

**WEST AFRICAN MONETARY
INSTITUTE**

**INSTITUT MONETAIRE DE
L'AFRIQUE DE L'OUEST**



**TERMS OF REFERENCE FOR THE RECRUITMENT OF EXTERNAL AUDITOR OF THE
WEST AFRICAN MONETARY INSTITUTE (WAMI)**

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TERMS OF REFERENCE FOR THE RECRUITMENT OF EXTERNAL AUDITOR FOR THE WEST AFRICAN MONETARY INSTITUTE (WAMI)

1.0 Introduction

1.1 The West African Monetary Institute (WAMI) is an international organization based in Accra, Ghana, established by the Governments of The Gambia, Ghana, Guinea, Liberia, Nigeria and Sierra Leone to undertake preparatory activities leading to the establishment of the West African Central Bank (WACB) and the introduction of a single currency for the West African Monetary Zone (WAMZ).

1.2 The Management Board of WAMI is charged with the daily management of WAMI and is composed of a Director General and six (6) Directors. The Director General is the Chairman of the Board and Head of WAMI. The Management Board is responsible for the preparation of the Institute's annual financial statements and presentation of same to the Convergence Council of the West African Monetary Zone (WAMZ).

1.3 WAMI is financed by contributions from its member states through annual contributions to its financial year budget.

1.4 At the 46th Meeting (virtual) of the Convergence Council of Ministers and Governors of Central Banks of the West African Monetary Zone (WAMZ) held on August 27, 2021, the Convergence Council approved that the mandate of WAMI be regularized from 2021 to 2027. The approval was in line with the new ECOWAS Single Currency Programme as reflected in the new Convergence and Stability Pact as well as the new Roadmap for single currency.

1.5 The WAMI is mandated to develop Financial Integration programmes including.

- i. WAMZ payment System development.
- ii. Development of Domestic Debts Market
- iii. Adoption of Financial Stability Framework
- iv. Development and adoption of common laws for Fintech within WAMZ.
- v. Insurance Sector Integration for the WAMZ.

1.6 Currently, WAMI has secured grants from the African Development Fund and the Afreximbank for the development of Domestic Debt Markets Project in the WAMZ, West African Capital Market Integration in WAMZ Phase 2 and the PAPSS Interface Project.

2.0 Objective of the audit

- 2.1 The objective of the audit of the WAMI's financial statements (FS) is to enable the auditors to express an independent¹ professional opinion on the FS at year end and as to whether the resources have been used solely and wholly for the business of WAMI and for their intended purpose. The opinion will be based on the audit conducted in accordance with International Standards on Auditing which require that the auditor complies with ethical standards in planning and performing the audit to obtain reasonable assurance as to whether the FS are free from material misstatements.
- 2.2 The audit should also enable the auditor to give an opinion on the statement of comprehensive income, statement of financial position, statement of changes in equity & statement of cash flow for the financial year.

3.0 Responsibility for preparation of Financial Statements

- 3.1 The Management Board is responsible for the preparation of Financial Statements which give a true and fair view of the financial happenings of the institute and of the income statement as well as the cash flow for the period.
- 3.2 A fair presentation of the Financial Statements including notes in accordance with International Financial Reporting Standards (IFRS or Generally Accepted Accounting Principles (GAAP) lies with the management Board of WAMI.

4.0 Responsibility of the External Auditor

The auditors are responsible for the formulation of an opinion on the FSs based on their audit conducted in accordance with International Standards on Auditing (ISA) issued by the International Federation of Accountants (IFAC). In accordance with these standards, the auditors will request the management of WAMI, for an Engagement/Confirmation Letter committing the management to the preparation of the FS and maintenance of proper internal control systems.

5.0 Scope of the Audit

- 5.1 The audit will be carried out in accordance with ISA and will include such tests and controls, as the auditors consider necessary under the circumstances. In

¹ The auditor will not provide any other services that may result in a conflict of interest.

conducting the audit, special attention should be paid to the following:

- (a) All WAMI's resources have been used solely and wholly for the business of WAMI and for their intended purpose.
- (b) Member States subscriptions have been provided and used in accordance with the conditions set for it and with due attention to economy and efficiency and only for the purposes for which they were provided;
- (c) Goods and services financed have been procured in accordance with WAMI's rules and procedures; and have been properly accounted for;
- (d) All necessary supporting documents, records and accounts relating to WAMI operations have been kept;
- (e) Where special accounts have been used, they have been maintained in accordance with the provisions of thereon;
- (f) The FS have been prepared by management in accordance with IFRS and give a true and fair view of the FS of the Institute as at the year end and of its receipts and expenditures for the period ended on that date;
- (g) The auditor should carry out a comprehensive assessment of the adequacy and effectiveness of the accounting and overall internal control system to monitor expenditures and other financial transactions and ensure safe custody of the Institute's assets and that they are being used for the intended purposes; and
- (h) The appropriateness of the global financial performance of the Institute.

