TERMS OF REFERENCE

External Audit of OKAPI Consulting Ndarason Project (AFD)

1. Context

1.1 General project/program context (institutional framework)

Radio Ndarason International (RNI) is a regional radio network based in the Lake Chad Basin (BLC) area. With production and dissemination facilities in Chad, Nigeria and Cameroon, it uses local indigenous languages (Kanuri, Kanembou and Boudouma) – it is the only media to do so – to counter violent extremism and disinformation and promote sustainable development.

Ndarason interacts with approximately 9.6 million listeners daily. Many are illiterate and have no other means than radio to access credible information. Ndarason broadcasts six hours a day on shortwave throughout the BLC, and 24 hours a day on its FM network. Its FM stations are in Maiduguri in Nigeria, Baga Sola, Bol, Mao, Liwa, Ngouri, Doum Doum and N'Djamena in Chad, Maroua in Cameroon and Diffa in Niger.

Ndarason is operated by Okapi Consulting, a not-for-profit organisation registered in South Africa, Chad, Nigeria, and Cameroon, which specializes in media projects in conflict zones and fragile states. The radio station employs nearly 100 people, 90% of whom are from the region.

Ndarason has grown in prominence since his first broadcasts in 2016, in a context of profound change: the flood of fake news has exploded with the spread of social media, which often replaces traditional media as the main source of information, especially among young people – a trend accentuated by the weakness of public media and the politicization of many local private media. External influence has also changed radically: since the formation of the alliance of Sahel states, several international radio stations such as RFI, the BBC or the Voice of America (VOA) have seen their FM relays closed in some countries in the region. And Washington recently halted VOA operations. This void was quickly filled by new shortwave and FM broadcasts, in some cases by Russian and Chinese government broadcasters.
In this information chaos of which vulnerable populations are the first victims, the role played by Ndarason has perhaps never been more essential in providing reliable and quality information and treatment on topics of interest to the populations of the BLC, and in bringing the debate on societal issues to life in a context of deep crisis.

Okapi Consulting (Johannesburg) runs Radio Ndarason International (RNI). Donors include the Agence Franciase de Developpement (*AFD*). RNI broadcasts a daily mix of news, current affairs, alternative narratives, and other programs across the whole region on shortwave and FM.

1.2 Context of the audit

In accordance with the provisions of the Financing Agreement n° CZZ 3823 01 D, the Project is funded by the AFD for three (3) years from 1 July 2025 to 30 June 2028 and the Project Accounts shall be audited within three (3) months after each fiscal year.

These audits shall be carried out by an independent and reputable auditing firm, appointed by the Beneficiary, subject to the AFD's no-objection on the terms of reference of the audit mission and the appointed auditing firm. All audit costs shall be applied against the funds of the Grant. The auditing firm shall verify that all Advances paid into the Project Account have been used in accordance with the terms of this Agreement.

1.3 Financial context of funding and broader site information and consolidation:

The AFD is currently the main funder of the RNI programme and Okapi Consulting in South Africa receives funding for this programme over a three year period in annual tranches (with year 1 split into 2 tranches). Funds are received in a foreign currency (EUR) account to safeguard against currency fluctuations. Payments are made from this EUR account to suppliers, or transferred to relevant site bank accounts for payments to be made from there (considering risk, value of transactions, cost and ease of payments).

Payments may only be costed against the AFD funded project for legitimate project expenditure, supported by relevant documents (as applicable), duly authorized according to policies and procedures. Authorisation is according to delegated authority, with smaller expenses being approved on site and larger ones (or expense type specific) are escalated to a higher level of authority.

Typically (but not exclusively) larger project procurement payments and expat/consultant payments are made directly from the EUR account in South Africa, while salaries and smaller procurement payments are made from the Country specific sites (Chad, Nigeria, Cameroon and South Africa) in the currency applicable in the country.

Accounting of the project accounts are consolidated in South Africa with separate accounting records per country, consolidated then for the RNI project and funder, as applicable.

2. Objectives of the audit

The objective of the audit is to express an independent professional opinion about the financial situation of the project and, in particular, the expenditure incurred during the periods under review, with regard to:

i) the administrative, accounting and financial management of the project,
ii) compliance with the procedures set out for project implementation in the financing agreement in order to ensure that the funds made available for the project have been used in accordance with the purposes for which they have been allocated.

Consequently, the auditor shall be required to express an opinion about the compliance of the expenditure, in order to ensure that the funds are managed in accordance with the rules and procedures set out in AFD's contractual agreement and used for the purposes for which they have been allocated.

