



ADMINISTRATIVE MEMORANDUM No. 132

**SUBJECT: PROCEDURE FOR CREDIT CARD PAYMENTS FOR
TRAVEL EXPENSES**

CONSIDERING,

That the GS/OAS Travel Credit Card is a valuable tool that facilitates the rapid purchase of approved travel services, thereby streamlining the procurement process;

That the procedures governing disbursements made by the GS/OAS are established under paragraph e. – Disbursing – of Chapter IV.3 – Delegated Authority for Financial Transactions – of the Budgetary and Financial Rules, adopted pursuant to Administrative Memorandum No. 103, and that such procedures incorporate sound business and accounting practices and internal controls; and

That it is necessary to set out clear rules and procedures for the administration and payment of the expenses charged to the GS/OAS Travel Credit Card to formally document and authorize current procedures and to provide for interim internal controls towards facilitating the full and proper reconciliation of such expenses,

THE DECISION:

To adopt the Procedure for Credit Card Payments for Travel Expenses as set forth in Attachment A.

A handwritten signature in blue ink, appearing to read "Jay Anania".

Jay N. Anania

Secretary for Administration and Finance

Original: English

September 07, 2016

Attachment A: Procedure for Credit Card Payments for Travel Expenses



Organization of
American States

Secretariat for Administration and Finance (SAF)

Revised: English
August 18, 2016

PROCEDURE FOR CREDIT CARD PAYMENTS FOR TRAVEL EXPENSES

**Department of Financial Services (DFS)
Department of Procurement Services (DP)**

GS/OAS TRAVEL CREDIT CARD PAYMENTS

Summary

DP is responsible for administering the OAS travel services provider (currently Omega) and the GS/OAS corporate credit card program including the management of the American Express GS/OAS travel credit card (GS/OAS Travel Card). The GS/OAS makes use of the GS/OAS Travel Card to facilitate the rapid purchase of approved travel services, thereby streamlining the procurement process. The purpose of this document is to establish the policy for the payment of expenses charged to the GS/OAS Travel Card and to formally document and authorize current procedures for the payment of such expenses as well as to provide for interim internal controls in respect of such payments.

Use of the GS/OAS Travel Card has various advantages including reducing the number of payments to individual vendors and generating corporate benefits. It is further in the best interests of the General Secretariat to pay in full all monthly charges to the GS/OAS Travel Card notwithstanding that it is not always possible to fully reconcile such monthly charges with individual travel authorizations in advance of the payment due date. However, DP and DFS do reconcile all charges to the GS/OAS Travel Card in a timely manner to ensure that all charges are valid and charged to the appropriate account.

Introduction

DFS is responsible for issuing payments to service and product providers of the General Secretariat. Payment procedures require a sequence of steps and supporting documentation to ensure proper internal controls and disbursements of funds. Processing or recording payments without the proper documentation or without following established procedures increases the risk of improper payments such as processing payments for services or products not requested or received by the General Secretariat.

Background and Current Procedure for GS/OAS Travel Credit Card payments

Procedures for all disbursements made by the General Secretariat are established under the following Chapter of the Budgetary and Financial Rules, adopted pursuant to Administrative Memorandum No. 103. The following is the relevant excerpt:

CHAPTER IV - DELEGATION OF AUTHORITY, RESPONSIBILITY AND ACCOUNTABILITY

IV.3 DELEGATED AUTHORITY FOR FINANCIAL TRANSACTIONS

e. Disbursing

- i. The functional authority to disburse is vested on any staff member who is responsible for issuance of checks or other medium of payment. Disbursing officers are responsible and accountable for ensuring that a payment is supported by an approved purchase order, a receipt of goods or services, and an invoice from a supplier or vendor.

In addition, DFS requires all areas to channel their payment requests through the OASES Customer Service System. Although the GS/OAS follows these rules and procedures for all disbursements, payment in full of all monthly charges to the GS/OAS Travel Card does not permit full compliance with these procedures given that it is not always possible to fully reconcile all monthly charges in advance of the payment due date.

