

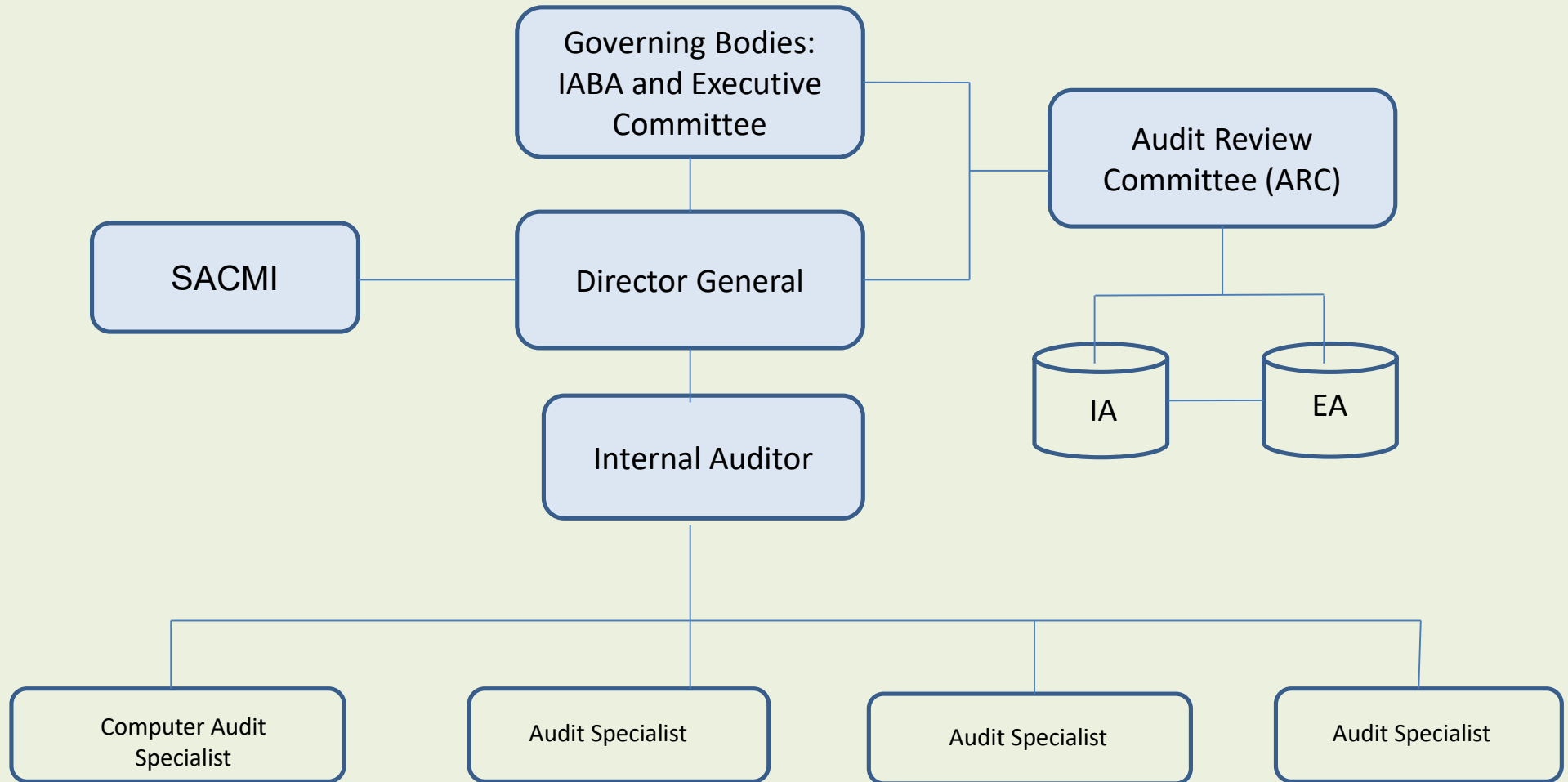


# 2022 Audit Work Plan and Executed Work



December 2022

# STAFFING STRUCTURE OF THE INTERNAL AUDIT UNIT



# I.A. Vision and Mission

## Our Mission

We are an independent and objective activity, with a preventive approach to assure and advise the institution about the proper use of the resources, in accordance with the institutional rules and principles, to promote efficiency and efficacy in the execution of the technical, administrative and financial activities performed by IICA staff



MISSION

## Our Vision



VISION

To contribute the settlement of “Compliance and continuous improvement” as organizational culture, thru useful and viable recommendations in areas under our competence which add value in the achievement of the MTP goals set in the institutional strategic plans. And to support the implementation of process reengineering joined to legality and transparency principles to reach the efficiency and efficacy in the technical, financial and administrative management.



