

APPENDIX 1

TERMS OF REFERENCE

ANNUAL AUDIT OF GS/OAS ACCOUNTS AND FINANCIAL STATEMENTS FOR THE YEARS ENDING DECEMBER 31, 2022 - 2024

1. JUSTIFICATION AND OBJECTIVES

1.1. General Audit Objectives

An independent auditor shall audit the financial statements of the General Secretariat of the Organization of American States (GS/OAS) and its related entities for three fiscal years, those ending December 31st, 2022, through 2024 following the Terms of Reference (ToR) set forth herein and to:

- Express opinions on whether the financial statements of the different GS/OAS funds and entities have been prepared under their respective accounting basis and whether these financial statements are free of material misstatement.
- Submit audit opinions in English and Spanish for each GS/OAS entity as specified in article III of the ToR. The review of the Spanish version of the financial statements and notes is part of the delivery.

2. OVERALL RESPONSIBILITY FOR THE AUDIT

- 2.1. The Audit Committee ("The Committee") of the GS/OAS is responsible for the external audit of the accounts of the General Secretariat according to the General Assembly Resolution 123 adopted on April 14, 1973, and Permanent Council Resolution 124 dated June 30, 1975. It began to function in March 1976 and adopted detailed rules and procedures to carry out its duties and responsibilities. These rules reflect the standards and requirements prescribed by the General Assembly and the Permanent Council for the external audit of the GS/OAS.
- 2.2. The Committee consists of three members elected by the General Assembly each for a staggered three-year term, who are entrusted to review all audits, accounts, funds, and operations of the GS/OAS. To this end, the Committee engages the services of an independent accounting firm to audit the financial statements and to present the results of the annual audits and findings to the Committee. Responsible officials in the individual entities responsible for the financial statements and sign management representation letters for each required audit would be shared at the beginning of the audit.
- 2.3. The Committee convenes annually, traditionally in late March or early April, and prepares a report to the General Assembly on matters related to the financial integrity of the GS/OAS. The Committee membership is currently comprised of the following representatives from their respective countries:

Name	Country	Term ends
Mr. Martin Rubenstein ¹	Canada	12/31/2022
Mrs. Joan Carroll Lugo	United States	12/31/2023
Mr. Dean Evanson	Antigua and Barbuda	12/31/2024

2.4. The Department of Financial Services (DFS) of the Secretariat for Administration and Finance (SAF) serves as the Technical Secretariat for the Audit Committee and has overall responsibility for coordinating the annual audits and publishing OAS financial statements and annual reports, including the external auditors' finding reports for each GS/OAS fund/entity.

3. ENTITIES TO BE AUDITED

3.1. The GS/OAS financial assets are held and accounted for on a fund basis and should be audited accordingly. These services should be priced separately as per the following entities' arrangements (A and B).

- A.** There are eight (8) entities to be audited; four of them are managed under the GS/OAS Budgetary and Financial Rules² accounting basis and four under the US Generally Accepted Accounting Principles (GAAP), which require five (5) opinions distributed as follows:

GS/OAS Budgetary and Financial Rules [one combined statement/opinion]

1. GS/OAS Regular Fund
2. OAS Development Cooperation Fund (OAS/DCF)
3. GS/OAS Specific Funds
4. Service and Revolving Funds

Generally Accepted Accounting Principles [four opinions, one for each entity]

5. Leo S. Rowe Funds (Pan-American and Memorial)
6. OAS Medical Benefits Trust Fund
7. Trust for the Americas (and consolidation of its subsidiaries)
8. Inter-American Defense Board

- B.** The following entity may require an OMB Circ. A-133 Single Audit (Single Audit)³, in addition to the audit, noted above:

Trust for the Americas

¹ Chair of the Audit Committee.

² This has been considered as "other comprehensive basis of accounting" by GS/OAS' independent auditors in prior years.

³ Rather than an opinion, a single audit must be conducted as required by OMB Circ. A-133, as the Trust for the Americas is a non-profit corporation incorporated in the District of Columbia.

