

Accounting Consulting Firm to Support Electricité du Liban Terms of Reference (TOR)

1. Background

Electricité du Liban (EDL) is a key entity responsible for the generation, transmission, and distribution of electricity in Lebanon. In line with Lebanon's broader electricity sector reform agenda led by the Government and Ministry of Energy and Water, and supported through the World Bank-financed Lebanon Renewable Energy and System Reinforcement Project, EDL is undertaking priority actions to strengthen financial transparency, governance, and utility performance. This includes implementing corrective measures in response to the External Auditor's Letter to Management and progressing foundational steps linked to reform objectives such as improved financial transparency and strengthened reporting and control frameworks.

As part of its commitment to transparency, accountability, and operational efficiency, EDL undergoes annual audits to ensure compliance with financial reporting standards, safeguard controls, and compliance controls. Recent audit reports have raised qualifications that require timely attention to enhance EDL's financial, accounting, and operational practices.

To address these qualifications and support the transition to improved financial reporting, EDL seeks to engage an experienced accounting consulting firm (the Consultant). The Consultant will work closely with EDL's management, operational teams, finance and accounting staff, and other stakeholders to resolve the issues identified in the audit report, improve financial reporting controls, and align practices with international standards and good practice.

2. Objectives

The primary objective of this consultancy is to support EDL to address all qualifications raised in the annual audit report of Electricité du Liban. The consultant will support EDL's in ensuring that the accounting, system recording, financial reporting, compliance controls, and safeguard controls are aligned with international standards and good practices. Additionally, the consultant will contribute to the optimization and modernization of EDL's accounting information system and provide training to relevant personnel to ensure sustainable improvements in financial management and reporting.

Specific objectives include:

1. Resolving all qualifications raised in the audit report to ensure compliance with financial reporting standards.
2. Enhancing financial reporting credibility to ensure accurate and timely preparation of financial reports in line with international financial reporting standards (IFRS).
3. Improve compliance controls to ensure transactions are executed in accordance with established policies and procedures.
4. Strengthen safeguard controls to protect assets against loss or unauthorized use.
5. Provide training and capacity building to EDL's finance and accounting personnel.
6. Support EDL in adopting and implementing IFRS, including conducting an IFRS diagnostic, preparing an IFRS transition roadmap, developing IFRS accounting policies and reporting templates, and supporting preparation of EDL's first IFRS compliant financial statements and related disclosures.

3. Scope of Work

The consultant will be responsible to support EDL to address all qualifications raised in the annual audit report and ensuring that EDL's financial and operational practices meet international standards. The scope of work is organized into phases.. All activities are to be implemented in close coordination with EDL and the Project Management Team (PMT).

3.1 Phase 1: Mobilization and Diagnostic

- Hold a kick off meeting and agree on detailed workplan, coordination arrangements, and information requirements.
- Review the annual audit report, management letter, and supporting documentation; compile the list of qualifications and underlying causes.
- Identify EDL's current accounting basis and practices and perform a gap assessment versus IFRS requirements (including IFRS 1 first-time adoption).
- Prioritize gaps and audit qualifications by materiality, complexity, data availability, and systems impact; identify quick wins and prerequisites (data, controls, processes, IT).

3.2 Phase 2: Action Plan and IFRS Transition Roadmap and Governance

- Develop a detailed action plan to address each audit qualification, including responsibilities, timelines, required resources, and evidence to demonstrate closure.
- Prepare a detailed IFRS adoption roadmap including roles, responsibilities, decision points, timeline, and required resources.
- Define the target reporting structure, reporting packages, and end to end closing process aligned with IFRS.
- Define the transition strategy consistent with **IFRS 1 First-time Adoption of IFRS** , including key policy elections and exemptions.

3.3 Phase 3: Accounting Policies, Procedures, and Reporting Package

- Develop an IFRS accounting policies manual for EDL covering all material areas.
- Develop standard operating procedures for recurring accounting areas, including closing entries, reconciliations, estimates, and judgments.
- Provide an IFRS disclosure checklist and documentation requirements.
- Provide templates for IFRS primary statements and notes tailored to EDL.

3.4 Phase 4: Systems and Chart of Accounts Alignment

- Review the current accounting information system and reporting capabilities; provide recommendations for optimization, modernization, or replacement, as applicable.
- Design a unified and standardized chart of accounts (CoA) tailored to EDL and aligned, where applicable, with national public sector requirements.
- Map IFRS reporting requirements to the CoA and define required segments (e.g., cost centers, projects, asset categories, funding sources).
- Define system requirements and reporting outputs needed from the accounting information system or ERP to support IFRS statements and disclosures.
- Prepare technical specifications and draft Terms of Reference (ToR) to support procurement and implementation of system upgrades or a new accounting information system, as applicable, and provide procurement support as requested by EDL.

