Office of Inspector General

Office
202.692.2900
peacecorps.gov/OIG
OIG Reports

Hotline
202.692.2915   800.233.5874
Online Contact Form
OIG@peacecorps.gov

To: Carrie Hessler-Radelet, Acting Director
             Daljit Bains, Chief Compliance Officer

From: Kathy A. Buller, Inspector General

Date: March 28, 2013

Subject: Final Report on the Review of the Peace Corps' Management of Grants for
             Volunteer Projects (IG-13-04-A)

Transmitted for your information is our final report on the Review of the Peace Corps'
Management of Grants for Volunteer Projects.

Management concurred with all 15 recommendations. We closed three recommendations:
numbers 1, 6, and 9 based on a review of corrective actions and supporting documentation. The
remaining recommendations will stay open pending confirmation from the chief compliance
officer that the documentation identified in management's response has been received. In its
response, management described actions it is taking or intends to take to address the issues that
prompted each of our recommendations. We wish to note that in closing recommendations, we
are not certifying that the agency has taken these actions or that we have reviewed their effect.
Certifying compliance and verifying effectiveness are management's responsibilities.

Our comments, which are in the report as Appendix E, address these matters. Please respond
with documentation to close the remaining open recommendation within 90 days of receipt of
this memorandum.

You may address questions regarding follow-up or documentation to Assistant Inspector General
for Audit Bradley Grubb at 202.692.2914.

Please accept our thanks for your cooperation and assistance in our review.

Attachment

cc: Stacy Rhodes, Chief of Staff/Chief of Operations
       Elisa Montoya, White House Liaison/Senior Advisor to the Director
       Bill Rubin, General Counsel
       Carlos Torres, Acting Associate Director, Global Operations
       Corey Griffin, Associate Director for Strategic Partnerships, Office of Strategic
           Partnerships
       Joseph Hepp, Chief Financial Officer
       Dorine Andrews, Chief Information Officer
       Lisa Bilder, Chief Acquisition Officer
       Charles Kemp, Deputy Chief Financial Officer

Jennifer Chavez Rubio, Director, Office of Gifts and Grants Management
Nicole Mlade, Director of Intergovernmental Affairs & Global Partnerships
Kathy Rulon, Senior Advisor to the Chief of Staff
Paul Shea, Director, Global Accounts Payable
Samuel Taylor, Budget Officer, Office of Budget and Analysis
Dick Day, Regional Director, Africa
Helen Lowman, Regional Director, Europe, Mediterranean, and Asia Operations
Jennifer Parrish Taylor, Special Assistant to the Chief Compliance Officer
Small Grants Working Group

Peace Corps
Office of Inspector General

Volunteer with a resident at an orphanage that was refurnished using a PCPP grant in China

Volunteer works on a bakery project funded by a VAST grant in Uganda

Volunteers lead an environmental leadership camp funded by a SPA grant in Costa Rica

**Final Report:
Review of the Peace Corps' Management of
Grants for Volunteer Projects
IG-13-04-A**

March 2013

EXECUTIVE SUMMARY

The Peace Corps developed internal grant programs to facilitate the development and implementation of sustainable, capacity-building projects in communities where Volunteers serve. In recent years grant use by Volunteers and their communities has increased. The internal grant programs that are overseen by Peace Corps headquarters include: Peace Corps Partnership Program (PCPP), Small Project Assistance (SPA), Volunteer Activities, Support, and Training (VAST), and Energy and Climate Partnership of the Americas (ECPA). Funding for these internal grant programs (hereafter referred to as "grant programs") originate from various sources including Volunteer's friends and family, other government agencies, and outside organizations. Additionally, there are outside grants that Volunteers and their communities receive from organizations that are not overseen by Peace Corps, for instance: local charities, non-governmental organizations, government programs, individuals, and corporations.

Our review focused on Peace Corps' management of external funds and grants for Peace Corps Volunteer projects, including: PCPP, SPA, and VAST. Our overall objective was to determine whether these funds were properly managed and to identify ways to strengthen their management. We also conducted a limited review of the Volunteers' involvement with outside grants and ECPA.

The review found that since grant programs were developed independently, headquarters did not communicate a clear strategy on how to use the grant programs to accomplish the Peace Corps' goals. Guidance or standards on how to incorporate grants into their post-specific strategic plans were also not provided. As a result, staff and Volunteers were not always clear on the appropriateness of grant projects or the impact of grant programs on the post operations.

Additionally, the fieldwork found that while Volunteers were using outside grants, they were avoiding the internal grant programs because they were burdensome and time-consuming. The Peace Corps' policy is that Volunteers are not allowed to solicit or accept outside funds however, Volunteers can assume a supporting role to assist their communities in receiving outside funds. In some cases Volunteers and staff assumed inappropriate roles with outside grants. The Peace Corps did not have a reliable means for assessing the prevalence and appropriateness of outside grants and did not monitor or control their use.

Headquarters did not have consistent processes for internal grant programs and had not developed adequate methods to monitor posts' use of grant programs. Internal grant programs were managed by different offices and there was ad hoc communication and coordination between them. Furthermore, we identified that headquarters provided limited guidance to posts on vetting grant fund recipients and reporting lost or stolen grant funds.

Posts varied greatly in their implementation of grant programs because some guidelines provided by headquarters were not mandatory and there were differences between the programs. As a result, there were inconsistencies in how posts divided grant management responsibilities among staff, determined the recipient of grant project funds, and retained grant project documents.

Additionally, posts did not have a consistent way to track individual grant projects throughout their lifecycle, which also limited headquarters' ability to provide oversight.

The agency was in the process of improving grants management through realigning offices and staff, updating policies and procedures, and using the small grants working group (SGWG) to streamline the distinct internal grant programs under a unified platform. The SGWG was working on various initiatives for all internal grant programs. During the review, the SGWG issued a combined application, staff and Volunteer small grants handbooks, and additional guidance for overseas posts. The SGWG was also working with the Office of the Chief Information Officer on a grants management system. The SGWG was proactive and solicited feedback from the Office of Inspector General (OIG) throughout the review. As a result, SGWG was able to take corrective actions on many of the weaknesses identified during our review.

Management concurred with all 15 recommendations. We closed 3 recommendations based on management's actions. The remaining 12 recommendations will stay open pending copies of documents described in Appendixes D and E.

TABLE OF CONTENTS

BACKGROUND

OIG conducted a review of the Peace Corps' management of external funds and grants for Peace Corps Volunteer projects, including: PCPP, SPA, and VAST. Our overall objective was to determine whether these funds were properly managed and to identify ways to strengthen their management. We reviewed grant sources, policies and procedures and related internal controls at headquarters, and tested posts' implementation of procedures to ensure that funds were used to effectively and efficiently support the work of Volunteers. Appendix A provides a full description of our audit objective, scope, and methodology.

Grant Programs
Volunteers use small grant programs to accomplish projects with their host communities that have a positive and sustainable impact. Typical small grants projects include trainings, educational seminars, workshops, community awareness events, and modest construction projects such as designing and planting gardens, building classroom additions, or building latrines.

The Peace Corps has developed internal grant programs, which allow Volunteers to request funds from donors, such as friends and family, or other government programs and work with their communities to complete projects with the funds received. Peace Corps headquarters staff members support internal grant programs by coordinating funding with stakeholders and donors and assisting posts and Volunteers during the approval, implementation, and completion phases of the grant process.

Peace Corps Internal Grant Programs
Over the years the types of grants that Volunteers could obtain through the Peace Corps has grown from a single internal grants program in the 1960s to four grant programs today, which are described below.

PCPP. In 1964, the Peace Corps established the School to School program which later became PCPP to serve as a link to groups, foundations, service organizations, and individuals wanting to contribute to the work Volunteers do with their host communities. PCPP does not fund projects but instead enables Volunteers to receive funds through online, phone, and mail donations for their community projects. PCPP is managed at headquarters by the Office of Gifts and Grants Management (GGM)[1], which has the authority to solicit and accept funds.

SPA. Established in 1983 through an agreement between the U.S. Agency for International Development (USAID) and the Peace Corps, SPA provides support for small-scale community grants, and for building the capacity of men, women, boys and girls in assisting grassroots organizations and communities around the world. The SPA program strives to accomplish its objectives through grants and field assistance. While the posts work directly with USAID to develop in-country implementation plans, the Peace Corps' Office of Intergovernmental Affairs

---

[1] The office name changed on February 13, 2012 and was formerly the Office of Private Sector Initiatives (OPSI).

and Global Partnerships (IGAP) provide agency-wide oversight and administration of the SPA program.

VAST. VAST is funded by the President's Emergency Plan for AIDS Relief (PEPFAR) established in 2004. VAST is a primary resource for small-scale HIV/AIDS projects initiated by communities and organizations partnered with Volunteers. Volunteers are able to receive VAST grants to fund projects that address the global HIV and AIDS pandemic. The VAST program is included in post's HIV/AIDS implementation plan, which is approved by the Office of Global Health and HIV (OGH/H).[2]

ECPA. In 2010, the Peace Corps signed an interagency acquisition agreement with the Department of State to join the government's regional partnership to address energy and climate issues. Under this agreement, Volunteers can access grants that facilitate the training of host country nationals on rural energy practices and technology installation, operations and maintenance; build social support for the technology's use and cost; and assist in training methodologies in selected Western Hemisphere countries. A specialist in the Overseas Programming and Training Support office works with staff in the Inter-America and Pacific region and other headquarters offices to assist posts with the grant program.

