

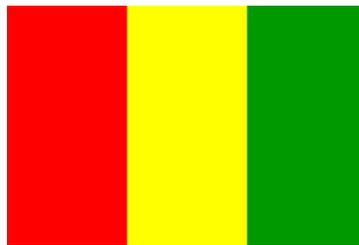


# Peace Corps Office of Inspector General

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*Peace Corps office in Conakry*



*Flag of Guinea*

## **Final Audit Report: Peace Corps/Guinea**

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March 2009



**Final Audit Report:  
Peace Corps/Guinea  
IG-09-09-A**

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

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Gerald P. Montoya  
Assistant Inspector General for Audits

March 2009

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## EXECUTIVE SUMMARY

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We found that several functions of Peace Corps/Guinea's financial and administrative operations were not in compliance with agency policy and/or federal regulations, and internal control over certain operations was not effective. However, we found no reportable conditions in the areas of the post's imprest fund verification, grants and contributions, and travel. The more significant findings are summarized below.

### ***Allowances***

The post did not document the conduct of independent market basket surveys for Volunteer settling-in allowances. In addition, the post could not provide support for travel allowances. Deposits and disbursements made to a "package fund" used to pay customs fees for personal packages sent to Volunteers from outside the host country were not always tracked and some funds were unaccounted for. Also, specific guidance for managing the process for reimbursing the agency for Volunteer package fees has not been addressed by Peace Corps.

### ***Billings and Collections***

Billings were not collected on a timely basis.

### ***Imprest Fund***

Sub-cashier funds were not periodically verified and personal services contractors were designated as sub-cashiers in violation of Peace Corps policy.

### ***Property Management***

Separation of duties between those who maintained the inventory records and performed the physical inventory did not exist. Also, property inventory records were not properly maintained.

### ***Medical Supplies***

Separation of duties between those who maintained the inventory records and performed the physical inventory did not exist. Also, the supplies inventory record was not accurate.

### ***Purchase Card***

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

The section "Post Staffing" includes a brief synopsis of comments from post staff interviewed during our audit.

Our report contains 41 recommendations, which, if implemented, should strengthen internal controls and correct the deficiencies detailed in the accompanying report.

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## INTRODUCTION

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The Office of Inspector General conducted an audit of Peace Corps/Guinea October 8 – 29, 2008.

The Peace Corps began its program in Guinea in 1962. Volunteers were evacuated in early 2007 due to civil unrest. Volunteers began to return to Guinea in late 2007. At the time of our visit, 65 Volunteers were working in the areas of Public Health, Small Enterprise Development, Education and Agro-forestry. The country director and administrative officer arrived at the post in June 2008 and March 2008, respectively.

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.

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## AUDIT RESULTS

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Our audit disclosed that the post's compliance with Peace Corps policies and federal regulations in certain areas required improvement and internal control over some operations was not effective. However, we found no reportable conditions in the areas of the post's imprest fund verification, grants and contributions, and travel.

### Administrative Operations

The cashier did not personally set the combination to her safe annually. Billings were not collected on a timely basis.

### Internal Controls

The post lacked separation of duties between maintaining inventory and conducting the inventory count. In addition, purchases made with the post's purchase card were not approved by the country director before they were made.

### Volunteer Support

There was no assurance that the Volunteer settling-in allowance was adequate because the required surveys were not documented. Contrary to Peace Corps policy, the post held Volunteer no-fee passports. In addition, deposits and disbursements made to Volunteer "package funds," i.e., cash held by the post for payment of local post office fees, were not tracked and some funds were unaccounted for. Also, specific guidance for handling package fees has not been issued by Peace Corps.

## **A. ACCOUNTING FOR OBLIGATIONS AND LIQUIDATIONS**

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### ***1. The administrative unit did not maintain supporting documentation for some obligations.***

OFMH section 32.3 states:

Documents used for obligation[s] include contracts, leases, purchase orders, and travel authorizations. Whenever the PC-2060 is used as the obligating document, relevant supporting documentation should be attached.

Three of ten obligations reviewed, totaling \$3,123, did not have supporting documentation attached for the obligated amounts, such as quotations, pro-forma invoices, or written documentation of the post's estimations.

Supporting documentation is essential to maintaining a clear and traceable audit trail that enables determining whether the obligated amounts are reasonable and in accordance with federal and Peace Corps policy and the post's Operations Plan.

#### **We recommend:**

- A.1.1 That the administrative officer ensure that all obligations, de-obligations, and similar transactions are fully supported by relevant documentation, including calculations, written explanations, quotations, and other support.

### ***2. Obligations were not recorded until after expenses were incurred.***

Overseas Financial Management Handbook (OFMH) section 32.3 states:

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 753.4.1 states:

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 [of] the budget in total (see MS 704, "Administrative Control of Funds").

We determined that funds were not obligated for three of ten obligations reviewed until after invoices for the goods or services were received.

The post is not authorized to execute procurements without first ensuring that sufficient funds are available to cover associated costs. If it is determined that funds are available, the post must make an accounting entry obligating funds to cover related costs prior to executing the procurement. A lack of sufficient funding to pay for goods and/or services received and accepted could result in a violation of the Anti-Deficiency Act.

**We recommend:**

- A.2.1 That the administrative officer record an obligation in the financial reporting system prior to executing a procurement.

## **B. VOLUNTEER ALLOWANCES**

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### ***1. The post did not document the conduct of Volunteer 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 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 analysis based on the settling-in allowance surveys assists the post in determining whether the settling-in allowance amount is adequate.

The prior administrative officer mentioned in email correspondence that settling-in surveys were conducted in recent years. However, no documentation of surveys distributed, received, or analyzed was kept by the post.

Because the post did not maintain documentation regarding settling-in allowance surveys, there was no evidence that they were conducted for each new group of Volunteers. As a result, we could not determine whether the amount of the Volunteer settling-in allowance was adequate because there was no documented basis for the post's determination of the amount.

**We recommend:**

- B.1.1 That the administrative officer document the conduct of Volunteer settling-in allowance surveys and related analyses for each new training group, and ensure that this information be maintained on file.

**2. *Independent market basket surveys related to the settling-in allowance were not conducted.***

To verify the adequacy of the settling-in allowance, posts are required by PCM section 221.4.2 to “conduct an independent price survey, which gathers data from Peace Corps staff, host country representatives, available host country statistics, and information from the Volunteer Survey. The independent survey may consist of spot checks of prices of items, but it must be comprehensive enough to provide verification of price trends and support the analysis of the Volunteer Survey.”

Independent market basket surveys related to the settling-in allowance were not being conducted. The administrative officer informed us that she was unaware that independent market basket surveys for the settling-in allowance were required, and that she believed that the market basket survey for the living allowance provided the same information.

It is important that the post perform and analyze results from an independent market basket survey as well as the Volunteer settling-in allowance survey. The items purchased with the settling-in allowance are intended for meeting immediate living arrangement needs, such as furniture and cooking utensils, and differ from necessities bought throughout service using the Volunteer living allowance.

**We recommend:**

- B.2.1 That the administrative officer conduct independent market basket surveys to verify cost data reported in each settling-in allowance survey in accordance with Peace Corps policy.

**3. *The administrative unit could not provide adequate supporting documentation for Volunteer travel allowances.***

PCM section 221.5.7.1 states:

At least annually, the post shall conduct a living allowance survey of the Volunteers...intended to help the Country Director determine the most

appropriate level of goods and services needed to ensure the health and effective service of Volunteers, and to determine if a different locality supplement is warranted for a particular site type or location. The living allowance survey must collect data for each of the base living allowance categories...

We reviewed a judgmental sample of seven Volunteer living allowance payments to validate each of the allowance components.

