



Peace Corps Office of Inspector General



View of San Salvador, El Salvador



Flag of El Salvador

FINAL AUDIT REPORT #IG-08-14-A

Peace Corps/El Salvador

September 2008



Final Audit Report: Peace Corps/El Salvador

A handwritten signature in blue ink that reads "Gerald P. Montoya". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Gerald P. Montoya
Assistant Inspector General for Audits

September 2008

EXECUTIVE SUMMARY

We found that Peace Corps/El Salvador's financial and administrative operations were not functioning effectively and did not fully comply with agency policy and federal regulations. We identified several areas that need improvement. Some of the more important findings are summarized below.

Obligations

The post approved and recorded obligations after the related expenditure occurred. In addition, the post lacked supporting documentation for calculations and decisions made.

Volunteer Allowances

The post had never conducted settling-in allowance surveys and did not conduct living allowance surveys annually.

Billings and Collections

The post lacked segregation of duties between billing and collection activities. Bills and receipts were not issued to some individual debtors. Further, the cashier was inappropriately handling cash related to living allowance payments.

Imprest Fund

The cashier held excessive replenishment checks. A contractor was assigned sub-cashier duties. The sub-cashier and alternate cashier advances were not periodically liquidated.

Safekeeping of Volunteer Property

Staff members did not have written approval from the country director to keep Volunteer property and there was no log of Volunteer property kept.

Property Management

The post lacked segregation of duties between maintaining the inventory records and performing the annual physical inventory count.

Purchase Card

The post's purchase card log was incomplete.

Timekeeping

Official time and attendance records (PC-57s) for U.S. direct hires (USDHs) did not include supervisory approval. In addition, some timesheets did not show supervisory approval.

Leases

Market surveys were not documented for new leases.

Personal Services and Non-Personal Services Contracts

Files were incomplete and contractor release forms were not always signed. The post did not properly issue contracts during periods of continuing resolution.

The section “Post Staffing” includes a summary of comments from post staff and Volunteers whom we interviewed.

Our report contains 63 recommendations, which, if implemented, should strengthen internal controls and correct the deficiencies detailed in the accompanying report.

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INTRODUCTION

The Office of Inspector General conducted an audit of Peace Corps/El Salvador January 28 – February 15, 2008. We previously conducted an audit and evaluation of the post, and the report was issued March 29, 2002 (IG 01-15 AE).

The Peace Corps began its program in El Salvador in 1962. Operations were suspended in 1979 due to security considerations and reopened in 1993. Many staff members have been with Peace Corps since the reopening. At the time of our visit, 141 Volunteers were working in four projects: Agroforestry/Environmental Education, Rural Health and Sanitation, Youth Development, and Municipal Development.

Our overall objective in auditing overseas posts is to determine whether the financial and administrative operations were functioning effectively and complying with Peace Corps policies and federal regulations. Appendix A provides a full description of our audit objective, scope, and methodology.

AUDIT RESULTS

Peace Corps/El Salvador's financial and administrative operations were not operating effectively. The post's compliance with Peace Corps policies and federal regulations required extensive improvements.

Administrative Operations

The post approved and recorded obligations after the related expenditures occurred. In addition, the post did not maintain supporting documentation for: deobligations; the living allowance amount deposited to Volunteers' accounts; and the conduct of market surveys for new leases. The post did not include host country contributions in its budget. Further, the purchase card log and contract files were incomplete.

Human Resource Management

Staff were performing duties that they were not authorized to perform. The post did not have a delegated billing officer. The receptionist and the administrative assistant were performing some of the duties of a billing officer. The administrative assistant at the training center, a personal services contractor, was acting as a sub-cashier.

Internal Controls

There was no segregation of duties in: billings and collections; and maintaining and conducting inventory.

Volunteer Support

The post did not conduct settling in allowance and Volunteer living allowance surveys in accordance with agency policy. In addition, staff held Volunteer property for safekeeping without authorization, and Volunteers were not informed of the liability limit on property held for safekeeping.

ACCOUNTING FOR OBLIGATIONS AND LIQUIDATIONS

Expenses were incurred prior to obligating funds.

Overseas Financial Management Handbook (OFMH) section 32.3 states that an obligation is a firm reservation of funds that creates a legal liability on the government for the payment of goods or services ordered. In general terms, the obligation must indicate the requirement (goods/services/other), the vendor, and the cost, and be authorized by staff with delegated procurement authority. For accounting purposes, the term "obligation" includes goods and services that have been ordered, but which may or may not have been received. The obligation is made using funds available at the time the order is placed or contract executed, even though payment may take place in a future fiscal year. Documents used for obligation include contracts, leases, purchase orders, and travel authorizations.

Peace Corps Manual (PCM) section 753.4.0 states that the controls at a post must be adequate to assure that neither over obligations nor over expenditures occur within limitations placed on line items and on the overall amounts available in sections or the budget in total (see PCM section 704, "Administrative Control of Funds").

In several instances, the post did not establish sufficient controls to ensure that obligations were established in the accounting system before incurring expenses. For example, we found:

- For five of 11 obligations examined, obligations were recorded after the related expense was incurred. In addition, we noted that one issued interim advance had not been obligated.
- For four of five non-personal services contracts, the contracts were executed before the funds were obligated in the accounting system.
- Procurements during two of three billing periods were made using the purchase card before recording obligations in the accounting system.
- For one of five leases, the post obligated funds after executing the lease.
- For 36 of 51 travel obligations, funds were obligated after the travel was completed.

The post should not commit U.S. government funds without ensuring that funds are available. The lack of funding for a signed lease, contract purchase, or other expenditure could result in a violation of the Anti-Deficiency Act.

We recommend:

1. That the administrative officer ensure that all obligations are recorded before the related expenditure of funds takes place.

The administrative unit did not maintain supporting documentation for deobligations.

OFMH section 32.7 states that deobligations reflect changes to agency liability for payments and affect the status of the budget. Therefore, it is necessary to print and sign the ForPost documents, such as purchase orders, to authorize the change in the obligation.

The post deobligated funds from personal services contract (PSC) obligations several times throughout 2007, including shortly before the end of the fiscal year. At least two deobligations resulted in insufficient funds available to fulfill the liability. The administrative unit was unable to provide calculations or other supporting documents to explain the deobligations.

Contract obligations should not need to be frequently altered if properly obligated at the beginning of the contract year and no unexpected events occurred. When revisions to obligations are needed, agency policy requires that supporting documentation be maintained.

We recommend:

2. That the administrative officer ensure that all obligations, deobligations, and similar transactions are supported by fully documented calculations and written explanations.

VOLUNTEER ALLOWANCES

The post has never conducted settling-in allowance surveys.

At the completion of pre-service training, newly assigned Volunteers are given a settling-in allowance to provide for their needs when arriving at their sites. PCM section 221.3.1 states that the allowance is for the purchase of “necessary housing supplies, clothing, and equipment.”

To verify that the amount of the allowance is adequate, PCM section 221.4.2 requires that the post conduct Volunteer settling-in allowance surveys for each incoming group of Volunteers. The results of the settling-in allowance surveys assist the post in determining whether the settling-in allowance amount is adequate. The administrative officer stated that a Volunteer settling-in allowance survey had never been done.

We could not determine whether the amount of the Volunteer settling-in allowance was adequate because there was no basis for the post's determination of the amount. As a result, there is no assurance that the settling-in allowance is sufficient to support the Volunteers' needs.

We recommend:

3. That the administrative officer ensure that a Volunteer settling-in allowance survey is conducted and analyzed for each training group.

The post did not conduct Volunteer living allowance surveys and market basket survey annually.

PCM section 221.5.1 states "Volunteers are entitled to a living allowance in order that they serve effectively and safely overseas," such that they may "live modestly by the standards of the people they serve." To verify the adequacy of the allowance, posts are required by PCM section 221.5.5 to conduct a living allowance survey and a related independent survey at least annually.

Although the post was conducting a living allowance survey at the time of our audit field work in February 2008, surveys were not conducted annually as required. The previous living allowance survey and independent (market basket) surveys were conducted in April 2006.

We recommend:

4. That the administrative officer conduct Volunteer living allowance and independent market basket surveys annually and analyze the results.

The cashier did not maintain a copy of the actual payment spreadsheet used as a basis to disburse Volunteer living allowances.

OFMH section 2.3 details the steps that posts shall follow in documenting and paying living allowances for Volunteers. OFMH section 2.3.5 states that post shall:

Include a column on the spreadsheet used for multiple payments to Volunteers, for allowances, reimbursements or other costs AND the statement that "this list provides guidance to the (name of) bank, to

support the direct deposit of the following amounts to Peace Corps Volunteer accounts for the reasons indicated below.”

Posts submit a Volunteer living allowance check request to headquarters with a spreadsheet detailing the anticipated living allowance amounts to be disbursed to Volunteers. This occurs several weeks before the actual disbursement. However, changes to Volunteer living allowance payments are often determined close to the date of deposit for various reimbursements or debts. Therefore, the amount of the Volunteer living allowance check received by the post and the total living allowance amount deposited by the post into Volunteer accounts may differ.

The cashier maintained a copy of the payment spreadsheet that was approved by the country director and sent to PC/W with the check request in the monthly living allowance files. Before deposits were made to Volunteer bank accounts, the payment spreadsheet was annotated by hand to indicate the amount to be deducted or added to the Volunteers’ regular living allowance.

According to the cashier and administrative officer, the post submitted to the bank a list of Volunteer names, account numbers, and the revised deposit amounts, in compliance with the post’s memorandum of understanding with the bank. However, the post was not able to provide us with a copy of the spreadsheet that the post gave to the bank. The post’s files did include a copy of the bank’s detail of deposits, which the administrative officer believed replaced the post’s need to keep a final copy of payment spreadsheet provided by the post to the bank.

The final list of Volunteer living allowance deposits, with any additions or deductions to Volunteers’ living allowance payments, should be reviewed and approved by the administrative officer or country director. A copy should be maintained to provide a clear audit trail in the event of an error or discrepancy in the amounts disbursed to Volunteers.

We recommend:

5. That the administrative officer or country director approve the final list of Volunteer living allowance deposits before the deposit is made.
6. That the post maintain a copy of the Volunteer living allowance payment spreadsheet provided to the bank.

The post did not send Volunteer termination notifications in a timely manner.

OFMH section 16.5 requires that the post notify Volunteer and PSC Financial Services within 24 hours (one business day) of a Volunteer's completion of service (COS) or early termination (ET). A final readjustment allowance payment is made to the Volunteer by check or electronic fund transfer within 3 - 6 weeks of the Volunteer's COS or ET date.

A review of 25 Volunteer termination notifications disclosed that 16 were sent beyond the 24-hour time frame.

The executive secretary, who was responsible for sending the documents, stated that she sent the information to PC/Washington as soon as she received it. She further explained that the delay existed in her receiving the information from other staff members and that she often received Volunteers' COS/ET checklists several days after the COS/ET date.