The Trust of the Americas reserves the right to separately select and contract with a different firm for each auditing year if the Single Audit is required.

There is one separate entity, OAS Retirement, and Pension Fund⁴, for which the results of the audit are included in the same annual publication. However, the audit for this entity is bid out separately, it is not included as part of this bid.

3.1.1. Although eight entities (1-8 listed above) shall be audited, five (5) audit opinions must be issued because the audits of the first four (4) entities will be combined in one (1) opinion. In addition, whether the one OMB Circ. A-133 Single Audit is required will depend upon whether the minimum expenditure threshold is met. In 2021, the threshold was not met, and a Single Audit was not conducted.

3.2. Financial responsibility and accounting overview

The following individuals will be available to address issues related to the financial operations of the GS/OAS.

3.2.1. Secretariat for Administration and Finance (SAF)

- Jay Anania - Secretary for Administration and Finance (SAF).
- Javier Arnaiz - Director, Department of Financial Services (DFS).
- Teresita Martin - Chief, Treasury Section (DFS).
- Renzo Chiappo - Chief, Accounting Section (DFS).
- Sebastian Ordoñez - Chief, Budget Unit (DFS).
- Andrew Vanjani - Director, Department of Information and Technology Services (DOITS).
- Enrique Bello - Director, Department of General Services (DGS).
- Hector Arduz - Director, Department of Human Resources (DHR).
- Alex Grammer - Director of the Department of Procurement Services and Management Oversight (DPMO).

3.2.2. Department of Legal Services

- Melissa Cossio - Director, Department of Legal Services (DLS)
Ms. Cossio will provide legal representation letters

3.2.3. Office of the Inspector General

- Hugo Ascencio, Acting Inspector General (IG)

The following individuals will be available to address issues related to the operations of the following entities:

⁴ The Retirement and Pension Fund is a “qualified” plan under the laws of the United States of America.

- OAS Medical Benefits Trust Fund: Carolina Marin
- Leo Rowe Fund Pan-American Fund: Lina Sevillano
- Rowe Memorial: Carolina Marin
- Trust for the Americas: Alex Figueroa
- Inter-American Defense Board: Oscar Gomez

4. PROCEDURE

4.1. Audit work must be performed under generally accepted auditing standards promulgated by the American Institute of CPAs and the external auditing requirements prescribed in Chapter IX of the General Standards to Govern the Operations of the GS/OAS. It is also expected that the audits will also generally be performed following Government Auditing Standards, promulgated by the U.S. Comptroller General.

5. SPECIFIC DELIVERABLES

The following deliverables are required annually:

- 5.1. Audit opinions in **English and Spanish** versions for each of the FIVE (5) financial statements as described in Section 3 above, and on supplementary information related to the basic financial statements taken as a whole (note that GS/OAS presents the financial statement package in English and Spanish, such as Committee of External Auditor's recommendations, MD&A, notes to the financial statements and supplementary information, which will require auditor's full review).
- 5.2. Internal Control Report should be submitted as part of the entity audit reports. It should include all material weaknesses and significant deficiencies found during the audit procedures. Some entities may require a separate Internal Control Report.

The audit procedures should also include testing financial transactions for compliance with the General Standards, the financial regulations, and other applicable provisions of OAS, including but not limited to:

- a. Wasteful or improper expenditure of funds, notwithstanding the correctness of the accounting;
- b. Cases of fraud or presumptive fraud;
- c. Expenditures are likely to lead to further outlays on a large scale;
- d. Expenditures that are not in accord with the provisions authorizing them, or excessive expenditures;
- e. Expenditures that exceed the number of appropriations, considering the changes resulting from transfers duly authorized in the General Assembly resolution approving the program budget; and

- f. Any deficiency in the general system governing the handling of income and expenditures or supplies and equipment, or in the corresponding administrative services.

A draft copy of these reports must be presented to the SAF / Audit Committee for review before final issuance.

All reports should be presented in electronic form.

