



WEST AFRICAN POWER POOL
SYSTÈME D'ÉCHANGES D'ÉNERGIE
ÉLECTRIQUE OUEST AFRICAIN



TERMS OF REFERENCE

EXTERNAL AUDIT OF WEST AFRICAN POWER POOL (WAPP)

FINANCIAL YEARS 2024 & 2025

February 2025

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TERMS OF REFERENCE

1.0 Background

- a) The West African Power Pool (WAPP), operating as an association of public and private sector entities in the West African region, was created on in 1999 by the Authority of Heads of State of Government of ECOWAS. In 2006, through further decisions by the Authority of Heads of State and Government, the WAPP Articles and Agreements were approved for signature by the Managing Directors of Utilities of mainland ECOWAS Countries and the organization was granted the status of a specialized Institution of ECOWAS.
- b) The WAPP operates within the framework of provisions of the ECOWAS treaty as an international organization accorded diplomatic immunities in the performance of its functions, has judicial capacity in executing its functions enshrined in the WAPP Articles of Agreement, possesses contractual capacity and rights to acquire and dispose of tangible and intangible assets.

1.1 WAPP Organizational Structure

The WAPP governance structure comprises:

a) The General Assembly

The General Assembly, comprising the representatives of all WAPP Members, is the highest decision-making body for the WAPP. Its major responsibility is overseeing the implementation of provisions, principles, projects, and adoption of amendments within the framework of WAPP Articles of Agreement and Membership Agreement.

b) The Executive Board

The Executive Board, consisting of seven persons who are chief executives of Transmission owning/operating members and /or Transmission Using Members. The Board serves as the organ for policy making, and overseeing the operations of WAPP and planning for future development.

c) The WAPP Organizational Committees

The WAPP Organizational Committees, which consists of Engineering and Operations Committee, Strategic Planning and Environmental Committee, Finance Committee, Human Resource and Governance Committee, and Distribution and Commercialization Committee provide technical advisory capacity and make recommendations to the Executive Board on WAPP's Work Programme, WAPP

priority projects, technical operating standards and any other major policy decisions required.

d) The WAPP General Secretariat

The WAPP General Secretariat, headed by the Secretary General, is the administrative organ that conducts the day-to-day operations of WAPP required to support the Executive Board to accomplish WAPP's mission. It is based in Cotonou, Republic of Benin. The Secretary General is supported by three Departments, each headed by a Director, to perform the work of the Secretariat

1.2 WAPP Objectives

The following are the objectives of WAPP:

- I. Formalize official and extended collaboration in the region in order to develop power generation and transmission facilities to enhance power supply and strengthen power security within the sub-region;
- II. Improve reliability of power system and quality of power supply in the region as a whole;
- III. Minimize operating cost of power networks;
- IV. Increase investments needed for power grid expansion in the region, with emphasis on the implementation of cross-border projects;
- V. Create an attractive environment for investments in order to facilitate the funding of power generation and transmission facilities;
- VI. Create a common operating standards and rules in the sector;
- VII. Create a transparent and reliable mechanism for the swift settlement of power trade transactions;
- VIII. Increase the overall level of power supply in the region, through the implementation of priority generations and transmission projects that will serve as foundation for economic development and extension of cheaper electricity supply to greater number of consumers;
- IX. Conduct capacity building for WAPP Members to prepare them for operating, maintaining and sustaining the electricity market.

1.3 Selection and Appointment of Audit Firm

The selection of Audit Firm for WAPP will be subjected to the recommendation of the Finance Committee and approval of the Executive Board in accordance with WAPP Financial Regulations.

The appointment will be for a period of two years subject to annual review. The appointed External Auditor will commence work following the signature of a contract and receipt of a letter of engagement from the Secretary General.

