

TERMS OF REFERENCE

INDEPENDENT FINANCIAL AUDIT AND VERIFICATION

(Individual Consultant)

Project Funded by the Austrian Development Agency (ADA)

1. CONTEXT

The Austrian Development Agency (ADA) has been supporting the ECOWAS Centre for Renewable Energy and Energy Efficiency (ECREEE) since its inception as part of its sustainable development initiatives in West Africa. On 20 November 2023, funding of EUR 303,000 was approved to support **Phase I of the Circular Economy Pilot Project under the Water-Energy-Food Nexus**.

Phase I focused on a scoping exercise to establish a baseline for future interventions, including identification of priority sectors, estimation of potential energy savings, assessment of socio-economic impacts, and identification of beneficiaries. These activities informed the development of subsequent project phases.

In line with the Grant Agreement, an **independent financial audit** of the project is required.

2. OBJECTIVE OF THE ASSIGNMENT

The objective of this assignment is to enable an **independent professional auditor** to express an opinion on the **Project Financial Statements (PFS)** as at **31 October 2025**, and to confirm that:

- Funds provided by ADA have been used **solely for their intended purposes**;
- Expenditures comply with the Grant Agreement and applicable ECOWAS rules and procedures; and
- The financial statements present a **true and fair view** of the project's financial position.

This audit is **non-statutory** and is conducted for donor assurance and project accountability purposes.

3. RESPONSIBILITY FOR FINANCIAL STATEMENTS

ECOWAS CENTRE FOR RENEWABLE ENERGY AND ENERGY EFFICIENCY
CENTRO PARA AS ENERGIAS RENOVÁVEIS E EFICIÊNCIA ENERGÉTICA DA ECOWAS CENTRE FOR RENEWABLE ENERGY AND ENERGY EFFICIENCY

3.1 Project Implementation Unit (PIU)

The PIU is responsible for:

- Preparing the Project Financial Statements (PFS);
- Selecting and applying appropriate accounting policies;
- Maintaining adequate accounting records, internal controls, and supporting documentation.

The PFS are prepared in accordance with **International Public Sector Accounting Standards (IPSAS)** and ECOWAS financial regulations.

3.2 Auditor (Individual Consultant)

The **Individual Consultant (Auditor)** is responsible for forming and expressing an independent professional opinion on the PFS based on audit work conducted in accordance with:

- **International Standards on Auditing (ISA)** issued by IFAC; or
- **ISSAI standards** issued by INTOSAI; or national standards consistent with ISA/ISSAI.

The auditor shall sign the audit opinion **in his/her own professional capacity**.

4. SCOPE OF THE AUDIT

The audit shall include such tests and procedures as the auditor considers necessary and shall focus on verifying that:

- a. ADA funds were used in accordance with the Grant Agreement, with due regard to economy and efficiency;
- b. Goods, works, and services financed were procured in compliance with ECOWAS procurement rules and correctly recorded;
- c. Adequate supporting documentation exists for all transactions, with clear linkage between records and the PFS;
- d. The PFS have been prepared in accordance with applicable accounting standards and present fairly the project's financial position;
- e. Fixed assets financed under the project exist, are properly valued, and ownership or usage rights are clearly established;
- f. Any ineligible expenditures are clearly identified and disclosed.

5. AUDIT STANDARDS AND SPECIFIC CONSIDERATIONS

In accordance with international auditing standards, the auditor shall pay particular attention to:

- **Fraud and Corruption** (ISA 240): identification and assessment of fraud risks;



- **Laws and Regulations** (ISA 250): compliance with provisions affecting the PFS;
- **Governance** (ISA 260): communication of significant audit matters to ECREEE management;
- **Audit Risks** (ISA 330): design and implementation of appropriate responses to identified risks.

6. PROJECT FINANCIAL STATEMENTS

The audit shall cover the following PFS prepared by project management:

- a. Statement of Funds Received;
- b. Statement of Expenditure (current year and cumulative);
- c. Statement of Operations (income vs. expenditure);
- d. Budget Implementation Report with variance analysis;
- e. Notes to the Financial Statements.

7. STATEMENT OF EXPENDITURE (SOE) REVIEW

The auditor shall:

- a. Audit all Statements of Expenditure submitted to ADA;
- b. Verify eligibility of expenditures in line with the Grant Agreement;
- c. Identify and separately disclose any ineligible expenditures;
- d. Attach a schedule summarizing withdrawal requests submitted to ADA.

8. AUDIT REPORT

The auditor shall submit:

- An **independent audit opinion** on the PFS;
- The audited Project Financial Statements;
- An appendix detailing any ineligible expenditures.

The audit opinion shall be **signed by the individual auditor** in accordance with professional standards.

9. MANAGEMENT LETTER

In addition to the audit report, the auditor shall prepare a **Management Letter** addressing:



- a. Adequacy of accounting systems and internal controls;
- b. Identified weaknesses and practical recommendations;
- c. Compliance with financial clauses of the Grant Agreement;
- d. Status of implementation of prior audit recommendations (if any);
- e. Issues that may significantly affect project implementation;
- f. Accuracy and eligibility of financial transactions;
- g. Adequacy of internal controls for the disbursement mechanism.

10. TIMING AND ACCESS TO INFORMATION

- The auditor shall submit all deliverables **within two (2) weeks** of signing the audit engagement letter.
- The PIU shall provide full access to all relevant documents and records.
- Confirmation of funds disbursed by ADA shall be obtained, with ADA support where necessary.

11. APPLICABLE DOCUMENTS

The auditor is expected to review, as relevant:

- Grant Agreement and any extensions;
- Project evaluation report;
- ECOWAS Financial Regulations and Accounting Manual;
- ECOWAS Procurement Code and Procedures;
- Aide-memoires and official correspondence with ADA.

12. QUALIFICATIONS AND EXPERIENCE OF THE INDIVIDUAL CONSULTANT

The assignment shall be carried out by an **Individual Consultant** who:

- Is a **professionally qualified auditor** (ACCA, CPA, CA, or equivalent);
- Is **licensed to practice and authorized to sign audit opinions** in the relevant jurisdiction;
- Has at least **10 years of professional experience** in auditing, including donor-funded projects;
- Demonstrates experience with development partner-financed grants (ADA experience is an asset);
- Is independent of ECREEE and the project implementation.



13. INDEPENDENCE AND ACCEPTANCE BY ADA

The audit opinion shall be issued and signed by the Individual Consultant. **ADA accepts individual-signed audit opinions for this non-statutory audit**, provided professional standards and independence requirements are met.