

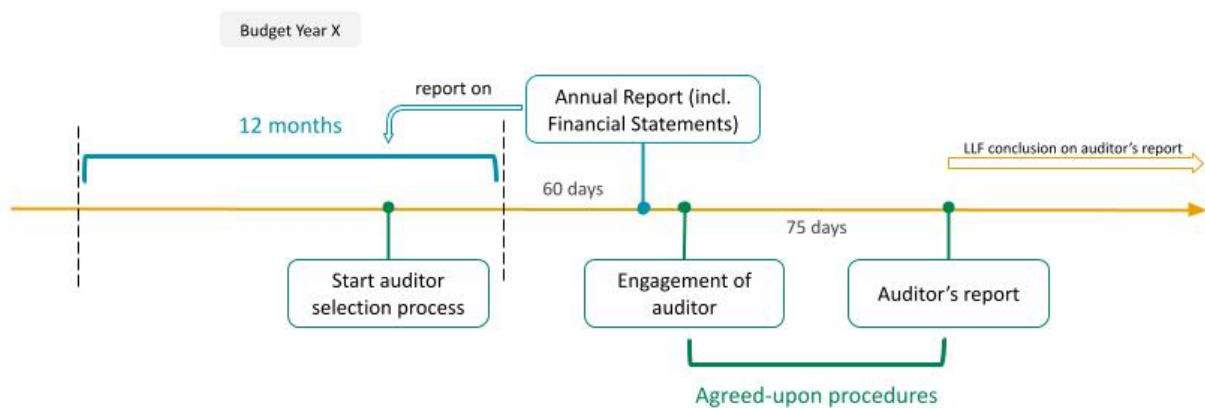
Financial Reviews of Legacy Landscapes

The following “Terms of Reference—Financial Review for Legacy Landscapes” (the “ToR”) are mandatory for financial audits.

They consist of a contract template (**Form of Engagement Letter**) for the grantee to engage the audit firm to provide an independent report of factual findings on the Financial Statement prepared by the grantee and in connection with the LLF Grant Agreement (**Auditor’s Report**). The annexes of the Engagement Letter provide for the terms and conditions of this engagement (**annex I**) as well as for a template of the Auditor’s Report (**annex II**), specifying the report format, scope of work, and **Agreed-upon Procedures** to be performed (**appendix 3 to Auditor’s Report**).

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Timeline for the Financial Reporting and Audit Process



Requirements for Auditor Selection — Legacy Landscapes Fund Grants

LLF grantees are responsible for adhering to the following requirements in connection with the selection of an auditor for LLF grants.

- The audit company must be independent:
 - This means that the auditor cannot be involved in the preparation of the Financial Statement for the LLF Program¹ to be audited, however it would not be an independence issue if the auditor audits the Financial Statement of the grantee in general.
 - It is good practice to change the contracted audit firm in regular intervals, at least for every milestone period, i.e., every five years.
- The audit company must be qualified:
 - Auditors should have experience in grant audits.
 - In addition, note the following requirements of the ToR:
By agreeing these ToR the auditor confirms that they meet at least one of the following conditions:
1.2.1. The auditor and/or the firm is a member of a national accounting or auditing body or institution which in turn is a member of the International Federation of Accountants (IFAC).

¹ The LLF Program refers to the totality of all measures described in the full proposal, which are financed by LLF funds.

1.2.2. The auditor and/or the firm is a member of a national accounting or auditing body or institution. Although this organization is not member of the IFAC, the auditor commits him/herself to undertake this engagement in accordance with the IFAC standards and ethics set out in these ToR.

1.2.3. The auditor and/or the firm is registered as a statutory auditor in the public register of a public oversight body in an EU member state in accordance with the principles of public oversight set out in Directive 2006/43/EC of the European Parliament and of the Council (this applies to auditors and audit firms based in an EU member state).

1.2.4. The auditor and/or the firm is registered as a statutory auditor in the public register of a public oversight body in a third country and this register is subject to principles of public oversight as set out in the legislation of the country concerned (this applies to auditors and audit firms based in a non-EU member state).

**Terms of Reference for
Financial Reviews for Legacy Landscapes (“ToR”)**

FORM OF ENGAGEMENT LETTER

Letterhead of Auditor Appointed by Grantee

[date]

Dear Wildlife conservation Society ,

This letter together with its attachments form the terms of reference (ToR) on which *Wildlife conservation society* (“Grantee”) agrees to engage [*name of the audit firm*] (“Auditor”) to provide an independent report of factual findings on the Financial Statement prepared by the Grantee (the “Auditor’s Report”) and to report in connection with a grant agreement *Yasuni Ecuador YG23-WCS-YA* (the “Grant Agreement”) between the Grantee and Legacy Landscapes Fund (“LLF”). Where in these ToR LLF is mentioned, this refers to its quality as a party to the Grant Agreement with the Grantee. LLF is not a party to this engagement but shall be provided a copy of and be entitled to rely on the Auditor’s Report issued hereunder.

This engagement letter attaches two documents:

- **The Base Terms (annex I)** for the engagement that have been agreed between the Grantee and the Auditor. Note that the provisions of paragraphs 1-7 of the Base Terms are imposed by LLF and may not be varied from the form.
- **A Form of Auditor's Report ‘Compulsory Report Format; Scope of Work and Procedures to be Performed’ (annex II)** that contains a detailed description (appendix 3) including the procedures to be performed by the Auditor and the findings expected to result therefrom. The Auditor’s Report is to be dated and signed by the Auditor on completion of its work and submitted to the Grantee.

