IICA

Inter-American Institude for Cooperation on Agriculture

Process Manual 6 Auditing

Macroprocess index

Macroprocess

6 Auditing

Objetive	Verify IICA's compliance with existing regulations, policies and processes, its adequate use of resources and efficient management.
Scope	Hemispheric level. Centralized for technical and regulatory activities. Execution of validation activities at IICA's Headquarters and Delegations, as well as for Internally and externally funded projects.

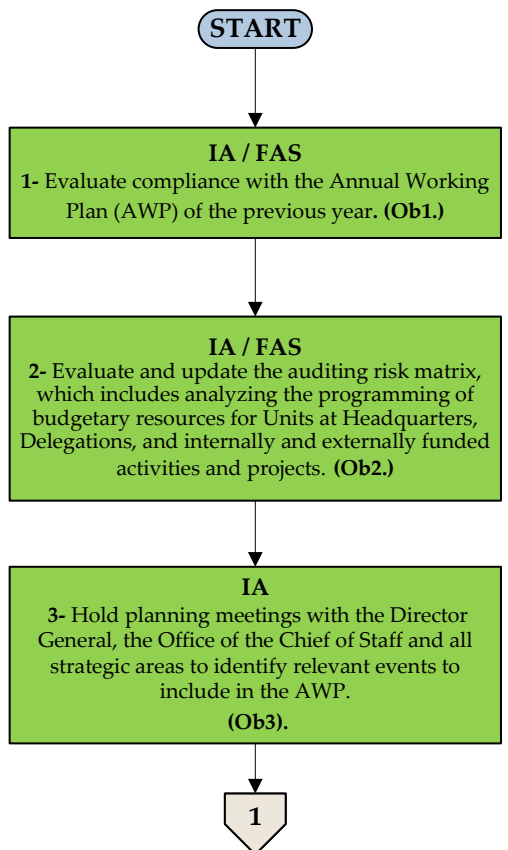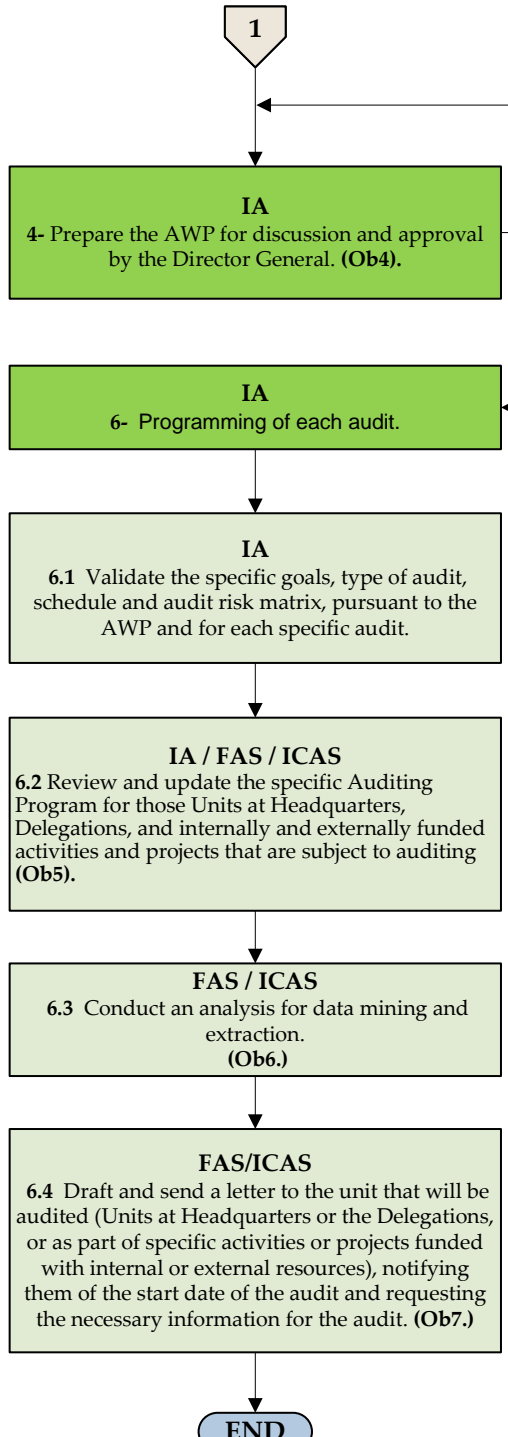| Inputs	Processes	Outcomes
Previous Audit Reports. External Audit Reports. Current Audit Risk Matrix. Institutional Risk Matrixes and their corresponding Mitigation Plans. Annual Work Plan (AWP) Current Annual Action Plan (AAP). Strategical and Tactical Plans of IICA. Internal regulations, policies and guidelines.USGAPs. IFRS and IAS Standards. SAP Financial Information. Programming and Budgetary Information. Relevant events subject to auditing, coordinate with the General Directorate and strategic units of IICA. Interviews. Regulations that are pertinent to the transaction and/or projects subject to auditing. Supporting documentation of the audited process, provided by the audited Units at Headquarters or the Delegations, or as part of specific activities or projects funded with internal or external resources. Memorandums issued by the audited units on the implementation of recommendations. Biannual progress reports on the implementation of recommendations. Contract with the selected firm. Requests for the External Audits. Financial Statements. Actuarials Reports.	6.1 Audits Planning. 6.2 Audits Execution. 6.3 Reports Preparation. 6.4 Follow-up and Monitoring. 6.5 External Audit	Approved Annual Work Plan. Updated Annual Action Plan. Updated Audit Risk Matrix. Audit Program adjusted to each audit. Sample of transactions to be reviewed. Work papers for the audit that was conducted. Requests regarding special auditing studies and interventions. Solid Audit recommendations to guide actions and decision-making. Identification and promotion of opportunities for improvement in IICA's management and control processes. Implementation and promotion by the Institute of opportunities for improving process design and application. Risk reductions for actions and efficiency improvement within IICA. Matrix completed by audited unit indicating the level in implementing the proposed recommendations. Biannual progress reports on the implementation of recommendations (Institutional findings matrix). Effectly and timely logistical support for external audits.