The administrative unit informed us that Volunteers are given a travel allowance for two round trips to the regional capital and one round trip to Conakry per quarter. The post provided some related transportation cost data. However, using this data we were unable to calculate the travel allowances for any of the seven payments reviewed or obtain an adequate explanation for how the post set the Volunteer travel component.

Since data supporting the travel allowances was not adequately documented, the allowances set by the post may not cover all associated expenses, or conversely, could be set at an excessive level.

**We recommend:**

B.3.1 That the administrative officer adequately document the justification for the determined amounts of the travel allowance for all Volunteer sites.

***4. The post did not follow agency policy regarding reimbursing the agency for personal debt incurred by Volunteers.***

PCM section 221.5.10 states:

Debts that the Volunteer owes Peace Corps for mailing packages, phone calls, etc. may be deducted from the living allowance. Deductions should be made to the next living allowance to be ordered and the Volunteer must be notified of the reason for the deduction. If the Volunteer is at the end of his/her service and no allowance payments remain, debts should be recovered using normal billing and collection procedures at Post.

The post's receptionist was holding cash provided by Volunteers to pay customs fees charged by the local post office for personal packages sent from outside of Guinea to Volunteers.<sup>1</sup> We found that the post encouraged this practice of a pre-paid "package fund." Since there were no post offices outside of the capital, Peace Corps drivers picked up the packages from the post office in the capital as a service to Volunteers.

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<sup>1</sup> The custom fee was around Guinea Franc (GNF) 5,000 (approximately \$1) per package.

Approximately twice weekly, the receptionist gave drivers cash from this fund to pay the assessed customs fees and pick up Volunteer packages.

We determined that the receptionist had not maintained a list of packages received since April 2008, nor had she maintained all of the receipts for fees paid from the fund. In addition, the receptionist informed us that she and other staff sometimes borrowed money from the fund and made currency exchanges for personal use. These transactions were not documented. According to the receptionist's records, the total balance of Volunteer funds should have been GNF 3,272,000 (approximately \$675). However, the actual cash on hand showed a shortage of GNF 623,906, or approximately \$129.

Subsequent to completion of audit field work, we were informed by the administrative officer that the receptionist reimbursed the fund shortage. We confirmed that the post returned all outstanding package fund balances to Volunteers through deposits to their bank accounts. The administrative officer indicated that the post planned to begin deducting personal package fees from the subsequent living allowance deposit in accordance with Peace Corps policies.

Peace Corps' policy, as stated in PCM section 221.5.10, allows posts to provide such services to Volunteers through deducting applicable amounts from the living allowance. Use of this procedure eliminates the risks associated with cash transactions.

**We recommend:**

- B.4.1 That the administrative unit deduct host country customs fees paid for Volunteer personal packages from Volunteer living allowances in accordance with Peace Corps policy.

***5. The Office of the Chief Financial Officer has not issued guidance for recording deductions from living allowances in the financial reporting system.***

As discussed in paragraph 4. above, PCM section 221 provides authorization for making deductions from the Volunteer living allowance for purposes of reimbursing the agency for payment of certain personal costs made on behalf of Volunteers. However, we noted that Peace Corps has not provided written guidance to posts regarding how to account for such transactions within the posts' financial reporting system (FOR Post).

Ensuring proper recording, including appropriate fiscal coding of such transactions requires that Peace Corps provide applicable specific guidance. The guidance should include how to record reimbursements to Peace Corps from Volunteer living allowances in the agency's financial reporting system.

**We recommend:**

- B.5.1 That the Office of the Chief Financial Officer issue specific guidance to posts regarding how to account for deductions from living allowances for reimbursements to Peace Corps that is based on appropriate accounting principles, including the recording of all such transactions in the financial reporting system.

**C. BILLINGS AND COLLECTIONS**

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***1. The post did not collect outstanding bills of collection (BOCs) on a timely basis.***

PCM section 777.15.1 states:

Aggressive action, on a timely basis with effective follow-up, shall be taken by the appropriate office heads or field officials to collect all claims of the United States for money or property arising out of Peace Corps activities or referred to it in accordance with the joint regulations (4 CFR 101-103).

OFMH section 7.2.1 provides instruction for billings officers for handling outstanding BOCs. OFMH section 7.3 specifies, "Payment is required within 30 days of receipt of the billing document (issued by the Billing Officer)."

As of October 7, 2008, the post's records indicated that there were six BOCs outstanding more than 90 days, including one that had been outstanding for more than one year. The six BOCs had a total value of GNF 346,800 (approximately \$69). The outstanding BOCs related to personal use of Peace Corps communications services by post staff. All six were collected after post management followed up with the debtors.

The administrative officer had not taken an active role in enforcing the payment of outstanding bills. However, in response to a similar use of resources, the post has made an effort to encourage staff to clear interim cash advances within the required time limit. This sends a mixed message to staff regarding the importance of personal responsibility in maintaining integrity within post finances and not abusing Peace Corps' resources.

It is important that responsible personnel perform aggressive follow up of outstanding BOCs to maintain effective accountability over post finances.

**We recommend:**

- C.1.1 That the billing officer inform the administrative officer of bills over 30 days outstanding and that the administrative officer consistently follow up with debtors to ensure that debts are promptly paid.

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

OFMH section 16.5 requires that the post notify the office of 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 funds transfer within 3 - 6 weeks of the Volunteer's COS or ET date.

A review of 10 Volunteer termination notifications disclosed that eight were sent beyond the 24-hour timeframe.

To ensure timely payment of final Volunteer readjustment allowances it is important that the post send the termination notification (formerly known as COS or ET cable) to Peace Corps headquarters within 24 hours of termination.

**We recommend:**

- C.2.1 That the country director ensure that termination cables are sent to PC/Washington within one business day following the termination in accordance with Peace Corps policy.

## **D. HOST COUNTRY CONTRIBUTIONS**

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### ***1. The valuation basis of the post's in-kind host country contributions was not documented.***

According to PCM section 722.7.2.1:

The recorded value of in-kind contributions shall be based on a rational estimate of the cost of the contributed supplies or services to the Peace Corps. The following are acceptable bases for making estimates:

- The actual cost to the Peace Corps of purchasing similar supplies or services in the same time period;
- The documented cost to other organizations (Embassy, USAID, PVO's) of purchasing similar supplies or services in the same time period; and
- A survey of the local offering price for similar supplies or services. Such a survey may be made informally, but should be documented at the time.

Although the administrative officer could generally explain the basis on which the in-kind contributions were valued by the prior administrative officer, this information was not documented. As a result, the post had no supporting documentation for the valuations that were presented in the Operations Plan.

Because the inclusion of host country contributions in the post's Operations Plan reflects all available resources used to operate the post, it is necessary to document the basis upon which the post values the contributions.

#### **We recommend:**

- D.1.1 That the administrative officer document, in a memorandum to the host country contribution file, the basis for valuation of in-kind host country contributions as presented in the FY 2009 Operations Plan.

## **E. IMPREST FUND**

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### ***1. The cashier did not change the safe's combination at least annually.***

PCM section 760.5.2 states:

The combination [to the imprest fund safe] should be changed annually, whenever there is a change in cashiers, or whenever the combination becomes known to a person other than the cashier.

The cashier informed us that until recently, the combinations to the cashier and alternate cashier safes had not been changed in several years.

Although the imprest fund has been managed by the same cashier for several years, changing the safe's combination as required by Peace Corps policy reflects the cashier's responsibility for maintaining effective internal control over the post's imprest cash.

**We recommend:**

- E.1.1 That the cashier, in accordance with Peace Corps policy, change the imprest fund safe's combination annually, when there is a change in cashiers, or whenever the combination becomes known to a person other than the cashier.