Trend in Use of Grants
The Peace Corps recognizes that grant programs can enhance program delivery and potentially have a positive impact in the countries where Volunteers serve. Grants are one way to further the work of Volunteers and their communities. Information collected by the Peace Corps headquarters offices managing grant programs shows a growing trend in Volunteers using grants programs.
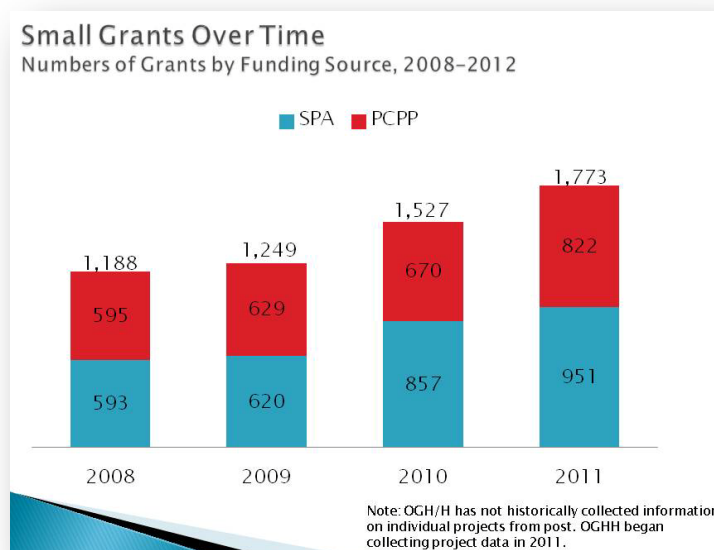
Figure 1. Amount of Funds for Small Grants by Funding Source
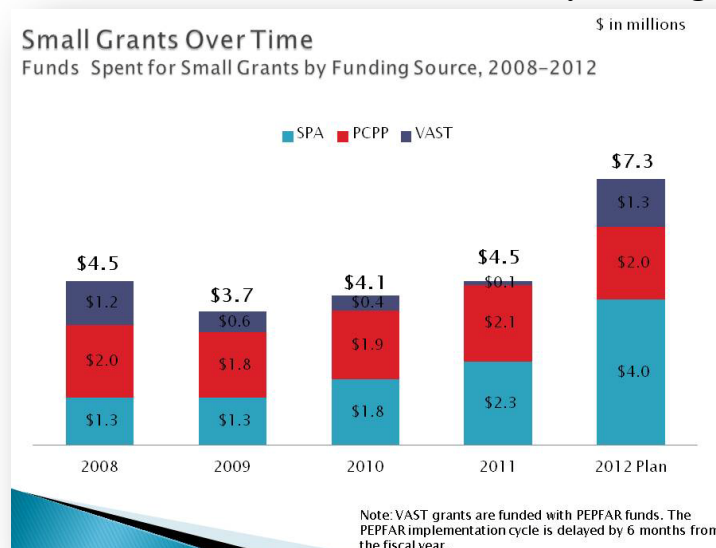
Source: Small Grants Working Group presentation to Global Operations, December 2011

---

[2] The office name changed on September 23, 2011 and was formerly the Office of AIDS Relief (OAR).

Figure 2. Number of Grants by Funding Source

Small Grants Over Time
Numbers of Grants by Funding Source, 2008–2012

SPA   PCPP

Year	SPA	PCPP	Total
2008	593	595	1,188
2009	620	629	1,249
2010	857	670	1,527
2011	951	822	1,773

Note: OGH/H has not historically collected information on individual projects from post. OGHH began collecting project data in 2011.

Source: Small Grants Working Group presentation to Global Operations, December 2011

Agency Initiatives

On February 13, 2012, the Peace Corps established the Office of Strategic Partnerships (OSP) to coordinate the development and implementation of partnerships and donor engagement to enhance programs through every stage of the Volunteer lifecycle. OSP's central role was to lead the agency's partnership and donor engagement activities with U.S. government agencies, non-governmental organizations, the private sector, and universities by coordinating the activities of three sub-offices: IGAP, GGM, and the Office of University and Domestic Partnerships.

Figure 3. The Office of Strategic Partnership New Organizational Chart

Office of Strategic Partnership

- Office of Gifts and Grants Management
- Office of Intergovernmental Affairs and Global Partnerships
- Office of University and Domestic Partnerships

This organizational change effectively brought two of the grant programs under OSP: SPA (managed by IGAP) and PCPP (managed by GGM). VAST continues to be managed by OGH/H, which is under the Office of Global Operations.

In addition, GGM, IGAP and OGH/H formed the SGWG to ensure effective and strategic use of small grant funding. SGWG focused on establishing standard tools and requirements across grant programs, providing recommendations to streamline management of small grant programs at post, conducting training, and reviewing resources that support posts. During our review the SGWG was in the process of integrating the grants programs, streamlining policies and procedures, and providing tools to posts for tracking grant projects.

RESULTS OF REVIEW

PEACE CORPS' GRANTS STRATEGY

Headquarters had not communicated a clear overarching strategy on the use of grant programs to accomplish the Peace Corps' goals and had not provided adequate guidance on how to incorporate the use of grants into their post-specific strategic plans.

Until the forming of the SGWG, grant programs were managed by different offices with ad hoc communication among the programs. As a result,

- staff and Volunteers were not always clear on the appropriateness of grant projects;
- posts were left to decide whether or not to use specific grants programs and to what extent to use them; and
- use of grants at posts varied widely, lacking sufficient standardization, and could change abruptly with staff turnover.

Peace Corps' Strategy on Grants

During our review we found that some headquarters offices and posts did not have a clear and consistent understanding of the agency's overall strategy on the use of grant programs. When clearly defined and communicated by senior management an overarching strategy can help guide staff and Volunteers in their decisions on using and managing their grant programs.

The agency's *Programming and Training Guidance* released in October 2011 explains the Peace Corps' first goal as "supporting work led by host country leaders to meet the needs of low income communities with trained Volunteers, not financial support." If used effectively grants could further support the agency in achieving this goal. However, grants could also become a threat to achieving this goal as the guidance also distinguishes the Peace Corps as a capacity-building organization at the grassroots level focused "on the development of the capacity of people, not things." The guidance further explains that the Peace Corps' philosophy is that every effort should be made:

- **To seek local level funding first** so that Volunteer/partner activities are built on resources available to community members, to minimize the need for additional funds, and to maximize the sustainability and replicability of Volunteer efforts.
- **To engage host country regional and national partners through in-kind support** where possible.
- **To draw upon international funds only as necessary and consistent with the Peace Corps approach to development.** …These could be Peace Corps-managed funds, such as SPA or Partnership, or other international funds.

A presentation to the Office of Global Operations by the SGWG in January 2012 reported a continuous increase in the number of Volunteer grant projects and estimated this trend will continue. The Peace Corps also introduced additional grant funds through ECPA at 11 posts. The *Comprehensive Agency Assessment* reported "the Director has stated that through strategic partnerships, the Peace Corps intends to add levels of technical and financial resources to enhance community projects in the field."

With the increase in grant opportunities, posts and Volunteers have expressed the need to clarify the appropriateness of grant projects and when to promote or discourage grant activities. Further, during interviews staff and Volunteers raised concerns that grant projects can potentially distract the agency from its core goals and development philosophy. The Office of Innovations' fiscal year 2011 assessment of small grants raised similar issues regarding the inherent contradiction in the Peace Corps' grants program.

Post Grants Strategic Planning

Without clear direction and guidance from headquarters on the appropriate use of internal and outside grant programs, posts are frequently left to decide whether to engage in grant activities. This important decision is often solely at the country director's (CD) discretion rather than clearly connecting to the post's strategic plan or agency guidance. As a result, a post's stance on the use of grants can change frequently as it experiences turnover in key management positions. Additionally, staff reported that some posts have unspent grant funds partially because funds were requested by a former CD who promoted Volunteers conducting grant projects, while a successor CD was not proactively encouraging grants participation.

Our review also identified that some posts are engaging in grant activities without fully understanding the programmatic and resource implications for their staff and Volunteers in relation to their post's strategic plans. Post staff expressed concerns of having committed to using grant funds in certain project areas like the HIV/AIDS and environment sectors, even though they did not have Volunteers or staff with the necessary technical expertise to support developing and implementing a related grants project. Under an austere budget environment posts are more likely to accept new funding sources without fully assessing the impact they will have on its operations to absorb and effectively manage these additional funds.

The amount of time required by post staff to support grant programs can be a significant burden on staff resourcing. To enable posts to efficiently manage this additional workload they must sufficiently integrate their grant program resource needs into the post's strategic plan. Posts need to develop an effective post-specific grants strategy to support their programmatic goals and should adhere to the strategy and not deviate merely because of management turnover, pressure from outside organizations, or to merely acquire new funding sources as opportunities arise. Development of a long-term post grants strategy is dependent on integrating their grants planning within the post's overall strategic planning process.

Once a year posts complete the Integrated Planning and Budget System (IPBS) to update their strategic plan and budget for the next three years. The IPBS is Peace Corps' primary program and resource management planning mechanism. The process initiates with headquarters providing guidance to posts for preparing their IPBS. Posts use this guidance as a framework to prepare their IPBS submission which outlines their strategic priorities for the next three years. The IPBS guidance provided to posts for FYs 2013-2015 did not include a requirement for posts to outline their post-specific grants strategy and how they are planning to manage their grant programs. However, components of the SPA and VAST grant programs are already partially integrated into the post's IPBS process. Rather than assessing all grants programs comprehensively and using them to further a post's strategic plan, integration of SPA and VAST has taken place at the operational level. Although headquarters has provided posts with resources to support the management of

individual grant programs they have not adequately prepared posts to make the larger strategic decisions on using grants to further the Peace Corps stated goals.

The IPBS process provides an opportunity for headquarters to further support posts in developing their post-specific grants strategy and management plan. The country analysis section of the IPBS should require posts to address if grants are appropriate for the country's current level of development. Through the program analysis posts should explain their strategy for how grants support Volunteers in meeting their programmatic goals and objectives. If the aforementioned information were to be included in the IPBS response, headquarters would have an opportunity to review how posts are managing their entire grants program and how they could be strengthened. Further, integrating grants into the IPBS process would provide greater consistency and help ensure that grants are a priority.

> **We recommend**
>
> 1. That the Office of the Director clearly define and communicate Peace Corps' overarching strategy on the use of grants and that posts use this information as guidance to develop their post grants strategy.
>
> 2. That the Office of Global Operations, in coordination with the Office of Strategic Partnerships and the Office of Global Health and HIV require that posts incorporate into their strategic plan the post's grants strategy and management plan, including resources that may be needed.

OUTSIDE GRANTS

The agency lacked a reliable means for assessing the prevalence and appropriateness of outside grants and had not provided sufficient guidance to ensure that Volunteers and staff understood their appropriate roles.