It is important that the post send the termination notification (formerly known as COS or ET cable) within 24 hours as a delay in the receipt of the termination document at headquarters impedes Peace Corps' ability to issue final readjustment allowances to Volunteers in a timely manner.

We recommend:

7. That the country director establish a process so that the information required for termination cables is provided timely to the person sending the documents to PC/Washington.

BILLINGS AND COLLECTIONS

The post did not have a designated billing officer.

OFMH section 7.1 states: "Assignment of this responsibility [the billing officer] should be properly documented, in writing, with a Delegation of Authority."

OFMH section 7.2.1 outlines the required tasks of a billing officer, including entering bills of collection into ForPost and monitoring the receipts of amounts owed.

The post's receptionist, informally assigned as the billing officer, did not have access to ForPost, the post's financial system. An administrative assistant entered bills of collection (BOCs) into ForPost, but neither she nor the receptionist monitored the status of BOCs.

There was no staff member designated in writing as billing officer.

We recommend:

8. That the administrative officer designate in writing a staff member with access to ForPost as the billing officer.
9. That the billing officer monitor outstanding BOCs in accordance with agency policy.

Billings and collections were not handled in accordance with Peace Corps policy.

OFMH section 7.2.1. outlines the duties and responsibilities of a billings officer, including the proper preparation of a billing including the printing of the bill and issuance of bills to debtors.

OFMH section 7.2 requires the timely preparation and issuance of bills to collect the debt from the debtor. It requires that BOCs be prepared “when a reimbursement or other debt is due to the Peace Corps.”

OFMH section 7.3 states that cash collections should be retained in the imprest fund.

We found that entire billings and collection process was handled inappropriately. The receptionist, acting as billings officer, determined amounts owed by staff members for personal use of Peace Corps telephones, requested payment for amounts due from staff via email, and received cash directly from staff to satisfy the amounts owed.

We identified several internal control deficiencies and departures from Peace Corps policy including:

- Billing activities were conducted by someone other than the designated billings officer.
- Collections were conducted by someone other than the designated collections officer. (Cash collections should normally be conducted only by the cashier).
- Cash collected was maintained in a desk drawer instead of the imprest fund safe.
- Debtors were notified of debts owed by email in lieu of formal BOCs.
- General receipts were not issued to individual debtors upon payment of debts.
- BOCs were not issued to individuals. Instead the administrative assistant created one BOC for a group of individuals. This resulted in cash being held by outside the imprest fund until all members of the group had paid their portion of the BOC.

As a result of these deficiencies, there is a high risk of loss due to fraud, theft, or misuse of funds. Additionally, since a significant portion of the billings and collections process is being conducted without proper accounting controls loss would be difficult to detect.

We recommend:

10. That the post separate billing and collection duties.
11. That the billing officer issue individual BOCs to debtors.
12. That the administrative officer inform staff members to pay a debt only when a BOC has been provided by the designated billing officer.
13. That the administrative officer ensure that all staff receive a copy of the General Receipt at the time a collection is made.
14. That the receptionist immediately desist collecting cash from any staff member or Volunteer and that any cash currently held by the receptionist be immediately collected by the cashier.
15. That the administrative officer, billings officer, and collections officer receive refresher training on the PCM and OFMH sections related to the billings and collections process.

The cashier held funds outside of the imprest fund.

PCM section 221.6.1.7 states:

If the total payment for Volunteer allowances by the bank or other institution exceeds the payment requirement due to an early termination (ET), administrative separation, early Close of Service (COS) or other change in the number/status of Volunteers, a collection should be made. The collection can be made by check, payable to the US Treasury or in cash, credited to the allowance obligation.

The cashier stated that when there was a difference between the amount of the Volunteer living allowance check received by the post and the amount that the post deposited to Volunteer accounts, she would receive a check from the bank issued in her name. After she cashed the check, she maintained the cash in a separate drawer in the imprest fund safe. She said that she used this cash to make payments or reimbursements to Volunteers and payments to the training center bank account for Trainee allowances and other expenses.

Funds to reimburse Volunteers should not be taken from the living allowance check received from headquarters but instead should be processed as a disbursement from the imprest fund.

Furthermore, the cashier should not maintain cash other than the imprest fund as it presents a high risk situation for inappropriate allocation of funds. Until a BOC is created there is no accountability for those funds.

We recommend:

16. That the cashier immediately collect the funds remaining from the living allowance check into the imprest fund or deposit the funds into the U.S. Disbursing Officer account.
17. That the post require refunds from the bank be made payable to the U.S. Disbursing Officer rather than the cashier.

Collections from Volunteer living allowance deposits were not represented by a BOC.

PCM section 221.6.1.5 states:

If there are any changes from the time the voucher and supporting list are prepared and the time the payment is received by the Volunteers' bank (e.g., Volunteer terminates early or is medically evacuated, or the amount is incorrect), Post must prepare a Bill of Collection.

The post did not prepare bills of collection for amounts deducted from Volunteer living allowance deposits.

Any remainder of the Volunteer monthly living allowance deposit should be immediately collected into the imprest fund or deposited into the USDO account using a bill of collection. Without a BOC and proper fiscal coding, there is no accountability for the funds and no assurance that collected funds are being credited to the appropriate obligations.

We recommend:

18. That the billing officer prepare a bill of collection for any reimbursements to Peace Corps including refunds

for Volunteers' living allowance and that the cashier immediately collect those funds into the imprest fund.

HOST COUNTRY CONTRIBUTIONS

PC/El Salvador did not include host country contributions in its annual budget.

PCM section 722.4.0 defines a host country contribution (HCC) as a contribution that “must defray an expense which the Peace Corps otherwise would have to pay from appropriated funds, or which advances purposes authorized by the Peace Corps Act.”

PCM section 722.5 provides examples of HCCs that include exemptions from taxes and fees, such as visa fees for Trainees and for vacation travel; identity/residence card fees; vehicle registration, license, and insurance; and customs and import duties.

Accurate presentation of cash and in-kind HCCs provides PC/Washington with assurance that the post has evaluated and included all information for inclusion in its annual budget. In-kind contributions must be presented as a valid addition to the post's appropriated budget.

The post received exemption from value-added tax (approximately \$43,555 annually) and no-fee visas for Volunteers (approximately \$33,600). We found that the post did not include these HCCs in its annual Operations Plan. As a result, the post's Operations Plan was incomplete as it did not reflect the entire cost of post operations or funds available for expenditure.

We recommend:

19. That the post document the basis for the valuation of in-kind host country contributions and include this in a HCC file.
20. That the post accurately record the value of in-kind HCCs in its budget.

IMPREST FUND

The cashier did not personally set the combination to the imprest fund safe.

PCM section 760.9.4 requires that the cashier personally set the combination and change it at least annually. The policy states: “The security officer or technician is not allowed to set or know the combination to the safe.”

The post relied on a representative from the U.S. embassy’s regional security office (RSO) to change the combination annually. The cashier stated that she did not know how to change the safe combination.

Having the cashier as the sole person who sets the combination and changes it at least annually reflects the cashier’s responsibility for safeguarding the imprest fund and personal accountability for its contents.

We recommend:

21. That the country director request a representative of the Embassy RSO teach the cashier to change the safe combination.

The cashier did not provide for access to the imprest fund in her absence.

PCM section 760.9.6 states that the cashier must place the safe combination in a sealed, signed, and dated envelope and hand deliver it to the appropriate security officer for retention.

The cashier stated that she had provided her safe combination in a letter to the Embassy’s RSO; however, the RSO stated that he did not have the Peace Corps’ cashier’s combination.

In the case of an emergency or the cashier’s unexpected long-term absence, the post had no way of accessing the imprest fund. However, the cashier should provide the safe combination to the RSO to allow the country director access to the safe combination in the event of an emergency.

We recommend:

22. That the cashier hand deliver the combination to the imprest fund safe in a sealed envelope to the RSO.

There was no segregation of duties between receiving and depositing replenishment checks.

The Government Accountability Office's "Standards for Internal Control in the Federal Government" states: "Key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud."

The cashier received, logged, and recorded into ForPost the post's imprest fund replenishment checks. The cashier stated that this was the best method because only she was handling imprest fund documents. The cashier stated that she was not aware of the need to segregate those duties.

The duty of receiving imprest fund replenishment checks should not be performed by the person responsible for entering them into the financial system. This task should be assigned to another administrative staff person, such as the Voucher Examiner who received and logged vendor checks. Segregation of duties minimizes the risk that the imprest fund checks, which arrive at the post in the cashier's name, may be misused.

We recommend:

23. That the administrative officer assign a staff member other than the cashier to receive and log incoming replenishment checks.

The cashier was holding multiple U.S. dollar replenishment checks.

OFMH section 15.2 states that replenishment checks should "be cashed in a timely manner (within 60 days) and not held and that no more than one replenishment check, for each currency, be held."

Our verification of the imprest fund revealed that the cashier had five uncashed U.S. dollar replenishment checks totaling over \$17,600, the oldest dated mid-December 2007. The cashier stated that she did not cash the checks immediately because she did not want to have excess cash on hand that was not needed to operate the imprest fund. The cashier and the administrative officer stated that they believed that they were required by ForPost to request replenishment checks up to the maximum accountability each time a request was made. In addition, the cashier did not know that the checks had an expiration date.

Posts are not required to operate at the maximum accountability level. Posts should only request reimbursement amounts sufficient to effectively operate the imprest fund, and reimbursement checks should be cashed timely.

We recommend:

24. That the cashier cease requesting replenishment checks until she has cashed the excess replenishment checks.

25. That the cashier and administrative officer assess the need for imprest fund replenishment and only request an amount that is necessary to effectively operate the imprest fund.

A personal services contractor was performing sub-cashier duties contrary to Peace Corps policy.

The Peace Corps policy for the designation of sub-cashiers is described in OFMH section 13, Exhibit C (A Guide for Sub-Cashiers) and states: "...a sub-cashier must be a Direct Hire or a Peace Corps Volunteer. A contractor cannot be designated as a sub-cashier."

We found that the administrative assistant at the training center (a PSC) received a rolling interim advance from the cashier. Part of the advance was designated for specific payments and the remainder was maintained as a petty cash fund. The administrative assistant submitted receipts and a new interim advance request to the cashier semi-weekly.

The administrative officer, administrative assistant, and country director incorrectly believed that by issuing interim cash advances, the administrative assistant was not operating as a sub-cashier.

The administrative assistant should only receive interim advances for specified purposes, as required by OFMH section 13.18.2.

We recommend:

26. That the training center administrative officer immediately cease acting as a sub-cashier.
27. That the country director and administrative officer develop another method to address the training center's need for cash payments.

The cashier is advancing funds to the training center to operate a sub-cashier fund without proper internal controls.

