

**GENERAL SECRETARIAT OF THE  
ORGANIZATION OF AMERICAN STATES**



**BUDGETARY AND FINANCIAL MANUAL  
FOR THE  
UNITS OF THE GENERAL SECRETARIAT  
IN THE MEMBER STATES**

**(THIS DOCUMENT WILL BE UPDATED WITH EVERY OASES UPGRADE)**

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**DEPARTMENT OF ADMINISTRATION AND FINANCE  
OFFICE OF BUDGETARY AND FINANCIAL SERVICES  
GENERAL SECRETARIAT OF THE OAS  
WASHINGTON, D.C. 20006**

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# INTRODUCTION

This Budgetary and Financial Manual [The Manual] for the Units of the General Secretariat in the Member States complements the Budgetary and Financial Rules of the General Secretariat of the Organization of American States.

The General objective of these rules and procedures is to standardize the application of the Budgetary and Financial Rules of the General Secretariat in the Units Away from Headquarters for their integration into the Organization of American States Enterprise System (“OASES”).

The Manual will guide and assist staff members in the effective and efficient management of OASES, which is composed by the following eleven modules.

1. Grants Management System
2. Projects/Costing
3. Projects/Billing
4. Purchasing
5. Accounts Payables
6. Accounts Receivable
7. Cash Management
8. General Ledger
9. Human Resources
10. Payroll
11. Workflow

The Office of Budgetary and Financial Services (OBFS) is responsible for the maintenance of this document, making periodical updates to provide the most current information to the Units of the General Secretariat in the member states.

## **DEFINITIONS**

For the purpose of these Rules and Procedures, the following definitions shall apply:

**Accountable Advance:** An advance of money recorded in the name of a staff member of the GS/OAS or consultant (CPR), such as cash advanced for travel expenses and for making payments on behalf of a program or project. Normally, advances for project disbursements are performed by a project coordinator or disbursing officer who, after spending the funds, must render accounts on how the funds were spent.

**Accounts Receivable:** Amounts due to the OAS by member states, non-member states, organizations, and individuals, such as quotas and taxes assessed to the member states, contributions pledged, and money owed to the GS/OAS or cash advances pending to be settled.

**Accounts Payable:** Liabilities that are due to individuals, firms or enterprises for goods and services received by GS/OAS. The account normally does not include accruals.

**Activities:** Budgetary categorizations of the means of action consistent with the application of the principle of “budget by outcomes.” It includes: Direct services, Regular Secretariat Services, and General Support Services.

**Administrative Support:** Budgetary provision assigned to contributions to cover general support services costs as referenced in GS Articles 77 and 79 financed by FEMCIDI, Specific Funds, and Trust Funds. This provision mainly covers related administrative and technical costs incurred by the Department of Administration and Finance and Units of the General Secretariat away from headquarters. It may also include support from the Office of General Legal Services and administrative personnel of the responsible substantive area.

**Advance Emergency Fund or “AEF”:** Mechanism for providing cash in emergency situations when bank services are not available or there is not enough time to process the payment through OASES.

**Advance, Travel:** See “Travel Advance.”

**Allottee:** A specified official authorized to incur obligations. See “Program Manager.”

**Allotment:** In the case of the Regular Fund, it is an authorization from the Director for Administration and Finance recorded in OASES that grants availability of funds to the dependencies of the General Secretariat allowing monies to be obligated and spent within a specific period of time for a determined amount in conformity with an appropriation in the Program-Budget. In the case of Voluntary Funds, it is a programming decision by the Management Board of the Inter-American Agency for Cooperation and Development (“IACD”) regarding the Special Multilateral Fund for the Inter-American Council for Integral

Development (“FEMCIDI”). In the case of Specific Funds, it is the availability of funds to spend equal to the amount of cash received from a donor. For trust funds, it is the availability to spend based on the Trust needs, availability of cash and request from corresponding Trust authorities.”

**AF Director:** Director of the Department for Administration and Finance.

**Available Funds:** Difference between allotment and commitments and/or incurred expenses (actuals). They are the funds available for programming and execution.

**CAAP:** Committee on Administrative and Budgetary Matters of the Permanent Council of the Organization of American States (“OAS”). Also, it functions as the Committee on Administrative and Budgetary Matters of the Preparatory Committee of the General Assembly.

**Carry-over or Carry-Forward Funds:** Obligations at the end of the fiscal period pending payment to third parties (natural or legal persons) for goods and services received or to be received and that will be paid in the new fiscal period. In the case of Regular Fund, these obligations terminate at the end of the fiscal year.

**Cash basis:** An accounting method in which income and expenses are recorded when the cash is paid or received regardless of the time period in which such income or expenses were incurred or accrued.

**Cash:** Currency, coins, checks, travelers checks, and postal or express money orders on hand or deposited with a staff member or an agent designated as custodian of cash and bank deposits.

**Chapter:** A subdivision of the Program-Budget which includes Programs and sub-programs which are similar in nature.

**CEPCIDI:** Permanent Executive Committee of the Inter-American Council for Cooperation and Development.

**CIDI:** Inter-American Council for Cooperation and Development.

**Codification:** Numbering system or other identification of accounts, entries, invoices, vouchers, etc., in which a designated symbol serves as a quick indicator of the required information.

**Collections from Member States:** Payments made by the Member States to GS/OAS corresponding to their quotas, pledges, and tax reimbursements.

**Contributions:** Donations made to the GS/OAS by donors to Specific Funds and Trust Funds, usually in compliance with an Agreement.

**Contribution from the National Counterpart:** Counterpart contributions either in cash or in kind, pursuant to a member state’s decision to take part in a joint effort, expanding the pool of national resources available to a project and usually undertaken by conferences and meetings.

**COVENT:** Committee for Sales and/or Liquidation of Movable Property.

**CPR:** An acronym in Spanish (Contratos Por Resultado) for “Performance Contract”, defined in Chapter 1.1.12 of the Performance Contract Rules as a “contract for the purchase of human services or a specific work product or result for an approved program or project in areas of specialization in which the General Secretariat does not have sufficient human resources to produce the product or result required with the allotted time.” (Also see “Performance Contract”).

**Current:** A term which when applied to budgeting and accounting, designates either current period – operations of the current fiscal cycle in relation to those past or present cycles, or current status, which is also used to describe Member States that have paid their annual quotas for the current fiscal year and all prior years under Resolution AG/RES. 1757 (XXX-O/00), or are in compliance with a schedule of payments.

**DAF:** Department for Administration and Finance.

**Deposit:** Money placed in a bank or another institution or with a person either as a general deposit from which checks can be drawn or as a special deposit for specific purposes.

**Direct Services:** Activities that satisfy requirements of direct services to member states in terms of technical assistance training, research, studies, and publications on specific subjects, as well as the technical and operational support that such service may require.

**Disbursements:** Outflows or payments made by cash, check, or electronic, transfer (not equivalent to “expenses”).

**Donor:** Government, other public entity; private-sector entity, or individual that contributes resources to GS/OAS or the Organization, usually by way of an Agreement or Trust Declaration.

**Encumbrance:** A portion of an allotment reserved by the program manager in OASES (GS/OAS’ management information system) for the purchase of certain goods and services. An Encumbrance may be an “obligation” or a “pre-obligation.”

**Equipment:** Tangible personal property of a durable nature; not real estate (land and buildings). Examples of equipment are computers, tools, furniture, books, and telecommunications networks).

**Ex gratia payments:** Payments not legally required. At the present time it includes the Lifetime annuity to former Secretaries General and Assistant Secretaries General with survival benefits for their spouses.

**Expenses:** Charges for the cost of goods and services delivered or rendered to GS/OAS, whether or not any money has been disbursed to cancel obligations.

**FEMCIDI:** Special Multilateral Fund for CIDI. It consists of eight sector accounts as defined in the Statutes of FEMCIDI, the Inter-sector Development Account, and the Reserve Account.

**Fiduciary:** Person entrusted with responsibility for Funds and who assumes those fiduciary duties, which the law imposes on reasonable fiduciaries under similar circumstances with respect to those funds.

**Fiscal Period:** The calendar year covered by the annual Program-Budget Resolution.

**Fixed assets:** Real and tangible personal property, as further defined in these Rules and Procedures. They do not include stock in trade and items provided to institutional clients in the ordinary course of GS/OAS business.

**Fund:** Independent fiscal and accounting entity consisting of a group of accounts and sub-accounts for which the total balance of accounts and sub-accounts equal the total fund balance. The accounts within a Fund are recorded to show cash and other resources, along with liabilities, obligations, reserves, and capital. The Funds of GS/OAS include the Regular Fund, FEMCIDI, specific funds, trust funds, and administrative funds, as further defined in Chapter II of these Rules.

**Fund Accounts:** Accounts and sub-accounts within any Fund.

**Fund Balance:** It is equal to the net of fund assets minus liabilities, reserves, and pending obligations.

**Funding Budget:** An allotment in OASES (defined below) given to the program manager for the commitment of GS/OAS' resources.

**General Ledger:** Contains all general accounting records of an entity and recorded within accounts.

**GS/OAS:** General Secretariat of the Organization of American States.

**General Standards:** General Standards to Govern the Operation of GS/OAS.

**Generic Vendor:** A supplier name created in OASES that is assigned to a category or place (ex: Travel) rather than to an existing natural or legal person (This type of vendor is in the



process of being eliminated as it does not comply with the proper internal control practices).

**IACD**: Inter-American Agency for Cooperation and Development.

**Income**: Money or equivalent to money received during an accounting period. It includes quotas, pledges and contributions, earnings from investments, rents, royalties, and miscellaneous income.

**Internal Controls**: A plan of organization and procedures, which include segregation of duties, implemented for the effective control of assets, liabilities, income, and expenses.

**Inventory**: Detailed listing of the quantity, description and value of property, as well as units of measure and unit costs.

**Investments**: Securities, real property purchased to produce income, money market accounts.

**Invoice**: In Accounts Payables module, it is an itemized bill issued by a supplier that has provided products and/or services to the GS/OAS. An invoice in OASES is the electronic recording of the physical invoice sent by the supplier to process the payment to the supplier.

**Invoice (GS/OAS)**: In the Cash Management Module, it refers to creating invoices to bill donors or member states for contributions and/or quota payments. (Invoices for quota payments are created in OASES even if not sent physically to the member states).

**Liabilities**: Debt or other binding legal obligations arising from transactions that must be settled or renewed at a future date.

**Liquidated Obligations**: Purchase orders that have been completely paid, or closed, or cancelled, and which there is no claim or likely future claim against it.

**Mandate**: An instruction, usually from the General Assembly in the form of a Resolution, to carry out a particular program of activities. Many mandates originate in the Summits of Heads of State and Government and are transformed into specific instructions from the General Assembly. Mandates may also derive from the OAS Charter and may be found in the General Standards, resolutions of the OAS Permanent Council, and the administrative issuances of the Secretary General.

**Obligations incurred**: Sums of money for purchase orders issued and signed contracts with third parties that the Secretariat must pay within a limited time frame.

**Object of Expenditure**: An expense category which is part of a system of nine categories under GS Article 84 to classify obligations and expenditures with the purpose of separating and identifying the types of services and goods to be purchased: The nine objects of

Expenditure are: (1) Recurring personnel expenses; (2) Non-recurring personnel expenses; (3) Fellowships; (4) Travel; (5) Documents; (6) Equipment and supplies; (7) Buildings and maintenance; (8) Performance contracts; (9) Other costs.

**OASES**: “Organization of American States Enterprise System.” This is the name given to the GS/OAS management information system also known by its commercial name – Oracle.