Volunteers and their communities receive outside grants that are not overseen by Peace Corps staff from organizations such as local charities, non-governmental organizations, and corporations. Without adequate oversight, Volunteers may become personally liable for outside funds and may form inappropriate associations that the agency would not approve.

Volunteer Roles and Responsibilities

The *Peace Corps Volunteer Handbook* discusses the role and responsibility of Volunteers:

> Volunteers also help their communities network with other regional, national, and international organizations to identify support for local priorities. This facilitating role can link host country partners to organizations that provide external advice, technical assistance, and even financial resources to help meet community goals.

In our review we found that Volunteers sometimes exceeded their facilitating role and assumed important responsibilities with the solicitation of outside grants and the implementation of grant projects. Post staff and Volunteers reported that Volunteers are applying for outside grants,

signing responsibility to implement grant projects with outside organizations, or directly receiving and managing cash and in-kind outside contributions to implement projects.

The Peace Corps' policy prohibits Volunteers from soliciting and accepting funds. The *Peace Corps Manual* section (MS) 720 specifies that only GGM and CDs may accept funds on behalf of Peace Corps and that, "PCVs are not authorized to accept donations on behalf of the Peace Corps." However, the various circumstances involved with working in a developing country present challenges to Volunteers in determining whether the assistance they are providing would be considered soliciting or accepting funds. For example, a community partner may not have access to a bank and the Volunteer may need to receive the funding from the outside source to give to the partner. Another common example is when Volunteers write grant proposals because the community partner is not familiar with the language or writing requirements of the grant.

By soliciting, accepting, or managing funds the Volunteer may be liable for the funds. These outside funds are usually managed outside the Peace Corps financial systems. In addition, Volunteers may inappropriately associate Peace Corps with projects or funders that the agency would not approve. To help avoid these risks, the Peace Corps should provide Volunteers and staff with more explicit examples of appropriate and inappropriate roles in the agency's guidance.

Peace Corps Policy

As established in MS 720 and 721 GGM is the only office delegated authority to accept monetary donations to support Volunteer community projects through PCPP. Volunteers are not authorized to accept donations on behalf of the Peace Corps outside of this process. GGM serves as a link to groups, foundations, service organizations, and individuals wanting to contribute to the valuable work Volunteers do with their host communities. GGM has established systems where individuals and organizations can securely make tax-deductible donations. Additionally, GGM's financial tracking system gives assurance to donors that a 100 percent of their donations will support Volunteer PCPP projects. GGM also manages donor relationships by answering questions throughout the process, sharing project information with donors, and providing final project reports. GGM conducts some vetting of organizations and individuals who want to partner with the Peace Corps to ensure they are viable and aligned with the Peace Corps' goals.

Prevalence of Outside Grants

Interviews with staff and Volunteers identified a number of outside grant sources other than PCPP, SPA, VAST, and ECPA that Volunteers and their communities engage in. OIG requested Volunteer Reporting Form/Tool (VRF/T) reports for the seven posts included in our fieldwork and analyzed their outside funding information. The VRF/T gathers information self-reported by Volunteers three or four times a year on a variety of project activities including internal or outside grant projects. Based on our review we determined that Volunteers at all seven posts worked with outside grants from a wide variety of funding sources.

The Peace Corps lacks an effective means for gathering and analyzing data on outside grants and cannot accurately assess the prevalence and appropriateness of Volunteer projects done with outside grants. VRF/T data contained inconsistencies in Volunteer reporting; for example, some Volunteers reported the same project multiple times, others reported a project once but at

different times in its lifecycle; and Volunteers sometimes reported currency amounts in U.S. dollar and other times in local currency. There seems to be insufficient guidance about what information to report for grant projects based on the varied responses. In our analysis we attempted to improve the reliability of the data by removing inconsistencies and repetitive entries.

In the absence of comprehensive data we used the VRF/T and Volunteer interviews to gain an understanding of the prevalence of outside grant sources. However, we cannot quantify with certainty the amount of outside grants used by Volunteers and their communities, because of data validity and reliability issues.

Reasons for Using Outside Grants

During our interviews Volunteers and staff reported that one of the primary reasons that Volunteers seek outside grants is to avoid the complexity and requirements of Peace Corps' internal grant programs. Given the small size of grants, Volunteers reported that the Peace Corps grant application procedures were burdensome.

Additionally, during the course of this review we learned of Volunteers associated with questionable or inappropriate grant programs specifically designed to expedite the receipt of funds by circumventing the Peace Corps' controls.

- The nonprofit Water Charities has an initiative titled Appropriate Projects that provides grants to Volunteers. The website displays the Peace Corps logo and contains an online application for Volunteers to complete. They strive to "slash through the red tape and get projects done immediately." They claim to not wait to receive donations and pre-fund projects immediately. Furthermore, their website states "we do not deal with studies, reports, evaluations, nitpicking, reviews, administration, overhead, talk, delays, processes, procedures, format, overseeing, micro-directing, or excuses."

- A Volunteer created a website to portray a fake organization titled the HumanFund so the host country community could apply for a grant and the Volunteer could later self-fund the project without the community knowing. We informed the post's CD and the website was later taken down.

Volunteers are seeking simpler grant programs and turning to methods and organizations that potentially contradict the Peace Corps' policies, procedures and philosophy on outside grants. During our review the SGWG was in the process of designing a simplified grant application and streamlined process to facilitate the ease of use.

We recommend:

3. That the Office of Strategic Partnerships conduct an assessment to understand the prevalence of outside grants, identify funding sources that should be discontinued, and to gain more clarity on why Volunteers pursue outside grants.

4. That the Office of Strategic Partnerships based on the assessment of outside grants, in coordination with the Office of Global Operations, define and communicate the Peace Corps' policy on outside grants, to include appropriate Volunteer and staff roles, and develop administrative procedures to ensure compliance with the policy.

5. That the Office of Strategic Partnerships and the Office of Global Health and HIV establish a routine process to gather more valid and reliable data on outside grants from posts and Volunteers.

6. That the Office of Strategic Partnerships and the Office of Global Health and HIV continue to pursue a simplified grant project application and approval process for all internal grant programs.

HEADQUARTERS' MANAGEMENT AND OVERSIGHT OF GRANT PROGRAMS

Headquarters did not have consistent processes for the various grant programs and had not developed adequate methods for monitoring the post's use of grant programs.

The grant programs developed independently, were managed by different offices, and had ad hoc communication and coordination between grant programs. Furthermore, we identified that limited guidance was provided to posts on vetting grant recipients and reporting of lost or stolen grant funds. The lack of consistency and streamlined processes created a number of challenges for posts and Volunteers attempting to understand and comply with the different requirements.

Consistent Processes

Process flowcharts were developed for the three grant programs[3] in coordination with the agency. Although the grant programs may differ in their relationship with an outside stakeholder, such as donor and other government agencies, the process for grant projects should be standardized to promote efficiency and minimize confusion.

---

[3] Although the agency had additional grant programs, such as ECPA, this comparison focused on the most significant grant programs. In addition, ECPA generally incorporated procedures from SPA.

Table 1. Comparison of Processes across Internal Peace Corps Grant Programs

Phase	Process	PCPP	SPA	VAST
Proposal Approval	Headquarters Review	Reviews each proposal	Reviews each proposal's abstract	Receives copy of each proposal
	Post Review	Post staff	SPA committee and post staff	Post staff and VAST committee
	Consent and Liability Form	Signed by Volunteer (PCV) and community partner	Signed by PCV, community partner, and the Director of Management and Operations (DMO)	Signed by PCV, community partner, and the DMO
	Headquarters Project Record	Tracked in Odyssey-Financial system	Tracked in Access database	Not previously tracked at project level
Funding	Funds Sent to Recipient	Electronic funds transfer to PCV	Community to hold funds, but PCVs can also receive the funds	Provides option between PCVs, community or payment to vendors
Implementation	PCV and Community Implement Project	Additional support provided by staff if needed	Additional support provided by staff if needed	Additional support provided by staff if needed
Close Out	Post Review of Project Completion Reports	Coordinator reviews, CD and DMO sign report	Coordinator and DMO review	Coordinator and DMO review
	Headquarters Review of Project Completion Reports	GGM reviews the report and support for accuracy and closes Project in Odyssey	IGAP reviews the report and support for accuracy and closes Project in the Access database	OGH/H receives copy of the report

There are some variances in the processes for each grant program yet they all aim to achieve the same objective of providing funding for a community project. All internal Peace Corps procedures at posts should be consistent if there are no other mitigating circumstances or requirements that require deviations. The SGWG aims to align all grant programs under a single set of guidance and requirements. During our review, the group developed a combined grants application and was working to standardize post staff responsibilities and grants procedures. The aim of this initiative is to ensure that the only differences across grants programs are those mandated in agreements the agency already established with organizations like USAID and the Office of the Global Aids Coordinator. During our review, the SGWG made progress standardizing the processes and providing guidance to overseas posts. In October, 2012, agency issued the *Peace Corps Small Grants Program Staff Handbook* and *Peace Corps Small Grants Program Volunteer Handbook* with the purpose of providing "information on the basic rules and requirements that are applicable for all small grants." Therefore, we are not making a recommendation.

Monitoring

Headquarter offices provided different levels of oversight for the individual grant projects. Some programs maintained control over the approval and close-out process, while others relied on the posts to manage the projects and just report on the totals. For example:

- GGM had two individuals that received and reviewed all PCPP applications before posting to the website for fundraising and verified all close-out reports were completed.

- IGAP relied on posts to approve and fund SPA projects, but requested copies of the project abstract and the completion report.

- OGH/H relied on posts to approve, fund, and monitor VAST projects, but requests copies of completion reports at the end of the project.

- ECPA grants relied on post staff to approve, fund, and monitor projects. Posts submit a quarterly report to headquarters that aggregates their ECPA activities.