OFMH section 13.18.1 provides the guidelines for operating an imprest fund at a location away from the Peace Corps office. As the sub-cashier makes payments, he or she will exchange paid receipts for additional cash at least once each month. This type of advance remains a part of the principal cashier's fund until the sub-cashier's fund is liquidated. The sub-cashier's fund must be separately maintained at a separate location from the principal cashier's fund. Additional key internal controls include but are not limited to:

- **Reporting.** At least once a month sub-cashiers must account for or give a report on the following to the principal class B cashier:
 - All sub vouchers (paid receipts) on hand.
 - If there is no cash activity during the month, a signed statement showing the total amount advanced as of the last day of the month.
- **Reconciliation of Funds.** Sub cashiers should reconcile the operating fund daily. The reconciliation consists of counting all cash on hand, totaling receipts, and verifying that all cash expenditures are properly documented. The advance is reconciled when the paid receipts, interim advances and cash on hand equal the amount of the funds advanced from the Principal Cashier.
- **Verification of Funds.** The Principal Cashier will conduct unannounced verifications of the fund on a monthly basis.
- **Unannounced Verification.** Verification should be performed using the template provided in the Cashier Users Guide, issued by the Department of State (Exhibit 12C), "Unannounced Sub-cashier Verification Checklist and Supervisor Certification."

We found that the cashier was liquidating advances issued to the training center based on unverified documentation. Additionally, advances were not fully liquidated. We also found that no one was verifying the actual cash on hand at the training center. The cash was not counted at the time of liquidation and was not periodically verified in accordance with agency policy.

We recommend:

28. That the post implement internal controls over funds maintained by the training center.

PC/El Salvador maintained an unapproved, interest-bearing bank account.

OFMH section 5.1 states:

Peace Corps posts are not authorized to establish bank accounts overseas without the authorization of the Departments of State (State) and/or Treasury (Treasury)... Any account authorized for overseas posts may be used only for the purposes specifically approved by the USDO based on the request submitted by post... The account may not be interest bearing... It is the responsibility of the Country Director to ensure that the account is established, approved and maintained in compliance with State and Treasury regulations.

The post used an unapproved, interest-bearing account to facilitate the transfer of interim advances from the post's main office in San Salvador to the training center site in San Vicente. The cashier deposited the interim advance to this account in San Salvador and the administrative assistant made cash withdrawals for training expenses.¹ The bank account was in the names of the training center director and the training center administrative assistant. Both signatures were required for withdrawal. The country director was aware of the bank account; however, the post had not sought approval for the bank account in accordance with agency policy.

During our audit review, we found that the post had maintained two previous bank accounts without receiving approval. These accounts were opened with the names of previous training center directors and administrative assistants. The dates that the accounts were closed corresponded with the respective tenures of the training center directors.

Several staff members, including the country director, stated that a bank account transfer was the safest way to deliver money to the training center in San Vicente. The country director stated that she is not comfortable requiring that a driver or other person carry cash to the training center due to safety concerns. El Salvador is considered a "critical crime post" by the State Department.

We recommend:

29. That the country director obtain approval for a non-interest bearing bank account for the training center and that she ensure that all related agency policies regarding oversight are followed.

¹ The distance between San Salvador and the training center in San Vicente was approximately one and one half hours by car.

The post did not liquidate interim advances timely.

OFMH section 13.18.2 provides the following instructions for the liquidation of an interim advance:

This interim cash advance must be supported by a copy of the authorized purchase document, and liquidated (accounted for) within three (3) working days. The recipient of the funds is personally accountable for the funds until they are accounted for (with receipts or [the] funds are returned).

Of the 11 interim outstanding advances reviewed during our imprest fund verification, three were older than five days (one was older than 15 days). The cashier stated that she made an effort to close out interim advances within three days. However, the cashier also stated that, on occasion, if an advance was outstanding for more than five days, she would cancel the original advance and issue another so that the advance did not appear to be older than five days.

Both the administrative officer and the cashier stated that the post had no procedure in place to ensure that a person received only one interim advance at a time.

The post's current system, without proper controls in place, could allow the cashier to cover cash shortages by keeping advances open after they have been liquidated in ForPost.

We recommend:

30. That the administrative officer develop and implement a procedure for liquidating interim advances timely, including returning the voided advance forms to the responsible party.
31. That the cashier monitor the timely liquidation of interim advances, and that she inform the administrative officer of outstanding advances for follow-up action.

Interim advances were not issued in accordance with agency policy.

OFMH section 13.18.2 provides the following guidance on who may receive an interim advance and for what purpose:

Peace Corps Trainees, Volunteers, or staff may receive an interim advance to make a cash purchase when it is more economical or expeditious than

making the payment by U. S. Government check, for in-country travel and to occasional money holders, who are staff members, who briefly requires funds for a specific, authorized purpose.

The cashier paid the drinking water vendor with an interim advance; the administrative assistant processed the disbursement paperwork afterward. The vendor signed the interim advance form; however, he was not responsible for submitting the liquidating documents to the cashier to close the advance. The cashier canceled the advance when she received the liquidating documents from the administrative assistant. As the drinking water vendor was external to the Peace Corps office, the cashier simply disposed of the interim advance form rather than return it to him.

The cashier circumvented agency payment procedures to expedite the process for the benefit of the vendor.

We recommend:

32. That the administrative officer ensure that no more than one interim advance is issued to a person at one time.
33. That the cashier cease issuing interim advances to vendors.

SAFEKEEPING OF VOLUNTEER PROPERTY

The post did not have appropriate procedures in place for the safekeeping of Volunteer property.

PCM section 235.3.5 states:

Peace Corps employees and contractors are not permitted to take custody of V/T property without the country director's written approval. Absent the country director's approval, such employees and contractors may be personally liable for the loss of any V/T property for which they assumed custody.

When a staff member holds Volunteer/Trainee personal property for safekeeping, procedures and controls must be in place to ensure that the property is accounted for appropriately. Although the recent revision to PCM section 235 no longer includes specific guidance on the appropriate procedures for the safeguarding of Volunteer property, certain controls should be in place that document the need to hold Volunteer property.²

² Peace Corps Manual section 235 was revised September 27, 2007.

Contrary to agency guidance, the administrative officer and training center administrative assistant accepted Volunteer and Trainee property for safekeeping without authorization by the country director. In addition, post staff members have been holding Volunteer property without appropriate documentation for several years. The administrative officer had used a log, but ceased using it in 2003. The administrative officer and administrative assistant stated that they gave receipts to Volunteers for property held.

The administrative officer also stated that she did not check her safe for Volunteer property when signing COS/ET checklists. We discovered two envelopes of Volunteer property held by the administrative officer that belonged to two Volunteers who had left service. Subsequently, the administrative officer informed them that she would send their belongings to them.

Because there was no log, the administrative officer did not know whose property she held. In addition, although the post's Volunteer Manual included some information about property safekeeping, it did not inform Volunteers of Peace Corps' maximum liability of \$1,000 (formerly \$750) for personal property, per PCM section 235.4.1.2.

We recommend:

34. That the country director issue written delegation of authority to the administrative officer and the training center administrative assistant for Volunteer property safekeeping.
35. That the post maintain a log of Volunteer property.
36. That the administrative officer check the Volunteer property log before signing any COS/ET checklists.
37. That the country director inform Volunteers of the limit of PC/El Salvador's liability for personal property held.

PROPERTY MANAGEMENT

The cashier (serving as the property officer) maintained the inventory records and also performed the physical inventory.

PCM section 511.5.6 states that the inventory verification should be conducted by an individual other than the property officer.

We found that the cashier maintained the property inventory listing and also conducted the annual physical inventory verification.

The individual conducting the inventory count must be independent of the inventory management and recording process. The inventory verification validates the accuracy of the Peace Corps property inventory records.

We recommend:

38. That the post segregate the duties of maintaining the inventory records and conducting the annual inventory count.

The post did not implement controls for assigning Peace Corps property to Volunteers and staff.

PCM section 511.6.2 and the related Attachment A explain the process to be used when issuing Peace Corps personal property to employees, contract staff, or Volunteers. Custody receipts are required when releasing non-expendable property to Volunteers, staff, or contractors.

The cashier was responsible for storing and distributing Peace Corps non-expendable highly pilferable property.

We found that a Peace Corps cell phone assigned to a staff member leaving Peace Corps was given directly to a Volunteer Leader, without being signed into inventory.

The cashier stated that she relied on the staff inventory request forms when she wanted to locate a property item either for re-issuance or during her semiannual physical inventory count. In addition, the cashier did not hold Volunteers responsible for lost or missing property issued to them. She took custody of items returned to her by Volunteer but acknowledged that she did not verify whether Volunteers returned Peace Corps property before she certified the Volunteer's COS/ET checklist.

Because there was not a sufficiently documented chain of custody for Peace Corps property, staff or Volunteers who have returned property may inappropriately be held

liable for loss or damage. Additionally, staff or Volunteers who have accepted Peace Corps property may be inappropriately excluded from liability.

We recommend:

39. That the post establish and implement a procedure for signing Peace Corps property in and out of custody.

Disposal of excess property was not handled in accordance with Peace Corps policy.

PCM section 511.8 states:

Worn out or excess property must be disposed of in a timely fashion. The practice of storing and accounting for property in excess of requirements is uneconomical and an unnecessary administrative burden.

We found that inventory listed on the disposal forms for FY 2006 and FY 2007 had not been disposed of but instead was being stored in the office. Items that had a resale value were marked as scrap on the inventory forms. The cashier, who was responsible for property management, stated that some items, such as printers and air conditioners, were being stored as “back-up.” She acknowledged that other items should be sold at the next Embassy sale.

The post should determine which inventory items not in use merit the cost of storage and which should be discarded or sold. Items kept in storage should not be included on disposal documents. In addition, items that are not listed on the property inventory but that are maintained by the office could be subject to unauthorized personal use.

We recommend:

40. That the post dispose of inventory listed on disposal forms or change their status.

The post did not maintain an accurate property inventory tracking document.

PCM section 511 describes the procedures for maintaining an accurate inventory record. PCM section 511.4.0 states: “The Property Officer is responsible for receiving and properly recording new property (including acquisition cost) in the property management database.”

We noted that the cashier, responsible for maintaining the inventory tracking system, had three separate inventory tracking documents. The first was created by the Information Technology Specialist in Microsoft Access and had not been updated since its creation in

2006. The cashier stated that she did not know how to use Access and therefore, she had never updated the database. She maintained an inventory list on several Word documents organized by property holder. She used the Word documents to manually update an Excel spreadsheet, which she considered to be the principal inventory document.

However, we noted several items with training center inventory tags that were not included on the Excel spreadsheet. In addition, we found that 13 items on the Excel spreadsheet had the same tag number but different asset numbers.

Maintaining multiple inventory listings is inefficient and can result in errors.

We recommend:

41. That the post establish one accurate inventory listing.
42. That the staff member responsible for inventory receive training, if necessary, in the software program in which the inventory listing is kept.