- 5.3. Perform site visits to no less than two (2) National or project Offices of the GS/OAS per audit year to assess internal controls in the respective office and include findings in the Internal Control Report. The site visits require team members to be bilingual (English and Spanish). Additionally, a memo of the findings should be delivered to the SAF / Audit Committee within 30 days of the site visits.
- 5.4. Report of independent auditors on compliance with the Terms Covenant Provisions or Conditions of all GS/OAS debt agreements encountered as part of the audit procedures.

6. MONITORING AND EXIT CONFERENCE REQUIREMENTS

- 6.1. Monitoring conferences must be held with DFS on the entities being audited, and periodic meetings may be requested during the audit to discuss audit progress. There will be at least four monitoring conferences - at the beginning of the engagement, after completion of preliminary fieldwork, before completion of the audit, and upon completion of the audit. Material problems or issues must be promptly communicated to the Director of DFS.
- 6.2. A special exit conference must be held with the Audit Committee and periodic meetings may be requested during the audit to discuss audit progress. Material problems or issues must be promptly communicated to the Committee.
- 6.3. All conferences will be held in Washington, D.C.

7. AUDIT PERIOD

Calendar year (which is the fiscal year for GS/OAS) on a comparative basis.

8. PROJECTED SCHEDULE

- 8.1. A complete set of draft deliverables (financial statements and management letters) must be made available by the end of March following the end of the calendar year being audited.
- 8.2. The following is a calendar of annual key events:
 - Dates preliminary audit work can commence – first days of November.
 - Fieldwork before closing accounts – second week of February.

- Date for all draft auditors' reports completion and available work papers and exit conference – fourth Friday of March.
- Date for final auditors' submission and compliance reports - Second Thursday of April following the end of the calendar year being audited. (This date is critical to permit issuing the Audit Committee Annual Report to the Permanent Council by April 30 and the General Assembly by early June). In addition, the bank's covenants require filing the audited financial statements within 120 days from the beginning of each calendar year.

These dates are estimates and are subject to change. These are confirmed by the SAF during the entrance conference each fiscal year audit work.

9. WORKING PAPERS

- 9.1. Working papers shall be retained for at least six years following the completion of audits.
- 9.2. Working papers shall be available for examination at the GS/OAS offices by members of the Audit Committee and by authorized representatives of the GS/OAS.
- 9.3. The contractor shall, at no additional cost to GS/OAS, provide audit documentation to GS/OAS or its representatives upon request. The contractor shall, at no additional cost to GS/OAS, provide training to GS/OAS or its representatives on the usage of electronic audit documentation programs, if so provided, upon request by GS/OAS.

10. CONTRACTOR PERSONNEL

10.1. Removal from Duty Clause

GS/OAS may request that the contractor immediately remove any person from working on the contract should it determine that individual(s) are unfit to perform on the contract. GS/OAS will provide the contractor, in writing, with the specific reason for removal. The contractor must comply with these requests and replace that individual(s) with adequate personnel accepted by GS/OAS.

10.2. Security

All contractor personnel performing work for GS/OAS shall comply with all GS/OAS security requirements, including ones designed to protect GS/OAS' information systems. The contractor shall ensure that any electronic equipment it uses is configured following GS/OAS standards.

10.3. Use of subcontractors

Except as specifically approved in writing, in advance by GS/OAS, the contractor shall not subcontract any work procured hereunder. It is contemplated that approval will be given for subcontracting certain phases of the work when, in the opinion of GS/OAS, subcontracting will not adversely affect the delivery of the final product, the quality, or the independence (in fact or

appearance) of the contracted firm. Request for approval shall be submitted, in writing, to GS/OAS.

11. METHOD OF PAYMENT

11.1. The payment method for this fixed-price contract (Contract) will be subject to negotiations between the tentative winning bidder and GS/OAS. Each bidding company should submit its suggestions in its Bid Proposal. Fees will be paid in installments concurrent with work completed and delivered.

11.2. Fee estimates should include all costs related to the engagement which will be bearded by the audited entity. Also provide separately hourly rates by level of personnel (partner, manager, senior, and junior), as applicable to other audit work which GS/OAS may require, and provide those rates if different.