Please note that this Engagement Letter signed by both parties is to be attached to the Auditor’s Report as **appendix 1**, (i) the grantee's Financial Statement, (ii) the Auditor’s reconciliation of Financial Statement and Budget, (iii) the list of all procurements above USD 5,000, and (iv) the representation letter signed by the Grantee (as per Base Terms for Grantee/Auditor Engagement Letters, section 1.1) as **appendix 2** as well as the above mentioned Agreed-upon Procedures (AuPs) to be performed and standard factual findings to be confirmed by the Auditor as **appendix 3**.

Your contact person and the Auditor responsible for carrying out this engagement will be [*name of the Auditor*].

Very truly yours,

[*legal name of the Auditor*]

Signature[s] of Auditor

[*name and function of an authorized representative or representatives*]

Accepted and agreed as of the date first above written:

[*legal name of the Grantee*]

Signature[s] of Grantee

[*name and function of an authorized representative or representatives*]

Annex I to Engagement Letter

BASE TERMS FOR GRANTEE/AUDITOR ENGAGEMENT LETTER

1. Responsibilities of the Parties to the Engagement

1.1 'The Grantee' refers to the legal entity that is receiving the grant and that has signed the Grant Agreement with LLF: Wildlife Conservation Society Ecuador ("WCS Ecuador").

- The Grantee is responsible for preparing a Financial Statement for the Program financed by the Grant Agreement in compliance with such agreement and providing it to the Auditor, and for ensuring that this Financial Statement can be properly reconciled to the Grantee's accounting and bookkeeping system and to the underlying accounts and records. Notwithstanding the procedures to be carried out, the Grantee remains at all times responsible and reliable for the accuracy of the Financial Statement (see Appendix 3 for the definition of the Financial Statement).
- The Grantee is responsible for the Financial Statement which will enable the Auditor to carry out the procedures specified and will provide the Auditor with a written representation letter supporting these statements, clearly dated, and stating the period covered by the statement and attached to the Auditor's Report as Appendix 2 iv).
- The Grantee accepts that the ability of the Auditor to perform the procedures required by this engagement effectively depends upon the Grantee providing full and free access to the Grantee's staff and its accounting and other relevant records.

1.2 'The Auditor' refers to the Auditor who is responsible for performing the Agreed-upon Procedures as specified in these ToR, and for submitting an independent report of factual findings to the Grantee.

The Auditor must be independent from the Grantee.

- 'Auditor' refers to the audit firm contracted for this engagement and in particular to the partner or other person in the audit firm who is responsible for the engagement and for the report that is issued on behalf of the firm, and who has the appropriate authority from a professional, legal or regulatory body.
- The procedures to be performed are specified by LLF and the Auditor is not responsible for the suitability and appropriateness of these procedures.

By agreeing these ToR the Auditor confirms that they meet at least one of the following conditions:

1.2.1. The Auditor and/or the firm is a member of a national accounting or auditing body or institution which in turn is a member of the International Federation of Accountants (IFAC).

1.2.2. The Auditor and/or the firm is a member of a national accounting or auditing body or institution. Although this organization is not member of the IFAC, the Auditor commits themselves to undertake this engagement in accordance with the IFAC standards and ethics set out in these ToR.

1.2.3. The Auditor and/or the firm is registered as a statutory auditor in the public register of a public oversight body in an EU member state in accordance with the principles of public oversight set out in Directive 2006/43/EC of the European Parliament and of the Council (this applies to auditors and audit firms based in an EU member state).

1.2.4. The Auditor and/or the firm is registered as a statutory auditor in the public register of a public oversight body in a third country and this register is subject to principles of public oversight as set out in the legislation of the country concerned (this applies to auditors and audit firms based in a non-EU member state).

2. Subject of the Engagement

The subject of this engagement is the annual Financial Statement in connection with the Grant Agreement for the Funding Period covering 01 01 24 to 31 12 2028.

3. Reason for the Engagement

The Grantee is required to submit to LLF an Auditor's Report in the form of an independent report of factual findings produced by an external auditor in support of the expenditures and income reported by the Grantee under the Grant Agreement. LLF requires this Report as the acceptance by it of expenditures and income incurred by the Grantee under the Grant Agreement. It is conditional on the factual findings of this Report.

4. Engagement Type and Objective

This constitutes an engagement to perform specific Agreed-upon Procedures regarding an independent report of factual findings on expenditures and income incurred under the Grant Agreement.

As this engagement is not an assurance engagement the Auditor does not provide an audit opinion and expresses no assurance. LLF derives its assurance by drawing its own conclusions from the factual findings reported by the Auditor on the Financial Statement and the Funding Advance Request of the Grantee relating thereto.

The Auditor shall include in its Report that no conflict of interest exists between it and the Grantee in establishing this Report, as well as the fee paid to the Auditor for providing the Report.