MEDICAL SUPPLIES

Disposal documents for medical supplies were not always signed by the country director or designee.

PCM section 511.8.8 states:

Excess medical supplies (medicines, dressing materials, laboratory reagents, test kits, birth control products, vaccines and the like) with dated expired shelf life must be appropriately destroyed in the presence of the PCMO and the Property Account Holder's [country director's] designated representative. Certified documentation should be kept by the office to support destruction action and recorded on the appropriate inventory record card.

We found that six of the 17 monthly disposal documents for the period August 2006 - December 2007, were not signed by someone other than the PCMO.

It is the responsibility of the PCMO to ensure that appropriate documentation is maintained as a record of proper disposal.

We recommend:

43. That the country director, or designee, sign the appropriate documentation.

VEHICLE MANAGEMENT

Post vehicles did not contain required emergency safety equipment.

PCM section 522.6.2 requires that all Peace Corps vehicles contain a safety/first aid kit.

We found that none of the Peace Corps vehicles contained first aid kits and that vehicle fire extinguishers were expired. Several staff members commented that the vehicles used to have first aid kits, but due to misuse, the post removed them from the vehicles and assigned individual kits to Associate Peace Corps Directors. The post also included a first aid kit as an option on the vehicle request form; staff members stated that in practice no one was traveling with a first aid kit.

The PCMOs purchased and installed first aid kits during the audit and the administrative assistant responsible for vehicles ensured that all of the fire extinguishers were recharged. In addition, the appropriate use of the first aid kits was discussed at a staff meeting during the audit.

We recommend:

44. That the PCMOs ensure that the first aid kits in the vehicles are stocked and any medicines are not expired.

TRAVEL

Travel authorizations were not issued in accordance with Peace Corps policy.

PCM sections 812, 813, and OFMH sections 55 and 57 contain agency policies regarding staff travel. PCM section 812.18.5 states, "Travel authorizations should be typed and have all necessary approvals prior to performance of travel." OFMH section 57.2 states that the established in-country per diem rate should be included on the travel authorization, else the standardized (State Department) rates will apply.

We reviewed a sample of 56 travel authorizations for the audit period. These travel authorizations covered medevac, international, and in-country travel for staff and Volunteers, and transportation of things. We found the following departures from policy:

- Twenty-eight of 56 travel authorizations were issued after the travel date.
- Travel authorizations with no per diem rate stated were found on eight.
- Five trips were made without prior travel authorization.

Although the administrative officer and country director stated that travel authorizations were issued quarterly for FY 2008, we found that they were issued for shorter time periods based on the available budget authority as a result of the continuing resolution.

We recommend:

45. That the administrative officer issue quarterly travel authorizations, in accordance with agency policy, and amend the travel authorizations to increase the obligations as necessary.
46. That the administrative officer ensure that all travel authorizations include all required information.

Travel vouchers were not submitted timely.

OFMH section 57.6 states that it is the responsibility of the traveler to personally prepare the travel voucher within five days of completion of the travel. The post administrative unit is required to review and approve the travel voucher.

We found that 11 of 35 reviewed travel vouchers were submitted more than five days after return from travel.

We recommend:

47. That the administrative officer work with the staff to increase compliance with travel voucher submission policies.

LEASES

The post did not document market surveys for six leases.

In order to ensure the best use of U.S. government funds, a survey of available properties must be conducted before a lease is signed by a post. PCM section 733.4.2 requires that a market survey be conducted before awarding a lease.

We found that none of the post's six lease files contained documentation that a market survey was conducted prior to awarding the lease.

The administrative officer and country director stated that multiple options were investigated in each lease situation, including working with a real estate agent for the

office lease; however, the administrative officer was unable to provide any e-mails, phone logs, notes, or other documentation that market surveys were conducted for any of the post's leases.

We recommend:

48. That upon renewal of the current leases' option years, the administrative officer document the market survey actions that were previously taken and make a statement to support the renewal of the lease.

The post could not justify why short-term leases were signed for the office.

PCM section 733 and OFMH section 30 contain Peace Corps policies regarding leases. In addition, guidance from the Office of the Chief Financial Officer (OCFO) instructs posts to sign 12-month contracts and leases "subject to the availability of funds" during periods of continuing resolution and obligate incrementally, as funds become available.

The post moved offices and entered into a new lease contract in March 2007. However, rather than entering into a 12-month contract with option years, the post entered into a six-month contract, then a four-month contract, then another six-month contract. The administrative officer explained that the first six-month contract was signed because the post had approximately six months' worth of budget authority. However, she could not explain why the four-month and second six-month leases were signed. There was no supporting documentation for these decisions.

After the audit, the administrative assistant obtained concurrence from the Office of Acquisitions and Contract Management to enter into another six-month lease through December 2008, due to budget authority, with four one-year options after that point.

We recommend:

49. That the administrative officer ensure that administrative decisions, especially those that deviate from normal practice, are documented, and that such documentation be available for examination.

PURCHASE CARD

The post did not maintain a complete purchase card log.

PCM section 731.7.4.5 requires that the purchase card log in Attachment H to that section be maintained. The log is used to track purchases and approvals and for reconciling purchases to the billing statement.

The cardholder had maintained purchase card logs in FY 2006 and FY 2007; however, we found that they did not contain all of the required information such as obligation number, invoice number, and purchase date. There was no purchase card log for FY 2008.

The purchase cardholder, the administrative officer, stated that she was absent from the office in FY 2008 for the time that was within the audit scope. However, the person designated to use her purchase card should have completed a purchase card log.

We recommend:

50. That the cardholder maintain a complete purchase card log in accordance with policy.

Purchases made with the post's purchase card were not approved before they were made.

OFMH section 45.4 requires that the approving official approve purchases before the purchase card is used.

We found that the purchase cardholder made purchases with the purchase card prior to obtaining the country director's approval. The administrative officer is the designated purchase cardholder and the country director is the approving official. Approving official signatures on the purchase card logs, when present, were not dated. The cardholder stated that she did not seek approval before purchases were made.

There was no supervisory review of the purchases until after they were made. Without the control of a pre-approval, there is the risk that the purchase cardholder could misuse

the card and purchases will be made which the country director would not have approved.

We recommend:

51. That the cardholder receive signature authorization from the approving official before purchases are made on the purchase card.

TIMEKEEPING

Some staff members' time and attendance records were not maintained consistently.

U.S. General Accounting Office Standard for Internal Control in the Federal Government (GAO/AIMD-00-21.3.1 (11/99)) states: "Effective management of an organization's workforce – its human capital – is essential to achieving results and an important part of internal control."

For nine PSCs, we reviewed a total of 33 biweekly time sheets. The departures from post practices that we noted in the time sheets are as follows:

- Leave was not approved in advance in 9 of 24 cases in which leave was taken.
- Seven time sheets showed no documentation of supervisory review.

PC/El Salvador did not have a staff hand book that documented the post's time and attendance policies. Although the timekeeper stated that leave was to be requested and approved in advance and that time sheets were to be approved by a supervisor, the lack of a written policy gives the post no basis to enforce these practices.

For FY 2008, the post created an updated time and attendance form which was a significant improvement over the previous form used by the post. For example, the previous form had no space for a signature of supervisory review; all seven time sheets noted above for lack of review were prior to FY 2008, when the previous form was in use.

We recommend:

52. That the post establish written time and attendance procedures.

Supervisors did not review PC-57s semiannually.

PCM section 742.6.1 states:

Each leave record (PC-57) shall be routinely reviewed for accuracy by the supervisor as of June 15th and December 15th of each leave year and audited by the timekeeper at the end of each leave year or upon an employee's termination or transfer.

The post timekeeper conducted a semiannual review of PC-57s in conjunction with the region's timekeeper. However, we found that the forms showed no evidence of supervisory review. The region's timekeeper stated that the regional director, the direct supervisor of the country director, does not review the PC-57s semiannually, but only at the termination of employment.

The required semiannual review provides the supervisors an opportunity to review all time sheets within the six-month period for consistency and reasonableness.

We recommend:

53. That the country director review PC-57s in accordance with agency policy.
54. That the regional director review PC-57s of country directors in accordance with agency policy.

PERSONAL SERVICES CONTRACTS

Some short-term personal services contracts were created based on limited funding.

Guidance from the Office of the Chief Financial Officer (OCFO) instructs posts to sign 12-month contracts and leases "subject to the availability of funds" during periods of continuing resolution and obligate incrementally, as funds become available.

We found that the post entered into short-term personal services contracts based on funding limitations due to the continuing resolution. The administrative assistant stated that because they did not have the budget authority for the full contract year, they could not enter into a contract for the full year. Neither the administrative officer nor the administrative assistant were aware of the OCFO's guidance on this topic.

Creating multiple short-term personal services contracts creates an undue administrative burden, creates insecurity among staff members, and allows for errors.

We recommend:

55. That the administrative officer ensure that headquarters guidance regarding administrative operations is implemented.

Some personal services contractor files did not contain documentation that the contracts were competitively awarded.

PCM section 743.9.2.1 states:

...offers are to be requested from at least three potentially qualified candidates. If three qualified candidates cannot be identified without advertising, the contract must be advertised locally in accordance with Embassy/Post practice for direct-hire employees or PSCs (e.g., Post/Embassy bulletin board or website, in a general circulation newspaper) or using some other method that would reasonably be expected to produce at least three potentially qualified candidates.

A review of 16 PSC files disclosed that ten files did not contain documentation of competition. Two files contained Word copies of the advertisements submitted to the newspaper, but the post could not provide a copy of the final printed version.

Without evidence of appropriate competition, there is no assurance that a contract was awarded in accordance with Peace Corps policy requiring fair and open competition.

We recommend:

56. That the administrative officer ensure that in the future sufficient documentation of competition is obtained and maintained in PSC files.

Two of three PCMO personal services contracts did not contain documentation of Office of Medical Services approval.

PCM section 743.11.2 states that country directors shall, “obtain written concurrence from the Director of Medical Services prior to awarding the contract.”

We found that the PSC files for two of the three Peace Corps Medical Officers (PCMOs) did not include approval documentation for their hiring from the Office of Medical Services, and the administrative officer was unable to provide the documentation.

We recommend:

57. That the administrative officer obtain copies of the written approval from OMS for the employment of the PCMOs and include it in their files.

PSC files did not contain intelligence background information certification forms.

PCM section 743.8.1 states:

Personal Services Contractors are subject to the policy and eligibility standards set forth in Peace Corps Manual Section 611 concerning eligibility of applicants with intelligence backgrounds. ... Prospective PSCs are required to complete the Intelligence Background form provided as Attachment A to Manual Section 611, in addition to being certified through the appropriate security clearance process.

None of the 16 PSC files reviewed contained completed intelligence background information certification forms. The administrative officer stated that she was unfamiliar with this form and the requirement that it be completed. However, during the course of the audit, the post completed and provided the Intelligence Background Information Certification forms for eight of the 16 staff members.