**OASES Receipt**: An electronic receipt created in OASES to inform the Office of Financial and Budgetary Services that goods and services have been satisfactorily received by the GS/OAS. (See also receiving and Three-Way Matching).

**OFBS**: Office of Financial and Budgetary Services

**OGLS**: Office of General Legal Services

**OHRS**: Office of Human Resource Services

**OITS**: Office of Information Technology Services

**OPFMS**: Office of Procurement and Facilities Management Services

**ORACLE**: The Commercial name for the GS/OAS management information system now known as OASES.

**Performance Contract**: A contract for the purchase of human services or a specific work product or result for an approved program or project in areas of specialization in which the General Secretariat does not have sufficient internal staff resources to produce the product or result required within the allotted time. (Also see “CPR”). Need to be reviewed by HHRR and Legal)

**Personal property**: Property that is not real property, as defined below.

**Petty Cash**: Amount of money kept separately to pay small expenses when issuing a check would be too costly and time consuming.

**Plan of Activities**: A Programming document that specifies the activities that a program or service of the General Secretariat intends to carry out pursuant to the Program-Budget Resolution in order to achieve mandated activities.

**Plan of Disbursements**: A document that specifies the disbursements to be made by the Units Away from Headquarters to carry out project activities pursuant to the Program Budget or Specific Fund agreements.

**Pledges**: Member states’ commitments of cash payments to FEMCIDI. Pledges are made on an annual basis in accordance with a schedule set out in Article 17 of the FEMCIDI Statute.

**Procurement Contract:** A contract for the purchase or lease of goods, transportation, or real estate; the purchase of insurance; and the purchase of services incidental to and as part of a contract for the purchase or lease of goods or real estate.

**Program Manager:** Normally a GS/OAS staff member who has been appointed by the Secretary General to be responsible for the management of one or more appropriations from one or more of GS/OAS' Funds. The Program Manager is responsible for overseeing the appropriation assigned and for its use in accordance with the corresponding provisions of the Program–Budget, or donor agreement, as the case may be, and in accordance with these Rules and the General Standards.

**Project:** A temporary endeavor undertaken to create a unique good or service. The project constitutes the basic unit for budget planning at GS/OAS, and it is accounted for separately.

**Purchase Order:** A written order created in OASES to buy specified goods or services at a stipulated price, which encumbers funds and obligates the General Secretariat to pay a third party within a specified time frame.

**Quotas:** Obligatory payments made by the OAS Member States to the Regular Fund each year in accordance with OAS Charter Articles 54(e) and 55.

**Real property:** Land and any improvements permanently affixed to it, such as buildings and other fixed assets.

**Receiving:** To certify in OASES informing the Office of Financial and Budgetary Services that goods or services have been satisfactorily received by the requesting Area. (See also OASES Receipts and Three–Way Matching).

**Regular Fund:** The main fund of the Organization and is primarily financed by the quota payments of the member states.

**Requisition:** A written order created by the Areas of the GS/OAS through OASES to request the purchase of goods and/or services.

**Revolving or Rotating Funds:** An accounting mechanism designed to manage funds and further described in these Rules.

**Sectoral Accounts:** Individual accounts within FEMCIDI to which Member states may direct their pledges. They are (1) Social development and creation of productive employment; (2) Education; (3) Economic diversification and integration, trade liberalization and market access; (4) Scientific development and exchange and transfer of technology; (5) Strengthening democratic institutions; (6) Sustainable development of tourism; (7) Sustainable development of environment; (8) Culture.

**SEDI:** Executive Secretariat for Integral Development.

**Short-term liabilities:** Debts payable within a short time period, general not greater than one year.

**SIC:** Special Investment Committee, which is responsible for the investment policies of the GS/OAS.

**Summary Account:** Account in General Ledger that registers the sum of debit and credit entries to a number of identical or related accounts.

**Tangible personal property:** Property that is not real property and that can be weighed, measured, felt, touched, or is otherwise perceptible to the senses.

**Tax Reimbursement Account:** An account established in the Regular Fund with special quotas paid by states which tax the GS/OAS income of GS/OAS staff members, as further described in Chapter II of these Rules.

**Technical Supervision:** Support provided by specialists in substantive areas to projects funded by FEMCIDI, Specific Funds, and Trust Funds, as referenced in GS Articles 77 and 79.

**Three-Way Matching:** Matching that takes place in OASES between the purchase order, OASES receipt, and invoice to perform a payment. This is required in the Units Away from Headquarters in the cases of contracting CPRs. POs created for the Units Away from Headquarters do not have receiving; therefore, POs should be created in a two-way matching mode.

**Transfer of Appropriations:** A budgetary authorization indicated as specific monetary amounts which are transferred from one budgetary account to another in compliance with the directives of the Program-Budget Resolution, a resolution of the Permanent Council pursuant to GS Articles 100 and 103, or an order from the Secretary General pursuant to GS Articles 103 and 104.

**Transfer of Allotments:** The sum of money transferred between accounts in compliance with the directives of the Program-Budget Resolution, a resolution of the Permanent Council pursuant to GS Articles 100 and 103, or an order from the Secretary General pursuant to GS Articles 103 and 104. All allotments must have an equal underlying appropriation.

**Travel Advance:** An advance of funds to pay for the traveler's Per Diem and Terminal Expenses according to rates established by the GS/OAS and subject to a rendition of accounts through a Travel Expense Claim form ("TEC"). (See section V.17 of this manual on Travel Advances).

**Treasurer:** Director of the Office of Financial and Budgetary Services.

**Treasury Fund:** Composed of cash from all funds of the GS/OAS which is pooled for investment purpose according to a cash flow analysis and projection.

**Two-Way Matching:** Matching that takes place in OASES between the purchase order and the invoice to perform a payment. (Also see Three-Way Matching).

**Un-allotted appropriation:** Budgetary authorization available for allotment.

**Un-expended appropriation:** Portion of a budgetary authorization that has not been expended and includes the following elements: un-allotted appropriations; un-obligated allotments; and un-expended obligations.

**Un-obligated allotment:** Subdivision of an allotment that registers un-obligated balances. It is synonymous with “available funds.”

**Un-liquidated obligations:** Outstanding balances of previously contracted obligations which have not been paid or settled in any form.

**Note:** *Terms not expressly defined herein or in the General Standards shall be construed in accordance with their common usage definitions as found in recognized technical and legal, and general language dictionaries.*

# **SECTION I RULES AND PROCEDURES**

**BUDGETARY AND FINANCIAL MANUAL  
FOR THE  
UNITS OF THE GENERAL SECRETARIAT  
IN THE MEMBER STATES**

## CHAPTER I OVERVIEW

### I.1. OBJECTIVES

I.1.1 This document contains the budgetary and financial rules and procedures for the operations<sup>1</sup> of the General Secretariat in the member states ("Units"). These Units exist to provide support and complementary services to all areas of the General Secretariat. They also cooperate with different government agencies and institutions in member states by providing administrative services for programs and projects. The Executive Order No. 92-5 assigns to the Office of the Assistant Secretary General the task of coordinating the functions and responsibilities of the Units of the General Secretariat in the member states.

I.1.2 The objectives of these rules and procedures are as follows.

- a.* To apply the Budgetary and Financial Rules of the General Secretariat on a consistent basis in the Units of the General Secretariat in the member states.
- b.* To regulate and facilitate the performance of financial functions entrusted to staff members of the General Secretariat's Units in the member states.
- c.* To help the Units comply with the provisions of the Staff Rules, Fellowship Regulations, Procurement and Performance Contract Rules, and administrative memoranda issued.

I.1.3 These rules and procedures shall be applied to all financial functions and activities of the Operations of the General Secretariat in member states, hereinafter referred to as "Units".

### I.2. RESPONSIBILITY

I.2.1 That under the Section II, Article B of the Executive Order No. 04-01 Correction 1, and the Director for Administration and Finance (DAF) is responsible for the

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<sup>1</sup> Operations are defined as the Offices and project Offices of the General Secretariat in the Member States.

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budgetary and financial affairs of the General Secretariat. Under his authority the Office of Budgetary and Financial Services has, among others, the following functions.

- a.* Receives all funds paid to the General Secretariat and is responsible for the accounting of all financial transactions of the organization.
- b.* The authorization for payment of salaries belongs to Department of Human Resources not OBFS. OBFS cannot pay without that authorization through a PAR. OBFS advises the national Units of the dates that the payment is to be made. Furthermore, GS/OAS directors authorize OBFS to pay/make disbursements. Reviews and authorized disbursements for payment of salaries (after receiving a Personnel Action Request), benefits and all other obligations committed against the funds administered by the General Secretariat at Headquarters and in the member states.
- c.* Serves as the center of supervision and financial responsibility for all financial activities in the member states. Receives, disburses and holds under its custody all monies entrusted to the General Secretariat, and arranges for all banking activities.
- d.* Reviews all agreements for contributions to the Specific Funds, Trust Funds, and Gifts and bequests prior to their signature for compliance with the financial rules and regulations of the General Secretariat. (See section I.2.8)

**I.2.2** The DAF delegated to the Directors of the Units of the General Secretariat in the member states the responsibility for the financial operations transacted in the member states. When delegated, the Administrative Technicians are responsible for the operations of the Units and answer directly to DAF in the absence of the directors. Nevertheless, the directors are ultimately responsible to the DAF for the financial operations of the Units.

**I.2.3** In exceptional cases, the DAF may delegate the authority to manage an office in the member states to a staff member at Headquarters other than a director.

**I.2.4** Should a difference of opinion or interpretation of these procedures arise among the Director, the Administrative Technician, and other official of General Secretariat of the OAS (“GS/OAS”), the Director shall submit both positions to the DAF as soon as possible. The DAF will make a decision and communicate it back to the director of the office.



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**I.2.5** The Offices have, among others, the following functions:

- a.* Control financial transactions in order to ensure the proper execution of activities for their own Units and of projects of the General Secretariat.
- b.* Administer the resources (personnel, materials and funds) made available to them for full compliance with the objectives of the Organization.
- c.* Supervise temporary or permanent staff members assigned to the Office.
- d.* Provide administrative support to project staff members assigned to that Office.
- e.* Ensure that the necessary financial support services are provided to the projects of the General Secretariat in the country so that transactions may be prepared and rendered according to the financial rules in force.

**I.2.6** According to the provisions set forth in Chapter IV of the Budgetary and Financial Rules, the responsibilities for financial operations away from headquarters are classified into the following operating categories: fiduciary, according to the Budgetary & Financial rules Chapter IV the Director of OBFS issues allotments, obligating, receiving (certifying), and disbursing.

**I.2.7** The fiduciary responsibility is vested in the staff member authorized to receive monies on behalf of the General Secretariat. The responsibility for obligating (committing) funds of the Office's budget is vested on the Office Director. The responsibility for certification is vested on the staff member authorized to certify staff attendance, and to certify the receipt of goods and services. The responsibility for disbursement is vested on staff members authorized to issue US Dollars or local checks or other means of payment.

**I.2.8** The Directors and Staff members of the Units are responsible to know and comply with the rules and regulations of the General Secretariat which include the Charter of the OAS, the General Standards to Govern the Operations of the General Secretariat, the Staff Rules, the Budgetary and Financial Rules of the General Secretariat, the Budgetary and Financial Manual for the Units of the General Secretariat in the Member States, Executive Orders, Administrative Memoranda, Directives and other administrative issuance of the General Secretariat. There are serious penalties for non-compliance which include summary dismissal according to Staff Rule 110.5. All staff members are held accountable for knowing the rules that apply to the exercise of their functions and to their status as staff members of the General Secretariat. All

## Section I – Rules and Procedures

Staff members are required to regulate their conduct in conformity with the nature, purposes, and interests of the Organization and to show respect for the local laws of the duty station.

