

SECRETARIAT FOR ADMINISTRATION AND FINANCE

Established by Executive Order 05-13 Rev. 1, the SAF is composed of the Office of the Assistant Secretary; the Department of Human Resources; the Department of Budgetary and Financial Services; the Office of Information and Technology Services; the Office of Procurement Services, and the Office of General Services.

Office of the Assistant Secretary

During this reporting period, the Office of the Assistant Secretary continued to provide support to the political organs of the Organization, principally the Permanent Council's Committee on Administrative and Budgetary Affairs (CAAP), serving as one of that Committee's chief links with the General Secretariat. The Office of the Assistant Secretary also coordinated with the various areas of the General Secretariat to assist them with their programs' administrative and financial affairs. Finally, the Office spearheaded a number of reforms aimed at modernizing the General Secretariat and making it more transparent.

Department of Budgetary and Financial Services (DBFS)

- Budgetary matters

Important events transpired in 2006 having to do with budgetary services. Early in the year, the DBFS and the other offices in the Secretariat for Administration and Finance, undertook steps to reconcile the accounting structure, financial statements and reports, personnel and other records, to ensure that all the information comported with Executive Order 05-13 issued in December 2005 and to enable compliance with the required periodic reporting on the status of execution of the 2006 budget of the Regular Fund and Specific Funds.

At its thirty-first special session in January 2006, the General Assembly adopted a new transitional scale of Regular Fund quota assessments to fund the 2007 and 2008 program-budgets, something that had not been done for many years. It also instructed the Permanent Council to present to the General Assembly, at its thirty-seventh regular session, recommendations for the adoption of a revised, definitive scale of quota assessments for 2009 and subsequent years. At this special session, the General Assembly instructed the Secretary General to submit to the Preparatory Committee a proposed program-budget for the Regular Fund for 2007, with a fixed ceiling of US\$81.5 million.

On April 12, 2006, the Proposed Program-Budget for 2007 was presented, with a ceiling of \$81.5 million, which did not make allowance for the statutory salary adjustments or increases in the General Secretariat's operating expenses resulting from inflationary losses in purchasing power. When the General Secretariat indicated that the budget approved for 2006 did not include the additional resources needed to cover special, unanticipated costs (such as maintenance work to the buildings, upgrading of the OASES system, conversion of the CPRs in the area of the Inter-American Commission on Human Rights and regularization of under-budgeted posts), the Permanent Council adopted resolution CP/RES 903 (1542/06) in April, in which it approved a \$5.2 million adjustment to the Program-Budget approved for 2006. Under Article 72 of the

General Standards, the Reserve Subfund would have to be used to cover this additional appropriation.

Finally, in resolution CP/RES. 911 (1573/06), adopted in December, the Permanent Council approved a special appropriation to the 2007 Program-Budget in the amount of \$2.9 million to finance salary costs mandated under Article 40 of the General Standards and resolution AG/RES. 1319 (XXV-O/95). The special appropriation will also offset inflationary losses in the purchasing power of the budgetary resources allocated for non-personnel expenditures in 2007.

- Financial matters

The combined financial statements that appear at the end of this report in Annex E reflect the financial situation of the OAS, and include the following:

- a. The Operating and Reserve Subfunds of the Regular Fund, whose budgets are approved by the General Assembly;
- b. The Specific Funds and the Special Multilateral Fund of the Inter-American Council for Integral Development (FEMCIDI), which are funded by unilateral or multinational contributions to finance activities approved by the governing bodies; and
- c. The Service Funds to manage the internal administrative business necessary for the Organization to function properly. Those funds appear as a separate line item in the financial statements to show what their impact is. The following are among the Service Funds: the Tax Reimbursement Fund, Parking Services, and the Fund for Conferences Abroad.

In 2006, total collections of Regular Fund quotas, including quotas in arrears from previous years, was \$79.9 million, which was a \$3.6 million increase—or 4.7%—over total collections in 2005 (\$76.3). The financial situation of the Regular Fund was better than it was in 2005, largely due to collections of the 2006 quotas (\$65.6 million) and quotas in arrears (\$14.3 million).

The balance of the Regular Fund as of December 31, 2006 rose to \$13.8^{1/} million, which was \$3.8 million more than the previous year's balance of \$10.1^{2/} million. However, when the set-asides for the fellowship programs and the supplementals earmarked for the Capital Fund for OAS Fellowship, Scholarship, and Training Programs are excluded, the net for the Regular Fund's operations was \$2.2 million. This increased the balance in the Reserve Subfund to \$10.8 million, as compared to \$8.6 million in 2005.