Headquarters should implement a risk-based approach to providing oversight on the post's grants management. The risk-based approach would utilize thresholds and sampling to review compliance with agency policies and rely on post staff to provide the more routine monitoring of grant projects. The post staff has more detailed knowledge of grant projects in the specific country and can provide the day-to-day management and supervisory review. Headquarters staff would provide oversight over all posts and could selectively review proposals and close out reports based on risks such as dollar amount requested, time to complete the project before Volunteer leaves the post, and more difficult to manage projects such as scholarships and camps. Similarly, posts could use approval standards for reviewing grant project applications at post that are consistent with the criteria used by headquarters. The posts we visited had approval processes for SPA and VAST but the criteria used during the approval process vary widely across posts. PCPP's final approval is done at headquarters however, with the agency's current streamlining of grant programs the final approval process is likely to be moved overseas.

For headquarters to be able to provide consistent oversight to all posts, the standard criteria that posts use to approve projects must be clearly defined by headquarters. Posts, as needed, may add additional requirements to their approval process, but the minimum expectations need to be established by headquarters so they are consistent at all posts. With consistent approval procedures at posts, headquarters will be better able to conduct oversight to identify issues at posts and provide them with additional support.

Administrative Management Control Survey

The Administrative Management Control Survey (AMCS) is a tool for "country directors and designated staff to conduct periodic self-appraisals of administrative, financial, training, and program management practices at post." The purpose of the AMCS is to provide "a graphical snapshot of risk levels associated with current management practices to help country directors identify and strengthen management categories in need of improvement (and for) regional staff and involved headquarters offices (to) better support posts in needed areas." As part of the IPBS process posts are required to submit their completed AMCS to their country desk unit at headquarters. Section five of the AMCS instrument is dedicated to the financial management of the post, including questions related to the management of PCPP, SPA, and VAST grant programs.

We were able to obtain and analyze the section five AMCS responses from 62 posts from all three regions. Posts usually only respond to questions about grant programs they actually used. Accordingly, 57 posts responded to questions for PCPP, 47 posts responded to questions for SPA, and 28 posts responded to questions for VAST.

Our analysis of the survey questions and post responses identified various issues that could lessen the utility of the AMCS tool. Additionally, we found some technical limitations in the AMCS that could prevent Peace Corps staff from being able to analyze and use AMCS responses to improve post operations.

Offices at headquarters interested in doing analyses of AMCS responses will likely face challenges in obtaining completed AMCS from all posts. AMCS responses are not stored in a centralized place at headquarters and although all posts were required to complete the AMCS not all posts sent the completed AMCS to headquarters. As a result, we were unable to do a global comprehensive analysis because the agency could not provide the completed section five AMCS responses for all posts. Since posts complete a new AMCS each year and the responses are only available in Excel files, there is very limited ability for post or headquarters staff to do any cross-year analyses within posts or across posts to identify reoccurring issues, trends, or outliers.

The AMCS has the potential to be an instrument of great value for posts and headquarters to improve posts ability to manage their grants programs. However, some of the questions in the AMCS are unlikely to produce reliable and valid results. Numerous questions ask posts about granular grant project information that arguably require post to review documents in every grant projects' file, while other questions ask posts to report on requirements that are not explicitly stated in grant guiding documents.

Additionally, there were other important areas related to the management of a post's grants program that were not covered topics in the AMCS that may provide useful information, which is discussed in the following table.

Table 2. Topic Areas that Were Not Included in the AMCS

Topic Areas	Reasons for Including
Outside grants	Present a high risk for posts and the agency because they operate outside of the Peace Corps' internal grant programs.
Scholarships and Camps	Headquarters staff raised concerns that grants that support scholarship and camp projects are often not community initiated, complicated to manage, and may present increased liability for the agency.
Lost or Stolen Grant Funds	These present a high risk for the posts and the agency and there are additional reporting requirements when this occurs.
Committees and Staffing	This information would be useful for headquarters to know how posts are managing their grant programs and if they are following grant guidelines.
ECPA Grants	ECPA grants is an official Peace Corps' internal grants program just like PCPP, SPA, and VAST.

During our review the Office of Global Operations was working with various offices across the agency to revise the AMCS survey. For the AMCS to be useful as a management tool, the agency must ensure that questions are answerable by post staff using readily available data. The AMCS should be clear on what type of information the posts review when completing the

AMCS and what supporting data posts retain to backup their responses. A carefully crafted AMCS section on grants management will provide meaningful data that can be analyzed by headquarters to better support posts in strengthening their grant programs. Additionally, headquarters could conduct recurring issues and trend analyses if the AMCS data was more accessible and retained over several years.

Coordination and Communications

As the grant programs were managed by different offices at headquarters and developed independently of each other, the offices have provided individual guidance documents to posts. Furthermore, as the grant programs developed over time additional guidance was developed on certain issues and policies to provide additional support to posts. The primary depository of grants information is on Peace Corps' Intranet and each grants office maintains individual Intranet pages that are organized very differently.

Appendix B lists the various guiding documents that posts use to manage their grant programs. PCPP and SPA each have over ten documents while VAST has five primary documents. Across the grant programs there are some resources targeted to staff and others to Volunteers. PCPP is the only grants program with a MS devoted to its operations. The *Overseas Financial Management Handbook* (OFMH) has two chapters explicitly dedicated to managing the PCPP and SPA funds. VAST guidance instructs posts to follow OFMH instructions for SPA. We were unable to locate much detailed guidance that was provided to posts in regards to managing their overall grants program.

Since SPA and VAST are comprised of funds from other government agencies some requirements and guidance will have to remain different. However, across the grant programs there are enough similarities in the procedures that much of the guidance could be combined or consolidated.

Currently, in order to effectively manage their grant programs, post staff must refer to various documents on the Intranet for each grant program. Additionally, headquarters distributed some key information by emails and newsletters that is not stored in a central location. Another factor that further complicates post staff's ability to manage grant programs is that key leadership positions at posts are usually U.S. direct hires who are subject to limited five year term appointments as mandated by the Peace Corps Act.

Staff at posts raised concerns about not having a centralized place where all relevant grants information was stored. While the large amount of information and communication is appreciated it can also be overwhelming for the post staff if it is not well organized and easily retrievable.

Streamlining the guidance and communication to posts will help remove unnecessary repetition and differences across the grant programs while leading to increased efficiencies for posts. Through the SGWG the agency has already begun an effort to streamline the guiding documents that are provided to posts and has established a website that contains the newly developed handbooks and forms. The agency should continue to consolidate all grants guiding documents, remove outdated forms and instructions, and centralize all relevant grants information.

Vetting of Grant Project Fund Recipients

Federal agencies that engage in grant giving programs often take additional measures to ensure that grant project funds are not diverted to individuals or entities that have been identified as prohibited recipients by the U.S. government.

The Department of Treasury, Office of Foreign Assets Control[4] (OFAC) publishes a list of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries that have had their assets blocked. Collectively, such individuals and companies are called Specially Designated Nationals (SDN). Additionally, the government maintained an Excluded Parties List System (EPLS) that has migrated into the System for Award Management[5] which provides a single comprehensive list of individuals and firms excluded by Federal government agencies from receiving federal contracts or federally approved subcontracts, and from certain types of federal financial and nonfinancial assistance and benefits. These lists contain the names of individuals and entities identified by executive orders[6], federal laws, United Nations Sanctions and government agencies that U.S. persons and organizations are generally prohibited from conducting transactions with.

As required by Chief Financial Officer's Bulletin 11-06 *Guidance on the U.S. Treasury's OFAC Regulations* posts must identify prohibited vendors prior to entering into agreements and receiving services from them by referencing the SDN list maintained by OFAC or the government's EPLS. Posts must notify the Office of Global Accounts Payable if any matches are found with vendors.

For major activity materials and equipment purchases posts may make a direct payment to a vendor which requires establishing a vendor ID in the Peace Corps' financial system. The post, in compliance with Bulletin 11-06, should already have checked the vendor against the SDN or EPLS lists. However, when the Volunteer directly receives the funds, the agency does not require posts to check that other organizations and individuals also listed on the grant application are not on these lists.

However, the vetting process should be more robust to ensure that all individuals receiving grant funds either directly or through the Volunteer are not on the SDN or EPLS lists. Furthermore, these lists are not exhaustive and the regional security officer and host government officials may have additional information on organizations and individuals with whom Volunteers should not engage. Headquarters should further strengthen the post grant project approval process to ensure the agency complies with federal regulations and to protect the agency and Volunteers from unintentionally providing grant project funds to prohibited individuals or entities.

---

[4] The Office of Foreign Assets Control administers and enforces economic sanctions programs primarily against countries and groups of individuals, such as terrorists and narcotics traffickers.

[5] In July 2012, these systems migrated into the System for Award Management. Legacy EPLS information resides in the Performance Information area of the System for Award Management.

[6] Executive Order 13224 signed by the President in the aftermath of the September 11, 2011 attacks on the U.S. significantly expanded OFAC's list of SDNs.

Reporting of Lost or Stolen Grant Funds to OIG

MS 861 states that all agency staff have a responsibility to report instances of potential theft of agency funds including grant project funds to OIG. However, posts have not received consistent guidance across grant programs that missing funds should also be reported to OIG. OIG fulfills its oversight mission by conducting audits, evaluations, and investigations of agency programs and operations often based on information that is reported by Peace Corps staff members.

Staff and Volunteer grant program guidance for PCPP and VAST did not specifically discuss the reporting of lost or stolen grant funds. SPA guidance required that the Volunteers notify the post's SPA coordinator who will notify the CD and safety and security coordinator. The CD will then notify the USAID mission and the Peace Corps headquarter SPA program manager.

As posts were not fully informed of their responsibilities to report instances of lost or stolen grant funds, some incidents went unreported to OIG. The agency must clarify the reporting process for lost or stolen grant funds and could develop a process similar to resolving Imprest fund shortages as discussed in the OFMH section 13.21. Under that policy CDs must report to OIG and other offices any time a loss of greater than $10 that cannot be resolved in a 24-hour period.

We recommend:

7. That the Office of Strategic Partnerships and the Office of Global Health and HIV establish a risk-based approach to providing consistent oversight over all grant programs to include which projects will require headquarters approval; the methodology for conducting grant project file reviews; and the process for conducting post-specific grant program reviews.