It is essential to Peace Corps to maintain a separation from intelligence activities.

We recommend:

58. That the post ensure that all staff members have completed Intelligence Background Information Certification forms in accordance with Peace Corps policy, and that they be included in their files.

Several PSC files were missing a statement of work.

PCM section 743.9.4 states:

Before soliciting for a Personal Services Contract award, a written detailed statement of work and a statement of required minimum qualifications covering duties to be performed shall be prepared. A copy of the statement of work and required minimum qualifications shall be provided to potential candidates.

Five of the 16 PSC files reviewed did not contain statements of work. During the audit, two statements of work (for janitors) were created and included in the files. Statements

of work are important to the contract as it documents an understanding of the work to be performed.

We recommend:

59. That the contracting officer ensure that a statement of work is included within the personal services contracts.

The post did not seek authority from the Chief Acquisition Officer to pay a bonus in excess of what is required by local law.

PCM section 743.10.4.3 states:

...the Country Director may not deviate from benefits in the LCP [local compensation plan] (deleting, adding or modifying a benefit) without an exception approved by the HCA [Head of the Contracting Activity/ Chief Acquisition Officer]. A Country Director may request an exception from the HCA.

Local law allowed for a vacation bonus of 15 days' salary plus 30% of the 15 days. However, we found that the post was paying 15 days' salary plus 70% of the 15 days. The administrative officer stated the additional bonus percentage was added by the country director who reopened the post in 1993 and that the subsequent country directors were aware of the difference in the calculation. The current country director confirmed that she was aware of the difference, but that she was not aware that she needed to seek authority for a deviation from the LCP.

As a general policy, benefits for local hire PSCs should be aligned with the benefits in the LCP in accordance with PCM section 743.10.4.1. The post should provide justification for deviation from these benefits.

We recommend:

60. That the country director request approval from the Chief Acquisition Officer to pay a bonus in excess of what is required by local law.

The contractor's release form was not signed for some cancelled contracts.

PCM section 743.9.3 states, "The Personal Services Contract Template in Attachment E of this manual section shall be used for all Personal Services Contracts awarded under this manual section." Attachment E includes Attachment II, the contractor's release form.

We found that this form was not signed for eight of ten terminated contracts. The administrative officer stated that she believed the forms did not need to be signed because new contracts were issued for those staff members.

Each contract is a stand-alone document. The contractor's release form must be signed at the end of each contract as it is an acknowledgement that the contractor has completed the work under the contract and has been fully compensated.

We recommend:

61. That the administrative officer verify that all PSCs sign contractor's release forms upon termination of the contract.

PSC performance evaluations were not completed in accordance with Peace Corps policy.

PCM section 743.19 states:

It is U.S. Government policy that a PSC's performance be evaluated during and at the completion of each contract. ... All PSCs will be evaluated by the country director, or another Peace Corps employee designated by the country director, during and at the completion of their in-country work.

A copy of the evaluation should be maintained by the Country Director with copies forwarded to the Regional Training Officers or Programming and Training Advisors, Program Officers or Director of Medical Services, as appropriate depending upon the nature of the contracted services.

None of the 16 PSC contract files reviewed contained a recent annual performance evaluation. Both the country director and the administrative officer acknowledged that evaluations had not been conducted.

Evaluations are an important tool in staff development and should be performed upon the completion of each contract period and included in the PSC's file.

We recommend:

62. That the country director or other designated supervisor conduct annual performance appraisals of all Peace Corps staff members and that copies be included in their files.

NON-PERSONAL SERVICES CONTRACTS

Non-personal services contract files were incomplete.

PCM section 732.6.3.6 states that “the Contracting officer shall solicit three bids from qualified suppliers...” PCM section 732.6.3.8 continues to require that “the Contracting officer shall establish a list of sources used in soliciting quotations. This should appear in the file.”

PCM section 732.6.3.8 requires that “the reason(s) for accepting a bid that is higher than the lowest quotation shall be entered in the procurement file [and] ...the procurement file must include written acknowledgement that goods or services were received.”

A review of the post’s five non-PSCs disclosed the following deviations from Peace Corps policy:

- No evidence of written quotes for one contract over \$10,000.
- No evidence of verbal quotes for the two contracts between \$3,000 and \$10,000.
- No acknowledgement of receipt of goods and services for any of the five contracts.

As the post’s contract files were incomplete, there is no documentation that the post followed Peace Corps policy in the award of contracts and that the government received the goods or services.

We recommend:

63. That the administrative officer ensure that all necessary documents are included in the post’s contract files as required by Peace Corps policy.

LIST OF RECOMMENDATIONS

We recommend:

1. That the administrative officer ensure that all obligations are recorded before the related expenditure of funds takes place.
2. That the administrative officer ensure that all obligations, deobligations, and similar transactions are supported by fully documented calculations and written explanations.
3. That the administrative officer ensure that a Volunteer settling-in allowance survey is conducted and analyzed for each training group.
4. That the administrative officer conduct Volunteer living allowance and independent market basket surveys annually and analyze the results.
5. That the administrative officer or country director approve the final list of Volunteer living allowance deposits before the deposit is made.
6. That the post maintain a copy of the Volunteer living allowance payment spreadsheet provided to the bank.
7. That the country director establish a process so that the information required for termination cables is provided timely to the person sending the documents to PC/Washington.
8. That the administrative officer designate in writing a staff member with access to ForPost as the billing officer.
9. That the billing officer monitor outstanding BOCs in accordance with agency policy.
10. That the post segregate billing and collection duties.
11. That the billing officer issue individual BOCs to debtors.
12. That the administrative officer inform staff members to pay a debt only when a BOC has been provided by the designated billing officer.
13. That the administrative officer ensure that all staff receive a copy of the General Receipt at the time a collection is made.
14. That the receptionist immediately desist collecting cash from any staff member or Volunteer and that any cash currently held by the receptionist be immediately collected by the cashier.

15. That the administrative officer, billings officer, and collections officer receive refresher training on the PCM and OFMH sections related to the billings and collections process.
16. That the cashier immediately collect the funds remaining from the living allowance check into the imprest fund or deposit the funds into the U.S. Disbursing Officer account.
17. That the post require refunds from the bank be made payable to the U.S. Disbursing Officer rather than the cashier.
18. That the billing officer prepare a bill of collection for any reimbursements to Peace Corps including refunds for Volunteers' living allowance and that the cashier immediately collect those funds into the imprest fund.
19. That the post document the basis for the valuation of in-kind host country contributions and include this in a HCC file.
20. That the post accurately record the value of in-kind HCCs in its budget.
21. That the country director request a representative of the Embassy RSO teach the cashier to change the safe combination.
22. That the cashier hand deliver the combination to the imprest fund safe in a sealed envelope to the RSO.
23. That the administrative officer assign a staff member other than the cashier to receive and log incoming replenishment checks.
24. That the cashier cease requesting replenishment checks until she has cashed the excess replenishment checks.
25. That the cashier and administrative officer assess the need for imprest fund replenishment and only request an amount that is necessary to effectively operate the imprest fund.
26. That the training center administrative officer immediately cease acting as a sub-cashier.
27. That the country director and administrative officer develop another method to address the training center's need for cash payments.
28. That the post implement internal controls over funds maintained by the training center.

29. That the country director obtain approval for a non-interest bearing bank account for the training and that she ensure that all related agency policies regarding oversight are followed.
30. That the administrative officer develop and implement a procedure for liquidating interim advances timely, including returning the voided advance forms to the responsible party.
31. That the cashier monitor the timely liquidation of interim advances, and that she inform the administrative officer of outstanding advances for follow-up action.
32. That the administrative officer ensure that no more than one interim advance is issued to a person at one time.
33. That the cashier cease issuing interim advances to vendors.
34. That the country director issue written delegation of authority to the administrative officer and the training center administrative assistant for Volunteer property safekeeping.
35. That the post maintain a log of Volunteer property.
36. That the administrative officer check the Volunteer property log before signing any COS/ET checklists.
37. That the country director inform Volunteers of the limit of PC/El Salvador's liability for personal property held.
38. That the post segregate the duties of maintaining the inventory records and conducting the annual inventory count.
39. That the post establish and implement a procedure for signing Peace Corps property in and out of custody.
40. That the post dispose of inventory listed on disposal forms or change their status.
41. That the post establish one accurate inventory listing.
42. That the staff member responsible for inventory receive training, if necessary, in the software program in which the inventory listing is kept.
43. That the country director, or designee, sign the appropriate documentation.
44. That the PCMOs ensure that the first aid kits in the vehicles are stocked and any medicines are not expired.

45. That the administrative officer issue quarterly travel authorizations, in accordance with agency policy, and amend the travel authorizations to increase the obligations as necessary.
46. That the administrative officer ensure that all travel authorizations include all required information.
47. That the administrative officer work with the staff to increase compliance with travel voucher submission policies.
48. That upon renewal of the current leases' option years, the administrative officer document the market survey actions that were previously taken and make a statement to support the renewal of the lease.
49. That the administrative officer ensure that administrative decisions, especially those that deviate from normal practice, are documented, and that such documentation be available for examination.
50. That the cardholder maintain a complete purchase card log in accordance with policy.
51. That the cardholder receive signature authorization from the approving official before purchases are made on the purchase card.
52. That the post establish written time and attendance procedures.
53. That the country director review PC-57s in accordance with agency policy.
54. That the regional director review PC-57s of country directors in accordance with agency policy.
55. That the administrative officer ensure that headquarters guidance regarding administrative operations is implemented.
56. That the administrative officer ensure that in the future sufficient documentation of competition is obtained and maintained in PSC files.
57. That the administrative officer obtain copies of the written approval from OMS for the employment of the PCMCs and include it in their files.
58. That the post ensure that all staff members have completed Intelligence Background Information Certification forms in accordance with Peace Corps policy, and that they be included in their files.
59. That the contracting officer ensure that a statement of work is included within the personal services contracts.

60. That the country director request approval from the Chief Acquisition Officer to pay a bonus in excess of what is required by local law.
61. That the administrative officer verify that all PSCs sign contractor's release forms upon termination of the contract.
62. That the country director or other designated supervisor conduct annual performance appraisals of all Peace Corps staff members and that copies be included in their files.
63. That the administrative officer ensure that all necessary documents are included in the post's contract files as required by Peace Corps policy.

POST STAFFING

At the time of our visit, the post had 46 staff positions: two U.S. direct hire employees, two foreign service nationals, and 42 personal services contractors. In addition, a regional Peace Corps Safety and Security Officer is stationed in El Salvador.

We interviewed five staff, including one U.S. direct hire and one Peace Corps Medical Officer. They all stated that they very much enjoyed working for the Peace Corps; however, several of them stated that there was a need for additional training for administrative staff. Many staff members have been at the post since its reopening in 1993, and many were returned Volunteers from El Salvador. In addition, after one year with the current country director, the staff appeared to be still adjusting to the change in management, as the prior country director had been at the post for over eight years.