2.0 Audit Objectives

Against this background WAPP is seeking the services of an audit firm to audit WAPP financial statements for 2018 and 2019 accounting periods. The basic responsibilities of the Audit Firm are:

- a) Providing reasonable assurance or otherwise that the financial statements audited by them give a true and fair view of the activities of WAPP during the course of the year and have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS).
- b) Identifying, assessing and examining risks to regularity, propriety and financial control and report on significant weaknesses;
- c) Providing constructive advice that will help WAPP to improve governance, including financial management, control and reporting.
- d) To provide a Final Audit Report and management letter.
- e) To carry out a physical verification of the major fixed assets and investments of WAPP.

3.0 Audit Guidelines

3.1 Audit Briefings

The audit is expected to start by mid-June/July of the year succeeding the accounting year/period that the particular assignment is for. Prior to the start of audit work the auditors will be required to attend a pre-audit meeting to be conducted by the Secretary General of WAPP, which shall be aimed at gaining an understanding of the scope of work and having an agreement on an audit schedule.

Further, upon completion of the draft audit report and management letter, the auditor will be required to meet with the Secretary General to debrief him on major findings from the audit and the recommendations for future improvements as well as obtain WAPP feedback thereon.

3.2. Audit Scope

3.2.1 Scope of Work

The Audit Firm will be expected to:

- 1) Audit the accounting records, for the accounting periods 2024 and 2025 of WAPP.
- 2) Carry out the audit in accordance with International Standards on Auditing (ISA), and indicate the extent (if any) to which the examination would not conform to those standards.
- 3) Prepare consolidated financial statements taking into account the General Secretariat of WAPP as well as all the projects and programs of the Institution financed by Technical and Financial Partners.
- 4) Verify the arithmetic accuracy of the accounts by ensuring that expenditures described in supporting documentation are reconciled to the expenditures, by disbursing source, in the accounts.
- 5) Comment on and confirm the extent to which generally accepted accounting principles have been and are consistently applied; and also indicate any material departures from international accounting standards, where relevant, and their effect on the annual financial statements.
- 6) Audit all financial resources of the WAPP Secretariat and objectively determine the following:
 - a) Programmes, Projects (that fall within the scope of the audit) and activities are being conducted as approved by the Executive Board in an efficient and effective manner to accomplish the intended objectives.
 - b) Funds expended are in accordance with established procedures.
 - c) Revenues are being properly collected, deposited and accounted for.

- d) Financial and other reports are being provided that disclose fairly and fully information necessary to determine the scope, nature of and basis for evaluation of programme of activities.
- e) There are adequate operating and administrative procedures and practices, internal control systems and internal management controls.

3.2.2 The Audit Report

The audited report will be presented to the Finance Committee, which in turn, will recommend it to the Executive Board in accordance with WAPP Financial Regulations Article 3.6 Paragraph 3.6.2.

The auditor's opinion should include the following:

- i) The nature of the report and its intended use.
- ii) The audit standards that are applied
- iii) The period covered by the opinion
- iv) Whether the financials present fairly the expenditures for the WAPP and that funds were utilized for the purposes stated in WAPP work programmes.

The due date for the submission of draft report is twenty-five (25) business days after the commencement of the audit and due date for the submission of the signed audited report is fifteen (15) business days after the submission of the draft report. The management letter will accompany the final draft report.

3.2.3 Management Letter

The Audit Firm are required to submit a management letter on the completion of the audit. The topics/issues to be covered in the management letter include inter alia:

An assessment of WAPP's internal control system with equal emphasis on :

- i) The effectiveness of the system in providing Management with useful and timely information for the proper management of the WAPP;
- ii) The general effectiveness of the internal control system in protecting the assets and resources of WAPP;

- iii) A description of any specific internal control weaknesses noted in the financial management of the WAPP and audit procedures followed to address or compensate for the weaknesses. Recommendations to resolve/eliminate the internal control weaknesses noted should be included; and
- iv) Comment on whether recommendations made in the management letter for any previous audit were implemented or, if not, the implementation status.