Process

6.1 Audits Planning.

Objetive	Draft the Annual Work Plan (AWP) and the Annual Action Plan (AAP) for Auditing to define the activities (audits, special reviews, assessments, audits for specific processes) that shall be carried out by the Auditing Unit during the year, and the timeline for each audit.
Scope	Hemispheric level. Centralization of technical-regulatory activities. Execution of validation activities at IICA Headquarters and Delegations, as well as for externally funded projects.
Specific Policies and Rules	1. Audit Planning shall be developed pursuant to Article 99 of the Rules of Procedure of the General Directorate. Internal Auditing (IA) is included in IICA's Auditing System, which includes External Auditing (EA) and the Audit Review Committee (ARC). 2. The Annual Work Plan (AWP) must abide by: a) institutional rules and policies, b) the principles of transparency and legality c), the international standards for the professional practice of internal auditing d) efficiency, a process-focus, and prudence in administrative and financial activities and operations. 3. The Annual Action Plan (AAP) must abide by institutional rules and policies on programming and budgeting. 4. The duties set forth in the institutional regulations issued by the Institute's Corporate Governance bodies must be adhered to, verifying compliance with all valid regulations of the Institute. Furthermore, a systematic assessment of Representative transfers must be conducted, analyzing the internal control system for timely identification of deviations or non-compliance in the application of standards that may affect IICA's correct functioning or tarnish the Institute's reputation. 5. The AWP is based on the outcomes of internal control assessments, risk mitigation plans, guidelines defined by the General Directorate, and the outcomes of audits conducted in previous years to determine which Delegations, organizational units and projects are more exposed to risks and must therefore be audited. 6. The AWP must be aligned with the Institute's principles and circumstances. The Internal Auditor shall submit the Plan at the beginning of the calendar year to the Director General for approval. 7.The Delegations that will be visited and the dates for on-site audits must be determined. 8. Audits will focus on reviewing critical processes, programs or projects which, in view of their impact on the organization, require independent confirmation that they are being appropriately managed and that the risks involved in said processes are being mitigated with concrete control actions. 9. In order to verify the execution of externally funded projects, the audits will focus on those involving significant sums or with major delays in their execution. 10.The Auditing Risk Assessment Matrix must be created and/or updated as part of the Audit Planning process. 11.Unscheduled Audits. When unexpected situations arise, Internal Audit will make the necessary adjustments to the AWP and the AAP. 12. Audits will be conducted at Units at Headquarters or the Delegations, or as part of specific activities or projects funded with internal or external resources with a lower auditing risk.
Information Systems	SAP (financial module, grants and logistics)-SUGI-SAPIENS-Font-MS-Word and MS-Excel-SIG/GED

Indicators	• Percentage completion of programmed activities.	
	Background information	**Reference Materials**
Inputs	• Important events to be audited are to be coordinated with the General Directorate and the strategic Units at Headquarters, Delegations, and internally and externally funded activities and projects. • Proposed Annual Work Plan. • Current Annual Action Plan.	• Previous Audit Reports. • External Audit Reports. • Current Audit Risk Matrix. • Institutional Risk Matriz and Corresponding Mitigation Plans. • IICA Strategic and Tactical Plans. • International Standards for conduction Professional Internal Audits - chapter describing the audit planning stage. • Current internal regulations, policies, reports and guidelines. • USGAP's accounting standards, for issues not goverment by said standards the IFRSs and IASs shall apply. • SAP Financial data. • Programming and Budgeting data. • Current Process Manuals.
Products	Updated Audititng Risk Matrix. Adjusting audting program for each audit. Updated Annual Action Plan. Approved Annual Work Plan. Sample of transactions subject to review.	

IICA

Process Manual
Auditing
Headquarters

MPR-6-005

Version: 21.11.2022

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6.1 Audits Planning.

INVOLVED

Internal Auditor (IA)
Financial Auditing Specialist (FAS)
Information and Compliance Auditing Specialist (ICAS)
Director General (DG)

Audit	General Directorate	Comments
START **IA / FAS** 1- Evaluate compliance with the Annual Working Plan (AWP) of the previous year. **(Ob1.)** **IA / FAS** 2- Evaluate and update the auditing risk matrix, which includes analyzing the programming of budgetary resources for Units at Headquarters, Delegations, and internally and externally funded activities and projects. **(Ob2.)** **IA** 3- Hold planning meetings with the Director General, the Office of the Chief of Staff and all strategic areas to identify relevant events to include in the AWP. **(Ob3).** 1		**Ob1:** The coverage and preventive impact of audits must consider the extent to which the various Units at Headquarters, Delegations, and internally and externally funded activities and projects comply with institutional regulations. **Ob2:** Audits conducted on processes, programs or critical projects must focus on those which, in view of their impact on the organization, require independent confirmation that they are being properly managed and that the risks involved in undertaking them are being properly mitigated with concrete control actions. The evaluation of externally funded projects is considered to be essential, when the sums involved are significant or their execution is significantly delayed. **Ob3:** Includes all strategic areas. The schedule is defined jointly with the General Directorate and the Office of the Chief of Staff, and is part of the Annual Working Plan - AWP.

Audit	General Directorate	Comments
1 **IA** 4- Prepare the AWP for discussion and approval by the Director General. **(Ob4).** **IA** 6- Programming of each audit. **IA** 6.1 Validate the specific goals, type of audit, schedule and audit risk matrix, pursuant to the AWP and for each specific audit. **IA / FAS / ICAS** 6.2 Review and update the specific Auditing Program for those Units at Headquarters, Delegations, and internally and externally funded activities and projects that are subject to auditing **(Ob5).** **FAS / ICAS** 6.3 Conduct an analysis for data mining and extraction. **(Ob6.)** **FAS/ICAS** 6.4 Draft and send a letter to the unit that will be audited (Units at Headquarters or the Delegations, or as part of specific activities or projects funded with internal or external resources), notifying them of the start date of the audit and requesting the necessary information for the audit. **(Ob7.)** **END**	NO ⟶ **DG** 5- Is the Annual Action Plan approved? YES	**Ob4:** After evaluating the outcomes of audits from previous years conducted on critical processes, programs or projects and newly implemented computer apps, an assessment will be made regarding which Units at Headquarters, Delegations, and externally funded projects subject to auditing pose a high or medium risk to the Institute's operations. The resources required for the execution of the audit are defined. **Ob5:** An updated file with all the work programs used in the different audits must be maintained. Before conducting the audit, every program must be reviewed and updated in keeping with the approach and scope of the audit. This includes reading and analyzing reports from previous audits. **Ob6:** The IDEA software program will be used for data mining and extraction. Extraction may be random or based on a combination of the most significant records and others that are selected at random. **Ob7:** The note and requirements will be prepared in coordination with the Internal Auditor and Auditing Specialists