8. That the Office of Global Operations work with the Office of Strategic Partnerships and the Office of Global Health and HIV to revise the Administrative Management Control Survey questions to have the survey be a more reliable and valid instrument, which addresses the risks and controls of all major internal and outside grants.

9. That the Office of Strategic Partnerships and the Office of Global Health and HIV streamline and unify communications to posts regarding internal and outside grants programs through more centralized methods including an Intranet page to serve as a resources depository for all grant programs.

10. That the Office of Strategic Partnerships and the Office of Global Health and HIV update procedures to require post staff to confirm that those receiving grant funds directly or through sub-agreements or contracts are not listed as Specially Designated Nationals or in the System for Award Management, and develop a process for handling potential matches.

11. That the Office of Strategic Partnerships and the Office of Global Health and HIV, in coordination with the Office of Inspector General, establish a process for reporting lost, misused or unaccounted grant project funds to the Office of Inspector General.

Headquarters did not always provided complete or consistent guidance to posts on grants management. Additionally, headquarters did not provided posts with a consistent method or system to track individual grant projects throughout their lifecycle, which also limited headquarters' ability to provide oversight.

These factors contributed to wide variances in grants management and controls at posts*.* As a result, some posts were not in full compliance with agency policies and others had supplemented policies with their own procedures. We identified several grant management procedures that could benefit from more standardization. Specifically, we determined that:

- Some posts have centralized the management of their grant programs under one grants coordinator while others have a decentralized approach where the coordination responsibilities are spread across various staff members;
- Guidance was not consistent across grant programs about who should be the recipient of grant funds;
- Posts did not retain grant project documentation for all grant programs;

We also noted that sometimes posts' independent management of their grants programs was not consistent with headquarters' policies. These variances can inhibit headquarters' ability to provide adequate and consistent oversight over a post's grants program to ensure the program is managed efficiently and effectively.

Grants Management Staff Responsibilities

During our review, headquarters and post staff shared their experience and opinions on the management of grants at posts. Posts usually manage their grant programs 1) centralized - where one staff member at post administers all the post's grant programs or 2) decentralized - where management responsibilities are divided among various post staff members. The table below summarizes some of the main comments raised by staff from headquarters and overseas regarding the two grant management structures.

The comments were categorized as strengths or weaknesses based on the perspective of the staff member interviewed. However, some comments could easily be categorized as a strength for one system and a weakness for the other. The table provides examples of the comments raised by staff and is not an exhaustive list of all the strengths and weaknesses of each system.

Table 3. Headquarters (HQ) and Field Opinions on Grants Management at Posts

	Centralized Post Grants Management	Decentralized Post Grants Management
S t r e n g t h s	• One contact person at post serves as HQ liaison for all grant programs • Project tracking and follow-up is more consistently done • PCVs also have one contact person at post for all grant related concerns • Easier to enforce HQ or post-specific requirements across all grant programs	• Various staff are engaged in the grants program and can offer diverse viewpoints • Burden of managing a grants program is more evenly divided among staff • Posts with limited use of grants do not feel a need to centralize grant programs as they can provide adequate support to Volunteers when the need arises
W e a k n e s s	• Grants coordinator may be overburdened with duties • Fewer site visits by coordinator to PCVs to provide direct support • Posts with fewer grants may not have sufficient work or need for a single grants coordinator	• Grant programs at post are managed differently leading to inconsistencies • Project documentation is stored in various places by different people • A required approver might not be available to review a grant application • HQ may need to follow-up with various staff members to understand the grants program.

Though guidance had been provided to posts for managing each specific grant program there had been limited guidance regarding the post's overall comprehensive management of their grant programs. Headquarters staff and the SGWG reported interest in moving all posts to a centralized system with a single staff member serving as the grants coordinator responsible for managing all the post's grant programs. The recently issued staff and Volunteer handbooks provided a description of staff roles, this will help clarify responsibilities and promote consistency. The *Peace Corps Small Grants Program Handbook* states, "Every post is strongly encouraged to appoint a single small grants coordinator for all grant projects. If this is not feasible due to staffing, workload, or budget constraints, posts may appoint more than one coordinator for different grant programs."

Regardless of what staffing system a post uses, having clearly defined staff roles and responsibilities will help posts ensure that all primary grants management responsibilities are covered. The agency and posts should include these grant management responsibilities into staff position descriptions and statements of work. Consistencies across posts in staff management roles and responsibilities, approval process, and administrative procedures are required for more effective headquarters' oversight of grants management at posts.

Recipient of Grant Funds

There are variations in the guidance regarding who should be the monetary recipient of the approved grant project funds. As the agency looks to streamline grant operations it should define the preferred grant funds recipient across all grant programs.

Currently, PCPP requires that funds be transferred to the Volunteer. However, SPA has a strong preference that funds go directly to the community organization but also allows posts to transfer funds to the Volunteer or a joint account between the Volunteer and a community organization. SPA guidance states that "disbursement to the Volunteer in his/her primary account…is the least preferred option." VAST allows the post to determine the grant funds recipient. Regardless of the preferences by the grant program guidance, headquarters staff reported that Volunteers most commonly receive grant project funds.

The table below summarizes some of the viewpoints expressed by staff regarding the recipient of grant funds.

Table 4. Summary of HQ and Field Opinions on Recipient of Grant Project Funds

Recipient	Description	Advantages	Disadvantages
Volunteer	• PCV directly receives the funds, usually through their bank account, and works with his/her community through the implementation of the grant project	• PCV can directly oversee project expenses to ensure they are in accordance with the approved project • PCV can ensure that finances are well tracked and receipts are retained for submission in the final project report • If PCV must depart site for personal or safety reasons it is easier to retrieve unspent funds	• PCV may be have increased safety risks by holding the cash for projects • PCV may hand the funds over to a community member or organization to actually implement the project, despite having received the funds • Harder to judge the community involvement and commitment to the project
Community Member or Organization	• PCV identifies a community member or organization that has the capability to receive the electronic funds transfer and they will also sign responsibility for the implementation of the grant project	• Community member or organization also have an additional opportunity for capacity learning by also managing the financial aspects of the project • Community participation and involvement could be greater as they have increased responsibility for the funds • Project may be more sustainable if the community can control the finances	• Community members may have limited ability to accurately track finances for final project reporting • Harder to recoup the funds if the project needs to be cancelled • Funds could easily be diverted for other needs rather then what was approved in the grant project application
Direct Vendor	• For certain grant projects the funds can be directly paid to a vendor who will then deliver the requested service for the grant project	• Services are delivered quickly as outlined in the project report • Grant projects will come in at budget as the application budget was likely developed by a quote from the vendor	• Not very feasible for more complex projects that require multiple vendors • PCV and community have limited control on how grant project funds are spent if circumstances change

Post and headquarters staff also noted that some communities may not be able to directly receive the grant project funds because they do not have access to a banking system. Volunteers often work and live in isolated areas with very limited infrastructure. In some areas a Volunteer may be one of the few individuals with the ability to receive an electronic funds transfer and with the knowledge and ability to properly administer the finances of a grant project. Thus, some staff and Volunteers raised concerns that if the local community can only access grants through a

Volunteer's involvement then the community should not engage in the grant because the Peace Corps is creating a dependency that is not sustainable.

While there are certain advantages and disadvantages for each grant recipient option, if the agency is aiming to streamline grants procedures for posts this is one area that should be standardized across grant programs. The agency should establish the preferred method and acceptable alternatives and communicate them to posts along with the underlying reasons and circumstances for using one method or another.

Grant Project Documentation

Though some guidance has been provided by headquarters to posts regarding the retention of grant project documentation, posts are still struggling to maintain updated and complete files. Also, the guidelines provided are not consistent across grant programs and some provide more specific guidance than others. Furthermore, as outside grants were not directly managed by staff or tracked in Peace Corps' financial system, no guidance was provided to posts regarding what documentation posts needed to maintain for Volunteer projects funded by outside grants.

MS 720, "Peace Corps Partnership Program" states:

> The post and GGM will each maintain a copy of the proposal, final report, and all correspondence pertaining to the project.

The *SPA Program Handbook* – November 2010 states:

> A complete SPA Grant file containing all documentation related to the project (including the proposal, the Project Agreement, consent forms, documented budget revisions, waivers from PC/Washington, reports, etc.) should be kept at post. Such files should be maintained in accordance with Peace Corps directives on file management and Inspector General (IG) audit guidelines.

We reviewed grant project files at six posts to understand how grant projects are managed and documented. At each post we selected a sample of project files to review their primary grant project documents including: the project proposal, consent and liability forms, and the final report. However, many grant project files reviewed at posts were missing important documents that were not readily available or the documentation included was missing key information such as signatures, dates, project titles and numbers. Based on our review, we noted:

- Required signatures were missing on forms such as approval documents, completion reports, and grant transfer documents.
- Files did not always include a signed liability/consent/responsibility form.
- Some projects came in under budget and documentation was not included in the grant files to support that funds were returned.
- Post staff sometimes reviewed Volunteer's grant project final reports on or after the Volunteer's Close of Service date.

During our review posts were able to provide some of the missing documentation with additional time to locate it. However, not all the documentation was easily accessible. Additionally, post staff commented that grant project files were not located in a centralized place. The project

application might be kept by a different staff member than the final project report. When grant documents are not in one centralized project file the documents cannot be reviewed comprehensively to check for completeness and accuracy.

Disorganized grant project files were a contributing factor to a case OIG previously investigated where a staff member increased the budget of SPA project grants without authority after they had been approved. The additional grant funds were used to purchase items for Peace Corps activities unrelated to the approved SPA projects. If routine reviews were performed between the original application budget and the final approved budget, improper budget increases by a staff member may surface and be detected earlier.

Also, the Peace Corps has encouraged posts to reduce their carbon footprints and are moving towards more electronic files rather paper ones. Volunteers are submitting some project documentation over email as attachments but some of the documentation needs to be on paper because it contains signatures. Having to maintain both electronic and paper files for projects further complicates the situation. Without clear guidance of what information needs to be maintained and in what form, posts will continue to struggle to maintain appropriate documentation. Posts would benefit from having a file checklist similar to what posts use for personal services contractor files. For headquarters and post staff to be able to conduct effective oversight, posts need to be consistent in retaining their grant project documents.

Approving, Tracking, and Reporting of Grant Projects

During our review we noted different methods for tracking internal and outside grant projects during the project's approval and implementation process. Posts and headquarters staff used Microsoft Excel spreadsheets, Microsoft Access databases, or paper file folders to track which projects were approved, in-progress, and completed. Although some aspects of grants are tracked in Peace Corps' financial systems they cannot track the full grant approval and implementation process. Peace Corps staff was aware of the inconsistencies and challenges in the current mechanisms used for tracking and reporting grant projects.

During the course of this review staff from the grant program offices began working with the Office of the Chief Information Officer to develop a grants management system. The system reportedly would "…greatly improve administrative processes. Volunteers will use the application to view grant opportunities, apply for grants and input progress against measurable indicators and results. Headquarters will be able to review grants project data and query for agency-wide financial and qualitative reporting. The system will also increase the Peace Corps' ability to communicate with the public about the work being done with small grants."[7]

A grants management system should also be integrated with other Peace Corps data systems to enhance efficiency and reduce duplication of efforts. Information that is also necessary for post staff to oversee their Volunteer's grant projects is also found in other Peace Corps data systems. For example, Volunteer swearing-in and close of service dates are found in the Volunteer Information Database Application while FORPost and Odyssey track the financial transactions at posts and headquarters. A grants management system that retrieves information populated in

---

[7] Information Technology News Issue 1, Vol. 1 August 2, 2012. Newsletter published by Office of the Chief Information Officer.

other currently existing Peace Corps data systems would be more efficient as less time would be required from post and headquarters staff to track grant projects and the accuracy of the grants data would also improve.

The phases of grant projects are similar across internal grant programs and with most outside grants as they all include approval, funding, implementation, and close out phases. A robust grants management system could track all internal grant programs while also providing a method for posts to track some key elements of grants projects that Volunteers execute with outside grants. This would increase monitoring of outside grants while also providing greater support to Volunteers.

The grants management system could also provide a method for Volunteers to submit applications for internal grant programs electronically that would feed directly into the system without requiring manual input from post staff. It would help posts with their grant projects approval process and the tracking of individual grant projects during their implementation and close out phases. Headquarters could provide greater oversight of grant programs as its staff could easily analyze data in the grants management system and provide posts with additional support. Additionally, a single grants management system used jointly by posts and headquarter staff would likely improve the accuracy of grants data and facilitate grants reporting procedures as all offices would have access to the same information and the system would standardize how grants information is collected and tracked. It has the potential to address many of the challenges identified in this report.

We Recommend:

12. That the Office of Global Operations incorporate grant management roles and responsibilities into standard staff position descriptions and statements of work.

13. That the Office of Strategic Partnerships and the Office of Global Health and HIV, in coordination with the Office of General Counsel and the Office of the Chief Financial Officer, establish a standardized process to determine the preferred recipient of grant funds across all grant programs.

14. That the Office of Strategic Partnerships and the Office of Global Health and HIV develop consistent requirements for posts on the retention of electronic and paper documentation for internal and outside grant projects and provide a file checklist to aid posts in ensuring all the documentation is retained.

15. That the Office of Strategic Partnerships and the Office of Global Health and HIV, in coordination with the Office of the Chief Information Officer, develop an integrated grants management system for internal and outside grant projects that meets the tracking needs of posts and the reporting needs of headquarters and if feasible, link to already existing data systems.

QUESTIONED COSTS AND
FUNDS TO BE PUT TO BETTER USE

We did not identify any questioned costs or funds to be put to better use during the course of the review.

LIST OF RECOMMENDATIONS

We recommend:

1. That the Office of the Director clearly define and communicate Peace Corps' overarching strategy on the use of grants and that posts use this information as guidance to develop their post grants strategy.

2. That the Office of Global Operations, in coordination with the Office of Strategic Partnerships and the Office of Global Health and HIV require that posts incorporate into their strategic plan the post's grants strategy and management plan, including resources that may be needed.

3. That the Office of Strategic Partnerships conduct an assessment to understand the prevalence of outside grants, identify funding sources that should be discontinued, and to gain more clarity on why Volunteers pursue outside grants.

4. That the Office of Strategic Partnerships based on the assessment of outside grants, in coordination with the Office of Global Operations, define and communicate the Peace Corps' policy on outside grants, to include appropriate Volunteer and staff roles, and develop administrative procedures to ensure compliance with the policy.

5. That the Office of Strategic Partnerships and the Office of Global Health and HIV establish a routine process to gather more valid and reliable data on outside grants from posts and Volunteers.

6. That the Office of Strategic Partnerships and the Office of Global Health and HIV continue to pursue a simplified grant project application and approval process for all internal grant programs.

7. That the Office of Strategic Partnerships and the Office of Global Health and HIV establish a risk-based approach to providing consistent oversight over all grant programs to include which projects will require headquarters approval; the methodology for conducting grant project file reviews; and the process for conducting post-specific grant program reviews.

8. That the Office of Global Operations work with the Office of Strategic Partnerships and the Office of Global Health and HIV to revise the Administrative Management Control Survey questions to have the survey be a more reliable and valid instrument, which addresses the risks and controls of all major internal and outside grants.

9. That the Office of Strategic Partnerships and the Office of Global Health and HIV streamline and unify communications to posts regarding internal and outside grants programs through more centralized methods including an Intranet page to serve as a resources depository for all grant programs.

10. That the Office of Strategic Partnerships and the Office of Global Health and HIV update procedures to require post staff to confirm that those receiving grant funds directly or through sub-agreements or contracts are not listed as Specially Designated Nationals or in the System for Award Management, and develop a process for handling potential matches.

11. That the Office of Strategic Partnerships and the Office of Global Health and HIV, in coordination with the Office of Inspector General, establish a process for reporting lost, misused or unaccounted grant project funds to the Office of Inspector General.

12. That the Office of Global Operations incorporate grant management roles and responsibilities into standard staff position descriptions and statements of work.

13. That the Office of Strategic Partnerships and the Office of Global Health and HIV, in coordination with the Office of General Counsel and the Office of the Chief Financial Officer, establish a standardized process to determine the preferred recipient of grant funds across all grant programs.

14. That the Office of Strategic Partnerships and the Office of Global Health and HIV develop consistent requirements for posts on the retention of electronic and paper documentation for internal and outside grant projects and provide a file checklist to aid posts in ensuring all the documentation is retained.

15. That the Office of Strategic Partnerships and the Office of Global Health and HIV, in coordination with the Office of the Chief Information Officer, develop an integrated grants management system for internal and outside grant projects that meets the tracking needs of posts and the reporting needs of headquarters and if feasible, link to already existing data systems.

OIG conducted a review of the Peace Corps' management of external funds and grants for Peace Corps Volunteer projects, to include PCPP, SPA, and VAST. Our overall objective was to determine whether these funds were properly managed and to identify ways to strengthen their management. We reviewed grant sources, policies and procedures and related internal controls at headquarters, and tested the posts' implementation of procedures to ensure that funds were used to effectively and efficiently support the work of Volunteers.

We conducted this review as a nonaudit as defined by generally accepted government auditing standards, July 2007 revision, applicable at the announcement of this project. Our work provided tools and methodologies, such as guidance and good business practices, benchmarking studies, and internal control assessment methodologies that can be used by Peace Corps in managing its grant programs. We established sufficient safeguards to prevent the review from impairing our independence. Our conclusions are based on information from three sources: (1) document and data analysis, (2) interviews, and (3) direct observation. We planned and performed the work to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objectives. This review was originally staffed with a lead auditor and a program analyst. However, as a result of audit staff turnover and resource shortfalls the lead role was reassigned to the program analyst. The work was performed under the oversight of the assistant inspector general for audit.

The review was initially announced in February 2011, survey work was conducted March through July 2011, and site visits to posts were performed September 2011 through October 2011. Our review covered fiscal years 2009-2011 and through the 3rd quarter of fiscal year 2012.

Survey
During survey work we reviewed criteria, interviewed staff, and obtained information to gain an understanding of the processes and controls for PCPP, SPA, and VAST grant programs. We excluded training activities that can also be funded by SPA and VAST as the funds are managed primarily by posts rather than individual Volunteers.

Key information used included the Peace Corps Act and the *Peace Corps Manual* sections in addition to the list of policies and procedures in Appendix B as criteria to develop our findings and conclusions. At the end of the survey work we developed flowcharts of the process for PCPP, SPA, VAST grant projects and provided them to agency management. These flowcharts documented the key controls and highlighted similarities and differences between the programs.

During survey the agency was in the process of improving and streamlining the grant programs. Where relevant we followed up to determine status and included these improvements in our report. However, we have not tested the effectiveness of the agency's most recent changes. In addition, we conducted a limited review of the ECPA, because the agency was in the early phases of developing and implementing this program and it relied heavily on the SPA process that was included in our review. Any other new partnerships that included grant programs

developed during our review were excluded from the scope of the review. However, the findings and recommendations on grant strategy, headquarters management and oversight of grant programs, post management of grant programs contain overarching recommendations on managing, streamlining, and improving the agency's grant programs as a whole and could be applied to any individual Volunteer grants that are managed through Peace Corps.

Site Visits
We interviewed staff and conducted file review at seven posts: PC/China, PC/Costa Rica, PC/Lesotho, PC/Mali, PC/Peru, PC/South Africa, and PC/Uganda. We documented the processes used by posts to approve projects, provide funds to Volunteers, and track and record the progress of projects. We reviewed files to determine whether projects were properly approved, fully funded, and well documented. The information from posts was compared to the guidance and the processes described by headquarters to identify discrepancies and control weaknesses.

Data Limitations
The data OIG requested was generally provided in a timely manner by agency personnel, who also assisted OIG throughout the review in responding to our questions. However, our report identified data limitations in the VRF/T and AMCS surveys, and a lack of centralized and complete grants data. Without this data, we could not fully assess the controls at overseas posts without visiting and interviewing personnel at posts. Further, without a centralized database we could not readily quantify the number and status of grant projects. The agency did not have an effective mechanism to identify outside grants and lacked the capability to quantify the amount of outside grants assigned to Volunteers and their prevalence of use.

APPENDIX B: GRANT PROGRAM GUIDING DOCUMENTS

The following are the primary guiding documents that posts use to manage their grant programs.

PCPP

Global Fund Guidance Memorandum for staff
PCPP Financial Guidance for Volunteers
PCPP Volunteer Handbook
Manual Section 270: PCPP
Manual Section 721: Gifts and Contributions to the Peace Corps
WID/GAD Policy
Overseas Donation for $5,000 or less
Guidelines for OPSI Tracking of PCPP Final Reports
Guidelines for OPSI Review of Post PCPP Files and Final Reports
PCPP Best Practices for Proposal Review and Approval
OFMH Chapter 33 Partnership Program Funds

SPA

SPA Program Handbook for staff
USAID Initial Environmental Examination
Limitations on SPA Funds
Estimating the Value of In-Kind Contributions
Determining the Number of Beneficiaries versus Participants
SPA File Guidelines
Guidance on Creating Obligations FY11
Staff Guide to SPA Data in the VRT
Checklist for Reviewing SPA Abstracts and Completion Reports
MS 103 Partnership Agreements
OFMH Chapter 49 Small Project Assistance Program
USAID Peace Corps Participatory Agency Agreement and Amendments

VAST

Peace Corps Implementation Plan Guidance for Programs and Activities to be
Supported by PEPFAR FY12
VAST Guidance for Staff
VAST Guidance for Volunteers
Office of the Global Aids Coordinator Partnership Framework
Regional or Country Operational Plans

Other

The New Project Design and Management Workshop Training Manual
Guidelines for Youth Camps
Programming and Training Guidance: Program and Training Guidance

AMCS	Administrative Management Control Survey
CD	Country Director
DMO	Director of Management and Operations
ECPA	Energy and Climate Partnership of the Americas
EPLS	Excluded Parties List System
GGM	Office of Gifts and Grants Management
HQ	Headquarters
IGAP	Office of Intergovernmental Affairs and Global Partnerships
IPBS	Integrated Planning and Budgeting System
MS	Manual Section
OFAC	Office of Foreign Assets Control
OFMH	Overseas Financial Management Handbook
OGH/H	Office of Global Health and HIV
OIG	Office of Inspector General
OPSI	Office of Private Sector Initiatives
OSP	Office of Strategic Partnership
PCPP	Peace Corps Partnership Program
PCV	Peace Corps Volunteer
PEPFAR	President's Emergency Plan for AIDS Relief
SDN	Specially Designated Nationals
SGWG	Small Grants Working Group
SPA	Small Project Assistance
USAID	United States Agency for International Development
VAST	Volunteer Activities Support and Training
VRF/T	Volunteer Reporting Form/Tool

Since 1961.

MEMORANDUM

To: Kathy Buller, Inspector General

Through: Daljit K. Bains, Chief Compliance Officer

From: Corey Arnez Griffin, Associate Director, Strategic Partnerships
               Kathy Rulon, Acting Director, Global Health and HIV
               Esther Benjamin, Associate Director, Global Operations

Date: February 25, 2013

CC: Carrie Hessler-Radelet, Acting Director
               Stacy Rhodes, Chief of Staff
               Joaquin Ferrao, Deputy Inspector General
               Brad Grubb, Assistant Inspector General for Audit
               Jennifer Chavez Rubio, Gifts and Grants Management Director
               Nicole Mlade, Intergovernmental Affairs and Global Partnerships Director
               Paul Shea, Director Global Accounts Payable
               Lien Galloway, Expert/Sr. Advisor to the General Counsel
               Jan Miller, Expert Consultant, Office of General Counsel

Subject: Agency Response to the Preliminary Report of Peace Corps/Review of the Peace
               Corps' Management of Grants for Volunteer Projects, December 2012

Enclosed please find the agency's response to the recommendations made by the Inspector General for Peace Corps/Review of the Peace Corps' Management of Grants for Volunteer Projects, as outlined in the Preliminary Report of the Audit of the IG Audit sent to the Agency on December 19, 2012.

The Office of Strategic Partnerships, the Office of Global Health and HIV and the Office of Global Operations concur with 15 of 15 recommendations provided by the OIG in its Preliminary Audit Report: Peace Corps/Review of the Peace Corps' Management of Grants for Volunteer Projects. The Office of Strategic Partnerships, the Office of Global Health and HIV and the Office of Global

1

Operations have addressed and provided supporting documentation for four of the 15 recommendations and will work to address the remaining recommendations by the set target dates.

These offices will continue to work with posts and the departments identified in the Preliminary Report to ensure closure of these recommendations by the dates included within for outstanding recommendations.

Recommendation 1

That the Office of the Director clearly define and communicate Peace Corps' overarching strategy on the use of grants and that posts use this information as guidance to develop their post grants strategy.

Concur:

Acting Director Carrie Hessler-Radelet communicated the overarching small grant strategy to PC Global on October 22, 2012. Additionally, Peace Corps' approach to small grants is in the forewords to the Small Grants Program Staff and Volunteer Handbooks which were also issued in October 2012.

Documents Submitted:

- Carrie Hessler-Radelet PC Global Message 10-22-2012.msg
- Foreword Small Grants Volunteer Handbook 2012.pdf
- Foreword Small Grants Staff Handbook 2012.pdf

Status and Timeline for Completion: Completed October 2012

Recommendation 2

That the Office of Global Operations, in coordination with the Office of Strategic Partnerships and the Office of Global Health and HIV require that posts incorporate into their strategic plan the post's grants strategy and management plan, including resources that may be needed.

Concur:

The FY15-16 IPBS Post Strategic Guidance, to be issued by the Office of Global Operations in January 2014, will communicate to posts that a grants management objective/goal should be included in each post's IPBS strategic plan.

Documents to be Submitted:

- FY15-16 IPBS Post Strategic Guidance

Status and Timeline for Completion: January 2014

Recommendation 3

That the Office of Strategic Partnerships conduct an assessment to understand the prevalence of outside grants, identify funding sources that should be discontinued, and to gain more clarity on why Volunteers pursue outside grants.

Concur:

Per discussion with OIG on February 1, 2013, the Office of Strategic Partnerships will conduct a representative assessment of the use of outside grants. OSP has already taken steps to encourage Volunteers to participate in the Small Grants Program, thereby reducing their reliance on outside grants, including:

> Streamlining the Small Grants Program application process so it is less burdensome for Volunteers; and

> Providing clear guidance in Volunteer and Staff Small Grants Program Handbooks regarding outside grants.

Documents Submitted:
- Small Grant Handbook Outside Grant Language.docx

Documents to be Submitted:
- Assessment Conclusions

Status and Timeline for Completion: August 2013

Recommendation 4

That Office of Strategic Partnerships based on the assessment of outside grants, in coordination with Office of Global Operations, define and communicate the Peace Corps' policy on outside grants, to include appropriate Volunteer and staff roles, and develop administrative procedures to ensure compliance with the policy.

Concur:

Depending upon findings for recommendation #3, the Office of Strategic Partnerships will retain or revise its current policy and/or develop new policy, as appropriate. The Office of Strategic Partnerships will work with the Office of Global Operations to clearly communicate existing/new policies and/or guidance to the field. The Staff and Volunteer Handbooks will also be revised to include examples of acceptable Volunteer and staff roles/activities (i.e. identify activities that demonstrate the Volunteer playing a role to "facilitate" grants to their communities).

Documents to be Submitted:
- Existing or any new policies based on assessment related to outside grants
- Evidence of communication to field (emails, updates to Staff and Volunteer Handbook, etc.)
- Updates to Staff and Volunteer Small Grants Handbooks providing examples of acceptable roles/activities

Status and Timeline for Completion: Policies will be updated, as needed, and policies and/or guidance will be updated in Handbooks and/or communicated to the field by October 2013.

Recommendation 5

That Office of Strategic Partnerships and Office of Global Health and HIV establish a routine process to gather more valid and reliable data on outside grants from posts and Volunteers.

Concur:

Depending upon the findings, the Office of Strategic Partnerships and Office of Global Health and HIV will work with the Office of Global Operations to include appropriate questions in the annual Administrative Management Control Survey (AMCS) to capture data regarding outside grants activity.

Documents Submitted:
- FY13 AMCS.xlsx (Small Grants are referenced in sub-sections in Section C4, as well as C13. "Outside grants" are addressed in C4, though not by name).

Documents to be Submitted:
- Updated FY14 AMCS questions related to outside grants, as necessary.

Status and Timeline for Completion: FY14 AMCS will be released in October 2013.

Recommendation 6
That Office of Strategic Partnerships and Office of Global Health and HIV continue to pursue a simplified grant project application and approval process for all internal grant programs.

Concur:
The Office of Strategic Partnerships and Office of Global Health and HIV rolled out the streamlined Small Grants Program in October 2012.

Documents Submitted:
- Small Grants Application Form.xls
- Small Grants Completion Report.xls
- Small Grants Staff Handbook 2012.pdf
- Small Grants Volunteer Handbook 2012.pdf

Status and Timeline for Completion: Completed October 2012

Recommendation 7
That Office of Strategic Partnerships and Office of Global Health and HIV establish a risk-based approach to providing consistent oversight over all grant programs to include which projects will require headquarters approval; the methodology for conducting grant project file reviews; and the process for conducting post-specific grant program reviews.

Concur:
Following the roll out of the Small Grants Program in October 2012, which standardized all agency small grants, projects are now approved through a Small Grants Committee at the post and ultimately by the Country Director. By providing standardized guidance to all posts, the agency has equipped the field with a consistent approach to all small grant programs. On the front end, the guidance, in the Staff and Volunteer Handbooks, and the Application, were designed to ensure high quality projects that meet an established set of criteria and standards. On the back end, quality will be ensured by utilizing the Small Grants Program Final Report and the AMCS, which is a "risk-based" approach. The Office of Strategic Partnerships has not used AMCS data in the past, but provided small grants-related input to shape the FY13 AMCS and will contribute to future updates.