5. Scope of Work

5.1 The Auditor shall undertake this engagement in accordance with these ToR and:

- in accordance with the International Standard on Related Services ('ISRS') 4400 (Revised) Agreed-upon Procedures Engagements as promulgated by the IFAC;
- in compliance with the Code of Ethics for Professional Accountants issued by the IFAC. Although ISRS 4400 (Revised) provides that independence is not a requirement for agreed-upon procedures engagements, LLF requires that the Auditor also complies with the independence requirements of the Code of Ethics for Professional Accountants.

5.2 Planning, procedures, documentation, and evidence:

The Auditor should plan the work so that the procedures can be effectively performed. For this purpose, they perform the procedures specified in Annex II of these ToR ('Compulsory Report Format; Scope of Work and Procedures to be Performed') and uses the evidence obtained from these procedures as the basis for the Report of factual findings.

6. Reporting

The Report of factual findings, the format for which is attached as Appendix 3 to Annex II to these ToR, is designed to describe the purpose and the Agreed-upon Procedures of the engagement in sufficient detail in order to enable the Grantee and LLF to understand the nature and extent of the procedures performed by the Auditor. The Auditor will report on their factual findings in accordance with ISRS 4400 (Revised). The Report shall be written in English.

The Auditor agrees to the disclosure of their report to LLF in connection with the requirements as set out in the Grant Agreement with the provision that the report will be disclosed in complete, unabridged form including all its attachments.

7. Timing

The Report shall be provided to Grantee not later than 75 days after the date of the Engagement Letter.

8. Other Terms

Liability

The contractual basis for this engagement are the national General Engagement Terms for Auditors and Audit Companies with the proviso that the Auditor's aggregate liability towards the Grantee and any other person who may at the Grantee's request and with the Auditor's consent be granted access to the Auditor's deliverables is limited to the maximum amount set out in article 8.2. of this Engagement Letter. Please note for these purposes that the Grantee has specifically requested, and the Auditor's has consented to LLF being granted access to the Auditor's deliverables. These terms are appended hereto and are also binding upon third parties.

The limitation of liability established herein, shall not apply in the event that the damages result from Auditor's gross negligence, willful misconduct, or breach of its statutory or contractual obligations.

Applicable Law: This engagement shall be governed by Ecuadorian law.

In the event of any unforeseen circumstances or changes in the scope of work requested by the Grantee which result in a significant increase in Auditor's time or effort, parties may negotiate in good faith to adjust the fees accordingly.

The Grantee shall have the right to review the preliminary audit report prior to the issuance of the final report, in order to provide comments or request clarifications, which must be considered by the Auditor

Confidentiality: Auditor shall maintain the confidentiality of all information provided by the Grantee, and shall not disclose it to other parties, except as agreed to LLF, without the prior consent of the Grantee.

Termination the Grantee may terminate this engagement if the Auditor fails to fulfill its obligations or if its services are unsatisfactory, upon 30 days' prior written notice.

Professional insurance policy: Auditor warrants it has and will maintain during the term of this engagement appropriate professional liability insurance policy with a minimum coverage, which will cover any claim that may arise from the provision of the services under this engagement. The Auditor shall provide the Grantee with a copy of such policy upon request.

8.1. Period

Audit periods will be by calendar year as follows, For the next five years

January 1st 2024 to 31st December 2024

January 1st 2025 to 31st December 2025

January 1st 2026 to 31st December 2026

January 1st 2027 to 31st December 2027

January 1st 2028 to 31st December 2028

The contract will be reviewed for continuity every year, after audit report submission to the LLF. The continuation of the audit will depend on fulfillment of milestones/ calendar agreed every year.

8.2 Budget and Payment method

Consultancy Service fee estimated for five years is USD 20.000 Twenty thousand dollars. (USD 20.000),

VAT included).

Estimated maximum budget subject to annual Audit is one million dollars (USD 1.000.000) and every year in accordance with the established calendar payments will be done under the following provisions

1. 1st Payment of 25% with workplan approval for the specific year Audit
2. 2nd Payment 75% with final report approved by WCS

8.3 Calendar

Detailed estimated dates to be agreed upon , which enables WCS to fulfill its committed with LLF of submission of the audit report 75 days after the engagement letter is signed .

- Work plan 1 week after letter of engagement signed. (yearly)
- Audit start every March: First week
- Audit First draft report every April: last week
- Auditor and grantees report discussion every May: first week
- Final report spanish version submitted to WCS, May: third week Spanish version approved to be translated into English to submit to donor.

Annex II to Engagement Letter

COMPULSORY REPORT FORMAT, SCOPE OF WORK AND PROCEDURES TO BE PERFORMED

Explanation on structure of the Auditor's Report (to be removed from report):

"Independent Report of Factual Findings"

<i>Appendix 1</i>	<i>Copy of signed Engagement Letter</i>
<i>Appendix 2</i>	<i>(i) Financial Statement(s) of Grant Funds (ii) Auditor's reconciliation of Financial Statement and Budget (iii) List of all procurements above USD 5,000 (iv) Representation letter signed by the Grantee</i>
<i>Appendix 3</i>	<i>Agreed-upon Procedures (AuPs) to be performed and standard factual findings to be confirmed by the Auditor</i>

[To be printed on letterhead paper of the Auditor]

Independent Report of Factual Findings on expenditures and income claimed under a Grant Agreement financed by Legacy Landscapes Fund (LLF)

[Name of contact person(s), position]

[Name of Grantee]

[Address]

[Date]

In accordance with our contract (the "Engagement Letter") dated *[date]* with *[name of Grantee]* "the Grantee", we *[legal name of the audit firm]*, established in *[full address/city/state/province/country]* represented for signature of this Report by *[[name and function of an authorized representative]* provide our Independent Report of Factual Findings ("the Report"), as specified below.