NB: The audit report and the management letter will be presented in the two working languages of the WAPP (French and English) but the report submitted in the language of the Consultant (language of the offer and the Contract) will be authentic.

3.2.4 Assessment of Internal Control

The auditor is expected to conduct a general assessment of internal controls according to established internal control standards. In addition to the above general assessment, additional specific steps include the following:

- i) Assess economy, efficiency and effectiveness in the use of resources;
- ii) Review of expenditures made by WAPP and assess whether they are in accordance with work programs and budgets; and are in compliance with the Financial Regulations and Accounting Procedures;
- iii) Review the process for procurement/contracting activities and assess whether it was transparent and competitive; and
- iv) Review the WAPP accounting records and assess their adequacy for maintaining accurate and complete records of receipts and disbursements of cash.

3.2.5 Recommendations of Improvement

Recommendations should be directed to a specific department so there is no confusion regarding who is responsible for implementation. The response of the department should be included in the management letter, immediately following the recommendation. Also, the auditor may wish to comment on best practices (if any) that were developed by WAPP.

3.2.6 Available Facilities and Right of Access

All records and documents are located at WAPP's office situated in Abomey-Calavi, Republic of Benin and any other WAPP Secretariat offices. The Audit Firm would have full and complete access at any time to all records and documents (including books of account, legal agreements, and minutes of committee meetings, bank records, invoices, policy documents and contracts) and all employees of the WAPP. The auditor has the right to access to banks, consultants, contractors and other persons or firms engaged by the WAPP.

4.0 Other Aspects Related to the Audit Engagement

4.1 Engagement Letter

The selected auditor may be requested to prepare an engagement letter, which should generally address audit issues, including but not limited to the following:

- i) State the management responsibility for specifying the timing and nature of financial statements, and disclosure requirements or other information that is expected to be provided under the audit arrangements.
- ii) Establish the timetable for providing the audit opinion and reports.
- iii) Establish staff time and audit fees as an indication of the intensity of the audit effort and the level of staff engaged on the assignment.

4.2 Recurring Audits

The auditor may not issue a new engagement letter each year, except in the following circumstances:

- i) any indication that WAPP misunderstands the objective and the scope of the audit;
- ii) any revision of the terms of engagement,
- iii) a recent change of management
- iv) a significant change in the nature or size of WAPP's business and legal requirements.

5.0 Qualification & Experience and Auditor Independence

5.1 Qualification & Experience

The auditor must be :

- a) registered and enrolled in the roll of a body of Chartered Accountants recognized nationally or regionally.
- b) experienced in applying International Public Sector Accounting Standards (IPSAS) and must employ adequate staff with appropriate professional qualifications and suitable experience with IPSAS, including experience in auditing the accounts of entities comparable in size, nature and complexity to WAPP.
- c) Curriculum Vitae (CV's) must be provided to the WAPP by the Director of the firm of Audit Firm who would be responsible for signing the opinion, together with the CV's of managers, supervisors and key personnel proposed as part of the audit team. CV's should include details on audits carried out by the applicable staff, including ongoing assignments indicating capability and capacity to undertake the audit.

5.2 Composition of audit team

Key personnel for the audit assignment shall include at least the following positions :

- **Audit Manager :**
 - Qualification : Chartered Certified Accountant (DEC, DECOFI, CA, ACCA, CPA, etc.)
 - General experience : At least 10 years' experience, including 5 years in the audit of international or sub-regional institutions
 - Specific Experience: At least five (5) similar contracts in audit of international or sub-regional institutions
 - Experience of the region (ECOWAS) and language (French and English)
- **Task Team Leader :**
 - Qualification : Chartered Certified Accountant (DEC, DECOFI, CA, ACCA, CPA, etc.)
 - General experience: Minimum 5 years' experience, including 3 years in audit of international or sub-regional institutions
 - Specific Experience: At least three (3) similar contracts in auditing international or sub-regional institutions
 - Experience of the region (ECOWAS) and language (French and English)