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

PCM section 760.5.2 states:

The cashier must personally set the combination to the safe. The security officer or technician is not authorized to set or know the combination of the safe. The cashier must memorize the lock combination for the safe..."

The U.S. Department of State Foreign Affairs Handbook 4 FAH-3 H-317.3-2 (which also applies to Peace Corps) states:

The lock combination is changed by the employee to whom the equipment is assigned... It is the responsibility of the resident regional security officer or the post security officer to instruct the responsible employee in the technique for changing the safe combination.

Both the Peace Corps' and the Department of State's above cited guidance are consistent with U.S. Treasury policy. Contrary to this policy, the post relied on a local vendor to change the cashier safe's combination because the cashier did not know how to change it.

The cashier, who has been with Peace Corps for eight years, was never taught how to change the combination herself. She informed us that she asked the local vendor who recently changed the combination to teach her how to do it but he refused, citing the complexity of the safes and the tools required to change the combination.

In addition, no one in the Embassy Regional Security Office could change the combination of these two safes. Peace Corps/Guinea has identified a local vendor, recommended by a local bank, who has the ability to change the combinations and who would be accessible to Peace Corps at any time that the combination would need to be

changed. The administrative officer indicated that having a local vendor who was capable and responsive to the post's needs was preferable to the cashier being taught how to change the safe herself.

Because cashiers are responsible for security over the imprest fund, they must be able to efficiently change the safe combination annually, in instances where the fund is temporarily transferred to an alternate cashier, or whenever it is considered appropriate and necessary.

**We recommend:**

- E.2.1 That the country director ensure that the cashier receive adequate training to reset the imprest fund safe combination.

**3. *The cashier did not perform unannounced verifications of sub-cashier funds.***

OFMH section 13, Exhibit C, A Guide to Sub Cashiers, states:

The Principal Cashier will conduct unannounced verifications of the [sub cashier's] fund on a monthly basis, if the amount of the advance is more than \$1,000 or quarterly if the amount is less than \$1,000. If the Principal Cashier is not available, the verification may be conducted by another person designated by the Country Director or by the Principal Cashier.

The cashier was not performing periodic verifications of the three regional sub-cashier funds in accordance with Peace Corps policies. The cashier informed us that she has not traveled to the regional centers and has therefore not performed any unannounced verifications. Post management reasoned that due to the great distances between the post and the three regional centers, it would not be practical for the cashier to visit each location and perform the unannounced verifications monthly.

Unannounced verifications are an important part of the internal control structure over cash flowing through the imprest fund. Further, although sub-cashiers are personally liable for their advances, these advances are part of the principal cashier's accountability and therefore it is the principal cashier that is responsible for ensuring that overall cashiering operations are in accordance with policies.

**We recommend:**

- E.3.1 That the cashier or other designate perform unannounced sub-cashier verifications in accordance with Peace Corps policy.

**4. Personal services contractors (PSCs) were designated as sub-cashiers.**

OFMH section 13, Exhibit C, A Guide to Sub Cashiers, states:

The designation as a sub-cashier must be approved by the Director, Accounts Receivables and Cash Management in Peace Corps Washington...Note: Post requesting the designation should remember that a sub-cashier must be a Direct Hire or a Peace Corps Volunteer. A contractor cannot be designated as a sub-cashier.”

Contrary to Peace Corps policy, three PSCs, who were assigned as regional coordinators in separate remote locations within Guinea, held sub-cashier advances. Although the PSCs were designated as sub-cashiers by the Director, Accounts Receivable and Cash Management, the letter of request for designation from the post did not include the contractual status of these staff members. The administrative officer informed us that having PSCs as sub-cashiers was the best way for the post to maintain effective internal controls while addressing their requirements for cash at the three remote locations. Certain expenses at the regional centers, such as local guard salaries and utility bills, cannot be paid centrally by the post. However, in this capacity a contractor would be exercising procurement authority, an inherently governmental function.

Further, U.S. Treasury Department policy as implemented by the Department of State and applicable to Peace Corps (4 FAH-3 H-392) indicates that “Contractors may not be occasional money holders. The occasional money holder is an accountable officer.” However, Peace Corps guidance issued by the Office of Acquisitions and Contract Management instructs posts to include a statement in a PSC’s contract if he or she will carry cash or allowances, i.e., be an occasional money holder.

The Director, Office of Global Accounts Payable, informed us that she had sought a waiver from the Treasury Department to allow Peace Corps personal services contractors to be occasional money holders. A response to Peace Corps’ request for a waiver is still pending. Unless a specific exception is granted by the appropriate authority, Peace Corps must consistently follow all federal and internal policies regarding management of its cash resources.

**We recommend:**

- E.4.1 That the Chief Financial Officer work with the U.S. Treasury Department to find a solution to Peace Corps’ need to make cash payments away from the Peace Corps overseas offices, given that most staff are contractors.

- E.4.2 That the Office of Acquisitions and Contract Management remove all references from PSC contract guidance regarding PSCs carrying cash or allowances so that the conflicting guidance is eliminated.

## **F. PROPERTY MANAGEMENT**

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***1. The post did not maintain adequate separation of duties over management of the property inventory records and performance of the physical inventory verification.***

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

We found that the general services officer (GSO) maintained the property inventory records and also conducted the annual physical inventory verification. As a result, the post lacked proper separation of duties in this area. The administrative officer acknowledged that the post's practice was not in accordance with Peace Corps policy. However, she believed that the staff's limitations related to technical and language skills prevented implementation of such separation of duties between the general services staff members.

Effective internal control requires that the individual conducting the inventory count be independent of the inventory management and recording process. This is important because inventory verifications validate the accuracy of the Peace Corps property inventory records.

**We recommend:**

- F.1.1 That the administrative officer separate the duties of maintaining the inventory records and conducting the annual physical inventory count and verification.

***2. The post did not fully implement controls for assigning Peace Corps property to staff in accordance with agency policy.***

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

The GSO and the information technology specialist were responsible for distributing Peace Corps non-expendable highly pilferable property. We found that for some

equipment such as loaner laptops, the post was maintaining appropriate inventory tracking control. However, the post was not maintaining adequate controls over the distribution of Peace Corps cell phones. Although the GSO did have a list of which staff held Peace Corps cell phones, he could not verify that his list was complete. Also, staff did not sign out the cell phones.

Because there was not a sufficiently documented chain of custody for Peace Corps property, staff members who have returned property may be inappropriately held liable for loss or damage. Additionally, staff members who have accepted custody of Peace Corps property may not be held accountable.

**We recommend:**

- F.2.1 That the country director ensure that the post follow Peace Corps policy regarding implementation of controls over the issuance of Peace Corps property to Volunteers and staff.

**3. *The post did not maintain or verify inventory records in accordance with policy.***

PCM section 511.5.5 states:

The inventory is a reconciliation of the previous year's records against all acquisitions, transfers, disposals and other property changes that have occurred throughout the year. Four types of documents are used to record property transactions:

1. Purchase Orders
2. Receiving Reports
3. Transfer Documents
4. Disposal Documents

Before beginning inventory, the Property Officer should check the property management records against written documentation of property/equipment changes to ensure that all changes have been entered in the property management database.

PCM section 511.5.6 states:

Individuals other than the Property Officer check database property reports against physical inventory of property to confirm the existence of property listed on the inventory record.

The GSO did not reconcile the previous year's inventory records in accordance with policy. Rather, upon performing an annual inventory count, he recreated new inventory

listings based on inventory status at the end of the fiscal year. The GSO only compared the actual status of inventory on the floor to his prior year's listing but did not verify the existence of all items in the prior year's inventory listing. He also did not ensure that all acquisitions and disposals of property were properly documented in the inventory listing.