The Engagement Letter was prepared in compliance with the requirements of Legacy Landscapes Fund ("LLF") as set forth in the "Terms of Reference for Financial Reviews for Legacy Landscapes" (the "ToR"). LLF *[is financing/has financed]* a Program of the Grantee under a Grant Agreement *[LLF grant agreement reference: title, acronym, number]* (the "Grant Agreement"). The Engagement letter is attached to this Report as Appendix 1.

We confirm that we meet the conditions specified in *[insert applicable section 1.2.1-1.2.4]* of the Base Terms included in the ToR.

Objective

We have performed agreed-upon procedures regarding the expenditures and income reported in the Financial Statement(s)² of the Grantee as of *[date]* which are attached to this Report as Appendix 2, and which were presented to LLF under the Grant Agreement for the following period(s) *[insert Funding Period(s) covered by the Financial Statement(s)]*. This engagement involved performing certain

² Financial Statement in this context refers solely to Appendix 2 by which the Grantee claims expenditures under the Grant Agreement.

specified procedures, the results of which LLF uses to draw conclusions as to the eligibility of the expenditures and income claimed.

Scope of Work

Our engagement was carried out in accordance with:

- the ToR, and in particular the Base Terms attached as annex I to the Engagement Letter including the mandatory Base Terms paragraphs 1-7;
- International Standard on Related Services ('ISRS') 4400 (Revised) Agreed-upon Procedures Engagements as promulgated by the International Federation of Accountants ('IFAC');
- the Code of Ethics for Professional Accountants issued by the IFAC. Although ISRS 4400 (Revised) provides that independence is not a requirement for Agreed-upon Procedures engagements, LLF requires that the Auditor also complies with the independence requirements of the Code of Ethics for Professional Accountants;

As requested, we have only performed the procedures set out in the Engagement Letter and the ToR and we have reported our factual findings on those procedures in the table included as appendix 3 to this Report.

The scope of these agreed-upon procedures has been determined solely by LLF and the procedures were performed solely to assist LLF in evaluating whether the expenditures and income incurred by the Grantee in the accompanying Financial Statement(s) has been claimed in accordance with the Grant Agreement. The Auditor is not responsible for the suitability and appropriateness of these procedures.

Because the procedures performed by us did not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the Financial Statements.

Had we performed additional procedures, or had we performed an audit or review of the Financial Statements of the Grantee in accordance with International Standards on Auditing, other matters might have come to our attention that would have been reported to you.

Sources of Information

The Report sets out information provided to us by the management of the Grantee in response to specific questions or as obtained and extracted from the Grantee's information and accounting systems.

Not applicable Findings

We examined the Financial Statement(s) stated above and considered the following findings not applicable:

Explanation (to be removed from the Report):

If a finding was not applicable, it must be marked as 'N.A.' ('not applicable') in the corresponding row on the right-hand column of the table in appendix 3, which means that the finding did not have to be affirmed by the Auditor and the related procedure(s) did not have to be carried out.

The reasons for non-application of a certain finding must be obvious, e.g., if the condition set to apply certain procedure(s) are not met the related finding(s) and those procedure(s) are not applicable. For instance, if no procurement above the thresholds has been taken place, then the related finding(s) and procedure(s) are not applicable.

[List here all findings considered not applicable for the present engagement and explain the reasons of the non-applicability.]

Exceptions

Apart from the exceptions listed below, the Grantee provided the Auditor all the documentation and accounting information needed by the Auditor to carry out the requested procedures and evaluate the findings.

Explanation (to be removed from the Report):

If the Auditor was not able to successfully complete a procedure requested, it must be marked as 'E' ('exception') in the corresponding row on the right-hand column of the table in appendix 3. The reason such as the inability to reconcile key information or the unavailability of data that prevents the Auditor from carrying out the procedure must be indicated below.

If the Auditor cannot corroborate a standard finding after having carried out the corresponding procedure, it must also be marked as 'E' ('exception') and, where possible, the reasons why the finding was not fulfilled, and its possible impact must be explained here below.

[List here any exceptions and add any information on the cause and possible consequences of each exception, if known. If the exception is quantifiable, include the corresponding amount. Please explain the exceptions, specifying the budget line and the specific selected sample if possible.]

Examples (to be removed from the Report):

- 1. The Grantee was unable to substantiate finding number [V] on [...] because [...].*
- 2. Finding number [W] was not fulfilled because the procurement rules used by the Grantee were different from the one approved by LLF. The differences were as follows: [...].*
- 3. After carrying out the Agreed-upon Procedures to confirm the finding number [X], the Auditor found a difference of USD [amount]. The difference can be explained by [...].*

Further Remarks

In addition to reporting on the results of the specific procedures carried out, the Auditor would like to make the following general remarks:

[List here any general remarks.]

Examples (to be removed from the Report):

- 1. Regarding finding number [Y] the conditions for procurement were considered as fulfilled because [...].*
- 2. In order to be able to confirm the finding number [Z] we carried out the following additional procedures: [...].*

Use of this Report

This Report is solely for the purpose set forth in the above objective.

