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**PROALAB**



**KfW**



# **TERMS OF REFERENCE**

**Audit of the project "Strengthening epidemiological services and health systems in the ECOWAS region" PROALAB**

**FISCAL YEARS 2024-2025-2026**

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## **Terms of reference**

### **Assurance Engagement ("Assurance Engagement") under ISAE 3000 - revised Disbursement of funds under the Disposition Funds Procedure ("Purpose")**

1. The Disposition Funds are opened under the financial terms of the KfW loan/financial contributions: Phase 1 (No. 2014 68 842), Phase 2 (No. 2017 68 118), Phase 3 (under development) for the financing of the Project for the Strengthening of Epidemiological Services and Health Systems in the ECOWAS Region as defined in the Annexes "Overall Cost and Financing" and "Disbursement Procedure" of the KfW Separate Agreement and includes the following accounts:

#### **a) For Phase 1:**

- Euro Special Account No. 02001 002375160017 02 opened with Bank Of Africa (BOA) and managed by the West African Health Organization (WAHO);
- Special CFA Account No. 02001 002375160004 41 opened with Bank Of Africa (BOA) and managed by the West African Health Organization (WAHO);

#### **b) For Phase 2:**

- Special Account No. 02001 002440800013 05 opened with Bank Of Africa (BOA) and managed by the West African Health Organization (WAHO);
- Special Account No. 02001 002440800000 44 opened with Bank Of Africa (BOA) and managed by the West African Health Organization (WAHO);
- Special Account No. 00021 170040359031 06 opened with ECOBANK and managed by the West African Health Organization (WAHO);

#### **c) For Phase 3: (not yet available)**

2. The preparation of the Project's financial reports ("Financial Reports"), Bank Account Reconciliations, Statements of Expenditure ("SOE" = Statements of Expenditures) and Appeals for Funds (collectively: "Object Information") is the responsibility of the West African Health Organization (WAHO) (the "Entity").
3. Financial reporting shall be prepared in accordance with accounting standards applied consistently and in accordance with the underlying agreements governing the use of funds, including the provisions of the corresponding loan/financing/financial contribution agreement(s) and related separate agreement as well as other arrangements channelling funds to third parties in the form of grants or loans (collectively, the "Relevant Agreements").

### **Extent**

4. This engagement is a reasonable assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE 3000 - Revised) as published by the International Auditing and Assurance Standards Board of the International Federation of Accountants. This standard requires the auditor/professional to plan and perform such procedures as he or she deems necessary to obtain reasonable assurance on the Subject Information (including, if necessary, on-site inspections).

Please note: We do not accept limited assurance engagements.

5. The assurance mission
- will be conducted annually ("Reporting Period").
  - shall cover in a single report ("Report") exclusively all accounts opened under the Disposition Fund(s) referred to in paragraph 1 above.
  - shall include all expenses listed in the SOAs/SOEs to which the Report refers.

### **Objective**

6. The purpose of the assurance engagement ("Objective") is to enable the auditor/professional to provide an opinion on the Financial Reports, SOEs and Calls for Funds to the extent that the Disposition Funds Procedure ("Purpose") is concerned, and to obtain reasonable assurance that the Purpose Information is free from material misstatement regarding the proper use of KfW funds in accordance with the criteria set out below (paragraph 8).
7. The auditor/professional should consider that simple account transfers as well as advance payments paid by funds from special accounts and funds to service providers that have not been liquidated (= not yet used for the purposes of the Project) before the end of the Reporting Period cannot be classified as "use of funds" and should be reported separately in the Bank Account Reconciliation and the SOE.
8. In a form that represents the position of the auditor/professional and based on the Subject Matter Information, the auditor/professional shall express his or her conclusion with reasonable assurance according to the following criteria ("Criteria") and shall thereby confirm, in all material respects, that:
- (a) payments from the disposition fund were made in accordance with the terms of the Relevant Agreements. Any non-eligible expenditure identified must be indicated separately in the Report;
  - (b) the disposition fund has been managed in accordance with the provisions of the Relevant Agreements. It also includes cash flows to and from accounts opened under the Disposition Fund, referred to in paragraph 1 above, as well as interest earned on balances;  
  
Note: Particular attention should be paid to the fact that no contractual value exceeds EUR 350,000.00 or equivalent, that the balance(s) of the local special accounts do not exceed the needs of one month and that the amount of the Cash Fund does not exceed the amount of the expected expenses for the one-day period.
  - (c) the expenditure is justified by appropriate and reliable evidence (such as contracts, invoices, guarantees, etc.) and there is no indication that such expenditure has already been financed from other sources;  
  