### **I.3. FUND ACCOUNTING**

**I.3.1** The General Secretariat uses the fund accounting system to record and report financial data on its monthly, quarterly, and annual financial statements. This includes for each fund a Statement of Assets, Liabilities and Fund Balances, a Statement of Changes in the Fund Balance, and a Statement of Cash flow.

#### **I.3.2 OAS ENTERPRISE SYSTEM**

The fund accounting system is supported by OASES which has an integrated human resources and financial system that includes eleven modules: Grants Management System, Project Costing, Project Billing, Purchasing, Accounts Payables, Accounts Receivables, Cash Management, Human Resources, Payroll, General Ledger, and Workflow. These modules are well integrated to give comprehensive financial and statistical data for budgetary and financial reporting.

### **I.4. PROGRAM BUDGET OF THE REGULAR AND VOLUNTARY FUNDS AND SPECIFIC FUNDS PROGRAMMING**

**I.4.1** The General Secretariat uses a program–budget system for planning, executing and preparing financial reports of activities of the Regular and Voluntary Funds carried out in compliance with the mandates of the governing bodies.

**I.4.2** For the purpose of planning, executing and preparing financial reports for the Specific Funds, the General Secretariat uses budgets that are based on the agreements signed between Specific Funds donors and the General Secretariat which are included in summary in the program budget of the Organization.

**I.4.3** The program–budget of the organization is annual, and the fiscal year period goes from January 1 through December 31 of each year. Quotas for the Regular Fund and pledges to the Voluntary Fund are made by the member states on an annual basis and paid each year.

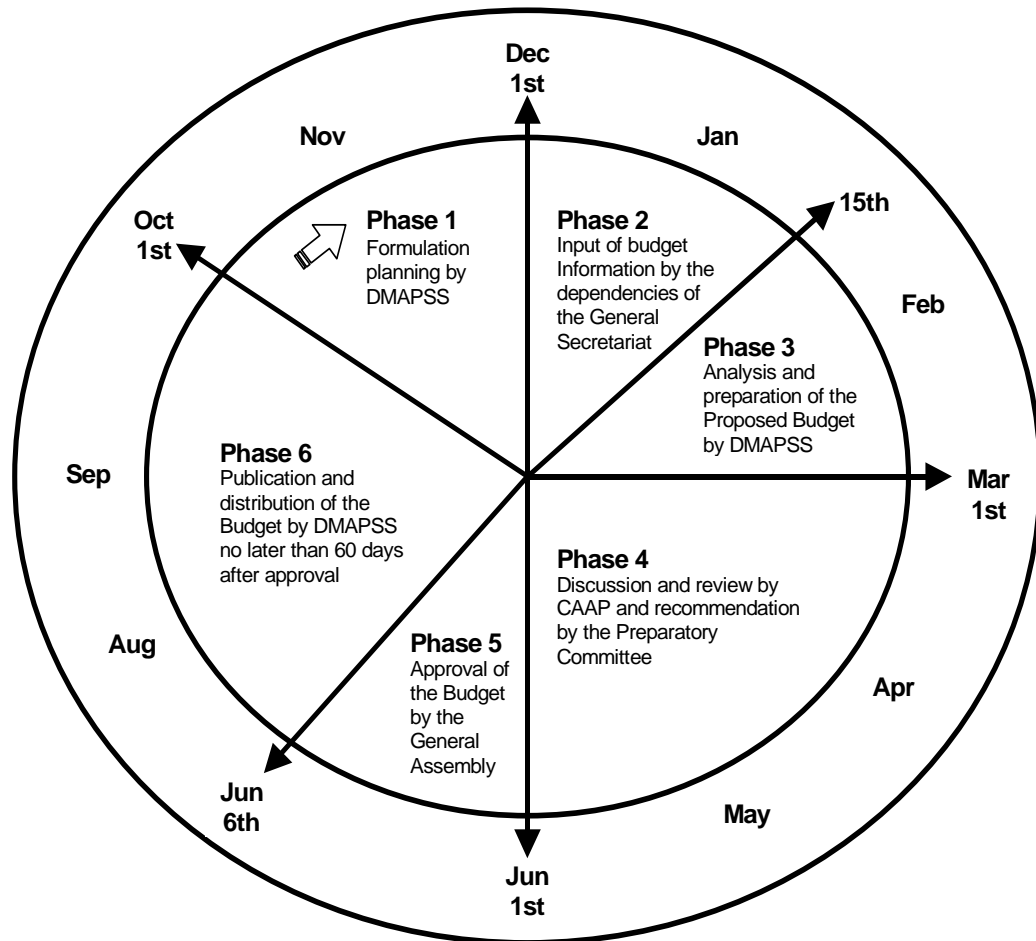
**I.4.4** The program–budget cycle of the Organization consists of three basic stages: (1) Formulation, (2) Discussion and Approval: and (3) Execution, Control and Reporting.

**I.4.5 FORMULATION, DISCUSSION AND APPROVAL OF THE PROGRAM BUDGET**

According to the Budget Formulation Manual, the Program Budget formulation and approval cycle is divided in six phases starting on October 1st and ending on August 6th of the subsequent year, which is 60 days after the approval of the budget. The initial date may be changed for unforeseen circumstances but the date when it must be delivered to the Permanent Council is fixed.

The six phases are as follows:

**CHART 1  
BUDGET FORMULATION AND APPROVAL CYCLE**



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- a.* In the planning phase, the Department of Administration and Finance initiates the budget formulation by consulting informally the Permanent Council and requesting from them the criteria to be utilized during the process. Then the Office of Budgetary and Financial Services (“OBFS”) calculates the budget ceiling and prepares budget information and makes it available to the dependencies of the General Secretariat. It also consists of preparing the information required by the Governing Bodies for the analysis and discussion of the proposed budget.
- b.* The budget information phase consists of granting access to the budget formulation system to all program managers of the General Secretariat. The dependencies of the General Secretariat may edit and modify the indicative amounts at the level of object of expense in the budget formulation system. OBFS analyzes the information provided by the areas and validates and ascertains that the budget guidelines have been met.
- c.* The phase for the preparation of the budget proposal consists of developing the proposed program–budget draft following the final review and adoption by the Secretary General.
- d.* The discussion and revision phase starts when the Secretary General presents the proposed Program Budget to the Preparatory Committee of the General Assembly. The document is forwarded to the Committee on Administrative and Budgetary Affairs (CAAP) for its revision and recommendation. When the process of review and discussion is concluded, CAAP forwards its recommendations to the Preparatory Committee of the General Assembly, which in turn forwards it to the General Assembly for its approval.
- e.* The Approval of the Program Budget phase takes place on the first week of June of each year when the General Assembly considers and approves the resolution Program–Budget of the Organization.
- f.* In the Publication and Distribution of the Approved Budget phase, OBFS makes modifications in the Budget Formulation System according to the approved budget resolution. Then the approved Program–Budget is published in the four official languages of the OAS. (Refer to the “[Budget Formulation Manual](#)” on Administrative Documents on the OBFS website for detail on the formulation process).

#### **I.4.6**      EXECUTION CONTROL AND REPORTING FOR THE PROGRAM BUDGET

The execution of the program–budget includes the following phases:

- a.*     The recording of approved appropriations in the OASES by OBFS.
- b.*     The establishment and recording of the Funding Budget (allotments) in the OASES by OBFS, based on the availability of cash.
- c.*     The encumbrance of funds by the dependencies of the General Secretariat through purchase order requisitions to carry out the activities in the approved program–budget.
- d.*     The disbursement of encumbered funds made by the Office of Budgetary and Financial Services and the Units Away from Headquarters to pay for the activities previously encumbered.
- e.*     The General Secretariat presents periodic budget reports and financial statements to the Governing Bodies of the Organization.

#### **I.4.7**      FORMULATION OF THE SPECIFIC FUNDS' BUDGETS

Specific Funds is the name of a group of funds financed with contributions from donors for specific projects or activities carried out by the Technical Areas of the General Secretariat. Therefore, the formulation of the budgets for these funds is done individually for each project or activity in a joint effort between a Technical Area and the donor. The steps for the formulation are as follows:

- a.*     The Technical Areas of the General Secretariat that execute Specific Funds seek out contributions from donors for new or existing projects. Donors could be member states, observer and/or non–observer countries, international organizations, Non–Government Organizations (NGO's), foundations and companies in the private sector.
- b.*     This process is driven by the mandates approved by the member states for activities to be carried out by the Technical Areas. The Area identifies and contacts potential donors interested in funding activities that fall within the scope of the Area's mandates.
- c.*     The Technical Area presents proposals to potential donors based on themes/sectors and/or geographical areas. If the potential donors become interested in the project, discussions are initiated to work out the details of the

## Section I – Rules and Procedures

project plan proposal and its budget, and the drafting of a formal agreement that will be signed by both parties.

- d.* Once the draft agreement is completed, a copy must be sent by email to the Office of General Legal Services for legal review and to the Office of Budgetary and Financial Services through an OASES Customer Service ticket for verification of compliance with the financial rules and regulations of the General Secretariat.
- e.* The Office of General Legal Services and the Office of Budgetary and Financial Services may suggest modifications to the agreement which is negotiated with the donor. After all requirements are met, the agreement is signed by the donor and by the Secretary General or those with corresponding delegated authority for the General Secretariat.

### **I.4.8** EXECUTION CONTROL AND REPORTING FOR SPECIFIC FUNDS

- a.* The execution procedures for the Specific Funds must follow these steps: After the agreement is signed, the Technical Area must request the Office of Budgetary and Financial Services through an OASES Customer Service ticket the opening of an Award and a Project in OASES if the agreement is for a new project. If the agreement is to continue an old project, only a new Award must be opened. In most cases, an award must be opened for each agreement.
- b.* The Office of Budgetary and Financial Services shall record the total amount of the agreement as the Award Amount.
- c.* When contributions from the donor are received, OBFS contacts the Technical Area requesting that it claim the contribution by presenting a copy of the agreement. If the donor does not specify to which Area the funds belong to, OBFS informs all the Areas requesting that the appropriate Area claim the contribution by presenting copy of the agreement. If the Areas do not claim the contribution, OBFS contacts the donor to identify the destination of the funds and notifies the Area before recording the funds.
- d.* After the Technical Area has claimed its contribution, OBFS records it in OASES establishing funding for the Award, Project and the General Ledger, making it available to the Technical Area for execution. The availability provided shall equal the amount of the funds received.

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- e.* After funds have become available in OASES, the Units Away from Headquarters and/or the Technical Areas may encumber funds by creating requisitions to specific suppliers<sup>2</sup> to carry on the activities. Requisitions are then converted to purchase orders, and after services are rendered or products received, payment is issued, all in accordance with the terms of the agreement. At present, units are not managing specific funds – basically the technical areas create their own requisitions, making the disbursements locally through a valid PO.
- f.* When purchases of products or services are away from headquarters, an electronic purchase order is sent to the Units Away from Headquarters to be paid in accordance with the Plan of Activities sent by the Technical Area.
- g.* The Units online with OASES create invoices, record payments and issue checks to pay for Specific Fund project expenses. Units that are not online with OASES, issue checks and fill out the templates, reporting project expenses to Headquarters. (Currently Units are not able to record payments in the system).
- h.* The Technical Areas are responsible for providing financial reports to the donors according to the requirements of the agreement. However, all financial reports must be submitted to the Office of Budgetary and Financial Services through an OASES ticket to be certified before they are sent to the donor.
- i.* The OBSF may also prepare financial statements on behalf of the technical areas per their request and as negotiated.