3.5 Phase 5: Conversion, First IFRS Reporting Cycle, and Audit Support

- Support preparation of the opening balances in the statement of financial position based on IFRS as of the transition date, including conversion adjustments and supporting working papers, using opening balances approved by EDL's Board of Directors.
- Prepare reconciliation schedules between the previous basis and IFRS figures (equity and profit or loss, as applicable), suitable for audit review.
- Support preparation of draft IFRS financial statements for at least one dry run close and the first IFRS reporting cycle (as agreed with EDL).
- Coordinate with EDL's external auditor on the transition methodology, documentation expectations, and resolution of technical accounting matters, and support responses to auditor queries related to first-time application.

3.6 Phase 6: Follow Up and Completion of Corrective Actions for Audit Qualifications

The Consultant shall support EDL in completing, following up, and monitoring corrective actions raised in the annual audit report, including, as applicable:

- Resolve differences arising from changes in employees' circumstances and discrepancies between accounting records, tax declarations, and contribution schedules.
- Follow up on inspection procedures initiated by the Value Added Tax (VAT) department and support EDL in addressing findings and recommendations.

- Prepare and maintain a comprehensive suppliers register and reconcile vendor balances, including designing and implementing a vendor system; and, where appropriate, separating for accounting purposes (i) legacy rolled over vendor accounts that may require settlement and (ii) current vendor accounts to be monitored under a defined reconciliation and confirmation mechanism.
- Perform regular reconciliations of relevant account balances related to vendors, employees, taxes, and social security, and document the reconciliation procedures.
- Follow up on the status and settlement of Government of Lebanon contributions and advances and settlements from the Lebanese Treasury, in coordination with the Ministry of Finance.
- Perform impairment assessments, in line with IFRS, to verify potential decreases in the value of financial instruments (accounts receivable, accounts payable, advances and loans, prepayments, etc.), inventories, property plant and equipment, and intangible assets; determine fair value at least annually and record provisions and adjustments as needed.
- Finalize and update the fixed assets register based on asset valuation outcomes, including classification of assets and determination of appropriate depreciation rates in accordance with applicable standards and EDL's accounting policies.
- Reviewing and monitoring the accounts "Various construction in progress" and "Other construction in progress" to verify completion of construction projects, and ensure timely transfer of completed projects to the appropriate fixed asset accounts once ownership and right of use have been established.
- Follow up on fixed asset properties registration in the land registry under the name of EDL upon transfer of ownership and right of use, and ensure such properties are recorded under the Land line item within tangible fixed assets.
- Adjust inventory carrying amounts to reflect discrepancies identified during physical stock counts and required write downs for obsolete and slow moving items, to present inventories at the lower of cost and net realizable value in line with IFRS.

3.7 Phase 7: Capacity Building and Knowledge Transfer

The Consultant shall design and deliver a structured training program to ensure sustainable implementation of the proposed improvements. The training shall cover, at a minimum:

- Preparation of financial statements in accordance with IFRS and follow up on audit assignments with external and internal auditors.
- Remeasurement and recalculation of assets and liabilities denominated in foreign currencies, in line with applicable standards and policies.
- Planning and performing physical counts of inventories, cash, tangible fixed assets, and financial fixed assets, and reconciling results with accounting records.
- Preparation of annual reports on technical and non technical losses and energy wastage, and reflecting related impacts appropriately in financial statements.

- Application of IFRS when preparing year end closing entries and annual financial statements for audit purposes.
- Preparation of tax declarations for salaries and wages and social security contributions, including identification of taxable and non taxable salary components and procedures to minimize risk of penalties.
- Design and implementation of periodic reconciliations between accounting entries and social security returns and payroll tax declarations to identify, explain, and resolve differences on a regular basis.

4. Deliverables and Indicative Timeline

The Consultant is expected to submit deliverables in English and Arabic. All timelines below are counted from the date of contract signature and represent the latest completion dates. The assignment is expected to be completed within 24 months (Week 104) from contract signature.

#	Deliverable	Target completion (from contract signing)
1	Initial Action Plan (including audit qualifications register and workplan)	Month 1
2	IFRS Diagnostic and Gap Assessment Report (prioritized gap matrix and recommendations)	Month 2
3	IFRS Adoption Roadmap and Implementation Plan (governance, timeline, IFRS 1 decisions)	Month 2
4	Draft IFRS Accounting Policies Manual, reporting templates, disclosure checklist, and CoA mapping (first complete draft)	Month 4
5	Final IFRS Accounting Policies Manual, reporting templates, disclosure checklist, and CoA mapping (after EDL review)	Month 6
6	Accounting information system / ERP assessment, technical specifications and draft ToR (including recommendations)	Month 4
7	Training sessions completed and training completion report submitted	Month 5
8	Audit qualifications follow up and interim progress report	Month 6
9	Opening IFRS balances package (conversion adjustments, working papers, reconciliations)	Month 9
10	Dry run IFRS close and draft IFRS financial statements, with lessons learned memo	Month 17
11	Support package for the first IFRS audit and submission of final documentation set	Month 24