In addition, Project receivables (such as advances, tax receivables, etc.) paid in previous Reporting Periods have been liquidated and used for the purposes of the Project, supported by relevant and reliable evidence
  - (d) the SOE/SOE referred to in the Report provide a reliable basis for substantiating related Appeals. There is a clear link between the EoD/SOE, the Calls for Funds submitted to KfW and the Entity's accounting records;
  - (e) the procurement procedure for the goods and services financed was in accordance with the provisions of the Relevant Agreements;

### **Commerce**

9. The Report(s) for each phase shall

- (a) be written in French by a renowned auditor/professional;
- (b) be submitted annually and signed in original no later than three months after the end of the reporting period.

The Final Report will be submitted no later than three months after the end of the reporting period in which the final payment from the Special Account or a Local Special Account is made, or otherwise six months after the final payment from the Special Account or a Local Special Account has been made, whichever is earlier.

- (c) include at least the following:
    - Item Description
    - the Criteria used to assess the Purpose and to express the auditor's/professional's conclusion as defined in paragraph 8 above
    - Identification of the level of assurance obtained
    - an informative summary of the work carried out such as extent, locations, etc.
    - Description of significant restrictions
  - (d) indicate in a separate paragraph any amount of tax or other contribution related to the Project paid and not reimbursed, in case the Relevant Agreements prohibit the financing of such costs.
  - (e) include the auditor's statement that it has verified the end use of funds at the level of the Entity and all Project Partners.
  - (f) contain the following annexes:
    - a summary of the auditor's/professional's conclusions during the Reporting Period (see Appendix A)
    - a table showing the income, transfers and disbursements of all the accounts referred to in paragraph 1 above (see Annex B), in particular the accumulated expenditure deducted from the outstanding advances resulting from KfW payments since the beginning of the Project.
    - the Bank Account Reconciliation and the EoD/SOE referred to in the Report
- NB: a separate report will be requested per phase.

**Internal control note**

10. If deemed relevant, the auditor/professional should prepare an "Internal Control Note" in which he/she:

- (a) provide comments and observations on the accounting systems and controls that he/she has reviewed during the mission (with a special focus on the account(s) in the disposition funds and with a particular focus on the treatment of project receivables such as advances, tax receivables, etc.);
- (b) identify specific deficiencies and weaknesses in the control systems and procedures of which it is aware, in particular in the area of disbursement, procurement, and make recommendations to improve the situation.
- (c) provide information on the measures taken by the Entity to improve the deficiencies and weaknesses identified in the past;
- (d) report to the Entity any other matter it considers appropriate;
- (e) will add the Entity's position on each of its observations.

The financial impact of the findings needs to be quantified. The auditor must

submit a consolidated report that also includes comments on the Project Partners.

### **Responsibility**

11. The amount of the auditor's/professional's professional liability insurance should be based on the local/regional standards applicable to audit firms. When invited, they must provide KfW with proof of their liability insurance.

### **Magazine**

12. The auditor/professional shall retain the supporting documents relating to its conclusion for at least five years after the end of the assurance engagement and shall ensure that they are permanently accessible for inspection by KfW or a third party engaged by KfW.

### **Duration of benefits**

13. The duration of the service is one month per financial year.

### **Firm Profile**

14. The mission will be entrusted to an approved audit firm that has already successfully conducted at least two audit missions on projects financed by technical and financial partners.

It must have a team composed of:

- A mission director, a Certified Public Accountant with at least 12 years of experience in financial auditing with at least 5 years of experience in auditing projects financed by multilateral donors;
- A Head of Mission - Qualified Chartered Accountant with at least 10 years' experience in financial auditing with at least 3 years of experience in auditing projects financed by multilateral donors;
- Two (02) experienced auditors with a Bac+5 level diploma in accounting, or auditing or finance and with at least five (5) years of experience in an audit firm, including three (03) years in the field of auditing projects financed by KfW or other development partners.

