



REGISTERED OFFICE

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Term of Reference for the Audit of the Social Enterprises Funded by Alfanar under the project: Impact Together! Support to social economy and entrepreneurship in the Southern Neighborhood

1. Background

Alfanar is a venture philanthropy organization supporting social enterprises (SEs) in Lebanon and Jordan through capacity building, technical support, and financial grants. As part of its accountability and compliance commitments to donors, Alfanar requires an independent external auditor to review financial reports submitted by its beneficiaries and implementing partners. This audit will verify that funds have been used for their intended purposes, in accordance with the grant agreements, donor rules, local laws in Lebanon and Jordan, Alfanar's financial management procedure, and relevant ethical standards such as those outlined by the **International Code of Ethics for Professional Accountants (IESBA)**

2. Objective of the Audit

The main objective is to provide independent assurance that:

- There is full compliance with donor regulations, local laws, and accurate financial reports
- Expenditures reported by beneficiaries are accurate, eligible under Alfanar and donor definitions of allowable costs, and supported by proper documentation.
- Financial management systems are adequate and reliable.
- Activities and spending comply with the grant agreement's terms, budget allocation, and local laws and donor regulations.
- Any financial or compliance risks are identified, with recommendations for improvement.

3. Scope of Work

3.1 Audit Period

The audit will cover the financial reporting period(s) specified by Alfamar for each beneficiary.

3.2 Entities to Be Audited

- Social enterprises registered in Lebanon and Jordan funded by Alfamar Lebanon and Alfamar Jordan.

3.3 Documents to Be Reviewed

The auditor will review, at a minimum:

- Financial reports submitted to Alfamar
- Supporting documents (invoices, receipts, contracts, payroll, matching procurement processes or policies, etc.)
- Bank statements and bank reconciliations
- Procurement documentation
- Asset registers (if applicable)
- Grant agreement and approved budget

3.4 Amount Under Review

Amounts vary per SE/project and will be communicated individually. The total amount of the reported transactions is around 280,000 USD with around 550 transactions for 12 Social Enterprises

4. Audit Procedures

The auditor will conduct procedures based on:

- International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB).
- ISRS 4400 (Agreed-Upon Procedures), adapted to a simplified format
- **Local** national standards for both Jordan and Lebanon: **Jordanian Association of Certified Public Accountants** (JACPA) for Jordan, **Lebanese Association of Certified Public Accountants** (LACPA) for Lebanon

Key procedures include:

1. Verification of expenditures and costs incurred, ensuring alignment with supporting evidence and grant agreements.
2. Procurement verification including adherence to agreed donor rules for procurement.
3. Financial systems assessment
4. Bank statements and reconciliations
5. Asset verification
6. Exchange rate and currency checks to guarantee compliance with reporting standards
7. Recommendations for improvement for internal control enhancement and ensuring compliance with both donor and legal regulations.

5. Audit Deliverables

5.1 Reports

The auditor must prepare: (A) Individual Audit Reports per Social Enterprise ; (B) Consolidated Summary for Alfanar (if required)

Reports must include:

- Executive summary
- Key findings
- Financial reconciliation results
- Statement of eligible vs. ineligible costs
- Analysis of compliance with procurement policies
- Internal control observations
- Prioritized risks and improvement recommendations.

5.2 Language & Format

Reports must be submitted in **English** and follow a standardized format agreed upon during contract discussions.

6. Methodology

The audit should be conducted in accordance with:

- International Standards on Auditing (ISA)
- ISRS 4400 (AUP)
- **Local** national standards for both Jordan and Lebanon: **Jordanian Association of Certified Public Accountants** (JACPA) for Jordan, **Lebanese Association of Certified Public Accountants** (LACPA) for Lebanon

The auditor will perform factual verification rather than providing an audit opinion, focusing on eligibility of expenditures and procedural compliance.

7. Duration & Timeline

- **Deadline to submit:** 5th of December
- **Selection of the Auditor:** 8th of December
- **Communication with the selected Auditor:** 9th of December
- **Beginning of Field work:** 15th of December
- **Providing the final audit report:** 12th of January 2026

8. Auditor Qualifications

The audit firm must:

- Be legally registered in Lebanon and/or Jordan
- Have NGO/ EU donor-funded project audit experience
- Ensure team lead has minimum 5 years of experience
- Be fluent in English and Arabic
- Maintain independence from Alfanar and beneficiaries
- Comply with ethical standards set by **IESBA**.

9. Coordination

The auditor is expected to interact actively with all relevant stakeholders, including:

- Alfanar Finance Team
- Social Enterprise focal points
- Program staff (as needed)

The auditor will be provided with full access to required documents.

10. Submission of Proposals

Proposals must include:

- Company profile
- Relevant experience
- Methodology and workplan
- CVs of the audit team
- Financial proposal
- Legal registration documents

11. Evaluation Criteria

Proposals will be assessed using the following weighted criteria:

- Technical Experience (25%)
- Methodology (25%)
- Financial proposal (30%)
- Timeline and work plan (20%)