# EXECUTIVE SUMMARY

- **Annual Audit Working Plan 2022**
  - General and specific objectives.
  - System for Auditing Institutional Management.
  - Executive summary of the audit risk-based approach.
  - Virtual audits and reviews performed at Headquarters and Delegations.
- **Summary of Findings and Recommendations presented to the Governing Bodies**

# GENERAL OBJECTIVES OF THE INTERNAL AUDIT UNIT

Verify the compliance of the institutional standards, processes and procedures applied in the operations and in the execution of projects financed with external and internal resources.

Validate the administrative, financial and accounting information as well as the security, reliability and integrity of information processed via Information Systems

Evaluate the efficiency of the internal control system, and identify actual and potential risks that may compromise the operations of the Institute

# SPECIFIC OBJECTIVES OF THE INTERNAL AUDIT UNIT

To promote within the Institute:

Adherence to current standards and procedures and to continuous improvement by clear, precise and efficient guidelines.

A culture of prudence, transparency, and accountability in the management of the Institute's resources, as well as those of the counterparts

WC9

The exercise of good administrative practices and a culture of self-control, in order to increase levels of efficiency and compliance

## Diapositiva 6

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**WC9**

**Institutional**

Wilber Coccozza; 8/6/2018

# **SYSTEM FOR AUDITING INSTITUTIONAL MANAGEMENT**

**ON-SITE AUDITS FOR IICA OFFICES IN HIGHER-RISK MEMBER COUNTRIES AND  
VIRTUAL AUDITS FOR LOWER-RISK MEMBER COUNTRIES**

**DOCUMENTATION FOR CHANGE OF REPRESENTATIVE'S POSITION**

**AUDITS AT HEADQUARTES AND SPECIAL REVIEWS**

**AUDITS OF MANAGEMENT OF EXTERNALLY FUNDED PROJECTS**



# **ANNUAL SUMMARY OF THE AUDIT PLAN APPROVED FOR 2022**

**Annual Audit Work Plan for approval by the Director General.**

**Follow-up to implementation of audit recommendations stated in previous years reports.**

**Reports made:**

- **Review of the sworn statements of IICA's trusted personnel and representatives in the countries.**
- **Audit Report to the Ethics Committee in response to Complaint 2022-1 of the IICA Representation in Mexico.**
- **Regular Audit of the IICA Representation in Honduras.**
- **Regular Audit of the IICA Representation in El Salvador.**
- **Regular Audit of the IICA Representation in Paraguay.**
- **Virtual Audit of the IICA Representation in Jamaica.**

**Documentation of Virtual Transfers due to Change of Representative:**

- **IICA Representation in Argentina - Change in Contracting Modality.**
- **Representation of IICA in the United States of America.**
- **Representation of IICA in Nicaragua.**
- **Representation of IICA in Argentina.**
- **Representation of IICA in Honduras.**
- **Representation of IICA in the Dominican Republic.**

**Update of the Internal Audit Manual.**

# COMPLIANCE AND MONITORING ON AUDITS

## NORTHERN REGION

Audits	Report No.	IA Memos and answers		Recommendations			Summary of findings to be addressed
		Memo No.	Date	Total	Accomplished	Outstanding	
México	IFA-002-2019	SC/SDG/A-012	5/7/19	11	11	0	Diference between the SAP balance and the Financial Statements of Projects. Process automation. (Many manual processes are performed at the Delegation).
	IFA-011-2020	SC/SDG/A-011	3/5/20	16	16	0	Internal control procedure (authorization for accreditation of officials at the bank, maximum limit of transfers). Funds provided for the payment of labore liabilities of projects.
		SC/SDG/A-043	11/5/20				
		SC/SDG/A-010	3/26/21				
		SC/SDG/A-032	11/19/21				
		SC/SDG/A-003	3/4/22				
		Correo - Jsánchez	7/14/22				
		Correo - MBarajas	2/9/23				
	SC/SDG/A-003	3/2/23					
					27	27	0
				<b>100%</b>	<b>100%</b>	<b>0%</b>	

