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Date: September 30, 2005

To: Executive Secretaries, Directors of Departments and Offices

From: José Miguel Insulza, Secretary General

SUBJECT: Observance of the General Standards, and administrative, budgetary, and financial rules governing the operations of the General Secretariat

The purpose of this memorandum is to reiterate to the staff of the General Secretariat that it is of the utmost importance that each staff member with functional responsibility for requesting and/or approving the purchase of goods or services on behalf of the General Secretariat complies with and requires compliance with the General Standards, the Budgetary and Financial Rules, the Procurement Rules, and the Staff Rules governing the General Secretariat.

It has been detected that certain dependencies of the Secretariat have exceeded the budgetary authorization approved by the General Assembly in the Regular Fund and that some obligations were not recorded in the accounts at the proper time, which constitutes a breach of the rules.

It is therefore essential to recall the provisions on Delegation of Authority and Functional Responsibility, which have to be fully observed by all General Secretariat personnel, particularly Articles 99, 100, and 112 of the General Standards, Chapters IV, VII, VIII, IX, X, XI, and XVI. of the Budgetary and Financial Rules, and Rule 101.3 and 103.20 (b) (ii) of the Staff Rules.

I therefore request all Executive Secretaries and Directors of Departments and Offices of the General Secretariat to conduct a careful analysis to determine whether commitments have been entered into in their area of responsibility without proper budgetary authorization, or whether there exist financial commitments that have been taken on or invoices that have not been recorded in the official accounting records of the General Secretariat. If that is the case, such commitments must be recorded in the accounts and reported without exception to the Office of Budgetary and Financial Services by no later than the absolute deadline of **October 14, 2005**. After that date, unregistered commitments may not be registered without prior authorization of the Director of the Department of Administration and Finance or the Secretary General's Chief of Staff.

Furthermore, pursuant to Article 14.b of the Budgetary and Financial Rules, I have authorized the Director of the Department of Administration and Finance to replace Article IV.2.d of those Rules with a new Article IV.2.d to include the actions referred to

below so that, if they are found to have occurred, they shall be considered serious misconduct and grounds for summary dismissal on the terms provided for under the rules currently in force.

- i.) Receiving or authorizing the receipt of a check, bank transfer, or cash for the General Secretariat and failing to deliver it to the Treasurer or, where applicable, informing him within **two business days** of the authorization or receipt;
- ii.) Entering into a financial commitment on behalf of the General Secretariat without having registered the corresponding budgetary or financial authorization in the official accounting records of the General Secretariat within **two business days** of the date of the commitment;
- iii.) Making or authorizing a disbursement without having recorded it in the official accounting records of the General Secretariat within **two business days**;
- iv.) Making or authorizing registration of an obligation that does not constitute a legal commitment vis-à-vis a third natural or juristic person;
- v.) Entering into a fraudulent obligation;
- vi.) False receipt of goods or services;
- vii.) Making or authorizing an unjustified disbursement;
- viii.) Issuing a false receipt for goods or services;
- ix.) Unwarranted retention of monies of the General Secretariat;
- x.) Using any foreign currency and/or exchange rate that are not in the best interests of the General Secretariat; and
- xi.) Any other act exceeding the authority duly delegated or violation of these rules that the Secretary General considers not to be in the best interest of the Organization.

As of October 1, 2005, all procedures designed to execute projects or activities must comply fully with the relevant standards governing the General Secretariat, regardless of whether they are financed out of the Regular Fund, F emcidi, S pecific F unds, or T rust Funds.

I rest assured that I can count on the cooperation of all the staff and that there will be strict observance of the administrative and financial provisions in effect. I reiterate that failure to comply will lead the General Secretariat to invoke applicable standards and

**apply the corresponding sanctions, which could adversely affect the earnings of the staff member (s) responsible.**

**cc: The Inspector General**