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<sup>2</sup> Please refer to Section V.14 regarding Generic Vendors.

## CHAPTER II

### INCOME

#### II.1. FIDUCIARY RESPONSIBILITY

**II.1.1** The fiduciary responsibility for receiving monies or assets on behalf of the Organization is vested on the Directors of the Units of the General Secretariat in the Member States. In the absence of the Director (Absence in general including on leave) the Director of the Office of Budgetary and Financial Services (Treasurer) assigns the fiduciary responsibility to the Administrative Technician. When the post is vacant, the Director for Administration and Finance (DAF) or the Treasurer by delegation of the DAF, delegates the fiduciary responsibility to the staff member of his/her choosing to be temporarily in-charge of the office.

**II.1.2** Staff members that do not have fiduciary responsibility must deliver to a fiduciary officer within one business day monies and/or in-kind contributions received on behalf of the Organization for deposit or remittance to the Office of Budgetary and Financial Services.

**II.1.3** The Fiduciary Officers have the following responsibilities related to income:

- a.* Issue of paper receipts for all monies received on behalf of the Organization. Prepare a bank deposit slip. Once the deposit is made it should be reported to OBFS to have the transaction recorded in the Accounts Receivables module of OASES entering the receipt number in the description as a cross reference of the bank deposit. Cash Receipts' conventional name is: Unit's code followed by the Julian day.
- b.* Deposit intact all monies received in local currency in the bank account of the General Secretariat by the next working day at the latest, with the exception of publications sales income, which may be deposited weekly; and file the deposit slips validated by the bank, copy of the check or checks, and copy of their corresponding cash receipts. Currently, the Cash Receipts are recorded at Headquarter. The units do not record Cash Receipts in OASES.
- c.* Funds received in US Dollars should be promptly transferred electronically through the banking system to the corresponding General Secretariat bank



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account at Headquarters and simultaneously reported to the Treasurer. When the wire transfer is not feasible, the US Check received should be remitted intact to the Office of Budgetary and Financial Services by the next working day at the latest by special courier. An exception is made when US Dollars received are drawn on a local bank in the member state and are no greater than US\$50. In this case, after receiving authorization from Cash Management, the Office may deposit the amount in local currency in its bank account and report it to OBFS.

- d.* Carry out the other functions described in detail in this chapter

## **II.2. TYPES OF INCOME**

**II.2.1** The Units may receive the following types of income:

- a.* Regular Fund quotas, Voluntary and Specific Funds contributions
- b.* Interest earned
- c.* Sale of publications and subscriptions
- d.* Rowe Fund (loan repayments)
- e.* Reimbursement for airfare or unused portion thereof
- f.* Reimbursement of unused balances from accountable advances of funds
- g.* Miscellaneous (includes reimbursements received from member states for sales taxes paid by the Units)

## **II.3. QUOTAS AND CONTRIBUTIONS**

**II.3.1** The Office of Budgetary and Financial Services maintains records on quota and cash collections. It also provides the following information to the Units of the General Secretariat of the OAS in the member states:

- a.* Report on the results of meetings on quotas to the Regular Fund.
- b.* Copies of communications related to quotas and contributions between the General Secretariat and member states

**II.3.2** The Directors of the Units shall maintain ongoing collection efforts with the governments of the respective countries. The results of these efforts shall be transmitted on a monthly basis to the Office of Budgetary and Financial Services. Dates, amounts and expected future collections are basic factors for determining the

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Regular Fund budget execution levels of the different programs managed of the General Secretariat.

**II.3.3** The quota payments to the Regular Fund and contributions for tax reimbursements shall be recorded by the Office of Budgetary and Financial Services at Headquarters. Seldom member states deliver quota and/or taxes contributions to the Units; nevertheless, if that happens, the check should be sent to the Treasurer special courier. The General Secretariat (at Headquarters) only creates invoices to record quotas and tax reimbursements debiting Accounts Receivable and crediting Reserve.

**II.3.4** The Units may receive monies for Specific Fund contributions when previously authorized by the Office of Budgetary and Financial Services. These funds shall be recorded according to the procedures in section II.4 below.

**II.3.5** The General Secretariat enters Cash Receipts only for quotas and tax reimbursement invoices. All other payments received, including among other categories, sales, publications and rental income are recorded as miscellaneous receipts, which does not require invoices to create receivables. Currently, cash receipts are only recorded at Headquarters.

## **II.4. RECEIVING PAYMENTS**

**II.4.1** The Units may receive income for the following purposes: Contributions from the member states to the Specific Funds provided the Office of Budgetary and Financial Services has authorized it in writing, reimbursement of accountable advances' unused balances, reimbursement for airfare or unused portion thereof, Inter-American Statistical Institute (IASI) contributions, interest and in rare instance for quotas and taxes, the checks for the latter shall be delivered to OBFS at Headquarters via special delivery.

**II.4.2** The Units should keep checks received each day together with their supporting papers describing the purpose and the associated accounting. The Administrative Technician makes photocopies of the checks to file them with the bank deposit slip, and corresponding receipt. The Units will issue receipts for the payment, as needed.

**II.4.3** The Units' Directors review and initial the bank deposit slips and places them along with the checks into the security pouch. The Clerk/Messenger/Chauffer delivers the pouch to the bank for deposit. The bank's clerk receives the pouch, deposits the funds and validates the deposit slips.

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**II.4.4** Immediately after having made the deposit, Units should send the daily report with the relevant information to OBFS–Field Operations for recording purposes.

**II.4.5** Quota and taxes checks are not to be deposited or recorded in the Units but sent to the OBFS at Headquarters. After depositing project refunds, send the records to OBFS at Headquarters to be recorded in Grants/Projects/Billing.

**II.4.6** If authorized by OBFS in writing, contributions to the Specific Funds may be received in OASES by the Office against an Accounts Receivable previously created in OASES at Headquarters based on an agreement with a donor. In this case, after the Office has received the contribution, OBFS must be notified in order to post the transaction and to create an award and record the fund for the project. The OBFS also may require that the funds be received at Headquarters, in which case, the funds are to be sent to OBFS by the Unit either by wire transfer or by check sent by special courier. If authorized by OBFS, the funds may be deposited in the local bank if needed to be used immediately for a project

**II.4.7** All other receipts shall be entered in OASES as follows:

- a.* Enter miscellaneous receipt.
- b.* The recording of the receipt is determined by the supporting documentation attached to each check. If the receipt is recurrent, the account will default automatically into the miscellaneous receipt. If the receipt is non–recurrent, then the transaction must be entered manually in OASES based on information provided in the supporting documentation attached to the check. (See Chapter V.15.0–11 that explains the refund process for cash advances including the statement for referral to recording the funds).

**II.4.8** The Administrative Technician runs the Miscellaneous Transactions report from the OASES for each receipt batch. These reports are also submitted to directors or managers for review, and then the transactions are posted by the Units Directors. All receipts that affect the related project funds (311, 321 and 115) must be added to associated budget and Award in the Grants module. The Division of Financial Operations in the OBFS will be responsible for recording these transactions in the Grants Module in OASES at Headquarters.

**II.4.9** The General Secretariat has determined that it is not in its best interest to invest idle cash due to high inflation rates in most countries. In a few cases, however, exceptions are made where the investment would be beneficial. In these special circumstances, the Office of the Treasurer at Headquarters must approve this

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transaction. In order to obtain this authorization, a cash flow projection must be submitted showing that this cash will not be needed to cover operating expenses. The terms, conditions, amount and interest rate relating to the Certificate of Deposit (CDs) must also be included in the projection.

The Operations Division of OBFS shall record in OASES the purchase of CDs at the Units. All investments are recorded in OASES using journal entries. The Units will record in OASES the interest received from the CDs.

### **II.5. BANK ACCOUNTS**

**II.5.1** The Director of the Office of Budgetary and Financial Services (Treasurer) and the Chief of the Division of Financial Operations are the officers who have the specific delegation of authority from the Secretary General to authorize the opening and closing of checking and savings accounts in banks and other financial institutions according to Executive Order 04-01.2.d and the Memorandum of Delegation of Authority from the Secretary General of August 2, 2000. They are also empowered to authorize and record signatures authorized to draw on these accounts.

**II.5.2** The Office of Budgetary and Financial Services should authorize in advance any modification pertaining to existing bank accounts, such as changes on the record or number of authorized signatures to issue checks. Signature authorization is personal and cannot be delegated. The Office of Budgetary and Financial Services should authorize in advance any change in signatures.

**II.5.3** Transfers and disbursements in dollars shall be made through US dollar checks against the corresponding Headquarters bank account, in accordance with the stipulations set forth in Chapter V of these procedures.

**II.5.4** The Units shall have only one bank checking account in local currency for all transactions in local currency. Only in special circumstances the Treasurer may authorize the opening of a US dollar bank account in a member state.

**II.5.5** The bank checking account in local currency shall be under the name: "General Secretariat of the OAS in (name of country)". The Units must notify Headquarters about new local check number series to be entered in OASES as valid document numbers. The US dollar check numbers are controlled and recorded at Headquarters.

**II.5.6** In order to minimize losses due to devaluation of local currencies and maximize yields on dollar investments of the Treasury Fund of the General Secretariat, a

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reasonable minimum balance shall be kept in order to cover immediate regular operating disbursements. If the monetary laws of the member state allows it, any excess of funds should be converted to US Dollars and transferred to Headquarters

### **II.6. INVESTMENTS IN LOCAL CURRENCY**

**II.6.1** When the Units receive monies in local currency that will not be used immediately to cover operating disbursements and it is not possible to convert to US Dollars, they shall proceed as established in Article XII.3 of the Budgetary and Financial Rules, with prior written authorization from the Office of Budgetary and Financial Services, to invest in non-negotiable time deposit certificates and/or savings accounts.

**II.6.2** In order to obtain the aforesaid authorization, the Units must send to the Office of Budgetary and Financial Services a cash flow projection showing that there will be no need for converting dollars into local currency to cover operating expenses during the time local currency is invested. The conditions of the certificates of deposit, such as amounts, terms and interest rate shall also be included in the projection.

**II.6.3** Once the cash flow projection has been evaluated, the Office of Budgetary and Financial Services shall authorize, in writing, the Units to invest in certificates of deposit and/or to open a savings account.

**II.6.4** A copy of the certificates of deposit and/or statements of savings account and their activities shall be remitted to the Office of Budgetary and Financial Services. The originals shall be kept in a safe.

### **II.7. LOSS OF CASH OR NEGOTIABLE INSTRUMENTS**

**II.7.1** Should cash or negotiable instruments be lost, the Treasurer shall be notified immediately. After a full investigation, the Director of the Department of Administration and Finance shall recommend to the Secretary General the action that should be taken.

**II.7.2** The report of the aforesaid investigation shall include, but will not be limited to the following information: nature of the loss, the person or persons responsible, and recommendations for changes in operating procedures or internal control, in order to avoid the reoccurrence of such losses.

## CHAPTER III

### ENCUMBRANCES/OBLIGATIONS

#### III.1. RESPONSIBILITY

**III.1.1** Functional authority to encumber funds of the General Secretariat has been decentralized from (“OBFS”) to the dependencies of the General Secretariat. The authority to create requisitions to produce purchase orders (obligations) is vested on the Offices’ Directors and Program Managers. They are responsible for ensuring that requests are submitted according to the rules, procedures, existing instructions, and with the objectives contemplated in the program–budget and/or Specific Fund donor agreements.