Process

6.2 Audits Execution.

Objetive	Apply the Audit Program adjusted for each review and draft a preliminary list of identified findings.
Scope	Hemispheric level. Centralization of technical-regulatory activities. Execution of validation activities at IICA Headquarters and Delegations, as well as for externally funded projects.
Specific Policies and Rules	1. The audit must be conducted in keeping with institutional regulations, the Internal Auditing Manual, International Standards for the Professional Practice of Internal Auditing, the principles of transparency, legality, efficiency, a process-focus, prudence in administrative and financial activities and operations, and Good Management Practices. 2. Audits included in the AWP must focus on critical processes, programs or projects which, in view of their impact on the organization, require independent confirmation that they are being appropriately managed and that the risks involved in said processes are being mitigated with concrete control actions. 3. Applicable regulations must be considered for each audited transaction. 4. The Audit Report is created and must be accompanied by the findings and recoomendations matrix, classified acording to their type in order to identify the level of compliance in policies, processes and procedures of the audited Units at Headquarters, Delegations, and internally and externally funded activities and projects. These matrixes are permanently updated based on the outcome of the audit. 5. The Working Papers are collected at each step of the auditing programs 6. Due to their content, access to working papers is restricted to the Internal Auditing staff and the Director General. 7. The audits conducted in the Institute shall be divided into: a) Transfer Audits: Pursuant to valid regulations, every time a Delegation appoints a new representative, the corresponding transfer protocol must be put in place, which lists the items to be reviewed during the Audit. In cases where senior management considers it pertinent and the Director General approves it, the Internal Audit will proceed to validate the transfer of responsibility of key positions in the Institute's operation. b) Regular Audits: to be conducted in Units at Headquarter, Delegations, internally and externally funded activities and projects and executed according to the rotation plan. c) Compliance Audits: aimed at ensuring compliance with the obligations undertaken by the Institute with its counterparts, regarding the execution of projects funded with external resources. d) Information Technology Audits: aimed at assessing the level of security of the different applications and services, and the management of the Information and Communication Technology (ICT) Unit. e) Process Audits: aimed at evaluating compliance with the Institutional Macroprocesses and their compliance with the Institute's regulations. f) Special Audits: these audits are conducted at the explicit request of the General Directorate, and are aimed at assessing any situation considered relevant for its activities.

Information Systems	SAP -SUGI-Font-SAPIENS-MS-Word, MS-Excel y el SIG/GED.
Indicators	• Percentage of completion of programmed activities.

Inputs	Background information	Reference Materials
	• Relevant events to be audited, coordinated with the General Directorate and strategic organizational units of IICA. • Proposed Annual Work Plan. • Existing Annual Action Plan.	• Annual Work Plan (AWP) • Annual Action Planl (AAP) • Audit Program, adapted for to each audit. • International Standards for Professional Practice of Internal Audits – chapter describing the execution stage of the audits. • Institutional Regulations and specific policies and rules applicable to the transaction. • Supporting documentation of the audited process, provided by the audited Units at Headquarters or the Delegations, or as part of specific activities or projects funded with internal or external resources. • Current Process Manuals.

Products	Requests to conduct special auditing studies and interventions, properly addressed. Preliminary list of identified findings and recommendattions. Working Papers. Requests for audited processes, properly addressed.

6.2 Audits Execution.

INVOLVED

Internal Auditor (IA)
Financial Auditing Specialist (FAS)
Information and Compliance Auditing Specialist (ICAS)
Director General (DG)

Audit	Comments

START

AI / FAS / TAS / CAS
1- Validate standard auditing programs and include any necessary modification or adjustment. **(Ob1.)**

AI / FAS / TAS / FAS
2- Apply the adjusted auditing programs to the transaction sample.

IA / FAS / TAS / CAS
3- Analyze the supporting documentation of the transaction sample and verify that said documentation is relevant, comprehensive, accurate and aligned with the audited process and with valid institutional regulations.

IA / FAS / TAS / CAS
4- Arrange interviews or visits with IICA officials or third parties **(Ob2.)**

IA / FAS / TAS / CAS
5- Conduct interviews.**(Ob3.)**

IA / FAS / ICAS
6- Identification of findings and opportunities for improvement.

IA / FAS / TAS / CAS
6.1 During the audit, collect sufficient evidence (physical or digital) to prepare the working papers that will support the Audit conclusions. **(Ob4.)**

IA / FAS / TAS / CAS
6.2 Prepare a preliminary list of identified findings and opportunities for improvement and create the Regulatory Compliance Matrix.

IA / FAS / TAS / CAS
6.3 Hold a closing meeting with the audited officials to confirm the identified findings and opportunities for improvement. Move on to process 6.3 Report Preparation. **(Ob5.)**

END

Ob1: Determine the group or sample to be reviewed using computer-assisted auditing techniques (IDEA software). A memorandum must be drafted, indicating the start of the audit and attaching a file with the records selected for the sample.
The coverage and preventive impact of audits must consider the extent to which the various Units at Headquarters, Delegations, and internally and externally funded activities and projects comply with institutional regulations.

Ob2: Coordination of interviews or visits to determine relevance, comprehensiveness, accuracy and alignment with the audited process when so required. This assessment includes determining the relevance to the audited process. This also applies to the position of Auditing Specialist.

Ob3: To ensure the efficiency of the interview, the objectives, questions and required documents must be determined beforehand.

Ob4: The Regulatory Compliance Matrix is created in order to determine the level of compliance of the audited Units at Headquarters, Delegations and internally and externally funded activities and projects with established policies and procedures.

Ob5: For this meeting, the main findings are listed to guide the review of the audit outcomes.

Process

6.3 Reports Preparation

Objetive	Prepare different types of audit reports, pursuant to the International Standards for the Practice of Internal Auditing and institutional rules and policies, in order to convey the outcome of the audit and the corresponding recommendations.
Scope	Hemispheric level. Centralization of technical-regulatory activities. Execution of validation activities at IICA Headquarters and Delegations, as well as for externally funded projects.

Specific Policies and Rules	1. All auditing reports must be addressed to the Director General, the coordinators of the audited units and their immediate superiors. The reports must be classified as follows:
	  a) Individual review report. In addition to the steps defined in the International Standards for the professional exercise of the Audit, this report must include the names of the auditors in charge, identifying the individuals who drafted, revised and approved it.
	  b) Biannual Executive Summary, addressed to the Director General: includes the main findings, recommendations and corrective actions that the Units at Headquarters, Delegations, and internally and externally funded activities and projects have committed to implement or have already put into place during the course of the audit, as well as compliance with the auditing plan.
	2. The Audit Report compiles the conclusions and relevant findings identified during the execution phase, incorporating the conclusions on the financial, operational and management status of the audited Units at Headquarters, Delegations, and internally and externally funded activities and projects.
	3.The Findings and Improvement Opportunities Matrix documents compliance deviations in regard to regulations, and other aspects where there is an opportunity for improvement.
	4. The recommendations included in the reports are aimed at increasing operational efficiency, and compliance with regulations and processes. Audited units are given 60 days to incorporate corrections and recommendations contained therein.
	5. Recommendations are included in 2 reports:
	a) A summary report with aspects requiring immediate attention and the level of regulatory compliance (high, moderate or low) for Corporate Governance levels.
	b) A detailed findings and recommendation matrix addressed to the audited areas.
	6. Recommendations included in the findings and recommendations matrix are divided into: a) matters that require immediate attention due to their impact (financial, reputation, misconduct or fraud); b) improvements in management (processes, good management practices) and c) structural matters.

Information Systems	Repository of digital or physical files with supporting documentation - MS-Word and MS-Excel and SIG/GED.
Indicators	• Percentage completion of executed versus programmed activities. • Percentage compliance of audited processes.