PC/El Salvador's Positions

Position	Status
Country Director	USDH
Executive Secretary	PSC
Administrative Officer	FSN
Program and Training Officer	USDH
APCD/ Ag-Forestry	PSC
APCD/ Municipal Development	PSC
APCD/ Water/Sanitation	PSC
APCD/ Youth Development/ IT	PSC
Crisis Corps Coordinator	PSC
Program Assistants (3)	PSC
Administrative Assistant (2)	PSC
Voucher Examiner	PSC
Cashier	FSN
IT Specialist	PSC
Driver/Messenger (2)	PSC
Receptionist	PSC
Janitor (2)	PSC
Peace Corps Medical Officer (3)	PSC
Medical Secretary	PSC
Safety and Security Coordinator	PSC
Training Director	PSC
Language Coordinator	PSC
Language Facilitators (7)	PSC
Technical Trainer	PSC
Training Center Secretary	PSC
Training Center Administrative Assistant	PSC
Training Center Logistics Coordinator	PSC
Training Center Janitor (2)	PSC
Training Center Groundskeepers (4)	PSC

APPENDIX A

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective in auditing overseas posts is to determine whether the financial and administrative operations are functioning effectively and comply with Peace Corps policies and federal regulations. Our audit conclusions are based on information from three sources: (1) document and data analysis, (2) interviews, and (3) direct observation. Our audits are conducted in accordance with the government auditing standards prescribed by the Comptroller General of the United States.

The audit of Peace Corps/El Salvador covered fiscal years 2006, 2007, and 2008 through December 31, 2007. While at the post, we interviewed key staff: the country director, the administrative officer, staff responsible for administrative support, and one of the three medical officers. At the end of our audit, we briefed the country director and administrative team. At headquarters, we conducted a general briefing for regional staff.

We relied on computer-processed data from the post's accounting system. While we did not test the system's controls, we believe the information generated by the system and used by us was sufficiently reliable for our audit objective.

Our audit criteria were derived from the following sources: the Peace Corps Manual, the Overseas Financial Management Handbook, current Peace Corps initiatives and policies, and other federal regulations.

APPENDIX B

**MANAGEMENT'S RESPONSE TO
THE PRELIMINARY REPORT**



Since 1961.

MEMORANDUM

To: Kathy Buller, Inspector General

From: Allene Zanger, Regional Director, Inter-America and Pacific Region 93

CC: David Liner, Chief of Staff/Operations
Michelle Brooks, Deputy Chief of Staff/Operations
John Dimos, Chief Compliance Officer
Thomas Bellamy, Chief Financial Officer
Leesa Kaplan, Country Director Peace Corps/El Salvador

Date: September 4, 2008

Subject: Preliminary Report on the Financial Audit of Peace Corps/El Salvador

Enclosed please find the Region's response to the recommendations made by the Inspector General for Peace Corps/El Salvador, as outlined in the Preliminary Report on the Financial Audit of Peace Corps/El Salvador.

The Region concurs with 62 of 63 recommendations.

PEACE CORPS/ EL SALVADOR

**RESPONSE TO THE July 2008 PRELIMINARY AUDIT REPORT
OF THE OFFICE OF INSPECTOR GENERAL**

LIST OF IG RECOMMENDATIONS WITH RESPONSES

Accounting for Obligations and Liquidations

- 1. That the administrative officer ensure that all obligations are recorded before the related expenditure of funds takes place.**

CONCUR – With the support of the Roving Regional Administrative Expert, post has trained all staff that have roles in FOR Post on the elements of a proper obligation and on the procedures for creating those obligations. Starting September 2008, all new obligations will be recorded in FOR Post prior to the actual expenditure of funds.

Additionally, post is conducting a review of all open obligations to assure that they conform to proper procedure. This review will be completed by the end of September 2008.

To document closure of this recommendation, post will submit copies of the Status of Obligations, copies of the post obligation review and a copy of the control log with signatures, to ascertain that no expenditure of funds takes place before obligations are recorded.

Date of Completion: September 2008 and ongoing

- 2. That the administrative officer ensure that all obligations, de-obligations, and similar transactions are supported by fully documented calculations and written explanations.**

CONCUR – The Roving Regional Administrative Expert has provided administrative staff training on this topic and the recommendation has already been implemented. Calculations and written explanations are now included in the documentation for all obligations, de-obligations and similar transactions.

Additionally, post is conducting a review of all open obligations to assure that they conform to proper procedure. This review will be completed by the end of September 2008.

Closure of this recommendation will be evidenced in the AO monthly report.

Date of Completion: September 2008 and ongoing

Volunteer Allowances

3. That the administrative officer ensure that a Volunteer settling-in allowance survey is conducted and analyzed for each training group.

CONCUR – In August 2008, the Roving Regional Administrative Expert provided training to the Administrative Staff on the new PC Manual Section 221, dated July 25, 2008, including the process to conduct a Settling-In Allowance survey.

Following this, admin staff will have a series of discussions with program staff and the Volunteer Advisory Council to determine standards of what household supplies, clothing and equipment are necessary for the good conduct of a Volunteer's service. The next settling-in allowance survey will be conducted in February/March 2009, given the September arrival of the Trainees and thereafter within 3 months of receipt of the allowance for all Training Groups.

A member of the administrative staff – Administrative Assistant/General Services (AA/GS) has been identified to assume direct responsibility of this issue, under the supervision of the Administrative Officer, and in coordination with program staff.

The survey developed will be evidence of completion of this recommendation as well as the tabulated results of the implemented survey in March 2009.

Date of Completion: March 2009 and ongoing

4. That the administrative officer conduct Volunteer living allowance and independent market basket surveys annually and analyze the results.

CONCUR – A Volunteer living allowance and independent market basket surveys were conducted and analyzed starting in April 2006 and resulted in an increase in Volunteers' living allowance approved by PC/Washington early 2007.

A living allowance survey was conducted again in February 2008 and yielded a 17% volunteer response, too low to request an increase.

In August 2008, the Roving Regional Administrative Expert provided training to the Administrative Staff on the new PC Manual Section 221, dated July 25, 2008, including the process to conduct a Living Allowance survey.

The new manual section changes the procedures and the manner in which Living Allowances are configured. Therefore, post admin staff will have a series of discussions with program staff and the Volunteer Advisory Council to determine the standards to be used as a basis for the basic and supplemental living allowances.

A member of the administrative staff – Administrative Assistant/General Services (AA/GS) has been identified to assume direct responsibility thereafter of these surveys, under the supervision of the Administrative Officer, and in coordination with program staff.

The next Living Allowance Survey will be conducted in February 2009 and yearly thereafter.

The survey developed will be evidence of completion of this recommendation as well as the tabulated results of the implemented survey, by April 2009.

Date of Completion: April 2009 and ongoing

- 5. That the administrative officer or country director approve the final list of Volunteer living allowance deposits before the deposit is made; and**
- 6. That the post maintain a copy of the Volunteer living allowance payment spreadsheet provided to the bank.**

CONCUR -- As of September 2008, the AO and CD will begin to approve the final list of Volunteer living allowance deposits before the deposit is made and post will maintain a file with the copy of the payment spreadsheet provided to the bank.

Closure of this recommendation will be evidenced by copies of the signed final list and of the payment spreadsheet.

Date of Completion: September 2008 and ongoing thereafter

- 7. That the country director establish a process so that the information required for termination cables is provided timely to the person sending the documents to PC/Washington.**

CONCUR – A new process has been established and implementation will begin in September 2008. Programming staff, admin staff and the executive assistant to the country director have all received training directly from the AO and CD to comply with this requirement.

Having the Cashier as the last person on the COS sign-out list has contributed to having information in a timely manner.

Evidence of completion of this recommendation includes copies of the new check-out list and samples of completed cables upon COS of the next Volunteer group.

Date of Completion: September 2008 and ongoing thereafter.

Billings and Collections

8. That the administrative officer designate in writing a staff member with access to FORPost as the billing officer; and

CONCUR – As of August 2008 the administrative officer has designated in writing the financial assistant as the billing officer.

A copy of the designation letter is attached.

Date of Completion: August 2008.

9. That the billing officer monitor outstanding BOCs in accordance with agency policy.

CONCUR – Post will maintain a log of all BOCs, with indication of payment dates. This will be used by the Billing Officer to monitor payment and subsequent collecting action.

A copy of the log will serve as evidence.

Date of Completion: September 2008 and ongoing.

10. That the post segregate billing and collection duties;

CONCUR – Based on the feedback provided by the IG during her visit in Jan/Feb 2008, the receptionist has stopped acting as the informal Billing Officer. In August 2008, the Roving Regional Administrative Expert provided training to the Financial Assistant and the Cashier on their duties regarding the segregation of billing and collection.

A copy of the AO delegation to the FA is attached.

Date of Completion: August 2008

11. That the billing officer issue individual BOCs to debtors;

CONCUR – The billing officer will be issuing individual BOCs to debtors as of September 2008.

Completion of this recommendation will be evidenced by copies of the BOC control log. Blank log is submitted for initial evidence.

Date of Completion: September 2008

12. That the administrative officer inform staff members to pay a debt only when a BOC has been provided by the designated billing officer;

CONCUR - As of September 2008, the administrative and billing officers will inform staff members to pay their debts after the BOC has been provided to each of them. This was already explained at a general staff meeting and reminders will be ongoing.

Completion of this recommendation will be evidenced by copies of the BOC control log. Blank log is submitted for initial evidence.

Date of Completion: October 2008, upon collection of debts

13. That the administrative officer ensure that all staff receive a copy of the General Receipt at the time a collection is made;

CONCUR- The admin officer will ensure all staff receive a copy of the General Receipt and all staff has been informed of the requirement to have such receipt at the time the collection is made.

Completion of this recommendation will be evidenced by copies of the BOC control log. Blank log is submitted for initial evidence.

Date of Completion: October 2008

14. That the receptionist immediately desist collecting cash from any staff member or Volunteer and that any cash currently held by the receptionist be immediately collected by the cashier;

CONCUR- The receptionist immediately stopped collecting cash from any person after the IG visit.

Date of Completion: February 2008

15. That the administrative officer, billings officer, and collections officer receive refresher training on the PCM and OFMH sections related to the billings and collections process.

CONCUR – The appropriate Administrative staff received training in August 2008 on these issues from a Regional Roving Administrative Expert, to assure proper adherence

to the billing and collection recommendations here. Systems being used were reviewed and changed to conform to the PCM and OFMH related sections.

Date of Completion: August 2008

16. That the cashier immediately collect the funds remaining from the living allowance check and the imprest fund or deposit the funds into the U. S. Disbursing Officer account; and

17. That the post require refunds from the bank be made payable to the U S. Disbursing Officer rather than the cashier.

CONCUR – All collections of funds that remained from Living Allowance checks at the time of the IG audit were immediately collected and deposited.