Department of Human Resources (DHR)

A number of major changes—both structural and procedural—were introduced in the Department of Human Resources in 2006. The thrust of these changes was along three main lines: efficiency, processing of personnel-related documents, and growth and development.

^{1.} This includes \$3 million in set-asides for execution of 2007 fellowship programs.

^{2.} This includes \$1.5 million in supplementals earmarked for the Capital Fund for OAS fellowship and training programs, pursuant to resolution CP/RES. 894 (1516/05).

- Efficiency

One of the most important changes made to the Department's internal structure was the transition from a system of specialist technicians to a service-oriented process in which "account executives," providing efficient, personalized attention on all matters relating to Human Resources, are serving the staff in the areas within their respective "portfolios."

To standardize the rules in force and make them understandable, and to lend greater transparency to the procedures followed in paying staff member benefits, handbooks were written on: 1) home leave, 2) tuition reimbursement, 3) maternity leave, 4) education allowance, 5) G-5 visas for domestics, 6) severance, and 7) procedures for the Disciplinary Committee. Work got underway to update the Staff Rules with a view to fashioning a document that comports with the Organization's specific needs and the new trends in personnel policy and management.

In order to be able to computerize each and every procedure used by the Department, the latter partnered with the Office of Information and Technology Services to purge and update the database so as to accommodate the new human resources management model to be operated through the OASES system. This will pave the way for a reporting system that facilitates personnel management and strategic decision-making within the General Secretariat.

The Department worked continually with various areas of the Organization to re-engineer their internal processes, to make their operating structures more efficient.

- Processing of personnel-related documents

Performance contracts (CPRs) and personnel action requests (PARs) were computerized in 2006. In all, over 1,400 personnel actions and 800 performance contracts were processed.

A total of 48 vacancies that, for one reason or another, had been pending for the last three years, were announced. Similarly, to make the process of classifying posts more transparent, a committee was formed composed of a number of professionals from the Department of Human Resources who are specialists in the United Nations classification system. These specialists review every request in a timely manner and then process it so that a final decision can be made. A total of 53 posts were classified in 2006.

In cooperation with the United States Department of State, the paperwork associated with visas and work permits are being computerized. During this transition period, the process was simplified and automated, with the result that 1,250 visa applications were processed in 2006. Another development is that for the first time, the Department is now helping interns apply for G4 visas, so that the applications the interns file with the U.S. consulates in their respective countries can be expedited.

The Internship Program has been redesigned and computerized with a view to making the program competitive with those of other international organizations. An agreement was concluded with George Washington University to house the Organization's interns in the University's facilities during their stay in the city. An agreement was also concluded with the

Inter-American University Organization [*Organización Universitaria Interamericana*] (OIU), which will publicize and promote the OAS Internship Program to an audience of more than four million students across the Hemisphere. The goal here is to recruit and provide opportunities to young talent from all the member states. In 2006, the OAS welcomed 205 interns.

The Department undertook an analysis to compare the administration of the benefits systems in the United Nations and the Organization of American States.

- Growth and Development

The Organizational Development section was created with the idea of changing the culture and enhancing organizational performance through a series of programs aimed at encouraging the personal and professional development of staff members. These programs will also help identify the most promising professionals.

To that end, an effort was launched to detect the training needs in all areas of the Organization so as to then create and offer high-caliber training programs. In 2006, the planning was completed and a program of 11 training courses was launched, which will be implemented in the first half of 2007. The first courses given have been on “Effective Communication and Negotiation” and “Executive Coaching.” Of the 30 staff members who participated in these two courses, seven were certified as in-house instructors.

The Department reviewed and updated the process for competing for continuing contracts, which give Organization employees stability and permanence. This process is a matter of interest to 109 employees.

For non-professional employees who for one reason or another were unable to complete their studies, a plan was devised to help them pursue their university degree.

To enable a constant give-and-take of ideas between the Organization and its staff, the Department and the OITS teamed up to design an intranet portal called “OAS Connect.” This was the first vehicle of the Internal Communications Plan. All the DRH information and the principal administrative management procedures were updated at this portal, in order to facilitate dealings with this Department.

The Performance Evaluation Program was redesigned in order to make it an effective tool for cultivating quality, in every sense of the word, and for encouraging effectiveness and efficiency among staff of the Organization. The new program will be introduced in early 2007.

In the health area, various vaccination campaigns were conducted, as were an AIDS prevention and detection campaign and a Health Fair.

