

OEA/Ser. S  
JAE Doc. 14  
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Original: English/Spanish

BOARD OF EXTERNAL AUDITORS  
OF THE ORGANIZATION OF AMERICAN STATES

RULES OF PROCEDURES

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THE BOARD OF EXTERNAL AUDITORS  
OF THE ORGANIZATION OF AMERICAN STATES

CONSIDERING:

1. That the Board of External Auditors of the Organization of American States on 30 June 1976 adopted its Rules of Procedures (JAE Doc. 2); and
2. That over the years, for various reasons, the Rules of Procedures required changes;

RESOLVES:

To adopt the following:

**RULES OF PROCEDURES**

which supersede those adopted in 1976.

GENERAL OBJECTIVES

Art. 1 In carrying out its duties and responsibilities, the Board has adopted the following general objectives to guide its operations:

- a. To promote the continued development of accounting and financial reporting procedures to provide support to members of the General Assembly, the Permanent Council, the Inter-American Council for Education, Science, and Culture, and the Inter-American Economic and Social Council, as well as officials and employees of the General Secretariat and thus facilitate the discharge of their duties and responsibilities.
- b. To address to the OAS reports and recommendations --growing out of the audit work that will-- contribute to achieve greater efficiency, effectiveness and economy in the conduct of the Organization's affairs.
- c. To ensure the conduct of all external audit operations in such a way that the Board meets the responsibilities assigned to it keeping to a minimum the operating costs and the demands it makes on the time and effort of the officials and employees of the OAS.

- d. Ensure the performance of the audit function in accordance with generally accepted auditing standards, the General Standards to Govern the Operations of the General Secretariat and other regulations in force assuring the conduct of all labors by technically and professionally qualified auditors.

INTERNAL ORGANIZATION OF THE BOARD

- Art. 2 The Board shall have its headquarters in the headquarters city of the OAS.
- Art. 3 The Board shall elect its Chairman from among its members.
- Art. 4 The Chairman of the Board shall remain in office for the entire term of his appointment; however, if he resigns from his official position with the member country and is replaced, the Board shall elect a new Chairman, whose term of office shall be the same as that for which he was appointed.
- Art. 5 The Chairman shall cease to hold office:
- a. Through resignation of the chairmanship, accepted by the other members;
  - b. Through resignation of his membership on the Board of External Auditors, accepted by the Permanent Council; and,
  - c. Through resignation or other termination of his official position in his country.
- Art. 6 The Chairman has the following duties:
- a. To convoke the meetings of the Board;
  - b. To preside over the meetings; and,
  - c. To carry out the decisions of the Board and to sign all correspondence. However, all audit reports shall be signed by the three members of the Board.

Art. 7 The meetings of the Board shall normally be held at headquarters, in conference and office space and with the resources provided to it by the General Secretariat for the most efficient performance of its work. At the call of the Chairman, however, the Board may meet at other locations. Meetings shall be called by the Chairman who shall communicate the calling to the General Secretariat in sufficient time for forwarding travel fares and expenses. Actions of the Board will be taken by a majority of votes. When the Board is in recess it may, however, take decisions and reach agreements by means of correspondence between its members and where there is an agreement of two of them through the correspondence received by the Chairman, he shall communicate those decisions as an agreement of the Board to any appropriate person. In the next subsequent meeting decision made by correspondence shall be included in the minutes of the first session.

Art. 8 When the Board is in recess, its files may be placed in the custody of the Inspector General of the General Secretariat, who shall be entrusted to keep them secure and free from access by persons not authorized by the Board.

AUDIT RESPONSIBILITY

- Art. 9 The Board is responsible for the external auditing of the following funds of the OAS, as well as any others subsequently created by the General Assembly or the Permanent Council:
- Regular Fund
  - Special Development Assistance Fund
  - Special Multilateral Fund of the Inter-American Council for Education, Science and Culture
  - Special Account for Culture
  - Mar del Plata Account
  - Retirement and Pension Fund
  - Rowe Memorial Benefit Fund
  - Leo S. Rowe Pan American Fund
  - Inter-American Defense Board (IADB)
- Art. 10 In making its audits, the Board will comply with the mandates contained in the General Standards to Govern the Operations of the General Secretariat, (see Annex I).
- Art. 11 The Board will also comply with Resolution N° 124 of the Permanent Council (see Annex II) and any other applicable provisions that may be issued in the future by the General Assembly or the Permanent Council.
- Art. 12 The Board will take whatever measures it considers necessary to insure that all external and internal audit work is performed by technically and professionally qualified auditors whether they be auditors or firms of auditors contracted as such or audit staff members of their respective Supreme Audit Institutions.