The Administrative Officer, the Billings Officer and the Collections Officer/Class B Cashier have received training on dealing with living allowance deposits from a Regional Roving Administrative Expert.

Post has written a letter to Banco Cuscatlan/Citibank amending our Memorandum of Understanding to instruct the bank to issue checks for collected excess PCV allowance payment in a check in favor of the US Disbursing Officer.

Date of Completion: August 2008 and ongoing thereafter

18. That the billing officer prepare a bill of collection for any reimbursements to Peace Corps including refunds for Volunteers' living allowance and that the cashier immediately collect those funds into the imprest fund.

CONCUR – The billing officer has been instructed to issue a bill of collection for any reimbursement to Peace Corps, including refunds for Volunteers' living allowances. The Administrative Officer, the Billings Officer and the Collections Officer/Class B Cashier have received further training on this topic from a Regional Roving Administrative Expert.

Beginning immediately, the Billing Officer will conform to appropriate regulations and the Class B Cashier will collect funds according to all corresponding regulations.

Date of Completion: August 2008

Host Country Contributions

- 19. That the post document the basis for the valuation of in-kind host country contributions and include this in a HCC file; and**
- 20. That the post accurately record the value of in-kind HCCs in its budget.**

CONCUR – Administrative staff received further training on this topic from a Regional Roving Administrative Expert in August 2008. Post will develop and implement a system for determining the value of host country contributions and a tool for tracking them by the end of September 2008.

All program and training staff has also received training on this topic and on ways to track contributions.

Closure of these recommendations will be evidenced in the AO quarterly report to Head Quarters at the end of September 2008 and every subsequent quarter. Contributions were included in the last submission of the Operating Plan in July 2008.

Date of Completion: September 2008 and quarterly thereafter

Imprest Fund

- 21. That the country director request a representative of the Embassy RSO to teach the cashier to change the safe combination.**

CONCUR – On August 12, 2008, Post requested that the Regional Security Officer of the U. S. Embassy in El Salvador send a representative to teach the cashier to change the safe combination. The RSO representative arrived on August 15, 2008 and made two combination changes. He did not honor the request to show them how to change the combination on their own but stated that he would return to our office as necessary to make required changes.

Changes will be evidenced by email communication of this request.

Date of Completion: August 12, 2008.

- 22. That the cashier hand deliver the combination to the imprest fund safe in a sealed envelope to the RSO.**

CONCUR – The RSO representative will not teach the Cashier to change the combination. He made the change himself, noted the combination on the appropriate form and provided the receipt documentation to the Cashier. Inside the safe, he left form with the date that the combination was changed.

Changes will be evidenced by receipt from the RSO and email communications.

Date of Completion: August 15, 2008 and each time a change in made.

- 23. That the administrative officer assign a staff member other than the cashier to receive and log incoming replenishment checks.**

DO NOT CONCUR - This recommendation is not applicable as post no longer receives replenishment checks but Electronic Fund Transfers (EFTs).

OGAP strongly believes that post/region should not concur, as FOR Post system contains adequate imprest fund check controls.

- 24. That the cashier cease requesting replenishment checks until she has cashed the excess replenishment checks.**

CONCUR – With the change to EFTs, the cashier will only request replenishment when funds are needed. This change began on June 30, 2008.

Closure of this recommendation is evidenced by copies of several replenishment vouchers that show varying amounts for reimbursement.

Date of Completion: July 2008 and ongoing

- 25. That the cashier and administrative officer assess the need for imprest fund replenishment and only request an amount that is necessary to effectively operate the imprest fund.**

CONCUR – The Cashier and the AO began assessing the need for replenishment on July 30, 2008 and only request necessary amounts.

Closure of this recommendation is evidenced by copies of several replenishment vouchers that show varying amounts for reimbursement.

Date of Completion: August 1, 2008 and ongoing

- 26. That the training center administrative officer immediately cease acting as a sub-cashier.**

CONCUR – Training Center Administrative Assistant has ceased acting as a sub-cashier as of July 30, 2008. Post has requested an additional FSN position for the Training Center Administrative Assistant in order for post to be able to appoint her as sub cashier to function at the training center under Class B Cashier from the Peace Corps San

Salvador Office. CFO, Roger Conrad has informed post that he has identified the FTE to convert a PSC Administrative Assistant in the training center to a FSN in FY 2009.

Once in place, we will request authority to open bank account to transfer funds to a sub-cashier in the Training Center.

Closure of this recommendation is evidenced by the August Cash Count and 365 report that shows no advance (interim cash advance) to the Administrative Assistant, Dalila Alfaro, at the training center.

Date of Completion: August 2008 and ongoing

27. That the country director and administrative officer develop another method to address the training center's need for cash payments.

CONCUR – In order to address the need for cash in the Training Center, which is more than one hour from the San Salvador office, post has developed a short-term alternative for trainees to come to the San Salvador office on the first day of arrival and receive allowances directly from the Cashier. Safekeeping these funds at home-stays will be an issue as will having the entire group of Trainees travel with so much cash.

The long-term and more viable solution would be to have a FSN at the Training Center who can manage cash payments. As mentioned, post expects this to be possible in FY 2009. Once in place, Post will request authority to open bank account to transfer funds to a sub-cashier in the Training Center.

Date of Completion: After FSN slot is filled and bank account open.

28. That the post implement internal controls over funds maintained by the training center.

CONCUR – Once the sub-cashier is fully authorized and operative, internal controls will be made according to cashier regulations. Until we are able to establish a sub cashier at the training center, all payments have been channeled through the Class B Cashier in San Salvador. This has created many delays and credit problems with vendors at the training center in the province of San Vicente.

Evidence of fund control when the sub cashier fund is re-established in San Vicente will be monthly cash counts performed by the Class B Cashier and all other controls according to regulations.

Date of Completion: After FSN slot is filled and sub cashier can be appointed.

- 29. That the country director obtain approval for a non-interest bearing bank account for the training and that she ensure that all related agency policies regarding oversight are followed.**

CONCUR - Post is not able to establish a non-interest bearing bank account without a direct hire (US of FSN) sub-cashier located at the Training Center in San Vicente. The Region and Post will request an increase in post's FSN ceiling to allow the Training Admin Assistant to be converted from a Personal Services Contract to a direct hire Foreign Service National position. This will allow Post to establish a non-interest bearing account as recommended. We project completing the conversion by January 3, 2009.

- 30. That the administrative officer develop and implement a procedure for liquidating interim advances timely, including returning the voided advance forms to the responsible party.**

CONCUR – In August 2008, the Roving Regional Administrative Expert provided training to the Administrative Staff on managing advances. A procedure for liquidating interim advances has been developed and the Roving Regional Admin Expert provided training for staff. A log will be developed to enter interim advances and payments thereof and monitored weekly by the AO. Voided advance forms will be returned once paid to the responsible party.

Closure of this recommendation will be evidenced by a copy of the said log.

Date of Completion: September 2008 and thereafter

- 31. That the cashier monitor the timely liquidation of interim advances, and that she inform the administrative officer of outstanding advances for follow-up action.**

CONCUR - In August 2008, the Roving Regional Administrative Expert provided training to the Administrative Staff on managing advances. The cashier will develop a log to monitor liquidation and inform the AO as appropriate.

Closure of this recommendation will be evidenced by copies of the log and related email correspondence.

Date of Completion: September 2008 and thereafter

- 32. That the administrative officer ensure that no more than one interim advance is issued to a person at one time.**

CONCUR – This topic was included during the training to the Administrative Staff and subsequently to all office staff.

Closure of this recommendation will be evidenced by copies of the interim advance log.

Date of Completion: September 2008 and thereafter

33. That the cashier cease issuing interim advances to vendors.

CONCUR – This was only done once, with a payment to the drinking water supplier. Since February 2008, the cashier has no longer issued advances to vendors.

Date of Completion: February 2008

Safekeeping of Volunteer Property

34. That the country director issue written delegation of authority to the administrative officer and the training center administrative assistant for Volunteer property.

CONCUR – The CD has issued delegation of authority to the AO and the Training Center AA to hold Volunteer and Trainee property.

Closure of this recommendation is evidenced by copies of these letters.

Date of Completion: August 2008

35. That the post maintain a log of Volunteer property.

CONCUR - Post will maintain a log of all Volunteer and Trainee property held. The log will be maintained by the authorized individuals.

Closure of this recommendation will be evidenced by copies of the said log.

Date of Completion: September 2008 and ongoing

36. That the administrative officer check the Volunteer property log before signing any COS/ET checklists.

CONCUR – The AO will check the property log, return any held property, obtain a receipt from the Volunteer, and sign off on the COS checklist.

Closure of this recommendation will be evidenced by the COS checklist.

Date of Completion: September 2008 and ongoing

- 37. That the country director inform Volunteers of the limit of PC/El Salvador's liability for personal property held.**

CONCUR – This has been done verbally during the CD's Orientation session during PST since April 2007 and will continue in this way and in writing in the Volunteer Handbook.

Closure of this recommendation will be evidenced by the updated Volunteer Handbook.

Date of Completion: November 2008 and ongoing

Property Management

- 38. That the post segregate the duties of maintaining the inventory records and conducting the annual inventory count.**

CONCUR – These duties will be completed by the Cashier and AA, respectively. The next physical inventory will be conducted in September 2008 by the AA. Inventory records will continue to be kept by the Cashier.

Closure of this recommendation will be evidenced by copies of the physical inventory records.

Date of Completion: September 2008 and ongoing

- 39. That the post establish and implement a procedure for signing Peace Corps property in and out of custody.**

CONCUR – As of August 2008, all staff will sign for the receipt and return of Peace Corps property.

Date of Completion: See memo from Administrative Officer

- 40. That the post dispose of inventory listed on disposal forms or change their status.**

CONCUR – Upon completion of the physical inventory, post will properly dispose of any items listed on the disposal forms and/or change their status.

Closure of this recommendation will be evidenced by copies of the disposal forms.

Date of Completion: November 2008 and annually thereafter

41. That the post establish one accurate inventory listing.

CONCUR – Post will combine lists to establish one accurate inventory listing upon completion of the physical inventory.

Closure of this recommendation will be evidenced by the inventory list.

Date of Completion: November 2008 and annually thereafter

42. That the staff member responsible for inventory receive training, if necessary, in the software program in which the inventory listing is kept.

CONCUR – Staff will be trained in the use of the software by the ITS by September 2008.

Closure of this recommendation will be evidenced by a report of said training.

Date of Completion: September 2008

Medical Supplies

43. That the country director, or designee, sign the appropriate documentation.

CONCUR – The CD witnesses the disposal of expired medicines and signs appropriate documentation as evidenced in copies of the log.

Date of Completion: August 2007 and ongoing

Vehicle Management

44. That the PCMOs ensure that the first aid kits in the vehicles are stocked and any medicines are not expired.

CONCUR – As of February 2008, all Peace Corps vehicles have first aid kits which are stocked and as of August 2008 will have a monthly review.