**III.1.2** Program managers, office directors and office administrative technicians are responsible for the accuracy and sufficiency of the information on each requisition for a purchase order issued by their area of responsibility. They are also responsible to ascertain that requisitions comply with the General Standards that governs the operations of the General Secretariat, the Budgetary and Financial Rules and any other administrative, financial and budget dispositions issued by the Department of Administration and Finance. (See [Administrative Memorandum No. 84 Rev.1](#) on the OAS Intranet under Administrative Memorandums on the Legal Department website).

**III.1.3** According to the Procurement Contract Rules (Executive Order 00–1 Corr.1) The Directors of the Units have the authority to negotiate, award, and execute locally all procurement in the member states up to \$3,500. However, the location of where any item in particular shall be purchased is ultimately decided by the Office of Procurement and Facilities Services based on the price and advantages to be gained by the organization.

#### III.2. OBLIGATIONS

**III.2.1** According to Article 99 of the General Standards “obligations shall be understood as those arising from any agreement, contract, purchase order, or other document concluded with a natural or legal person under which the General Secretariat is legally obligated to disburse funds to the corresponding natural or legal person in order to

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execute approved activities, in keeping with the provisions of the Charter, the resolutions of the General Assembly, and these General Standards. The obligations shall be recorded on the date on which the commitment becomes legally binding.” (Refer also to Article III of Administrative Memorandum 86 revised 1 for further definition of obligation).

**III.2.2** According to Article 1 of Administrative Memorandum 84, and Article III.1.4 of Administrative Memorandum 86 Rev. 1, the Directors and/or Coordinators of the Units Away from Headquarters are responsible for the accuracy and sufficiency of the information on each obligation document (requisition) created by the Office to be converted into purchase orders by OPFMS. They are also responsible for making certain that each requisition complies with the General Standards that Governs the Operations of the General Secretariat, the Budgetary and Financial Rules, this Budgetary and Financial Manual for the Units of the General Secretariat in the member states, pertinent Administrative Memoranda, as well as any other administrative, financial, and budget dispositions issued by the Department of Administration and Finance.

**III.2.3** The classification by object major of expenditures is the system used to classify obligations and disbursements in order to segregate and identify the types of goods, services or other items. This classification is shown in the Appendix VI.I of this Manual.

### **III.3. REQUISITIONS AND PURCHASE ORDERS**

**III.3.1** Only purchase orders create obligations in OASES and they should be supported by contracts signed or agreements made with a natural or legal person under which the General Secretariat is legally obligated to disburse funds.

**III.3.2** The General Secretariat and its Units Away from Headquarters must create requisitions in local currency if they are to be disbursed in local currency. For this purpose The Office of Budgetary and Financial Services shall enter in OASES each month the United Nations Corporate rate. However, in the cases of purchases of local currency to increase the bank account’s balances, the Units must use the Spot rate, which is the exchange rate used by the bank at the time of purchase.

**III.3.3** Since the Units are responsible for the execution of their own budget, they should prepare their own purchase order requisitions. When a requisition is created and/or approved the funds are reserved and recorded as a pre-obligation or commitment in OASES. If a supplier number is not in the system, the user should send a completed

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[Supplier Data Form](#) (See Appendix 3 on pages 12–14 incorrect) by email to OASES Customer Service with the supplier information requesting that the supplier be opened in OASES by the Office of Budgetary and Financial Services. (See [Section V.II.1](#) incorrect for details about requesting supplier names)

**III.3.4** The requisition type designed for the Units is called “OAH REQUISITIONS”. When preparing an OAH requisition it is important to verify that the supplier or vendor name exists in the system. In the field "Note to Buyer" specify the Office, the needed currency acronym, and make reference to the Administrative Memorandum [84](#) & [93](#) for requisitions less than US\$3,500 to alert OPFMS that the requisition does not need bidding. (See Administrative Memorandum 84 and 93 on the Legal Department’s website on the OAS Intranet).

**III.3.5** Requisitions over US\$3,500 require different bidding processes according Chapter X of the Procurement Contract Rules – Executive Order 001. For these requisitions, the following supporting documents should be sent to OPFMS: For services, the copy of the contract should be sent by fax to OPFMS. For goods, there should be three price quotations sent by fax and the written approval from the Director or from an officer in charge.

**III.3.6** The OAH prepares requisitions that may fall into the following four categories:

- a. Travel – for those requisitions related to travel expenses: per diem, terminal expenses and/or airfare*
- b. Equipment – for all purchases of equipment*
- c. Outsourcing – for those requisitions related to contracts*
- d. General – for all other type of purchases that do not fall in any of the other categories.*

**III.3.7** The requisition and purchase order process flow is as follows:

- a.* The Administrative Technician shall create the requisition, assign the accounts, reserves funds and forward the requisition for approval.
- b.* The Director of the Office shall verify the information and approve the requisition, or he/she could reject the requisition and return it including a reason why the requisition was rejected. The approver should not make changes to the requisition; instead, the approver should reject and return the



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requisition to the preparer. The preparer can make appropriate changes and resubmit the request for approval or the requisition can be cancelled. When the requisition is approved, funds are encumbered as “pre-obligations.”

- c.* After the requisition is approved, OPFMS at Headquarters receives the requisition through OASES and assigns a buyer who will convert it into a purchase order. An obligation is created when a purchase order is created and approved. If a purchase order and requisition are cancelled the funds are returned to the account and any unused balances are returned to the account when the final payment is made.
- d.* Once the purchase order is approved a signed electronic copy is sent to its corresponding Office.
- e.* When the Office receives the purchase orders it may start entering invoices in the system and disbursing funds.
- f.* At the end of the fiscal year and at the closing of the books no open requisition should be left in OASES.

### **III.4. LOCAL CONTRACTING**

**III.4.1** The Permanent Council created a mechanism for local contracting to enable the General Secretariat to remain competitive in the international marketplace by allowing it to pay salaries to those who are locally recruited, but which may be less than those paid under the corresponding United Nations scales for other categories of staff. There are two types of local contracting: Contract for Temporary Support Personnel and Contract for Local Professionals.

#### **III.4.2 EMPLOYMENT CONTRACT FOR TEMPORARY SUPPORT PERSONNEL (“TSP”)**

- a.* Through Resolution CP/RES. 761 (1217/99), ratified by Resolution AG/RES. 1725 (XXX/O/00), the Permanent Council created and established provisions for the employment of Temporary Support Personnel (“TSP”). Temporary support personnel are contracted locally for the sole purpose of providing support services to temporary projects, observer missions, and other temporary activities carried out by the General Secretariat in the Member States.
- b.* Through Administrative Memorandum 99 Rev. 1, the General Secretariat made it mandatory for all the dependencies of the General Secretariat contracting

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TSPs use Form 339-9 (5/02) Contract Form Offer of Employment for Temporary Support Personnel attached to Appendix A, and established the contracting procedures on Appendix B of Administrative Memorandum 99 Rev.1.

### III.4.3 EMPLOYMENT CONTRACT FOR LOCAL PROFESSIONALS

- a.* Through Resolution CP/RES. 631 (989/94), ratified by Resolution AG/RES. 1319, The Permanent Council created and established provisions for the employment of Local Professional staff. Local Professional Staff are persons with professional degrees contracted as specialists to work in accordance with the labor laws of the country in which they provide services as determined by the Secretary General.
- b.* Through Administrative Memorandum 100, the General Secretariat made it mandatory for all the dependencies of the General Secretariat contracting Local Professional Staff use of Form 339-10 (5/02) Employment Contract for Local Professional attached to Appendix A, and established the contracting procedures in Appendix B of Administrative Memorandum 100.

### III.5. REPORTS

The following reports allow users of the General Secretariat to track and monitor the obligations of the Organization.

- III.5.1 [Internal Purchase Order](#). This report prints the internal purchase order for the records of the Office. (See sample of this report in Appendix 12 page 72) incorrect page number.
- III.5.2 [Outstanding Obligation Report](#). This report lists all of the open purchase orders of the Office for a given date range. (See sample of this report in Appendix 13 page 73).
- III.5.3 [Purchase Order Detail Report](#). This report lists all standard or planned purchase orders. Purchasing displays the quantity ordered and received so that the status of the purchase orders can be monitored. The open purchase orders can also be reviewed to determine how much is still to be received and how much the vendor has already billed. (See sample of this report in Appendix 14 page 74).

## CHAPTER IV

### RECEIVING/CERTIFICATION

#### IV.1. RESPONSIBILITY

IV.1.1 Functional certification authority is vested in the Office Director or Office Administrative Technician who are responsible for certifying attendance, and receipt of goods and services.

IV.1.2 The staff member in charge of certification is responsible for verifying that an approved purchase order has been recorded in the system, that goods or services were provided according to the terms stipulated, and that the necessary documents have been submitted for verification purposes. Then the staff member certifies the receipt of goods by signing the invoice.

#### IV.2. METHOD OF CERTIFICATION

IV.2.1 Disbursements. The Directors of the Units certify the payments by approving the disbursements in OASES and signing the checks. All supporting documentation for the payments should be kept in the accounting file of the Office.

IV.2.2 Staff Attendance. The Office Director certifies staff attendance by signing the OAS Form 1 – Application for Leave Form (Appendix 7 page 66) and the [Monthly Leave Report](#) (Appendix 8 page 67) and sending them to OBFS at Headquarters for recording in the system. In the absence of the Director, the officer in charge reviews and signs the Monthly Leave Report for the Office staff and for project/mission personnel stationed in member states whose local supervisors are absent. The Director must submit his/her Monthly Leave Report to the Office for Democracy and Political Affairs for review and signature.

IV.2.3 Receipt of Goods and Services. When the purchase orders are two-way matching, the Office Director or the Administrative Technician must certify these purchase orders by manually signing the invoice to ascertain that the goods and services purchased have been received before the Office issues the payment. The signed invoice shall be recorded and matched to the purchase order in OASES for payment.

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When the Office receives goods, the Receiver verifies the goods, the packing slip, and the purchase order. The packing slip should have the PO number on it. If not, the receiver can obtain the PO number by looking up the PO by vendor in OASES. The receiver should attach the aforementioned documents to the invoice and sign it. Subsequently, this invoice shall be used for the preparation in OASES of an electronic invoice for payment to be reviewed and approved by the Director. The receiving process by object of expenditure is as follows:

- a. 3 – Fellowships. When a beneficiary accepts a fellowship, the Office of the country where the grantee resides shall immediately request the ticket that is necessary for travel to the place of study, and should pay it against the approved purchase order issued for that purpose.

The Office Director or Administrative Technician certifies that a ticket is issued to the name of the authorized grantee by manually signing the invoice presented by the airline or travel agency. Then, he or she notifies Headquarters that all fellowship documents are in order. As a result, the Office of Budgetary and Financial Services may transfer funds via electronic "Cash-Pay" to the fellow's accounts for books and monthly subsistence allowance. Finally, the Director certifies the grantee's tuition by manually signing the invoice presented by the academic institution, which is to be paid against an approved purchase order in the OASES.

- b. 4 – Travel. Refer to FFM 1V.2. The Office Director also certifies payment for the official travel ticket by manually signing the invoice presented by the travel agency or airline. The travel payment must be processed in the OASES against a purchase order by a preparer and approved by the Office Director.

