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ADMINISTRATIVE MEMORANDUM No. 147

**SUBJECT: AMENDMENT OF ARTICLE IV.2.d OF THE BUDGETARY AND FINANCIAL RULES:
ACCOUNTABILITY FOR DELEGATED AUTHORITY**

CONSIDERING,

That by Directive SG/01/05 the Secretary General amended Article IV.2.d of the Budgetary and Financial Rules to include actions that, if they are found to have occurred, shall be considered serious misconduct and grounds for summary dismissal in accordance with the terms provided for under the rules currently in force; and

That by Directive SG/01/23 the Secretary General revoked Directive SG/01/05 and authorized the Secretary for Administration and Finance to issue an Administrative Memorandum to replace Article IV.2.d of the Budgetary and Financial Rules with a new Article IV.2.d to elaborate concepts such as financial commitments, retroactive transactions, and multiyear agreements or contracts,

THE DECISION:

1. To replace current Article IV.2.d of the Budgetary and Financial Rules with new Article IV.2.d. as set forth in Attachment A.
2. To revoke as of the date of this Administrative Memorandum any and all provisions contained in prior administrative issuances of the General Secretariat that are inconsistent with the Budgetary and Financial Rules attached hereto.

Jay N. Anania
Secretary for Administration and Finance

Original: English

July 10, 2023

Attachment A: Article IV.2.d of the Budgetary and Financial Rules

ATTACHMENT A
CHAPTER IV
DELEGATION OF AUTHORITY,
RESPONSIBILITY AND ACCOUNTABILITY

IV.2 ACCOUNTABILITY FOR DELEGATED AUTHORITY

d. The participation in any of the following actions, if found to have been committed by any staff¹ member in bad faith, willfully, maliciously, or negligently, shall be considered serious misconduct and grounds for summary dismissal or such other disciplinary action that the Secretary General considers appropriate in accordance with Staff Rule 110.5 or Chapter XI of the Staff Rules:

- i.) Receiving or authorizing the receipt of a check, bank transfer, or cash for the General Secretariat and failing to deliver it to the Treasurer or, where applicable, informing the Treasurer within **two business days** of the authorization or receipt;
- ii.) Entering into a financial commitment² on behalf of the General Secretariat without having registered the corresponding budgetary or financial authorization in the official accounting records of the General Secretariat. In exceptional circumstances and to regularize these situations, the obligation (PO) may be recorded within two business days³ of the establishment of such commitment (as a grace period);
- iii.) Making or authorizing a disbursement without having recorded it in the official accounting records of the General Secretariat (within **two business days**);
- iv.) Making or authorizing registration of an obligation that does not constitute a legal commitment vis-a-vis a party (natural or legal person);
- v.) Entering into a fraudulent obligation;
- vi.) False receipt of goods or services;
- vii.) Making or authorizing an unjustified disbursement;

¹ Other workforce members who fail to comply with this memorandum may be similarly sanctioned in accordance with their relationship with the GS/OAS (i.e., CPR and RBCS consultants may be terminated).

² A commitment may be triggered by a simple communication from a GS/OAS representative, written or verbal, with a third party; when an individual representing the GS/OAS, with or without proper authority to do so, confirms an order or service, for which the third party may be entitled to payment. The awarding of fellowships, signature of Memoranda of Understanding (MOUs), and similar types of documents are also commitments and must be properly recorded. Commitments are generally incurred well before the vendor sends an invoice or when payments are due.

³ This grace period does not apply to the purchase of air and train tickets and travel insurance. Similarly, commitments that are formalized through signed contracts will require that all funds are encumbered before the contract is signed or executed, and before the third party starts providing goods or services to the GS/OAS. All other commitments that are not obligated in a timely manner, will be recorded as retroactive.

- viii.) Issuing a false receipt for goods or services;
- ix.) Unwarranted retention of monies of the General Secretariat;
- x.) Using any foreign currency and/or exchange rate that is not in the best interests of the General Secretariat; and
- xi.) Any other act, that the Secretary General considers not to be in the best interest of the Organization, which exceeds the authority duly delegated or which violates any of these rules.

In regard to paragraph d.ii. above, the following considerations shall be taken:

- a. A financial commitment is considered to be fully registered in the official accounting records of the General Secretariat when the corresponding Purchase Order (PO) is approved, and the full committed amount is encumbered (funds reserved) in the PO.
- b. Financial commitments that are registered in the official accounting records of the General Secretariat after the date of the commitment or within the two business days grace period, will be recorded as retroactive transactions. The Secretariat for Administration and Finance may issue formal non-compliance letters to workforce members who fail to comply with any of these requirements.
- c. All retroactive transactions will require a written justification (clearly stating the reason why the transaction was not recorded sooner) and approval from the Secretary for Administration and Finance (SAF), or the Director of the Department of Procurement and Management Oversight (DPMO) (when delegated by SAF).
- d. Do to their nominal value, retroactive transactions in aggregate value of equal or less than \$1,000 do not require a written justification and SAF approval. *The requesting area must provide a written justification when these transactions are tied to the need to sign a contract or similar document. Regardless of value, a written justification will always be required if a contract needs to be signed by an authorized official with a retroactive date.*
- e. Memoranda of Understanding, Agreements, and Contracts that are executed for a term that exceeds the time period of the approved budgetary allocations should include a clause which clearly states that the General Secretariat can only commit to the amount available to be encumbered at the time of signature; and any extensions are subject to the availability of future budgetary and funds allocations.
- f. Similarly, these MOUs, Agreements and Contract, should include a clear statement, to expressively identify (triggers) when a commitment will become binding for the GS/OAS.
- g. Retroactive transactions corresponding to independent third-party organizations, such as the Trust of the Americas, which use the GS/OAS accounting record system, are not subject to these provisions.