4

Documents Submitted:
- Small Grants Staff Handbook 2012.pdf - "Grant Requirements" section (p. 16)
- Small Grants Volunteer Handbook 2012.pdf - "Grants Requirements" section (p. 12)
- Staff Handbook "Monitoring and Evaluation of Small Grants at Post" section, which includes post-specific reviews information (p. 56).
- Small Grants Application Form.xls
- Small Grants Completion Report.xls
- FY13 AMCS.xlsx – section C.4.11

Documents to be Submitted:
- Relevant FY14 AMCS questions

Status and Timeline for Completion:
- Small Grants Program materials were distributed in October 2012.
- Updated questions, as necessary, will be developed for the FY14 AMCS scheduled for release in October 2013.

Recommendation 8

That the Office of Global Operations, in coordination with the Office of Strategic Partnerships and the Office of Global Health and HIV revise the Administrative Management Control Survey questions to have the survey be a more reliable and valid instrument, which addresses the risks and controls of all major internal and outside grants.

Concur:

Office of Global Operations has recently completed a thorough revision of the AMCS, including review by representatives of Office of Strategic Partnerships and OSP's liaison in OGC. Outside grants are addressed in the FY13 revision, though not explicitly, in Section C4.11. One revision already planned for the FY14 AMCS release (scheduled for October 2013) is a stand-alone Grants Management section, to include the aggregated grants management questions from the current survey, including those related to outside grants, and adding the relevant issues identified in the Grants Management Preliminary Report.

Documents Submitted:
- FY13 AMCS.xlsx – section C4.11

Documents to be Submitted:
- FY14 AMCS questions related to Grants Management, including outside grants

Status and Timeline for Completion: October 2013

Recommendation 9

That Office of Strategic Partnerships and Office of Global Health and HIV streamline and unify communications to posts regarding internal and outside grants programs through more centralized methods including an Intranet page to serve as a resources depository for all grant programs.

Concur:

Office of Strategic Partnerships and Office of Global Health and HIV have streamlined communications to posts regarding internal and outside grants programs through more centralized methods including a small grant website, general email, and an updated small grants intranet page. The Small Grants Program will also continue to share information and provide training via email, Webex and at OSTs.

Documents Submitted:
- Field Group Invitation Letter.msg
- New Small Grants Post Handbook – feedback requested!.msg
- Small Grants Staff Handbook 2012.pdf
- Small Grants Volunteer Handbook 2012.pdf
- Small Grant Program Resources.msg
- Small Grant One Pager 10-24-2012.docx
- Small Grants WebEx Conference Call Schedule.msg
- WebEx Presentation for posts.pptx
- OST Winter13- Session Plan Small Grants Program.doc
- Updated forms on the Small Grants website and FAQs for staff.msg

Status and Timeline for Completion: Completed. Activities outlined below:
- Updated Small Grants Program Handbooks released in October 2012
- Small Grants Website live in October 2012
- Small Grants email address in use since April 2012
- OST sessions have been delivered jointly by OSP and OGHH since Summer 2012

Recommendation 10
That Office of Strategic Partnerships and Office of Global Health and HIV update procedures to require post staff to confirm that those receiving grant funds directly or through sub-agreements or contracts are not listed as Specially Designated Nationals or in the System for Award Management, and develop a process for handling potential matches.

Concur:

The Office of Strategic Partnerships and Office of Global Health and HIV will develop a process to help ensure that partner organizations, individuals and/or vendors identified in a small grant application are not listed as Specially Designated Nationals or in the System for Award Management (SAM) database and will develop a process for handling potential matches. All policies and procedures will be updated accordingly.

Documents to be Submitted:
Updated Small Grants Application and Handbook highlighting revised procedures.

Status and Timeline for Completion: October 2013

Recommendation 11

That Office of Strategic Partnerships and Office of Global Health and HIV, in coordination with the Office of Inspector General, establish a process for reporting lost, misused or unaccounted grant project funds and reporting to Office of Inspector General.

Concur:
The Office of Strategic Partnerships and Office of Global Health and HIV, will coordinate with the Office of Inspector General, to review the current process for reporting lost, misused or unaccounted grant project funds and reporting to Office of Inspector General and will revise and communicate the process, as necessary. Attached for review is the current process for reporting lost, misused or unaccounted grant project funds.

Documents Submitted:
- Small Grants Staff Handbook 2012.pdf – see language describing current process for reporting lost, misused or unaccounted grant project funds (p.44).
- Small Grants Volunteer Handbook 2012.pdf – see language describing current process for reporting lost, misused or unaccounted grant project funds (p.41).

Documents to be Submitted:
- Existing or new process for reporting lost, misused or unaccounted grant project funds, based on findings from the Office of Strategic Partnerships, Office of Global Health and HIV and Office of Inspector General working group.

Status and Timeline for Completion: June 2013

Recommendation 12:
That the Office of Global Operations incorporate grant management roles and responsibilities into standard staff position descriptions and statements of work.

Concur:
The Office of Global Operations will develop a common set of roles and responsibilities that can be incorporated into any statement of work associated with the Grants Coordinator role at post.

Documents Submitted:
- Small Grants Staff Handbook 2012.pdf – see language regarding post staff roles and responsibilities (p.6).

Documents to be Submitted:
- Updated standard post staff job descriptions outlining roles and responsibilities related to small grants.

Status and Timeline for Completion: June 2013

Recommendation 13
That Office of Strategic Partnerships and Office of Global Health and HIV, in coordination with Office of General Counsel and the Office of the Chief Financial Officer, establish a standardized process to determine the preferred recipient of grant funds across all grant programs.

Concur:
In most cases, small grant funds are received by the Volunteer directly, but it is important that there be some level of flexibility based on the set of circumstances at post and/or with a particular project. Considerations include the capacity of a particular organization to receive funds, efforts to promote sustainability, etc.

The Office of Strategic Partnerships and Office of Global Health and HIV, in coordination with Office of General Counsel and the Office of the Chief Financial Officer will develop guidance that identifies various options for posts and provides a process by which they can decide which recipient makes most sense.

Documents to be Submitted:
- Guidance that identifies grant recipient options for post.

Status and Timeline for Completion: June 2013

Recommendation 14
That Office of Strategic Partnerships and Office of Global Health and HIV develop consistent requirements for posts on the retention of electronic and paper documentation for internal and outside grant projects and provide a file checklist to aid posts in ensuring all the documentation is retained.

Concur:
The Office of Strategic Partnerships and Office of Global Health and HIV will develop an appropriate tool/resource for posts so that they can ensure proper electronic and paper records documentation in accordance with MS 892 and the Records Management Handbook. The Small Grants Staff Handbook incorporates links to records management resources.

Documents Submitted:
- Small Grants Staff Handbook 2012.pdf – see section that references records management (p. 54).

Documents to be Submitted:
- If appropriate, new tool/resource to support posts in ensuring records are properly retained.

Status and Timeline for Completion: June 2013

Recommendation 15
That Office of Strategic Partnerships and Office of Global Health and HIV, in coordination with the Office of the Chief Information Officer, develop an integrated grants management system for internal and outside grant projects that meets the tracking needs of posts and the reporting needs of headquarters and if feasible, link to already existing data systems.

Concur:
The Office of Strategic Partnerships and Office of Global Health and HIV, in coordination with the Office of the Chief Information Officer, are working toward acquiring an integrated grants

management system for internal small grant projects. Financial resources have been approved and this resource should be acquired by the end of FY13. The system will meet the tracking needs of posts and the reporting needs of headquarters but it is <u>not</u> designed to capture outside grants and due to cost, may not link to all already existing data systems.

Documents Submitted:
- SOW Grants Management System.docx

Status and Timeline for Completion: Completed. The Office of Strategic Partnerships and Office of Global Health and HIV, in coordination with the Office of the Chief Information Officer, plan to launch the new grants management system by October 2013.

Appendix E: OIG Comments

Management concurred with all 15 recommendations. In its response, management described actions it is taking or intends to take to address the issues that prompted each of our recommendations.

We closed three recommendations: numbers 1, 6, and 9 based on evidence of corrective actions that address the recommendations and provided the following comments. For recommendation 1, we are closing the recommendation based on the information provided by the agency that outlines Peace Corps' strategy on the use of grants. The Director's message and introduction defines and communicates the overarching strategy on the use of grants. However, the recommendation also requires that posts use this information as guidance to develop their post grants strategy. We will consider how posts will use this information when reviewing the agency's response and corrective actions to recommendation 2, based on the agency's comment that the Office of Global Operations will communicate grants management objective and goals in the strategic planning process.

We wish to note that in closing recommendations, we are not certifying that the agency has taken these actions, or that we have reviewed their effect. Certifying compliance and verifying effectiveness are management's responsibilities. However, when we feel it is warranted, we may conduct a follow-up review to confirm that action has been taken and to evaluate the impact. The remaining 12 recommendations will stay open pending confirmation that remediation actions have occurred and supporting documentation listed in management's response is received.

AUDIT COMPLETION

Auditors Steve Kaffen, Waheed Nasser, Gabrielle Perret, and Program Analyst Danel Trisi performed the review under the supervision of Assistant Inspector General for Audit Bradley Grubb.

Bradley Grubb
Assistant Inspector General for Audit

OIG CONTACT

If you wish to comment on the quality or usefulness of this report to help us strengthen our product, please email Assistant Inspector General for Audit Bradley Grubb, at bgrubb@peacecorps.gov, or call him at 203.692.2914.

Help Promote the Integrity, Efficiency, and Effectiveness of the Peace Corps

Anyone knowing of wasteful practices, abuse, mismanagement, fraud, or unlawful activity involving Peace Corps programs or personnel should contact the Office of Inspector General. Reports or complaints can also be made anonymously.

Contact OIG

Reporting Hotline:

U.S./International:	202.692.2915
Toll-Free (U.S. only):	800.233.5874
Email:	OIG@peacecorps.gov
Web Form:	www.peacecorps.gov/OIG/ContactOIG
Mail:	Peace Corps Office of Inspector General
	P.O. Box 57129
	Washington, D.C. 20037-7129

For General Information:

Main Office:	202.692.2900
Website:	http://www.peacecorps.gov/OIG
Twitter:	https://twitter.com/PCOIG