



Executive Committee

*Thirtieth-first Regular Meeting of the Executive Committee
12 -14 July 2011*

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SEVENTEENTH REPORT OF THE AUDIT REVIEW COMMITTEE (ARC)

**San Jose, Costa Rica
July 2011**

**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:

1. Mr. Tracy LaPoint, Deputy Assistant Inspector General for Audit, United States Department of Agriculture. – U.S.A
2. 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.
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 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
Mexico