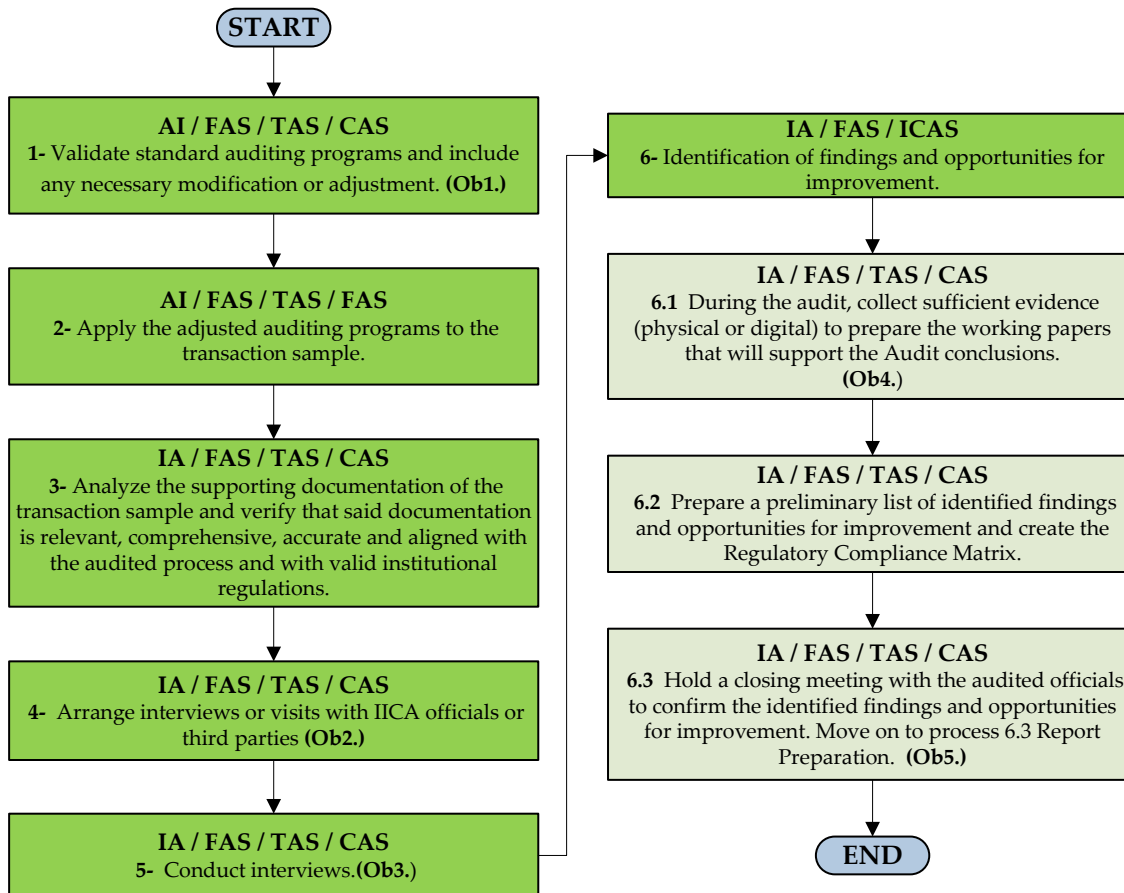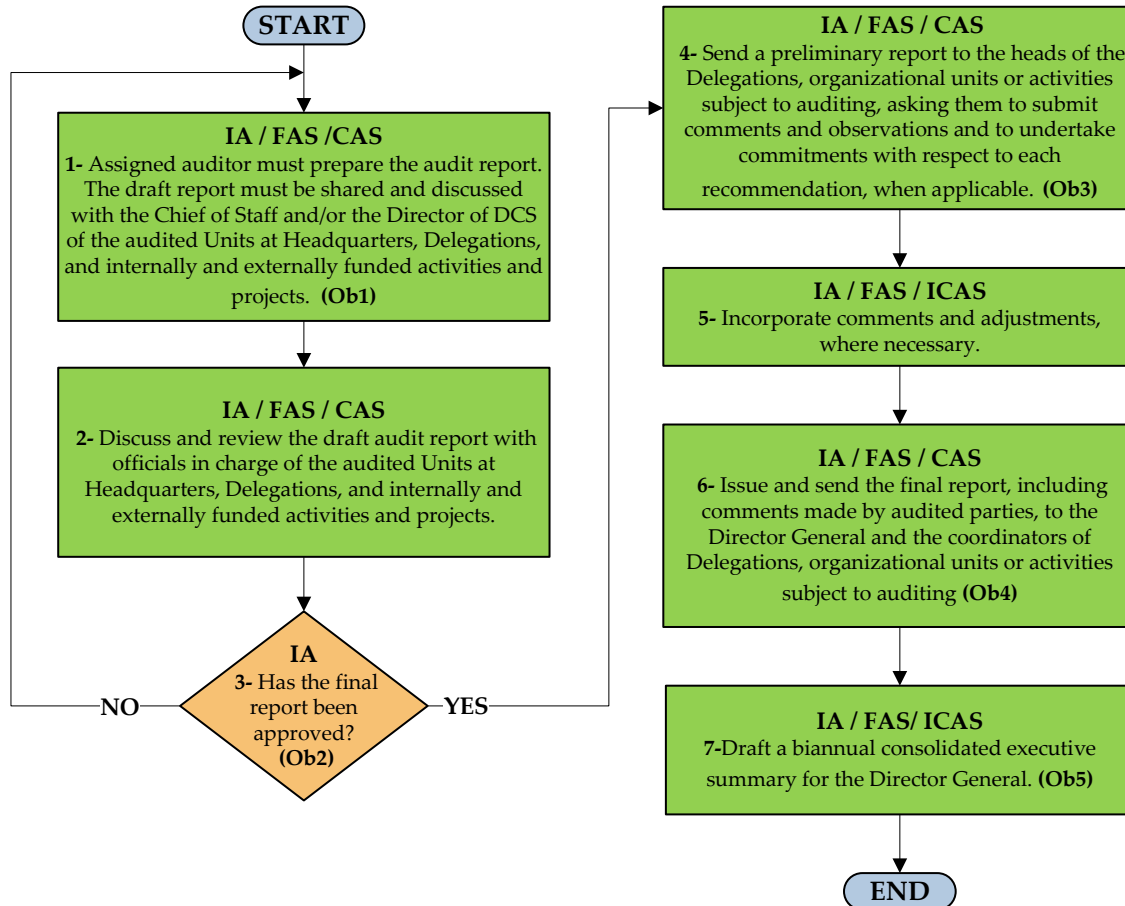|	Bakground information	Reference Materials
Inputs	• Preliminary list of identified findings	• International Standards for the Professional Practice of Internal Audits - chapter describing report preparation. • Institutional Policies and Rules. • Working Papers of the audit. • Existing Process Manuals.
Products	Executive Auditing Report. Consists of solid auditing recommendations to guide actions and decision-making. Findings and Recommendations Matrix. Includes the identification and promotion of opportunities for improvement in IICA's management and control processes, as well as the Institute's implementation and promotion of opportunities for improvement in process design and application. Biannual Executive Report.	