The Office Director certifies the payment of per diem and terminal expenses by approving an electronic invoice prepared by the Office Administrative Technician. He/she also certifies staff members travel expense claims by signing their Travel Expense Claim (TEC) forms (See Appendix 11 on pages 70).  
Incorrect page number

- c. 5 – Documents. The Office Director or Administrative Technician certifies the receipt of documents by signing the invoice presented by the supplier and approving the payment in OASES.
- d. 6 – Equipment and Supplies. The Office Director or Administrative Technician certifies the receipt of equipment and supplies by inspecting the goods and by manually signing the invoice provided by the supplier (Two-way match).

## Section I – Rules and Procedures

- e.* 7 – Buildings and Maintenance. The Office Director or Administrative Technician certifies the payment of rent, and certifies that maintenance services (cleaning, guards, security, etc.) have been satisfactorily performed by signing the invoice for payment.
- f.* 8 – Performance Contracts. The Office Director certifies the execution and performance of a contract. Currently, the Units do not record electronic receipts in OASES, in turn; the areas prepare them when needed. This may change when the Units are fully incorporated to OASES. In the case of grant disbursements to institutions, the Office Director certifies that the grant meets the terms of the agreement and that it complies with the General Secretariat’s regulations. Then he/she approves the payment in the OASES against a purchase order.
- g.* 9 – Other Costs. The Office Director certifies the receipt of goods and services classified as other costs by approving their payment against a purchase order previously recorded in the OASES.

### **IV.3. SUPPORTING DOCUMENTS**

- IV.3.1** All required supporting documents should be kept in the local Office files for a period of five (5) years.

### **IV.4. INVOICE PAYMENTS**

- IV.4.1** Invoice payments create actual expenditures and eliminate the outstanding encumbrances (See this process in Chapter V of this Section.)

# CHAPTER V

## DISBURSEMENTS

### V.1. RESPONSIBILITY

V.1.1 Disbursement responsibility implies the function of issuing US Dollars and local currency checks, or cash payments (i.e., petty cash payments). The disbursing officer is responsible for verifying that the following requirements are met when a disbursement is to be made:

- a.* A supplier name (vendor) with all required information has been created in OASES.
- b.* There is a purchase order to support the payment.
- c.* An invoice has been received from the supplier or vendor against the approved purchase order.
- d.* The goods and services have been received and inspected, and the Director or the Administrative Technician has manually signed the invoice provided by the supplier; or, in the case of Performance Contracts, the Unit receives the payment instructions from the Area.
- e.* Checks are issued to the order of a natural or legal person who provides goods or services to the General Secretariat and is legally entitled to the payment. Checks made to the “Bearer” are not allowed to be issued. OASES requires real suppliers to issue a check.
- f.* Ensure that local currency checking account is not overdrawn by periodically reviewing the cash bank analysis report in OASES. If disbursements are made in US Dollars, it may be assumed that there is a balance in the dollar account of the General Secretariat at Headquarters, unless the Director OBFS has advised otherwise.
- g.* As a general rule, all disbursements shall be made using checks in US Dollars or local currency. Payments using cash from petty cash funds should be an exception, which is indicated in the petty cash procedures Section V.19. The signature requirements are as follows:

- i.* Checks equal or less than US\$5,000 or the equivalent amount in local currency requires only one authorized signature for payment.
- ii.* Checks greater than US\$5,000 or the equivalent amount in local currency must have two authorized signatures for payment. In the event that only one signature can be obtained, the Office must request from OBFS an authorization to issue the check with only one signature. In turn, OBFS sends a memorandum granting temporary authority to the signatory who is available. This authority automatically expires with the return to the Office of the other person authorized to sign checks.

## **V.2. NEW SUPPLIERS**

**V.2.1** Prior to creating requisitions, the Units should request OBFS the opening of new suppliers (vendors) completing the Supplier Data Form template in Excel (see Appendix 6 pages 63) and attaching it to an e-mail addressed to Oracle Application Support at Headquarters. In turn, the OASES Customer Service Manager prepares a ticket addressed to OBFS Operations including the attachment. This procedure is the same for requests for modification and/or cancellation of an existing supplier record.

**V.2.2** All supplier requests must include the complete local permanent address of the supplier. The address of the Units cannot be accepted as a valid permanent address for suppliers. Instead, the Office name should be included on the template as one of the payment sites.

**V.2.3** Tax identification numbers are not required for entities that reside and work outside of the United States; however, a local official identification number or a passport number for these suppliers must be provided.

**V.2.4** In the case when funds must be wired from Headquarters to a member state to pay suppliers, the following information must be sent to Headquarters:

- a.* Bank Name
- b.* Bank Branch Name
- c.* ABA/SWIFT Number
- d.* Bank Branch Address
- e.* Bank Contact Name and Telephone Number
- f.* Supplier's Name as Listed on Bank Account
- g.* Supplier's Bank Account Number

V.2.5 The Department of Fellowships and Rowe Fund are responsible for updating their own vendor file in OASES.

### V.3. STANDARD INVOICE PROCESS

V.3.1 The following steps shall be followed for entering invoices in OASES:

- a. All invoices should be received at the Units premises. The Administrative Technician must record the invoices in OASES no later than the following day by batches. Usually a batch per day per bank for US Dollars and local currency, for OAS and IACD, as follows:
  - i. "Office's Name" – daily invoices of the Office should be in this pay group. Currently we have only one Operating Unit.
- b. Enter all batched invoices into OASES.
- c. Batches shall be entered using the following name convention:

**Office Initials – Fiscal Year, Julian Day – Currency Code (2=US Dollars and 3=local currency)–Numerical Sequence**, e.g. CR-02201-3-001: this represents: Costa Rica, Year 2002 and Julian Day #201, local currency, 1<sup>st</sup> batch of the day,

Currently, on a temporary basis, the following name convention is used for practical purposes: NO0501-OAHJA02 –Natoff – Year 2005 – month January – Office Code and USD batch – one per month for LC and one for USD.
- d. Enter invoices and match the amounts to the purchase orders. The Units have two-way matching only and no receiving. The Performance Contracts are the only exception.
- e. Run the Invoice Register by Batch
- f. Compare the Invoice Register with the invoices and verify the control amount and the number of invoices in the batch to ensure that they match. If they do not match, follow up and make adjustments for these differences where necessary and maintain proper documentation.
- g. Submit the Invoice Register by Batch Report and the original invoices to the invoice approver in the Office.

V.3.2 The Director as the Accounts Payable Approver in the Unit shall review the Invoice Register to verify that the totals of the invoice batch match the totals of the invoices



recorded. He/she should also verify if the information is accurate: PO#, amount, payee and reason of the payment.

Once this information is verified, the AP approver should attempt to approve all invoices within each batch. If any of the invoices in the batch is placed on hold, the Office must take corrective action and request a review from the Office of Budgetary and Financial Services and when corrected to release the hold.

## **V.4. CHECKS IN US DOLLARS AND LOCAL CURRENCY**

**V.4.1** A US Dollar check is an instrument of payment drawn against a zero-balance account<sup>3</sup> in a bank at Headquarters. A local currency check is an instrument of payment drawn on a local bank and payable on demand.

**V.4.2** At the request of the Units, the Director of the Office of Financial and Budgetary Services shall provide the checks forms for US Dollar disbursements. Pre-printed check forms must be kept in a safe that is accessible only to the Office Director, and Office Administrative Technician, as decided by the Director.

**V.4.3** Local Checks may be printed locally, only upon prior authorization from the Office of Budgetary and Financial Services. In this case, a local bank may print them or otherwise review a sample before they are printed by a print shop. Checks must be issued in consecutive numerical sequence. A check protector shall be used in the space for writing the amount in letters.

**V.4.4** Each time the Units obtain a new checkbook they must report the new check number sequence to the Office of Budgetary and Financial Services. These numbers shall be entered in the OASES and made available to the Units.

## **V.5. DISBURSEMENTS BY CHECK**

**V.5.1** Only authorized disbursing officers can generate checks. The Units will have two checkbooks. Two for regular online issue checks (Local Currency and USD) and another one for emergency offline issued checks with different number sequence.

Issuing checks require the following steps:

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<sup>3</sup> A Zero-Balance Account is a bank account in which the balance, be it a negative or positive balance, is transferred to the General Secretariat's main bank account at the end of the business day.

- a.* Create a payment batch using the following naming convention: (Currently not in used).  
**Office Initials – Fiscal Year – Julian Day and Numerical Sequence – Batch Preparer Initials,**  
E.g. **DO-02-201001-PB**: this represents: Dominica, Year 2002, Julian Day, #201, 1<sup>st</sup> batch of the day, Paul Brown.
- b.* Verify that the invoices selected match the invoices that you have for the pay group for that check run. Make any necessary adjustments.
- c.* Print the Preliminary Payment Register and review that the checks that will be printed are correct. (See Appendix 78 on page 78).
- d.* Verify that the check forms are in the dedicated check printer tray and in the correct sequence.
- e.* Click in the OASES the format payments and print checks boxes.
- f.* Review printed checks to ensure that all checks are printed correctly.
- g.* The Administrative Technician confirms the payment batch clicking in the confirmation box.
- h.* Print checks only from the dedicated check printer.
- i.* Print the final Check Register Report.
- j.* The Director reviews and signs the checks and the final Check Register Report.
- k.* Return the checks and the Final Check Register Report to the Administrative Technician, who must take the following steps.
  - i.* Make a copy of the checks.
  - ii.* Pay supplier.
  - iii.* Attach original invoices and supporting documentation to a photocopy of the corresponding check.
  - iv.* File the check copy with supporting documentation by check number sequence in a fire proof cabinet.
  - v.* File Check Registers by date.

## **V.6. DISBURSEMENT AUTHORIZATIONS**

**V.6.1** All disbursement shall be supported and issued against an approved and previously recorded purchase order and an invoice manually signed by the Office Director or Administrative Technician certifying that the goods and services have been received to the satisfaction of the Office.

**V.6.2** The Office of Budgetary and Financial Services must authorize each month through an invoice staff member's salaries paid in local currency.

**V.6.3** The Office shall remit photocopies of the checks paid on monthly basis to Headquarters.

## **V.7. CONVERSION OF US DOLLARS AND USE OF LOCAL CURRENCY**

**V.7.1** US Dollars shall be exchanged into local currency when the balance of the local currency checking account is insufficient to cover immediate payment needs. In order to reduce the risk of losses due to devaluation, only a minimum indispensable balance shall be maintained in the bank account.

**V.7.2** To convert dollars into local currency, a US Dollar check shall be drawn to the order of the bank where the Office maintains its local currency checking account. US dollar check numbers must have a prefix indicating to which Units they belong.

**V.7.3** The US dollar check used to purchase local currency must be issued to the order of the Office's bank account and the voucher for the purchase of local currency issued by the bank must be kept in the Office's files. The following information should be written on the check: "For deposit in local currency in the checking account of the Office of the General Secretariat in... (country name)"

**V.7.4** The Units must send to the Office of Budgetary and Financial Services a copy of the laws and standards that govern currency exchange operations of each host country as a reference in managing cash transactions.

**V.7.5** Local currency must be used for disbursements in the member states except when it is to the best interest of the Organization to pay in dollars, if permitted by law in the member state and if the commitment (PO/CPR) specifies that the payment must be made in US Dollars.

## **V.8. CHECK BENEFICIARY**

**V.8.1** Manual Payments. Manual payments should be made only with the written authorization of the Office of Budgetary and Financial Services for special situations, i.e., communication on line is interrupted and there is no way to delay the payment, and it should be made always to the order of the supplier. As in the case with payments made through OASES, no “Bearer” check should be issued under any circumstances. Refer to V.5.1

**V.8.2** Salaries. Checks for payment of local personnel, must be disbursed in local currency, and must be issued to the order of the employee, in accordance with the approved payment in the OASES.