In order to maintain effective internal control over inventory, the inventory listing must be updated throughout the year. A lack of accurate and complete inventory records will result in increased risks associated with pilferage and other losses of property.

**We recommend:**

- F.3.1 That the administrative officer ensure that the inventory listing is maintained throughout the year, and that a complete inventory count be performed annually in accordance with Peace Corps policy.

## **G. MEDICAL SUPPLIES**

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***1. The post did not maintain adequate separation of duties over its medical supplies.***

According to PCM section 734.2.1.6:<sup>2</sup>

The PCMO [Peace Corps Medical Officer] is responsible for establishing the accuracy of inventories... a general inventory of supplies must be taken at least every month by the Country Director or designee. The PCMO/ PCMC must inventory controlled medical substances monthly.

There was inadequate separation of duties between the staff members who were responsible for storing, tracking, and disposing of inventory and those who performed the periodic inventory counts. We found that the assistant PCMO was performing the periodic medical supplies inventories. However, she was also responsible for storing medical supplies, updating inventory tracking documents, creating the disposal listing, and supervising disposal of medical supplies. The medical staff informed us that they were unaware of the policy requirement to separate these duties.

The person responsible for performing periodic inventory verification must be independent of the inventory receiving, distributing, storing, and recording processes. Inventory verifications serve as an effective internal control in validating the accuracy of the Peace Corps medical inventory records and minimizing risks related to pilferage or other causes for inventory loss.

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<sup>2</sup> PCM section 734 was updated subsequent to the audit; the quoted reference was applicable at the time of the audit. The updated policy does not impact the status of any of the deficient conditions found. We have ensured that the recommendations are consistent with the provisions included in the updated policy.

**We recommend:**

G.1.1 That in accordance with Peace Corps policy, the country director designate staff from outside the medical unit to conduct the monthly inventory counts of medical supplies.

**2. Medical inventory records were not accurately maintained.**

PCM section 734.2.1.6 and Medical Technical Guideline 200.6 state: "The PCMO is responsible for establishing the accuracy of inventories, maintaining appropriate controls, and ensuring the proper usage of all medical supplies and equipment."

We performed a test count using a judgmental sample of 30 medical inventory items and found 23 errors or inconsistencies:

<b>Number of Items</b>	<b>Description of Deficiencies Found</b>
11	Items were found to exist in the inventory but not on the inventory records.
3	Our physical count did not match inventory records.
5	Items were expired.
4	Items in inventory record comprised items with different descriptors.

In addition, we attempted to verify the existence of some selected medical supply items that were not included in the above sample. These items were listed on a separate inventory listing entitled "Inventory of Filter Buckets." We found that the post could not account for all of the filter buckets listed and that the quantity of these items assigned to off site locations was not documented.

Accurate and complete inventory records are critical to effective internal control over government property and is required by Peace Corps policy.

It is important to note that PCM section 734 was updated following the conduct of our audit. The revised policy separated some of the responsibilities in place at the time of our audit. In the updated policy, the country director is responsible for designating:

- A "Medical Supply Inventory Clerk" (MSIC) to maintain the official medical supply inventory records (PCM section 734.3.4).
- Someone to perform the periodic inventory verification counts (PCM section 734.3.5.3.b).

PCM section 734 also provides that both the MSIC and the person performing the inventory verification must not be assigned to the post's medical unit. As a result of these policy changes, we have directed recommendation G.2.1 to the country director rather than the PCMO.

**We recommend:**

- G.2.1 That the country director ensure that the medical supply inventory records are updated and complete, including making new entries to reflect similar inventory items with different descriptive identifiers.
- G.2.2 That the PCMO timely dispose of damaged and expired items that are no longer useful in accordance with Peace Corps policy.

## **H. VEHICLE MANAGEMENT**

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### ***1. Staff did not review the daily vehicle usage logs.***

PCM section 522.4.1.7 requires that the administrative officer review the daily vehicle logs on a weekly basis and maintain the log for review by the country director on a monthly basis.

Our audit disclosed that the administrative officer was not reviewing vehicle logs weekly, and the country director was not reviewing vehicle logs at all.

The motor pool coordinator was responsible for collecting the vehicle logs and providing them to the administrative officer. The coordinator informed us that although he was aware of the weekly review requirement, he collected them only when they were full. As a result, the administrative officer reviewed the logs every few weeks. The administrative officer informed us that she was unaware of the requirement for monthly country director approval.

Periodic and frequent review of the logs is essential to effective internal control in ensuring that the post's vehicles are being used appropriately and in accordance with Peace Corps policy.

**We recommend:**

- H.1.1 That the administrative officer review vehicle logs on a weekly basis and that the country director review vehicle logs on a monthly basis in accordance with Peace Corps policy.

## **I. PURCHASE CARD**

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***1. 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.

The administrative officer was the designated purchase cardholder and the country director was the approving official. The administrative officer informed us that the purchase card log was not filled out until after purchases were made. Instead, she sought authorization from the approving official at the end of each statement period.

Supervisory approval prior to purchases being made with the card was not obtained. Without adhering to the control requiring a pre-approval of all purchases made with the purchase card, there is an increased risk that the purchase cardholder could misuse the card. Further, purchases could be made that the country director may not have otherwise approved.

**We recommend:**

- I.1.1 That the cardholder acquire signature authorization from the approving official before purchases are made on the purchase card in accordance with Peace Corps policy.

## **J. TIMEKEEPING**

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***1. PC-57s were not reviewed by supervisors in accordance with Peace Corps policies.***

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.

Supervisors were not reviewing PC-57s semiannually in accordance with Peace Corps policies. Further, the PC-57s were not being printed out for supervisory signatures. The timekeeper informed us that she printed out PC-57s for review only at a person's end of service and was not aware of the policy requiring periodic supervisory review.

The required semiannual review is an effective internal control in providing supervisors an opportunity to review all time sheets within each six-month period for accuracy. Also, by confirming leave balances semiannually, the scope of employment termination leave audits is minimized to the time period since the previous semiannual review.

**We recommend:**

- J.1.1 That the country director and regional director review PC-57s in accordance with agency policy.

**2. PC-57s contained inaccuracies.**

PCM section 742.8.0 states:

If an employee transfers to another Peace Corps organizational unit within Peace Corps, his or her former office is responsible for forwarding the original audited and certified PC-57 to the new office. A copy of the certified PC-57 should be retained in the former office, with an additional copy being sent to M/FM/A/VSPS for control purposes.

PCM section 635.5.3.2.1 details the annual leave hours to be accrued, based on the length of creditable federal service. PCM section 635.5.2.2 describes the accrual of sick leave.

The timekeeper informed us that she had not received documentation of accrued leave balances when U.S. direct hires (USDHs) staff transferred to PC/Guinea from prior Peace Corps assignments. As a result, the leave balances for the prior country director and the current administrative officer were recorded as zero when they arrived at PC/Guinea.

In addition, the timekeeper was accruing annual leave for all USDHs at six hours per pay period. The timekeeper informed us that she followed this practice because she was unaware that there were three different leave earning categories based on time in federal service. As a result, some USDHs may not have been accruing annual leave at the appropriate rate.

After the audit, the timekeeper informed us that she had ensured that the three USDHs presently assigned to the post were accruing at appropriate rates; however, she did not verify accuracy of the rates used for those USDHs who had recently left post.

Our audit further disclosed a timekeeping problem related to the accumulation and use of sick leave for PSCs. The PC-57s used to track PSC leave balances did not include sick

leave balances, and the timekeeper did not employ an alternative system to track the accumulation and use of PSC sick leave.