11.3. The 2022 estimate should be provided for recurring and first-year nonrecurring hours that would be incurred (“the first time through” hours).

11.4. The GS/OAS reserves the right to schedule a final payment of 25% that is subject to the successful completion of the Work to the satisfaction of the GS/OAS and that meets audit standards.

Annex 1

Description of the Organization of American States

1. Legal Status and Membership

The Organization of American States (“OAS” or “Organization”) is the world's oldest regional organization, dating back to the First International Conference of American States, held in Washington, D.C., from October 1889 to April 1890. At that meeting, the establishment of the International Union of American Republics was approved. The Charter of the OAS was signed in Bogota in 1948 and entered into force in December 1951. The Charter was subsequently amended by the Protocol of Buenos Aires, signed in 1967, which entered into force in February 1970; by the Protocol of Cartagena de Indias, signed in 1985, which entered into force in November 1988; by the Protocol of Managua, signed in 1993, which entered into force in January 1996; and, by the Protocol of Washington, signed in 1992, which entered into force in September 1997. The OAS currently has 35 member states. In addition, the Organization has granted permanent observer status to 68 states, as well as the European Union.

The essential purposes of the OAS are: to strengthen peace and security in the Hemisphere; to promote and consolidate representative democracy, with due respect for the principle of nonintervention; to prevent possible causes of difficulties, and to ensure peaceful settlement of disputes that may arise among the member states; to provide for common action on the part of those states in the event of aggression; to seek the solution of political, juridical, and economic problems that may arise among them; to promote, by cooperative action, their economic, social, and cultural development; and, to achieve an effective limitation of conventional weapons allowing to devote the largest amount of resources to the economic and social development of the member states.

2. Structure and Organs

The Organization realizes its functions and serves the interests of its Member States through its organs listed in Article 53 of the Charter.⁵ Although all of the OAS organs are important, the principal organs include the following.

- The General Assembly, which is normally composed of the foreign ministers of the Member States, is the supreme organ of the Organization. It meets at least once a year to adopt the Annual Program-Budget, establish the Member State quotas, decide the general action, policy, and structure of the Organization, and consider matters about relations among the Member States.
- The Meeting of Consultation of Ministers of Foreign Affairs considers problems of an urgent nature and common interest to the American States and serves as the Organ of Consultation under the Inter-American Treaty for Reciprocal Assistance (“Rio Treaty”).
- The Permanent Council, which serves as a provisional organ of consultation, provides its good offices, upon request, for the resolution of disputes among the Member States, and monitors the

⁵ See <http://www.oas.org/juridico/english/charter.html>, and <http://www.oas.org/documents/eng/organigramaOEAeng.pdf>.

GS/OAS activities and adopts regulatory provisions to enable the GS/OAS in the exercise of its functions when the General Assembly is not in session, serves as the Preparatory Committee for the General Assembly, and performs other related functions. The Permanent Council is directly responsible to the General Assembly, is made up of ambassadors from the Member States who are accredited as permanent representatives to the Organization, and meets twice a month at OAS headquarters in Washington, D.C.

- The Inter-American Council for Integral Development⁶, whose functions include proposing for the General Assembly's approval of technical cooperation policy initiatives, a strategic plan, and the Organization's budget for technical cooperation; coordinating and assigning responsibility to its subsidiary bodies and other organizations for the execution of development programs; and coordinating technical cooperation activities with the United Nations and other multinational agencies.
- The General Secretariat, which is the central and permanent administrative organ of the Organization, with headquarters in Washington, D.C. The Secretariat provides secretariat services for the other principal organs mentioned above and for other organs of the Organization. It is also responsible for promoting juridical, educational, scientific, and cultural relations in the Member States and establishing cooperative relations, by way of agreements, with other entities. The General Secretariat is composed of several Sub-secretariats, Departments, and other dependencies.⁷

Mr. Luis Almagro from the Republic of Uruguay is the Secretary General of the GS/OAS and Mr. Nestor Mendez from the Republic of Belize is the Assistant Secretary General. Mr. Almagro's term in office expires May 2025, and Mr. Mendez's term in office expires July 2025 As Secretary General, Mr. Almagro directs the General Secretariat, is its legal representative, and is directly responsible to the General Assembly for the fulfillment of the obligations and functions of the General Secretariat. Mr. Jay Anania is the Secretary for Administration and Finance.