5. Consultant (Firm) Qualifications

The Consultant shall be an independent audit or accounting firm selected through a process acceptable to the World Bank. The firm shall have, at minimum:

- At least 15 years of firm experience in audit and accounting advisory, including financial reporting remediation assignments.
- At least two completed IFRS adoption or conversion assignments (including IFRS 1 first-time adoption) covering gap assessment, accounting policies, opening balances, dry run close, and audit support.
- Demonstrated experience working with public sector entities, preferably large utilities or state-owned enterprises.
- Proven expertise in internal control systems and financial reporting governance, including the design or strengthening of control frameworks, compliance controls, and safeguard controls.
- Demonstrated experience in evaluating accounting information systems and ERP reporting, including preparing technical specifications and procurement documentation (ToR) for system upgrades or replacement.
- Proven experience supporting ERP or accounting system implementation in public sector or large organizations (implementation experience is an advantage).
- Ability to deliver training and capacity building to accounting and finance personnel, including training materials, delivery, and evaluation of outcomes.
- Proven ability to prepare, review, or support preparation of audited IFRS financial statements and related disclosures, including consolidation where applicable.
- Familiarity with IPSAS is preferred where relevant to public sector accounting environments.

6. Key Experts and Minimum Qualification Requirements

The firm shall propose, at minimum, the following key experts. Bidders may propose additional supporting experts as needed. Minimum qualification requirements are as follows:

Team Leader / IFRS Technical Lead

- University degree in accounting, finance, business, or a related field.
- Professional certification (e.g., CPA, ACCA, CA) is preferred.
- At least 12 years of relevant experience in IFRS, financial reporting, and advisory assignments.
- Demonstrated team leadership on at least two IFRS 1 first-time adoption or conversion assignments, including policy elections and opening balances.
- Experience working with public sector entities or large utilities is preferred.
- Fluency in English required and Arabic.

Audit Qualifications and Internal Controls Lead

- University degree in accounting, finance, audit, or a related field.
- At least 10 years of experience in audit remediation, internal controls, or financial reporting controls.
- Demonstrated experience addressing audit qualifications, including reconciliations, documentation, and closure evidence.
- Experience with compliance and safeguard controls in public sector or utility settings is preferred.
- Fluency in English required and Arabic.

ERP / Accounting Information System Specialist

- University degree in accounting information systems, IT, accounting, finance, or a related field.
- At least 8 years of experience in ERP or accounting system assessment, design, or implementation.
- Demonstrated experience defining system requirements, reporting outputs, and CoA or master data structures for financial reporting.
- Experience preparing technical specifications and ToR for ERP or AIS upgrades or replacement is required.
- Fluency in English required and Arabic.

IFRS Conversion Analyst(s)

- University degree in accounting, finance, or a related field.
- At least 5 years of experience supporting IFRS reporting or conversion assignments.
- Experience preparing conversion working papers, reconciliations, and supporting documentation suitable for audit review.
- Fluency in English required and Arabic.

Training and Capacity Building Lead

- University degree in accounting, finance, business, or a related field.
- At least 8 years of experience designing and delivering training programs in accounting and financial reporting.
- Demonstrated experience developing training materials and delivering IFRS related training and on the job coaching.
- Fluency in English required and Arabic.

Project Manager / Coordinator

- University degree in business administration, management, accounting, finance, or a related field.

- At least 8 years of experience in project management or coordination for consulting assignments of similar complexity.
- Demonstrated experience in workplan tracking, stakeholder coordination, and progress reporting.
- Strong written communication skills in English and Arabic.

QA / Partner Reviewer

- Partner or senior expert with at least 15 years of experience in audit, IFRS advisory, or financial reporting.
- Demonstrated experience providing technical quality assurance on IFRS adoption or remediation assignments.
- Ability to review and validate key technical deliverables and ensure consistency with applicable standards.
- Fluency in English required and Arabic.

7. Level of Effort

It is estimated that this assignment will require a total of 61 person months (all experts combined).

8. Reporting and Coordination

The Consultant will report directly to the PMT Financial Specialist. Regular coordination meetings will be held to review progress, address challenges, and ensure alignment with project objectives. The Consultant will also collaborate with EDL's external auditor and other stakeholders as required.

The Consultant shall submit quarterly progress reports and a final completion report. All reports and deliverables shall be submitted in English and Arabic and shall adhere to formats and guidelines provided by EDL.