The goals of the Department of Human Resources for 2007 are as follows:

1. Continue and enhance the automation and computerization of procedures, payment of benefits and payroll.
2. Introduce the Performance Evaluation System.
3. Computerize the process for bringing new staff on board.
4. Publish and implement the procedural handbooks.
5. Introduce a competitive selection process for continuing contracts.
6. Develop an online training program for the National Offices.
7. Improve the process of recruitment, selection, and promotion of staff.
8. Issue a monthly online in-house bulletin that serves as one more tool enabling communication and promoting the Organization's activities and achievements in the Human Resources area.
9. Attract the Hemisphere's most talented youth to participate in our internship program.
10. Bring organization in line with the General Secretariat's strategic plans.

Office of Information and Technology Services (OITS)

A total of 27 OAS Offices in the Member States are now integrated into a secure system of communications with headquarters, through a virtual private network (VPN) enabling direct connection to all IT services offered (OASES, e-mail, OAS Connect, and others).

A telephone system using IP telephony – VoIP (Voice over Internet Protocol) was successfully introduced for all the OAS Offices in the Member States. At headquarters, 65 extensions were configured to use this system.

The 375% increase in the use of mobile communications equipment and the 700% increase in the use of PDAs (personal digital assistants) were due to the new technologies available and to the need to have a workforce in constant communication. The OITS reorganized the administration and control of these devices and, working with the Department of Legal Services, issued Administrative Memorandum No. 115 spelling out the policies and procedures for the acquisition, use, and payment of cellular telephones and mobile communication devices and the selection and use of service providers in accordance with the rules of the General Secretariat. The OITS also did a marketing study on these services providers to select those that can best meet the General Secretariat's needs.

A study was done and the necessary equipment purchased for implementation of the NAC ("Network Admission Control"), the system that allows network access only to connected PDAs.

A new version of our intranet –OAS Connect–was developed and introduced so as to be able to offer a more dedicated approach to the services of the General Secretariat and a secure and more user-friendly connection for all users. This Intranet also features all news related to the OAS Offices in the Member States.

To make the General Secretariat's network more secure, various devices were installed that can detect attempts to breach the network intrusion detection system (NIDS). Antivirus and antispyware programs are constantly updated to better defend the data systems from virus attacks and other threats to data security.

New network monitoring tools were installed -"Winventory" and "Cacto"- and security scripts were created for servers and the "Active Directory."

The "HelpDesk" received a total of 16,200 requests: 10,500 were about OASES, and 5,700 concerned equipment, programs, installation, and user support in general.

With the proliferation of servers in the Organization, a strategy for consolidation was devised and implemented. It included study, analysis, and measurement of the entire network infrastructure to determine how the servers and their resources were being used and then how to use them to maximum effect so that some servers could be freed up for use in the Emergency/Catastrophe Recovery and Continuity Plan (Business Continuity Plan - BCP). In addition to the consolidation strategy, a massive data storage system – an SAN or Storage Area Network – was acquired to house all the Organization's corporate production databases. Installation and configuration is set for 2007. In addition to the strategy, virtual servers will be introduced that use next-generation software technology.

As Phase I of the Emergency/Catastrophe Recovery and Continuity Plan (BCP), the equipment needed to set up a recovery site for the Organization's mission critical systems was moved to the Administrative Building. This system will be operational in January 2007. Bids were taken for the contract for complete recabling of the Main Building, to standardize the type of technology within the Organization. That work will be done in 2007. In advance of the recabling work, the necessary infrastructure was installed in the Main Building and the GSB to equip them for wireless connectivity.

New applications were developed to help various areas achieve their goals and to help simplify procedures:

- Systems were developed for the Department of Human Resources involving electronic processing of personnel action requests (PARs) and simplified processing of performance contracts (CPRs). With both systems, the information on the PARs and CPRs can be verified and validated and the corresponding approvals obtained, thereby minimizing e-mail traffic. The new systems retain information which can then be used to produce a variety of reports and statistics. An internship applications and selection database system was also developed for the Department of Human Resources to reduce the cost and time spent processing applications.
- Phase I of the fellowships management system (FMS) was completed for the Department of Human Resources in December, which was ahead of schedule. With the FMS, the Department is able to monitor and manage the costs of active OAS fellows, both individually and by program, and check and verify information between the OAS and the suppliers of the various services involved. This system, too, generates reports and

statistics and features a security module. It will shortly have an interface enabling this system to be connected through OASConnect. Phase II, which is already in progress, will allow new fellowships to be managed and will include the application and selection process.

- A system was developed for the Department of Planning, Control and Evaluation, (DPCE) to computerize project planning based on the structure used by that Department. The system computerizes the process from the time the project's operational planning is presented up through the DPCE's approval or rejection of it. This system also generates the reports that the DPCE requires.

