Consolidated Financial Statements of IFAD as at 31 December 2019

Management Assertion Report on the effectiveness of internal controls over financial reporting

Note to Executive Board representatives

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For: Approval
Management Assertion Report on the Effectiveness of Internal Controls Over Financial Reporting

Management of the International Fund for Agricultural Development (hereinafter IFAD or the Fund) is responsible for the preparation, fair presentation and overall integrity of its Consolidated Financial Statements. The Financial Statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

According to the Financial Regulations of IFAD, the President is responsible for establishing and maintaining appropriate internal financial control and audit systems of the Fund which would include those over external financial reporting.

The Executive Board of the Fund established an Audit Committee, whose terms of reference, among other things, is to assist the Executive Board in exercising supervision over the financial administration and internal oversight of the Fund. Financial administration would include effectiveness of internal controls over financial reporting. The Audit Committee is comprised entirely of selected members of the Executive Board and oversees the process for the selection of the external auditor and makes a recommendation for such selection to the Executive Board for its approval. The Audit Committee meets with the external and internal auditors to discuss, respectively, the scope and design of the audit, and annual workplan, and any other matter within the Audit Committee's terms of reference that may require the Audit Committee's attention.

The system of internal controls over financial reporting contains monitoring mechanisms and actions that are meant to detect, prevent and facilitate correction of deficiencies identified that may result in material weaknesses in internal controls over financial reporting. There are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, an effective internal control system can only provide reasonable, as opposed to absolute assurance with respect to financial statements. Furthermore, the effectiveness of an internal control system can change with circumstances.

The Fund’s Management assessed the effectiveness of internal controls over financial reporting for the financial statements presented in accordance with IFRS as of 31 December 2019. The assessment was based on the criteria for effective internal controls over financial reporting described in the Internal Control -Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). A report was provided to Management by the Office of Audit and Oversight providing reasonable assurance as to the operational effectiveness of these controls. Based on the work performed, Management believes that the Fund maintained an effective system of internal controls over financial reporting as of 31 December 2019, and is not aware of any material control weakness that could affect the reliability of the 2019 financial statements. IFAD’s independent external auditor, Deloitte & Touche, S.p.A, has audited the financial statements and has issued an attestation report on Management’s assertion on the Fund’s internal controls over financial reporting.

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