# COMPLIANCE AND MONITORING ON AUDITS

## CARIBBEAN REGION

Audits	Report No.	IA Memos and answers		Recommendations			Summary of findings to be addressed
		Memo No.	Date	Total	Accomplished	Outstanding	
Jamaica	IFA-002-2022-RV	SC/SDG/A-007	5/9/2022	3	3	0	<p>Apply the rules established in the Procurement and Services Contracting Manual, specifically in the contracting of consultants and services. In addition, it is important to avoid waiving the Institute's privileges and immunities.</p> <p>Establish the necessary review procedures to ensure the quality of the documents that the Representation signs with suppliers and authorities external to the Institute.</p>
		CaRC/JM-063/22	08/24/2022				
		SC/SDG/A-014	08/29/2022				
		E-mail Delegation	08-30-2022				
Bahamas	IFA-001-2021	SC/SDG/A-025	9/7/2021	11	11	0	<p>Not using competitive methods in purchasing and contracting services. Inconsistency in supporting documentation and classification of expenses. Alternative itineraries for Official Trips. Oficiales.</p>
		A2/BH-53-2021	11/22/2021				
		SC/SDG/A-031	11/19/2021				
		SC/SDG/A-041	12/09/2021				
		E-mail Delegation	30/05/2023				
SC/SDG/A-022	31/05/2023						
				14	14	0	
				<b>100%</b>	<b>100%</b>	<b>0%</b>	

# COMPLIANCE AND MONITORING ON AUDITS

## CENTRAL REGION

Audits	Report No.	IA Memos and answers		Recommendations			Summary of findings to be addressed
		Memo No.	Date	Total	Accomplished	Oustanding	
Belice	IFA-004-2021-RV	SC/SDG/A-039	12/08/2021	5	5	0	Segregation of duties, assignment of roles, and transactions in the SAP system.
Honduras	IFA-003-2022	SC/SDG/A-006	05/02/2022	7	7	0	<p>Evaluate, for the future, alternative procedures for hiring administrative and operational personnel for projects financed by the SAG to avoid the risk of labor lawsuits through temporary contracts within the framework of the country's institutional regulations and labor legislation.</p> <p>Evaluate in the future, that the terms of operation of the committees that are instituted within the framework of the legal instruments signed be adjusted so that these terms are in line with the needs of each of the projects and that the agreements reached are properly documented.</p> <p>When inviting suppliers to participate in bidding and/or quoting processes, do not limit the invitations to only three suppliers, but extend them to as many suppliers as possible, so that in the event that any of the suppliers cannot participate, the Representation may obtain at least three bids that will allow it to continue with the bidding and/or quoting process.</p> <p>Establish the necessary review procedures to guarantee the quality of the documents that the Representation signs with suppliers and authorities external to the Institute.</p>

# COMPLIANCE AND MONITORING ON AUDITS

## CENTRAL REGION

Audits	Report No.	IA Memos and answers		Recommendations			Summary of findings to be addressed
		Memo No.	Date	Total	Accomplished	Oustanding	
El Salvador	IFA-004-2022	SC/SDG/A-019	12/12/2022	20	20	0	Apply the mechanisms established in the Procedures Manual for the Acquisition of Goods and Contracting of Services. In particular: (a) application of competitive methods with a minimum of 3 offers from different bidders, when the amount contracted or acquired exceeds USD 2,000, b) requesting bids for products or services that are technically and economically comparable, c) review the comparative and evaluation processes carried out by the counterpart, in order to ensure the application of competitive methods and transparency in the processes, d) requesting authorization from the Director General or his delegate for exceptions to the institutional regulations, when necessary, and ensuring that contracts signed with third parties and their addenda are signed in due time and form, in accordance with the institutional regulations. In cases where it is necessary to resort to the figure of "administrative or positive silence", a clear record of this recourse must be made, but ensuring that the addendum is signed within the agreed deadlines.
		RC/ASV-064	03/10/2022				
		SC/SDG/A-011	17/03/2023				
Costa Rica	IFA-001-2021-Rev	SC/SDG/A-017	04/27/2021	5	5	0	Lack of use of competitive methods in contracting professional services. Authorization and liquidation of official trips. Inconsistency in supporting documentation.
		SC/SDG/A-030	11/19/2021				
		SC/SDG/A-002	02/02/2023				
				37	37	0	
				<b>100%</b>	<b>100%</b>	<b>0%</b>	

# COMPLIANCE AND MONITORING ON AUDITS

## SOUTHERN REGION

Audits	Report No.	IA Memos and answers		Recommendations			Summary of findings to be addressed
		Memo No.	Date	Total	Accomplished	Ousting	
Argentina	IFA-013-2019	SC/SDG/A-015	04/15/2021	10	10	0	Contracting of Cleaning Services. Official Attentions. Accumulated Vacations. Support documentation file. Purchasing goods and contracting services.
		SC/SDG/A-034	11/19/2021				
		E-mail-Ana Echev.	04/28/2023				
		SC/SDG/A-021	05/05/2023				
Paraguay	IFA-005-2022	SC/SDG/A-020	12/12/2022	16	16	0	Establish the necessary review procedures to ensure the quality of the documents that the Representation signs with suppliers and authorities external to the Institute.  Ensure timely documentation and follow-up on the delivery of goods and assets acquired within the framework of the execution of the Legal Instruments.
		SC/SDG/A-012					
		SC/SDG/A-010	03/16/2023				
		CRS/PY-0039	03/17/2023				
		SC/SDG/A-012	03/17/2023				
	CRS/PY-0051	03/31/2023					
				26	26	0	
				100%	100%	0%	