As for managing the OAS enterprise system—OASES—, the roles and profiles of the various users that access the system have been re-evaluated and a division-of-labor plan was prepared and is now being implemented. Working in collaboration with Oracle technical personnel, the quality and types of service that the Secretariat receives have been redefined with a view to getting the maximum return on investment (ROI) from the contract between the General Secretariat and Oracle Corporation. Drastic technical and administrative measures were taken to improve the operation of OASES. With the improvements, service continued uninterrupted during the closing of the 2006 books. A system was also introduced that monitors changes in OASES. Planning is underway to expand this system to all those under OITS management.

OITS, working with the Department of Human Resources, completed the remodeling of the training room, equipping it with the latest in computer technology.

OITS continued to provide technical support for such applications as Documents Control, Events Calendar and the Telephone Directory, developed for the Inter-American Commission on Human Rights, Conferences and Meetings, the Columbus Library, and other areas. Similarly, OITS continued to help expand the secure e-mail system for the Working Group on Mutual Legal Assistance. This technology gives the authorities in the member states rapid, confidential, and secure communication with respect to extradition and criminal matters.

Having already completed modernization of the support systems for the meetings of the Organization's various political bodies in the recently renovated Simón Bolívar Conference Room, OITS continued to provide support and guidance to the Office of Conferences and Meetings, the Office of General Services, the Office of the Assistant Secretary General and the Department of Press and Communications so that the installed technologies are used to maximum effect.

Office of Procurement Services (OPS)

- Activities related to the Inventory Area

The Inventory Area completed the activities involved in receiving products sent to the Organization by several hundred suppliers. It then dispatched those products to their users. During this reporting period, the Inventory area delivered 580 new items each valued at over \$500. The total cost was over \$1.7 million. More than 14,000 new fields were generated to enter

these procurements into the inventory database. A physical inventory was done of over 5,000 articles and more than 35,000 fields in the inventory database were updated.

During the period covered in this report, 511 obsolete or damaged items were removed from the inventory and over 1,300 deliveries were made to various users in all the buildings at headquarters, involving over 3,000 boxes or envelopes. The area also gave out around 2,000 new barcode tickets to Special Missions whose inventories began to be updated in early 2007. The information on over 2,000 items in the OAS Offices in the Member States was brought up to date.

- Activities related to the Procurement Area

Oracle Enterprise System (OASES)

In 2006, the workload and processing of purchase orders were approximately 30% higher than in 2005 and over 1,600 requests filed with the Helpdesk were answered. Likewise, procurement transactions continued to be reviewed periodically; over 14,000 requisition and purchase orders were purged from the system.

More than 15 regular and special training sessions were given on how to prepare, review, receive, and approve purchase orders. Special courses were given on how to process transactions relating to consultant contracts (CPRs); advanced courses were offered on special topics related to the procurement system. Certification of the OAS Offices in the Member States continued. Using OASES, the area processed 39,463 purchase-order lines. Telephone and personal technical support was provided to users of the online office supplies procurement system; more than 700 requests were authorized after checking the balances on the purchase orders.

- Contracts, Insurance, and Bid Solicitations

OPS coordinated and solicited bids on procurement contracts. It then selected the suppliers and executed the purchase contracts. A total of 22 solicitations were conducted. It also conducted two bid solicitations involving travel services.

OPS continues to administer the GS/OAS business insurance policies, both at headquarters and at the OAS Offices in the Member States. It also looked into the possibility and the cost of getting insurance coverage against kidnapping and for the rescue of members of OAS special missions, such as those in Haiti and Colombia.

- Activities related to the Travel Area

The travel area made reservations and issued over 2,000 e-tickets and/or physical tickets for the trips made by Organization staff or persons representing the Organization. It also arranged more than 500 visas with the consulates of over 20 countries.

In October 2006, the OPS solicited proposals from specialized travel agencies to provide off-site travel services. After fully examining and evaluating the four proposals received it made its recommendations to the Contract Awards Committee (CAC). In December the Secretary

General approved the CAC's recommendation that the contract for travel services be awarded to Omega World Travel (Omega). He signed the corresponding contract in January 2007. The following are among the benefits that Omega Travel is offering to the OAS: prices and fares that Omega negotiates with the airlines; 24/7 emergency availability; 24/7 VIP services and dedicated phone lines; access to available upgrades at no cost to passengers who meet the necessary conditions; better and more precise travel statistics for reporting purposes; an online reservations system especially tailored to the OAS. The new off-site travel service was fully implemented in February 2007.

