

**Secretariat for Administration and Finance (SAF)**

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POLICY ON VENDOR INCENTIVES PROGRAMS

Secretariat for Administration and Finance (SAF)
Department of Procurement Services (DP)
Department of Financial Services (DFS)**

**POLICY ON VENDOR INCENTIVES PROGRAMS**

1. **Scope**

The Policy on Vendor Incentives Programs (hereinafter Policy) establishes the rules and procedures under which the General Secretariat of the Organization of American States (hereinafter GS/OAS) administers and uses cash or cash-like value incentives received by a Vendor as a result of a purchase.

This Policy is not applicable to:

* 1. The frequent flyer mileage points earned by travelers when flying on GS/OAS official travel, governed by the Travel Policy, adopted by Administrative Memorandum No. 122; and,
	2. The points, rebates and rewards generated by the corporate credit cards of the GS/OAS governed by Corporate Credit Card Program Rewards and Rebates Policy, adopted by Administrative Memorandum No. 129.
1. **Background**

At times, as a consequence of following the competitive methods required by the GS/OAS rules and regulations, purchases may result in cash or cash-like value incentives in benefit of the GS/OAS.

Also, the Department of Procurement Services (hereinafter DP) of the Secretariat for Administration and Finance (hereinafter SAF), as part of its contract management function, devotes significant resources to administer agreements with key Vendors to achieve additional benefits for the Organization. The benefits from these efforts yield significant advantages for the GS/OAS.

Examples of such Vendor Incentives include, but are not limited to: gift cards, two-for-one purchases, points, rebates, rewards, contract signing bonuses, and other similar incentives.

1. **Definitions**

The following definitions are not exclusive and are intended to provide additional guidance in the application of this Policy.

* 1. **Contract:** Irrespective of its form (Purchase Order, CPR, etc.), a Contract is any procurement or performance contract governed by Executive Orders No. 00-1, Corr. 1 and 05-04, Corr. 1, respectively. A procurement contract is a contract for the purchase or lease of goods, transportation, or real estate; the purchase of insurance; and the purchase of services incidental to and as part of a contract for the purchase or lease of goods or real estate. A performance contract is a contract for acquiring human services or a specific set of functions, product or result.
	2. **Vendor:** An independent contractor who enters into a contract to provide goods or services to the GS/OAS.
	3. **Vendor Incentives or Vendor Incentives Programs:** Any cash or cash-like value allowance that a Vendor offers to the GS/OAS as a result of a Contract. Vendor Incentives include, but are not limited to: discounts, cashbacks, contract signing bonuses, rewards, rebates, points or miles redeemable for free flights and other types of incentives.
		1. **Discount:** A deduction from the usual cost (price) of a good or service based on special conditions or considerations, normally negotiated between the Vendor and the GS/OAS during the contract formation.
		2. **Prompt Payment Discount:** A specific type of Discount applied when the GS/OAS pays before the due date as specified in the respective Contract.
		3. **Reward or Reward Programs**: Points, air miles and other benefits and allowances given to the GS/OAS by a Vendor, that can be redeemed for Rebates, Cashback, statement credits, awards, travel, gift cards or other goods and services, in accordance with the Vendor Incentive Program. Rewards could be presented in the form of a specific monetary amount or as a percentage of expenses registered on certain category transactions. This last option is usually known as Cashback or Cash Back. In most cases, Rewards are not contractually guaranteed and can be altered at any time by the Vendor. Thus, they are unpredictable in nature.
		4. **Cashback or Cash Back:** Atype of Reward whereby the GS/OAS receives from a Vendor a cash refund after completing an individual purchase or a group of purchases. Cashbacks may vary depending on the dollar value of expenditures and thus cannot necessarily be predicted or tied to individual purchases. This form of Reward is normally recorded as a credit to the GS/OAS or can be paid directly to the GS/OAS.
		5. **Rebate:** A return of a portion of the Contract amount to the GS/OAS. Unlike a Discount, a Rebate is given after the GS/OAS pays the full Contract amount. A Rebate is a partial refund of the price or cost of the good or service purchased.
		6. **Signing Bonus:** A Vendor Incentive normally provided to the GS/OAS as a sum of money paid in advance or during the execution of a Contract for the signing of such Contract.
		7. **Corporate Airline Miles or Points:** Some airlines offer corporate miles or points to the GS/OAS. Based on specific established conditions, airlines may offer to the GS/OAS the option to earn miles and/or points for official applicable travel completed under the corresponding airline corporate programs. The most common programs offer these benefits for specific eligible fares and depend on the booking class and other considerations, as established by the respective program. (This category does not include personal airline miles offered directly to individual travelers.)
	4. **Purchasing Area:** The secretariat, department or office within GS/OAS that required the issuance of a Contract which generated the Vendor Incentive.
1. **Prohibition and Disciplinary Measure**

4.1 Vendor Incentives are the property of the GS/OAS and must not be used for personal gain. GS/OAS personnel responsible for purchasing goods and services at the GS/OAS must not participate in these promotional offers.