Having effective systems in place for accurately recording the accumulation and use of personal leave is an essential part of the overall timekeeping internal control structure. Since the timekeeper was not tracking PSC sick leave and actual leave balances for USDH employees were not consistently confirmed, there is no assurance that leave balances for personnel are accurate.

**We recommend:**

- J.2.1 That the administrative officer obtain the actual starting leave balances for USDHs transferred from other Peace Corps posts timely.
- J.2.2 That the administrative officer ensure that correct annual leave accrual rates are applied for purposes of recording USDH accrued leave.
- J.2.3 That the administrative officer ensure that sick leave balances are tracked for all personnel assigned to the post, including PSCs.

## **K. COMMUNICATIONS**

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### ***1. Personal phone charges were not billed in accordance with agency policy.***

PCM section 834.4.2 states: “Country Directors have the discretion to set up a call collection system for unauthorized calls if it is cost-effective to do so.”

The Director of the Office of Global Accounts Payable (OGAP) issued a clarification email to all administrative officers on July 29, 2007 reminding them that “... agency policy authorizes country directors to establish written, post-specific policy...which sets a threshold for billing, based on a consideration of the costs incurred in the billing and collection process – i.e., is it cost effective to bill for an amount less than ‘x’... we have noticed that many, many collections are made – often for very small amounts – and are wondering why.”

We found several examples where the post did not follow Peace Corps guidance regarding billing of personal phone calls. The post's procedure for collecting information on which calls were personal was inefficient and not well documented. Phone bills were distributed to staff members so that they could either mark their personal calls or note that no personal calls were made. However, there was no reliable system for ensuring that all bills distributed were reviewed by staff and returned to the administrative unit.

An administrative assistant used a tracking spreadsheet; however, her record of when the phone bills were returned to her was incomplete. Although she informed us that some staff would inform her that the bill did not include any personal calls, this information was not documented. Staff members could only be billed when they returned the phone bill to the administrative assistant with personal calls indicated. Since the tracking spreadsheet was incomplete, we could not verify that all personal calls made were in fact billed to staff members making such calls.

Our audit also disclosed that although OGAP guidance specifies that country directors should establish billing thresholds in a post policy, none had been set for personal calls.

We reviewed the billing log and noted several bills created two or three months after the calls were made and one bill for personal calls made seven months earlier. The billing officer informed us that the bills for one of the cellular companies were always received two months after the billing period. However, this does not account for all delayed billings.

The purpose of the OGAP clarification to the policy regarding billing for personal calls is to enable the country director to eliminate billing of small amounts so that the billing process is more efficient and cost-effective. The desired result is that the billing officer will reduce the number of BOCs issued without materially reducing the amount collected.

**We recommend:**

- K.1.1 That the administrative officer coordinate phone bills with the staff to identify personal calls made and obtain timely responses in accordance with Peace Corps policy.
- K.1.2 That the billing officer issue bills for personal calls timely.
- K.1.3 That the country director set a minimum billing amount for the personal use of phones that is cost effective for billing purposes.

**L. INTERNATIONAL COOPERATIVE ADMINISTRATIVE SUPPORT SERVICES (ICASS)**

***1. The post subscribed to services that were in addition to the approved standard services.***

OFMH section 28.6.1 states:

Under ICASS, customer agencies are required to subscribe to two services: Basic Package and Community Liaison Office (CLO). Beyond

these two, Peace Corps policy is that Posts may only subscribe to a specific list of services. Use of any service not authorized requires advance approval by the Chief Financial Officer (see section [28.10] waiver requests). The Office of Budget and Analysis reviews Post ICASS invoices. Any Post whose service selection does not conform to guidance is subject to having its operating budget reduced to cover the cost.

During FYs 2007 and 2008, PC/Guinea subscribed to some non-standard ICASS services. These non-standard services included administrative supply, procurement, travel (was not subscribed in FY 2008), and vouchering. The costs associated with these services amounted to \$14,216 for FY 2007, and \$8,165 for FY 2008. However, waivers to subscribe to the non-standard services were not sought from the Chief Financial Officer (CFO), as required by Peace Corps policy.

The administrative officer informed us that she interpreted Peace Corps guidance to indicate that these services were standard and therefore did not believe waivers were required.

Peace Corps does not necessarily benefit from all available ICASS services because in some cases certain essential services are provided for through internal sources, and other available services are not needed. Therefore, it is important that Peace Corps only pay for those services actually received and that subscribing to any non-standard services not required by the Department of State be useful and cost-effective. Acceptable justification must be presented to and approved by CFO for any proposed use of services not defined as standard in the applicable Peace Corps policy.

**We recommend:**

- L.1.1 That the post obtain waivers for the use of all non-standard ICASS services subscribed to in accordance with Peace Corps policy.

**M. SAFEKEEPING OF VOLUNTEER PROPERTY**

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***1. The post held Volunteer no-fee passports in violation of Peace Corps policy.***

Interim Policy Statement 4-04 states:

Peace Corps agrees with advice from the Department of State that, for Safety and Security reasons, all V/Ts should keep their No-Fee Passports and visas in their possession or at their sites.

The new policy is intended to help prevent a V/T from being detained during an evacuation or routine check of proper paperwork because the V/T's passport and visa are not available...V/Ts are responsible for

safeguarding their No-Fee Passports and visas by keeping them in their possession or easily accessible in a safe place at their sites. Country Directors who are currently safeguarding V/T passports and visas at post shall promptly return the passports and visas to the V/Ts.

We determined that the country director, through delegation to the Volunteer property safekeeper, was holding Volunteer no-fee passports at the post. In addition, the post's policy as stated in the PC/Guinea Volunteer Manual provides:

During your service we prefer to keep your official passport in the safe at the Peace Corps office in Conakry to facilitate emergency travel and to allow us to keep up with visa renewals throughout your service. If you have one, please feel free to keep your personal passport with you at site.

Although the country director was not aware of the interim policy statement that no-fee passports must be held by each Volunteer or Trainee, we learned that the administrative officer was aware of the agency's policy. The administrative officer reasoned that the post's practice of keeping the Volunteer/Trainee passports was justified because they have determined that this is the best way to ensure that the passports can be located and delivered to Volunteers/Trainees when necessary. The administrative officer believed that the likelihood that Volunteers would have to cross a border during evacuation without someone from the office being able to deliver their passports was minimal.

However, the post's practice was inconsistent with Peace Corps policy and advice from the Department of State.

**We recommend:**

- M.1.1 That the country director promptly return no-fee passports to Volunteers and Trainees in accordance with Peace Corps policy.
- M.1.2 That the country director revise the PC/Guinea Volunteer Manual regarding safekeeping of Volunteer passports so that it is consistent with Peace Corps and Department of State guidance.

## **N. PERSONAL SERVICES CONTRACTS**

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***1. Some contracts included references to grade and step levels in violation of Peace Corps policy.***

OFMH section 37.2.6 clarifies the separation of Peace Corps PSCs from those of the Embassy by stating:

PSC contracts are not directly linked to Embassy Wage and Compensation plans, although such plans may be used as a guide to establish compensation ranges. However there should not be any language which ties the contract position to the FP or FSN pay plan, e.g., assignment of grades or steps, although relationships may be discussed informally as a basis for comparison."

Seven of the eight PSCs reviewed included references to grade and step levels, although there was no direct mention of the local compensation plan (LCP).

Peace Corps contractors are not employees and are therefore not covered by the LCP. Referring to grades or steps, even though the LCP itself may not be specifically mentioned, implies that the contractor's compensation follows an established compensation plan. Although Peace Corps posts should use the LCP as a guide for setting salaries and benefits commensurate with contractors' duties, they must avoid specifically referring to any part of it in PSC contracts.

