



# INTER-AMERICAN BOARD OF AGRICULTURE - IABA

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## **SIXTEENTH AND SEVENTEENTH REPORTS OF THE AUDIT REVIEW COMMITTEE (ARC)**

**San Jose, Costa Rica**



## **SIXTEENTH REPORT OF THE AUDIT REVIEW COMMITTEE (ARC)**

### **ESTABLISHMENT OF THE COMMITTEE**

The Audit Review Committee (ARC) was established in September 1993 by Resolution 231 of the Inter-American Board of Agriculture (IABA).

### **MANDATE**

Pursuant to the Statute of the Audit Review Committee, the only reporting requirement of the Committee is to report to both the Executive Committee and the Inter-American Board of Agriculture anything that, in the judgment of the Audit Review Committee, may constitute a violation of the rules and procedures governing the operations of the General Directorate.

### **MEMBERS OF THE COMMITTEE**

The present members of the Committee are:

1. Mr. Tracy LaPoint, Deputy Assistant Inspector General for Audit, United States Department of Agriculture. – U.S.A
2. Mr. Luis Carlos Gutierrez Jaime, Director General, Directorate of Financial Efficiency and Accountability, Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food of Mexico (SAGARPA). – Mexico.
3. Mrs. Pamela D.M. Monroe Ellis, Auditor General, Auditor General's Department. — Jamaica.

### **ACTIVITIES OF THE AUDIT REVIEW COMMITTEE**

The Committee met at IICA Headquarters, in Coronado, Costa Rica, on May 25 - 26, 2010, with the purpose of conducting the annual review of the Financial Statements for the fiscal year that ended in December 2009.

Discussions were held with the following management personnel of IICA:

Mr. Carlos O Farrill	- Director of Corporate Services
Ms. Karen Kleinheinz	- Director of Finance
Ms. Yensy Casanova	- Coordinator of Consolidation Unit, Finance
Mr. Luis Condines	- Internal Auditor
Ms. Lynda Landry	- Director of Human Resources

The Committee reviewed the draft report of the External Auditors, Deloitte & Touche, and the draft management letter, and held discussions with the Audit Partner, Mr. Rolando Güell, and the Manager, Audit Services, Grettel Loria M.

Based on these discussions, the Committee found that the work performed by the External Auditors complies with International Auditing Standards and IICA's rules.

## **REPORT TO THE EXECUTIVE COMMITTEE OF IICA**

We are not aware of any violation of the rules that govern the operations of the General Directorate; nevertheless, we bring the following matters to the attention of the Executive Committee so that appropriate action may be taken, where necessary.

### **1. QUOTA ARREARAGES**

In recent years, the collection efforts and cooperation of the Member States resulted in a reduction of past due quotas from US\$ 17.4 million to \$2.3 million as of the end of 2009. This allowed IICA to operate normally.

### **2. INTERNAL CONTROL**

We see an opportunity for improvement based on the observations and recommendations of the external auditor resulting from field office visits. We suggest that a strategy be implemented for training relevant staff to address weaknesses identified.

### **3. INFORMATION TECHNOLOGY AREA**

It is recommended that the Administration review the operation of the SAP system and its implementation. The review should assess whether the system is efficient, effective, and is meeting expectations.

### **4. OFFICE IN COLOMBIA**

We recommend that the Director General monitor closely the procedural processes and defense of IICA in accordance with Colombian law.

### **5. REPORT TO SACMI**

With respect to the review of the remuneration of the Director General, the Committee recommends that this be integrated in a proposal to improve and modernize the remuneration system of the international professional personnel of IICA.

## **6. ACKNOWLEDGEMENT**

The Committee records its appreciation to all personnel of IICA with whom they interacted, for their assistance and cooperation. We wish the new Director General, Dr. Víctor Villalobos, every success in the technical and administrative actions he undertakes on behalf of sustainable and competitive agriculture for the Americas.

**Tracy LaPoint**  
**U.S.A**

**Luis Carlos Gutiérrez Jaime**  
**México**

**Pamela D.M. Monroe Ellis**  
**Jamaica**

**SEVENTEETH REPORT  
OF THE AUDIT REVIEW COMMITTEE (ARC)**

**ESTABLISHMENT OF THE COMMITTEE**

The Audit Review Committee (ARC) was established in September 1993 by Resolution 231 of the Inter-American Board of Agriculture (IABA).

**MANDATE**

Pursuant to the Statute of the Audit Review Committee, the only reporting requirement of the Committee is to report to both the Executive Committee and the Inter-American Board of Agriculture anything that, in the judgment of the Audit Review Committee, may constitute a violation of the rules and procedures governing the operations of the General Directorate.

**MEMBERS OF THE COMMITTEE**

The present members of the Committee are:

4. Mr. Tracy LaPoint, Deputy Assistant Inspector General for Audit, United States Department of Agriculture. – U.S.A
5. Mr. Luis Carlos Gutiérrez Jaime, Director General, Directorate of Financial Efficiency and Accountability, Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food of Mexico (SAGARPA). – Mexico.
6. Mrs. Pamela D.M. Monroe Ellis, Auditor General, Auditor General's Department. — Jamaica.

**ACTIVITIES OF THE AUDIT REVIEW COMMITTEE**

The Committee met at IICA in the Office in Mexico on June 15 - 17, 2011, with the purpose of conducting the annual review of the Financial Statements for the fiscal year that ended in December 2010.

Discussions were held with the following management personnel of IICA:

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|----------------------|--|
| Mr. Carlos O Farrill | - Secretary of Corporate Services            |
| Ms. Karen Kleinheinz | - Director of Financial Management           |
| Ms. Yensy Casanova   | - Coordinator of Consolidation Unit, Finance |
| Mr. Luis Condines    | - Internal Auditor                           |

The Committee reviewed the draft report of the External Auditors, Deloitte & Touche, and the draft management letter, and held discussions with the Audits Partners, Mr. Rolando Güell, and the Manager, Audit Services, Grettel Loria M.

Based on these discussions, the Committee found that the work performed by the External Auditors complies with international auditing standards and IICA's rules.

## **REPORT TO THE EXECUTIVE COMMITTEE OF IICA**

We are not aware of any violation of the rules that govern the operations of the General Directorate; nevertheless, we bring the following matters to the attention of the Executive Committee so that appropriate action may be taken, where necessary.

We recommend:

### **Actuarial Study**

IICA perform an actuarial study for IICA Headquarters, and compare results from the study to current methodology to identify differences. In addition, ensure the new study identifies variables that if changed would require performing a new study.

### **Purchase obligations**

IICA coordinate with the External Auditors to determine a mechanism for recording purchase obligations to better align with US GAAP. In addition, continue efforts to stay substantially in compliance with US GAAP.

### **Potential Contingency**

IICA review the terms of the Colombian AIS project contract and determine compliance.

### **Quotas**

IICA continue monitoring quota payments and maintain its strategy for collecting quotas. We note deterioration in its financial situation due to the effects of inflation and other factors over the last 15 years, given that over this time period there has been no increase in quotas.

Presented by:

**Tracy LaPoint**  
U.S.A

**Luis Carlos Gutiérrez Jaime**  
México