REPUBLIC OF CAMEROON Peace-Work-Fatherland ------------------- Ministry of Agriculture and Rural Development	البنك الإسلامي للتنمية Islamic Development Bank	**REPUBLIQUE DU CAMEROUN** Paix - travail - patrie ----------------------- Ministère de l'Agriculture et du Développement Rural

RICE VALUE CHAIN DEVELOPMENT PROJECT

(RVCDP)

TERMS OF REFERENCE
FOR THE AUDIT OF THE RICE VALUE CHAIN DEVELOPMENT PROJECT (RVCDP), FINANCED BY ISLAMIC DEVELOPMENT BANK - LOAN
PROJECT CODE CMR1027,

IMPLEMENTED BY MINADER THROUGH PMU OF RVCDP DURING THE PERIOD FROM 2024 TO 2028 FINANCIAL YEARS

I. Project Background

The Government of Cameroon has received financing from IsDB and other donors for the implementation of the Rice Value Chain Development Project (RVCDP). The Ministry of Agriculture and Rural Development (MINADER) is the Governing Body/Executing Agency and is entrusted in the execution and supervision of the implementation of the project through a Project Management Unit (PMU) located in Bamenda. This project will be jointly financed by the Islamic Development Bank, BADEA, OPEC Fund, KUWIAT Fund, and the Government of Cameroon. The legally binding terms and conditions of the financing are in the financing Agreement No. CMR 1027 which may be amplified by supplemental letters and /or an amendment. The Project Appraisal Document (PAD) Report of the Rice Value Chain Development Project is also a useful source of information, although it is not legally binding.

The project's focus is on value chain development seeking to alleviate constraints impeding the development of the rice sector by impacting actors across the entire value chain including small holder famers, off-takers, processors, service providers, agro-dealers, aggregators, financial institutions, rural communities in production, post-harvest, processing, and distribution. It will contribute to develop a productive and sustainable rice value chain that will contribute to ensure rice self-sufficiency, enhance economic growth, and improve livelihood of the farming households in the target project area. This will be done through innovative and tailored interventions that will promote competitive domestic production, postharvest, processing and marketing of rice and associated crops such as vegetables. The project will ensure that around 40% of its total beneficiaries are women and youth who will have access to (a) new technologies, modernized irrigation systems and improved seeds to increase productivity, (b) financial and technical resources as well as extension and advisory services provided by the project, and (c) equitable decent employment opportunities.

The Project is programmed to be carried out in 3 regions in 6 project areas as follows:

- ✓ Maga in the Far North Region
- ✓ Bangourain and Santchou in the West Region and
- ✓ Ndop, Bafut Tingoh and Mbaw/Mbonso in the North West Region

The institutional arrangement of the project is constituted of a Project Management Unit headed by a National Project Coordinator based in the North West Region and 3 project Implementation Units based North West, West and Far North Regions headed by Project Managers.

REPUBLIC OF CAMEROON

Peace-Work-Fatherland

Ministry of Agriculture and Rural Development

REPUBLIQUE DU CAMEROUN

Paix - travail - patrie

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IsDB

البنك الإسلامي للتنمية

Islamic Development Bank

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The summary of the project components are as follows:

1) Raising Rice Production and Productivity;
2) Strengthening the Links to Markets;
3) Fostering Enabling Policy and Institutional Environment;
4) Rehabilitation/construction of social infrastructures;
5) Project Management and Coordination; and
6) Audit
7) Contingency Emergency Response

The Project funding has been attributed to different funders in the proportions detailed below:

FUNDERS	FINANCING (in Euros)		TOTAL (in Euros)
	Loan	14,986,125	
IsDB	Installment Sale	64,449,001	79,435,126
BADEA			17,652.251
OPEC FUND			22,065,314
KUWAIT FUND			17,148,251
SAUDI FUND			18,536,190
ABU DHABI FUND			27,752,764
Government of Cameroon			11,973,500
TOTAL			**194,563,394**

II. Audit Objectives

The overall objective of the audit is to allow the auditor to express an independent and professional opinion on the financial position of the project (and, as applicable, the Executing Agency) to ensure that the funds provided have been used solely for their intended purposes; to express an independent and professional opinion on the adequacy of project internal controls; and to provide opinion on the compliance with the covenants of the financing agreement(s) and the applicable laws and regulations. Where present, the auditor should indicate the extent of any non-compliance to each financial covenant.

The auditor will express a professional opinion on:

a. Use of loan/grant proceeds,
b. Compliance with imprest and/or special account procedures (where applicable), and
c. Compliance with statement of expenditure (SoE) procedures (where applicable).

