



INTER-AMERICAN BOARD OF AGRICULTURE - IABA

*Fifteenth Regular Meeting
October 29 - 30, 2009*

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**FOURTEENTH AND FIFTEENTH REPORTS OF THE
AUDIT REVIEW COMMITTEE (ARC)**

Montego Bay, Jamaica

FOURTEENTH 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. Mrs. Sharman Ottley - Auditor General, Auditor General's Department – Trinidad and Tobago.
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. Mr. Tracy LaPoint - Deputy Assistant Inspector General for Audit, Office of the Inspector General, U.S. Department of Agriculture – United States of America.

ACTIVITIES OF THE AUDIT REVIEW COMMITTEE

The Committee met at IICA Headquarters, in Coronado, Costa Rica, on May 13 - 14, 2008, with the purpose of conducting the annual review of the Financial Statements for the fiscal year that ended in December 2007.

Discussions were held with the following management personnel of IICA:

Mr. Francisco Barea	- Director of Administration and Finance
Ms. Karen Kleinheinz	- Director of Finance
Mr. Harry Scott	- Coordinator of Consolidation Unit, Finance
Ms. Maria Elena Sanchez	- Analyst, Consolidation Unit, Finance
Mr. Luis Condines	- Internal Auditor

- Ms. Lynda Landry - Director of Human Resources
- Ms. Graciela Quesada - Regional Coordinator, Human Resources
- Mr. Emmanuel Picado - Head of Informatics & Information Systems Unit

Information on the Institute’s informatics project was provided to the Committee.

The Committee also reviewed the draft report of the External Auditors, Deloitte & Touche, and the draft management letter, and held discussions with the Audit Partner, Mr. Francisco Blanco, 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

The balance of quota arrearages at the end of the financial year 2007 showed a significant decrease, thanks to the efforts of all countries in supporting IICA. Below are the year end balances for 2002 to 2007.

2002	2003	2004	2005	2006	2007
US\$13,540,545	\$17,473,795	\$16,125,987	\$11,971,620	\$12,313,073	\$5,866,425

These results will allow the Institute to continue repositioning itself to meet future challenges.

2. Information Technology Area

The finance, general ledger, budget and purchasing modules of the SAP system were implemented at Headquarters and the Office in Costa Rica. The existing Human Resource system continues in operation, and connects to the SAP system via an interface.

The Committee was advised that this year SAP will be implemented in two of the larger offices.

3. Internal Audit Area

This Unit complied with the previous recommendations of the ARC. Therefore, we would only recommend that the Internal Audit Unit follow up on the implementation of the recommendations of the External Auditor.

4. Office in Peru

Regarding the transfer of funds from one project to another, it is recommended to IICA that such transactions should not be effected until the necessary legal modifications to the original agreement or contract have been made.

5. Comparative Salary Study for the Director General of IICA

We were briefed on the methodology for the analysis of the remuneration and benefits for a possible future Director General of IICA. We found the methodology to be satisfactory.

6. General

The Committee records its thanks and appreciation to all personnel of IICA with whom they interacted during the recent audit review exercise for their assistance and cooperation.

Presented by:

Tracy LaPoint
U.S.A.

Luis Carlos Gutiérrez Jaime
Mexico

Sharman Ottley
Trinidad and Tobago

**FIFTEENTH 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:

- (i) Mr. Tracy LaPoint, Deputy Assistant Inspector General for Audit, United States Department of Agriculture – U.S.A
- (ii) 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.
- (iii) Mrs. Sharman Ottley - Auditor General, Auditor General’s Department, – Trinidad and Tobago.

Mr. Luis Carlos Gutierrez Jaime was unable to attend the meeting. However, he has reviewed relevant documentation and is in agreement with the contents of this Report.

ACTIVITIES OF THE AUDIT REVIEW COMMITTEE

The Committee met at IICA Headquarters, in Coronado, Costa Rica, on May 27 - 28, 2009, with the purpose of conducting the annual review of the Financial Statements for the fiscal year that ended in December 2008.

Discussions were held with the following management personnel of IICA:

- Mr. Francisco Barea - Director of Administration and Finance
- Ms. Karen Kleinheinz - Director of Finance
- Ms. Yensy Casanova - Coordinator of Consolidation Unit, Finance

Mr. Luis Condines - Internal Auditor
Mr. Emmanuel Picado - Head of Informatics and Information Systems Unit
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. Francisco Blanco, 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

The balance of quota arrearages at the end of the financial year 2008 was US\$2,276,524, which was a decrease of US\$3,589,901 from the previous year's balance of US\$5,866,425. This reflects the efforts of the General Directorate to collect overdue quotas. As a result, for the first time in many years the report of the external auditor did not include an emphasis of matter paragraph concerning outstanding quota balances.

2. INFORMATION TECHNOLOGY AREA

In the financial year 2008, IICA continued the implementation of SAP. SAP was implemented successfully in the offices in Colombia and Mexico. The plan for financial year 2009 is to upgrade to the latest version of SAP and adjust the IICA account structure in the system to better utilize SAP.

However, attention needs to be paid to management of access to SAP and to improving controls concerning employees who leave the organization.

3. INTERNAL AUDIT AREA

The Internal Audit Unit complied with the previous recommendations of the ARC. Therefore, we would only recommend that the Internal Audit Unit continue to follow up on the implementation of the recommendations of the External Auditor.

4. REPORT TO SACMI

In April 2009, the ARC was due to present a report to the Special Advisory Commission on Management Issues (SACMI) on the System for determining and reviewing the Compensation of the Director General of IICA. However, based on issues raised by the SACMI, it was decided that the

Consultant's study should be revisited to address the concerns of the SACMI. Subsequently, the Director General, because of time constraints, decided that the revised study should be presented to the regular SACMI meeting in 2010.

5. OFFICE IN COLOMBIA

The external auditors conducted a site visit at the office in Colombia and, although there were some issues associated with the learning curve regarding the implementation of SAP, overall the implementation effort was successful.

Some of the more significant areas where the external auditors had concerns are highlighted below:

- Late recording of direct bank receipts
- Need to improve procedures to have VAT claims reimbursed.

The management of IICA has indicated that the above issues will be addressed.

6. GENERAL

The Committee records its thanks and appreciation to all personnel of IICA with whom they interacted during the recent audit review exercise for their assistance and cooperation.

Presented by:

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