The accounting books and documents, project bank account statements and all the reports on the execution and control of the budget form the basis for the verification of the project Financial Statement. They should account for the financial transactions of the project in a faithful manner, based on an exhaustive verification of the documentary evidence of transactions, with references to the accounting standards and principles and administrative manuals and procedures in effect.

3. Content of the audit mission and expected outcomes

In view of the above, the audit mission comprises two stages: *

- An audit of the project accounts

- An analysis report concerning the compliance of the use of the project funds. The auditor shall give an independent and justified opinion on the financial situation of the project and shall, where appropriate, establish a detailed and objective assessment of any fraud, falsifications of financial statements, or misappropriation of assets from funds allocated to this project detected by the audit mission. A summary of this report shall be made setting out, in the form of summary tables, the situation of the financial execution of the project and the share of funds which are not or not sufficiently justified, according to the types of expenditure where anomalies are found.

- An internal control letter which shall include the following recommendations:
  - The Procurement Processes;
  - The organization: administrative, management, financial and accounting execution and procurement;
  - An indication of the problems identified during the audit which are likely to have a significant impact on the implementation and continuity of the project;
  - Any other matter that the auditor shall deem fit to bring to the attention of the audit requesting party.

Then it shall provide a set of recommendations aiming to strengthen the organization and management system implemented for the Radio Ndarason project.

- For all recommendations, the Auditor shall prioritize the recommendations depending on the extent of the shortcoming which has been caused. The nature of the risk involved if the difficulty if not resolved shall also be specified, as well as the timetable for the implementation of the prioritized recommendations.
- The recommendations may be summarized in the form of a matrix or recommendation plans, indicating the degree of importance/urgency for the implementation of the recommendation, the level responsible for the implementation, as well as an implementation schedule.

When applicable, it shall also list the weaknesses or irregularities discovered during the audit, as well as a categorization by type of problem and proposals for regularization measures. This shall in particular highlight the internal and external causes of the anomalies or weaknesses identified.

The expected deliverables are consequently as follows:

The audit report shall be broken down into (i) a formal opinion on the financial statements, (ii) an analysis report concerning the compliance of the use of funds, (iii) a report on the internal control, (iv) a specific appendix reporting on the procurement process, its performance, and the requirements in order to improve it, (v) where applicable, a specific appendix comprising a list referencing, for each relevant observation/risk identified, the signs or suspicions of fraud, corruption or conflict of interest which may be related to them and (vi) a full list of samples selected and the qualification there-of (as per table in section 5)

4. Scope of the audits

Audits for the three years of the agreement to cover the period from July 1st, 2025 until June 30th, 2028, covering:

- The financial analysis to cover the period from July 1st, 2025 until June 30th, 2026 (to be completed in September 2026)
- The financial analysis to cover the period from July 1st, 2026 until June 30th, 2027 (to be completed in September 2027)

- The financial analysis to cover the period from July 1st, 2027 until June 30th, 2028 (to be completed in September 2028)

5. Nature of the operation and methodology

The audit shall give rise to all the tests, verifications and controls that the auditor shall deem necessary in the circumstances.

Sampling of expenditures to be audited:

- The sample should cover at least 70% of the total value of expenditure. The following are indicative of project expense transactions in the past years of the project:

Expense value (EUR)	Percentage of number of transactions	Percentage of Value of transactions
0-200	70%	3%
0-500	80%	7%
>5000	<5%	65-69%

Based on historical information, less than 5% of the number of transactions in Chad, Nigeria and South Africa (sites where most of the AFD covered expenses are paid from) covers more than 65% of the total value of expenses (where staff payroll in Nigeria and Chad is covered by a single transactional file).

The average number of total transactions in a month (where staff payroll in Nigeria and Chad is covered by a single transactional file) is approximately 200 transactions per month in the total project covered by AFD funding, split as follows:

Country	Percentage of number of transactions	Percentage of value of transactions
Chad	40%	22-25%
Nigeria	45%	6-10%
South Africa (HQ)	15%	65-68%

Small petty cash transactions make up more than 70% of transactions in Nigeria and approximately 40 – 50% of transactions in Chad.

Original site document packs are respectively filed in Chad, Nigeria and South Africa, but all supporting document packs are also available in electronic format at Head Office in South Africa.

No limitation in placed on auditors as to from where they want to do the site audits (it may be done at the sites in South Africa, Chad or Nigeria) and document packs relating to other sites will be forwarded as needed.

