on the disbursement mechanism. It should be noted that the conditions for running the Designated Accounts are outlined in sub-sections 5.3 of the financing agreement and paragraph I of the disbursement letter.

The auditor shall review for eligibility and accuracy of:

- financial transactions during the period under review;
- account balances at the end of the fiscal year under review;
- use of the Designated Account in accordance with the financing agreement;
- robustness of internal control to the disbursement mechanism.

VIII. AUDIT REPORT

The auditor shall express an opinion on the financial statements of each project. The annual audit report of the project shall include a separate paragraph highlighting the main weaknesses of internal control and cases of non-compliance with the terms and conditions of the financing agreement.

The interim audit report must be received not later than one (1) week after the end of the mission. WAHO shall take cognizance of the interim audit report, review all findings and recommendations, and make initial comments during a meeting. The auditor shall finalise their report within one (1) week.

IX. INTERNAL CONTROL LETTER

In addition to the audit report on the financial statements, the auditor shall prepare an internal audit letter that shall include:
(a) Comments and observations on the accounting records, systems and controls reviewed during the audit;
(b) Weaknesses of the internal control system and recommendations for improvement of the system;
(c) The level of compliance with each financial commitment contained in the financing agreement and comments, if necessary, on external and internal issues affecting such compliance;
(d) Communication problems identified during the audit likely to significantly impact the execution of the project;
(e) Comments to address gaps and reservations;
(f) Comments on unimplemented recommendations from previous audit reports
(g) Comments and observations on procurement activities of all projects;
(h) Comments on any other gap that the auditor deems relevant including ineligible expenses. Ideally, the internal control letter shall include responses of the executing entities on the gaps identified by the auditor.

X. AVAILABLE INFORMATION

The auditor shall have access to all such legal documentation, correspondence and other project information as the auditor may deem necessary.

The auditor shall obtain confirmation of the amounts disbursed and the balance of the Designated Accounts at the Bank. Available information should include copies of: project appraisal documents, funding agreements, financial management evaluation reports and supervision reports, where applicable;

XI. GENERALITIES

The auditor shall submit the report in six (06) copies of each project to the Director General of WAHO. It would be extremely desirable that the auditor familiarise themselves with the Financial Reporting Guidelines (June 30, 2003) and the revision of the accounts of the IDA-financed projects that summarise the requirements for financial reporting and auditing. The auditor shall also consult the World Bank Procurement Guidelines. The Auditor shall also review the World Bank Disbursement Manual (May 2006). These documents should be provided to the Auditor by WAHO or may be accessed on the World Bank website.

Moreover, the auditor shall present a financial proposal showing the costs of annual audit service provision per project, on the one hand, and the overall cost of the annual audit, on the other hand.

XII. AUDITOR’S PROFILE

The Consultant must be an independent Audit and Chartered Accounting Firm, regularly involved in account review activities and duly registered with Chartered Accountants Associations internationally recognized by IFAC or FIDEF Associations of Chartered Accountants and with a proven track record in financial audit of development projects to IDA standards.

For this mission the Consultancy’s key staff shall include at least:
(I) one Chief of Party, a Certified Public Accountant with at least 12 year-experience of financial audit including at least 5 year-experience in auditing projects funded by multilateral donors (the World Bank, French Development Agency, European Union, IFAD ...) and sound knowledge of the administrative, financial and accounting management procedures as well as audits of World-Bank
funded Projects, and having participated in, at least two similar assignments; one Head of Mission, Certified Public Accountant with at least 10 year-experience of financial audit including at least 3 years’ experience in auditing projects funded by multilateral donors (World Bank, French Development Agency, European Union, IFAD ...) Who has participated in, at least, two similar missions in the past.

(iii) four (4) senior auditors with a Master’s degree or equivalent in Accounting, Auditing or Finance with at least five (5) year-experience in an Audit Consulting Firm including three (03) years in auditing projects financed by the World Bank or other development partners; and

(iv) one (01) Procurement Specialist with at least a Master’s degree in Public Procurement or equivalent and at least five years' experience in public Procurement auditing.

XIII. DURATION OF THE MISSION
The estimated duration of the audit assignment is One month and a half per financial year, i.e. 3 months for the two (2) financial years, including the submission of final reports and the grace period.

XIV. FORCE MAJEURE
In case of force majeure preventing access to the WAHO sites to the auditors, the audit mission may be held remotely.

XV. PAYMENT MODALITIES
The payment shall be made upon acceptance of the audit report by the world Bank.