The specific objectives of the audit are as follows:

1) Issue an opinion as to whether the project financial statements (PFS) and the supplementary financial information presents fairly, in all material respects, the financial position of the project, the funds received and the disbursements made during the period audited, as well as the cumulative disbursements at the end of the period, in accordance with the international accounting standards (as referred in section IV) and the requirements of the respective agreement(s) with the Islamic Development Bank.

2) Issue an opinion as to whether the expenditures reported are eligible for financing, and the funds have been used only for the purposes of the project.

3) Issue an opinion with respect to the Executing Agency's compliance with the covenants of the financing agreements and the applicable laws and regulations.

4) Issue an opinion as to whether the Special Accounts (if any) used for managing the funds provided by the Bank presents fairly the availability of funds at the end of the period audited, as well as the transactions made during the same period, in accordance with the provisions for the use of the funds established in the corresponding agreements with the Bank.

5) Issue an assessment with respect to the adequacy of internal control mechanisms of the project performed by the Executing Agency (EA) and the Project Implementation Unit (PIU).

III. Scope of the Audit

The audit is considered as a special purpose audit of the project to be carried out in accordance with the International Standards on Auditing (ISA) issued by the International Federation of Accountants (IFAC), or by the International Organization of Supreme Audit Institutions (INTOSAI)[1], having regard to relevant financing agreements and IsDB's particular reporting and procurement requirements.

The audit must include adequate planning, evaluation and testing of the internal control structure and mechanism, and obtaining sufficient evidence to give reasonable assurance that the financial statements are free from any material misstatements whether caused by fraud or other irregularities or error.

The auditor's examination should include an evaluation of the systems and operating procedures for accounting, custody of assets, control of environment, internal financial controls, financial reporting, and related systems. The Executing Agency shall make available all necessary documentations including relevant explanations in support of claims made in the financial statements, for the auditor to be able to understand and provide an independent and professional opinion.

The audit covers the financial transactions of the project during the period from **1/1/2024 to 31/12/2024, 1/1/2025 to 31/12/2025, 1/1/2026 to 31/12/2026, 1/1/2027 to 31/12/2027 and1/1/2028 to 31/12/2028.**

In accordance with International Standards on Auditing, the auditor shall pay attention to the following:

(a) **Fraud and Corruption**: The audit program will consider the risk of material misstatements resulting from fraud or error. It should include procedures that are designed to provide reasonable assurance that material misstatements (if any) are detected

(b) **Laws and Regulations**: in preparing the audit approach and in executing the audit procedures, the auditor shall evaluate the EA and PIU's compliance with the provisions of law and regulations that might affect significantly the PFSs.

(c) **Governance**: communicate to the EA and PIU management regarding significant audit

[1] INTOSAI standards may be used if the audit will be performed by a government auditor acceptable to IsDB.

issues related to governance.

(d) **Risks**: with a view to reducing audit risk to a relatively low level, the auditor will apply appropriate audit procedures and handle anomalies/risks identified during their evaluation.

The auditors should pay special attention to the following requirements:

1) All Bank funds, Counterpart funds and Co-financier funds (if any) provided to the project have been used in accordance with the conditions of the relevant financing agreements, with due attention to economy and efficiency, and only for the purpose intended therein;

2) The Project Financial Statements have been prepared consistently in accordance with the applicable accounting standards, and gives a true and fair view of the financial position of the project as at the year end and of its receipts and expenditures for the period ended on that date;

3) Goods, works and services for the project have been procured in accordance with the relevant financing agreements and in accordance with the Bank's policy and procedures and have been properly accounted for;

4) Compliance with specific covenants of the financing agreements;

5) Eligibility of expenditures claimed under the Statement of Expenditures (SoE) submitted to the Bank for reimbursement or replenishment of the Special Accounts, in accordance with the provisions of the financing agreements and the Bank's policy and procedures;

6) All necessary documents, records, and books of accounts relating to all project activities have been kept and there is a clear audit trail and references between the books of accounts and the financial statements presented to the Bank;

7) Comprehensive assessment on the adequacy and effectiveness of project internal control mechanisms to monitor expenditures and other financial transactions and ensure safe custody of project-financed assets and that they are being used for the intended purposes.

8) In addition to normal yearly financial audit, each request made by the project for replenishment, the auditor shall certify the expenditures claimed under Statement of Expenditures submitted to the Islamic Development Bank and her co-funders, for replenishment as well as the replenishment request from partners at no extra cost. This also includes any special need audit assignments requested by the donors to meet particular information requirements or clarify particular financial operations as well as the audit of any line of financing of the project.

IV. Annual Project Financial Statements (PFS)

The auditor should verify that the project financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB), or other accounting standards compatible with IASB's, and give a true and fair view of the financial position of the project as at the year end and of the resources and expenditures for the audited period.