6.3 Reports Preparation

INVOLVED

Internal Auditor (IA)
Financial Auditing Specialist (FAS)
Information and Compliance Auditing Specialist (ICAS)
Director General (DG)
Directorate of Corporate Services (DCS)

Audit	Comments

Audit

START

IA / FAS /CAS
1- Assigned auditor must prepare the audit report. The draft report must be shared and discussed with the Chief of Staff and/or the Director of DCS of the audited Units at Headquarters, Delegations, and internally and externally funded activities and projects. **(Ob1)**

IA / FAS / CAS
2- Discuss and review the draft audit report with officials in charge of the audited Units at Headquarters, Delegations, and internally and externally funded activities and projects.

IA
3- Has the final report been approved? **(Ob2)**
— NO / YES —

IA / FAS / CAS
4- Send a preliminary report to the heads of the Delegations, organizational units or activities subject to auditing, asking them to submit comments and observations and to undertake commitments with respect to each recommendation, when applicable. **(Ob3)**

IA / FAS / ICAS
5- Incorporate comments and adjustments, where necessary.

IA / FAS / CAS
6- Issue and send the final report, including comments made by audited parties, to the Director General and the coordinators of Delegations, organizational units or activities subject to auditing **(Ob4)**

IA / FAS/ ICAS
7-Draft a biannual consolidated executive summary for the Director General. **(Ob5)**

END

Comments

Ob1: Prepare the draft Audit Report, based on the results of the review. The draft report must be shared and reviewed with the Chief of Staff, the Delegations (where applicable), the Director of the DCS, Director of the DTC, and the Directorate of External and Institutional Relations, DIREXI, as appropriate, within 3 days of issuing the draft report.
Moreover, the Audit Report and the Findings and Recommendations Matrix should be prepared in conjunction with each other and are complementary documents.

Ob2: It is returned to the Auditing Specialists to make all necessary adjustments.

Ob3: The heads of the Units at Headquarters, Delegations and internally and externally funded activities and projects, subject to auditing have a maximum of 5 days to submit their comments, observations and commitments regarding each recommendation, before the final report is sent to the Director General.

Ob4: Issue final report pursuant to International Auditing Standards.

Ob5: For review and discussion with the Director General. Includes the audit results of the various Units at Headquarters, the Delegations, and the internally and externally funded activities and projects that have been subject to auditing during the six-month period. This is a summary of the work done by the Audit Unit and the follow-up on the implementation of recommendations of the audits conducted in the six-month period, as well as the follow-up on outstanding recommendations from previous reports.

Process

6.4. Follow-Up and Monitoring.

Objetive	Follow-up on and monitor actions carried out by the audited Units at Headquarters, Delegations, and internally and externally funded activities and projects to determine whether they have effectively addressed and implemented the recommendations made during the audit.
Scope	Hemispheric level. Centralization of technical-regulatory activities. Execution of validation activities at IICA Headquarters and Delegations, as well as for externally funded projects.
Specific Policies and Rules	1. The officials responsible for the audited Units at Headquarters, Delegations, and internally and externally funded activities and projects must ensure that preventive and/or corrective actions are implemented, pursuant to the recommendations and opportunities for improvement described in the audit reports. 2. Evidence of the applied preventive and/or corrective actions must be presented to Internal Auditing within 60 days of receiving the final report, with a copy to the Director General. 3. The Internal Auditing Unit must follow-up on the implementation of the recommended actions described in the auditing report. If, upon follow-up, it is determined that the required actions have not been implemented within the specified 60 days, a reminder will be sent out indicating that the implementation is still pending and granting a one-time extension of 15 days. 4. If within the aforementioned extension of 15 days, the preventive and/or corrective actions have not been implemented, the Internal Auditor shall notify the Director General through the periodical report, so that the Director General may take the appropriate measures. 5. If there is any indication that the audited unit is stalling or in any way ignoring the recommended preventive and/or corrective actions with regard to relevant issues, the Internal Auditor shall request a personal meeting with the Director General in order to discuss the situation. 6. The level of progress in the process to implement the recommendations issued by Internal Auditing should be monitored for each audited Unit at Headquarters, Delegation, and internally and externally funded activities and projects. 7. If, during the normal monitoring process, the Auditor recognizes or identifies situations that may constitute a breach of regulations or processes, deficiencies or potential risks, he or she must notify the Director General, and take all preventive and/or corrective measures to strengthen the internal control system and/or mitigate the Institute's exposure to the different risks.
Information Systems	Repository of digital or physical files with supporting documentation-SAP -SUGI-SAPIENS-MS-Word-Excel-SIG/GED.
Indicators	• Percentage compliance with recommendations issued by Internal Auditing, within the established time frame after receiving the final auditing report.

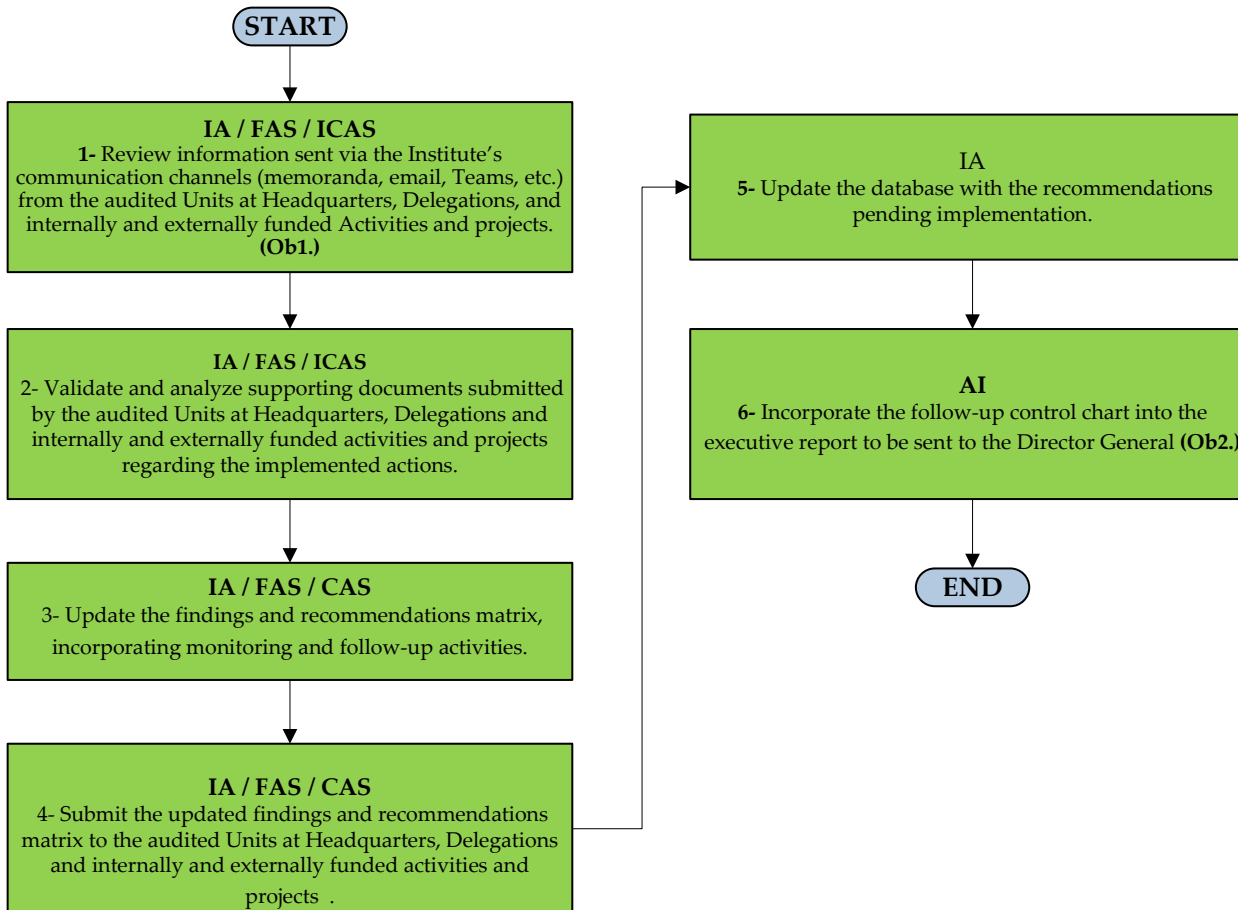|	**Background Information**	**Reference Materials**
Inputs	• Interviews • Memorandums issued by the audited Units at Headquarters, Delegations, and internally and externally funded activities and projects along with supporting documents, indicating compliance with the recommendations issued by Internal Auditing.	• Audit Reports • Updated Findings and Recommendations Matrix, based on the compliance report of the audited Units at Headquarters, Delegations, and internally and externally funded activities and projects. • International Standards for the Professional Practice of Internal Audits - chapter describing report follow-up. • Institutional Rules and Policies.
Products	Risk reduction in actions carried out by IICA and improvement of the Institute's efficiency. Updated Findings and Recommendations Matrix per unit or audited process, including the implementation advance of the issued recommendations. Biannual periodic executive summary to the Director General with the status progress in the implementing of recommendations.	