This Report is prepared solely for the confidential use of the Grantee and LLF and solely for the purpose of submission to LLF in connection with the requirements of the Grant Agreement. This Report may not be relied upon by the Grantee or by LLF for any other purpose, nor may it be distributed to any other parties except (i) as required by any law or regulatory requirement applicable to LLF or any of its donors, (ii) as required by any contractual requirement applicable to LLF under any agreement with its donors, and (iii) consultants performing the technical review contemplated under the Grant Agreement.

This Report relates only to the Financial Statement(s) specified above and does not extend to any other financial statements of the Grantee.

No conflict of interest³ exists between the Auditor and the Grantee in establishing this Report. The fee paid to the Auditor for providing the Report was USD *[amount]*.

We look forward to discussing our Report with you and would be pleased to provide any further information or assistance which may be required.

[legal name of the audit firm]

[name and function of an authorized representative]

[date], [signature of the Auditor]

³ A conflict of interest arises when the Auditor's objectivity to establish the certificate is compromised in fact or in appearance when the auditor for instance was involved in the preparation of the Financial Statements; stands to benefit directly should the certificate be accepted; has a close relationship with any person representing the Grantee; is a director, trustee or partner of the Grantee; is in any other situation that compromises his or her independence or ability to establish the certificate impartially.

Appendix 1 to Auditor's Report

COPY OF SIGNED ENGAGEMENT LETTER

[copy of signed Engagement Letter to be inserted here]

Appendix 2 to Auditor's Report

(i) FINANCIAL STATEMENT(S) OF GRANT PROGRAM

[Financial Statements to be attached here]

(ii) AUDITOR'S RECONCILIATION OF FINANCIAL STATEMENT AND BUDGET

[Auditor's reconciliation of Financial Statements and Budget to be inserted here]

(iii) LIST OF ALL PROCUREMENTS ABOVE USD 5,000

[list of all procurements to be attached here]

(iv) REPRESENTATION LETTER SIGNED BY THE GRANTEE

[representation letter as per section 1.1. Base Terms for Grantee/Auditor Engagement Letters signed by the Grantee to be attached here]

Appendix 3 to Form of Auditor’s Report

AGREED-UPON PROCEDURES (AUPS) TO BE PERFORMED AND STANDARD FACTUAL FINDINGS TO BE CONFIRMED BY THE AUDITOR

The Auditor designs and carries out his work in accordance with the objective and scope of this engagement and the procedures to be performed as specified below. Among the key documents to be examined in carrying out the work are the Grantee’s Financial Statement, Budget and Transaction List referred to in **LLF’s Grant Implementation Guide** and **Grant Agreements** are defined as follows.

“Grant Funds” mean any funds provided under the LLF grant on the terms and subject to the conditions of the respective Grant Agreement, whether granted by LLF or the relevant match funder or funders of the parallel grant.

“Financial Statement” refers to a record of expenditures of grant funds actually incurred (on a cash basis) by Grantee, Consortium Partners, or its Sub-Grantees during the previous Funding Period, by budget line and cost center as specified in the template provided in the Grant Implementation Guide, included in the financial part of each Annual Report (see annex X), and annexed to the Auditor’s Report as appendix 2 (i).

“Budget” refers to the annual budget of grant funds detailed and updated by the Grantee for the current Funding Period, by budget line and cost center as specified in the financial report template provided as annex X in the Grant Implementation Guide.

“Transaction List” means an itemized list showing all expenditures incurred with grant funds and income in USD allocated according to LLF budget lines that supports each Financial Statement in the financial part of each Annual Report. A template for the Transaction List is provided in the Grant Implementation Guide’s annex X (financial report template).

When performing these procedures, the Auditor may apply techniques such as inquiry and analysis, (re)computation, comparison, other clerical accuracy checks, observation, inspection of records and documents, inspection of assets and obtaining confirmations or any others deemed necessary in carrying out these procedures.

LLF reserves the right to issue guidance together with example definitions and findings to guide the Auditor in the nature and presentation of the facts to be ascertained. LLF reserves the right to vary the procedures by written notification to the Grantee.

Sampling Requirements and Reporting of Sampled Transactions

In order for LLF to assess the adequacy of the Grantee's financial reporting and verify the overall coverage target, where sampling is required (as indicated by an asterisk*) under the list of procedures below, the auditor must indicate the number of expenditure items/transactions they have sampled and shall determine that number as follows:

- If there are 10 or fewer relevant expenditure items/transactions that fall into the category for review, all shall be examined.
- If there are between 11 and 100 expenditure items/transactions that fall into the category for review, the Auditor shall implement the sampling by reviewing the five largest expenditure items/transactions and five expenditure items/transactions selected randomly.
- If there are more than 100 expenditure items/transactions that fall into the category for review, the Auditor shall implement the sampling by reviewing the five largest expenditure items/transactions, five expenditure items/transactions selected randomly and an additional number of items such that the sample at a minimum includes 10% of the total number of items/transactions. The method used to select the additional transactions is at the discretion of the Auditor.

The sampled transactions overall must cover at least 10% of the total declared expenditures on the Financial Statement. If, following the sampling instructions above, an overall financial coverage of 10% of declared expenditures is not obtained, additional expenditure items/transactions should be tested to achieve this minimum financial coverage.