The financial statements consist of the following:

(a) Revenue Earning Projects (generally using the international standards-compliant accrual-based financial statements):

1) Statement of Accounting / Financial Policies;
2) Statement of Financial Performance (or income statement);
3) Statement of Financial Position (or balance sheet)
4) Statement of Movements in Equity/Retained Earnings;
5) Statement of Cash Flows;
6) Statement of Sources and Uses of Funds;
7) Statement of Special Account (if applicable according to the financing agreements);
8) Notes to the Financial Statements, which includes a summarized description of the project, the project fiscal period, detailed analysis of the main accounts, summary of assets acquired or procured to date with project funds, and other reconciliation / explanatory notes. The reconciliation should include a list of Withdrawal Applications and reference the individual Withdrawal Application numbers, amounts and method of disbursement (advance, reimbursement or direct payment) of each Withdrawal Application.

(b) Non-Revenue Earning Projects:

1) Statement of Accounting / Financial Policy;
2) Statement of Income / Cash Receipts[2];
3) Statement of Expenditures / Cash Payments[3];
4) Statement of Cash Flows / Cash Receipts and Payments;
5) Statement of Special Account (if applicable according to the financing agreements);
6) Notes to the Financial Statements, which includes a summarized description of the project, the project fiscal period, detailed analysis of the main accounts, summary of assets acquired or procured to date with project funds, and other reconciliation / explanatory notes. The reconciliation should include a list of Withdrawal Applications and reference the individual Withdrawal Application numbers, amounts and method of disbursement (advance, reimbursement or direct payment) of each Withdrawal Application.

An annex to the PFS should include a comprehensive list of all fixed assets purchased, with given dates, values and condition of the assets.

V. Statement of Expenditures (SoE)

In addition to the audit of PFSs, the auditor is required to audit all Statement of Expenditures used as the basis for submission of Withdrawal Applications to the Islamic Development Bank. The auditor is required to issue a separate audit opinion on the SoE indicating the extent to which the SoE procedure can be relied upon as the basis for disbursements under the project.

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[2] The funds received from the Bank to be shown as separate from the funds of the counterpart / co-financier

[3] Expenditures financed by the Bank to be shown as separate from other expenditures, incurred for both the current year and accumulated to-date.

The auditor should carry out necessary tests to give reasonable assurance that expenditures claimed are eligible under the financing agreements and appraisal report. Where ineligible expenditures are identified as having been included in and reimbursed against the Withdrawal Applications, these should be separately noted and reported by the auditor.

As an annex to the PFSs, it should include a list of withdrawal applications submitted on the basis of the SoEs with their reference number and the amount involved.

VI. Special Account

When Special Account is used for the project, the auditor is required to audit the activities of the Special Account(s) associated with the project to verify the degree of compliance with the Bank's procedures and guidelines for such accounts and the accuracy of the account balances. Activities to be examined include initial deposit and subsequent replenishments received from the Bank, interest earned, payments made, withdrawals related to project expenditures, transfers to the operating account(s) and reconciliation of the year-end balances.

The auditor will issue a separate audit opinion on the Special Account(s) indicating if the operations of the account(s) are in accordance with the financing agreement, the eligibility and correctness of financial transactions during the period under review, and the adequacy of internal controls surrounding the operation of the accounts.

VII. Audit Report

The audit report comprises the auditor's opinion on the PFSs, and other statements as mentioned in section V and VI above (as applicable). In addition, the audit opinion is required for the following (if necessary):

1) Compliance with IsDB procurement procedures;
2) Entities and beneficiaries that receiving the funds met the eligibility criteria of the project;
3) Use of funds by communities and decentralized entities;
4) Use of funds by service providers (NGOs, etc.);
5) Use of funds by Financial Institutions / Microfinance Institutions.

Further to the general audit opinion, the auditor shall be expected to:

1) Issue an opinion as to whether the project financial statements (PFS) and the supplementary financial information presents fairly, in all material respects, the financial position of the project, the funds received and the disbursements made during the period audited, as well as the cumulative disbursements at the end of the period, in accordance with the International Standards on Auditing (ISA) and the requirements of the respective agreement(s) with the Islamic Development Bank.

2) Issue an opinion as to whether the expenditures reported are eligible for financing, and the funds have been used only for the purposes of the project.

3) Issue an opinion with respect to the Executing Agency's compliance with the covenants of the financing agreements and the applicable laws and regulations.

4) Issue an opinion as to whether the Special Accounts (if any) used for managing the funds provided by the Bank presents fairly the availability of funds at the end of the period audited, as well as the transactions made during the same period, in accordance with the provisions for the use of the funds established in the corresponding agreements with the Bank.

5) Issue an assessment with respect to the adequacy of internal control mechanisms of the project performed by the Executing Agency (EA) and the Project Management Unit (PMU).

6) Issue an assessment with respect to whether counterparts funds have been provided and used in accordance with the relevant financing agreements, and only for the purposes for which they were provided.