6.4 Follow-up and Monitoring.

INVOLVED

Internal Auditor (IA)
Financial Auditing Specialist (FAS)
Information and Compliance Auditing Specialist (ICAS)
Director General (DG)

Auditoría	Observaciones

Auditoría

START

IA / FAS / ICAS
1- Review information sent via the Institute's communication channels (memoranda, email, Teams, etc.) from the audited Units at Headquarters, Delegations, and internally and externally funded Activities and projects. **(Ob1.)**

IA / FAS / ICAS
2- Validate and analyze supporting documents submitted by the audited Units at Headquarters, Delegations and internally and externally funded activities and projects regarding the implemented actions.

IA / FAS / CAS
3- Update the findings and recommendations matrix, incorporating monitoring and follow-up activities.

IA / FAS / CAS
4- Submit the updated findings and recommendations matrix to the audited Units at Headquarters, Delegations and internally and externally funded activities and projects .

IA
5- Update the database with the recommendations pending implementation.

AI
6- Incorporate the follow-up control chart into the executive report to be sent to the Director General **(Ob2.)**

END

Observaciones

Ob1: Units at Headquarters, Delegations and internally and externally funded activities and projects must describe actions carried out to comply with the recommendations issued by Auditing.

Ob2: The follow-up control chart must indicate the recommendations pending implementation.
If the recommended preventive and/or corrective actions have not been implemented or a plan to implement them in the medium term, within 60 days of receiving the final auditing report, has not been proposed, the Internal Auditor shall notify the Director General in his periodical report, so that he may take the appropriate measures.
The Internal Auditor shall request a personal meeting with the Director General to discuss the situation.

Process

6.5. External Audit

Objetive	Ensure the adequate planning of the annual External Audit, with the necessary technical and logistical support for proper execution, and the organization of external audits of externally funded projects, the requirements of which are included in their respective Legal Instrument.
Scope	Hemispheric level. Centralization of technical-regulatory activities. Execution of validation activities at IICA Headquarters and Delegations, as well as for externally funded projects.
Specific Policies and Rules	1. Chapter 7 of the Rules of Procedure of the General Directorate establishes that the accounts of the Institute are to be examined by way of an external audit. 2. External auditors shall be designated by the Executive Committee to perform the assigned tasks and to submit a report, presenting their opinion on the financial situation of the Institute. 3.The Financial Division (FD) shall prepare the Terms of Reference governing the contracting of external auditing services. For externally funded projects, the Terms of Reference are to be prepared in collaboration with the coordinators responsible for the project. 4.The Financial Division (FD) shall share the Terms of Reference of the institutional external audit with the Corporate Purchasing Committee (CPC) in a timely manner, and work with the Director of Corporate Services to discuss any findings and the draft report, and also to determine which IICA Delegations will be visited. 5.For externally funded projects, the project coordinators shall be responsible for ensuring that auditing requirements established in the respective Legal Instrument are fulfilled, requesting support, where needed. 6.The FD shall be responsible for overseeing any logistical activities, fulfilling any requirements and providing the accounting and financial information needed for this external auditing process and the ARC review. 7.The external audit reports shall verify that the Institute has complied with existing rules and regulations, based on a systematic and selective review of official transactions and operational procedures, in relation to the resources managed by the Institute, in order to give an account to the General Directorate, the governing bodies and the counterparts, certifying that, in the opinion of the external auditors, the operations have been fairly presented. 8.The Audit Review Committee (ARC) shall review the work of the internal and external auditors regarding the Institute's financial statements and all other aspects of the Institute's external audit system, calling to the attention of the Executive Committee anything that, in its judgement, could constitute a violation of the rules and procedures governing the General Directorate. 9.The ARC shall validate and approve the execution of the external audit and the external audit report, in compliance with the responsibilities entrusted to it by the Inter-American Board of Agriculture and the Executive Committee.
Information Systems	Repository of digital or physical files with supporting documentation - SAP, SUGI-SAPIENS-MS-Excel.
Indicators	Percentage of external audit requests addressed in a timely manner