3. Financial management and administration of GS/OAS Funds

GS/OAS uses a fund accounting and modified cash basis.

- The administration of OAS entities is divided as follows: the General Secretariat is responsible for the financial administration of the Regular Fund and its related specific projects. The Executive Secretariat for Integral Development⁸ (SEDI) is responsible for the financial administration of the OAS/DCF and its related specific projects. The Leo S. Rowe Pan American Fund is under the administrative responsibility of SEDI, and its treasury is under the General Secretariat. The Inter-

⁶ See <http://www.oas.org/en/cidi/>

⁷ See

http://www.oas.org/legal/english/gensec/ORGANIZATIONAL_CHARTS_EXECUTIVE_ORDER_0801_REV5.pdf

⁸ See

http://www.oas.org/legal/english/gensec/D_EXECUTIVE_SECRETARIAT_FOR_INTEGRAL_DEVELOPMENT_0801_REV5.DOC

American Defense Board (IADB) receives contributions from the OAS Regular Fund but operates administratively as an autonomous entity.

The SAF is responsible for the financial management and administration of GS/OAS funds and those entrusted to it for management. SAF is responsible for the financial management of the Regular Fund and almost all other funds of the Organization.⁹ In addition to the SAF, there are several OAS entities subject to the audit required under this RFP which independently manage their resources or manage independently a block grant distribution provided by the SAF from the Regular Fund or both. They include the IADB and Trust for the Americas (a 501(c)(3) non-profit organization incorporated in the District of Columbia).

Funds managed by SAF cover a wide range of purposes and activities, including fellowships, pensions, medical benefits, democratic development, election observations, humanitarian assistance, peace, legal development, human rights, and cultural and sustainable development. The most significant of those funds include:

- Inter-American Defense Board Fund ⁸
- Leo S. Rowe Pan American Fund ⁹
- Rowe Memorial Benefit Fund ¹⁰
- Medical Benefits Trust Fund ¹¹
- Trust for the Americas. ¹² Note: The Trust is not an entity or organ of the OAS, but rather a 501(c)(3) non-profit organization incorporated in the District of Columbia and affiliated with the OAS.

GS/OAS receives and disburses funds at its Washington, D.C. Headquarters and through its 28 National Offices away from Headquarters. Accordingly, GS/OAS deals with foreign currencies and overseas bank accounts, as well as banking systems in multiple countries including the United States.

⁹ See

http://www.oas.org/legal/english/gensec/F_SECRETARIAT_FOR_ADMINISTRATION_AND_FINANCIE_0801_REV5.DOC

⁸ See <http://www.jid.org/>

⁹ See <http://www.oas.org/rowe/>

¹⁰ See <http://www.oas.org/documents/eng/Rowe/LeoRoweEmergencyGrant.asp>

¹¹ See http://staff.oas.org/english/aboutsasg_medical.htm

¹² See <http://www.trustfortheamericas.org/>

Annex 2

Entities supplemental information summary

(Approximate figures)

Entity	Personnel ¹		Number of Records	Transactions	Assets ¹	Income ¹	2021
	Staff ³	Payroll ^{1,2,4}	Fixed Assets Net Book Value	General Ledger Actuals	As of 12/31/21	For the year ended 12/31/21	Approved Budget ¹
GS/OAS Regular Fund	347	49,213		22,084	52,537	89,328	79,000
GS/OAS Specific and Service Funds	126	12,857		35,460	86,503	74,627	7,219
OASDCF	0	0		125	5,874	344	-
Leo S. Rowe Pan American Fund	3	309		135	23,685	1,968	480
Rowe Memorial Benefit Fund	0	0	HQ: \$42.7M		184	1	-
OAS Medical Benefit Fund	0	0		259	83,757	22,647	-
Trust for the Americas and its subsidiaries - on a separate basis	10	539	National Offices and Projects: \$0.92M	1,094	4,964	5,198	6,817
Inter-American Defense Board	6	1,100		1,800	1,700	7,627	924

*

(1) In thousands of USD.

