



Fortieth Regular Meeting of the Executive Committee

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

IICA/CE/Doc. 711 (20) - Original: Spanish

San Jose, Costa Rica  
21 July 2020



## **TWENTY SIXTH 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:

- Carla Pike, Director of Audit, National Audit Office, Saint Kitts and Nevis
- Mitzila Samudio, National Director of Administration and Finance, Ministry of Agricultural Development, Panama
- Gustavo Pereira da Silva Filho, Director of Governance and Management of the Executive Secretariat of the Ministry of Agriculture, Livestock and Supply, Brazil

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

The ARC met on June 29 - 30, 2020, with the purpose of conducting the annual review of the Financial Statements for the year that ended December 31, 2019.

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

- Manuel Otero, Director General
- Lloyd Day, Deputy 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
- Jorge Sánchez, Internal Auditor, a.i.
- Emmanuel Picado, Manager of Information and Communication Technologies Unit and Digital Agriculture

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.

The ARC also held discussions with Irene Abdo, Manager, Actuarial Services, KPMG.

## **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, 2019 and 2018 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 2019 audit results and the achievement of an unmodified audit opinion for two consecutive years.

### **Quotas Receivable**

In our 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 acknowledges the difficult economic situation that countries are experiencing as a consequence of the COVID-19 pandemic. However, we would like to highlight the fact that quotas received from Member States allow IICA to fulfill its mission to encourage, promote and support Member States in their efforts to achieve agricultural development.

In light of this, 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, 2019 and 2018 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.

### **Subsequent Events COVID-19**

The ARC reviewed the note to the financial statements for December 31, 2019 in relation to COVID-19. We are aware that the financial implications of COVID-19 cannot be established but we encourage IICA to continue its cost saving initiatives to safeguard its financial position.

We are making no additional recommendations.

Prepared by:

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

**Mitzila Samudio**  
**Panama**

**Gustavo Pereira da Silva Filho**  
**Brazil**