All relevant staff members are available for e-meetings as needed.

The auditor must express a formal opinion on the internal control system, the financial statements and the compliance of expenditure, by using the standard typology, namely unqualified, qualified, adverse or disclaimer of opinion).

To this effect, the auditor will need to:

- Control the accounting and justification of expenditure (existence and authenticity of documentary evidence, filing and archiving);
- Verify the eligibility of the funded activities, their compliance with the financing agreement, as well as with the various project documents, and their materiality;
- Ensure that the internal control mechanisms have been effective and, where applicable, make recommendations on how to improve them. The recommendations should be prioritized.

More specifically, the auditor shall ensure, among other things, that:

1- <u>With regard to the effectiveness and conformity of the expenditure</u>

- ✓ All the resources have been employed, in accordance with the provisions of Financing Agreement n° CZZ 3823 01 D, the basic project documents, and the annual technical and budgetary programming, where necessary, so as to ensure economy and efficiency, and for the purposes for which they have been allocated.

- ✓ The total expenditure does not exceed the allocated budget amount, and expenditure per budget line does not exceed the budget lines of the financing plan with more than 15%, as set out in the agreement n° CZZ 3823 01 D.

- ✓ There is documentary evidence of expenditure and it complies and is consistent with what was approved. The auditor shall assess the methods for recording and filing this evidence. It shall verify the correspondence between the cash movements and the operations recorded in the project accounting systems. It shall thereby ensure that the funds made available for the project are traceable, from their release by the paying agency to their final destination (to do so, the audit shall provide a sampling methodology). The evidence is exhaustive and reliable.

- ✓ Verify the compliance or non-compliance of the expenditure management, execution and control procedures applied under the project, compared to national procedures or those set out in the Procedures Manual.

- ✓ Verify and analyze the consistency and regularity of the documentary evidence, and that the circulation, control and archiving procedures for documents have been respected.
- ✓ Assess, where necessary, the amount of the ineligible, irregular, unjustified or insufficiently justified expenditure (see methodology section below).

2- <u>With regard to procurement procedures</u>

- ✓ Establish the compliance or non-compliance of the procurement procedures and performance of public contracts applied under the project compared to national procedures (market price rules in particular), or those set out in the Procedures Manual and, in particular, the effectiveness and efficiency of the competitive bidding methods for suppliers, by comparing the cost of the goods and services procured by the project (consumables, equipment, intellectual services, etc) with relevant external references in order to assess the optimal cost of these acquisitions. The observable prices on markets could be used as one of these references. Where applicable, the auditor shall analyze factors which account for any differences observed between the acquisition cost and the optimal cost. On this basis, it shall issue practical proposals for the adjustment of procedures in order to reduce these differences, but also with regard to the 4 following criteria: the relevance of the bidding documents, transparency, in particular the equity of access to public procurement (publicity, timeframes), the legality of bid assessment methods, and the legality/legitimacy of contract approval decisions.

- ✓ The goods and services financed have been subject to contracts signed where applicable in accordance with the provisions of the Agreement and have been recorded in the accounts.

- ✓ Ensure that the equipment procured with project funds is actually available and that it has been allocated in accordance with the project.

3- <u>With regard to compliance with the other procedures and undertakings</u>

- ✓ Special attention shall be paid to compliance with the counterparty's internal decision-making circuits, as well as to compliance with the delegations of signing authority (signing of cheques, withdrawals from the account, signing of contracts, etc.).

In order to set up all this due diligence, the auditor shall:

- Conduct the necessary cross-checking between the various books and other accounting and financial documents in order to ensure that the accounts kept and submitted are complete;

- In accordance with the <u>ISA 240 standard (taking into account the risk of fraud or error in the auditing of accounts</u>) *(to be adapted depending on the accounting standards applicable to the country)*, the consultant shall identify and assess the risks of fraud, obtain or provide sufficient evidence of the analysis of these risks and, where appropriate, address the fraud identified or suspected.

For the purposes of the exercise, without the indications given being exhaustive, the table below summarizes how the expenditure with anomalies should be qualified:

<u>Type of expenditure</u>	**<u>Definition</u>**
Eligible	Expenditure on which no anomalies were identified
Eligible with anomaly	Expenditure which are deemed eligible, but on which an anomaly has been identified – Full detail of the anomaly to be provided
Ineligible expenditure	Expenditure - for which the documentary evidence provided shows anomalies or is not reliable

	- Not provided for in the project budget - Expenditure for which the execution does not comply with a law, decree, order, etc
Unjustified expenditure	Expenditure incurred but for which no documentary evidence has been provided
Insufficiently justified expenditure	Expenditure for which the documentary evidence provided is incomplete, in particular with regard to the nomenclature of the Project Operations Manual

The auditor should use this terminology or, where necessary, propose a different terminology and explain the terms of it.