**We recommend:**

N.1.1 That for future personal services contracts and options, the administrative officer review contract language prior to signing to ensure that there are no references made to grades, steps, or the local compensation plan.

**2. *PSC performance evaluations were not consistently 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 eight PSC files selected for review included evidence that annual evaluations were being consistently conducted. However, five of the eight contained at least one evaluation. In addition to the eight PSC files, the PCMO's file did not contain evidence of annual evaluations.

Evaluations are an essential component in the process of evaluating PSC staff performance and assisting in identifying developmental needs. As a result, such evaluations should be consistently performed upon the completion of each contract period and included in the PSC's file.

**We recommend:**

N.2.1 That the country director or other designated supervisor conduct annual performance appraisals of all PSC staff members and that copies be included in their files.

**3. *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 eight PSC files disclosed that five files did not contain documentation showing that the contracts were competitively awarded. Subsequently, the administrative officer provided competition documentation related to one PSC file.

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

**We recommend:**

N.3.1 That the administrative officer maintain documentation of competition in PSC files for all future contracts.

**4. PSC files did not contain completed 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.

Four of the eight PSC files reviewed and the PCMO contract file did not contain completed intelligence background information certification forms. During the audit, three PSCs and the PCMO signed the form.

It is important for Peace Corps to obtain and maintain completed intelligence background information certification forms for all PSCs because agency policy dictates that individuals who have prior connections with intelligence activities through employment, related work, or even family relations may be ineligible for a personal services contract.

**We recommend:**

- N.4.1 That the country director ensure that all PSC staff members have completed intelligence background information certification forms in accordance with Peace Corps policy, and that they be included in their files.

**O. NON-PERSONAL SERVICES CONTRACTS**

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**1. The post did not have written interagency agreements in place.**

PCM section 103.4.2 states:

No funds may be used and no activities may be undertaken pursuant to an interagency agreement until the agreement has been approved and authorized as provided in this manual section.

PCM section 103.3.4 states:

Interagency agreement means a written agreement between the Peace Corps and another federal agency for the performance of program activities or services, and/or the procurement, use, or transfer of commodities, property, personnel, or funds. The term interagency

agreement includes program agreements, fee-for-service agreements, or personnel detail agreements.

Our review of the post's contracts disclosed that PC/Guinea had two informal, unwritten interagency agreements with the Department of State for security guard service and PSC health insurance management. The administrative officer informed us that she was aware of the requirement for written interagency agreements but that she intended to research options in procuring these services directly before executing any formal agreements.

Without written interagency agreements, Peace Corps' participation in services provided by other agencies is informal and may not protect Peace Corps from risks associated with group services, such as being subjected to sudden and unplanned changes in fees or services. Further, use of such services is not authorized before final approval is granted by Peace Corps management.

**We recommend:**

- O.1.1 That the country director obtain approval and authorization for interagency agreements for guard and PSC health insurance management services in accordance with Peace Corps policies, and that he complete formal written interagency agreements as required.

**2. *Required documentation was non-existent or insufficient, and in some cases, funds for contract costs were not fully obligated prior to their execution.***

PCM section 732.6.3.6 states:

Written quotations shall be required (except for emergency supplies and perishable subsistence) when the estimated dollar amount of the purchase exceeds \$10,000.00... The determination that a proposed price is reasonable should be based on competitive quotations. If only one response is received, or the price variance between multiple responses reflects lack of adequate competition, a statement shall be included in the contract file giving the basis of the determination of fair and reasonable price.

OFMH section 32.3 states:

... an obligation is a firm reservation of funds that creates a legal liability on the government for the payment of goods or services ordered... 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.

PCM section 753.4.1 states:

The controls at Post must be adequate to assure that neither over obligations nor over expenditures occurs both within limitations placed on line items and on the overall amounts available in sections [of] the budget in total.

We reviewed a judgmental sample of four non-personal services contracts and noted that the post did not fully comply with applicable Peace Corps policies as follows:

- The competition process was not documented for the sole contract greater than \$10,000.
- In cases where it was unclear that the lowest-cost option was chosen, the basis for awards was not documented.
- Three of the four contracts were signed prior to funds being fully obligated in FORPost.

Adequate documentation of the competitive process is an important internal control in minimizing the risk that contracts awarded are not the best overall value to the Peace Corps. Also, the post should not execute personal services contracts without first ensuring that funds are available. The lack of funding to cover costs associated with a signed lease, contract, or purchase of goods and/or services could result in a violation of the Anti-Deficiency Act.

**We recommend:**

- O.2.1 That the administrative officer maintain all necessary documents in the post's contract files, as required by Peace Corps policy.
- O.2.2 That the administrative officer obligate funds in FORPost prior to executing and signing contracts.

**P. LEASES**

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***1. The post did not seek a waiver for leasing a residence with a functional swimming pool.***

PCM section 515.3 states:

Peace Corps employees may not live in residences with swimming pools or tennis courts, nor may they live in neighborhoods considered by the

local population to be "foreign compounds." Exceptions to this rule may be made only by the Regional Director. Exceptions should be based on recommendations from the Country Director and documentation from the Chief of Mission concerning the lack of adequate and secure housing in-country.

We observed that the country director's residence included a functional swimming pool. Although the post had obtained a waiver for a non-functional swimming pool at that residence over the period of the previous lease, it expired in March 2008. A new waiver had not been obtained at the time the lease was renewed.

During the audit, the administrative officer sought and obtained a waiver for a functional pool from the regional director. Since appropriate corrective action has been taken we are not making any recommendations.

## ***2. Lease files did not contain all required documentation.***

OFMH section 30.5 states:

Dollar or other hard currency payments may be made only if consistent with local law and with the prior (written) approval of the Chief of Mission and Director, Global Accounts Payable.

PCM section 733.4.2 states:

Upon identifying property/space needs, a market survey shall be conducted to determine availability and price of property meeting those needs. Methods of conducting a market survey may include advertising in the local media or contacting rental agents.

The lease template, Attachment A to PCM section 733, contains a Certificate of Acceptance, and must be used for all leases entered into by posts.

We reviewed a judgmental sample of five leases and found that several required documents were not included in lease files:

- Authorization for U.S. dollar payments was not included for the four leases reviewed that were paid in U.S. dollars.
- None of the five lease files contained documentation that a market survey was conducted prior to awarding the lease.
- Certificates of Acceptance were not signed for three of the leases.

Also, the administrative officer informed us that it was her understanding that Certificates of Acceptance were only required if the date of the lease differed from the actual date of acceptance of the property. However, we did not find this exception in applicable Peace Corps policy.

Subsequent to our review of leases, a market survey for one lease was provided by the administrative officer. In addition, during the audit the administrative officer obtained Chief of Mission approval to pay all leases in U.S. dollars. Similar approval was obtained from the Regional Director for Africa; however, policy requires that such approval be obtained from the Director, Office of Global Accounts Payable.

In order to ensure the best use of Peace Corps funds, all appropriate approvals and associated documentation must be obtained before leases are signed and included in the lease files.

**We recommend:**

- P.2.1 That the administrative officer maintain all required information in current lease files, including updated approvals and market surveys for renewed leases.

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## QUESTIONED COSTS AND FUNDS PUT TO BETTER USE

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We identified certain questioned costs and funds to be put to better use during the course of the audit. They are discussed in the accompanying audit report and enumerated below along with the recommendation number in the report. (Amounts are in U.S. dollars or U.S. dollar equivalents of Guinea Francs.)