**Appendix A**  
**(to be annexed to each report)**

**SUMMARY [Issued on paper with the auditor's/professional's letterhead]**

**Name of the project / program:** .....

**KfW Ref. No.** .....

**Object:**.....

**Reporting Period: 01/01/20.. to 31/12/20..**

As part of our reasonable assurance engagement for the above project/program, carried out in accordance with the International Standard on Assurance Engagements (ISAE 3000 Revised), we express our conclusion based on the following criteria:

<b>Criteria</b>	<b>Conclusion (YES/NO)**</b>	<b>Summary of work done (see para. 69 of ISAE 3000)</b>
a) All payments made from any of the Project Accounts and all Costs incurred as set out in Annex B are eligible for funding in accordance with the terms of the Relevant Agreements.		
(b) the disposition fund has been managed in accordance with the provisions of the Relevant Agreements. It also includes cash flows to and from accounts opened under the Disposition Fund referred to in paragraph 1 of the ToR, as well as interest earned on balances;		
(c) the expenditure is justified by appropriate and reliable evidence (such as contracts, invoices, guarantees, etc.) and there is no indication that such expenditure has already been financed by other sources; In addition, Project receivables (such as advances, tax receivables, etc.) paid in previous Reporting Periods have been netted and used for the purposes of the Project, supported by relevant and reliable evidence;		

(d) the Statements of Expenditure (SOE) referred to in the Report provide a reliable basis for substantiating related Appeals. There is a clear link between the EoD/SOE, the Calls for Funds submitted to KfW and the Entity's accounting records;		
(e) the procurement process by the Entity and all Project Partners for the financed goods and services was in accordance with the provisions of the Relevant Agreements		
(f) No other significant findings or observations were revealed during the course of the mission.		
(g) All comments raised in previous reports have been resolved to date (for details, see page ..... ) - not applicable in the case of a first report under this document.		

**\*\*Note:** Please insert

- "YES" (without contest);
- "YES, with the exception of..." in the event of non-material findings;
- "NO" in the case of a change in the finding.

All changes to the conclusion require reference to a detailed description in the Report or Letter to Management.

<b>The following costs are contestable/ineligible</b>		
<i>Sample size</i>	<i>Currency / Amount</i>	<i>Reference to the Internal Control Report or Note</i>

All questionable or ineligible costs must be detailed in the Report or in the Internal Control Note with an explanation indicating the facts and reasons.

Date: Auditor/Professional Stamp/Signature:

## Appendix B (to be appended to each report as an integral part)

**Project Name:** ... KfW Ref. No. ...

**Subject:** Disposition Fund (all Project Accounts shown here)

**Reporting Period:** ...

The following Project accounts were considered for this reasonable assurance engagement:

	Money	No. Account	Account Holder	Country	Funded by ... (KfW or other)
Special Account					
Local Account 1					
Local Account 2					
Other account(s) related to the Project **-					

\*\* [if applicable – e.g. for tender costs, retention, etc.]

The cash flows from these Project Accounts are as follows:

		Special Account No.....	Local Account 1 No.....	Local Account 2 No.....	Local Account 3 No.....	Petty Cash – [if applicable]
		Account currency:	Account currency:	Account currency:	Account currency:	Money
A) Initial Balance						
B) KfW Contributions of Funds	More					
C) [If applicable] Interest income or other income related to the Project	More					
D) Credits resulting from account transfers (only accounts named here)	More					
E) Debits resulting from account transfers (only from the accounts named here)	Less					
F) Total Costs incurred and paid (= without unpaid advances)	Less					
G) [If applicable] New unliquidated advances at the end of the Reporting Period	Less					
H) Closing balance						

- In case of additional Project accounts: Please add additional columns.
- If there are more than 8 local Project Partner accounts, it is possible to enter a cumulative number in a column.



Supplement 1: Project Advances/Receivables - <i>if applicable</i>						
		Entity (Project Promoter)	Project Partner ...	Project Partner ...	Project Partner ...	Project Partner ...
		Money:	Money:	Money:	Money:	Money:
1.) Initial balance of unliquidated advances/receivables (e.g. tax claims) = already paid by KfW funds, but not yet used for the project at <u>the end of the previous Reporting Period</u> .						
2.) Project Advances/Receivables paid in previous Reporting Periods <u>and liquidated in that Reporting Period</u> .	Less					
3.) Project Advances/Receivables Paid During the Current Reporting Period <u>Not Yet Liquidated at the End of this Reporting Period</u> (corresponds to line G above).	More					
4.) Total Project advances/receivables outstanding <u>at the end of this Reporting Period</u> .						
<b>Note:</b> Advances/receivables paid <u>and</u> liquidated during the current Reporting Period should be considered as "costs incurred paid" (line F above) and should not be taken into account here.						
Supplement 2: Retention Account						
- If there is any – Retention Account Balance at the end of this Reporting Period:						

Date:                      Timbre / Signature Auditor / Professional: