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*Accounting System  
Design for the  
Organization of  
Eastern Caribbean  
States (OECS)*

*Final Report  
May 1991*

*Price Waterhouse*



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**LAC REGIONAL FINANCIAL MANAGEMENT IMPROVEMENT PROJECT  
(LAC/RFMIP)**

**ACCOUNTING SYSTEM DESIGN FOR THE  
ORGANIZATION OF EASTERN CARIBBEAN STATES (OECS)**

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**ACCOUNTING SYSTEM DESIGN FOR THE  
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**LAC REGIONAL FINANCIAL MANAGEMENT IMPROVEMENT PROJECT  
(LAC/RFMIP)**

**ACCOUNTING SYSTEM DESIGN FOR THE  
ORGANIZATION OF EASTERN CARIBBEAN STATES (OECS)**

**EXECUTIVE SUMMARY**

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The Organization of Eastern Caribbean States (OECS) is an international multilateral organization established by Treaty in 1981. Since its creation ten years ago, the OECS has pursued harmonization of member states interests in such diverse areas as civil aviation, external affairs, export and investment promotion, tourism, agriculture and the environment.

The OECS now employs approximately 140 persons in more than a dozen discrete subsidiary institutions, including three statutory bodies, carrying out OECS activities in all eight OECS member states and Anguila, as well as in Washington, D.C., Ottawa and London. Its assets as of June 30, 1990 exceed EC\$ 10 million. Its annual 1991-92 budget, funded from member states contributions, is approximately EC\$ 12.0 million. Additional funds in a similar amount are received from donor agencies. However, neither consolidated accounting or budget records are maintained for this source of funds.

The OECS rapid and continuous expansion has been characterized not so much by internal growth, but rather by the addition of new institutions. This has resulted from the need to search for aid to undertake activities of interest to member states.

The harmonization of the various member states and donor agencies interests has required keen political skill by the Authority, Director General and the Directors of the Central and Economic Affairs Secretariats. However, the rapid growth, diversification

of activities and decentralization of control to geographically dispersed and recently added subsidiary institutions, brought about by compromises necessary to achieve this political success, have resulted in organizational, financial and administrative difficulties.

It is widely recognized by OECS officials that its financial management and administrative structure and capabilities have not kept pace with the growth and unique complexities of the Organization. To rectify this situation, the OECS has established an ad hoc committee to review the draft OECS *Financial Rules and Regulations* and related organizational issues. It was also decided at the Eighteenth Meeting of the Authority to implement a centralized accounting system.

The OECS, with financing from the United States Agency for International Development (A.I.D.) LAC Regional Financial Management Improvement Project (LAC/RFMIP), requested Price Waterhouse to review the accounting systems currently in use in the OECS Secretariats and other administrative and project offices and to conceptualize the design of an OECS centralized accounting system and other financial management reforms to improve financial control over member states contributions and donor agency project funds and mechanisms for making member states contributions.

Our five principal recommendations are summarized below. A more complete description of these recommendations is included in the body of our Report.

**Director of Finance and Administration:**

To provide central financial management direction and cohesiveness to the decentralized OECS institutions, a new position of Director of Finance, reporting directly to the Director General, should be created. The accounting offices of all OECS institutions would have a functional reporting line to the Director of Finance while retaining their existing operational reporting lines to the Head of the subsidiary institution.

The Office of the Director of Finance will be responsible for establishing OECS-wide *Financial Rules and Regulations* as well as organization-wide policies and procedures in accounting, budgeting, cash and debt management, and related information systems. It will prepare OECS consolidated financial statements and coordinate the organization-wide budget formulation process.

Similarly, responsibility for establishing OECS-wide administrative policies and guidelines in areas such as personnel management, contracting and procurement, and general services should be centralized in the Office of the Director of Finance (in this case, Director of Finance and Administration) or in the Office of the Director of Administration and Functional Cooperation. Regardless of the office assigned this responsibility, training and other measures should be taken to strengthen the institutional capability of the OECS in these administrative areas.

#### **Uniform Financial Accounting System:**

An OECS centrally directed, uniform financial accounting system should be instituted to improve financial control and reporting on member states contributions and international agencies donations. The basic elements of the OECS accounting system would include:

- o Central direction and consolidation by the Office of Finance; day-to-day transaction processing would be performed by the subsidiary institutions, as at present
- o OECS *Financial Rules and Regulations* and an organization-wide *Accounting Manual* which will ensure correct and uniform accounting and financial reporting
- o A standard general ledger chart of accounts which will permit uniform and efficient transaction processing and financial reporting by source of funds, project activity and responsibility center

- o Adoption of a single personal computer based accounting software package by all OECS institutions to facilitate the consolidation of OECS financial statements, training and system maintenance

### **Cash and Debt Management:**

To establish an adequate, steady and timely flow of cash contributions from member states to the OECS, the system of voluntary contributions should be replaced by an automatic contributions payment or withholding mechanism.

In conjunction with, or in lieu of this measure, the collection of member states contributions should be centralized by the Director of Finance. This office will allocate cash to subsidiary institutions based on quarterly cash requirement forecast updates of the annual budget and cash forecast. This will eliminate member states' ability to make contributions to only preferred projects, allow project managers to focus on operations rather than collection activities, and simplify voucher processing and control issues for member states.

### **Budgeting:**

The Director of Finance should be responsible for coordination of the annual budget process, preparation of the annual OECS consolidated budget for submission to the Director General and the Authority and for preparing budget variance reports. The budget would include revenue from all sources, not just contributions as in the present. Member states Financial Secretaries should actively participate in the budget review process.

**Audit:**

To provide the Authority and the Director General feedback on the implementation of policies and directives by the decentralized OECS institutions, an internal audit function should be established in St. Lucia reporting to the Director General. The proposed two-person internal audit unit would be given a broad audit mandate to review all OECS financial and management affairs. Internal audit reports would be sent to the Authority subsequent to their presentation to, and discussion with, OECS management.

An external auditor should be appointed to issue an opinion on the OECS consolidated financial statements prepared by the Office of the Director of Finance. This would require the integration/coordination of all external audits carried out at OECS institutions.

\* \* \* \* \*

The proposed measures to strengthen the financial management and administration of the OECS secretariats and subsidiary institutions are broadly cost neutral and can be justified on that basis. However, the implementation of these measures satisfy strategic needs of the Organization and **should** be approved for **strategic** reasons.

The overall objective of these reforms is the enhancement of OECS **financial accountability**. They are intended to ensure that OECS standards of financial control exceed the minimum requirements demanded by member states and donor agencies. They will also help ensure Member States and donor agencies that resources are used in accordance with established budgets and agreements. It is strategically important at this time to send a clear indication to donor agencies that measures are being taken to overcome financial management and administrative weaknesses. The ability to demonstrate financial accountability is a primary factor in determining eligibility for continued aid funding.

In summary, a geographically dispersed organization such as the OECS which operates through a number of decentralized institutions requires central financial and administrative direction at a senior management level to ensure adequate financial accountability and organizational cohesiveness. The office (s) assigned the responsibility for providing OECS-wide direction in finance and administration should continue the institutional strengthening activities underway in the accounting area and expand these efforts to include areas such as cash and debt management, budgeting, audit, personnel management, and contracting and procurement.

**LAC REGIONAL FINANCIAL MANAGEMENT IMPROVEMENT PROJECT  
(LAC/RFMIP)**

**ACCOUNTING SYSTEM DESIGN FOR THE  
ORGANIZATION OF EASTERN CARIBBEAN STATES (OECS)**

**I. INTRODUCTION AND BACKGROUND INFORMATION**

The Organization of Eastern Caribbean States (OECS) is an international multilateral organization established by Treaty in 1981. The eight signatory countries to the Treaty are listed in Appendix A. Among the major purposes of the OECS, as set out in the Treaty, are the promotion of co-operation among its member states and, at the international level, the promotion of their economic integration, unity and solidarity and the defense of their sovereignty, territorial integrity and independence, and the fullest possible harmonization of the foreign policies of OECS countries.

The highest policy-making body of the OECS is the Authority, consisting of the Heads of Government of the member states. As outlined in the Treaty, the Authority is responsible for the general direction and control over the performance of the OECS and for its progressive development. The Director General is the Head of the OECS and reports to the Authority (Figure 1).

Since its creation nearly ten years ago, the OECS has pursued the harmonization of member states activities in such diverse areas as agriculture, civil aviation, trade, industrial promotion, legal services, sports, pharmaceutical procurement and distribution, fisheries and the environment. The organizational and management difficulties caused by the rapid growth and diversification of activities spread out among the member countries, described by the OECS Director General at the eighteenth meeting of the Authority in January 1991, is quoted in part below:

**ORGANIZATION OF EASTERN CARIBBEAN STATES (O.E.C.S.)  
ORGANIZATION CHART**

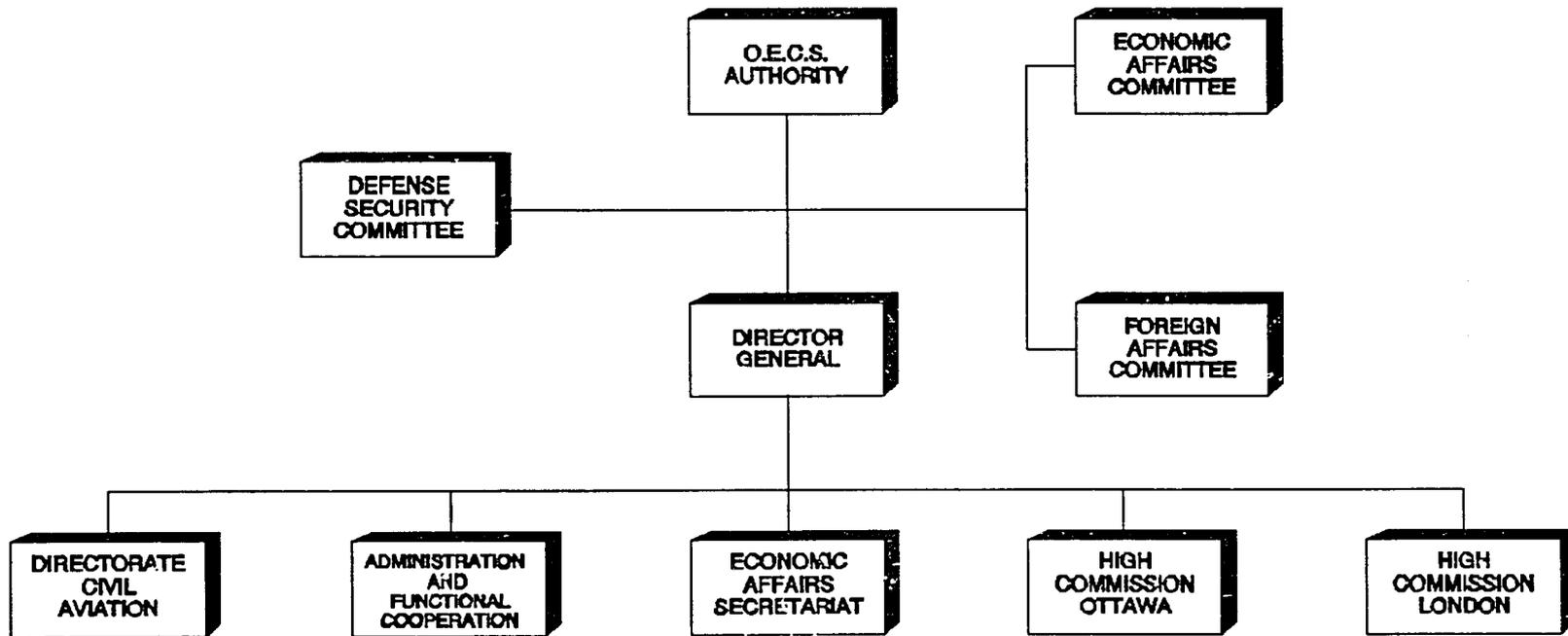


FIGURE 1

"There has been a continuous process of accretion of institutions since the Organization's establishment. These institutions, partly in accordance with the original decision of the Heads of Government to place the Central and Economic Secretariats in two different locations, have been spread throughout the sub-region on the assumption that "the face of the integration movement" should be spread as widely as possible...

The spreading of the various institutions of the Organization does make for greater complexity in general management and a certain duplication of functions and positions leading to a less than optimal efficiency...

The growing complexity in management of the Organization is however, not so much a function of the geographic disparity of its various institutions, as of the somewhat unpredictable and unplanned manner in which some of the institutions have come on stream. It would appear to be the case that "projects" which are established as a consequence of the search for aid to undertake particular activities, soon become transformed into "institutions" for whose continuation the Organisation and its Central Secretariat are required to accept full responsibility. In the last two or three years for example projects such as ECDS, Lome IV Education Programme, IPED/ECIPS, Agricultural Diversification, ECSEDA, Non-Formal Youth Skills Training, and ASYCUDA, have all been established, with the Secretariat, in the majority of the cases being obligated to subsequently accept their establishment as full institutions of the Organization."

The inherent complexities of managing a geographically decentralized, functionally diversified, and dynamic organization requires a strong management and administrative structure. However, it is widely recognized by OECS officials that its financial management and administrative structure and capabilities have not kept pace with the growth and unique complexities of the Organization. To rectify this situation, the OECS has established a committee to study the OECS finances and organization. At the eighteenth meeting of the Authority it also authorized the development of a centralized accounting system. This report focuses on the design of that system, the steps necessary to ensure its effective implementation and the related OECS financial rules and regulations.

The accounting system of any organization can play an important role in supporting budget formulation and control, cash and debt management, as well as many administrative functions. Consequently, we were asked during the project start-up meetings to address these issues in the accounting system design, as well as the organizational issues that may be important to the successful implementation of the centralized accounting system.

During the interview sessions on the centralized accounting system OECS officials frequently raised the issue of centralized cash management. Although related and complementary financial management functions, it may be useful to delineate the boundaries between these two areas. Accounting is generally defined as the processing, recording, summarization and reporting of the financial transactions of an organization. Cash management primarily deals with the planning, programming, collection and deposit of cash receipts, allocation of cash to institutions within the organization, cash disbursements to third parties, the financing of cash shortages and investment of cash excesses.

Ensuring adequate and timely cash flows to carry out the Organization's activities is a vital function. It is particularly critical to the OECS because the Organization lacks sufficient internally generated resources and relies on the contributions of member states to finance its operations. We believe that the tendency of OECS officials to raise the issue of cash flow during the interviews indicates their concern regarding this important issue.

The interviews conducted with OECS management and administrative officers revealed that there is strong support for strengthening the financial accounting and administrative policies and procedures of the Organization. The individuals interviewed also recognized the need to find a solution to the precarious cash flow situation of the Organization.

The following two sections present our proposed design of a centrally directed, uniform OECS financial accounting and reporting system and recommendations on related financial management, audit and organizational issues.

It was agreed during the project start-up meetings that the financial management and administrative weaknesses of the Organization have been previously identified. Therefore, the primary focus of this report sections is on the design of system improvements.

## **II. OECS FINANCIAL MANAGEMENT**

The fundamental elements of an organization's financial management and administrative system are listed below and in Figure 2:

- o Organization
- o Organization-wide financial rules and regulations, accounting and administrative policies and procedures
- o Financial accounting and reporting
- o Cash and debt management
- o Budgeting
- o Audit

The following sections present Price Waterhouse's recommendations on strengthening each of these areas. Our recommendations are based on interviews conducted and our observations at 10 of the 13 current OECS administrative and project offices (institutions), as well as our review of pertinent documentation provided to us by OECS officials.

### **A. Financial Management Organization**

Under the current OECS organizational structure, financial management and administration is highly decentralized. There are approximately 13 OECS accounting/administrative offices. Each of these units reports directly to the Head of their respective institution (Appendix B).

**ORGANIZATION OF EASTERN CARIBBEAN STATES (O.E.C.S.)  
FINANCE AND ADMINISTRATION**

---

- **ORGANIZATION**
  
- **ORGANIZATION-WIDE FINANCIAL RULES AND REGULATIONS, ACCOUNTING AND ADMINISTRATIVE POLICY AND PROCEDURES**
  
- **ACCOUNTING AND REPORTING**
  
- **CASH AND DEBT MANAGEMENT**
  
- **PLANNING, BUDGET FORMULATION AND CONTROL**
  
- **INTERNAL AND EXTERNAL AUDIT**

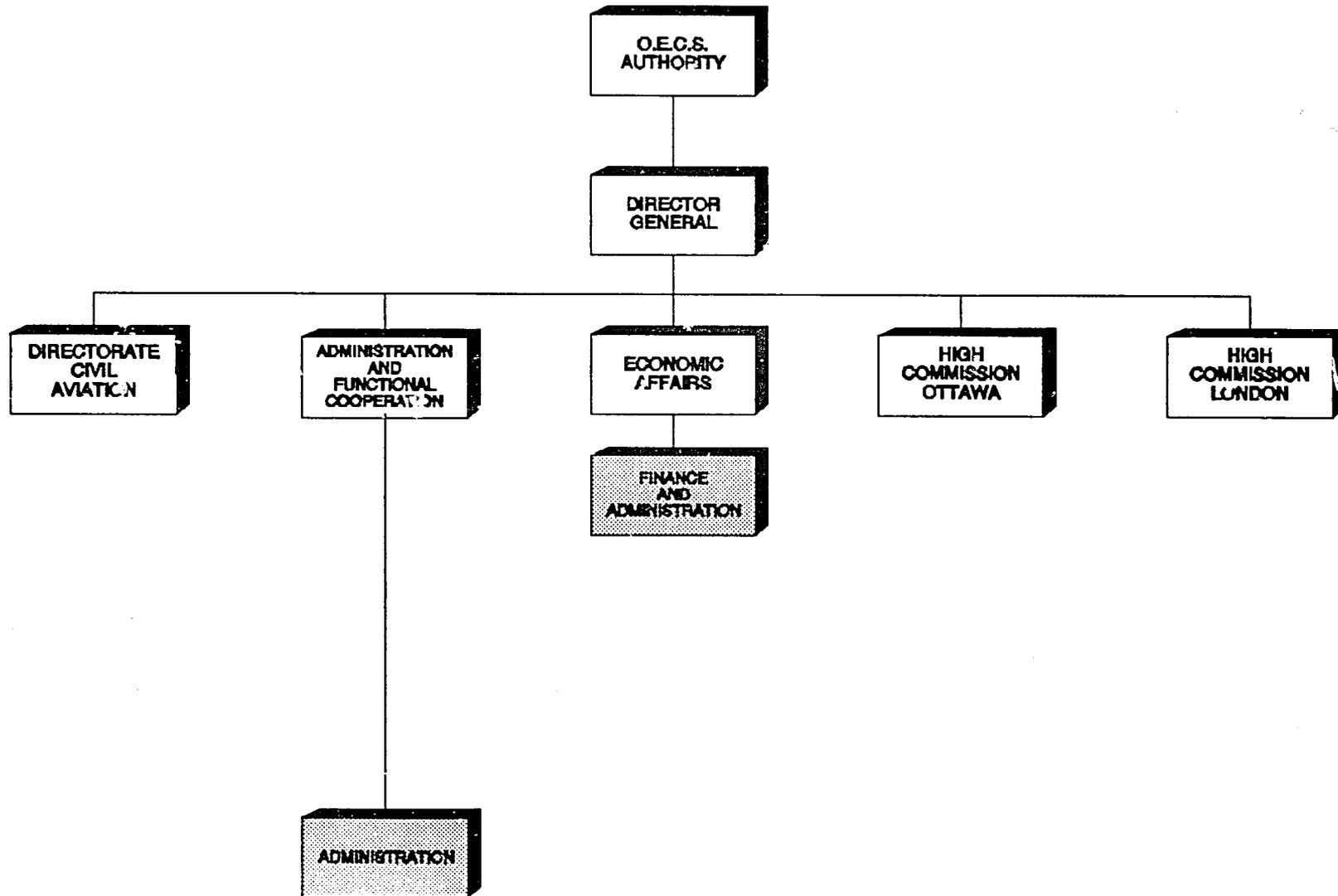
The Director of Administration and Functional Cooperation, supported by an Administrative Officer and staff, and the Economic Affairs Secretariat (EAS) Chief of Finance and Administration and staff (Figure 3), provide some limited functional direction to the other 11 accounting/administrative units in matters such as salaries and budget preparation. However, the decentralized OECS institutions have no clear accounting/administrative functional reporting lines to the OECS Secretariats. As a result, the decentralized institutions operate independently in regards to many procurement and personnel matters, accounting system design and chart of accounts, and the acquisition of accounting hardware and software.

Figures 4 and 5 show the organization of the finance and administrative functions in the OECS Secretariats. The Administrative Officer (and accounting function) in the Central Secretariat is found at a relatively low level in the organizational hierarchy (Figure 4). In the EAS, finance and administration is found at the hierarchical level of Chief. This position is responsible for the finance and administration of the EAS and its subsidiary project institutions (Figure 5). In practice, OECS management and project institutions frequently consult the EAS Chief, Finance and Administration, on financial and administrative matters when organization-wide issues arise.

The lack of central finance and administrative functions, responsible for organization-wide matters, has resulted in a series of financial management and administrative weaknesses such as the ad hoc development of deficient and incompatible decentralized institutions accounting systems, duplication of contribution collection efforts, and a great reliance on overdrafts to cover the Organization's cash shortages.

The lack of an OECS Director of Finance responsible for the development of cohesive organization-wide financial management policies and the execution of OECS-wide financial management improvement efforts is a fundamental reason for the ad hoc development of financial accounting systems and other OECS financial management functions. To improve OECS financial management, the responsibility for establishing

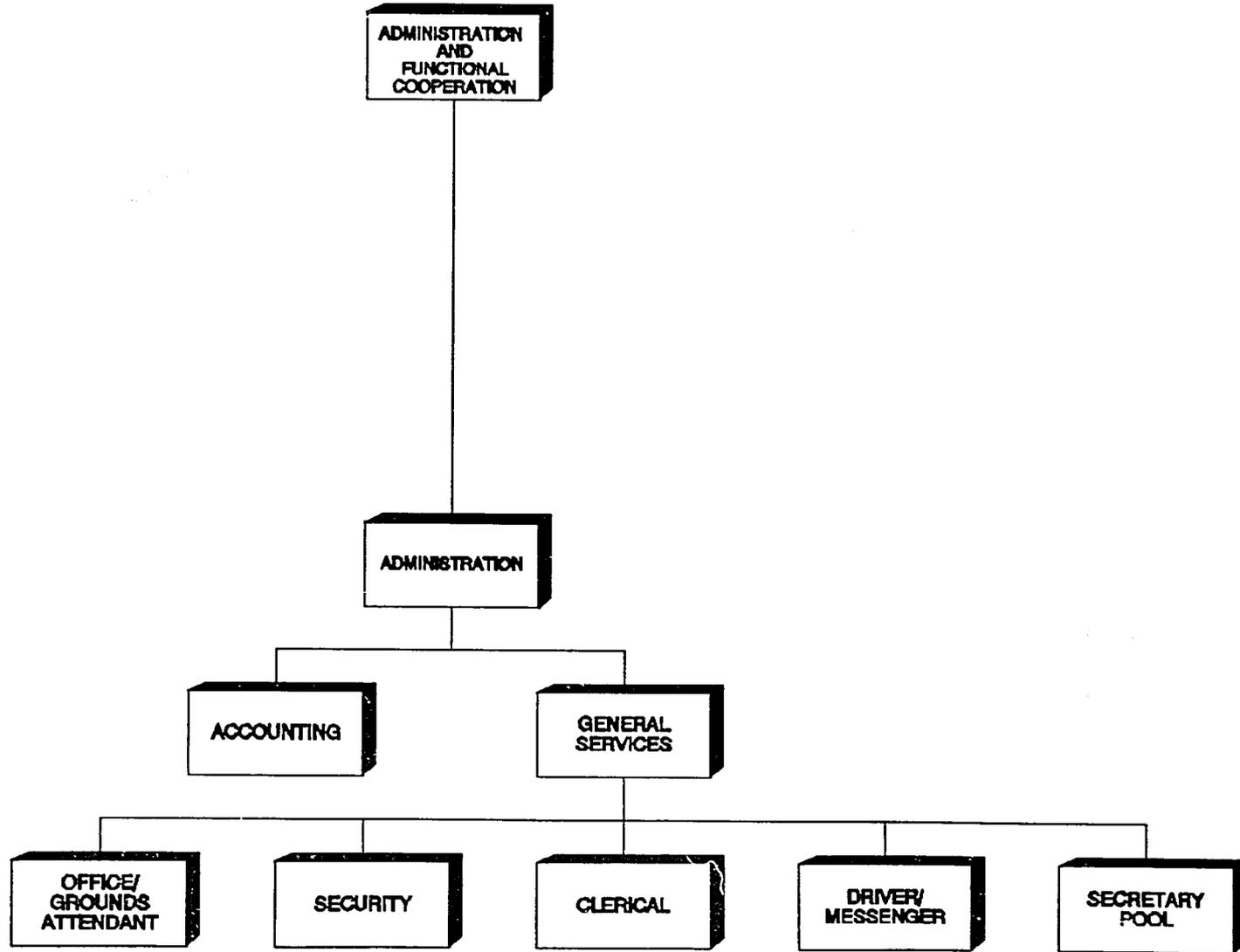
**ORGANIZATION OF EASTERN CARIBBEAN STATES (O.E.C.S.)  
LOCATION OF FINANCE AND ADMINISTRATION IN O.E.C.S. SECRETARIATS**



**FIGURE 3**

-6-

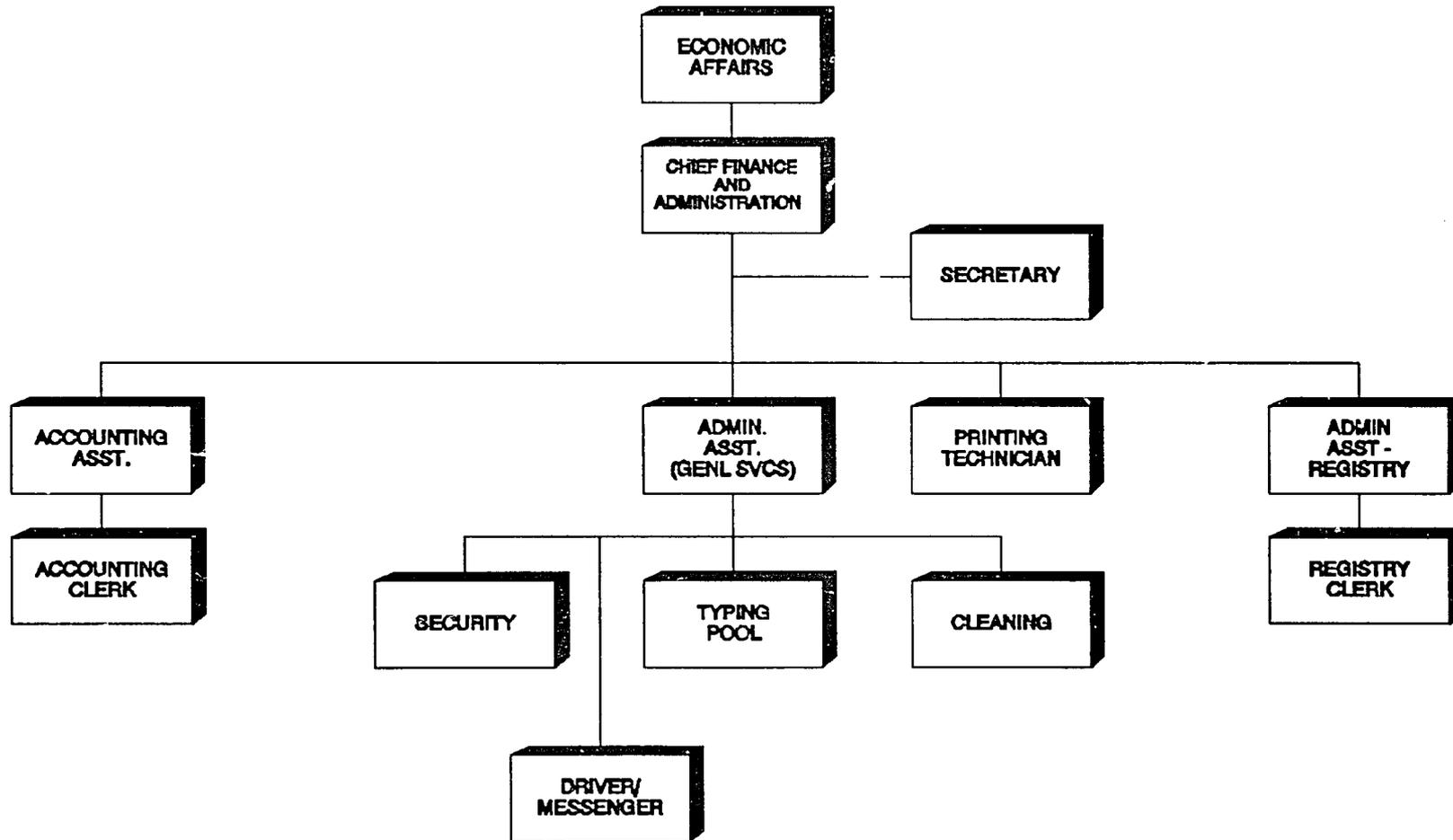
**ORGANIZATION OF EASTERN CARIBBEAN STATES (O.E.C.S.)  
CURRENT ORGANIZATION OF ADMINISTRATION IN THE CENTRAL SECRETARIAT**



**FIGURE 4**

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**ORGANIZATION OF EASTERN CARIBBEAN STATES (O.E.C.S.)  
ECONOMIC AFFAIRS SECRETARIAT FINANCE AND ADMINISTRATIVE ORGANIZATION**



**FIGURE 6**

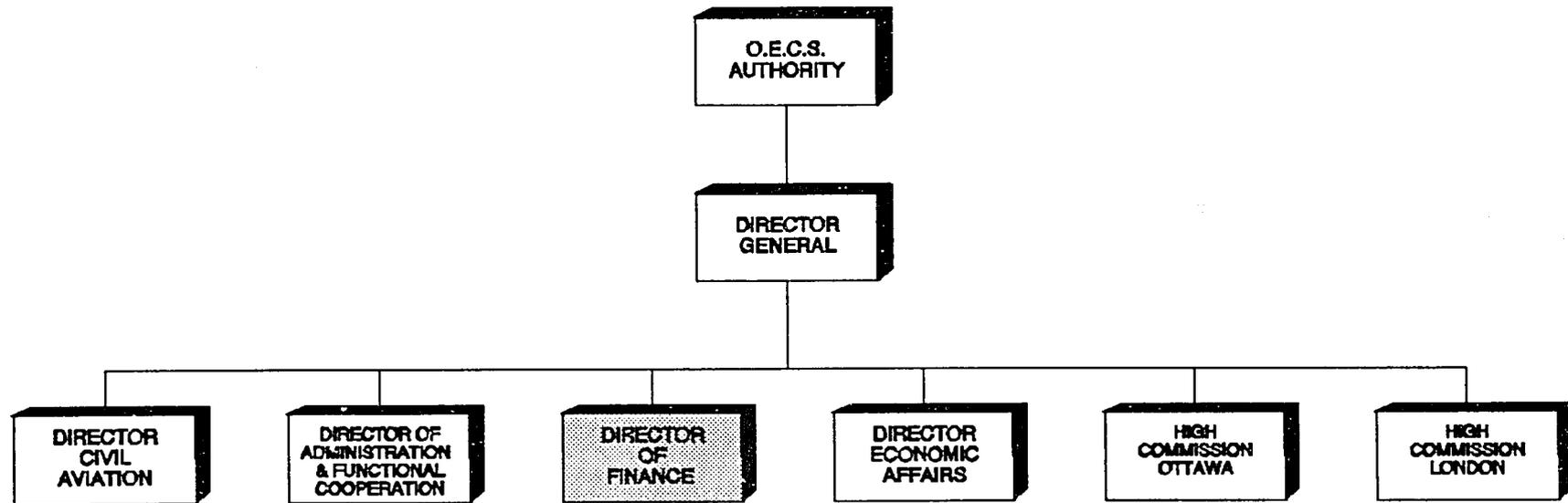
OECS-wide financial management policy, and for overseeing its execution, should be centralized in a director level position which would report directly to the Director General.

Based on our interviews, it appears that there is a general recognition among OECS officers that the institutional weakness in the finance and administrative functions is seriously affecting the operations of the Organization. To overcome this situation, we believe that the OECS should adopt a traditional organizational structure in which the finance and accounting function is centralized and established at the same hierarchical level as the other primary functions of the organization, ie. the position of Director of Finance should be established at the same level as Administration and Functional Cooperation, Economic Affairs, Civil Aviation and the High Commissions (Figure 6).

Similarly, the responsibility for establishing and overseeing the execution of OECS-wide administrative policies in personnel management, contracting and procurement, and general services should be centralized. This could be achieved by assigning this responsibility to the Director of Finance (Director of Finance and Administration) or by strengthening the administrative function in the Office of Administration and Functional Cooperation. An adequate segregation of duties which strengthens internal controls argues for the latter alternative. In practice, however, especially in smaller organizations, finance and administrative functions are often placed under the responsibility of one official.

Either alternative would be acceptable from a technical perspective. Therefore, the Director General may wish to use his discretion in determining this matter. The important objective should be to clearly establish central responsibility for the administrative function and the corresponding functional reporting lines from the decentralized institutions to the central administrative office.

**ORGANIZATION OF EASTERN CARIBBEAN STATES ORGANIZATION (O.E.C.S.)  
PROPOSED LOCATIONS OF O.E.C.S. FINANCE FUNCTIONS**



**FIGURE 8**

- 13 -

The accounting personnel of all OECS institutions would maintain a "dotted line" or functional relationship to the Director of Finance. In the case of centralization of the administrative function in the Central Secretariat, administrative personnel would maintain a similar dotted line to the Director of Administration and Functional Cooperation. For illustrative purposes, Figure 7 shows the functional reporting line between the decentralized accounting units and the Director of Finance. The operational or direct reporting line would be maintained between the decentralized accounting units and their Institution Head.

### **B. Organization-wide Financial Rules and Regulations**

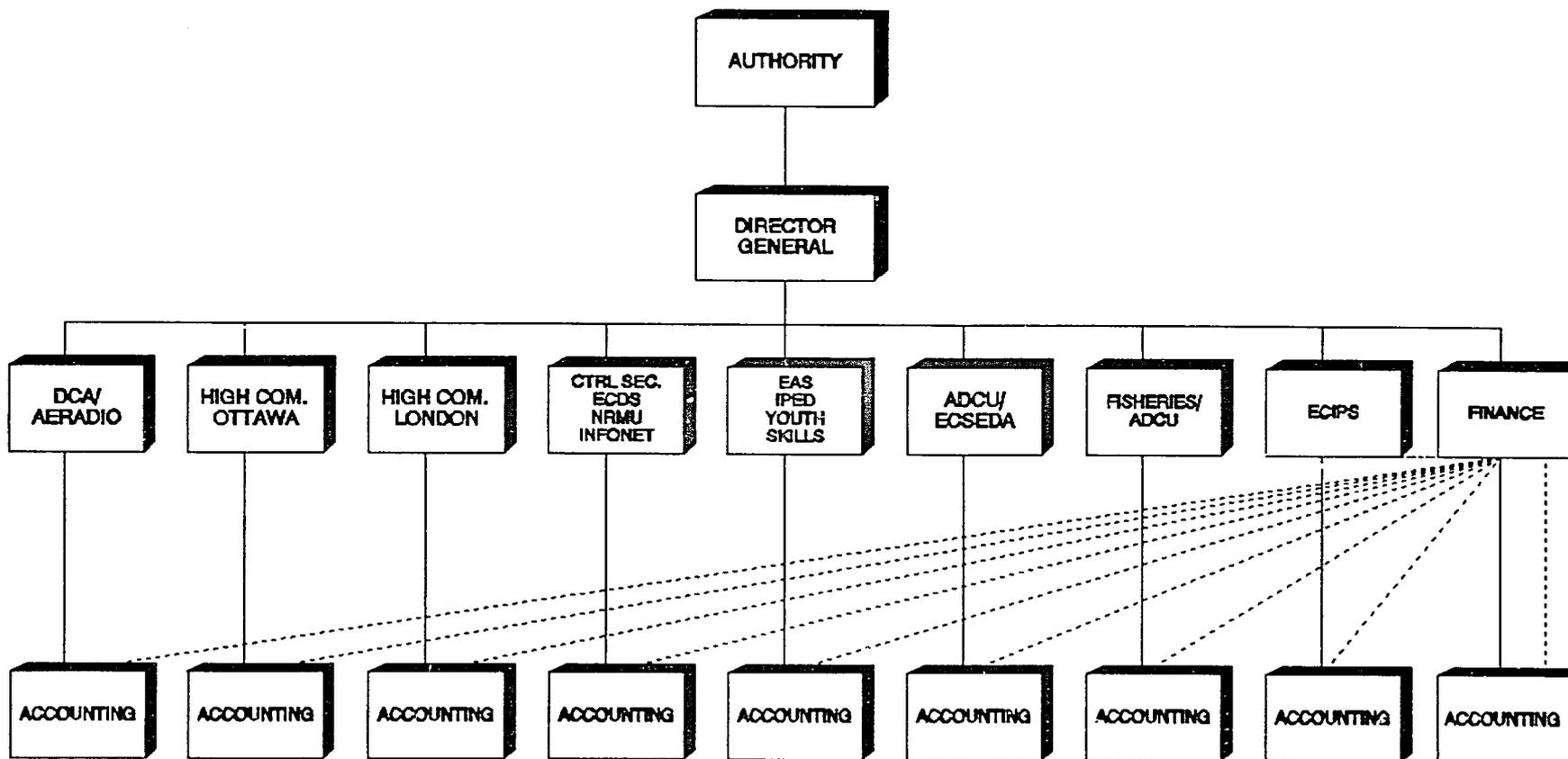
In a decentralized organization it is important that each subsidiary institution operates under the same broad organization-wide policies. These broad policies communicate to subsidiary institution management the intentions of the Authority and the Director General and provide them general direction in conducting day-to-day affairs, eliminating the need for costly telephone calls and time-consuming meetings.

The broad OECS organization-wide policies dealing with financial management matters are contained in the *OECS Financial Rules and Regulations* (Appendix C). The *Financial Rules* are the highest level policies of the Organization and are approved by the Authority. The *Financial Regulations* include more specific policies and are approved by the Director General.

### **C. Organization-wide Administrative Policies and Procedures**

The OECS-wide administrative policies and procedures are similar to the *Financial Rules and Regulations* but deal with administrative matters.

**ORGANIZATION OF EASTERN CARIBBEAN STATES (O.E.C.S.)  
PROPOSED FUNCTIONAL REPORTING LINE TO DIRECTORATE OF FINANCE**



**LEGEND:** A SOLID LINE INDICATES A DIRECT REPORTING LINE.  
A DOTTED LINE DENOTES A FUNCTIONAL REPORTING LINE.

**FIGURE 7**

15-

At the Secretariats, we were informed that circulars and memoranda exist but that there are no formal, OECS-wide organization, personnel administration, procurement or project development and control manuals. At decentralized institutions, the level of formalization of administrative policies and procedures varies by institution. The lack of these important guidelines is seen, for example, in the establishment of statutory bodies under the OECS umbrella of institutions resulting in conflicts on matters such as budget approval authority. We also received conflicting information from OECS personnel on reporting lines indicating a lack of clarity in this important area.

As new projects or subsidiary institutions are established or brought into the OECS on a regular basis, OECS-wide administrative policies and procedures would speed their integration into the Organization, increase organizational efficiency and effectiveness and help avoid errors and misunderstandings on administrative matters.

#### **D. OECS Centralized Accounting**

The principal elements to be considered in the design of a centrally directed, uniform OECS accounting system are listed below and in Figure 8:

- o Organization
- o Organization-wide accounting manual
- o Standard (uniform) general ledger chart of accounts
- o Standardized financial reporting
- o OECS consolidated financial statements
- o Adoption of a standard accounting software package

The following sections of the report analyzes each of these system elements.

## **ORGANIZATION OF EASTERN CARIBBEAN STATES (O.E.C.S.) ACCOUNTING**

---

- **ORGANIZATION**
- **ORGANIZATION-WIDE ACCOUNTING POLICY AND PROCEDURES MANUAL**
- **STANDARD (UNIFORM) GENERAL LEDGER CHART OF ACCOUNTS**
- **STANDARDIZED FINANCIAL REPORTING**
- **O.E.C.S. CONSOLIDATED FINANCIAL STATEMENTS**
- **ADOPTION OF A STANDARD ACCOUNTING SOFTWARE PACKAGE**

## 1. Accounting organization

The OECS is composed of the Central and Economic Affairs Secretariats, their administrative and technical departments and a number of subsidiary institutions. Currently, each Secretariat and subsidiary institution maintains its own accounts even though one or more institutions may share the same offices. The geographic layout of the OECS accounting units is shown in Figure 9.

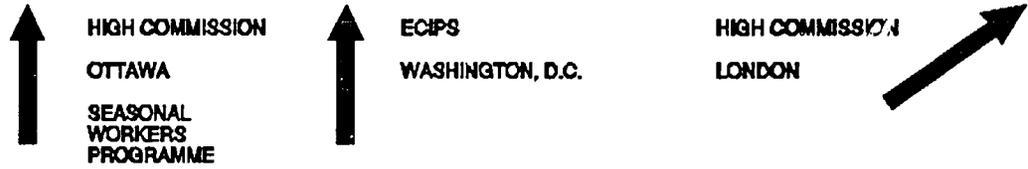
Under the proposed central accounting system design, Secretariat and subsidiary institutions in close proximity to each other will share an accounting software package installed on one personal computer (PC). See Figure 10. The financial transactions for each entity will be **identified** by the account code or by setting up the institution as a separate "company". This configuration will permit financial reporting for the institution as a separate accounting entity or in consolidated form for the OECS as a whole.

Our visits to a majority of the accounting units revealed that, in general, the accounting skill level of the accounting personnel is low. As many of these subsidiary institutions are small, they are reluctant or unable to budget resources to attract accounting professionals. Combining the accounting functions of some of the OECS institutions will enable the Organization to both economize by eliminating the duplication of functions and to improve its accounting by assigning the accounting function to those employees with the strongest accounting backgrounds.

The proposed centralized accounting system design includes a central accounting office which will report to the Director of Finance. The OECS Central Accounting Office will have two primary tasks:

FIGURE 9

# ORGANIZATION OF EASTERN CARIBBEAN STATES (O.E.C.S.) CURRENT O.E.C.S. ACCOUNTING LOCATIONS



## ORGANIZATION OF EASTERN CARIBBEAN STATES FINANCIAL REPORTING LOCATIONS

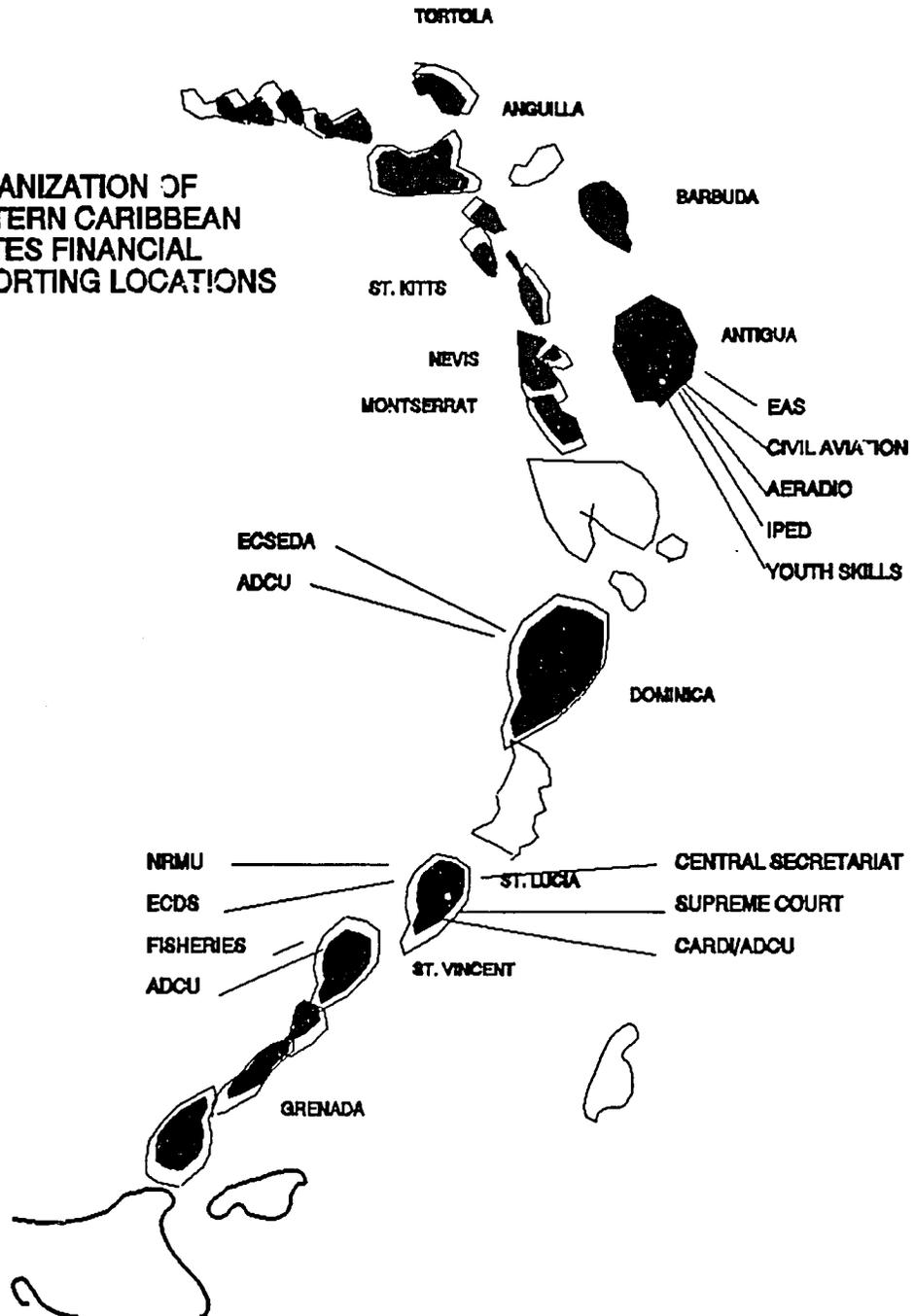
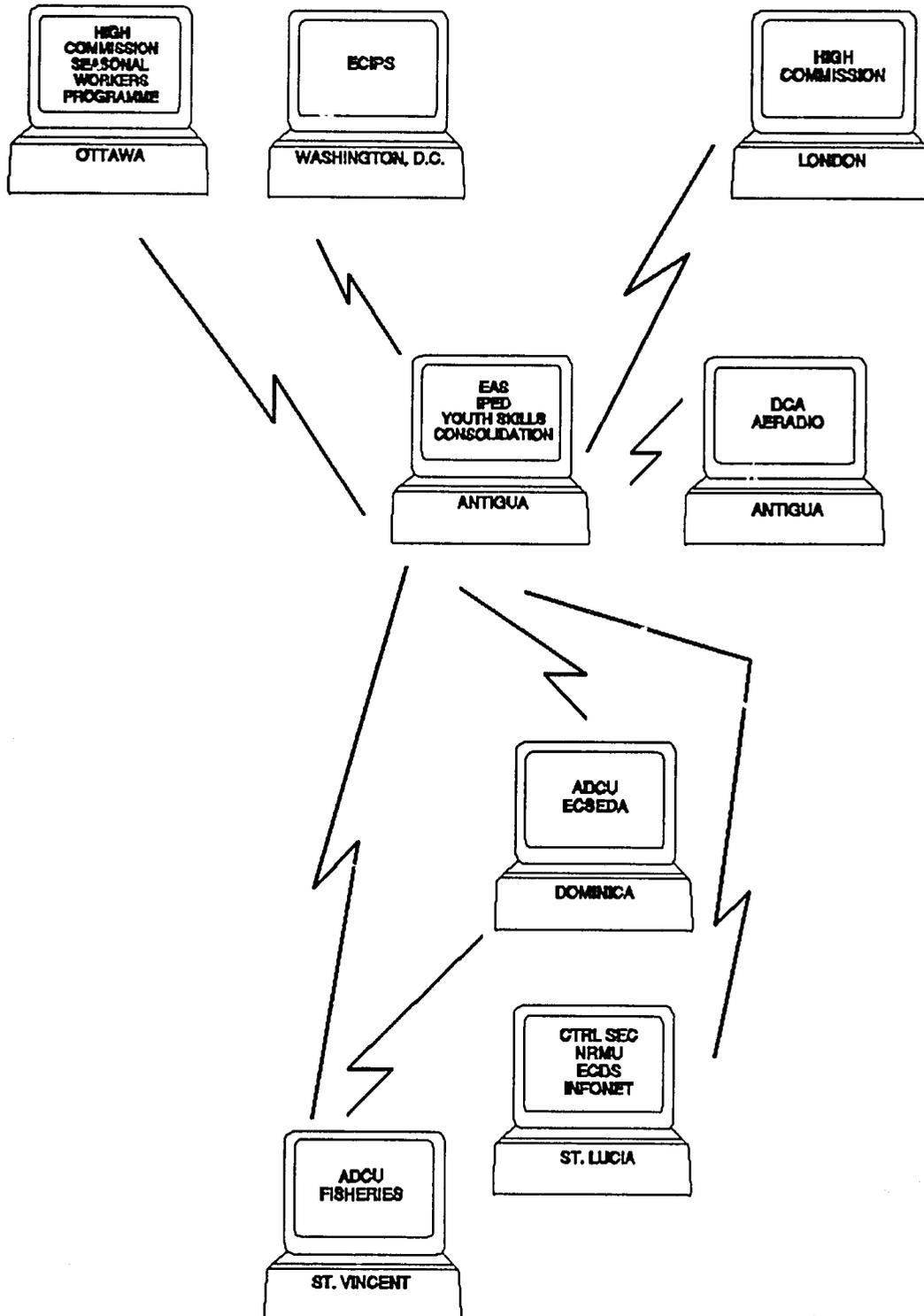


FIGURE 10

### ORGANIZATION OF EASTERN CARIBBEAN STATES (O.E.C.S.) PROPOSED ACCOUNTING LOCATIONS



- o The accounting and financial reporting for the Secretariat and subsidiary institutions where it is located
- o Preparation of the OECS consolidated financial statements, budget vs. actual reports and subsidiary schedules (such as the Statement of Member States Contributions) on a quarterly basis

The consolidation process will be automated using the accounting software package consolidation feature.

The Central Accounting Office should be located in one of the two OECS Secretariats. Figure 10 shows the Central Accounting Office located at the EAS as we believe that it is the location that best combines the requisite accounting and computer literacy skills necessary to direct the accounting system implementation, put together the OECS consolidations and maintain the system.

The EAS accounting personnel have both strong accounting backgrounds and experience using personal computer based accounting software packages. Equally important, EAS personnel have demonstrated a keen interest in improving OECS financial accounting and reporting which will be important in sustaining the commitment to the financial management improvement effort during the accounting system implementation. The EAS also has the technical support of Management Information Systems (MIS) unit located in Antigua. Also important is the fact that the EAS Accounting Unit has in practice performed many of the functions for which the Central Accounting Office will be responsible, such as drafting the *Financial Rules and Regulations*, preparing a combined financial statement for the OECS, preparing budget preparation formats and compiling the OECS budget.

The Central Secretariat currently has a manual accounting system. Thus, at least some of its accounting personnel will be required to learn computer skills during the system

implementation. Also, the proposed accounting unit at the Central Secretariat would potentially be made up of accounting personnel from the Central Secretariat, ECDS and NRMU. The establishment of this accounting unit at the same time that it is directing the migration to a new accounting system would result in undue confusion and possibly costly delays. There is also no MIS unit in St. Lucia to provide technical support to the accounting personnel.

An additional factor in favor of establishing the Central Accounting Office at the EAS is its lower cost. The cost-benefit analysis of establishing the Director of Finance (presented in Section III), to whom the Central Accounting Office will report, in Antigua shows that the EAS is the least-cost solution.

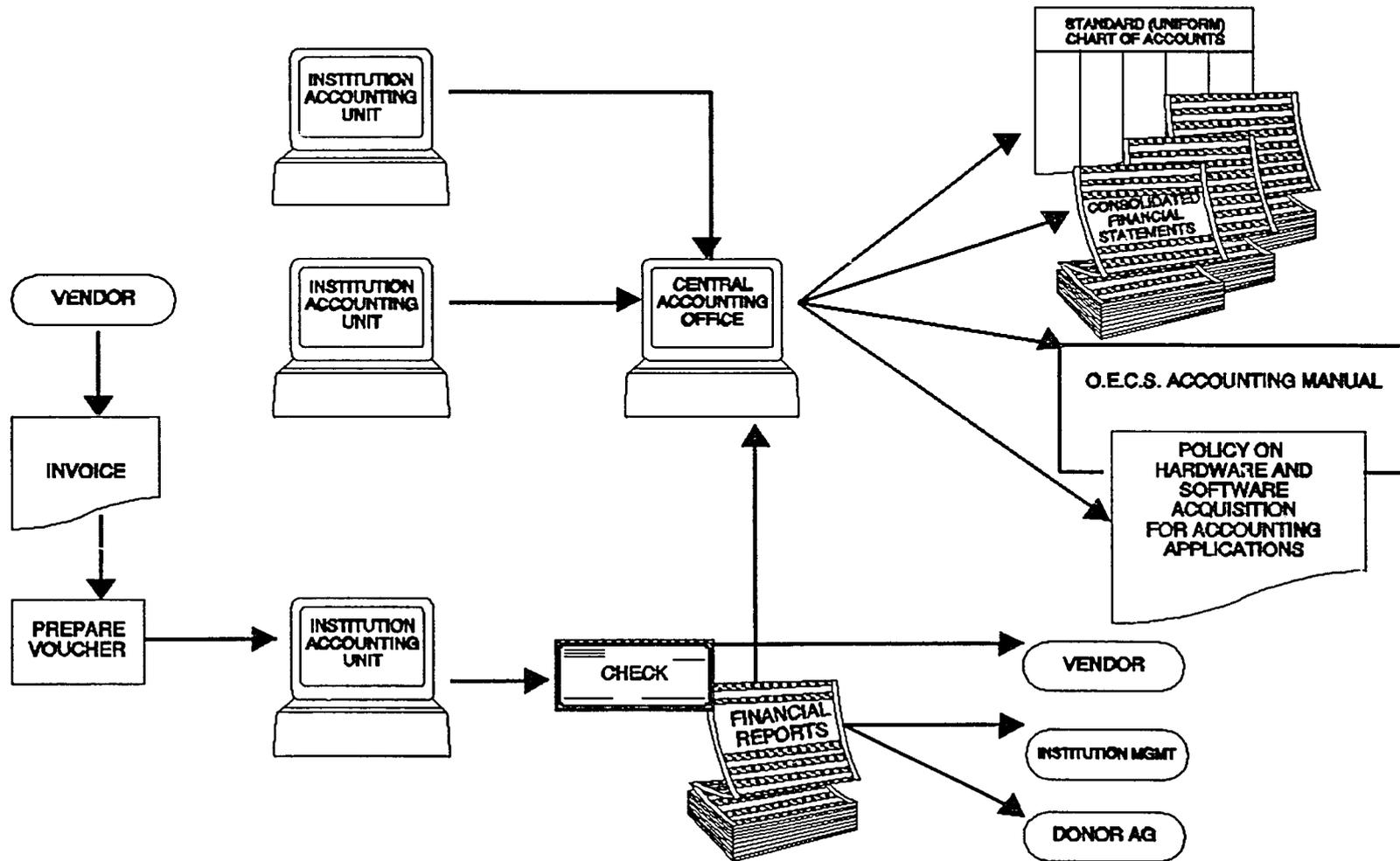
The division of responsibilities between the Central Accounting Office and the decentralized institutions accounting units is shown in Figure 11. The institution accounting units will continue to process payment vouchers, issue checks, make initial entries into the accounting records and prepare financial reports. However, these processes will be guided by *Financial Rules and Regulations* and an *Accounting Manual* prepared by the Director of Finance and the Central Accounting Office.

The Central Accounting Office will prepare quarterly OECS financial statements, update and distribute accounting policies and procedures, monitor implementation of the system and provide training on an as-needed basis.

## 2. Organization-wide accounting manual

The OECS Accounting Manual will contain among other things a general description of the OECS accounting system, the standard (uniform) general ledger chart of accounts with account descriptions, closing schedules, standard report formats and a description of the primary internal controls applicable to OECS institutions.

**ORGANIZATION OF EASTERN CARIBBEAN STATES (O.E.C.S.)  
PROPOSED CENTRALLY DIRECTED ACCOUNTING SYSTEM**



**FIGURE 11**

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The Accounting Manual will serve as a guide to all OECS accounting personnel to ensure that:

- o Accounts are used consistently across the Organization
- o Financial reporting is done on a timely basis and in a useful format for both OECS and subsidiary institution management, as well as for donor agencies
- o A strong internal control structure is established to safeguard the resources of the Organization.

### 3. Standard (uniform) chart of accounts

A chart of accounts is a structured listing of the accounts of the Organization in numerical sequence. Adequately documented accounts used throughout the OECS are necessary to ensure consistent accounting across the Organization.

In our review of OECS accounting we noted that not all accounting units used a chart of accounts. In the other institutions the accounts and the account structure was frequently different. Also, similar financial transactions were sometimes recorded in different ways. Thus, even when the financial statements of the OECS institutions are combined their interpretation is difficult because of the inconsistencies in their preparation.

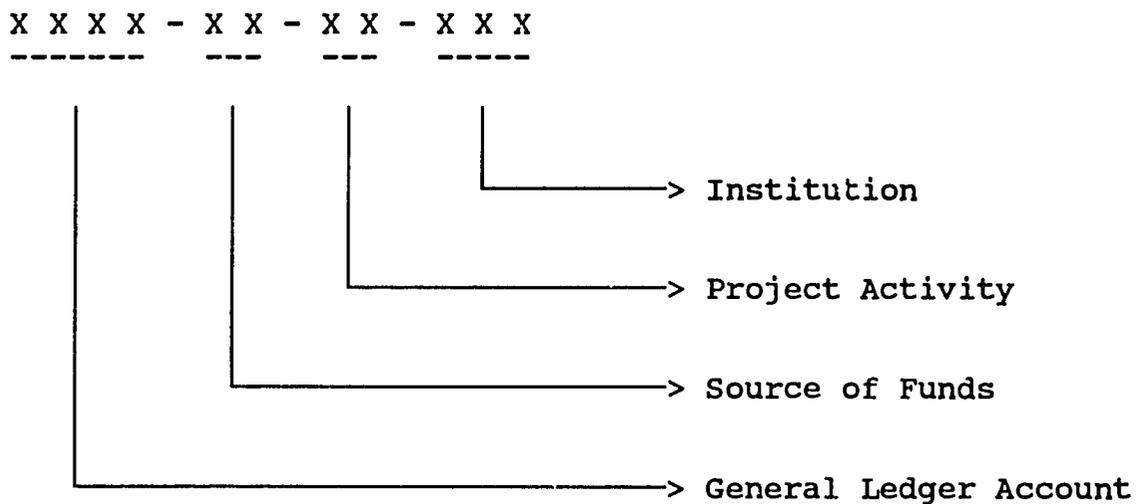
We also noted deficiencies in the structure of the accounts. Many OECS institutions are required to report to donor agencies by source of funds and by project activity. None of the charts of accounts we reviewed were structured to perform this reporting in an efficient and effective manner. As a result, accounting personnel either maintain

duplicate ledgers or separate files and reconstruct the financial data to report to donor agencies. This practice is both time consuming and provides less reliable financial reports.

The proposed account structure presented below and the chart of accounts in Appendix D was designed to satisfy the financial information needs of:

- o OECS top management
- o OECS subsidiary institution management
- o Donor agencies

Development project accounting is unique in that donor agencies require accounting on the use of their funds by **source of funds** and **project activity**. The proposed account structure facilitates this type of financial reporting:



Once the financial transactions are coded, the **four-digit general ledger account code** will automatically generate a properly formatted Balance Sheet (assets, liabilities and accumulated fund balance) and Statement of Revenue and Expenses by groups of

accounts (communications, travel, etc.) monitored by management, without requiring highly skilled accounting personnel.

The four-digit general ledger account code is not designed to incorporate subsidiary records such as employee and vendor names. Specialized accounting software modules will be used for this purpose. However, for the small accounting units whose volume of transactions and number of detailed subsidiary accounts does not justify the purchase and use of a specialized accounting software package module, accounts receivable for example, the other fields in the account code will be utilized to accommodate the detailed subsidiary records.

The **source of funds** digits will assign a unique number to each donor agency, as well as to the member states contributions and internally generated funds, to permit the generation of financial reports which show the expenditures of an institution by any one source of funds or in total.

The **project activity** digits will identify the donor agencies' project agreement budget line items and will permit, in combination with the source of funds code, the generation of financial reports by individual donor agency and donor agency project budget line items.

The digits in the **institution** group will permit the capture of costs by institution, administrative unit, project or sub-project. This provides management with an analytical tool to monitor and control costs by responsibility center (person or unit responsible for generating revenues and controlling expenditures).

No accounting is currently done for the OECS Employees Pension Fund although employee contributions to the fund are recorded on ledger cards. A separate chart of accounts and separate financial statements would be prepared for the Pension Fund.

#### 4. Standardized financial reports

Many OECS institutions do not prepare a trial balance (listing of all accounts and balances at the end of the period to verify that total debits equal total credits) or financial statements. Rather, they rely upon the external auditors to perform these basic accounting functions.

The proposed Central Accounting unit will establish standard formats for financial statements, supporting schedules and budget vs. actual reports. Reports to donor agencies will be standardized, to the extent possible, according to the requirements of each donor agency. The reports function of the accounting software package (discussed below) will automatically generate properly formatted financial reports.

The new financial reporting system may also reduce audit fees. To the extent that the external auditors reduce their bookkeeping services (trial balance and financial statement preparation) and can be provided with detailed schedules that facilitate their audit work, audit fees should be reduced.

#### 5. OECS consolidated financial statements

The adoption of a standard general ledger chart of accounts and the consistent recording of financial transactions by OECS institutions will permit the preparation of consolidated financial statements for the Organization.

Consolidation of OECS institutions' financial statements would be done quarterly. No later than the 15th of the month following the end of the quarter, the eight OECS accounting units identified in Figure 10. will send their financial data via modem to the OECS Central Accounting Office. Back-ups on computer floppy disk and hard copy will also be sent by the accounting units to the Central Accounting Office.

The Central Accounting Office will prepare the consolidation using the consolidation function of the accounting software package.

#### 6. Adoption of a standard accounting software package

Seven different accounting software packages are currently in use or planned to be installed in the 13 OECS accounting units (Appendix E). The other accounting units maintain manual ledgers. This situation makes it virtually impossible to consolidate financial information for the OECS in an efficient manner. It also reduces the possibility of sharing in-house expertise in an accounting package.

The proposed accounting system design would install a standard accounting software package at the eight locations shown in Figure 10. The standardization of the accounting package throughout the OECS accounting units would ensure an efficient consolidation process. It would also help develop expertise in the accounting package and permit OECS accounting personnel to provide in-house trouble-shooting to accounting units experiencing difficulties and training to new accounting personnel.

The accounting package modules that may be required include:

- o General ledger and budgeting
- o Check writing
- o Accounts payable
- o Accounts receivable
- o Fixed assets

Not all accounting modules may be needed at each accounting unit

## **E. Cash and Debt Management**

Similar to the situation found in the OECS financial accounting function, the Organization's cash and debt management lacks central financial management direction and the appropriate mechanisms to ensure a reasonably steady cash flow to the Organization. The organizational instability caused by an inadequate cash flow, described by the OECS Director General at the eighteenth meeting of the Authority in January 1991, is quoted in part below:

"But, as has been apparent for some time now, the financial arrangements which are an essential aspect of the establishment of these institutions have not proven to be particularly stable. For some time indeed, various member-governments have complained of the multiplicity of contributions which are required to make to the Organisation at varying times of the year. It has been asserted that, from a Government point of view, it is difficult to keep track of the various contributions that are required to be made, especially when the demands for contributions are made at different times of the year.

... The Secretariat cannot see how it will be possible to establish such a facility or, similarly one ensuring adequate and essential representation for member-governments in Brussels, on the basis of the present system of making contributions. In addition it is becoming, and will become, increasingly difficult to attract persons of competence to man these institutions as it becomes known that the major part of the functionary's time involves the search for finances to assure the day-to-day running of the institutions.

There is increasing discussion in the sub-region of the need to follow the example of the evolution of the European Community. It should, however, be observed that the Community is not run on the basis of voluntary contributions by its member-governments, but on the basis, inter alia of a mandatory levy.

The Secretariat has therefore, in an effort to find a way out of the present difficulties in financing the Organisation, presented to this 18th Meeting of the Authority a paper entitled A Proposal for Streamlining the Budget Process and for Financing Regional Activities for its consideration."

Three observations can be made from the Director General's description of the existing cash management system:

- o It is burdensome for member governments to respond to a dozen or more OECS institutions requests for contributions and difficult to control
- o The collection of member government contributions is burdensome and an ineffective use of OECS project managers' time
- o Despite the significant efforts made, OECS cash flow remains precarious

The principal elements to be considered in the design of a more effective OECS cash and debt management system are listed below and in Figure 12:

- o Adoption of an automatic cash collection (withholding) mechanism
- o Centralization of the cash management function
- o Organization of the cash management function
- o Organization-wide cash management policies and procedures

The following sections of the report analyzes each of these system elements.

1. Adoption of an automatic cash collection (withholding) mechanism

**Voluntary contribution** is not a viable basis for ensuring a steady cash inflow to the Organization. Member states contributions to the OECS should be looked at like taxes, social security or personal savings. All three are unquestionably desirable objectives which one agrees to support financially. Yet, when faced with other urgent expenditures, few individuals or institutions are sufficiently disciplined to consistently make the required contribution on a timely basis without some sort of automatic withholding

**ORGANIZATION OF EASTERN CARIBBEAN STATES (O.E.C.S.)  
CASH AND DEBT MANAGEMENT**

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- **AUTOMATIC CASH COLLECTION (WITHOLDING) MECHANISM**
- **CENTRALIZATION**
- **ORGANIZATION**
- **ORGANIZATION-WIDE POLICY AND PROCEDURES**

mechanism. For the three illustrative contributions above, payroll withholdings provide a convenient, and painless, mechanism to ensure compliance.

The Authority needs to identify a similar automatic withholding mechanism to ensure a stable cash inflow to the OECS. Payroll deductions is one possibility. Another is member states interest earned on Central Bank reserve accounts. A portion of these earnings, equivalent to the member states' OECS contributions, could be deposited by the Central Bank in an OECS account as they accrue. Reserve accounts are relatively stable and the interest earned on these accounts would provide a stable revenue flow to the OECS. Additionally, no member states voucher processing or OECS collection efforts would be required.

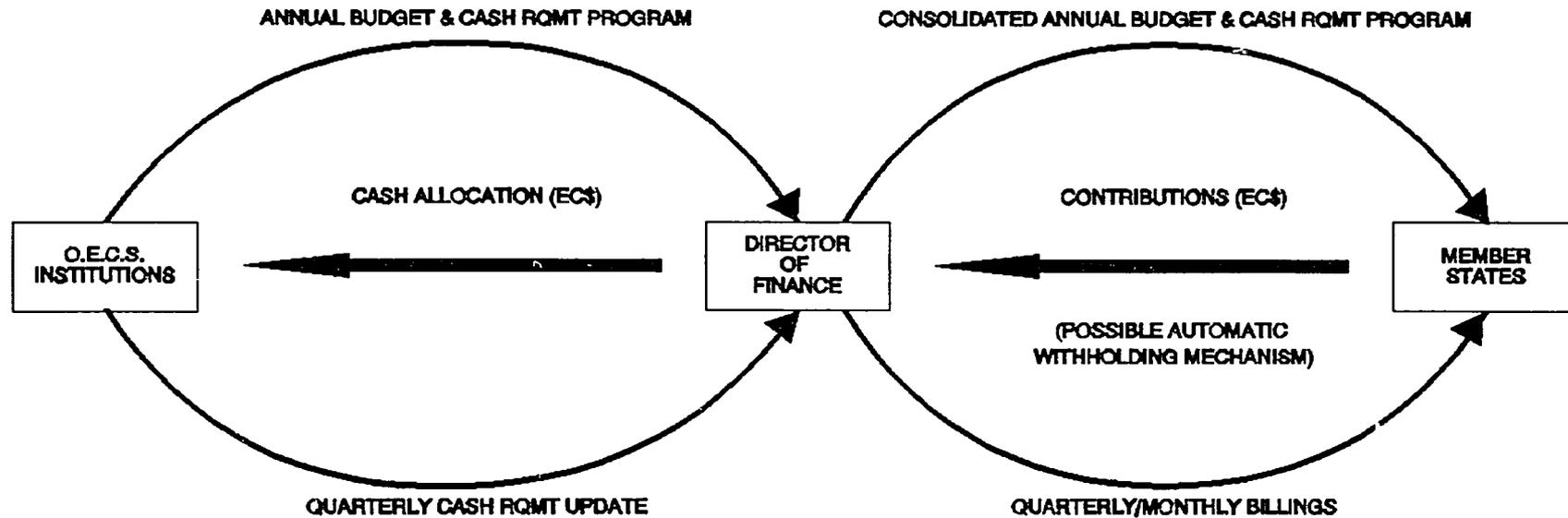
Regardless of the specifics decided upon, an automatic contribution mechanism should be implemented. Voluntary contributions will continue to hamper OECS planning, cause operational inefficiencies and tarnish the reputation of the Organization.

## 2. Centralization of the cash management function

If an automatic contribution mechanism is identified and implemented, a centralized cash management function would be needed to allocate cash to OECS institutions. Contributions would be received based on the approved annual estimates and quarterly program of contributions. Cash allocations to institutions would be based on subsidiary institutions cash flow projections updated quarterly (Figure 13).

If a mutually agreeable automatic contribution mechanism is not identified, a centralized cash management function is still desirable. Member-governments would process only one contributions voucher quarterly (or monthly) and OECS project managers could devote their efforts totally to operations, not collection activities. The programming of contributions and cash allocations to OECS institutions would be performed in the same manner as described in E.1. above and as shown in Figure 13.

**ORGANIZATION OF EASTERN CARIBBEAN STATES (O.E.C.S.)  
PROPOSED CENTRALIZATION OF THE CASH MANAGEMENT FUNCTION**



3/23

**FIGURE 13**

### **3. Organization of the cash management function**

Under either of the centralization scenarios described above, the organization of the central cash management function becomes critically important. The position responsible for this function should report directly to the Director General and have organization-wide financial management responsibilities. Thus, a Director of Finance position would be established to oversee the cash management, as well as the central accounting function.

### **4. Organization-wide cash management policies and procedures**

To ensure the clear communication of the functions and responsibilities of those involved in the cash management function, the specific policies and procedures for cash programming, quarterly cash forecast updates, the transfer of cash and monitoring of cash balances should be documented in a cash management manual.

### **F. OECS Budgeting**

Budgeting is another primary organization-wide financial management function that should fall under the Director of Finance. Standard budget formulation instructions, formats, budget preparation time schedules and budget review procedures should be documented by the Director of Finance and used throughout the Organization. Budget versus actual reporting policies and procedures should also be established, documented and implemented.

Currently, budget estimates for the Authority review are prepared only for member states contributions. Thus, the total cost of carrying out the Organization's activities and the split between contributions, donor agencies and internally generated funds is not

## **ORGANIZATION OF EASTERN CARIBBEAN STATES (O.E.C.S.) BUDGETING**

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- **ORGANIZATION**
- **ORGANIZATION-WIDE BUDGETING POLICY AND PROCEDURES**
- **RESPONSIBILITY CENTERS - ALL REVENUES (CONTRIBUTIONS AND OTHER) AND ALL COSTS**
- **O.E.C.S. AND FINANCIAL SECRETARIES' REVIEW**
- **BUDGET VERSUS ACTUAL REPORTING**

prepared in a uniform OECS budget. Also, only personnel emoluments are budgeted by responsibility (or cost) center. All other operating costs are pooled in Other Charges which makes cost analysis and control more difficult.

The Organization's budget should consolidate all revenue sources and expenses and allocate other direct charges to the unit responsible for generating those costs, to the extent possible. Each institution should also present and justify its budget to the Director General prior to finalizing the budget.

The OECS consolidated budget should then be presented to the member states **Financial Secretaries** in a meeting well in advance to that of the Authority to allow for budget modifications. The Finance Secretaries are the government officials who ultimately make contribution disbursements to the OECS yet they currently do not participate in the OECS budget approval process. Their participation in this process could result in an increase in their commitment to the OECS.

## **G. OECS Internal and External Audit**

The design of a strong **internal control structure** should consider the control environment, the accounting system and accounting and administrative policies and procedures. An important element of the control environment is the existence of both an **internal audit function** and audits performed by independent external auditors.

### **1. Internal Audit**

The internal audit function is a management tool. A professional audit staff provides feedback to management on matters such as the degree of implementation of its policies, the efficiency and effectiveness of the organization's operations, as well as the functioning of its internal controls and financial accounting system.

Currently the OECS does not have an internal audit function. Given the decentralization of OECS operations across the sub-region, the size of the organization (approximately 140 employees), the complexity of its operations and management structure and the currently weak state of its financial management and administration, we believe that an internal audit unit should be established to assist management in identifying areas of weakness in the Organization and potential solutions.

In the traditional organizational model, the internal audit function is provided the independence it needs to perform its review function through a reporting line to the Board of Directors. In the case of the OECS, this reporting line would be to the Authority. In practice, however, the internal audit unit often reports to the Chief Executive Officer without any significant degradation of audit independence. Given the unique circumstances of the OECS, we believe that a reporting line to the Director General is an acceptable solution (Figure 16). A copy of each audit report however should be sent to the Authority.

To ensure adequate annual internal audit coverage across the five countries in which OECS operates and continuity in audit staff, we believe the Internal Audit Unit should be established with two professionals, an Internal Audit Manager and a more junior internal auditor.

The internal audit mission should include both financial and performance or value for money audits. To the extent that the Internal Audit Unit reviews and documents the functioning of the internal control structure and performs financial audit tests, external auditors may be able to reduce their work and corresponding audit fees.

## O.E.C.S. AUDIT

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- **INTERNAL AUDIT FUNCTION**
- **EXTERNAL AUDIT OF O.E.C.S. CONSOLIDATED FINANCIAL STATEMENTS**

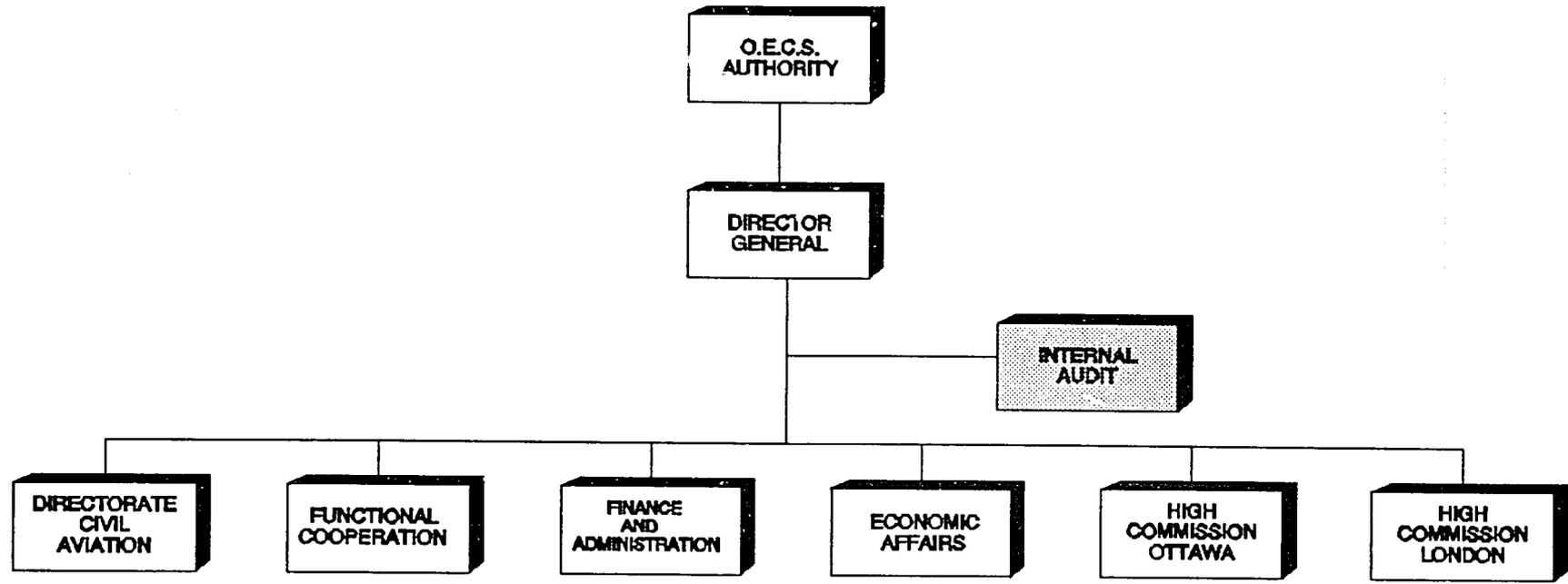
## 2. External Audit

Under the proposed centrally-directed accounting system design, consolidated OECS financial statements will be prepared. These financial statements should be subject to an external audit each year.

For an audit firm to be able to issue an opinion on the consolidated financial statements, it must audit the financial records and underlying control structures of the significant institutions being consolidated or be able to rely on the audit of these financial records performed by other auditors. The OECS should solicit proposals from its auditors to determine how they would approach an audit of the OECS consolidated statements and determine if there are cost or other benefits to be obtained from contracting the audit to a single firm.

Although cost is an important factor in deciding on an external audit firm, the OECS should also consider carefully the quality of the audit work performed. Given the general weak accounting skills of many of the OECS subsidiary institutions' accounting personnel, the external auditors offer a potential source of recommendations to improve the internal control structure and financial reporting of these institutions as well as provide informal training for the accounting personnel. We noted in our review of the subsidiary institutions audited financial statements and management letters that the ability of the current OECS auditors to provide these value-added services varied widely.

**ORGANIZATION OF EASTERN CARIBBEAN STATES (O.E.C.S.)  
PROPOSED LOCATION OF THE O.E.C.S. INTERNAL AUDIT FUNCTION**



**FIGURE 16**

### **III. ASSESSMENT OF OECS FINANCIAL MANAGEMENT STAFFING**

This section of the report describes the current OECS financial management staffing and projected needs under the proposed centrally-directed, uniform accounting system.

#### **A. Current Financial Management Staffing**

The OECS organization has one senior management position and two middle management positions related to financial management and administration.

In the Central Secretariat, the positions are Director of Administration and Functional Cooperation and Administrative Officer. Both positions principal functions are primarily administrative in nature. The Administrative Officer reports to the Director but this position is several levels down in the organizational structure. The financial management functions of these two positions relate mostly to budget formulation for the Central Secretariat. Financial Accounting in the Central Secretariat reports to the Administrative Officer.

The other financial management position is the Chief, Finance and Administration in the Economic Affairs Secretariat which reports to the EAS Director. In practice, this position carries out many of the cash and debt (overdraft) management, OECS-wide budget formulation and control and accounting functions.

The accounting system review team visited 10 of the 13 accounting entities listed in Appendix D and the offices of CARDI where advance requests and expense liquidations are prepared for ADCU under the TROPRO project. Depending upon the location, the review team was able to spend approximately one to three hours interviewing the site accounting personnel and reviewing with them their accounting system (manual or computerized) and the financial reports prepared by the unit. OECS accounting personnel resumes were obtained when available and external audit firms' Management

Letters were reviewed which provided additional information on the capabilities of the site accounting personnel.

In general, the OECS accounting personnel educational background, work experience and training could best be characterized as that equivalent to a bookkeeper. All appeared capable of recording day-to-day transactions in account ledgers and more or less maintaining currently existing accounting systems. Most however had not prepared any documentation of their accounting system. Many did not prepare month and year-end trial balances but rather relied upon the external audit firm to prepare the financial statements. Some do not use a chart of accounts.

The accounting personnel showed little aptitude for making system improvements. They told the review team that the accounting system they were using was generally the one in place when they began work at their work location. Most of these accounting systems are weak and poorly adapted to donor-funded development project reporting requirements.

In the smaller project units the accounting personnel report directly to the project manager. In larger institutions, the bookkeeper may report to an administrative officer who reports to management. In other cases the same person fulfills both administrative and accounting functions. In general, accounting and financial reporting could be significantly strengthened and serve as a more useful management tool.

#### **B. Financial Management Staffing under the Proposed Centrally-Directed Accounting System**

As discussed in Section II.A., a principal recommendation of the proposed centrally-directed, uniform financial accounting system is the creation of a position of Director of Finance, responsible for organization-wide financial management. This position would report to the Director General.

This position would be responsible, among other functions, for the OECS financial statements consolidation, cash and debt management, and the financial accounting and budgeting at the Secretariat where the Director's Office is located. The accounting personnel currently working at that Secretariat would report directly to the Director of Finance.

The incremental recurrent costs of the proposal will not be significant. If a current OECS employee is promoted to the position, the incremental costs would consist of:

- o The difference between the employees current and Director's salary and benefits and possible relocation costs

If the Director is recruited from outside the OECS the incremental costs would consist of:

- o The full Director's salary and benefits and possible relocation costs

The implementation plan for a limited implementation of the proposed accounting system design and its estimated cost is attached as Appendix F. It is assumed that funding would be sought from one or more donor agencies for the implementation of the accounting system.

### **C. Accounting Staff Training Needs**

On-going training for accounting personnel is needed. During the implementation of the accounting system, the proposed 2-3 day workshops should satisfy the training requirement. Subsequently, the OECS should consider continuing these in-house workshops on an annual basis to cover special topics such as financial statement

preparation, not-for-profit accounting, consolidations and pension fund accounting. OECS personnel or contractors could provide the training.

The Central office responsible for directing OECS administrative functions should consider specialized short courses in personnel administration and procurement for selected administrative personnel. The upgrading and enhancement of the organization's procurement and contracting capabilities should include specialized training for contracting personnel. This training should be oriented at enabling donor agencies to certify to the OECS' institutional capabilities in the functional area. The training should also enable donor agencies to delegate procurement and contracting activities to the OECS.

Training sessions most appropriate for the proposed Director of Finance position would be in topics such as cash management, organizational development, development project preparation and project management.

#### **D. Cost-Benefit Analysis of Proposed Staffing**

The proposed measures to strengthen the financial management and administration of the OECS secretariats and subsidiary institutions are broadly cost neutral and can be justified on that basis (Appendix J).

On a cost basis, the location of the Director of Finance in Antigua is the most economical solution. The incremental cost in Antigua is a potential upgrade in salary and benefits from the level of Chief to Director. The potential incremental cost in St. Lucia would be the full salary and benefits for the individual recruited. The benefits identified in Appendix J fully justify the cost of the position in Antigua.

In regards to the internal audit function, the cost-benefit analysis presented in Appendix J appears to justify two internal audit positions. Lower travel costs and the reporting line to the Director General argue for locating the Internal Audit Unit in St. Lucia.

Although the implementation of the proposed staffing **can** be justified on a cost basis, the institutionalization of central direction in financial management and administration, as well as internal audit, satisfy strategic needs of the Organization and **should** be approved for **strategic** reasons.

The overall objective of these reforms is the enhancement of OECS **financial accountability**. They are intended to ensure that OECS standards of financial control exceed the minimum requirements demanded by member states and donor agencies. They will also help ensure Member States and donor agencies that resources are used in accordance with established budgets and agreements. It is strategically important at this time to send a clear indication to donor agencies that measures are being taken to strengthen OECS financial management and administration. The ability to demonstrate financial accountability is a primary factor in determining eligibility for continued aid funding.

In summary, a geographically dispersed organization such as the OECS which operates through a number of decentralized institutions requires central financial and administrative direction at an appropriate level in the organization to ensure adequate financial accountability and organizational cohesiveness. Internal audit complements the strengthened finance and administration function by creating an on-site review and feedback mechanism.

## **APPENDICES**

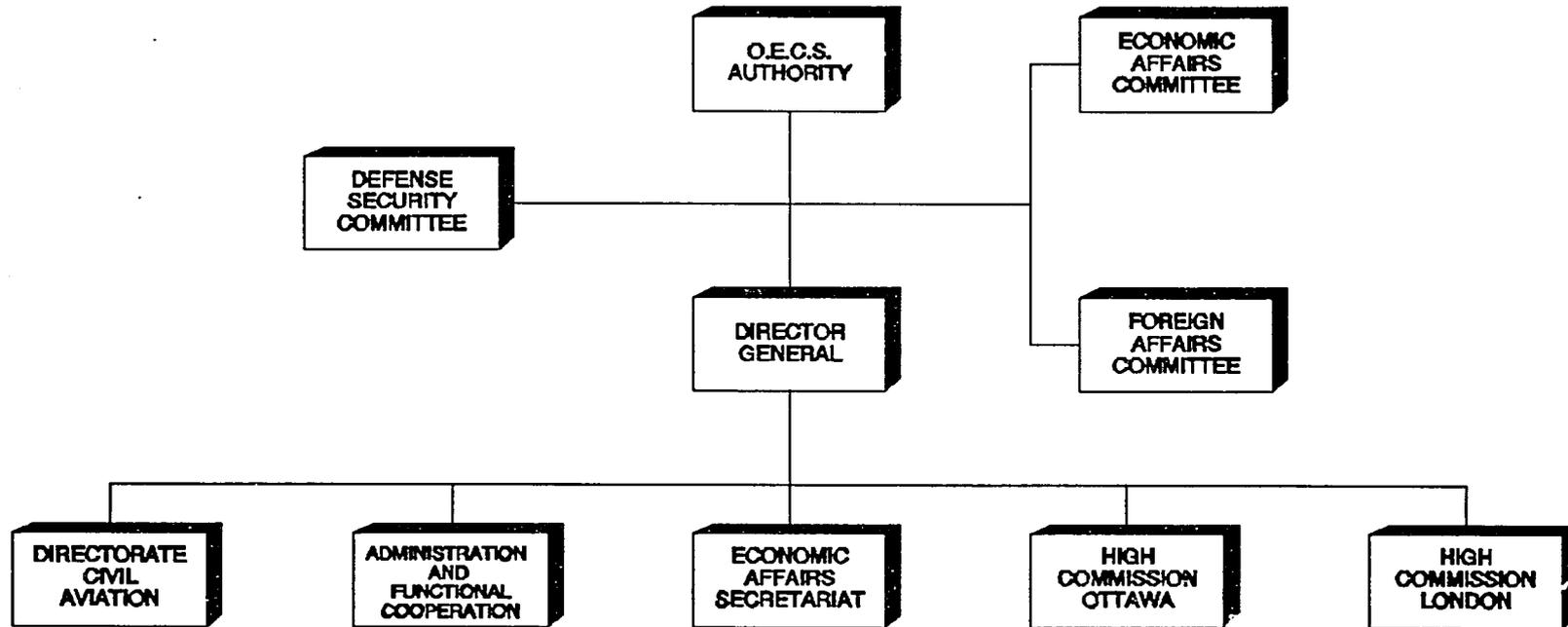
**OECS MEMBER STATES**

The eight Eastern Caribbean signatory countries to the 1981 treaty establishing the Organization of Eastern Caribbean States are:

- o Antigua and Barbuda
- o British Virgin Islands
- o Dominica
- o Grenada
- o Montserrat
- o St. Kitts and Nevis
- o St. Lucia
- o St. Vincent

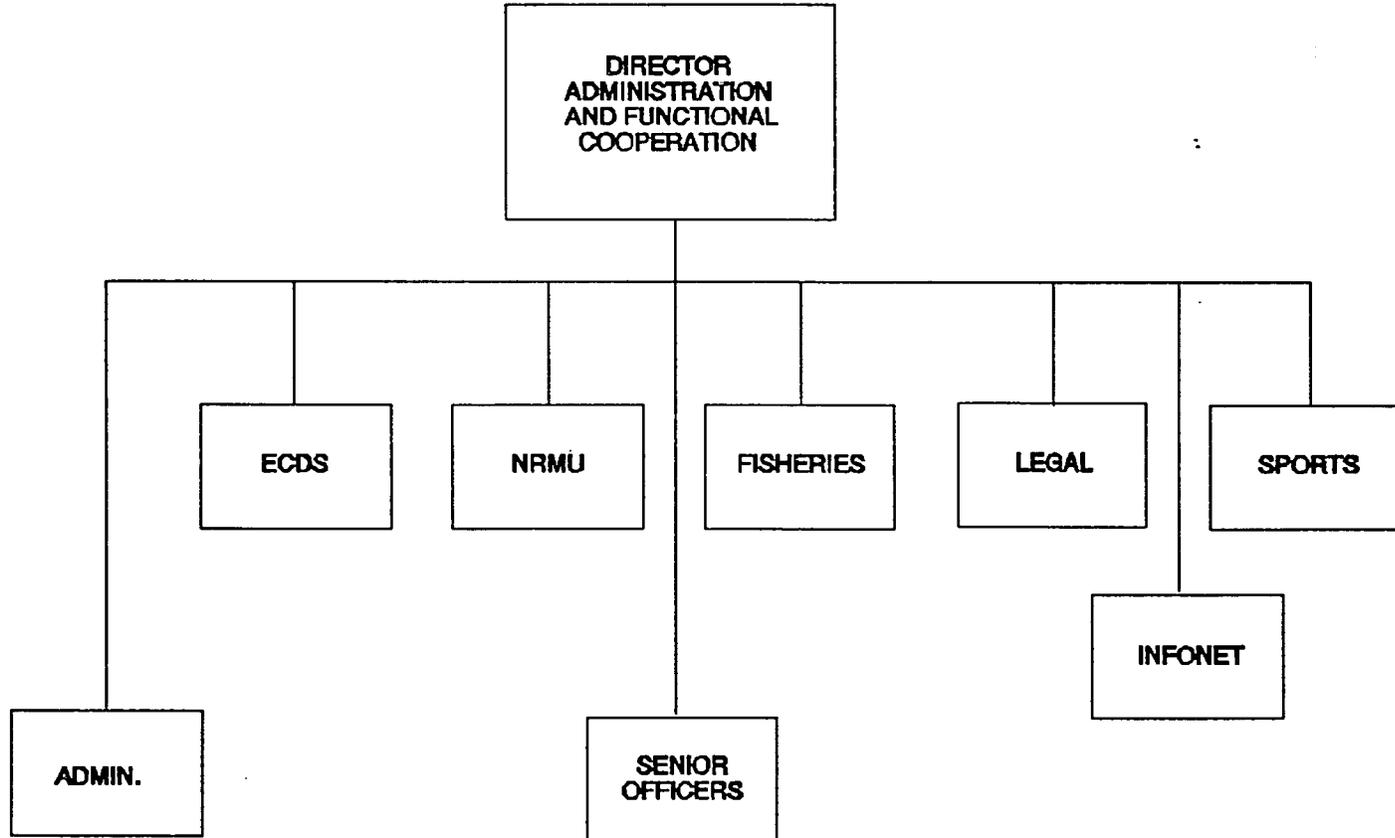
**OECS ORGANIZATION CHARTS**

**ORGANIZATION OF EASTERN CARIBBEAN STATES (O.E.C.S.)  
ORGANIZATION CHART**



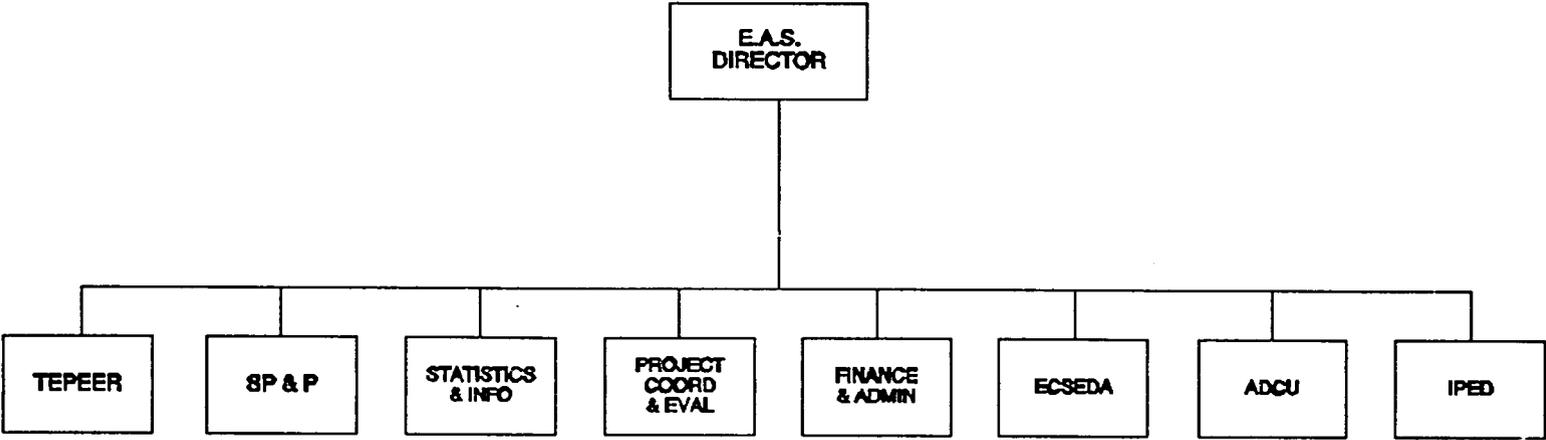
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**ORGANIZATION OF EASTERN CARIBBEAN STATES (O.E.C.S.)  
ADMINISTRATION AND FUNCTIONAL COOPERATION**



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**ORGANIZATION OF EASTERN CARIBBEAN STATES (O.E.C.S.)  
ECONOMIC AFFAIRS SECRETARIAT**



**OECS FINANCIAL RULES AND REGULATIONS  
(Bound Separately)**

**APPENDIX D**

**OECS STANDARD (UNIFORM) CHART OF ACCOUNTS**

ORGANIZATION OF EASTERN CARIBBEAN STATES (OECS)  
CHART OF ACCOUNTS

ASSETS, LIABILITIES AND CAPITAL

A/C No.	ACCOUNT TITLE	TYPE
-----	-----	-----
1000	Asset	S
1100	Cash	S
1110	Petty cash	S
1111	(Fund name)	P
1112	(Fund name)	P
1120	Cash in bank-EC\$	S
1121	(Account name)	P
1122	(Account name)	P
1130	Cash in bank-US\$	S
1131	(Account name)	P
1132	(Account name)	P
1200	Short-term investments	S
1210	Time deposits	P
1290	Other	P
1300	Receivables	S
1310	Accounts receivable	S
1311	A/R-Member states contribution	P
1312	A/R-Private sector contribution	P
1313	A/R-Employee advances	P
1314	A/R-Customers	P
1315	A/R-OECS institutions	P
1316	A/R-Donor Agencies	P
1319	Other accounts receivable	P
1320	Loans receivable	S
1321	L/R-Member states	P
1323	L/R-Employees	P
1324	L/R-Customers	P
1325	L/R-OECS institutions	P
1326	L/R-Donor Agencies	P
1329	Other loans receivable	P
1400	Prepaid expenses	S
1410	Insurance	P
1420	Rent	P
1430	Advances to others	P
1490	Other prepaid expenses	P

S = Summary account; P = Posting account

ORGANIZATION OF EASTERN CARIBBEAN STATES (OECS)  
CHART OF ACCOUNTS

ASSETS, LIABILITIES AND CAPITAL

A/C No.	ACCOUNT TITLE	TYPE
1500	Inventory	S
1530	Finished goods	P
1540	Packing material	P
1550	Supplies	P
1590	Other inventory	P
1600	Property, plant and equipment	S
1610	Land	S/P
1620	Buildings	S/P
1630	Furniture and fixtures	S/P
1640	Equipment	S/P
1650	Motor vehicles	S/P
1660	Library	S/P
1670	Tools	S/P
1680	Leasehold improvements	S/P
1690	Construction in progress	S/P
1700	Accumulated depreciation	S
1720	Buildings	P
1730	Furniture and fixtures	P
1740	Equipment	P
1750	Motor vehicles	P
1760	Library	P
1770	Tools	P
1780	Leasehold improvements	P
1800	Other Assets	S
1810	Deposits	S
1811	Deposits-Telephone	P
1812	Deposits-Rent	P
1813	Deposits-Electric/gas	P
1819	Other deposits	P
1820	Surplus assets/Assets not in use	S/P
1890	Other assets	S/P
2000	Liabilities	S
2100	Accounts payable	S
2110	A/P-Suppliers	P
2120	A/P-Member states	P
2121	Contributions received in advance	P

S = Summary account; P = Posting account

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ORGANIZATION OF EASTERN CARIBBEAN STATES (OECS)  
CHART OF ACCOUNTS

ASSETS, LIABILITIES AND CAPITAL

A/C No.	ACCOUNT TITLE	TYPE
2122	Contrib. rec'd in excess of commitment	P
2130	A/P-OECS institutions	P
2140	Staff deduc and OECS contrib payable	S
2141	Social Security payable	P
2142	Medical benefits payable	P
2143	Pension liability payable	P
2144	Staff associations deduction payable	P
2145	Staff deduction payable	P
2190	Other accounts payable	S/P
2200	Accrued expenses	S
2210	Accrued emoluments	S
2211	Accrued basic salary	P
2215	Accrued travel grant	P
2216	Accrued Gratuity	P
2220	Accrued benefits	S
2223	Accrued medical	P
2230	Accrued operating expenses	S
2231	Telephone	P
2232	Electric	P
2290	Other accrued expenses	S/P
2300	Deferred revenue	S
2310	Deferred revenue-donor agency advances	P
2400	Other short-term liabilities	S/P
2500	Long-term debt payable	S/P
2900	Other long-term liabilities	S
2910	Deposits held in guarantee	P
3000	Accumulated Fund Balance	S
3200	Excess of Revenue Over Expenses	S
3210	Accumulated	P
3230	Prior year adjustment	P
3300	Donated assets	S/P
3400	Restricted capital	S/P

S = Summary account; P = Posting account

ORGANIZATION OF EASTERN CARIBBEAN STATES (OECS)  
CHART OF ACCOUNTS

REVENUE

A/C No.	ACCOUNT TITLE	TYPE
-----		
4000	Revenue	S
4100	Member states contributions	S
4110	Antigua and Barbuda	S
4111	Regular	P
4112	Sports	P
4120	British Virgin Islands	S
4121	Regular	P
4122	Sports	P
4130	Dominica	S
4131	Regular	P
4132	Sports	P
4140	Grenada	S
4141	Regular	P
4142	Sports	P
4150	Montserrat	S
4151	Regular	P
4152	Sports	P
4160	St. Kitts	S
4161	Regular	P
4162	Sports	P
4170	St. Lucia	S
4171	Regular	P
4172	Sports	P
4180	St. Vincent	S
4181	Regular	P
4182	Sports	P
4200	Donor agency grants	S
4201	Agency for Intl Dev (A.I.D.)	P
4202	British Development Division (BDD)	P
4203	Canadian Intl Dev Agency (CIDA)	P
4204	Caribbean Common Mkt (CARICOM)	
4205	Caribbean Dev Bank (CDB)	P
4206	Commonwealth Foundation for Tech Coop (CFTC)	
4207	Eastern Caribbean L.A. (ECLA)	
4208	European Ecu Com (EEC)	P

S = Summary account; P = Posting account

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ORGANIZATION OF EASTERN CARIBBEAN STATES (OECS)  
CHART OF ACCOUNTS

REVENUE

A/C No.	ACCOUNT TITLE	TYPE
4209	European Com Dev Pgm Mgt (ECDPM)	P
4210	German Agency for Tech Coop (GTZ)	P
4211	Intl Com for Oceanic Dev (ICOD)	P
4212	Intl Dev Research Center (IDRC)	P
4213	United Nations Dev Program (UNDP)	P
4214	University of the West Indies (UWI)	
4299	Other donor agencies	P
4300	Donations from the private sector	S
4301	(Company or individual's name)	P
4399	Other donations-private sector	P
4400	(Not used)	
4500	Services	S
4510	Export development services	S
4511	Private sector 25% contribution	P
4520	Import services	S
4521	Drug import surcharge	P
4530	Aviation fees and licences	S
4531	Aircraft certificate of registration	P
4532	Permit to fly	P
4533	Airworthiness	P
4534	Approval of engine	P
4535	Inspection of organization/investigations	P
4536	Approval of radio apparatus	P
4537	Maintenance engineer fees	P
4538	Pilot fees	P
4539	Other aviation fees	P
4590	Other services	P
4600	Fines	S/P
4700	Sales	S

S = Summary account; P = Posting account

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ORGANIZATION OF EASTERN CARIBBEAN STATES (OECS)  
CHART OF ACCOUNTS

REVENUE

A/C No.	ACCOUNT TITLE	TYPE
4710	Publications	P
4790	Other sales	P
4800	(Not used)	
4900	Other revenue	S
4910	Interest revenue	P
4920	Exchange rate gain	P
4930	Gain on sale of assets	P
4990	Other gains or revenues	P

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ORGANIZATION OF EASTERN CARIBBEAN STATES  
CHART OF ACCOUNTS

EXPENSE ACCOUNTS

A/C No.	ACCOUNT TITLE	TYPE
-----	-----	----
5000	Cost of sales	S
5100	Cost of goods sold	P
5200	Freight and brokerage fees	P
5300	Insurance	P
5900	Other cost of sales	P
6000	Operating expenses	S
6100	Emoluments	S
6110	Professional staff	S
6111	Basic Salary	P
6112	House allowance	P
6113	Car upkeep allowance	P
6114	House renta <sup>1</sup>	P
6115	House maintenance	P
6116	Gratuity	P
6117	Personnel transfer expenses	P
6119	Other prof staff emoluments	P
6120	Support staff	S
6121	Basic salary	P
6122	Overtime pay	P
6123	Cost of living allowance	P
6124	Personnel transfer expenses	P
6125	Travel grant	P
6129	Other support staff emoluments	P
6130	Casual labour	S
6131	Wages	P
6132	Overtime pay	P
6133	Cost of living allowance	P
6139	Other casual labour emoluments	P
6200	Benefits	S
6210	Professional staff benefits	S
6211	Pension contributions	P
6212	Social security - employer	P
6213	Medical benefit	P
6214	Group life insurance	P
6215	Vacation allowance	P
6216	Development grant	P
6217	Termination and severance	P
6219	Other prof staff benefits	P

S = Summary account; P = Posting account

ORGANIZATION OF EASTERN CARIBBEAN STATES  
CHART OF ACCOUNTS

EXPENSE ACCOUNTS

A/C No.	ACCOUNT TITLE	TYPE
-----	-----	-----
6220	Support staff benefits	S
6221	Pension contributions	P
6222	Social security - employer	P
6223	Medical benefit	P
6224	Group life insurance	P
6225	Vacation allowance	P
6226	Travelling expenses local	P
6227	Termination and severance	P
6229	Other support staff benefits	P
6230	Casual labour benefits	S
6231	Social security - employer	P
6232	Medical benefit	P
6239	Other casual labour benefits	P
6300	Communication expense	S
6310	Mail and courier expense	S
6311	Stamps and postage	P
6312	Courier	P
6320	Telephone, telex and cable	S
6321	Telephone	P
6322	Telex and cable	P
6400	Office occupancy expense	S
6410	Rent	S
6411	Building/office	P
6412	Equipment, furniture and fixtures	P
6420	Utilities	S
6421	Electric	P
6422	Water	P
6430	Insurance	S
6431	Building/office	P
6432	Equipment, furniture and fixtures	P
6440	Repair and maintenance	S
6441	R & M - Premises	P
6442	R & M - Printing equipment	P
6443	R & M - General office equipment	P
6444	R & M - Computer equipment	P
6450	Security services	P
6460	Cleaning	S

S = Summary account; P = Posting account

ORGANIZATION OF EASTERN CARIBBEAN STATES  
CHART OF ACCOUNTS

EXPENSE ACCOUNTS

A/C No.	ACCOUNT TITLE	TYPE
6461	Cleaning and sanitation supplies	P
6462	External cleaning services	P
6490	Other office occupancy expense	P
6500	Travel and transportation	S
6510	Travel - Eastern Caribbean	S
6511	Airfare - EC	P
6512	Local transportation - EC	P
6513	Subsistence - EC	P
6519	Other EC travel expense	P
6520	Travel - International	S
6521	Airfare - Intl	P
6522	Local transportation - Intl	P
6523	Subsistence - Intl	P
6529	Other International travel expense	P
6530	Motor vehicle expense	S
6531	Repair and maintenance	P
6532	Insurance	P
6533	Gas and oil	P
6539	Other motor vehicle expense	P
6600	Professional services	S
6610	Legal	P
6620	Audit	P
6630	Consulting	P
6700	General expenses	S
6710	Advertising and public relations	P
6720	Official entertainment	P
6730	Recruitment expense	P
6740	Training	P
6750	External printing services	P
6760	Library expenses	S
6761	Literature searches	P
6762	Books and subscriptions	P
6769	Other library expense	P
6770	Office supplies	S
6771	Stationary supplies	P
6772	Photocopying supplies	P
6773	Computer supplies	P
6774	Printing supplies	P

S = Summary account; P = Posting account

62.

ORGANIZATION OF EASTERN CARIBBEAN STATES  
CHART OF ACCOUNTS

EXPENSE ACCOUNTS

A/C No.	ACCOUNT TITLE	TYPE
6775	Kitchen supplies	P
6776	Uniform and protective clothing	P
6790	Other general expenses	S
6791	Scholarships and grants	P
6792	Honorariums and stipends	P
6793	Interest expense	P
6794	Loss on the sale of assets	P
6795	Exchange rate loss	P
6799	Other expense and losses	P

# Organization Of Eastern Caribbean States

## General Ledger - Account Definitions

### General

The account definitions described hereunder are to be used with the recommended chart of accounts. The chart of account gives an account number, account title and account type. The account number identifies the account to which an accounting entry is made. It also identifies the category of account to which the entry is made, eg an asset or revenue account. The account title gives the description of the account. The account type gives the letters "P" for posting and "S" for summary. Where the type is "P", accounting entries will be posted to these accounts. Where the type is "S", these accounts are used for summarizing groups of accounts for presentation of information and no entries will be posted to them. The sequence of the accounts in the chart is assets, liabilities, capital, revenue and expenses. The numbering system used is designed to allow new accounts to be included at any time.

The account definitions describes the data, the source of the data and how it is entered in the appropriate account.

### 1100 Cash

This is a debit account maintained to show all cash on hand or on deposit with banks and other financial institutions. It summarizes the balances in the following accounts described below:

1110 Petty Cash

1120 Cash in bank-EC\$

1130 Cash in bank-US\$

### 1110 Petty Cash

This is a debit account which can be used as a summary account when more than one petty cash account is maintained or it can be used to record the authorised petty cash float. When an amount is authorised for petty cash, it is recorded as a debit in the account. This amount will be the only entry recorded until an increase or reduction is authorised or the account is closed. If there is any change, only the amount of the change will be entered (eg original float is \$100, this amount is debited to the account; if it is increased to \$150, only \$50 is recorded in the account to reflect the balance of \$150). If more than one petty account is maintained, accounts can be allocated to numbers between 1111-1119.

### **1120 Cash in bank-EC\$**

This is an account which summarizes accounts with numbers between 1121-1129. The balance will be a debit if there is cash in the bank and will be a credit if the account is overdrawn. The numbers 1121-1129 which have been allocated, will facilitate maintaining separate accounts for special projects. These accounts are for EC\$ transactions. These accounts will facilitate the recording of receipts and payments on a daily basis. Deposits will be posted to the relevant account from the deposit slips as debits and payments will be posted to the relevant account as credits from the payment vouchers.

### **1130 Cash in bank-US\$**

This is an account which summarizes accounts with numbers between 1131-1139. The balance will be a debit if there is cash in the bank and will be a credit if the account is overdrawn. The numbers 1131-1139 which have been allocated, will facilitate maintaining separate accounts for special projects. These accounts are for US\$ transactions. These accounts will facilitate the recording of receipts and payments on a daily basis. Deposits will be posted to the relevant account from the deposit slips as debits and payments will be posted to the relevant account as credits from the payment vouchers.

### **1200 Short-term Investments**

This is a debit balance summary account of the accounts listed below which show the value of the investments which are held for periods of one year or less.

1210 Time Deposits  
1290 Other \*

#### **1210 Time Deposits**

This is a debit balance account which shows the values of the short term deposits held at banks or other financial institutions. The system will facilitate separate accounts for maintaining term deposits commencing with account number 1210 through to 1289. Hence special project funds can be invested separately and maintained in a separate investment account. Entries will be posted from the investment documents as debits when the investment is purchased. When it is sold, the entry will be posted from a journal voucher as a credit for the cost of the investment. The sale proceeds will be recorded under other revenues and expenses.

#### **1290 Other Investments**

This is a debit balance account that records investments that are not otherwise classified above. Entries will be posted from the investment documents as debits when the investment is purchased. When it is sold, the entry will be posted from a journal voucher as a credit for

the cost of the investment. The sale proceeds will be recorded under other revenues and expenses.

### **1300 Receivables**

This is a summary debit account of accounts and loans receivables which show amounts due from others when the right to receive funds accrues. This may result from performance of services, delivery of goods or in the case of interest income, the passage of time.

#### **1310 Accounts Receivable**

This is a summary debit balance account of the accounts described below

1311 A/R Member states contribution

1312 A/R Private sector contribution

1313 A/R Employee advances

1314 A/R Customers

1315 A/R OECS institutions

1316 A/R Donor Agencies

1319 Other accounts receivable

#### **1311 A/R Member states contribution**

Contributions billed to the member states will be posted from invoices as debits to the account. Payments on an account will be posted as credits from the daily receipts. Adjustments or write-offs will be posted from a journal voucher. The twelve digit number will facilitate preparation of information on each member state.

#### **1312 A/R Private sector contribution**

Contributions receivable from private sector organisations will be posted as debits to the account. Payments on an account will be posted as credits from the daily receipts. Adjustments or write-offs will be posted from a journal voucher.

#### **1313 A/R Employee advances**

This account will maintain all employee salary, travel and other advances. They will be entered as debits from payment vouchers or journal vouchers. When payment is received, it

will be entered as a credit from the daily receipts or from journal vouchers if it is repaid through a payroll deduction.

**1314 A/R Customers**

This is a debit balance asset account maintained to show amounts of billings outstanding at any date. Invoice amounts are entered as debits on a daily basis. Payments on an account will be posted as credits from the daily receipts. Adjustments or write-offs will be posted from a journal voucher.

**1315 A/R OECS Institutions**

This is a debit balance asset account maintained to show amounts of billings outstanding at any date from OECS institutions. Invoice amounts are entered as debits on a daily basis. Payments on an account will be posted as credits from the daily receipts. Adjustments or write-offs will be posted from a journal voucher.

**1316 A/R Donor Agencies**

This is a debit balance asset account maintained to show amounts receivable from donor agencies for project contributions or re-imbursable amounts. Invoice amounts are entered as debits on a daily basis. Payments on an account will be posted as credits from the daily receipts. Adjustments or write-offs will be posted from a journal voucher.

**1319 Other Accounts Receivable**

This is a debit balance asset account maintained to show amounts of billings outstanding at any date for accounts receivables other than those described above. Invoice amounts are entered as debits on a daily basis. Payments on an account will be posted as credits from the daily receipts. Adjustments or write-offs will be posted from a journal voucher.

**1320 Loans Receivable**

This is a summary debit account of the accounts described below:

1321 L/R Member States

1323 L/R Employees

1324 L/R Customers

1325 L/R OECS Institutions

1326 L/R Donor Agencies

1329 Other loans receivable

### **1321 L/R Member States**

This account is to maintain loan transactions to the member states. Loans will be posted from payment or journal vouchers as debits to the account. Payments on an account will be posted as credits from the daily receipts. Adjustments or write-offs will be posted from a journal voucher. The twelve digit number will facilitate preparation of information on each member state.

### **1323 L/R Employees**

This account will maintain all loan transactions to employees. They will be entered as debits from payment vouchers or journal vouchers. When payment is received, it will be entered as a credit from the daily receipts or from journal vouchers if it is repaid through a payroll deduction.

### **1324 L/R Customers**

This account will maintain all loan transactions to customers. They will be entered as debits from payment vouchers or journal vouchers. When payment is received, it will be entered as a credit from the daily receipts.

### **1325 L/R OECS Institutions**

This account will maintain all loan transactions to OECS institutions. They will be entered as debits from payment vouchers or journal vouchers. When payment is received, it will be entered as a credit from the daily receipts.

### **1326 L/R Donor Agencies**

This account will maintain all loan transactions to donor agencies. They will be entered as debits from payment vouchers or journal vouchers. When payment is received, it will be entered as a credit from the daily receipts.

### **1329 Other Loans Receivable**

This account will maintain all loan transactions for loans other than those described above. They will be entered as debits from payment vouchers or journal vouchers. When payment is received, it will be entered as a credit from the daily receipts.

### **1400 Prepaid expenses**

These are expenses paid in advance during the financial year. This account is a debit balance summary account which summarises the accounts described below:

1410 Insurance

1420 Rent

1430 Advances to others

1490 Other prepaid expenses

**1410 Insurance**

This account is a debit balance account which will record advance insurance payments. Insurance is normally paid annually or quarterly in advance. When it is paid, enter the amount as a debit from the payment voucher. Each month end, enter as a credit the amount to be applied to the insurance expense account as evidenced by a journal voucher.

**1420 Rent**

This account is a debit balance account which will record advance rent payments. When it is paid, enter the amount as a debit from the payment voucher. Each month end, enter as a credit the amount to be applied to the rent expense account as evidenced by a journal voucher.

**1490 Other Prepaid Expenses**

This account is a debit balance account which will record advance payments other than those described above. When it is paid, enter the amount as a debit from the payment voucher. Each month end, enter as a credit the amount to be applied to the relevant expense account as evidenced by a journal voucher.

**1500 Inventory**

This is a debit balance summary account which summarises the balances of the accounts described below:

1530 Finished Goods

1540 Packing Material

1550 Supplies

1590 Other inventory

**1530 Finished Goods**

This account is a debit balance account to maintain the value of inventories for resale. Entries to this account are from journal vouchers. Entries are only made to record the physical inventory and any adjustments to it. This is usually done at the end of the accounting period.

#### **1540 Packing Materials**

This account is a debit balance account to maintain the value of inventories of packing materials. Entries to this account are from journal vouchers. Entries are only made to record the physical inventory and any adjustments to it. This is usually done at the end of the accounting period.

#### **1550 Supplies**

This account is a debit balance account to maintain the value of inventories of supplies. Entries to this account are from journal vouchers. Entries are only made to record the physical inventory and any adjustments to it. This is usually done at the end of the accounting period.

#### **1590 Other Inventory**

This account is a debit balance account to maintain the value of inventories other than those described above. Entries to this account are from journal vouchers. Entries are only made to record the physical inventory and any adjustments to it. This is usually done at the end of the accounting period.

#### **1600 Property, Plant and Equipment**

This is a debit balance summary account of the 1600 series of accounts described below that are maintained to show the cost of permanent assets owned.

The 1600 account series described below may be used as summary as well as posting accounts. This is to facilitate maintaining separate accounts within each category (eg under land, if it is desired to maintain separate accounts for land owned, this could be done by using account numbers between 1610-1619).

#### **1610 Land**

This is a debit balance account to maintain the cost of land owned. Amounts will be entered from payment vouchers or from journal vouchers if it was donated property as a debit. When there is a sale, the cost of the relevant property is entered as a credit from a journal voucher. Costs will include charges for legal fees, commissions and taxes.

### **1620 Buildings**

This is a debit balance account to maintain the cost of buildings owned. Amounts will be entered from payment vouchers or from journal vouchers if it was donated property as a debit. When there is a sale, the cost of the relevant property is entered as a credit from a journal voucher. Costs will include charges for legal fees, commissions and taxes.

### **1630 Furniture and Fixtures**

This is a debit balance account to maintain the cost of furniture and fixtures owned. Amounts will be entered from payment vouchers or from journal vouchers if it was donated property as a debit. When there is a sale, the cost of the relevant property is entered as a credit from a journal voucher. Costs will include charges for brokerage, transportation, commissions and taxes.

### **1640 Equipment**

This is a debit balance account to maintain the cost of equipment owned. Amounts will be entered from payment vouchers or from journal vouchers if it was donated property as a debit. When there is a sale, the cost of the relevant property is entered as a credit from a journal voucher. Costs will include charges for brokerage, transportation, commissions and taxes.

### **1650 Motor Vehicles**

This is a debit balance account to maintain the cost of motor vehicles owned. Amounts will be entered from payment vouchers or from journal vouchers if it was donated property as a debit. When there is a sale, the cost of the relevant property is entered as a credit from a journal voucher. Costs will include charges for brokerage, transportation, commissions and taxes.

### **1660 Library**

This is a debit balance account to maintain the cost of library facilities owned. Amounts will be entered from payment vouchers or from journal vouchers if it was donated property as a debit. When there is a sale, the cost of the relevant property is entered as a credit from a journal voucher. Costs will include charges for brokerage, transportation, commissions and taxes. This account is to be used to record major expenses for shelving, structural alterations and renovations and will include material and labour costs as well as professional fees.

### **1670 Tools**

This is a debit balance account to maintain the cost of tools owned. Amounts will be entered from payment vouchers or from journal vouchers if it was donated property as a debit. When there is a sale, the cost of the relevant property is entered as a credit from a journal voucher. Costs will include charges for brokerage, transportation, commissions and taxes.

**1680 Leasehold Improvements**

This is a debit balance account to maintain the cost of leasehold improvements. Amounts will be entered from payment vouchers or from journal vouchers if it was donated property as a debit. When there is a sale, the cost of the relevant property is entered as a credit from a journal voucher.

**1690 Construction in Progress**

This is a debit balance account to maintain the cost of construction in progress. Amounts will be entered from payment vouchers as a debit. Costs will include interest charges, labour and material costs and professional fees. These costs are accumulated in this account until the construction is completed, after which they will be transferred to the relevant fixed asset account.

**1700 Accumulated Depreciation**

This is a credit balance summary account to maintain the accumulated depreciation charges for the accounts listed in the 1700 series

**1720 Buildings**

This is a credit balance account that accumulates depreciation charged to depreciation expense for buildings each accounting period. Amounts will be entered as credits from journal vouchers.

**1730 Furniture and Fixtures**

This is a credit balance account that accumulates depreciation charged to depreciation expense for furniture and fixtures each accounting period. Amounts will be entered as credits from journal vouchers.

**1740 Equipment**

This is a credit balance account that accumulates depreciation charged to depreciation expense for equipment each accounting period. Amounts will be entered as credits from journal vouchers.

**1750 Motor Vehicles**

This is a credit balance account that accumulates depreciation charged to depreciation expense for motor vehicles each accounting period. Amounts will be entered as credits from journal vouchers.

**1760 Library**

This is a credit balance account that accumulates depreciation charged to depreciation expense for library facilities each accounting period. Amounts will be entered as credits from journal vouchers.

**1770 Tools**

This is a credit balance account that accumulates depreciation charged to depreciation expense for tools each accounting period. Amounts will be entered as credits from journal vouchers.

**1780 Leasehold Improvements**

This is a credit balance account that accumulates depreciation charged to depreciation expense for leasehold improvements each accounting period. Amounts will be entered as credits from journal vouchers.

**1800 Other Assets**

This is a debit balance summary account of the 1800 series of accounts described below that are maintained to show the cost of other assets owned.

**1810 Deposits**

This is a debit balance summary account of the 1810 series of accounts described below that are maintained to show utility and other deposits.

**1811 Deposits-telephone**

This is a debit balance account to record deposit held by the telephone company. The amount is entered as a debit from a payment voucher and is reflected in this account until it is repaid by the company.

**1812 Deposits-rent**

This is a debit balance account to record deposit held by the landlord as security until the end of the rental contract. The amount is entered as a debit from a payment voucher.

**1813 Deposits-electric/gas**

This is a debit balance account to record deposits held by the electric and gas companies. The amount is entered as a debit from a payment voucher and is reflected in this account until it is repaid by the companies.

**1819 Other deposits**

This is a debit balance account to record deposits other than those described above. The amount is entered as a debit from a payment voucher.

**1820 Surplus assets/Assets not in use**

This is a debit balance account to maintain the cost of surplus assets and assets not in use. These assets have to be transferred from other asset accounts in the 1600 series. Entries will be recorded from journal vouchers. This account may be used as either a summary or a posting account.

**1890 Other Assets**

This is a debit balance account to record assets other than those described above. The amount is entered as a debit from a payment voucher. This account may be used as either a summary or a posting account.

**2000 Liabilities**

This is a credit balance summary account of the 2000 series of accounts described below that represent amounts owed for items received, services rendered, expenses incurred, assets acquired, construction performed and amounts received in advance. The following accounts are summarised:

- 2100 Accounts payable
- 2200 Accrued expenses
- 2300 Deferred revenue
- 2400 Other short-term liabilities
- 2500 Long-term debt payable
- 2900 Other long-term liabilities

**2100 Accounts Payable**

This is a credit balance summary account of the 2100 series of accounts described below that represent amounts owed for items received, services rendered, expenses incurred, assets acquired, construction performed and amounts received in advance.

**2110 A/P Suppliers**

This is a credit balance account to maintain a record of goods and services received on credit. Amounts are entered from suppliers' (local and overseas) invoices as credits. Payments will be recorded from payment vouchers as debits.

**2120 A/P Member States**

This is a credit balance account to maintain a record of goods and services received on credit from Member States. Amounts are entered from invoices as credits. Payments will be recorded from payment vouchers as debits.

**2121 Contributions received in advance**

This is a credit balance account to maintain a record of contributions received in advance from Member States. Amounts will be entered from receipts or journal vouchers as credits

**2122 Contributions received in excess of commitment**

This is a credit balance account to maintain a record of contributions received in excess of of Member States' commitment. Amounts will be entered from receipts or journal vouchers as credits.

**2130 A/P OECS Institutions**

This is a credit balance account to maintain a record of goods and services received on credit from OECS institutions. Amounts are entered from invoices as credits. Payments will be recorded from payment vouchers as debits.

**2140 Staff deductions and OECS contribution payable**

This is a credit balance summary account of the 2140 series described below.

**2141 Social Security payable**

This is a credit balance account which maintains a record of amounts owed to the Government for social security. Amounts will be entered from payroll summaries or journal vouchers as credits. Payments will be entered from payment vouchers as debits.

**2142 Medical benefits payable**

This is a credit balance account which maintains a record of amounts owed for medical benefits. It reflects deductions from staff emoluments. Amounts will be entered from payroll summaries or journal vouchers as credits. Payments will be entered from payment vouchers as debits.

**2143 Pension liability payable**

This is a credit balance account which maintains a record of amounts owed for pension benefits. It reflects deductions from staff emoluments. Amounts will be entered from payroll summaries or journal vouchers as credits. Payments will be entered from payment vouchers as debits.

**2144 Staff associations deduction payable**

This is a credit balance account which maintains a record of amounts owed to staff associations. It reflects deductions from staff emoluments. Amounts will be entered from payroll summaries or journal vouchers as credits. Payments will be entered from payment vouchers as debits.

**2145 Staff deduction payable**

This is a credit balance account which maintains a record of amounts owed to third parties on behalf of staff. It reflects deductions from staff emoluments. Amounts will be entered from payroll summaries or journal vouchers as credits. Payments will be entered from payment vouchers as debits.

**2190 Other accounts payable**

This is a credit balance account which maintains a record of amounts owed to third parties not described above.

**2200 Accrued Expenses**

This is a credit balance summary account of the 2200 series of accounts described below.

**2210 Accrued Emoluments**

This is a credit balance summary account of the 2210 series of accounts described below.

**2211 Accrued basic salary**

This is a credit balance account which shows the amount accrued in respect of staff salaries. Amounts will be entered from payroll summaries or journal vouchers as credits. Payments will be entered as debits from payment vouchers.

**2215 Accrued travel grant**

This is a credit balance account which shows the amount accrued in respect of staff travel grant. Amounts will be entered from payroll summaries or journal vouchers as credits. Payments will be entered as debits from payment vouchers.

**2216 Accrued Gratuity**

This is a credit balance account which shows the amount accrued in respect of staff gratuity. Amounts will be entered from payroll summaries or journal vouchers as credits. Payments will be entered as debits from payment vouchers.

**2220 Accrued benefits**

This is a credit balance summary account of the 2220 series of accounts described below.

**2223 Accrued medical**

This is a credit balance account which shows the amount accrued in respect of staff medical benefits. Amounts will be entered from payroll summaries or journal vouchers as credits. Payments will be entered as debits from payment vouchers.

**2230 Accrued operating expenses**

This is a credit balance summary account of the 2230 series of accounts described below.

**2231 Telephone**

This is a credit balance account which shows the amount accrued in respect of telephone services received but not paid at the end of the accounting period. Amounts will be entered from invoices or journal vouchers as credits. Payments will be entered as debits from payment vouchers.

**2232 Electric**

This is a credit balance account which shows the amount accrued in respect of electric services received but not paid at the end of the accounting period. Amounts will be entered from invoices or journal vouchers as credits. Payments will be entered as debits from payment vouchers.

**2290 Other accrued expenses**

This is a credit balance account which may be used as a summary or posting account. It shows all other accrued expenses not described above.

**2300 Deferred revenue**

This is a credit balance summary account of the 2300 series of accounts described below.

**2310 Deferred revenue-donor agency advances**

This is a credit balance account to maintain a record of funds received from donor agencies which are to be expended in future periods. Amounts will be posted from receipts or journal vouchers as credits. When the funds are expended, amounts will be posted as debits.

**2400 Other short-term liabilities**

This is a credit balance account which may be used as a summary or posting account. It is to be used to reflect short-term liabilities not classified in the foregoing.

**2500 Long-term debt payable**

This is a credit balance account which may be used as a summary or posting account. It will show the amount of long-term debt payable at the end of an accounting period. It should reflect amounts which are payable over one year from the end of the accounting period. When a debt is initially recorded, the amount will be posted as a credit. Repayments will be entered as debits from payment vouchers.

**2900 Other long-term liabilities**

This is a credit balance summary account of the 2900 series of accounts.

**2910 Deposits held in guarantee**

This is a credit balance account to maintain a record of deposits held in guarantee. These deposits will be held for periods in excess of one year from the end of the accounting period. Amounts will be entered from receipts or journal vouchers as credits. Amounts refunded will be entered as debits from payment vouchers.

**3000 Accumulated fund balance**

This is a credit balance summary account of the 3000 series of accounts described below. It represents the difference between the asset and liability accounts.

**3200 Excess of revenue over expenses**

This is a summary account of the 3200 series of accounts. It should be a credit balance account, but the balance could be in debit.

### **3210 Accumulated Surplus/Deficit**

This should be a credit balance account, but the balance could be in debit. It reflects the accumulated net income or losses over more than one accounting period. The amounts entered in the account will be generated by the accounting software.

### **3230 Prior year adjustment**

This account is maintained to reflect adjusting entries to prior accounting periods. Amounts will be entered from journal vouchers and may either be debits or credits.

### **3300 Donated assets**

This is a credit balance account which may be used as a summary or posting account. Amounts will be entered from journal vouchers as credits to reflect the fair value of assets donated to the organisation.

### **3400 Restricted capital**

This is a credit balance account which may be used as a summary or posting account. Amounts will be entered from journal vouchers as credits. This account should be used to record capital which has restrictions.

### **4000 Revenue**

This is a credit balance summary account of the 4000 series of accounts described below. The accounts summarised are:

- 4100 Member States contributions
- 4200 Donor Agency grants
- 4300 Donations from the private sector
- 4500 Services
- 4600 Fines
- 4700 Sales
- 4900 Other revenue

#### **4100 Member States contributions**

The accounts in the 4100 series are credit balance accounts. Each member state is allocated a series commencing with 4110 - 4180. Each series consists of a summary account and two accounts (one for regular and the other for sports) at present. These accounts are to record all contributions billed to Member States as credits. The amounts are to be entered to the posting account of the relevant Member State. The summary accounts will show the total contribution of each Member State. At the end of the financial year, the balance on these accounts will be transferred to account 3210 and the account will be closed. At the beginning of each financial year, the account will have a zero balance.

#### **4200 Donor Agency grants**

This is a credit balance summary account of the 4200 series of accounts. There are 14 Donor Agencies listed in the chart of accounts at present. There is a separate posting account for each one. These are all credit balance accounts to record all revenues received from Donor Agencies. The amounts will be entered as credits. At the end of the financial year, the balance on these accounts will be transferred to account 3210 and the account will be closed. At the beginning of each financial year, the account will have a zero balance.

#### **4299 Other donor agencies**

This is a credit balance account to facilitate recording for agencies other than those listed should the account numbers in the series be exhausted.

#### **4300 Donations from the private sector**

This is a credit balance summary account of the 4300 series of accounts. The accounts in this series are all credit balance accounts. The accounts in the series show donations received from private individuals and organisations. The amounts will be entered from receipts as credits. At the end of the financial year, the balance on these accounts will be transferred to account 3210 and the account will be closed. At the beginning of each financial year, the account will have a zero balance.

#### **4500 Services**

This is a credit balance summary account of the 4500 series of accounts. The accounts summarised are:

4510 Export development services

4520 Import services

4530 Aviation fees and licences

4590 Other services

#### **4510 Export development services**

This is a credit balance summary account of the 4510 series of accounts. The accounts in this series are all credit balance accounts. Revenues relating to these services are to be entered into these accounts from receipts or journal vouchers as credits. At the end of the financial year, the balance on these accounts will be transferred to account 3210 and the account will be closed. At the beginning of each financial year, the account will have a zero balance.

#### **4520 Import services**

This is a credit balance summary account of the 4520 series of accounts. The accounts in this series are all credit balance accounts. Revenues relating to these services are to be entered into these accounts from receipts or journal vouchers as credits. At the end of the financial year, the balance on these accounts will be transferred to account 3210 and the account will be closed. At the beginning of each financial year, the account will have a zero balance.

#### **4530 Aviation fees and licenses**

This is a credit balance summary account of the 4530 series of accounts. The accounts in this series are all credit balance accounts. Revenues relating to these fees and licenses are to be entered into the appropriate account from receipts or journal vouchers as credits. At the end of the financial year, the balance on these accounts will be transferred to account 3210 and the account will be closed. At the beginning of each financial year, the account will have a zero balance.

#### **4590 Other services**

This is a credit balance account to be used to record services other than those provided for above.

#### **4600 Fines**

This is a credit balance account which may be used as a summary or posting account. It is used to show all fines received. Amounts will be recorded from daily receipts as credits. At the end of the financial year, the balance on these accounts will be transferred to account 3210 and the account will be closed. At the beginning of each financial year, the account will have a zero balance.

#### **4700 Sales**

This is a credit balance summary account of the 4700 series of accounts. The accounts in this series are all credit balance accounts. Sales are recorded to the appropriate account as credits. At the end of the financial year, the balance on these accounts will be transferred to account 3210 and the account will be closed. At the beginning of each financial year, the account will have a zero balance.

#### **4900 Other revenue**

This is a credit balance summary account of the 4900 series of accounts. The accounts summarised are:

- 4910 Interest revenue
- 4920 Exchange rate gain
- 4930 Gain on sale of assets
- 4990 Other gains or revenues

#### **4910 Interest revenue**

This is a credit balance account to record all interest revenue received. Amounts will be entered as credits from receipts or journal vouchers. At the end of the financial year, the balance on these accounts will be transferred to account 3210 and the account will be closed. At the beginning of each financial year, the account will have a zero balance.

#### **4920 Exchange rate gain**

This is a credit balance account to record all exchange rate gains. Amounts will be entered as credits. At the end of the financial year, the balance on these accounts will be transferred to account 3210 and the account will be closed. At the beginning of each financial year, the account will have a zero balance.

#### **4930 Gain on sale of assets**

This is a credit balance account to show all gains on sale of assets. The sale proceeds received for a disposed asset are entered from the receipts as credits. The cost of the disposed asset and the accumulated depreciation are transferred from the appropriate asset account as a debit and a credit using journal vouchers to record the entries. At the end of the financial year, the balance on these accounts will be transferred to account 3210 and the account will be closed. At the beginning of each financial year, the account will have a zero balance.

#### **4990 Other gains or revenues**

This is a credit balance account to show other gains or revenues not provided for above.

### **5000 Cost of sales**

This is a summary debit balance account to show cost of sales for those institutions which have trading operations. It summarises accounts in the 5000 series. Costs (local and overseas) which are associated with the manufacture or purchase of goods for resale will be entered to the appropriate account in this series. Purchases should be entered in account 5100 as debits. Some costs (insurance) will be maintained in a separate account or will be included in the purchase cost and entered as purchases. Amounts will be entered as debits from payment or purchase vouchers. If goods are returned, credit notes should be received and the amounts entered as credits to the purchases account. At the end of the financial year, the balance on these accounts will be transferred to account 3210 and the account will be closed. At the beginning of each financial year, the account will have a zero balance.

### **6000 Operating expenses**

This is a summary debit balance account to show the total expenses for the accounting period. It summarises accounts in the 6000 series described below. All these accounts are debit balance accounts. At the end of the financial year, the balance on these accounts will be transferred to account 3210 and the account will be closed. At the beginning of each financial year, the account will have a zero balance. The accounts summarised are:

- 6100 Emoluments
- 6200 Benefits
- 6300 Communication expense
- 6400 Office occupancy expense
- 6500 Travel and transportation
- 6600 Professional services
- 6700 General expenses

The account titles in the chart of accounts adequately describes the items which should be recorded these accounts. Hence, it is not necessary to describe in detail the information to be recorded. Amounts will be entered to these accounts as debits from invoices, payment and journal vouchers and payroll summaries. These accounts may also have amounts entered as credits.

Included in the broad category of accounts listed above, are sub-accounts as evidenced from the chart of accounts. These sub-accounts are debit balance summary accounts, summarising the accounts listed immediately below them.

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## APPENDIX E

### OECS ACCOUNTING UNITS AND STATUS OF COMPUTERIZATION

<u>OECS INSTITUTION</u>	<u>ACCOUNTING PACKAGE</u>
1. DCA	Manual
2. Aeradio	Champion, ABC Maintenance
3. High Comission-Ottawa	Manual
4. High Commission-London	Manual
5. Central Secretariat	Manual (Plan to install Peachtree)
6. ECDS	Business Works Accounting
7. NRMU	GTZ Project Accounting System
8. Fisheries	Manual
9. IPED	Peachtree
10. ECIPS	Manual
11. ECSEDA	AccPac (Not yet installed)
12. ADCU	Manual
13. EAS	Excalibur

**ORGANIZATION OF EASTERN CARIBBEAN STATES  
CENTRALIZED ACCOUNTING SYSTEM DESIGN  
AND IMPLEMENTATION PROJECT**

**PROJECT TASK DESCRIPTION, TIME SCHEDULE AND LEVEL OF EFFORT**

**ORGANIZATION OF EASTERN CARIBBEAN STATES (OECS)  
CENTRALIZED ACCOUNTING SYSTEM DESIGN & IMPLEMENTATION PROJECT  
PROJECT OVERVIEW**

**DETAILED INFO RQMTS AND SYSTEM RQMTS**

v  
v  
v  
v

**ACCOUNTING PACKAGE EVALUATION AND SELECTION**

v  
v  
v  
v

**PACKAGE INSTALLATION AND TRAINING (TEST SITE)**

v  
v  
v  
v  
v

**COMPLETE INSTALLATION AT OECS SITES WITH TRAINING**

v  
v  
v  
v  
v

**FINALIZE POLICY & PROCEDURE DOCUMENTATION AND FINAL REPORT**

v  
v  
v  
v  
v

**ON-GOING SUPPORT**

**ORGANIZATION OF EASTERN CARIBBEAN STATES (OECS)  
CENTRALIZED ACCOUNTING SYSTEM DESIGN & IMPLEMENTATION PROJECT  
PROJECT TASKS DESCRIPTION**

**DRAFT**

**PHASE II:**

**PROJECT START-UP:**

During this task, the project objectives and scope of work are clarified and logistic arrangements are also made for execution of the project.

**DEVELOP AND FINALIZE DRAFT ACCOUNTING AND ADMINISTRATIVE MANUAL:**

In Phase II, the draft OECS accounting and administrative manual (Accounting Handbook) will be revised to cover those topics identified in the Scope of Work for Phase I. The revised draft accounting and administrative policies and procedures manual will be distributed to OECS administrative units and projects for comment. Appropriate comments will be incorporated in the revised draft and the accounting and administrative policies and procedure manual will be put in final form for OECS approval.

Our initial discussions with OECS personnel indicated that additional manuals should be considered to strengthen the OECS administrative capability, including:

- o Organization and Personnel Administration
- o Project Identification, Development, Monitoring and Control
- o Procurement

The accompanying level of effort (LOE) schedule for Phase I and II does not include the preparation of these additional manuals. We believe that preparation of these manuals should be considered for a third phase of the project.

**PREPARE AND GIVE WORKSHOP ON NEW CENTRALIZED ACCOUNTING SYSTEM:**

The implementation of a centralized accounting system represents a significant change in OECS financial management. The centralized accounting system design will be explained to affected personnel so that they fully understand and support the changes. The roles of the central accounting

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office and the other accounting units will be discussed as will the new Financial Rules and Regulations, accounting and administrative policies and procedures and the revised chart of accounts.

#### **PREPARE DETAILED MANAGEMENT INFORMATION REQUIREMENTS:**

As mentioned above, the objective of the initial assessments was to obtain a basic understanding of OECS organizational units' activities and current accounting that could impact on the design of the centralized accounting system. Approximately one half to one day was spent at the principal OECS units interviewing with project management and accounting personnel and reviewing project documentation. When considered necessary, more detailed interviews will be conducted to fully understand and document management and the various donor agencies' information requirements and to design the appropriate report formats. This task will focus on standard reporting requirements. Modification of the standard reports to specific donor agency requirements will be done when the package is installed at each OECS location.

#### **DETERMINE ACCOUNTING PACKAGE SELECTION CRITERIA AND WEIGHTS:**

Based on the definition of the management information needs, account structure and the OECS support requirements, the specific criteria for package selection and their corresponding weights will be determined. The objective of this step is to identify and prioritize the factors that should be taken into consideration in evaluating and selecting the most appropriate accounting package for the OECS.

#### **EVALUATE ACCOUNTING PACKAGES AND SELECT MOST APPROPRIATE:**

The OECS is currently using at least five different accounting packages. Using the evaluation criteria and weighting system, the five accounting packages currently in use and other accounting packages will be evaluated to identify the package that most nearly satisfies the needs of the OECS. Ideally one package will be selected for implementation at all OECS locations to ensure a smooth and efficient consolidation of financial information. Adoption of one package will also provide additional benefits in regards to training, maintenance and vendor support.

#### **PROCURE HARDWARE AND ACCOUNTING SOFTWARE PACKAGE:**

The consultants will advise the OECS on the hardware and software requirements. The OECS or RDO/C will be responsible for procurement.

#### **UPDATE SYSTEM CONVERSION AND IMPLEMENTATION PLAN:**

A systems conversion and implementation plan will be developed to ensure a smooth transition from existing systems. This plan will identify the order of locations where the package will be implemented, the dates for package installation, loading of the chart of accounts and historical data and training.



The plan will also indicate when the accounting units must have up-to-date initial balances ready to enter into the system. It will also identify the period of time the locations will run the new system in parallel with the existing system.

#### **PREPARE AND GIVE PRE-IMPLEMENTATION WORKSHOP ON THE ACCOUNTING PACKAGE:**

Once the conversion and implementation plan has been developed, personnel from each OECS location responsible for assisting in the conversion will participate in a workshop to introduce the accounting package and to advise the OECS personnel on their responsibilities in regards to the package implementation, and the timetable for entering the chart of accounts, recoding transactions, if necessary, and keying in initial balances and historical data.

#### **INSTALL ACCOUNTING PACKAGE AT OECS CENTRAL ACCOUNTING OFFICE:**

Tentatively, the first package installation will be at the OECS central accounting office to eliminate any "bugs" and to train central office accounting personnel to assist/support in the installation at other locations. Implementation tasks to be performed by contractor (C) or OECS (O) personnel at the central accounting office will consist of package installation (C), loading the chart of accounts (C/O), keying in initial balances (C) and historical data (O) and programming standard reports (C/O). Training will be provided in areas such as data input, report customization and generation, and period-end closing procedures (C).

The Standard G/L COA will be loaded into the accounting package and standard reports generated during the Central Accounting Office installation. The performance of these tasks at other sites should require a lower level of effort.

#### **INSTALL ACCOUNTING PACKAGE AT OTHER OECS SITES:**

The conceptual design of the centralized accounting system calls for the accounting package to be installed at a number of other OECS locations in addition to the Central Accounting Office. When the centralized accounting system is fully implemented, the total number of site installations would be approximately eight, as shown below:

##### **Dominica:**

1. Eastern Caribbean States Export Development Agency (ECSEDA)/ Agriculture Diversification Co-ordinating Unit (ADCU)

**St. Vincent:**

2. Fisheries Desk/ADCU

**Antigua:**

3. Directorate of Civil Aviation (DCA)/Aeronautical Radio (AERADIO)
4. Economic Affairs Secretariat (EAS)/Investment Promotion and Export Development (IPED)/Youth Skills

**St. Lucia:**

5. Central Secretariat/Eastern Caribbean Drug Services (ECDS)/Natural Resources Management Unit (NRMU)/INFONET

**Washington, D.C.:**

6. Eastern Caribbean Investment Promotion Services (ECIPS)

**Ottawa, Canada**

7. High Commission

**London, England**

8. High Commission

At several locations, OECS operating units share office space or are in close proximity to each other, for example ECSEDA and ADCU in Dominica. The centralized accounting system design now being developed contemplates these units sharing hardware and the accounting software package. It should be noted, however, that not all OECS administrative and project offices have been reviewed by the system design team. Consequently, installation sites may be revised as work in Phase I progresses.

The level of effort (LOE) and cost to implement the package at the eight OECS locations is difficult to estimate with precision for the following reasons:

- o Three of the locations have not been visited by the system design team (Washington, D.C., Ottawa and London)
- o The potential economies to be derived from installing an accounting package to be shared by a number of OECS operating units whose number will vary by location is difficult to quantify

- o The accounting and microcomputer experience of the site accounting personnel will vary as will their eagerness and ability to absorb the training provided
- o The number of accounting package modules (general ledger, budget, accounts receivable, accounts payable, fixed assets, etc.) that are installed at each location may vary
- o The preparedness of the accounting personnel in regards to initial balances and historical data will vary
- o The time away from day to day responsibilities that the site accounting personnel are able to dedicate to the installation and training is not controllable by the accounting package installation team
- o Installation support and fees from the accounting software vendor may vary from none to a significant amount, depending upon the accounting software package selected

Because of the difficulty in estimating the LOE and corresponding cost to fully implement the system at all eight locations at this time, the attached budget includes a LOE sufficient to initiate the package installation and training at a few of the OECS locations and to gain the experience necessary to better estimate the LOE and cost to implement the system at all eight locations. The Phase I system design will prioritize the installation sites which will enable RDO/C and the OECS to determine the locations to be included in Phase II, given the availability of funds.

It should be noted that both the International Committee for Oceanic Development (ICOD) and the German Development Agency (GTZ) have shown interest in helping the OECS Fisheries Unit and the Natural Resource Management Unit, respectively, in strengthening their financial accounting systems. In order to avoid duplication of effort or inconsistent approaches it may be worthwhile to contact these and the other donor agency project representatives (Canadian International Development Agency European Economic Community, British Development Division, etc.) to determine if funds could be pooled or some other arrangement made to fund the implementation of the centralized accounting system at all eight locations.

To reduce the technical assistance LOE and cost and to institutionalize the OECS capability to support the accounting package, the OECS should provide at least one full-time counterpart staff to work with the contractor during the entire installation process. The counterpart personnel has been tentatively identified.

#### **PREPARE AND GIVE POST-IMPLEMENTATION WORKSHOP:**

The purpose of this workshop is to bring together accounting personnel who are using the new accounting package to discuss and find solutions to common problems and provide additional training.

**PROVIDE ASSISTANCE AND TRAINING IN CENTRAL ACCOUNTING OFFICE  
CONSOLIDATION  
PROCEDURES AND REPORTING:**

The objective of this task is to assist the central accounting office in preparing the first OECS-wide consolidation using the new accounting package and refining the financial reports for the organization.

**TRAIN SELECTED OECS STAFF TO PERFORM SYSTEM SUPPORT AND TROUBLE-SHOOTING  
FUNCTIONS:**

A primary benefit of implementing one accounting package throughout the OECS will be the familiarity obtained by all OECS accounting personnel with the package. OECS personnel with the strongest accounting and personal computer experience will be identified and provided training in package support and trouble-shooting problems that may arise.

**PREPARE PHASE II REPORT:**

A brief final report will be prepared to summarize the work performed and to identify additional technical assistance or training needs, if any.

**TRAINING FOR ACCOUNTING, ADMINISTRATIVE AND FINANCIAL MANAGEMENT  
PERSONNEL:**

Training is needed for all administrative, accounting and financial management personnel to upgrade their respective skills. This is a recurrent OECS cost and has not been included in the project cost. This cost should be included in the OECS recurrent budget.

**ORGANIZATION OF EASTERN CARIBBEAN STATES (OECS)  
CENTRALIZED ACCOUNTING SYSTEM DESIGN & IMPLEMENTATION PROJECT  
PROJECT EXECUTION TIME SCHEDULE**

**DRAFT**

<b>TASKS:</b>	<u>MONTH 1</u>	<u>MONTH 2</u>	<u>MONTH 3</u>	<u>MONTH 4</u>	<u>MONTH 5</u>	<b>LOE P/D</b>
<b>PHASE II:</b>						
Develop and finalize draft accounting and administrative manual.	>>>>>>>	>>>>>>>	>>>>>>>			25
Prepare and give workshop on new accounting system, financial rules, regs and procedures.		>>>				5
Prepare detailed mgt. information rqmts.		>>>				10
Determine actg. pkg. selection criteria and weights.		>>>				5
Evaluate accounting packages and select most appropriate.		>>>>>>>				15
Update system conversion and implementation plan.		>>				3
Prepare and give pre-implementation workshop on centralized accounting system and accounting pkg.		>>>>>>>				5
Install actg. package at OECS central actg ofc. and provide training. Work will also include loading the chart of accounts and historical data and programming reports using the pkg. report generator.			>>>>>>>			15

**ORGANIZATION OF EASTERN CARIBBEAN STATES (OECS)  
CENTRALIZED ACCOUNTING SYSTEM DESIGN & IMPLEMENTATION PROJECT  
PROJECT EXECUTION TIME SCHEDULE**

**DRAFT**

<u>TASKS:</u>	<u>MONTH 1</u>	<u>MONTH 2</u>	<u>MONTH 3</u>	<u>MONTH 4</u>	<u>MONTH 5</u>	<u>LOE</u> <u>P/D</u>
Install accounting pkg. at selected OECS sites according to implementation plan and provide required training.			>>>	>>>	>>>	>>> 40
Prepare and give post-implementation workshop.					>>	5
Provide assistance and training in central actg. office consolidation procedures and reporting.					>>>>>	5
Train selected OECS staff to perform system support and trouble-shooting functions.				>>	>>	>>> 4
Prepare Phase II report.			>>	>>	>>	>>> <u>3</u>
Total Phase II						<u>140</u>

**APPENDIX G**

**LIST OF INTERVIEWS CONDUCTED**

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## APPENDIX G

### List of Interviews Conducted

1. Mr. Tomas Fallon, RDO/C, Controller
2. Ms. Cecilia Karsh, RDO/C, Project Development & Mgmt.
3. Mr. Tyrone Watkins, RDO/C, Financial Analyst
4. Mr. Carlyle Mitchell, EAS, Director
5. Mr. David Kelsick, EAS, Chief, Finance and Administration
6. Ms. Marcelline Chitolie, Central Secretariat, Administrative Officer
7. Ms. Johanne Etienne, Central Secretariat, Accounts Clerk
8. Mr. Trevor Peters, ECDS, Accountant
9. Mr. Janos Zimmerman, NRMU, Sr. Advisory Consultant
10. Mr. Tony Isaac, NRMU, Accountant
11. Mr. Brian Challenger, NRMU, Head
12. Ms. Leonie Duncan, Fisheries Desk, Sr. Accounts Clerk
13. Ms. Edith MacLeish, Fisheries Desk, Secretary
14. Ms. Petra Lewis-Ferdinand, ADCU, St. Vincent, Secretary
15. Mr. Daven Joseph, Fisheries Desk, Development Officer
16. Ms. Heather Altice, ECSEDA, Accountant
17. Mr. Justin Vincent, ECSEDA, Executive Director
18. Mr. Colin Bully, ADCU, Program Co-ordinator
19. Ms. Yolande Magloire, ADCU, Secretary
20. Mr. M. Defreitas, ADCU, St. Vincent, Marketing Manager
21. Ms. Diane Raveneau, Finance and Administrative Officer, CARDI, St. Lucia
22. Ms. Myrna Pigott, EAS, Accountant
23. Mr. G.E. Joseph, DCA, Deputy Director
24. Mr. Alex Phillips, DCA, Director
25. Mr. Norman Raggie, AERADIO, Manager

**APPENDIX H**

**LIST OF DOCUMENTS REVIEWED**

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List of Documents Reviewed

- 1) OECS Report on Reorganization of the OECS Economic Affairs Secretariat, F.A. Francis, United Nations, May 1982.
- 2) Management Letter (on OECS) Year Ended 6/30/90 Price Waterhouse, November 30, 1990.
- 3) Accounting Review of IDC/ECIPS Element of the IPED Project, Peat Marwick, May 9, 1989.
- 4) Treaty Establishing the Organisation of Eastern Caribbean States, OECS, June 18, 1981.
- 5) Director General's Note on the Organisation's Management, Eighteenth Meeting of the Authority, OECS, Paper No. 1 AUT 1/91.
- 6) Central Secretariat 1991-92 Draft Estimates, OECS, Paper No. 2 AUT 1/91.
- 7) Trip Report, (On review of Internal Control System of the OECS/EAS/ECIPS), Tyrone Watkins, April 30, 1990.
- 8) OECS in Perspective, OECS, May, 1987
- 9) Report of Activities, OECS/EAS, 1984.
- 10) A Review of the Organisation of Eastern Caribbean States Directorate of Civil Aviation, OECS, May 12, 1989.
- 11) Draft Accounting Department Handbook, OECS/EAS, 1991.
- 12) A Proposal for Streamlining the Budget Process and for Financing Regional Activities, OECS, January 1991.
- 13) 1990 Financial Statements of the OECS Central Secretariat, Coopers & Lybrand, September 28, 1990.
- 14) 1989 Financial Statements of the OECS/EAS, Price Waterhouse, October 29, 1990.

- 15) 1990 Financial Statements of the OECS/DCA, Pannell, Kerr, Foster, October 29, 1990.
- 16) OECS AERADIO Accounting Procedures, OECS/AERADIO, June 30, 1989.
- 17) Chart of Accounts - OECS/ECDS, ECDS, March 31, 1991.
- 18) OECS Central Secretariat Summary Trial Balance, OECS Central Secretariat, July 31, 1990.

**APPENDIX I**

**PHASE I SCOPE OF WORK**

**LAC RFMIP  
OECS FINANCIAL ACTG AND ADM SYSTEMS DEVELOPMENT  
SCOPE OF WORK (SOW)**

**DRAFT**

**BACKGROUND:**

The Organisation of Eastern Caribbean States (OECS) is a political grouping of eastern Caribbean countries founded in June 1981 to implement economic and political integration programs with member countries. The current members are:

- o Antigua and Barbuda
- o Dominica
- o Grenada
- o Montserrat
- o St. Kitts and Nevis
- o St. Lucia
- o St. Vincent
- o British Virgin Islands

Areas in which harmonisation is being pursued at present are:

- o Agriculture
- o Civil aviation
- o Trade
- o Industrial promotion
- o Investment promotion
- o Export development
- o Legal services
- o Central banking
- o Pharmaceutical procurement and distribution

- o Fisheries
- o Natural resource management

These offices are located in various islands and have management structures which report to the OECS Director General through the Central Secretariat in St. Lucia or the Economic Affairs Secretariat (EAS) located in Antigua. The OECS also has a Directorate of Civil Aviation as well as a High Commission in Canada and a High Commission in London.

The OECS has important responsibilities in the Eastern Caribbean and has been the grantee for several A.I.D. Caribbean Regional Development Office (RDO/C) projects. It also receives funding from other multilateral and bilateral organizations such as the EEC, ICOD and CIDA.

As the integration of the OECS countries escalates, it is expected that the EAS will be responsible for the management of additional development projects funded by USAID and the other donor agencies.

Financial reviews of previous USAID funded projects have identified several problems in their financial management and reporting systems. In addition, with the growth of the OECS, the organization's financial management needs have changed. The OECS now requires a more integrated and uniform accounting system to facilitate monitoring and reporting by a central accounting unit.

#### **OBJECTIVE:**

The OECS has decided to implement a centralized financial accounting system. The purpose of the work to be done at the OECS/EAS and other administrative offices therefore is to review the accounting systems currently in use at the primary OECS administrative offices and projects and design the new OECS centralized financial accounting and reporting system. The work should determine the additional tasks necessary to convert the existing system into a fully integrated and centralized system and the corresponding level of effort to make the system fully operational. The OECS accounting system should satisfy internal OECS financial management and reporting needs and also meet the accounting, reporting and disbursement requirements of the various donor-funded projects being implemented by the OECS.

## STATEMENT OF WORK:

1. Examine prior financial reviews carried out by RDO/C Controller Staff and Peat Marwick under the auspices of the RDO/C Investment Promotion and Export Development Project (IPED). Review the OECS annual audited financial statements.
2. Review and assist OECS management in finalizing the draft OECS Financial Rules and Regulations.
3. Review pertinent draft financial management and administrative policies and procedures and assist management in identifying necessary revisions as well as policies and procedures that may be lacking. The contractor should determine the level of effort required to incorporate the necessary modifications but is not expected to prepare a draft manual in this phase of the project.

The review and recommended revisions should include, but not be limited to, the following specific accounting policies and procedures:

- o General ledger and general journal
- o Fixed assets
- o Cash receipts and disbursements
- o OECS member dues
- o Project accounting
- o Internal controls
- o Procurement
- o Travel and per diems
- o Financial reporting to local and OECS management, as well as to donor agencies
- o Budget formulation and monitoring, including capital expenditures
- o Revenues and expenses, including depreciation
- o Cash flow

4. Carry out an assessment of the major current accounting and reporting systems at the OECS administrative offices and projects.
5. Prepare a design of an integrated OECS financial accounting and reporting system which could be centralised and computerised using an accounting software package. The design should identify the:
  - o OECS reporting entities
  - o Financial reporting lines
  - o Primary information flows
  - o Levels of centralisation/decentralisation
  - o Preliminary estimate of hardware and software requirements.
6. Review the current account structures and charts of accounts used by the OECS and its projects and prepare a draft standard (uniform) general ledger chart of accounts and account descriptions for use by all OECS administrative offices and projects. Distribution of the chart of accounts for comment to the OECS administrative offices and projects will be done in the next phase of the project.
7. Review the current and projected financial management staff functions, levels and management structure which would be needed for the centralized accounting system. Discuss the impact on current staffing of centralizing the accounting functions at one location.
8. Assess the related staff training needs.

#### **REPORTS:**

The contractor will provide two copies of a draft report to both the RDO/C and the OECS/EAS three days before leaving Antigua. The report should include the following information:

- o Design of a centralized accounting system that could be implemented using an accounting software package
- o Draft standard general ledger chart of accounts and account descriptions
- o Implementation plan, including proposed time table and level of effort

- o Revised OECS Financial Rules and Regulations
- o Observations and recommendations to improve the OECS accounting and administrative policies and procedures, including a list of additional policy and procedures to be developed and a description of modifications to be incorporated into the draft policies and procedures
- o Assessment of the financial management organization, level of staffing, skill level and experience, and training needs

RDO/C will provide written comments to PW/OGS within five workdays from the date of receipt of the draft report.

The final report and diskette will be sent DHL to RDO/C within five workdays of receiving RDO/C comments.

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**OECS FINANCIAL ACTG AND ADM SYSTEMS DEVELOPMENT  
SCOPE OF WORK (SOW)**

**DRAFT**

**BACKGROUND:**

The Organisation of Eastern Caribbean States (OECS) is a political grouping of eastern Caribbean countries founded in June 1981 to implement economic and political integration programs with member countries. The current members are:

- o Antigua and Barbuda
- o Dominica
- o Grenada
- o Montserrat
- o St. Kitts and Nevis
- o St. Lucia
- o St. Vincent
- o British Virgin Islands

Areas in which harmonisation is being pursued at present are:

- o Agriculture
- o Civil aviation
- o Trade
- o Industrial promotion
- o Investment promotion
- o Export development
- o Legal services
- o Central banking
- o Pharmaceutical procurement and distribution

- o Fisheries
- o Natural resource management

These offices are located in various islands and have management structures which report to the OECS Director General through the Central Secretariat in St. Lucia or the Economic Affairs Secretariat (EAS) located in Antigua. The OECS also has a Directorate of Civil Aviation as well as a High Commission in Canada and a High Commission in London.

The OECS has important responsibilities in the Eastern Caribbean and has been the grantee for several A.I.D. Caribbean Regional Development Office (RDO/C) projects. It also receives funding from other multilateral and bilateral organizations such as the EEC, ICOD and CIDA.

As the integration of the OECS countries escalates, it is expected that the EAS will be responsible for the management of additional development projects funded by USAID and the other donor agencies.

Financial reviews of previous USAID funded projects have identified several problems in their financial management and reporting systems. In addition, with the growth of the OECS, the organization's financial management needs have changed. The OECS now requires a more integrated and uniform accounting system to facilitate monitoring and reporting by a central accounting unit.

#### **OBJECTIVE:**

The OECS has decided to implement a centralized financial accounting system. The purpose of the work to be done at the OECS/EAS and other administrative offices under this contract is to finalize the OECS Financial Rules and Regulations and expand the description of the use of the new OECS standard general ledger chart of accounts being developed under the LAC Regional Financial Management Improvement Project (LAC/RFMIP).

## **STATEMENT OF WORK:**

1. **Review and assist OECS management in finalizing the draft OECS Financial Rules and Regulations. All suggested modifications should be discussed with the LAC/RFMIP personnel and OECS/EAS Chief, Finance and Administration. Modifications should be incorporated in the draft Financial Rules and Regulations.**
2. **Assist the LAC/RFMIP personnel in a review of the pertinent draft financial management and administrative policies and procedures and assist management in identifying necessary revisions as well as policies and procedures that may be lacking. The contractor should determine the level of effort required to incorporate the necessary modifications but is not expected to prepare a draft manual in this phase of the project.**

**The review and recommended revisions should include, but not be limited to, the following specific accounting policies and procedures:**

- o **General ledger and general journal**
- o **Fixed assets**
- o **Cash receipts and disbursements**
- o **OECS member dues**
- o **Project accounting**
- o **Internal controls**
- o **Procurement**
- o **Travel and per diems**
- o **Financial reporting to local and OECS management, as well as to donor agencies**
- o **Budget formulation and monitoring, including capital expenditures**
- o **Revenues and expenses, including depreciation**
- o **Cash flow**

3. For the draft OECS standard general ledger chart of accounts being developed under the LAC/RFMIP, prepare an expanded description and use of the accounts, taking into consideration the academic backgrounds, experience and skill levels of the OECS accountants and accounts clerks.

**REPORTS:**

The contractor will provide two copies of the revised OECS Financial Rules and Regulations and account descriptions to the LAC/RFMIP personnel for incorporation in the draft report on the design of the centralized accounting system ten workdays after the start of work on this contract.

RDO/C will provide written comments to PW/Barbados within five workdays from the date of receipt of the draft report.

The final report and diskette will be sent to RDO/C within five workdays of receiving RDO/C comments.

**RELATIONSHIPS AND RESPONSIBILITIES:**

The contractor will report to the LAC/RFMIP personnel working on the design of the OECS centralized accounting system and liaise and coordinate all activities with the Chief, Finance and Administration, OECS/EAS.

All correspondence, reports and claims for payment will be addressed to the A.I.D. Regional Controller.

**COST-BENEFIT ANALYSIS OF PROPOSED FINANCIAL,  
ADMINISTRATIVE AND AUDIT IMPROVEMENT MEASURES**

**ORGANIZATION OF EASTERN CARIBBEAN STATES (OECS)  
COST-BENEFIT ANALYSIS OF PROPOSED STAFFING**

**ANALYSIS OF BENEFITS**

**REDUCTION IN ACCOUNTING STAFF:**

ECDS/NRMU/Central Secretariat-One staff	\$30,000	
DCA/Aeradio-One staff	30,000	
	-----	
Subtotal		\$60,000

**REDUCTION IN AUDIT FEE:**

Assume 20% savings on EC\$75,000 budget		15,000
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**REDUCTION IN INTEREST EXPENSE:**

Assume 100% of overdraft interest expense		40,000
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**REVENUE ENHANCEMENTS/COST SAVINGS:**

Assume 2% of EC\$ 12,000,000 contributions budget		240,000
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		-----
TOTAL EXPECTED REVENUE ENHANCEMENTS/COST SAVINGS		\$355,000
		=====

**CONCLUSION:** It is generally recognized that decentralization and the lack of central financial and administrative direction have resulted in significant efficiencies. The 2% estimated revenue enhancements/cost savings used above therefore appears reasonable and achievable.

Identifying over-payments, double payments, abuse of travel expense policies, opportunities for volume discounts from suppliers, opportunities for charging OECS administrative overhead costs to projects, etc. are potential areas for cost savings. Analysis of work methods can potentially identify areas for important productivity improvements. Analysis of services and fees for services can identify potentially important revenue enhancements, such as in civil aviation fees and licenses.

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ORGANIZATION OF EASTERN CARIBBEAN STATES (OECS)  
COST-BENEFIT ANALYSIS OF PROPOSED STAFFING

COMPARATIVE TABLE OF COSTS

	TOTAL COST	
	DIRECTOR LOCATED AT EAS	DIRECTOR LOCATED AT CTRL SEC
NO INTERNAL AUDIT	\$62,000	\$148,000
INTERNAL AUDITOR (1)	\$196,000	\$282,000
INTERNAL AUDITOR (2)	\$285,000	\$371,000

ORGANIZATION OF EASTERN CARIBBEAN STATES (OECS)  
COST-BENEFIT ANALYSIS OF PROPOSED STAFFING

SCENARIO ONE

SCENARIO ONE: The Director of Finance and Administration is identified and hired from among current OECS personnel or recruited from outside the OECS and located at the EAS. The incremental cost is a salary and benefits upgrade for the position from the level of Chief to Director.

	DIRECTOR UPGRADE -----	TOTAL -----
Salary and benefit increment	\$62,000 =====	\$62,000 =====

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ORGANIZATION OF EASTERN CARIBBEAN STATES (OECS)  
COST-BENEFIT ANALYSIS OF PROPOSED STAFFING

SCENARIO TWO

SCENARIO TWO: The Director of Finance and Administration is recruited from outside the OECS and located at the Central Secretariat. The incremental cost is the full salary and benefits of the new position.

	NEW DIRECTOR -----	TOTAL -----
Salary and benefits	\$148,000 =====	\$148,000 =====

ORGANIZATION OF EASTERN CARIBBEAN STATES (OECS)  
COST-BENEFIT ANALYSIS OF PROPOSED STAFFING

SCENARIO THREE

SCENARIO THREE: The Director of Finance and Administration is identified from among current OECS personnel or recruited from outside the OECS and located at the EAS. The incremental cost is a salary and benefits upgrade for the position from the level of Chief to Director. A new post of Internal Auditor is created and recruited from outside the OECS.

	DIRECTOR UPGRADE -----	INTERNAL AUDITOR -----	TOTAL -----
Salary and benefit increment	\$62,000		\$62,000
Salary and benefits (P2)		64,000	64,000
Travel and other operating expenses		70,000	70,000
 Total Scenario Three	 \$62,000	 \$134,000	 \$196,000
	=====	=====	=====

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ORGANIZATION OF EASTERN CARIBBEAN STATES (O ECS)  
COST-BENEFIT ANALYSIS OF PROPOSED STAFFING

SCENARIO FOUR

SCENARIO FOUR: The Director of Finance and Administration is recruited from outside the OECS and located at the Central Secretariat. The incremental cost is the full salary and benefits of the new position. A new post of Internal Auditor is created and recruited from outside the OECS.

	DIRECTOR UPGRADE -----	INTERNAL AUDITOR -----	TOTAL -----
Salary and benefits	\$148,000		\$148,000
Salary and benefits (P2)		64,000	64,000
Travel and other operating expenses		70,000	70,000
Total Scenario Four	\$148,000	\$134,000	\$282,000
	=====	=====	=====

ORGANIZATION OF EASTERN CARIBBEAN STATES (OECS)  
COST-BENEFIT ANALYSIS OF PROPOSED STAFFING

SCENARIO FIVE

SCENARIO FIVE: The Director of Finance and Administration is identified from among current OECS personnel or recruited from outside the OECS and located at the EAS. The incremental cost is a salary and benefits upgrade for the position from the level of Chief to Director. Two Internal Auditor posts are created and recruited from outside the OECS.

	DIRECTOR UPGRADE -----	INTERNAL AUDITOR -----	AUDIT ASSISTANT -----	TOTAL -----
Salary and benefit increment	\$62,000			\$62,000
Salary and benefits (P2/S8)		\$64,000	\$29,000	93,000
Travel and other operating expenses		65,000	65,000	130,000
 Total Scenario Five	 \$62,000	 \$129,000	 \$94,000	 \$285,000
	=====	=====	=====	=====

ORGANIZATION OF EASTERN CARIBBEAN STATES (OECS)  
COST-BENEFIT ANALYSIS OF PROPOSED STAFFING

SCENARIO SIX

SCENARIO SIX: The Director of Finance and Administration is recruited from outside the OECS and located at the Central Secretariat. The incremental cost is the full salary and benefits of the new position. Two Internal Audit posts Auditor are created and recruited from outside the OECS.

	DIRECTOR UPGRADE -----	INTERNAL AUDITOR -----	AUDIT ASSISTANT -----	TOTAL -----
Salary and benefits	\$148,000			\$148,000
Salary and benefits (P2/S8)		\$64,000	\$29,000	93,000
Travel and other operating expenses		65,000	65,000	130,000
	----- \$148,000	----- \$129,000	----- \$94,000	----- \$371,000
	=====	=====	=====	=====