In accordance IFAC's standards, the auditors shall pay attention particularly to the following:

- (a) ***Fraud and Corruption:*** In accordance with ISA 240 (taking into consideration risks related to fraud and error in auditing the accounts) the auditors shall identify and evaluate risks related to fraud, obtain or provide sufficient evidence of analysis of these risks and assess properly the risks identified or suspected;

- (b) ***Rules and regulations:*** In preparing the audit approach and in executing the audit procedures, the auditors shall evaluate the WAMI's compliance with the rules and regulations that might impact significantly on the FS as required by **ISA 250 (taking into consideration the risks related to anomalies in the accounts resulting from non-compliance with legal and governing texts)**;
- (c) ***Governance:*** Communication with the Management Board responsible for Governance regarding significant audit issues; in accordance with **ISA 260 (Communication on the audit mission to person in charge of Governance)**;
- (d) ***Risks:*** With a view to reducing audit risks to a relatively low level, the auditors will apply appropriate audit procedures handle anomalies/risks identified during the audit in accordance with **ISA 330 (audit procedures implemented by the auditors subsequent to his/her risks evaluation)**.

6.0 Management Letter

6.1 In addition to the audit report, the auditors will prepare a “management letter,” in which they will:

- (a) give comments and observations on the accounting records, procedures, systems and controls that were examined during the course of the audit;
- (b) identify specific deficiencies and areas of weakness in systems and controls and make recommendations for improvement;
- (c) report on the degree of compliance of each of the financial covenants and give comments, if any, on internal and external matters affecting such compliance;
- (d) report on the implementation status of recommendations made by prior audit reports;
- (e) communicate matters that have come to their attention during the audit which might have a significant impact on the implementation and sustainability of the Institute; and

- (f) bring to WAMI's attention any other matters that the auditors consider pertinent.

6.2 The management letter should include reactions/comments from management on the weaknesses noted by the auditor.

7.0 Pricing and Timeframe

7.1 All issues relating to pricing, deliverables and timeframe for deliveries will be expected to be stated in the proposal submitted for the audit and shall be mutually agreed and signed off by both WAMI and the selected Auditor/Firm before commencement of the audit.

8.0 Auditor's Experience & Qualifications

8.1 The auditor should be registered and have a license from a national or regional professional Accountancy Body. Specifically, the auditor or the eligible auditing firm should meet the following requirements:

- a) Compliance with legal requirements of registration;
- b) Experience in audit reporting under IPSAS and ISA;
- c) Satisfactory references for similar audits performed within the last five years;
- d) Provide Audit Methodology, Proposed Work-plan, Curriculum Vitae for all key personnel proposed to be part of the audit team; and
- e) Any actual or potential conflict of interest in taking up this role should be highlighted.

Furthermore, the auditor's

- must be completely independent of all aspects of WAMI's activities, operations and related parties;
- shall not, during the period of undertaking the audit, be employed by, serve as director for, or have any financial or close business relationships with any Director or key management personnel of the Institute. The auditor is required to disclose any relationship that might possibly compromise his/her independence.

- must have in employment adequate staff with appropriate professional qualifications and suitable experience in the audit including experience in auditing the accounts and financial statements of entities comparable in size and complexity to WAMI;

8.2 The Key audit team must comprise, at least:

- a) Lead Engagement Partner who would be responsible for signing the opinion, together with the manager proposed as part of the audit team.
- b) The audit manager must have at least 10 years' experience in auditing and with a sound knowledge in auditing similar organizations and should be a member in good standing of a recognized accountancy professional body;
- c) A team leader who is a member in good standing of a recognized accountancy professional body, with a minimum of 5 years' experience in auditing; and
- d) Assistant auditor(s) with adequate experience and professional qualifications.

9.0 General Information

The audit report including the financial statements and the management letter including the Management responses should be received by WAMI within four (4) weeks from the commencement of the audit assignment.

The auditors will be given access to all legal documents, correspondence and any other information associated with the project and deemed necessary by them. Confirmation of amounts disbursed and outstanding at the Bank will also be obtained.