In 2007, the OPS plans to centralize invoicing in the area as part of the costs management program; consolidate and control all OAS travel-related procurement, and present reliable reports that identify and properly quantify all the travel expenses and compliance with travel policies; achieve the SG/OED goal of best practices and more transparent business transactions.

- Other business

The OPS continued to respond to the Permanent Council's requests for biannual reporting on performance contracts (CPRs). That reporting demands constant and continuous attention and changes according to the Permanent Council's needs.

Office of General Services (OGS)

The Office of General Services focused its efforts on continuing capital investment projects, renovation and maintenance of the General Secretariat's buildings, and other matters such as renting out office space, physical security, documents copying, the fleet of vehicles and parking areas.

The maintenance and capital investments in the buildings of the General Secretariat were implemented at a cost of approximately \$7.2 million, which includes the mortgage payment on the "F" Street Building (\$2,028,299) and payment of the buildings' insurance coverage (\$171,194). The maintenance costs mainly involved utility services, maintenance contracts, repairs, and purchase of supplies. The increase in the cost of the utility services^{3/} and in the cost of the maintenance contracts^{4/} and the contracted cleaning and security services necessitated approval of an addition to the budget, in the amount of \$634,800 (CP/CAAP/SA-538/06).

The capital investments completed total \$841,151. Repairs were made to the roof of the Main Building, the staircases leading up to the Hall of the Americas, repair and painting of the ceilings and interior walls, and replacement of the elevator and two major pieces of air-conditioning equipment (chillers). A protective film was applied to all the windows on the "F" Street Building and the cooling tower was replaced. The condenser in the Museum was also replaced. These capital investments were done as a result of special authorizations by the Permanent Council's Committee on Administrative and Budgetary Affairs (CP/CAAP/SA-538/06 and CP/CAAP/SA-525/05). Included in the first authorization were funds to prepare a report on the existing

^{3.} Water, electricity, steam, gas, and sanitation.

^{4.} Electromechanical equipment, elevators, security equipment, fire prevention systems, fumigation, trash collection and gasoline.

condition of the Main Building, Administrative Building, the Museum, and the Casita. The report will provide the General Secretariat with a Master Renovation Plan.

The heavy rains in June 2006, which flooded the Washington metropolitan area, also affected the Organization's Main and Administrative buildings. The machine room in the Main Building, which houses the electrical equipment that provides electric power, air conditioning, and heating, was put out of commission. As a result, the building had to be closed for a week for replacement of the electrical panels, energy control systems, water pumps, flash dryers, and other equipment. The damage came to a total of \$179,401; the insurance company covered \$169,582.

Some 49,475 square feet were leased out, 1,254 square feet more than the previous year. The leased office and storage space in the "F" Street building brought in revenues totaling US\$1,697,756. The space on the third floor is being leased by the Inter-American Institute of Cooperation for Agriculture (IICA) and the Pan American Health Organization (PAHO); the space on the second floor is being leased by the Pan American Development Foundation (PADF), the Albert Sabin Institute, and the Development Gateway Foundation; the OAS Staff Federal Credit Union and the Juan Valdez coffee shop lease space in the lobby.

The security equipment continued to be modernized to improve access and surveillance controls. The General Secretariat acquired a security communications system to network the Main Building with the "F" Street Building. A DVR was also purchased for the Main Building, as was a remote-control color camera to keep the Aztec Patio behind the Main Building under surveillance. Access controls were installed in the Simón Bolívar Conference Room, as were alarms on the glass windows. At the "F" Street Building, access controls were installed in the Mail Section and in the computer laboratory. A camera and intercom were installed at the residence. The total for these investments was US\$34,775.

Seven new photocopiers were purchased, for a total of US\$67,000. Maintenance services were contracted, which included repairs, paper, and supplies for all 44 photocopiers in the General Secretariat, for a total of some US\$103,000.

To keep an efficient fleet of vehicles, the General Secretariat leased four new vehicles, at a total of US\$1,161 a month. The vehicles that were replaced were over eleven years old and were in constant need of costly maintenance. The vehicles for the Secretary General and Assistant Secretary General were also renewed, at a total of US\$745 a month.

Since all staff members of the General Secretariat are entitled to a parking space and the number of spaces available within the General Secretariat is not sufficient, additional spaces have to be leased from private parking garages. Management of the parking areas does not create a direct administrative cost to the General Secretariat since it is covered by the fees that the users of the parking areas pay. So management of the parking areas also subsidizes the purchase of *Metrocheck* passes for staff members who, although entitled to park, use the Metro system instead. The operating cost of the parking areas was some US\$693,000, which included a number of improvements. Revenues were in excess of US\$612,000, and the balance in the Parking Fund as of December 31, 2006, was over US\$366,000.