



Red Latinoamericana y del Caribe para la Democracia Latin American and Caribbean Network for Democracy

Terms of Reference

1. Process to hire

External financial audit of Redlad's finances of the years 2019 and 2020.

2. Background.

The Latin American and Caribbean Network for Democracy -Red Latinoamericana y del Caribe para la Democracia (Redlad)-, is a platform of organizations, activists and social leaders from all over the region, that defends the human rights and promotes the fundamental principles of democracy. Redlad has a significant experience in the implementation of projects oriented to the strengthening of civil society participation in multilateral scenarios. Moreover, Redlad has an extensive network of contacts and partners in the continent, which enhance its impact at different levels in the countries where it has coverage.

The platform is developing numerous projects in Latin America and the Caribbean, focused on consolidating the work made by the civil society organizations, through the empowerment of their abilities to participate and have impact in the regional forums, standing up for the democratic institutions, improving the operational capacity of human rights defenders and democracy activists, and evaluate the human rights situation in the region (in particular the rights that have to do with association, non-violent protest and expression).

Redlad is also supporting civil society organizations that promote the participation and inclusion of the different population groups (women, indigenous, youth people, afro-descendants, LGBTI community, religious groups, among others).

Redlad has two legal entities: one in the United States (Latin American and Caribbean Network for Democracy Inc) and another in Colombia (Red Latinoamericana y del Caribe por la Democracia). The legal person in the United States is the one that supports the second (as established in its statutes) and is the primary in fundraising. The legal entity in Colombia is the most operational, that allows the hiring and payment of permanent personnel in the country (including the Executive Director), as well as the guarantee of the basic personnel of Redlad and its physical office.

Most of the funds managed by Redlad are obtained from the legal entity in the United States, but on multiple occasions, monetary resources are managed using a mixed form: i) the funds of some projects are fully disbursed in Colombia for its administration from the Colombian legal entity; ii) funds from some projects are fully disbursed in the United States for administration from the legal person of the United States. However, in the second case, considering that Redlad's base personnel are contracted in Colombia, the legal entity of Redlad United States transfers to the organization in Colombia the necessary resources for payments that need to be held in Colombia, according to budget projections and institutional financial allocations that are programmed monthly.



3. Objectives of the audit

The objective of the audit is to:

- Provide Redlad with reasonable assurance that funding resources are managed in accordance with all applicable internal and external standards and guidelines, including OMB-US Uniform Administrative Requirements, Cost Principles, and Audit Requirements (Super circular).
- Provide Redlad with recommendations for strengthening its internal procedures and controls.

4. Scope of the audit

Prior to the start of the audit, the auditor will be required to consult with the point of contact designated by Redlad to understand the financial management procedures and the complexities related with the bi-country funds administration, and to set the detailed time schedule for the audit.

Also, Redlad shall be informed in writing of the commencement of the audit and asked for any potential issues of concern. Furthermore, upon completion of the draft audit report and management letter, the auditor will be required to meet with the point of contact and Executive Director, to brief them on major audit findings and its recommendations for future improvements, as well as to seek feedback thereon.

All accountant books and registers are located in Redlad's office in Bogotá, Colombia. The audit will be performed at its offices. Due to Covid-19 contingency, the Auditors can propose a virtual review process.

The subject of the audit is the expenditure and revenue as stated in the financial report for two fiscal years: first period from January to December 2019, and second period from January to December 2020. A separate and specific audit report should in principle be issued for each audited project related with the periods in revision.

The audit of projects must cover, but is not necessarily limited to:

- a. Review of institutional Financial reports and accountant ledgers to perform an examination as to whether asset management and procedures (purchase, inventory, storage, operational use, disposal) are in line with Redlad's regulations to avoid misuse and general standards and guidelines.
- b. Examination of financial reports from projects and its approved budget, and variations, and as to whether funds management and procedures are in line with Redlad's regulation and donors' standards and guidelines.
- c. Examination as to whether general financial policy and procedures ensure smooth and efficient activities implementation and funds expenditure and to prevent fraud.



- d. Examination as to whether the labour law and tax regulations have been observed.

5. Audit certification

If appropriate, the audit should confirm and certify that:

- a. An appropriate management structure, internal controls and record-keeping systems are maintained and functioning.
- b. The financial tools used for financial and accountable management are appropriated.
- c. The disbursements are made in accordance with the activities and budgets.
- d. The disbursements are supported by adequate documentation.
- e. The financial reports are fairly and accurately presented.

6. Requirements for the Auditors

The auditor/s must be a national accounting or auditing body or institution which in turn is a member of the International Federation of Accountants (IFAC). And is registered as a statutory auditor in the public register of a public oversight body and this register is subject to principles of public oversight as set out in the legislation of the countries concerned. The auditor shall employ staff with appropriate professional qualifications and suitable experience with IFAC standards, in particular International Standards on Auditing and with experience in auditing financial information of entities comparable in size and complexity to the task to be performed.

Auditors must be bilingual (English-Spanish) as the supporting documents are in both languages.

Auditors must certify at least 5 (five) years of experience in: working with non-profit, extensive knowledge of OMB-US Uniform Administrative Requirements, Cost Principles, and Audit Requirements (Super circular).

7. Audit procedure

The auditor should exercise due professional care and judgement and determine the nature, timing, and extent of audit procedures to fit the objectives, scope, and context of the audit. The auditor should prepare audit documentation and obtain sufficient appropriate audit evidence to support audit findings and to draw reasonable conclusions on which to base the audit opinion. The auditor should use professional judgement to determine whether audit evidence is sufficient and appropriate.

8. Audit Duration and fees

The audit work shall be completed within maximum six weeks from the date of commencement of the audit.

Fees will be determined accordingly with proposals and expertise.



9. Deliverables

The Auditors on completion of the audit work will submit 2 (2) original copies of the Audit Report appended to the Financial Statements along with the reports to the attention of the Executive Director, one in English and one in Spanish. As well as 2 Management letters in accordance with the scope of work described here before.

10. Process of the call

The present is a public call. Applications must be sent to ginaromeroledlad@gmail.com with:

- a. Presentation letter of the Audit firm and expertise in relation with what has been included in section 6 and proposal for audit fees.
- b. CVs of the personnel proposed for the Audit.
- c. Proposal for the audit to be performed, including procedures and times.

Call will be open from July 6th to the 15th. Redlad will be answering questions from the 10th to the 13th. The proposals received will be reviewed by an internal panel, a short list of candidates will be interviewed and by July 30th the final decision will be communicated.