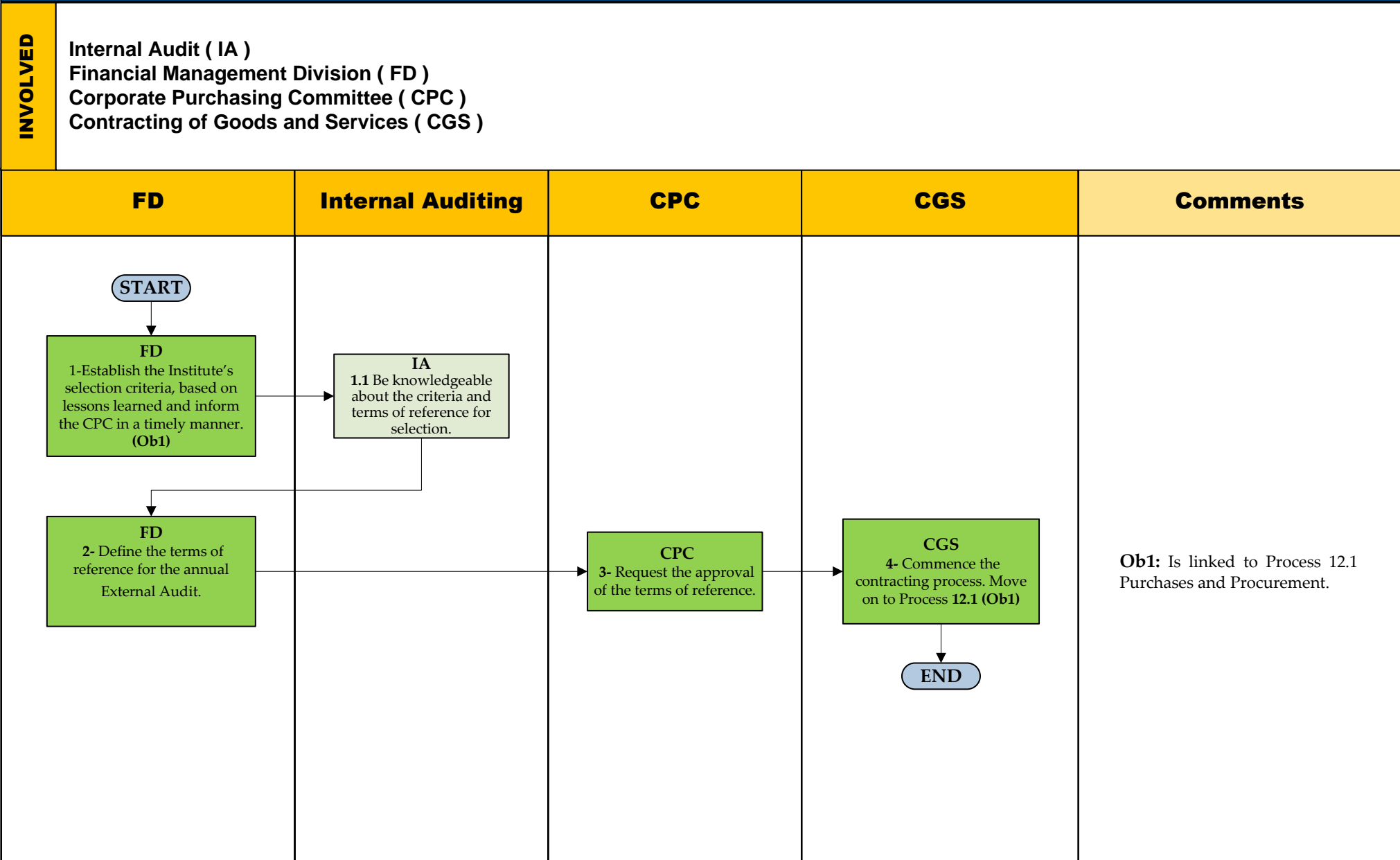| Proceso	Subproceso
6.5 External Audit.	6.5.1.Defining of the terms of reference and criteria for the selection of external auditors.
	6.5.2. Support for and Processing of Requirements.
	6.5.3. Review, Discussion and Verification of External Audit Reports.

Subprocess

6.5.1. Defining of the terms of reference and criteria for the selection of external auditors.

Objetive	Define the terms of reference for the annual institutional External Audit and for externally funded projects, with regards to the process to select and contract the required resources.
	Background Information	**Reference Materials**
Inputs	• Institutional selection criteria based on lessons learned. • Selection criteria based on the corresponding Legal Instruments	• Terms of reference from previous contracts. • Financial statements from previous years. • Legal Instrument, Technical Annex and financial and technical reports from externally funded projects.
Products	Approved terms of reference and selection criteria.	

6.5. External Audit

6.5.1. Defining of the terms of reference and criteria for the selection of external auditors.

INVOLVED

Internal Audit (IA)
Financial Management Division (FD)
Corporate Purchasing Committee (CPC)
Contracting of Goods and Services (CGS)

FD	Internal Auditing	CPC	CGS	Comments

START

FD
1-Establish the Institute's selection criteria, based on lessons learned and inform the CPC in a timely manner. **(Ob1)**

IA
1.1 Be knowledgeable about the criteria and terms of reference for selection.

FD
2- Define the terms of reference for the annual External Audit.

CPC
3- Request the approval of the terms of reference.

CGS
4- Commence the contracting process. Move on to Process **12.1 (Ob1)**

END

Ob1: Is linked to Process 12.1 Purchases and Procurement.

Subprocess

6.5.2. Support for and Processing of Requirements.

Objetive	Provide the necessary technical and logistical support for proper execution of the Institutional External Audit and the ARC.	
	Background Information	**Reference Materials**
Inputs	• Requests for External Audits on technical processes. • Requests for External Audits on logistical processes. • Interviews with External Auditors. • Requests to conduct interviews with the members of the Audit Review Committee.	• Contract signed with the selected firm.
Products	Effective and timely technical and logistical support provided for external audits.	

6.5. External Audit

6.5.2. Support for and Processing of Requirements.

INVOLVED

Auditing (A)
Financial Management Division (FD)

Financial Management Division	Internal Audit	Comments
START **FD** 1- Hold an initial meeting with the selected firm. **FD** 2- Coordinate the logistical and other requirements set out by the external audit (EA) firm. **(Ob2)** **FD** 3- Organize an induction session for the EA team, describing institutional procedures. **(Ob3)** **FD** 4- Prepare all financial statements, ensuring that they are delivered to the external auditors, and supply the entire database of accounting records. **FD** 5- Address and channel the requirements stipulated by the auditors: requests, receipt and verification of the supporting documentation provided by the organizational units and each Delegation. 1		**Ob1:** Includes an analysis of the External Audit (EA) work plan, determination of the start and end dates for the audits to be conducted at Headquarters, a selection of the Delegations to be visited and the dates of the respective audits. **Ob2:** Includes the coordination of meetings with different organizational units or Delegations. **Ob3:** Includes an understanding of the requirements to carry out their tasks: the nature of the task, systems used and regulations.