- **Senior Auditor :**
 - Qualification: Chartered Certified Accountant
 - Experience: At least 3 years' experience in an audit firm.
 - Specific Experience: At least two (2) similar contracts in auditing international or sub-regional institutions
 - Experience of the region (ECOWAS) and language (French and English)
- **IT Expert :**
 - Qualification: IT Engineer
 - Experience: Minimum of 3 years' experience in an audit firm.
 - Specific Experience: At least two (2) similar contracts in auditing international or sub-regional institution
 - Experience of the region (ECOWAS) and language (French and English)

5.2 Auditor Independence

The auditor must be independent in fact and appearance. To achieve this, Audit Firm should comply with the following:

- a) The auditor must be completely impartial and independent from all aspects of management or financial interests in WAPP;
- b) The auditor should not during the period covered by the audit nor during the undertaking of the audit be employed by, serve as director for, or have any financial or close business relationships with any senior management personnel in WAPP; the auditor is required to disclose any relationship that might possibly compromise his/her independence;

The Audit Firm are also prohibited from the following:

- c) Financial information systems design and implementation
- d) Employment of family members of Audit Firm in managerial positions in WAPP
- e) Business relationships with WAPP other than providing professional services, book-keeping or other services related to WAPP's accounting records or preparation of financial statements.
- f) Internal audit outsourcing services

5.3 Information Covenants

The Audit Firm shall furnish details of all factors that might have an impact on their independence and objectivity including all services provided and fees charged by them. The Finance and Human Resource Committee will satisfy itself regarding the independence of Audit Firm and report its conclusions to the Executive Board.

6.0 Performance of the Audit Firm

The Finance Committee will conduct an annual assessment of the audit firm's performance. Based on the results of this evaluation, the Finance Committee will make recommendations to the Executive Board to entrust the firm with additional missions or not.

6.1 Removal of Audit Firm

When necessary, the Finance Committee shall recommend, to the Executive Board, the removal of the Audit Firm for non-performance.

SCHEDULE FOR THE RECRUITMENT OF AN EXTERNAL AUDIT FIRM

(BY THE FINANCE COMMITTEE)

NO.	ACTIVITIES	DURATION (DAYS)	START	END
1	<i>Publication of the EoI (deadline for submission of applications)</i>	15	15/02/2025	03/03/2025
2	<i>Opening and evaluation of expressions of interest</i>	5	03/03/2025	10/03/2025
3	<i>Approval of the Expression of Interest Evaluation Report by the Secretary General</i>	2	10/03/2025	12/03/2025
4	<i>Preparation of the Request for Proposals (to be prepared by WAPP)</i>	2	12/03/2025	14/03/2025
5	<i>Publication of the Request for Proposals (invitation to firms on the short list only) and 4-week deadline for the preparation of technical and financial proposals)</i>	28	14/03/2025	14/04/2025
6	<i>Opening and Evaluation of Technical Proposals = Report Evaluation of Technical Proposals (BY THE FINANCE COMMITTEE)</i>	5	14/04/2025	21/04/2025
7	<i>Approval of the report on the evaluation of the technical proposals by the Secretary General (output: list of qualified firms)</i>	2	21/04/2025	23/04/2025
8	<i>Opening and evaluation of financial proposals</i>	5	23/04/2025	28/04/2025
9	<i>Validation of the final report by the SG</i>	2	28/04/2025	30/04/2025
10	<i>Validation of the final report by Finance Committee et Executive Board</i>	10	30/04/2025	12/05/2025
11	<i>Negotiation and signing of the contract</i>	5	12/05/2025	19/05/2025
12	<i>One (1) week to be given to the Agency for Expert Engagement</i>	10	19/05/2025	29/05/2025
13	<i>Start of the mission (1 week to be allowed for the preparation of documents)</i>	10	29/05/2025	09/06/2025