

DRAFT REPORT OF THE CHAIRMAN OF THE SPECIAL COMMITTEE ON BUDGET AND ADMINISTRATION

ASSOCIATION OF CARIBBEAN STATES (ACS)

**25th INTERSESSIONAL PREPARATORY MEETING FOR THE 28TH ORDINARY
MEETING OF THE ACS MINISTERIAL COUNCIL**

ACS Secretariat, Port of Spain, Republic of Trinidad and Tobago

(Virtual Meeting)

18th January, 2023

REPORT FROM GUATEMALA, CHAIR OF THE SPECIAL COMMITTEE ON BUDGET AND ADMINISTRATION OF THE ASSOCIATION OF CARIBBEAN STATES (ACS)

Since Guatemala assumed the Chair of the Ministerial Council, as well as the Special Committee on Budget and Administration for the period 2022 – 2023, during the 27th Ordinary Meeting of the Ministerial Council of the ACS, held on 29th April 2022, it has chaired:

- The 1st Meeting of the Executive Board of the Special Committee on Budget and Administration which took place on 17th June 2022 and the 42nd Meeting of the Special Committee on Budget and Administration which took place on 17th June 2022; at these meetings there was a review of the budget, the contributions of the membership and the operationalization of the Working Group to examine the findings of the audit.
- 5 Meetings of the Working Group that took place on 15th and 28th July, 26th August, 28th October and 2nd December 2022; these are detailed later.
- The 16th Extraordinary Meeting of the Special Committee on Budget and Administration and the 43rd Meeting of the Special Committee on Budget and Administration which will take place on 16th January 2023.
- The 44th Meeting of the Special Committee on Budget and Administration which is scheduled for 9th May, 2023.

November 2021 saw the start of the contracting process of Aegis Business Solutions Ltd. to begin a Management Audit of the processes of the ACS Secretariat, including a proposal from Aegis to conduct the work in three phases.

Phase I of the process began in 2021 and the final status report was delivered in 2022, presenting an analysis of the general objectives, management policies, processes and functions in terms of Human Resources, Finance, Procurement and Governance of the ACS.

Phase II began in 2022 and ended in April of the same year, and included:

- An analysis of the Control Environment of Procurement
- An in-depth Analysis of Operative Procurement Processes and Current Compliance
- A Quality Assessment and System of Communicating the Results to the General Secretariat
- Design and implementation of approved Procurement Recommendations

It was agreed that due to time and budget constraints, Human Resource matters and other issues related to Governance would be addressed in the context of Phase III of the Audit, the latter having been approved on 17th June 2022, at the 42nd Meeting of the Special Committee on Budget and Administration.

Phase III, was presented by means of two meetings of the Working Group at the end of 2022, separated by a meeting on Human Resources and another meeting on Issues of Governance. This Third Phase has been focused on the functional needs of the organization, such as the optimization of human resources and governance, so as to begin the process of revitalizing the Association, aligning the structure of the General Secretariat and its performance to offer more effective support to all the members and succeed in achieving the strategic goals of the ACS, keeping in mind all the challenges faced by the countries of the region in light of the social, economic, political and environmental changes.

In this regard, it is necessary for the ACS to increase its functional capabilities to adapt to the current environment, as well as to cope adequately with the escalation of resource and budgetary resource constraints, and thus take advantage of the existing opportunities and those that might arise.

At the 41st Meeting of the Special Committee on Budget and Administration of the ACS, it was agreed to establish a Working Group that examined the points contained in same. This decision was endorsed by the 27th Ordinary Meeting of the Ministerial Council on 29th April 2022 as defined in Ministerial Agreement 11/22.

During Guatemala's term as Chair of the Ministerial Council five meetings of these Working Groups were conducted, whose main aims were to examine the findings of the auditing firm Aegis, the conclusions and their recommendations,

as stated in their reports and in the presentations on the management process of the ACS Secretariat, as well as to identify key areas of concern so as to develop possible strategies for the Association's way forward. Among the working areas that came up are the following:

- Information Technologies, among its 6 main areas that were considered were information security; risk management; physical and environmental safety; business continuity and recovery in the face of disasters; conservation and restoration of back-up files; and Information Technology operations, monitoring of these would ensure greater control thus strengthening information protection, and minimizing different types of risks that have currently been identified.
- Procurement, with 5 main areas: such as the drafting of the handbook of Procurement Policies and Procedures; the "Culture of Best Procurement Practices", formal documentation of the composition, roles and responsibilities of each member of the Tender Committee; the culture of innovation; and the acceptance of all key parties, would actually be essential in ensuring greater clarity and transparency of procedures, as well as good governance, greater accountability, with well defined, clear and transparent procedures, with more responsible players.
- Finance, with 11 key areas and 10 key areas of responsibility, Segregation/Separation of Functions within the Finance Department; Internal controls in terms of the Payroll; Compliance with ACS Financial Regulations; Use of ACS Credit Cards; Petty Cash and Responsibility for the management and disbursement of US\$ Petty Cash; Preparation and Approval of ACS bank reconciliations; Reasonableness of Ledger transactions; departmental variance analysis Meetings for support of the Budgetary Process; Customer Service for Finance; Creation of a Handbook of Financial Procedures and Financial Process Maps; Creation of ACS Staff Pensions with UTC // Savings Plan Agreements.
- Human Resources, with 10 main areas such as institutional Culture and employee commitment; Talent acquisition; Remuneration and benefits; Mainstreaming and guidance; Information Structure and reporting mechanisms for delivery; Institutional knowledge and retention; Performance measurement and evaluation systems; training and development; Motivation,

empowerment and fostering innovative thought; Conflict management and team building; and Human Resource Policies and procedures.

- Governance

Aegis Business Solutions' presentation on the ACS Audit, the conclusions, recommendations and discussion about same, were made at the 16th Extraordinary Meeting of the Special Committee on Budget and Administration of the ACS held on 16th January 2023, enabling the importance of the implementation of same to be established, thus considering they would add greatly to the institutional strengthening of the Association. It was considered necessary to have a schedule to project possible implementation dates for each of the recommendations, budgetary expenses of these and socialisation and sensitisation that implementation will require the commitment of Member States to the payment of dues, since it will be necessary to satisfy the Association's budget. Furthermore, at the 43rd Meeting of the Special Committee on Budget and Administration, which will be held on 16th January 2023, there will be an update on the status of ACS contributions, as well as the implementation of the Ordinary Budget and review of the budget for 2023.

The 2022 Financial Statements to date, have shown once more that the Contributions have not been paid enough to sustain the Secretariat's activities. In fact the 2023 budget is already shown in deficit.

Despite the Covid-19 pandemic, the ACS has tried to fulfil its mandates, but this cannot be successfully accomplished without the necessary cash flows.

The membership is urged to abide by the agreements and remit the amounts due to the ACS and/or make arrangements to remit partial payments to offset the indebted amounts urgently

In its capacity as Chair, Guatemala wishes to thank the Secretariat and the Secretary General, Mr. Rodolfo Sabonge, for the support provided in the regulation and administration of operational activities during our term as Chair.