Financial Management Division	Internal Audit	Comments
1 **FD** 6-Channel the requests for information required by the actuarial specialists, ensuring that the Delegations and areas at Headquarters that are subject to actuarial studies, submit the requested information. **FD** 7-Conduct meetings with the actuarial specialists for follow-up and validation of the results. **FD** 8- Request interdisciplinary support from other institutional units to fulfill any requirement, as requested by the auditors. **FD** 9- Prepare and verify the information contained in the respective disclosure notes for the audit report. END	**IA** **7.1** Participate in meetings regarding the internal audits, as required by the external auditors.	
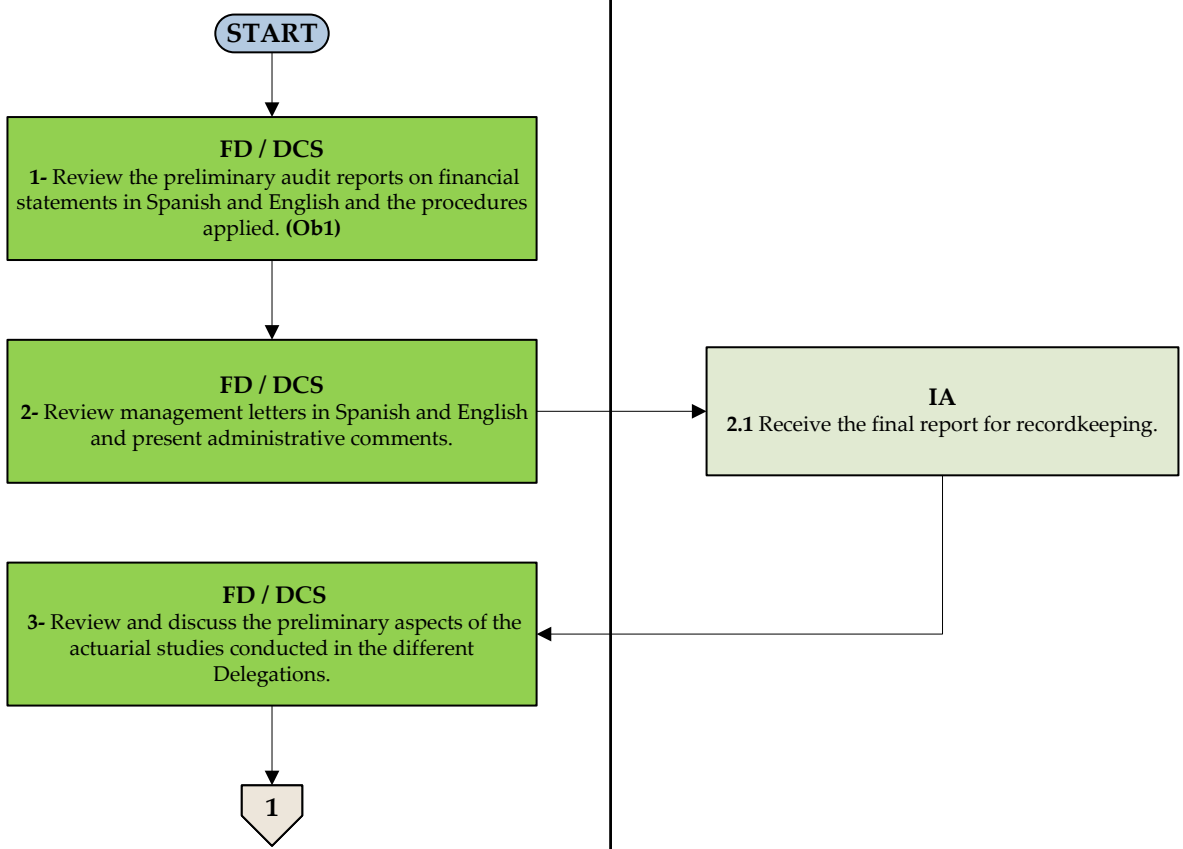
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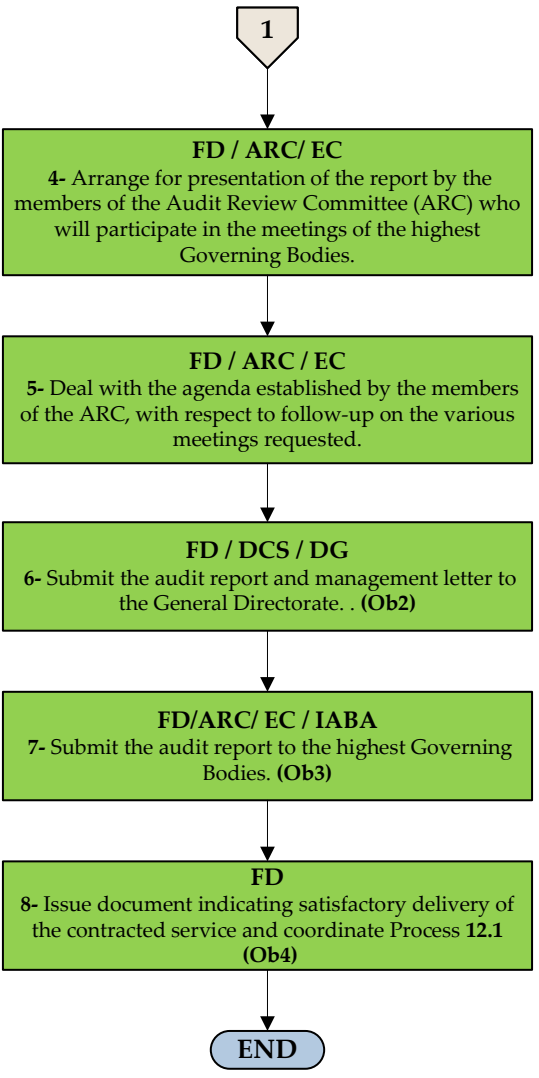
6.5.3. Review, Discussion and Verification of External Audit Reports.

Objetive	Ensure the delivery of objective, timely institutional External Audit reports to guide decision-making processes.

	Background Information	**Reference Materials**
Inputs	• Preliminary External Audit report.	• Rules of Procedure of the Audit Review Committee (ARC).
Products	• Final External Audit Reports on the audited financial statements, organizational units and Delegations to guide decision-making processes.	

6.5. External Audit

6.5.3. Review, Discussion and Verification of External Audit Reports.

INVOLVED

Internal Audit (A)
Financial Management Division (FD)
Audit Review Committee (ARC)
Executive Committee (EC)
Director General (DG)
Directorate of Corporate Services (DCS)
Inter-American Board of Agriculture (IABA)

Mix	Internal Audit	Comments
START		**Ob1:** Refers to the audited organizational units and Delegations.
FD / DCS 1- Review the preliminary audit reports on financial statements in Spanish and English and the procedures applied. **(Ob1)**		
FD / DCS 2- Review management letters in Spanish and English and present administrative comments.	**IA** 2.1 Receive the final report for recordkeeping.	
FD / DCS 3- Review and discuss the preliminary aspects of the actuarial studies conducted in the different Delegations.		
1		

Mix	Internal Audit	Comments
1		
FD / ARC/ EC 4- Arrange for presentation of the report by the members of the Audit Review Committee (ARC) who will participate in the meetings of the highest Governing Bodies.		
FD / ARC / EC 5- Deal with the agenda established by the members of the ARC, with respect to follow-up on the various meetings requested.		
FD / DCS / DG 6- Submit the audit report and management letter to the General Directorate. . **(Ob2)**		**Ob2:** The Director General is involved at this stage.
FD/ARC/ EC / IABA 7- Submit the audit report to the highest Governing Bodies. **(Ob3)**		**Ob3:** If so requested by the Director General, the Financial Management Division will be involved in this process.
FD 8- Issue document indicating satisfactory delivery of the contracted service and coordinate Process **12.1** **(Ob4)**		**Ob4:** Is linked to PRO 12.1 Purchases and Procurement.
END		