(2) Includes activity from January 1 to December 31, 2021.

(3) Number of personnel by December 31, 2021.

(4) Does not include Payroll obligations as of December 31, 2021.

(5) The Single Audit is not required for 2021, nevertheless, it could be required for further periods.

(6) Income transactions for the Regular Fund, Specific and Service Funds, and the OAS/DCF do not include the elimination of inter-funds in the amount of USD 10.4 million.

* Specific and Service Funds do not operate under a general budget. However, the ICR Fund (within Service Funds) does have an approved annual budget. The amount approved for 2021 was USD 7.2 million.

Annex 3

The following is a description of Oracle Financials and HRMS, systems documentation, hardware description, operating system, and other relevant software packages.

1. General Information

The GS/OAS enterprise administrative system is a tightly integrated set of Oracle Applications (now in Version 11i).

OAS's enterprise-wide applications use the Oracle Server (RDBMS) technology to store data and are designed to provide comprehensive and complex functionality.

OASES is a web-enabled Enterprise Resources Planning (ERP) system that currently includes Oracle modules and some customizations and extensions developed in-house. The modules are:

- Purchasing
- Grants Management System
- Projects which consist of Project Costing and Project Billing
- Financials
- General Ledger
- Accounts Payable
- Accounts Receivable
- Cash Management
- Human Resources Management System which consists of HR and Payroll
- Oracle Workflow
- Fixed Assets

The current GS/OAS plan is to implement Dynamics 365 Financial & Operations, Supply Chain, and Human Resources as its core ERP system by the beginning of the year 2024. Payroll is being developed in-house. Core functions will be augmented mainly through Microsoft's Power Platform.

2. Architecture

Oracle Applications currently run in a multi-tier, web-based, distributed computing model called three-tier architecture that introduces a middle tier for the application logic. It uses TCP/IP and HTTP, a universal client; a Web browser; and Web servers hosting access to applications and data. Thus, the current architecture is formed with a Database server, the application servers or the Application Technology stack Server, a File server, and the client.

3. Server Architecture

OAS's server platform standards run on an Intel base Platform running a Microsoft Windows-based Operating System ("OS"). In addition, the servers are running antivirus software, backup software, and other security and utility programs that may be required to administer these servers. At the time of Audit, current infrastructure and specific details will be provided.

TERMS OF REFERENCE

1. Software (Core System Software)

1.1. Database Server Software

Vmware Client Version ESXi 5.5.0-2068190
 Windows 2008 R2 64bits Enterprise Server Service Pack 2
 Netapp FAS3240 8.3
 Veeam Backup 9.0
 RMAN backups
 Sophos Antivirus 11.0

1.2. Application Server and Discoverer Software

Windows 2003 R2 32bits Enterprise Server Service Pack 2
 Avamar 7.1.2-21 (Backup tool)
 Sophos Antivirus 11.0

Oracle Software Version Level

Software	Current Version	Version to Go
E-Business Suite	11.5.10.2	Same one
RDBMS	11.2.0.4	12c (12.2.0.x)
Discoverer	10.1.2.3	11.1.1.9
OEM	11.1.0.1	13c (13.1.0.0)
Workflow	2.6.4	Same one
Forms/Report 6i	Patch set Level 19	Same one

Application Modules Patch Levels

Module	Current Level	Level to Go
AD	I	Same one
ALR	G	Same one
ATG	H	Same one
FA	O	P
CE	J	K
GL	J	K
AP	M	O
AR	N	O
PA	M	Same one
PRC	J	Same one
PO	I	Same one
HR	K	Same one
FND	H	Same one
FIN	F	G
GMS	M	Same one