When purchasing an airline ticket through Omega, the traveler is required to provide a purchase order (PO) number to Omega in order to confirm and purchase a ticket reservation. For each transaction

charged to the GS/OAS Travel Card, Omega records the PO number as a reference. At the end of each cycle (monthly) Omega reconciles the monthly GS/OAS Travel Card statement with the PO number/detailed information for each transaction charged to the GS/OAS Travel Card and reports any discrepancies directly to DP's Director. Subsequently, Omega sends the reconciled GS/OAS Travel Card statement to DP and DFS. DFS receives the reconciled file from Omega and validates the provided PO information. DFS records in OASES all validated charges by charging expenses to the appropriate accounts, submits all rejections from the Omega file to DP for resolution, and updates the GS/OAS Travel Card Liability reconciliation. Where the POs are underfunded or otherwise invalid, DP contacts the requesting area to provide the appropriate PO information that will allow for the payment of pending charges. In some cases, there is insufficient time to resolve all rejections and fully record in OASES all charges in the GS/OAS Travel Card statement prior to the statement's payment due date. Currently, to avoid unnecessary charges and the negative effects of submitting late payments, the payment for the full amount of all charges to the GS/OAS Travel Card is authorized before all of such charges are fully recorded in OASES. The payment for the GS/OAS Travel Card is then recorded against a liability account that remains open until all rejected charges are fully resolved and processed in OASES. During the course of each cycle, DP conducts attempts to get appropriate PO information as necessary.

The current procedure is not ideal, as payment for the Statement is issued prior to having fully charged all POs for travel expenses for the month. This is as there is insufficient time between the receipt of the Statement and the Statement's payment due date for full reconciliation of all charges reflected in the Statement. Nonetheless, full reconciliations do take place and rejected items are resolved within a reasonable time frame.

Failure to pay in full all monthly charges reflected in the Statement by the Statement's payment due date as a result of concerns about a small dollar value of unreconciled transactions – transactions which will be properly reconciled after the Statement's payment due date – would subject the GS/OAS to interest charges on the entire balance due, plus any pending charges from the current month. Moreover, paying the Statement on time does not in any way prejudice the GS/OAS' ability to challenge the validity of individual charges, or to pursue refunds from the appropriate sources should DFS document improper charges. It is therefore in the best interests of the GS/OAS to continue processing payments for the monthly Statements as defined set forth in this policy.

To address the need for timely reconciliation, DP is working with the Department of Information Technology Systems (DOITS) to implement an electronic purchase order system whereby POs would be issued directly from the OASES system to Omega as traveler's book individual tickets. Among other benefits, the Secretariat for Administration and Finance (SAF) expects this will expedite the GS/OAS Travel Card reconciliation process and permit full reconciliation prior to payment of the monthly Statements.

In the interim and until the proposed electronic purchase order system is operational, this policy shall serve to codify the existing procedures, subject to the following modifications:

Revised Interim Procedure for GS/OAS Travel Credit Card Payments

1. The GS/OAS travel provider (currently Omega) will submit to DP any discrepancies and issues identified in the GS/OAS Travel Card Statement or Omega travel activity. DP will be responsible for obtaining and updating Omega on any information or reconciliation requirements of the

GS/OAS.

2. Omega will submit the final reconciled files and a copy of the GS/OAS Travel Card Statement directly to DFS with a copy to DP. In this case "reconciled" means that Omega has matched each charge against the PO number provided by the GS/OAS area which purchased the ticket.
3. DFS will validate all PO information provided by Omega against OASES and forward any rejected items to DP for prompt resolution.
4. DFS will pay in full all monthly charges reflected on the GS/OAS Travel Card Statement by the Statement's payment due date against a liability account using the Omega-supplied files noted in item 2 above.
5. DP will contest and follow up on any disputed charges with the travel provider or the GS/OAS Travel Card issuer as appropriate. DP will be responsible for promptly notifying DFS not to issue payment for the Statement or to take other measures in the event of suspected fraud, a dispute with the GS/OAS Travel Card issuer or for any other reason deemed reasonable by DP.

Conclusion

This policy establishes the authority of DFS to pay in full all monthly charges reflected on the GS/OAS Travel Card Statement by the Statement's payment due date solely upon the receipt of Omega-supplied files and pending final processing of all travel expenses in OASES.

While SAF recognizes the risks involved under the current procedure, current systems and infrastructure do not permit a better alternative. SAF has procedures in place to perform reconciliations and to seek refunds or adjust accounting when necessary. Several years of experience evidence that these controls, although reactive, are in place and effective. Therefore this policy is in the best interests of the GS/OAS pending the implementation of the proposed system enhancements, which will facilitate automatic reconciliation and the full reconciliation of transactions prior to the payment of the monthly GS/OAS Travel Card Statements.