Guidance on the 'result' column

The 'result' column has three different options: 'C', 'E' and 'N.A.':

- '**C**' stands for '**confirmed**' and means that the Auditor can confirm the 'standard factual finding' and there is therefore no exception to be reported.
- '**E**' stands for '**exception**' and means that the Auditor carried out the procedures but cannot confirm the 'standard factual finding', or that the Auditor was not able to carry out a specific procedure (e.g., because it was impossible to reconcile key information or data was unavailable).
- '**N.A.**' stands for '**not applicable**' and means that the finding did not have to be examined by the Auditor and the related procedure(s) did not have to be carried out. The reasons for non-application of a certain finding must be obvious, e.g., if the condition set to apply certain procedure(s) are not met the related finding(s) and those procedure(s) are not applicable.

The procedures to be performed are listed as follows.

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
A	Overall Financial Management & Controls		
A.1	<p>INTERNAL CONTROLS</p> <p>As set forth in section 2 of the Grant Implementation Guide, Grantees are required to have a strong financial management and internal control systems. This includes adequate provisions for planning and budgeting, internal control, and accounting, as well as funds, cash flow and assets management all in line with the applicable legislation.</p> <p>The Grantee prepares a process description of the financial management and internal control system. In relation to the use of LLF funds, the process description should at a minimum describe the relevant internal controls, the internal bookkeeping entry system used to track and keep separate LLF Grant Funds from other Grantee funds and the controls in relation to the procurement procedures (for details refer to the Grant Agreement).</p> <ul style="list-style-type: none"> The Auditor examined said process description and traced the internal controls on the use of funds. 	<p>1. The required information on internal controls relevant to the use of funds was provided by the Grantee.</p> <p>2. The application by the Grantee of its internal control system to the Grant was confirmed and traced with documents and records.</p> <p>3. Grantees internal bookkeeping system is adequate to trace LLF funds separately from other Grantee funds.</p>	
A.2	<p>CURRENCY CONVERSION</p> <p>As set out in the Grant Agreement and the Grant Implementation Guide (see section 2), LLF and the Grantee acknowledge that there is a currency depreciation risk associated with the transfer of funds into the local currency or currencies of the Program.</p> <p>Accordingly, to reduce such risk and to allow retransfer at all times, (i) pending transfer into the local currency or currencies all grant funds provided under this Agreement are to be kept in the country of Grantee in USD, and (ii) transfers of USD to local currency accounts are permitted only on a requirements basis for maximum of three months.</p> <p>All grant funds provided under this Agreement in USD that is converted into another currency must be converted at the best available rate through the channels authorized by applicable laws and regulations. All such transactions must be verifiable through bank receipts or other documents or publications sufficient to demonstrate the legality of such transactions.</p> <ul style="list-style-type: none"> The Auditor obtained a process description for handling funds in USD and for currency conversion including disbursements to Program partners and other third parties. 	<p>4. The exchange rates used to convert USD into other currencies were in accordance with the rules established of the Grant Agreement and there was no difference in the figures inspected.</p> <p>5. Transfers of US dollar to local currency accounts were within the requirement to consume the amount within at the latest of three months.</p>	

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
	<ul style="list-style-type: none"> The Auditor sampled [<i>number of samples</i>]* currency transfers to Sub-grantees, [<i>number of transfers</i>] currency transfers by the Grantee, Consortium Partners or Sub-Grantees to other third parties, inspected the underlying evidence and examined in each case that the exchange rates used for converting other currencies into USD were in accordance with the rules established in the Grant Agreement. In addition to that, the Auditor inspected relevant documents such as budgets and calls for funds and examined that the three-month requirement for the sampled currency transfers to local currency accounts was met. 		
B	Spending in line with Budget and Compliance with Spending Rules		
B.1	<p>BUDGET</p> <p>The Grantee prepares a budget for each year annually and reports against such budget through the financial part of the Annual Report. (For definitions, please refer to the introduction to these AuPs).</p> <ul style="list-style-type: none"> The Auditor carries out a reconciliation of the Financial Statement and the Budget. The Auditor (i) verifies that the budget lines reported in the Financial Statement are presented in the same manner as contemplated in the Budget, and (ii) reconciles any differences between the Financial Statement and the Budget. The Auditor carries out a reconciliation of the Financial Statement and the Transaction List. The Auditor verifies that (i) the expenditures and income reported in the Transaction List are appropriately allocated to the relevant budget line in the Financial Statement and (ii) when summed, the items listed in the Transaction List as falling under a budget line equal the amounts shown in the Financial Statement. <p>As set out in the Grant Agreement and in the Grant Implementation Guide (section 2), the Grantee may shift up to a maximum of 15% of grant funds budgeted to one budget line or cost center to another, provided that the funds shifted to the new budget line or cost center do not increase the budget allocated to such budget line or cost center by more than 50%.</p>	<p>6. The budget lines reported in the Financial Statement are presented in the same manner as contemplated in the Budget. The reported expenditures were within the budget with the differences noted in Appendix 2 ii).</p> <p>7. The expenditures and income reported in the Transaction List are appropriately allocated to the relevant expenditure budget lines in the Financial Statement and when summed, the items listed in the Transaction List as falling under a budget line equal the amounts shown in the Financial Statement.</p> <p>8. Budget shifts between budget lines are within the 15% and 50% limits or</p>	

* Please refer to the introduction of these AuPs for instructions on the number of transactions to be sampled.