The audit report shall contain an appendix listing all the audited samples as per the following template :

Date	Reference	Description	Expense Line	Expenditure					Description of anomaly	Comments of the auditee
				Eligible	Eligible with anomaly	Unjustified	Ineligible	Insufficiently justified		

The relevant financial statements and sample listing must be annexed to the audit report.

6. Deliverables and Schedule

6.1 Schedule

The duration of the audit work shall be no more 10 man-days (2 weeks). Once the auditor has completed its initial work, it will have 4 workdays to submit its interim report.

After this date, the contracting party will have 4 workdays to read it and address its observations to the auditors who, on the basis of these observations and the documentary evidence which will have been submitted, will have 4 workdays to submit their final report. The latter shall, where appropriate, report on the observations and documentary evidence which have led them to change their opinion.

Final document submission shall be addressed to:
For Okapi Consulting: David Smith (david@okapi.cc)
cc: Stephanie Wolters (stephanie@okapi.cc); Lucy Coetsee (lucy@okapi.cc)

For AFD: AFD HEAD OFFICE
Address: 5, Rue Roland Barthes 75598 PARIS Cedex 12
Phone: + 33 15344 31 31
Fax: + 33 1 53 44 38 77
Attn: Africa Department

Cc: Mr. Philippe CHEDANNE, Director of AFD in Chad
Route de Farcha - BP 478 N'Djamena - Chad Phone: + 235 22 52 70 71 / + 235 22 52 73 35 / + 235 22 52 75 47
chedannep@afd.fr
Cc: Guileim Arnal arnalg@afd.fr
Naima Tahran tahrann@afd.fr

7. Additional information

The auditor shall have access to all the legal, accounting and financial documentation, the correspondence, and any other information about the project deemed necessary. The auditor shall obtain confirmation of the amounts disbursed and of the balance of accounts from the project account. The information available should include copies of: the project evaluation document, the financing agreements, the financial management assessment report, and the supervision reports. The auditor may also schedule a meeting with AFD's headquarters (via phone if necessary).

8. Composition of the Audit Team

The audit firm selected shall be a member of a professional body or institute of accountancy/auditing affiliated with IFAC or must commit to apply IFAC standards.

The audit firm will only be appointed after receiving a "no objection letter" from AFD.

The composition of the audit team shall be decided by the Service Provider.

However, the audit team shall comprise at least two people, including an audit manager, with at least ten years' experience in financial auditing and professional references for similar audit work (i.e. audits of projects/programs financed by development partners). He/she must also be listed on the register of a recognized association of chartered accountants.

The configuration proposed for the audit team shall take into account the specific nature of the operations which will be conducted.

9. Proposal and payments

A fee proposal for the full period of the agreement (covering the three year period) must be provided for audits to be completed respectively in:

- September 2026,
- September 2027 and
- September 2028.

Payments will be made for each fiscal year at the time of the audits, as follows

If firm price:

Year 1: An initial payment of no more than 30% of the amount of the firm tranche shall be made, following AFD's "no objection letter", at the signing of the contract. A second payment of the balance of the amount of the firm tranche shall be made upon receipt of the final audit report, following AFD's "no objection letter".

Year 2: An initial payment of no more than 30% of the amount of the firm tranche shall be made, following AFD's "no objection letter", at the start of the project field audit. A second payment of the balance of the amount of the firm tranche shall be made upon receipt of the final audit report, following AFD's "no objection letter".

Year 3: An initial payment of no more than 30% of the amount of the firm tranche shall be made, following AFD's "no objection letter", at the start of the project field audit. A second payment of the balance of the amount of the firm tranche shall be made upon receipt of the final audit report, following AFD's "no objection letter".

If variable price (per hour rate with estimated hours to give indication of estimated costs):

Year 1 – 3: 50% on receipt of invoice and 50% following AFD's "no objection letter" after receipt of the final audit report.

Deadline for submission is 23 July 2026 to tender3@okapi.cc. It is expected that the successful audit firm will be appointed by 31 July 2026 and audit work should be scheduled to start by 1 September 2026 and concluded no later than 30 September 2026.