The auditor's reports should adhere to the report formats required by International Standards on Auditing (ISAs), or International Organization of Supreme Audit Institutions (INTOSAI), and to include the following matters:

a) A title identifying the person or persons to whom the report is addressed;
b) b) An introductory paragraph identifying the financial statements audited and the basis of accounting used for preparation of the financial statements;
c) Separate sections, appropriately headed, dealing with:
    - Respective responsibilities of project management (or equivalent persons)
    - The basis of the auditor's opinion
    - The auditor's opinion on the financial statements;
d) The manuscript or printed signature of the auditors; and
e) The date of the auditor's report.

VIII. Management Letter

The auditor is required to prepare a management letter on the following issues:

1) Economy, efficiency and effectiveness in the use of resources;
2) Any material weaknesses in the accounting and internal control systems identified during the audit;
3) Recommendations to rectify the identified weaknesses;
4) Significant matters raised in previous audit recommendations which have not been dealt with satisfactorily or effectively by the EA/PIU;
5) The degree of compliance with each of the financial covenants in financing agreement(s) and recommendations for improvement, including internal and external matters affecting such compliance;
6) The value of expenditures considered to be ineligible and either paid out of the Special Account(s) or which have been claimed from the Bank;
7) Matters which have come to the auditor's attention during the course of the audit which might have a significant impact on the implementation of the project;
8) Any other matters that the auditor considers pertinent, should be brought to the attention of the Executing Agency and the Bank;

IX. General Information

The responsibility for preparation of the PFSs lies with the PIU, under the supervision of the EA. The PIU is also responsible for the following:

a) The selection and application of accounting policies. The PIU will prepare the PFSs in accordance with the accounting standards mentioned in section IV above;

b) Implementing accounting, administrative and financial procedures documents in manuals.

The auditor is responsible for the formulation of an opinion on the PFSs based on their audit conducted in accordance with International Standards on Auditing (ISA). National Auditing Standards that comply with ISA in all material respects will also be accepted.
The audit report including the audited financial statements, the management letter and the EA's responses, should be prepared either in Arabic, English or French and be received by the Islamic Development Bank no later than six months after the end of the fiscal period. The auditor should therefore submit, on a timely basis, the relevant documentation to the EA, PIU, and the concerned ministries (if applicable). The Beneficiary is responsible for forwarding the copies of the audit report, the audited financial statements and the management letter to the IDB.
The auditor shall be given access to all legal documents, project documents, correspondence and any other information associated with the project and considered necessary by the auditor. Confirmation of amounts disbursed and outstanding at the Bank should also be obtained. The Project Team Leader at the Bank can assist in obtaining those confirmations.
The auditor should not limit the access of information in any way and must reply to all inquiries raised by the Islamic Development Bank's representative. Formal discussion will be arranged through the EA's office. The Islamic Development Bank will have this right during the period of the audit and within two years after completion of the audit.
It is recommended that the auditor is familiar with the loan agreement, project appraisal reports, and the IsDB's financial management, disbursement and procurement policies and procedures.

X. Employment Authority and Independence

The auditor shall be provided the necessary documentation to authorize him/her to carry out an independent and professional audit on the financial position of the project. The auditor must disclose whether it is acting on behalf of, or part of a larger authority and any issues or relationships that might compromise their independence.

The auditor should be impartial and independent from any aspects of management or financial interest in the entity under audit. In particular, the auditor should be independent of the control of the entity and should not have any financial, personal or business relationship with the entity during the period covered by the audit.

XI. Auditor and Audit Staff Competence

The audit firm should be registered and have a license from a national or regional professional accountancy body. The firm should have relevant experience in accounting and auditing of projects funded by international financial institutions or/and multilateral development banks. The key audit team shall comprise at minimum:

a) **An Audit Manager** with at least 20 years of experience in auditing and has sound knowledge of IFI / MDBs financing procedures. He / she should be a member of a recognized accountancy professional body;

b) **A Team Leader** with a minimum of 15 years of experience in auditing. He / she should be a member of a recognized accountancy professional body; and

c) **An Assistant Auditor** with adequate experience and professional qualifications.

XII. Engagement Letter

The auditor is required to prepare an engagement letter. The form and content should generally include reference to the matters addressed in this document. In addition, it should state the management's responsibilities for the preparation of the PFSs, the auditor's responsibilities for the opinion of the PFSs and internal controls, the amount of audit fees, and the timetable for providing the audit reports.

XIII. Audit Timing

The assignment is expected to commence on or about in **March 2025, 2026, 2027,2028, and 2029** to be completed on **May 2025, 2026, 2027,2028,2029** for audits of **2024, 2025, 2026 2027 and 2028 financial years respectively.**

RVCDP

Muluh Gregory Nguh
NATIONAL COORDINATOR