**V.8.3** Fellowships. The check for payment of fellowship tickets shall be issued to the order of the travel agency or airline, according to the corresponding invoice. Fellows use an ATM card (Cash Pay) to withdraw cash in local currency for monthly subsistence and books.

The check for payment of fellowship tuition shall be paid to the order of the academic institution in local currency according to the invoice submitted by the institution and supported by the purchase order issued to the institution. In addition to OASES, the Fellowship System keeps all the data related to a fellowship by student.

**V.8.4** Official Travel. The Office should purchase travel tickets for staff members and Consultants (CPRs) when it is less expensive and advantageous for the General Secretariat. (I.e. special discounts given by a travel agency or tax exemptions on tickets given to the OAS by the member states). The Office may request the staff member or consultant to purchase the ticket for later reimbursement in local currency provided there is a justification and the reimbursement of the ticket is authorized against presentation of the respective ticket and the cost does not exceed the rate and the route costs that the Organization should disburse by the Office in local currency.

A check in US dollar should be issued to the order of the traveler for payment of terminal expenses and per diem, when the country of destination does not have a GS/OAS Unit to pay them. The payment either in US dollar or local currency is considered an advance subject to the rendition of a Travel Expense Claim (Appendix 11 page 70). The TEC is a mandatory requirement, whenever travel allowances are issued to staff members.

**V.8.5** Documents. A local currency check against an approved purchase order shall be issued to the order of the supplier of the product or service received, in accordance with the corresponding invoice.

**V.8.6** Equipment and Supplies, Buildings and Maintenance, Performance Contracts and Grants. A local currency check against a purchase order shall be issued to the order of the supplier of the equipment or supplies, lessor for rental contracts, companies, institutions or individuals for performance contracts, or grant recipient according to the corresponding approved purchase order and invoice when these goods and services are purchased locally. International Performance Contracts, and equipment and vehicles purchased in the United States are paid in US Dollars.

## **V.9. CANCELLATION OF SUPPORTING DOCUMENTS**

**V.9.1** In order to cancel the supplier's invoices, the originals must be stamped with "Paid, check number and date, and purchase order number."

## **V.10. CANCELING/VOIDING CHECK**

**V.10.1** A check shall be voided when the reason for disbursing has ceased, or when the check has been cut with incorrect information and is still in the hands of the Office.

A check shall be voided by mutilating the lower right-hand space corresponding to the signature on the original, and by stamping the word "Void" diagonally across the spaces corresponding to the payee and the amount on the original and copy indicating the reason for voiding. The voided check must be kept in a safe at the Office. Checks may need to be cancelled, if a check is lost, not received by the supplier, has an incorrect name, or an incorrect amount.

The cancelled/voided checks could be reprinted by the system using the following sequence number available. The following steps are to be used for cancelled/voided checks:

- a.* In the case of local currency checks, verify that the check has not cleared at the bank and request a stop payment order on the check with the bank in writing.
- b.* In the case of US dollar checks, request OBFS to place a stop payment order with the bank at Headquarters.
- c.* Regardless of the currency of the check, the office must request OBFS to void the check in OASES and inform them whether or not the invoice is still valid. This is necessary for OBFS to know if it should cancel the invoice or leave it in the system to be paid by a new check.
- d.* Original voided/cancelled checks should be sent to OBFS.

## **V.11. STOP PAYMENTS**

**V.11.1** The Office must request the bank in writing to place a stop payment if a blank pre-printed check issued in local currency has been lost or stolen, and must notify the Office of Budgetary and Financial Services the same day. The Office must request in writing to the Office of Budgetary and Financial Services to place a stop payment in the system when a blank or issued US dollar check has been lost or stolen providing all of the necessary information. OBFS shall in turn advise the Units to proceed if a replacement is needed.

## **V.12. SALARIES**

**V.12.1** Payment of the first fifteen days for local currency salaries (optional) shall not exceed 40 percent of basic salary, and the balance of salary shall be paid at the end of the month. Salaries corresponding to the month of December shall be paid on the dates the Office of Budgetary and Financial Services advises.

**V.12.2** Local staff payroll transmitted monthly to the Units indicates, among other things, the net salaries expressed in dollars payable in local currency at the UN rate of exchange.<sup>4</sup>

**V.12.3** The Office of Human Resource Services ("OHR") shall transmit to the Units a copy of the Notification of Personnel Action as they are issued. The Office must notify immediately to the Departments of Financial Services and Human Resources Services in writing when any staff member resigns.

## **V.13. ADVANCED PAYMENTS TO EXTERNAL SUPPLIERS**

**V.13.1** The Office should refrain from placing a purchase requisition or from executing a contract that requires advance payments before the delivery of goods or services. However, an advance may be issued with the prior approval of the treasurer, the Director of OBFS, when standard practice requires it, or when it is in the best interest of the Organization. In all cases such advance must be done through a purchase order.

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<sup>4</sup> The General Secretariat will use the UN's foreign exchange rate as its monthly "Corporate Rate" to compute cash transactions.

**V.13.2** Upon delivery of a check for an advance, the recipient is required to sign and date the copy of the check, which will be kept in the Office's files.

## **V.14. GENERIC VENDORS**

**V.14.1** The Units Away from Headquarters should not use generic vendors to pay for their own activities in the member states. All requisitions and purchase orders must be created in the name of a specific vendor (supplier) and the payments must be processed in the name of the same supplier shown on its corresponding purchase order.<sup>5</sup> The General Secretariat created the generic vendors to overcome some initial difficulties in the payment process. This practice is being discontinued.

## **V.15. ACCOUNTABLE ADVANCES**

**V.15.1** An accountable advance is an advance of funds recorded in the name of a staff member of the GS/OAS or consultant (CPR) who has the function of a project coordinator or disbursing officer who, after spending the funds, must render accounts on how the funds were spent. There must be a purchase order encumbering funds against an Accountable Advance account (50995) in OASES before an accountable-advance check is issued.

**V.15.2** Accountable advances should be given to disbursing officers or project coordinator only in local currency for project activities that require on-the-spot payment of which the supplier names are unknown or cannot be obtained in a timely fashion for the creation of purchase orders, and where there is no Office in the vicinity where the payments will be made.

**V.15.3** To make an accountable advance to a project, the Area at Headquarters must receive from the project coordinator a budget or a request of funds to create a purchase order requisition distributed to the "Accountable Advance" account 50995 and use as the supplier the name of the project coordinator or disbursing officer. The requisition should also contain information of how many payments will be made against the advance according to the budget or request of funds.

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<sup>5</sup> The Secretariat for Management shall create and implement a plan agreed to by the Technical Areas to gradually phase out the current use of Generic Vendors.

- V.15.4** The Office of Budgetary and Financial Services “OBFS” at Headquarters shall electronically mail to the Units an electronic purchase order authorizing the disbursement of the advance (See attachment on Appendix 10 on page 69).
- V.15.5** The project coordinator or disbursing officer must submit a copy of the budget or request of funds to the Office, which will serve as the source for the creation of an invoice in OASES for the disbursement of the advance.
- V.15.6** The Office shall enter the invoice in OASES, match it to the purchase order, and approve it for payment. The Office shall disburse the advance by issuing a check(s) in favor of the project coordinator or disbursing officer for the amount specified in the budget or request of funds. The Office must ensure that the individual is authorized to handle funds either through the contract or project agreement.
- V.15.7** Once the project coordinator or disbursing officer has incurred the expenses related to the advance, he/she must submit to the Office a detail expense report with all supporting documentation before receiving another check for the continuation of the same task. If the expenses are less than the advance and the advance is being liquidated, he/she must present a check refunding the Organization.
- V.15.8** Each expense report must reflect the same Award/Project combination of the advance received.
- V.15.9** The Office shall deposit any refund in its bank and email the expense report to OBFS at Headquarters (in Excel) for the recording of the actual expenses and the receipt of cash. The copy of the deposit slip and supporting documentation will be sent to OBFS at the end of the month.
- V.15.10** No additional requisitions should be created to give an accountable advance to a project until the prior accountable advance has been liquidated and all expenses have been submitted to OBFS after verification and approval by the Director of the Office.
- V.15.11** After receiving the expense report, OBFS creates a credit memo to clear the advance amount releasing the funds to make them available for the recording of actual expenses. Then, OBFS enters a standard invoice and records the expenses in detail.
- a.* Regardless of the advance amount, the credit memo should be for the total amount of the expenses rendered.
  - b.* If the actual expenses are the same as the advance, there are no other necessary steps.



- c. If there is a cash refund for the advance, it must be recorded in the same account, project, award and task of the advance.

## **V.16. ACCOUNTABLE ADVANCES FOR PROJECT PAYROLL**

- V.16.1 Accountable advances for project payroll or Direct Payments (payments through the bank) have same process than regular accountable advances.

## **V.17. TRAVEL ADVANCES**

- V.17.1 A requisition shall be issued to generate two purchase orders for an advance and to pay the travel tickets to the travel agency, respectively.

- V.17.2 OBFS shall send electronic POs to the Units for payments. The electronic purchase order for the advance will be used also as the invoice for the payment.

- V.17.3 This invoice shall be entered, matched to the purchase order, and approved. A check shall be issued for the advance to the traveler to cover per diem and terminal expenses. The second purchase order shall pay the travel agency for the tickets.

- V.17.4 No payment shall be issued to a travel agency or airline company that owes the General Secretariat a reimbursement for more than 60 days.

- V.17.5 Once the traveler has incurred the expenses related to the advance, the employee shall fill out a manual Travel Expense Claim (TEC) with all supporting documentation and make the claim according to the current rules. (See Appendix 11 on page 70 for a sample of the form) If the TEC total is more than the original advance given to the employee, accounts payable shall give the employee a check for the difference. If the amount owed to the traveler exceeds the tolerance of 15% or \$200, then the Area must create a new requisition. If the amount of the TEC is less than the original advance given to the employee, then the employee shall submit a check to OAS.

- V.17.6 Steps for processing a travel advance:

### Steps to Follow At the Office

- a. Enter the invoice for the advance and match the invoice to the purchase order. (The distribution shall be Debit expense accounts for travel and Credit to Liability).

- b.* Issue a check for the advance. (The distribution shall be Debit Liability and Credit Cash).
- c.* Once the travel is completed, the employee shall submit to Headquarters a Travel Expense Claim (TEC) with documentation for expenses.

Steps to Follow at Headquarters

- d.* If the actual expenses are the same as the advance, there are no other necessary steps.
- e.* If the actual expenses are more than the advance, enter an invoice for the difference (DR Expense accounts for travel and CR Liability) and issue a check for the amount of the invoice (DR Liability and CR Cash) to the traveler. The Area must create a requisition to refund the traveler if the payment exceeds the tolerance level of 15% of the purchase order amount

**V.17.7** If the actual expenses are less than the advance, the traveler should attach to the TEC a check made to the OAS for the amount of the difference owed. Record the refund with a credit memo against the purchase order for the amount of the refund. The cash is recorded as miscellaneous income in the Accounts Receivable module in OASES.

## **V.18. LETTERS OF CREDIT**

**V.18.1** Letters of Credit may be open only with the prior authorization of the Treasurer for purchase of goods and services in countries where the General Secretariat does not have Units, and it must be against a purchase order. The letter of credit must specify which documentation has to be presented to the bank by the supplier for payment.

