



**Quotation # P-015-2023**

**Terms of Reference (TOR) for External Audit and Tax Services for  
PACES Association– Lebanon Office- 2023-2024**



## **Background**

### **About PACES**

PACES is a UK based charity established in 2006, with the aim of providing healthy, structured after-school sports programs for Palestinian girls and boys ages 8-16 years living in refugee camps and most marginalized areas in Palestine, Jordan, and Lebanon. Through its core sports for development program, PACES provides children with multiple educational benefits to help them thrive in their own communities. PACES also builds local capacity by training and hiring leaders in the local communities as coaches to deliver the sports programs, and partnering with local clubs and sports centers to facilitate the outreach and delivery of the program.

### **PACES Mission:**

Use sports as a tool to develop children's capacities to become active citizens within their communities, create healthy and safe environments for them, and provide fair opportunities for other members of the society in marginalized areas.

### **Program objectives:**

#### **Objective 1: To enhance children's life skills through sport for development program and educational to become better citizens within their communities**

OUTCOME 1: Enhanced children's life skills through PACES' sport for development program to become better citizens within their communities.

#### **Objective 2: To enhance employability skills for young female and male coaches**

OUTCOME 2: Enhanced employability skills for young female and male coaches

#### **Objective 3: To enhanced the capacity of Local Partners to contribute to the development of their communities**

OUTCOME 3: Enhanced capacity of Local Partners to contribute to the development of local communities

#### **Objective 4: To increase female participation in sports**

OUTCOME 4: Increased female participation in sports





**A. Scope:**

The Auditor Scope to TOR will provide us with the following services:

➤ **Audit of Financial records:**

These terms of reference address the requirement for an external audit of the financial statements of PACES for the two calendar years from 2023 to 2024, each lasting from 1 January to 31 December.

A draft audit report should be submitted after **45 days** of delivering the trial balance and a final signed audit report with certified statements and a management letter of the year following the end of period under review after **two weeks** of approving the draft audit report.

The audits should be carried out in accordance with the International Standards on Auditing (IAS) issued by the International Federation of Accountants (IFAC), and International Financial Reporting standards (IFRS).

➤ **Taxes and NSSF Services for (2024 & 2025)**

The TOR required the external audit to provide us with Tax and NSSF services as follows:

- a) Helping us in calculating the Payroll tax on Quarterly basis (for five employees).
- b) Helping us in calculating Nonresident tax on Quarterly basis (two Quarters- 2024 & 4 Quarters -2025).
- c) Helping us in calculating and paying NSSF for 2024 & 2023 for five employees on quarterly basis.







## **B. The Audit Report and Management Letter and Tasks**

### **1. Audit Report:**

The audit report should clearly indicate the independent auditor's opinion. This would include at least the following:

- a) An opinion paragraph disclosing whether the financial statements and supporting schedules fairly present the cash receipts and expenditure in all material respects and that the funds were used for the purposes defined by the work programme
- b) Basis for opinion paragraph affirmative statement about the auditor's independence.
- c) Other information section that explains the responsibilities of management and auditors and whether there are any findings.
- d) A scope and methodology paragraph describing the nature of the audit referencing the accounting standards that have been applied and indicate the effect of any deviations from those standards; the audit standards that were applied and the work the auditor performed.
- e) Audit reports will be provided **English and Arabic** as well.

### **2. Management Letter:**

The auditor should submit a letter to the management at the completion of the audit. The topics/issues to be covered in the letter should include:

- a) An assessment of the efficiency of the administration, management and internal control system of PACES.
- b) Description of any specific internal control weaknesses noted in the financial management. Recommendations to resolve/eliminate the internal control weaknesses noted should be included.
- c) Management comments/response to audit findings and recommendations.

## **C. Auditor Independence and Qualification**

The Auditor should provide us with the following information in the tender pack proposal:

### **i) Details of firm:**

Auditor proposal should:

- Outline Auditor structure, size and capabilities as relevant to us;
- Identify Auditor major NGO clients;
- Describe Auditor methodology;





ii) **Staffing:**

Auditor proposal should identify:

- The Audit Partner and Audit Manager who will be assigned to the audit, including details of their relevant experience and qualifications.
- The assigned senior Auditor who will conduct the field work.

iii) **Auditor approach:**

Auditor proposal should identify how you:

- Determine auditor strategy and undertake audit planning.
- Address matters of audit scope and materiality.
- Identify and respond to critical audit issues.
- Control and co-ordinate the audit process.
- Ensure appropriate responsibility for decisions on the audit.

iv) **Auditor Fees & Taxes Fees:**

The Fees should be as follow:

- Audit Fees should be provided for two years (2023 & 2024) the fees should be specified for each year including VAT.
- Taxes & NSSf for Two years as specified above in (A Scope); the fees should be specified for each year and include VAT.

**General Principles for Audit**

The auditor should be registered as certified public accountant in Lebanon.

**Accessibility**

The financial system in PACES is currently undertaking implementation of BISAN system. All financial records are kept at office in Lebanon.

The auditor will have full and complete access at any time to all original records and documents (including books of account, legal agreements, minutes of committee meetings, bank records, invoices and contracts etc.) and all employees of the entity. The auditor will have a right of access to banks and depositories, consultants, contractors and other persons or firms engaged by the program management over the period under the audit review.





#### **D. Restriction of Auditor's Liability**

There is no limitation of the auditor's liability in respect of audit opinions given under this assignment. PACES will not agree to any such restriction in liability.

#### **E. Auditor Evaluation:**

The evaluation and selection of the Auditor will be made using the Quality and Cost Based Selection, with a total score calculated out of 100%, of which 70% is the weight of the Technical Proposal and 30% is the weight of Financial Proposal.

Technical evaluation is based on the following Criteria:

- ✓ The structure, size and capabilities of the Audit Company.
- ✓ The classification of the company (Big 4 – International – National – Local)
- ✓ The capacity of the working team, relevant experience and qualifications, and their CVs
- ✓ Audit action plan and Methodology.

#### **F. Application Procedures**

Candidates who are interested in, and available for this assignment are encouraged to submit their Technical Proposal & financial proposal a **scanned PDF of the technical proposal to be sent to the below e-mail.**

Inquiries can be sent to the following email: **f.hammoud@pacescharity.org**





**Appendix I:**

Below we summarize the financial information as follow:

| Description                        | Lebanon Office                 |
|------------------------------------|--------------------------------|
| Total actual expenditures for 2023 | Approximately USD 500,000      |
| Functional Currency                | USD                            |
| Accounting Software                | BISAN System ( On line System) |
| Number of Employees                | 5 Employees                    |