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
	<p>Grantee must receive prior written approval from LLF before shifting more than 15% of grant funds budgeted from one budget line or cost center to another, provided that the funds shifted to the new budget line or cost center do not increase the budget allocated to such budget line or cost center by more than 50%, or prior to other changes to the budget other than as permitted by the Grant Agreement.</p> <ul style="list-style-type: none"> The Auditor checks, on the basis of their reconciliations, whether shifts in excess of the above 15%/50% rules have been made and if so whether appropriate approval was obtained. 	<p>were made with prior approval in writing by LLF. No funding was shifted between budget lines without prior approval of LLF.</p>	
	<p>As set out in the Grant Agreement and further explained in the Grant Implementation Guide (section 2), the Grantee may allocate a maximum of 30% of grant funds to the staff costs budget line, a maximum of 5% to the non-field overhead and up to 5% to the contingency budget line without the approval of LLF.</p> <ul style="list-style-type: none"> The Auditor checks, on the basis of their reconciliations, whether expenses allocated to the staff costs, non-field overhead and contingency budget lines exceeded the threshold share and if so whether appropriate approval was obtained. The Auditor’s reconciliation is attached as appendix 2 ii) to these AuPs and standard factual findings to be confirmed by the Auditor. <p><i>Further guidance:</i></p> <p><i>Obtain the Budget, Grantee’s Financial Statement and the Transaction List and perform the following procedures:</i></p> <p><i>i) Recalculate the % of expenditures spent to budget. For variances above 15% or shifts between budget lines obtain the written approval from LLF. This approval should be given before the management shifts the use of funds.</i></p> <p><i>ii) Make inquiries of management as to the basis for allocating entries on the Transaction List to the different cost categories in the Financial Statement. Review the Transaction List entries to assess whether its allocation to the relevant budget line is reasonable. Make further inquiries of management if that is not the case.</i></p> <p><i>iii) Check the mathematical accuracy of the Financial Statement amount per budget line/income item against the total per budget line/income item within the Transaction List.</i></p>	<p>9. The expenditures of the budget lines staff costs, non-field overhead and contingency are within the threshold and required LLF approval was obtained in case they exceeded.</p>	

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)																																																				
B.2	<p>SPENDING</p> <p>The Auditor sampled the following number of expenditure items, per budget line as per the guidance in the introduction to these AuPs, items must be sampled from all budget lines reported in the Financial Statement. If applicable, expenditure items of any Consortium Partners and Sub-Grantees should be included in the sampling.</p> <p>Please fill in the table below (in USD):</p> <table border="1" data-bbox="222 537 1243 1040"> <thead> <tr> <th>Budget lines</th> <th>Total amount reported</th> <th>Total amount of selected samples</th> <th># of sampled cost items</th> </tr> </thead> <tbody> <tr><td>Staff costs</td><td></td><td></td><td></td></tr> <tr><td>Capacity development and workshops</td><td></td><td></td><td></td></tr> <tr><td>Consultants and services</td><td></td><td></td><td></td></tr> <tr><td>Infrastructure</td><td></td><td></td><td></td></tr> <tr><td>Capital equipment</td><td></td><td></td><td></td></tr> <tr><td>Maintenance</td><td></td><td></td><td></td></tr> <tr><td>Supplies and utilities</td><td></td><td></td><td></td></tr> <tr><td>Small Sub-Grants</td><td></td><td></td><td></td></tr> <tr><td>Travel</td><td></td><td></td><td></td></tr> <tr><td>Miscellaneous</td><td></td><td></td><td></td></tr> <tr><td>HQ or non-field overhead</td><td></td><td></td><td></td></tr> <tr><td>Contingency</td><td></td><td></td><td></td></tr> </tbody> </table> <p>For each budget line other than Small Sub-Grants, the Auditor performs the following procedures:</p> <ul style="list-style-type: none"> The Auditor examined that sampled items were accounted for in line with the Grantee’s usual accounting policy and LLF guidance on cost allocation, and that the costs were supported by appropriate evidence in line with rules of the relevant jurisdiction and were incurred within the reporting period. 	Budget lines	Total amount reported	Total amount of selected samples	# of sampled cost items	Staff costs				Capacity development and workshops				Consultants and services				Infrastructure				Capital equipment				Maintenance				Supplies and utilities				Small Sub-Grants				Travel				Miscellaneous				HQ or non-field overhead				Contingency				<p>10. Costs were adequately supported and reconciled with the accounts.</p>	
		Budget lines	Total amount reported	Total amount of selected samples	# of sampled cost items																																																		
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<p>11. The cost items sampled were assigned to the appropriate LLF budget line.</p>																																																							
<p>12. The cost items sampled did not represent ineligible costs.</p>																																																							
<p>13. The cost items sampled were incurred within the reporting period.</p>																																																							
<p>14. Any Consortium Partners and Sub-Grantees receiving disbursements of funds were identified in the Proposal or required LLF approval was obtained, and such Consortium Partners and Sub-Grantees received the disbursements.</p>																																																							