4.2 The use of Vendor Incentives for personal benefit is prohibited and subject to disciplinary measures, in accordance with Article 55 of the General Standards to Govern the Operations of the General Secretariat and Chapter XI of the Staff Rules of the GS/OAS.

4.3 In the event that a reward has been used for personal benefit, repayment shall be required from the participating GS/OAS personnel via deductions from his/her salary and/or any monies due to him/her, to make full restitution of the value of the Vendor Incentive to the GS/OAS, in accordance with Staff Rule 101.3.

1. **Administration and Management of Vendor Incentives**
2. DP is responsible to administer and manage all Vendor Incentives and Vendor Incentives Programs offered to the GS/OAS as a result of a purchase and to assure that any Vendor Incentive received becomes the property of the GS/OAS, in accordance with this Policy.
3. DP and the Purchasing Area, when applicable, are responsible to assure that the terms and conditions of the Vendor Incentives offered in the contracts are to the maximum possible benefit to the GS/OAS.
4. DP and the Purchasing Area, when applicable, are responsible for monitoring and verifying the status or balance of the Vendor Incentives.
5. DP, the Purchasing Area, when applicable, and the Department of Financial Services (hereinafter DFS) are responsible for ensuring accreditation of the value of the Vendor Incentives in the corresponding financial accounts, if applicable.
6. **Use of Vendor Incentives**
	1. All Vendor Incentives must be used in the best interests of the GS/OAS and in accordance with the terms and conditions of the Vendor Incentive Program, the respective Contract between the GS/OAS and the Vendor, this Policy, and the applicable GS/OAS rules and regulations.
	2. Cash Discounts and Rebates directly tied to a specific purchase shall be applied to that purchase. For example, if a Vendor offers a Discount for the purchase of certain goods or services, the Purchasing Area will include the Discount in the original Contract and pay to the Vendor the discounted amount. If a Vendor offers a Rebate towards of the price of a specific order of goods or services, the Purchasing Area will receive the Rebate to reduce the original Contract amount.
	3. For Vendor Incentives not directly tied to a specific purchase, SAF shall authorize in writing the use of the value of such Vendor Incentive, as follows:
		1. To reduce GS/OAS expenses for the management and maintenance of the specific Vendor Incentive Program that generates the related incentive, consistent with Administrative Memorandum No. 103 and the administration of other funds. Such expenses include the financing of support personnel necessary to maintain the program requirements;
		2. To offset, across the board, expenses of the Regular Fund and Fund for Indirect Cost Recovery. These expenses include Home Leave and similar organizational benefits that are not intended to benefit any area in particular. The reduction of such expenses benefits the GS/OAS as a whole; or
		3. To offset other necessary expenses in the best interest of the GS/OAS, as determined by the Secretary for Administration and Finance.
7. **Redemption Process of Vendor Incentives**
	1. SAF shall always seek to maximize the net value of all Vendor Incentives, considering the cost of the effort required to manage the respective Vendor Incentive Program. Special considerations should be made to alternate uses were apparent face value may be higher, as determined by the Secretary for Administration and Finance (for example, getting a higher allowance for travel vouchers instead of “cashing” the benefit).
	2. If in the best interests of the GS/OAS, the Secretary for Administration and Finance may authorize DP or the Purchasing Area to redeem Vendor Incentives in other manners.
8. **Record Keeping and Controls of Vendor Incentives**
	1. DP is responsible for keeping detailed records and supporting documentation of the Vendor Incentives and Vendor Incentives Programs, in accordance with the record retention policy of the GS/OAS.
	2. DP will inform the Secretary for Administration and Finance on a *semi-annual* basis, the status of the Vendor Incentives and Vendor Incentive Programs, including levels of benefits, upcoming expiration of benefits and its use.
	3. Detailed recordkeeping will not be required for one-time or infrequent Vendor Incentives, or where the Secretary for Administration and Finance determines that the cost-benefit of such internal controls may impair the benefits of the Vendors Incentives Programs. In those cases, DP will still be responsible for establishing and maintaining basic safeguard mechanisms and documents that ensure transparency and provide the necessary assurances to the effectiveness of such Vendor Incentive.
	4. Recordkeeping requirement will be determined by the Secretary for Administration and Finance based on possible risks and in terms of the burden relative to the value of the specific Vendor Incentive or Vendor Incentive Program.