### Questioned Costs

Recommendation number	Description	Amount
L.1.1	Unapproved ICASS charges for FY 2007 and FY 2008	\$22,381

### Funds Put to Better Use

Recommendation number	Description	Amount
A.1.1	Unsupported obligation amounts	\$3,123
C.1.1	Long-outstanding BOCs	\$69
TOTAL		\$3,192

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## POST STAFFING

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At the time of our visit, the post had 38 staff positions: three U.S. direct hire employees, one foreign service national, 31 host country personal services contractors, and three third country personal services contractors.

We interviewed 6 staff, including two U.S. direct hires and the Peace Corps Medical Contractor. They all informed us that they very much enjoyed working for the Peace Corps.

### PC/Guinea's Positions

Position	Status
Country Director	USDH
Receptionist/Executive Secretary	PSC
Administrative Officer	USDH
APCD/SED, acting APCD/NRM	USDH
APCD/Health	TCN PSC
APCD/ Education	PSC
Regional Coordinators (3)	PSC
Program Secretary	PSC
Financial Assistant	PSC
Administrative Assistant	PSC
Messenger/ Clerk/ Secretary	PSC
General Services Coordinator	PSC
Assistant General Services Coordinator	PSC
Cashier	FSN
IT Specialist	PSC
Drivers (7)	PSC
Upcountry Drivers (3)	PSC
Motor Pool Coordinator	PSC
Peace Corps Medical Officer	TCN PSC
Assistant PCMO	TCN PSC
Medical Secretary	PSC
Lab Technician	PSC
Safety and Security Coordinator	PSC
Training Director	PSC
Janitors (3)	PSC
Gardener	PSC

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## LIST OF RECOMMENDATIONS

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**WE RECOMMEND:**

- A.1.1 That the administrative officer ensure that all obligations, de-obligations, and similar transactions are fully supported by relevant documentation, including calculations, written explanations, quotations, and other support.
- A.2.1 That the administrative officer record an obligation in the financial reporting system prior to executing a procurement.
- B.1.1 That the administrative officer document the conduct of Volunteer settling-in allowance surveys and related analyses for each new training group, and ensure that this information be maintained on file.
- B.2.1 That the administrative officer conduct independent market basket surveys to verify cost data reported in each settling-in allowance survey in accordance with Peace Corps policy.
- B.3.1 That the administrative officer adequately document the justification for the determined amounts of the travel allowance for all Volunteer sites.
- B.4.1 That the administrative unit deduct host country customs fees paid for Volunteer personal packages from Volunteer living allowances in accordance with Peace Corps policy.
- B.5.1 That the Office of the Chief Financial Officer issue specific guidance to posts regarding how to account for deductions from living allowances for reimbursements to Peace Corps that is based on appropriate accounting principles, including the recording of all such transactions in the financial reporting system.
- C.1.1 That the billing officer inform the administrative officer of bills over 30 days outstanding and that the administrative officer consistently follow up with debtors to ensure that debts are promptly paid.
- C.2.1 That the country director ensure that termination cables are sent to PC/Washington within one business day following the termination in accordance with Peace Corps policy.
- D.1.1 That the administrative officer document, in a memorandum to the host country contribution file, the basis for valuation of in-kind host country contributions as presented in the FY 2009 Operations Plan.

- E.1.1 That the cashier, in accordance with Peace Corps policy, change the imprest fund safe's combination annually, when there is a change in cashiers, or whenever the combination becomes known to a person other than the cashier.
- E.2.1 That the country director ensure that the cashier receive adequate training to reset the imprest fund safe combination.
- E.3.1 That the cashier or other designate perform unannounced sub-cashier verifications in accordance with Peace Corps policy.
- E.4.1 That the Chief Financial Officer work with the U.S. Treasury Department to find a solution to Peace Corps' need to make cash payments away from the Peace Corps overseas offices, given that most staff are contractors.
- E.4.2 That the Office of Acquisitions and Contract Management remove all references from PSC contract guidance regarding PSCs carrying cash or allowances so that the conflicting guidance is eliminated.
- F.1.1 That the administrative officer separate the duties of maintaining the inventory records and conducting the annual physical inventory count and verification.
- F.2.1 That the country director ensure that the post follow Peace Corps policy regarding implementation of controls over the issuance of Peace Corps property to Volunteers and staff.
- F.3.1 That the administrative officer ensure that the inventory listing is maintained throughout the year, and that a complete inventory count be performed annually in accordance with Peace Corps policy.
- G.1.1 That in accordance with Peace Corps policy, the country director designate staff from outside the medical unit to conduct the monthly inventory counts of medical supplies.
- G.2.1 That the country director ensure that the medical supply inventory records are updated and complete, including making new entries to reflect similar inventory items with different descriptive identifiers.
- G.2.2 That the PCMO timely dispose of damaged and expired items that are no longer useful in accordance with Peace Corps policy.
- H.1.1 That the administrative officer review vehicle logs on a weekly basis and that the country director review vehicle logs on a monthly basis in accordance with Peace Corps policy.
- I.1.1 That the cardholder acquire signature authorization from the approving official before purchases are made on the purchase card in accordance with Peace Corps policy.

- J.1.1 That the country director and regional director review PC-57s in accordance with agency policy.
- J.2.1 That the administrative officer obtain the actual starting leave balances for USDHs transferred from other Peace Corps posts timely.
- J.2.2 That the administrative officer ensure that correct annual leave accrual rates are applied for purposes of recording USDH accrued leave.
- J.2.3 That the administrative officer ensure that sick leave balances are tracked for all personnel assigned to the post, including PSCs.
- K.1.1 That the administrative officer coordinate phone bills with the staff to identify personal calls made and obtain timely responses in accordance with Peace Corps policy.
- K.1.2 That the billing officer issue bills for personal calls timely.
- K.1.3 That the country director set a minimum billing amount for the personal use of phones that is cost effective for billing purposes.
- L.1.1 That the post obtain waivers for the use of all non-standard ICASS services subscribed to in accordance with Peace Corps policy.
- M.1.1 That the country director promptly return no-fee passports to Volunteers and Trainees in accordance with Peace Corps policy.
- M.1.2 That the country director revise the PC/Guinea Volunteer Manual regarding safekeeping of Volunteer passports so that it is consistent with Peace Corps and Department of State guidance.
- N.1.1 That for future personal services contracts and options, the administrative officer review contract language prior to signing to ensure that there are no references made to grades, steps, or the local compensation plan.
- N.2.1 That the country director or other designated supervisor conduct annual performance appraisals of all PSC staff members and that copies be included in their files.
- N.3.1 That the administrative officer maintain documentation of competition in PSC files for all future contracts.
- N.4.1 That the country director ensure that all PSC staff members have completed intelligence background information certification forms in accordance with Peace Corps policy, and that they be included in their files.

- O.1.1 That the country director obtain approval and authorization for interagency agreements for guard and PSC health insurance management services in accordance with Peace Corps policies, and that he complete formal written interagency agreements as required.
- O.2.1 That the administrative officer maintain all necessary documents in the post's contract files, as required by Peace Corps policy.
- O.2.2 That the administrative officer obligate funds in FORPost prior to executing and signing contracts.
- P.2.1 That the administrative officer maintain all required information in current lease files, including updated approvals and market surveys for renewed leases.

## APPENDIX A

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### OBJECTIVE, SCOPE, AND METHODOLOGY

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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/Guinea covered fiscal years 2007 and 2008. While at the post, we interviewed key staff: the country director, the administrative officer, staff responsible for administrative support, and the medical officer. 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**

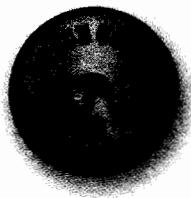
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# **MANAGEMENT'S RESPONSE TO THE PRELIMINARY REPORT**

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Since 1961.

