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NINETEENTH AND EIGHTEENTH REPORTS OF THE AUDIT REVIEW COMMITTEE (ARC)

Buenos Aires, Argentina
September 24-27, 2013

NINETEENTH 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 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. Tracy LaPoint, Deputy Assistant Inspector General for Audit, Office of Inspector General, United States Department of Agriculture, U.S.A.
2. Pamela D.M. Monroe Ellis, Auditor General, Auditor General's Department, Jamaica
3. Lina Ma. Tejera Jurado, National Director, Administration and Finance, Ministry of Agricultural Development, Panama

ACTIVITIES OF THE AUDIT REVIEW COMMITTEE

The Committee met at IICA Headquarters, in Coronado, Costa Rica, on May 8 - 9, 2013, with the purpose of conducting the annual review of the Financial Statements for the fiscal year that ended in December 2012.

Discussions were held with the following management personnel of IICA:

Víctor M. Villalobos	- Director General
Carlos O'Farrill	- Secretary of Corporate Services
Karen Kleinheinz	- Director of Financial Management
Grettel Loría	- Accounting Chief, Finance
Yensy Casanova	- Coordinator of Consolidation Unit, Finance
Jorge Sánchez	- Internal Auditor, a.i.
Emmanuel Picado	- Head of Information, Technology and Communications Unit

The Committee reviewed the draft report of the External Auditors, Ernst & Young, and held discussions with the Audit Partner, Mr. Juan José Guzmán, and the Audit Manager, Gonzalo Marín.

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

Audit Opinion

The ARC reviewed and considered the basis of the external auditor's qualified opinion with respect to the absence of actuarial studies for termination benefits in the amount of US\$ 16.9m, as required by USGAAP. The ARC understands and accepts the external auditor's position. However, we believe it is important that the readers of the financial statements are aware that US\$ 8.3m (49%) of the termination obligation was in fact subjected to actuarial review. This actuarial study conforms to the norms and labor laws of the relevant country. The 2011 audit opinion was qualified due to a similar issue.

Action Taken on Last Year's Recommendations:

Actuarial Studies

IICA evaluated the usefulness of the Actuarial studies and concluded that they are cost prohibitive. The ARC agrees with this view, given the number of studies that would be required.

AIS Program in Colombia

The independent auditors report for the 2011 financial statements included an emphasis of the matter paragraph in relation to the AIS program in Colombia. However, the independent auditor's report for the 2012 financial statements excludes this matter owing to the change of external auditor. The new external auditor has expressed that its non-disclosure of this matter in the opinion is in keeping with their firm's policy. This matter is fully disclosed under note 13 in the financial statements.

Quota

IICA continues to monitor payment of quotas.

We are making no new recommendations.

Prepared by:

Tracy LaPoint
U.S.A.

Pamela D.M. Monroe Ellis
Jamaica

Lina Ma. Tejera Jurado
Panama

EIGHTEENTH 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 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. Tracy LaPoint, Deputy Assistant Inspector General for Audit, Office of Inspector General, United States Department of Agriculture, U.S.A.
5. Pamela D.M. Monroe Ellis, Auditor General, Auditor General's Department, Jamaica
6. Lina Ma. Tejera Jurado, National Director, Administration and Finance, Ministry of Agricultural Development, Panama

ACTIVITIES OF THE AUDIT REVIEW COMMITTEE

The Committee met at IICA Headquarters, in Coronado, Costa Rica, on June 18 - 19, 2012, with the purpose of conducting the annual review of the Financial Statements for the fiscal year that ended in December 2011.

Discussions were held with the following management personnel of IICA:

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| Carlos O'Farrill | - Secretary of Corporate Services |
| Karen Kleinheinz | - Director of Financial Management |
| Yensy Casanova | - Coordinator of Consolidation Unit, Finance |
| Luis Condines | - Internal Auditor |
| Emmanuel Picado | - Head of Information, Technology and Communications Unit |

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

Action Taken on Last Year's Recommendations

Actuarial Study

IICA engaged KPMG to perform actuarial studies of local (Costa Rican) and International personnel's termination/non-retirement post employment benefits.

Purchase Obligations

IICA has adequately addressed the concern regarding the recording of purchase obligations. Therefore, the qualification for this item was removed in 2011. IICA should continue to monitor throughout its offices the appropriate recording of purchase obligations to align with U.S. GAAP.

Potential Contingency

IICA management continued to monitor the Columbia AIS project in 2011.

Current Recommendations

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 evaluate the usefulness of the actuarial studies given that the studies are costly and cover only a portion of the population. Unless the studies are performed for all personnel, IICA will not be in compliance with U.S. GAAP and the qualification will remain.

Quotas

IICA continue to monitor quota payments and maintain its collection strategy.

Potential Contingency

IICA continue to monitor events relating to AIS in Columbia, which could result in litigation.

Prepared by:

Tracy LaPoint
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Pamela D.M. Monroe Ellis
Jamaica

Lina Ma. Tejera Jurado
Panama