## **V.19. PETTY CASH FUND**

**V.19.1** The Petty Cash is an imprest fund managed in the Units Away from Headquarters by a designated custodian for the purpose of providing a quick method of payment for minor official expenses for occasions when payment by check is impractical.

**V.19.2** The Director of the Office of Budgetary and Financial Services (the Treasurer), by delegation of the Director for Administration and Finance, is responsible for the regulation and control of the petty cash funds of the General Secretariat and designates in writing the custodians to whom the petty cash funds are entrusted. The Petty Cash custodians are recommended to the Treasurer in writing by the directors

of the Units Away from Headquarters (“OAH”). If a custodian has to be changed, the director must write to the Office of Budgetary and Financial Services requesting approval for the new custodian.

A Petty Cash Fund Custodian may temporarily delegate custodial responsibility to another staff member with the approval of the Office Director. This delegation and its approval must be done in writing and signed by the two Staff members involved in the transfer and sent promptly to notify Office of Budgetary and Financial Services (“OBFS”).

- V.19.3** The amount for each Petty Cash fund will be determined by OFBS on a case-by-case basis taking into account the recommendation of the Office Director and a cash flow analysis. After the amount is determined it must be approved by the Treasurer in writing. In any case, the amount should not exceed the limit of US\$200.00. The limit for each individual request (ticket) should not exceed \$25 US Dollars.
- V.19.4** A requisition must be created in OASES each time the petty cash fund has to be replenished, using as supplier the name of the custodian of the petty cash fund. The requisition will have as many distribution lines as needed according to the nature of each expense already incurred against the petty cash fund (i.e. vehicle maintenance, office supplies, etc).
- V.19.5** Once the purchase order is created at Headquarters, an invoice will be registered for the total amount of the receipts or invoices in order to make the replenishment of petty cash fund against it. Then a check will be issued in the name of the custodian.
- V.19.6** When approved by the Treasurer, Units may administer project petty cash funds, which must be kept separate from the Petty Cash Fund of the Office. The disbursements of petty cash funds for the projects must follow the same authorized uses and prohibitions stated in this document.
- V.19.7** In the case of disbursement on behalf of projects, these expenses should be charged directly to their own purchase order for petty cash purposes or for the nature of expense.
- V.19.8** The Petty Cash funds should never be used to pay personal expenditures but expenditures such as:
- a) taxi fares;
  - b) minor office and material supplies; and,
  - c) publications no more than the equivalent of \$25.00

**V.19.9** The Petty Cash funds may not be used for expenditures such as:

- a) advances to a staff member, other than for purposes stated above;
- b) cashing of personal checks or other negotiable instruments;
- c) purchase of money orders or traveler checks;
- d) purchase of equipment or furniture; and,
- e) Hospitality or Representation expenses.

**V.19.10** The Petty Cash Fund shall be supported at all times by receipts and/or cash on hand. Each custodian shall be personally accountable and responsible for the petty cash fund in his/her custody. Those funds shall be kept in a safety box in the custodian's office. During non-working hours, the funds are to be kept in a locked and secured place. Periodic unannounced counts of petty cash funds may be made by the internal and/or external auditors or by representatives of the Office of Budgetary and Financial Services.

**V.19.11** Adjustments for shortages in the Petty Cash Fund shall be the custodian's responsibility. A significant shortage in the assigned petty cash may result in the replacement of the custodian, as well as the application of disciplinary action.

**V.19.12** At the request of the Office Director, the Office of Budgetary and Financial Services may increase the petty cash fund of an office away from Headquarters. For this, an invoice is created in the Accounts Payable Module in OASES at Headquarters and a check is issued in the name of the custodian for the amount of the increase. If the Office of Budgetary and Financial Services decides to decrease the petty cash fund of an office away from Headquarters, it shall request in writing that the office deposit in the local bank the amount for the decrease and send to OBFS a copy of the deposit slip. Afterwards, OBFS shall record a journal entry to adjust the expenditure in OASES corresponding to the amount decreased from the petty cash fund.

**V.19.13** In the event that a custodian is to be replaced, the old custodian must create a requisition for any amount spent on the petty cash, and submit all outstanding receipts to the Office of Budgetary and Financial Services and deposit any remaining cash in the local bank of the office away from Headquarters. These receipts, copy of the deposit slip, and requisition number must be sent to Headquarters for the settlement of the petty cash fund advance for that custodian. After the requisition has been converted into a purchase order, OBFS creates an invoice, matches it to the PO, clears the Petty Cash account for the total amount of the receipt, and records the monies deposited in the local bank to close the Petty Cash fund. Subsequently, another invoice is created in OASES at Headquarters to establish a petty cash fund in the name of the new custodian. A check is issued to the new custodian, which is then cashed and ready for use.

## V.20. LONG DISTANCE TELEPHONE CALLS

V.20.1 Long Distance Telephone Calls. The General Secretariat of the OAS telephones are for official use only. The use of the telephone system to make personal long distance calls is not allowed under any circumstances. According to Personnel Circular No. 10/95 any staff member who violates this directive shall pay for the cost of the long distance telephone plus a surcharge of the greatest of 20% or \$5.00.

## V.21. CANCELING INVOICES

V.21.1 A request must be sent to the Office of Budgetary and Financial Services to cancel any invoice providing the batch number, invoice number, amount and reason for the cancellation.

V.21.2 The following reports should be run daily for invoice maintenance:

a. Invoices on Hold Report. Use the Invoice on Hold Report to view detailed information about invoices placed on hold by OBFS at Headquarters. You can submit the Approval process before submitting this report to obtain the most up-to-date hold information. To obtain additional detail for invoices on matching hold, you can submit the Matching Hold Detail Report. (See sample of this report in Appendix 15, page 75)

Invoice Register. Use the Invoice Register to review detailed information about invoices. The user can also use this report to view the offsetting liability accounts that Payables creates for each invoice distribution when an invoice is approved. Accounts Payable organizes the report by invoice currency and invoice batch name. Within the currency and batch name, the supplier name and invoice number organizes the report. This report is requested from the Submit Requests window. (See sample of this report in Appendix 16, page 76).

V.21.3 When a check run is done, the following reports should be prepared.

Report Needed Prior to a Check Run:

a. Cash Requirement Report. Use the Cash Requirement Report to forecast your cash needs for invoice payments. Submit this report before every payment batch to determine your cash requirements for the batch. This report may also be run for the next two or three payment batches to forecast cash requirements for the future and improve cash management. Although, this report can also be generated any time for cash projections. (See sample of this report in Appendix 17, page 77).

Reports Needed After A Check Run:

- b.* [Preliminary Payment Register](#). Use the Preliminary Payment Register to review the payments Payables will create when you format payments for the invoices in a payment batch. Payables sorts the reports using the document order you specify for the payment batch. (See sample of this report in Appendix 18, page 78).
- c.* [Final Payment Register](#). Use the Final Payment Register to list each payment you created for a payment batch. Payables list each payment in a payment batch, including setup and overflow payment documents, in ascending order by payment number. (See sample of this report in Appendix 19, page 79).

# CHAPTER VI

## ACCOUNTING PROCEDURES AND RECORDS

### VI.1. RESPONSIBILITY

The Director of the Office, the Administrative Technician, and any other staff member designated by the Director are responsible for the accounting records. The following accounting records must be sent to Headquarters and copy kept in the Units.

#### VI.1.1 Disbursement Records

- a.* Copies of checks, voided checks, stale date checks, and receipts with their corresponding support documentation must be filed in numerical sequence in the Office accounting files.

#### VI.1.2 Bank Reconciliation – Local Currency

- a.* Within the personnel limits of each Office, a different staff member than the one who approves payments and signs the checks, should prepare the Bank Reconciliation in local currency.
- b.* Arrangements should be made with the bank for the timely delivery of bank statements at the end of the month.
- c.* Bank account reconciliation must be prepared on a monthly basis and supported by deposit slips, cancelled checks if available, bank debit and credit slips, and any other support documentation. Copies of the bank statements, payment registers, and reconciliation reports must be sent to Headquarters at the end of each month because OBFS must be able to check the correctness of the inputs and make sure that all the transactions have been recorded.
- d.* A US Dollar log should be sent to Headquarters every end of the month.

### VI.2. FIXED ASSETS REGISTER

- VI.2.1 The Office of Procurement and Facilities Services (OPFMS) at Headquarters is responsible for the fixed assets of the GS/OAS Units in the Member States. Office Directors and Project Managers must maintain an updated Fixed Assets Register according to the procedures of the draft Fixed Assets Manual.

**VI.2.2** Any new tangible asset purchased which has a useful life of more than one year, and has a value of more than US\$500 must be recorded on the Fixed Asset Register and sent to OPFMS at Headquarters every month. OPFMS records all fixed assets in the Fixed Assets Subsystem, capitalizing and recording them in OASES. All fixed assets purchased in the name of the GS/OAS for projects executed in the member states must be sent to Headquarters to be recorded in the fixed assets system by OPFMS.

**VI.2.3** The fixed assets are classified in the fixed assets system at Headquarters and depreciated using the straight-line method according to the following table.

**Fixed Assets Depreciation Category and Useful Life Table**

| <u>Fixed Asset Category</u> | <u>Useful Life</u> |
|-----------------------------|--------------------|
| Collections                 | Not depreciated    |
| Works of Art                | Not depreciated    |
| Land                        | Not depreciated    |
| Buildings                   | 50 years           |
| Furniture and Fixtures      | 10 years           |
| General Equipment           | 10 years           |
| Technical Equipment         | 5 years            |
| Vehicles                    | 5 years            |

**VI.2.4** Annually OPFMS shall send to the Units and Project Managers an updated version of Fixed Assets Register, which will be used to verify the accuracy of the Office’s inventory. Any discrepancies between the Register and the actual inventory at the Units or projects must be reported to OPFMS for adjustments, as needed.

**VI.2.5** The Director and Project Manager must certify with his/her signature that the assets reflected in the inventory registry are indeed under his/her custody.

**VI.3. Official Vehicles and Fixed Assets Disposal**

- a. OFFICIAL VEHICLES. Refer to Administrative Memorandum 105 “ Vehicles in the Member States Registered under the Name of the General Secretariat of the Organization of American States,” and Memorandum MAN/DPMS/046/04 “Reminder of the Guidelines for the use of Official and Project Vehicles of the General Secretariat of the OAS in the Member States. Also refer to the Guidelines for the Use and Replacement of Official Vehicles of the General Secretariat in the Member States of February 1998.



- b.* FIXED ASSETS DISPOSAL. Refer to Administrative Memorandum 51 “Reorganization of the Committee for Sales and/or Liquidation of the Movable Property (COVENT) of the General Secretariat, to Adapt it to the Standard Contracting System (SUC/OEA)” for the rules and procedures for disposing fixed assets. (See in the Appendix attached forms “Authorization for removal of OAS Property” and “Declaration of Property as Surplus and Trash” and related procedures.

## **VI.4. CLOSING THE FISCAL PERIOD**

**VI.4.1** A closing of accounts shall be made on the date established by OBFS according to the closing Memorandum issued by the Director of Administration and Finance (“DAF”) at the end of the year.

**VI.4.2** At the end of each year, the Units shall transmit the following information to OBFS:

- a.* Bank Statements and Reconciliation forms of the local bank at year-end as established by the closing procedure memorandum issued by the Director of Administration and Finance. And as of December 31<sup>st</sup>.

Accountable Advances Report for advances pending for more than two months indicating the reason for not receiving the rendition of accounts during the time period provided and the action taken by the Office to obtain it.