## TRANSFER OF REPRESENTATIVE RESPONSIBILITIES

No.	País	Fecha
1.	Documenting the Change in the Modality of Hiring of the IICA Representative in Argentina.	01/14/2022
2.	Transfer of Responsibility for the Position of IICA Representative in the United States.	01/28/2022
3.	Transfer of Responsibility for the Position of IICA Representative in Nicaragua.	06/01/2022
4.	Transfer of Responsibility for the Position of IICA Representative in Argentina.	06/30/2022
5.	Transfer of Responsibility for the Position of IICA Representative in Honduras.	07/04/2022
6.	Transfer of Responsibility for the Position of IICA Representative in the Dominican Republic.	07/07/2022

# AUDITS AND HEADQUARTERS REVISIONS

Audits	Report No.	IA Memos and answers		Recommendations			Summary of findings to be addressed
		Memo No.	Date	Total	Accomplished	Oustanding	
OAS Official Travel Document	IFA-006-2021	SC/SDG/A-043	11/10/2021	3	3	0	Timely use of an IT tool for better control of DOVs. Renewal of the DOV within 3 months of cancellation. Return of the DOV, once the trip has been completed.
		E-mail	11/10/2021				
		SC/SDG/A-009	06/23/2022				
		E-mail	06/24/2022				
		SC/SDG/A-013	07/15/2022				
		E-mail	08/04/2022				
Report to the Ethics Committee - Complaint 2022-1 - IICA Representation in Mexico.	IFA-001-2022	SC/SDG/A-003	03/04/2022	2	2	0	Socializar la información de la denuncia presentada al Instituto de manera anónima con las autoridades del SENASICA.  Sugerir a las autoridades del SENASICA, que para el futuro y con la finalidad de brindar una mayor transparencia en los procesos de evaluación de las ofertas técnicas, se integren paneles de evaluadores técnicos con la participación de al menos tres personas.
Review of Affidavits of Trusted Personnel and Country Representatives.		SC/SDG/A-008	06/09/2022	1	1	0	Solicitar a 14 funcionarios la presentación lo antes posible de las Declaraciones Anuales correspondientes al período 2022, con la finalidad de cumplir lo establecido en la norma.
				0	0	0	
				6	6	0	
				<b>100%</b>	<b>100%</b>	<b>0%</b>	



# SUMMARY OF FINDINGS AND RECOMMENDATIONS

SUMMARY OF MAIN FINDINGS AND RECOMMENDATIONS OBSERVED IN SOME OF THE TRANSACTIONS REVIEWED ON THE AUDITS.	
MAIN FINDINGS	RECOMMENDATIONS
<b>1. PURCHASING OF GOODS AND CONTRACTING SERVICES.</b>	
Weaknesses in the processes of acquisition of goods and contracting of services in: a) the application of competitive methods, and b) in the request and approval of exceptions to the Institutional Rules.	We suggest continuing with the implementation of automated systems such as the "Integrated Management System - SIG" which is being promoted by the Corporate Services Department, both at the Headquarters and in the Delegation.
<b>2. PROJECT MANAGEMENT</b>	
2.1. Insufficient documentation that supports the in-kind contribution of the agreed IICA Counterpart in the legal instrument.	The Directorate of Corporate Services has begun a process of development and implementation of technological tools with the objective of guaranteeing and strengthening the adequate support documentation for the institutional contribution in kind and reducing the risk of being objected by the counterparty.
2.2. Lack of a control system for assets acquired and delivered in custody to beneficiaries and/or counterparties.	IICA should maintain a detailed and updated inventory of these assets, which allows for physical verification of their existence and definitive transfer of said assets at the time of settlement of the Legal Instruments.
2.3. There is not always a record of receipt and approval of the reports and products delivered by IICA to the counterpart.	IICA must ensure follow-up to the counterparty's requirements for the respective approval or include this requirement as part of the legal instrument.
2.4. Delays in the preparation of settlements and minutes of delivery of assets to the beneficiaries of the various projects. This situation occurs especially due to changes in counterpart authorities.	Incorporate into the conventions and agreements that are signed with the counterparties the settlement clause that includes the "positive silence" defining a period of no more than 30 days, during which if the written approval is not received, it is implicitly understood the acceptance and counterparty approval.
2.5. Lack of updated knowledge of institutional regulations, due to staff turnover.	Promote the continuous training of staff on issues related to: institutional regulations, administrative procedures and internal control.



**Inter-American Institute for Cooperation on Agriculture**