



Thirty-ninth Regular Meeting of the Executive Committee

**Twenty-fifth Report of the Audit Review  
Committee (ARC)**

IICA/CE/Doc. 694 (19) - Original: English

San Jose, Costa Rica  
16-17 July 2019



## **TWENTY FIFTH ANNUAL REPORT OF THE AUDIT REVIEW COMMITTEE**

### **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 Audit Review 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 AUDIT REVIEW COMMITTEE**

The present members of the ARC are:

- Steve Rickrode, Deputy Assistant Inspector General for Audit, Office of Inspector General, United States Department of Agriculture, U.S.A.
- Ana Marissa Díaz, National Director of Administration and Finance, Ministry of Agricultural Development, Panama
- Carla Pike, Director of Audit, National Audit Office, Saint Kitts and Nevis

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

The ARC met at IICA Headquarters, in Coronado, Costa Rica, on June 11 - 12, 2019, with the purpose of conducting the annual review of the Financial Statements for the year that ended December 31, 2018.

Discussions were held with the following management and administrative personnel of IICA:

- Manuel Otero, Director General
- Braulio Heinze, Director of Corporate Services
- Karen Kleinheinz, Financial Manager
- Grettel Loría, Accounting Chief, Financial Management
- Yensy Casanova, Coordinator of the Consolidation Unit, Financial Management
- Rocío Bohórquez, Internal Auditor
- Jorge Sánchez, Specialist, Audit
- Wilber Coccozza, Specialist, Audit
- Osvaldo Solano, Specialist, Information and Communication Technologies and Digital Agriculture Unit

The ARC reviewed the draft report of the external auditor, Deloitte, and held discussions with the Audit Partner, Anayancy Porras, and the Audit Manager, Heiner Cordero.

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

Based on these discussions, the ARC found that the work performed by the external auditors complies with International Auditing Standards and IICA's rules. The external auditors opined IICA's financial statements present fairly, in all material respects, the financial position of IICA as of December 31, 2018 and 2017 and the changes in its net assets and its cash flows for the years then ended, in accordance with generally accepted accounting principles in the United States of America. The ARC accepts the external auditors' opinion and related report. We commend IICA for its 2018 audit results and the achievement of an unmodified audit opinion.

In our 2017 and prior reports, the ARC referenced actions to address issues relating to qualifications to the audit opinions. Specifically, the ARC encouraged IICA to consider conducting additional actuarial studies to ensure the valuation of termination benefits. The ARC acknowledges the efforts conducted by IICA management to provide for additional actuarial studies.

### **Quotas Receivable**

In our 2017 and prior reports, the ARC referenced actions to address issues relating to quotas receivables. The ARC also acknowledges IICA's decision to provide for an allowance for quotas not received timely.

The ARC encourages IICA to pursue timely collection of quotas receivables.

### **AIS Program in Colombia**

The ARC reviewed the note to the financial statements for December 31, 2018 and 2017 in relation to AIS program in Colombia. We are cognizant of the complex nature of this outstanding matter and IICA's ongoing resolution efforts; as well as, the related reviews and potential legal claims. The ARC is of the view that IICA has considered the risk associated with the issue and is addressing it appropriately. The ARC recommends that IICA continue to monitor the situation.

We are making no additional recommendations.

Prepared by:

**Carla Pike**  
**Saint Kitts and Nevis**

**Steve Rickrode**  
**U.S.A.**