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
	<ul style="list-style-type: none"> The Auditor examined that none of such items reflected ineligible costs as defined in the Grant Implementation Guide annex Y. <p><i>Further guidance:</i></p> <p><i>For the transactions selected, the auditor will perform the following procedures:</i></p> <p>(i) Obtain and inspect underlying contracts, invoices, and vouchers to determine that costs were approved and paid in line with Grantee’s controls and accounting practice, as documented.</p> <p>(ii) Compare the costs by invoices to the purchase order requests and that the costs were recorded in the proper general ledger account.</p> <p>(iii) Verify that the basis on which the cost items were charged to the LLF budget line appeared to be reasonable.</p> <p>(iv) Verify that the costs were incurred within the reporting period.</p> <ul style="list-style-type: none"> The Auditor also examined that any Consortium Partners or Sub-Grantees receiving disbursements of grant funds were identified in the Program Proposal or were pre-approved by LLF during Program implementation before being contracted by the Grantee and disbursements to those were received. The Auditor examined that there are no grant funds disbursed to any third-party organization or natural or legal person whether or not related to or established by Grantee, unless the third-party organizations are Consortium Partners, Sub-Grantees (including recipients of Small Sub-Grants) or pre-approved Sub-Contractors or pursuant to a procurement conducted in compliance with the Grant Agreement. For Small Sub-Grant recipients, the Auditor examined that the appropriate documentation required by the Grant Agreement is in place. 	<p>15. No grant funds are disbursed to any third-party organization or natural or legal person whether or not related to or established by Grantee, unless the third-party organizations are Consortium Partners, Sub-Grantees, or pre-approved Sub-Contractors or pursuant to a procurement conducted in compliance with the Procurement Rules.</p>	

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Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
B.3	<p>INCOME</p> <p>As set out in the Grant Agreement Section and detailed in the Grant Implementation Guide (section 2) any income generated from the grant funds, such as interest earnings, shall be used for the purpose of the Program. The Grantee shall report to LLF in each progress report about any income generated during the reporting period and spending (or carryover) of such income.</p> <ul style="list-style-type: none"> The Auditor examined whether the Grantee included any income generated from the grant funds in the Financial Statement and that the income is supported by appropriate evidence. 	<p>16. Income from the grant funds is correctly displayed, and its use is reflected in the Financial Statement.</p>	
C	<p>Compliance with procurement rules (please note scope of procurement policy for match funds)</p>		
C.1	<p>PROCUREMENT</p> <p>The procurement of all goods, works and related services and consulting and other services funded through grant funds, shall abide by the procurement rules set forth in in the Grant Agreement (the LLF procurement policy or any similar policy adopted by the Grantee that has been approved by LLF as the substantial equivalent of this policy) and further explained in the</p>	<p>17. The required list of goods, works and associated services and consulting services was provided by the Grantee.</p>	

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
	<p>Grant Implementation Guide (section 2). Any substantial deviation from the Procurement Rules that has not received LLF’s prior written approval will be deemed a material breach by LLF. The Procurement Rules equally apply for any procurement under a Sub-Grant (with the exception of Small Sub-Grants).</p> <ul style="list-style-type: none"> The Auditor obtained a list prepared by the Grantee and attached as Appendix 2 iii) to these AuPs of all purchased goods, works, associated services and consulting services above USD 5,000. <p>The Auditor sampled <i>[number of samples]</i> procurement items above USD 5,000.</p> <ul style="list-style-type: none"> The Auditor took the Grant Agreement and inspected documents and obtained confirmations that goods, works and related services and other consulting services were awarded according to the respective Procurement Rules including an analysis of best offer which considers key criteria such as price, quality, suitability, delivery terms, warranty, etc. <p><u>Further guidance:</u></p> <p><i>Using the List of all procurements above USD 5,000 (Appendix 2 iii) the auditor will perform the following procedures:</i></p> <p><i>i) Select the five largest procurement items above USD 5,000.</i></p> <p><i>ii) Select an additional number of procurement items on a random basis, such that the sample at a minimum includes 10% of the total number of procurement items above USD 5,000. If applicable, procurements of any Consortium Partners and Sub-Grantees should be included in the sampling.</i></p> <p><i>For the items selected, the auditor will examine the supporting documents (such as inter alia request for proposals, direct award memos, underlying contracts) and check that the procurement policy has been followed.</i></p>	<p>18. The Procurement Rules and procedures specified in the Grant Agreement and annexed to the Grant Implementation Guide were appropriately applied in the sampled procurement items.</p>	

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D	Follow-up		
D.1	<p>If the Auditor has reported deficiencies and made recommendations in the report on factual findings, the Grantee shall provide evidence that the recommendations have been implemented or that deficiencies have been rectified for the following reporting period.</p> <ul style="list-style-type: none"> The Auditor inspected documents and obtained confirmations that the recommendations have been implemented and/or that deficiencies have been rectified by the Grantee. 	19. Deficiencies were adequately rectified and/or recommendations were adequately implemented.	

[legal name of the audit firm]

[name and function of an authorized representative]

[date], [Signature of the Auditor]

APPLICATION PROCESS

To apply for this contracting process, please send the following documents to the following e-mail address convocatoriasecuador@wcs.org , specifying in the Subject: “Contracting of Financial Audit for the Yasuní Landscape Project”.

- Technical proposal: work plan, including execution schedule and designated personnel.
- Economic proposal: including breakdown of costs and legal taxes.

Date of publication of the call for proposals: January 23, 2025.

Deadline for applications: February 07, 2025.