GENERAL AUDIT PROCEDURES

- Art. 13 The accounts, financial transactions, and financial statements of the funds of the OAS for which the Board has audit responsibility shall be audited annually and a report on such audit submitted to the Permanent Council.
- Art. 14 The annual audit shall be made in accordance with generally accepted auditing standards (see Annex III) and the external auditing requirements prescribed in Chapter VII of the General Standards to Govern the Operations of the General Secretariat of the OAS (see Annex I).
- Art. 15 The audit shall specifically include all necessary audit procedures to enable the Board, as required by Article 102 of the General Standards, to certify:
- a. That the annual financial statements presented by the Secretary General agree with the books, records, documents, and vouchers of the General Secretariat;
  - b. That the transactions reflected in the financial statements are in accordance with the General Standards, the Budgetary and Financial Rules, and other applicable provisions;
  - c. That the securities and cash on deposit have been checked by means of certifications from the depositories.

ries of the General Secretariat and the cash on hand has been checked by actually counting it to the extent that the Board deems appropriate, applying generally accepted auditing standards.

Audit of Financial Statements and Supporting Records

Art. 16 The Board will satisfy itself as to the fairness of the financial statements of OAS in accordance with generally accepted accounting principles the General Standards, and the Budgetary and Financial Rules consistently applied by obtaining sufficient supporting evidence through the examination of accounting records and supporting corroborative material, general observation, inquiry, confirmations and application of other professional auditing techniques.

This examination will include but not necessarily be limited to:

- a. Verification of the financial statements to the organization's main accounts, supplemented by analyses and tests of the latter with subsidiary ledgers, books of original entry, vouchers, contracts, purchase orders and other original documents.
- b. Ascertaining whether expenditures are in accord with budgetary provisions, and whether appropriate regulations and directives have been observed.
- c. Verification of securities and cash recorded in the organization's books as being on deposit by certificates received directly from the depositories and appropriate reconciliations.

Audit of Operations

Art. 17 The Board will in addition to conducting the examination of the financial statements and supporting records may conduct, when considered necessary, concurrently with such examination or independently thereof, operational audits for the purpose of reviewing the efficiency, effectiveness and economy in the use of human, material and financial resources and determining whether desired results are effectively achieved by duly approved programs or activities. Such audits shall be conducted in accordance with generally accepted auditing standards. The reports resultant therefrom shall contain comments, conclusions and recommendations for improvements in the areas of operations selected for examination. Such areas shall be determined based upon the Board's consideration of the areas where maximum benefits may be derived through selective review and examination directed toward programs or activities believed to be critical or problematical.

Evaluation of Internal Controls

Art. 18 In devising the audit work to be undertaken by the Board and its representatives the Board will take into consideration not only the nature and scale of the organization's expenditures but also the scale, effectiveness and reliability of the accounting and administrative procedures, as well as the financial and administrative internal controls. Systems of internal control, including internal audit, will be reviewed and evaluated in order to determine:

- a. The degree of reliance that can be placed upon them.
- b. The corresponding extent of testing that needs to be performed by the Board or its representatives.

Art. 19 The review will include an appraisal of procedures for safeguarding assets by means of an adequate division of functions and a clear definition of relevant duties between those responsible for the operations, custody, accounting, and internal audit to:

- a. Assure that assets and resources are used in accordance with directives issued.
- b. Assure that all transactions are accounted for accurately and properly.

Relation to Office of the Inspector General

- Art. 20 The Board will keep itself fully informed of the work of the Office of the Inspector General and fully consider the nature, extent, and effectiveness of internal audit work in determining the scope of its audit.
- Art. 21 To the fullest extent possible, the Board will use the results of the internal audit work to minimize the amount of detailed auditing it does to carry out its functions.
- Art. 22 In its relations with the Office of the Inspector General, the Board will assess the effectiveness, efficiency, usefulness, professional quality and observance of professional standards of the internal audit work and make suggestions or recommendations for improvements in performance or scope of audit work. It may also make recommendations for the internal examination of special problems or questions that come to the Board's attention.

Compliance

Art. 23 The audit procedures of the Board will include testing financial transactions for compliance with the General Standards, the financial regulations, and other applicable provisions of OAS as shown in Article 15 of these Rules including ascertaining:

Whether expenditures are in accord with the provisions authorizing them.

Whether expenditures exceed the amount of appropriations, taking into account the changes resulting from transfers duly authorized in the General Assembly resolution approving the budget.

Art. 24 In determining compliance with applicable legal and other requirements, the Board shall call to the attention of the Secretary General, for appropriate explanation or action, any transaction about whose legality or correctness it has doubts. If needed, the Board shall call upon the Secretariat for Legal Affairs of the General Secretariat for assistance in reviewing the legality of transactions questioned.