Closure of this recommendation is evidenced by copies of the logs developed to monitor supplies.

Date of Completion: August 2008 and ongoing

Travel

- 45. That the administrative officer issue quarterly travel authorizations, in accordance with agency policy, and amend the travel authorizations to increase the obligations as necessary.**

CONCUR – As of March 2008, the AO has issued quarterly Travel Authorizations for all staff, in accordance with policy. TAs will be amended as necessary.

Closure of this recommendation is evidenced by copies of said documentation.

Date of Completion: September 2008 and ongoing

- 46. That the administrative officer ensure that all travel authorizations include all required information.**

CONCUR –As of September 2008 the AO will issue quarterly Travel Authorizations for all staff, in accordance with policy and containing all required information. TAs will be amended as necessary and required. Training was provided on this topic by the Roving Regional Administrative Expert.

Closure of this recommendation will be evidenced by copies of said documentation.

Date of Completion: September 2008 and ongoing

- 47. That the administrative officer work with the staff to increase compliance with travel voucher submission policies.**

CONCUR – In August 2008, the administrative staff received training on this topic and subsequently trained the rest of the staff on Travel authorizations and voucher completion and submission policies. On-going support is given as needed.

Closure of this recommendation will be evidenced by copies of completed vouchers submitted within 5 days after the end of the trip.

Date of Completion: September 2008 and ongoing

Leases

- 48. That upon renewal of the current leases' option years, the administrative officer document the market survey actions that were previously taken and make a statement to support the renewal of the lease.**

CONCUR – Although surveys were completed in the past, proper documentation was not included in the files. Training was provided by Roving Regional Administrative Expert for future compliance.

Closure of this recommendation will be evidenced by copies of the surveys.

Date of Completion: Upon new contract competition and thereafter.

- 49. That the administrative officer ensure that administrative decisions, especially those that deviate from normal practice, are documented, and that such documentation be available for examination.**

CONCUR – Training was provided on this topic by the Roving Regional Administrative Expert. Closure of this recommendation will be evidenced when leases expire during the next CR, if applicable.

Date of Completion: November 2008, if applicable.

Purchase Card

- 50. That the cardholder maintain a complete purchase card log in accordance with policy.**

CONCUR – The AA is now maintaining the purchase card log in accordance with policy.

Date of Completion: September 2008 and ongoing

- 51. That the cardholder receive signature authorization from the approving official before purchases are made on the purchase card.**

CONCUR – The approving official/Country Director has signed off in the Purchase Card log prior to purchases.

Date of Completion: September 2008 and ongoing

Timekeeping

- 52. That the post establish written time and attendance procedures.**

CONCUR – The Country Director is developing a Personnel Manual, in collaboration with staff, and expects the final document to be completed by October 2008. The manual will include details of time and attendance procedures.

Closure of this recommendation will be evidenced by completed Personnel Manual and copies of emails to staff.

Date of Completion: October 2008

53. That the country director review PC-57s in accordance with agency policy.

CONCUR – The Time Keeper is responsible for completing PC-57s and the CD has reviewed and signed them since June 2007.

Closure of this recommendation is evidenced by copies of the PC-57s.

Date of Completion: June and December 2007 and ongoing

54. That the regional director review PC-57s of country directors in accordance with agency policy.

CONCUR – Post has requested action from the RD to address this recommendation.

Closure of this recommendation is evidenced by the RD's signature on PC-57s at Headquarters.

Date of Completion: August 2008 and ongoing

Personal Services Contracts

55. That the administrative officer ensure that headquarters guidance regarding administrative operations is implemented.

CONCUR - Training was provided on this topic by the Roving Regional Administrative Expert. (This recommendation has already been implemented.)

Date of Completion: August 2008 and ongoing

56. That the administrative officer ensure that in the future sufficient documentation of competition is obtained and maintained in PSC files.

CONCUR – Post began to document competition for PSCs in February 2007 with the hiring of the Training Director; and then with the hiring of the Municipal Development APCD starting in January 2008 and other positions in 2008.

A formal system has been established to document the selection and hiring process of PSCs. Please see attachment.

Date of Completion: August 2008 and ongoing

- 57. That the administrative officer obtain copies of the written approval from OMS for the employment of the PCMCs and include it in their files.**

CONCUR – In August 2008, Post requested and received from OMS copies of the written approval for PCMOs, Nora de Minervini and Mary Welge and the documents were printed and placed in their files.

Closure of this recommendation is evidenced by copies of the OMS approval.

Date of Completion: August 2008

- 58. That the post ensure that all staff members have completed Intelligence Background Information Certification forms in accordance with Peace Corps policy, and that they be included in their files.**

CONCUR – Upon completion of the IG audit in February 2008, all staff members have completed Intelligence Background Information Certification forms in accordance with Peace Corps policy. Documentation is included in their files.

Closure of this recommendation is evidenced by samples of staff certificates.

Date of Completion: February 2008 and ongoing

- 59. That the contracting officer ensure that a statement of work is included within the personal services contracts.**

CONCUR – A Statement of Work has been included with all PSCs beginning with the renewal of contracts in April 2008 and will be done thereafter. Note that the Administrative Assistant has previously maintained the Statements of Work in a separate file but will now include them as an attachment to each contract.

Closure of this recommendation is evidenced by copies of the PSCs.

Date of Completion: April 2008 and thereafter

- 60. That the country director request approval from the Chief Acquisition Officer to pay a bonus in excess of what is required by local law.**

CONCUR –When post reopened in El Salvador in 1993, the CD at the time received approval to pay a 70% bonus to PSCs, though no documentation of this approval can be found on file. As of March 2008, this is no longer a practice at post, as PSCs currently receive bonuses as per the LCP.

Closure of this recommendation is evidenced by cover sheet of PSCs containing benefit information and a copy of the LCP.

Date of Completion: March 2008

- 61. That the administrative officer verify that all PSCs sign contractor's release forms upon termination of the contract.**

CONCUR – This change was completed in May 2008 with the termination of the Peace Corps Response Coordinator and will be done with each termination henceforth.

Closure of this recommendation will be evidenced by signed copies of the release form.

Date of Completion: May 2008 and ongoing

- 62. That the country director or other designated supervisor conduct annual performance appraisals of all Peace Corps staff members and that copies be included in their files.**

CONCUR – The Country Director is currently developing a plan for annual performance appraisals of all PSCs. While appraisals of USDHs, FSNs and PCMCs are completed annually and copies placed in personnel files, there is no documentation of a system for PSCs. The plan will be created by October 2008 and appraisals for each PSC will be completed mid-year and at the end of each contract year.

Closure of this recommendation will be evidenced by copies of the appraisal confirmation. (Note: performance appraisals will not be shared to comply with Privacy Act.)

Date of Completion: November 2008 and ongoing

Non-Personal Services Contracts

- 63. That the administrative officer ensure that all necessary documents are included in the post's contract files as required by Peace Corps policy.**

CONCUR - In August 2008, the Roving Regional Administrative Expert provided training to the administrative staff on documenting the competition and selection process. All future contract files will include necessary documents as required by Peace Corps policy.

Closure of this recommendation will be evidenced by contract files.

Date of Completion: December 2008 and ongoing

APPENDIX C

OIG COMMENTS

Management concurred with 62 of 63 recommendations and did not concur with recommendation number 23.

We closed recommendations numbers 8, 10, 15 – 18, 21 – 27, 33, 34, 36, 43 – 45, 50, 51, 53 – 58, 60, and 61. Recommendation numbers 1 – 7, 9, 11 – 14, 19, 20, 28 – 32, 35, 37 – 42, 46 – 49, 52, 59, 62, and 63 remain open pending confirmation from the chief compliance officer that the following has been received:

- For recommendation number 1, a copy of the Status of Obligation report, copies of the post obligation review, and a copy of the control log with signatures, to ascertain that no expenditure of funds takes place before obligations are recorded.
- For recommendation number 2, a copy of the administrative officer's monthly report.
- For recommendation number 3, a copy of the survey developed as well as the analyzed results.
- For recommendation number 4, a copy of the survey and analyzed results of the Volunteer living allowance and independent market basket surveys.
- For recommendation numbers 5 and 6, a copy of the signed final list of Volunteer living allowance deposits and a copy of the payment spreadsheet.
- For recommendation number 7, a copy of the new check-out list and samples of completed cables upon COS of the next Volunteer group.
- For recommendation number 9, a copy of the FORPost billing log.
- For recommendation number 11, a copy of the FORPost billing log showing individual BOCs issued to debtors.
- For recommendation number 12, a copy of a written reminder to staff members to pay a debt only when a BOC has been provided by the designated billing officer.
- For recommendation number 13, copies of general receipts and of the corresponding bills of collection.
- For recommendation number 14, a copy of the bill of collection and the general receipt for cash held by the receptionist.

APPENDIX C

- For recommendation numbers 19 and 20, a copy of the administrative officer's September 2008 quarterly report to headquarters.
- For recommendation number 28, a copy of a monthly cash count of the sub-cashier fund performed by the cashier.
- For recommendation number 29, a copy of the written approval of a non-interest bearing in-country bank account.
- For recommendation numbers 30 and 32, a copy of the interim advance log.
- For recommendation number 31, a copy of the interim advance log and related email correspondence.
- For recommendation number 35, a copy of the log of Volunteer property.
- For recommendation number 37, a copy of the updated PC/El Salvador Volunteer Handbook.
- For recommendation number 38, a copy of the September physical inventory records.
- For recommendation number 39, a copy of the administrative officer's memo.
- For recommendation number 40, a copy of the disposal forms.
- For recommendation number 41, a copy of the September inventory list.
- For recommendation number 42, documentation that training has been provided.
- For recommendation number 46, copies of travel authorizations with all required information, including in-country per diem rates.
- For recommendation number 47, copies of completed travel vouchers.
- For recommendation number 48, a copy of the documentation of market survey actions and statement supporting lease renewal.
- For recommendation number 49, copies of the renewals of the first two leases that expire during the next fiscal year.
- For recommendation number 52, a copy of the completed Personnel Manual and copies of emails to staff.

APPENDIX C

- For recommendation number 59, copies of statements of work for contracts from April 2008 or thereafter.
- For recommendation number 62, a copy of the staff performance appraisal confirmation.
- For recommendation number 63, a copy of a contract file created after August 2008.

In their response, the management describes actions they are taking or intend 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 they have taken these actions nor 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.

APPENDIX D

AUDIT COMPLETION AND OIG CONTACT

AUDIT COMPLETION

The audit was performed by auditor Elizabeth Palmer.

OIG CONTACT

If you wish to comment on the quality or usefulness of this report to help us strengthen our product, please e-mail Gerald P. Montoya, Assistant Inspector General for Audit, at gmontoya@peacecorps.gov, or call him at (202) 692-2907.

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