**To:** Kathy Buller, Inspector General  
**From:** Lynn Foden, Acting Regional Director, Africa Region   
**Date:** March 24, 2009  
**Subject:** Region Response to the Preliminary Audit Report of PC/Guinea

The Africa Region would like to thank the Office of the Inspector General for the Preliminary Audit Report of Peace Corps/Guinea. Post is very appreciative of the feedback presented through this financial audit.

Attached, please find our response to the OIG report. Due to the size of the file, please find an electronic copy of the response as well as supporting documentation saved here: <.....\@Agency All\IG\Guinea Audit 2008\Region Response>. Post's responses have been reviewed and integrated into this response. The Africa Region will continue to work with Peace Corps/Guinea to ensure full implementation of the OIG recommendations.

Please let me know if you have any questions or comments on any of our responses. The Region greatly appreciates your guidance and support.

cc: Kathy Rulon, Acting Chief of Staff/Operations  
Larry Blake, Chief Administrative Officer, AF Region  
Daniel Evans, Country Director, PC/Guinea  
Priscilla Sampil, Administrative Officer, PC/Guinea  
Thomas Bellamy, Chief Financial Officer  
Guinea Country Desk Unit

## **REGIONAL RESPONSE TO THE PRELIMINARY REPORT ON THE AUDIT OF PEACE CORPS/GUINEA**

The OIG conducted an audit of PC/Guinea in October of 2008. As outlined in the February 2009 report, Auditor Elizabeth Palmer examined Post's financial and administrative operations.

PC/Guinea staff and Volunteers would like to acknowledge the work of Ms. Palmer, who conducted her duties with professionalism, cultural sensitivity, and maintained a friendly and helpful attitude throughout the audit. She explained the mission of the OIG and kept Post informed during the process. Her preliminary feedback was appreciated and allowed Post to continue improvements in areas that were lacking.

In keeping with the Peace Corps service mission, Post was pleased to facilitate travel to several Volunteers' sites. The auditor had the opportunity to visit Volunteers and personally observe the work they are doing in the field. The PC/Guinea administrative staff provided the auditor with a private room and a workstation, collected all documents requested, and facilitated interviews .

Post underwent an evacuation and six month Program suspension in 2007. The inevitable strain of a crisis situation (volunteer support, personal safety, job security, and myriad uncertainties) undermined the effectiveness of Post's administrative and financial operations. Post is now in a period of growth and rebuilding and is looking forward to a positive future. As the Program rebuilds, Post will focus on continuing to improve financial and administrative operations. Post and Region feel that the OIG audit was helpful in Post's efforts to continue to improve efficiencies and comply with regulations.

### **Executive Summary**

The Post and Region fully concurs with 37 of the 41 recommendations provided by the OIG. The Post and the Region partially concur with recommendation O.1.1 and the explanation for the partial concurrence is given in the commentary. Post has already implemented actions responding to all 38 of the recommendations directed to Post, and anticipates closure on open items under its authority.

The PC/Guinea staff and the Africa Region place a high priority on continually improving financial and administrative operations and appreciate the insight and information provided by the Peace Corps Office of the Inspector General.

### **Recommendations and Responses**

**A.1.1 That the administrative officer ensure that all obligations, de-obligations, and similar transactions are fully supported by relevant documentation, including calculations, written explanations, quotations, and other support.**

*Response:* Concur

The Administrative Officer agrees to ensure that all transactions are fully supported by relevant documentation. Post financial management staff use the obligation matrix in the OFMH as a guide for documenting transactions. Post uses a recurring obligation spreadsheet to document the establishment and basis of calculation for recurring obligations (utilities, miscellaneous repairs, miscellaneous supplies, etc.). Recurring obligations are funded on a quarterly basis. The recurring obligation spreadsheets as well as some sample obligations are included as supporting documentation (A.1.1 Attachment 1).

**Completion Date: Completed**

**A.2.1 That the administrative officer record an obligation in the financial reporting system prior to executing a procurement.**

*Response:* Concur

The Administrative Officer will continue to ensure that procurements are not executed in advance of obligation. A system of work order requests which require administrative approval helps to ensure that procurement is not done in advance of obligation. Recurring obligations for miscellaneous supplies and repairs help ensure that these procurements are not initiated prior to obligation. Obligating documents for a sample of procurements have been included as supporting documentation (A.2.1 Attachment 1).

**Completion Date: Completed**

**B.1.1 That the administrative officer document the conduct of Volunteer settling-in allowance surveys and related analyses for each new training group, and ensure that this information be maintained on file.**

*Response:* Concur

A settling-in allowance survey is attached to each PCV handbook issued to new volunteers. The handbook is issued during the PST Admin Session and PCVs are verbally instructed to complete the survey within the first three months of service. Written reminders are sent to volunteers. For example, a reminder was sent G16 PCVs in the November 2008 Newsletter. The results of the G16 PCV settling in allowance survey are included as supporting documentation (B.1.1 Attachment 1) as well as a memo sent to PCVs and the reminder posted in the November Newsletter for G16 surveys (B.1.1 Attachment 2).

**Completion Date: November 2008 – March 2009**

**B.2.1 That the administrative officer conduct independent market basket surveys to verify cost data reported in each settling-in allowance survey in accordance with Peace Corps policy.**

*Response:* Concur

Post has conducted an independent market basket survey for verification of cost data reported. The survey is included as supporting documentation (B.2.1. Attachment 1-4)

**Completion Date: January 2009**

**B.3.1 That the administrative officer adequately document the justification for the determined amounts of the travel allowance for all Volunteer sites.**

*Response:* Concur

Post documents the rates for travel allowance for all Volunteer sites per the official transportation rates as established by the national public transport syndicate. Post uses a spreadsheet to determine the amount that each Volunteer should receive for travel allowance. Copies of the spreadsheet and documentation of the transportation rates approved by the syndicate are included as documentation (B.3.1. Attachment 1-4).

**Completion Date: January 2009**

**B.4.1 That the administrative unit deduct host country customs fees paid for Volunteer personal packages from Volunteer living allowances in accordance with Peace**

**Corps policy.**

*Response:* Concur

Post has returned all personal cash to respective PCVs and has been promptly deducting packages fund from their living allowance. Copies of the deposit slips documented the amounts deposited to each individual account have already been forwarded to the IG. Volunteers were informed of the change in policy in the November Newsletter. Copies of the support allowance spreadsheets for February-May showing the deductions for packages have been included as supporting documentation (B.4.1 Attachment 1-3).

**Completion Date: October 2008 -January 2009**

**B.5.1 That the Office of the Chief Financial Officer issue specific guidance to posts regarding how to account for deductions from living allowances for reimbursements to Peace Corps that is based on appropriate accounting principles, including the recording of all such transactions in the financial reporting system.**

*Response:* Not for Region response.

**C.1.1 That the billing officer inform the administrative officer of bills over 30 days outstanding and that the administrative officer consistently follow up with debtors to ensure that debts are promptly paid.**

*Response:* Concur

For current BOCs issued in this fiscal year, all payments are so far collected in a timely manner in compliance with the OFMH. The AO redoubled Post efforts to enforce prompt payment of phone bills. The Billing Officer has been instructed to refer all open collections after 30 days to AO for her personal follow up. As a result, since inspector's visit, billing officer has been checking the outstanding bills and informing the AO who sends out letters to identified debtors with a deadline for payment. Samples of a memo for BOC collection as well as a copy of the outstanding BOC report have been included as supporting documentation (C.1.1 Attachment 1).

**Completion Date: February 2009**

**C.2.1 That the country director ensure that termination cables are sent to PC/Washington within one business day following the termination in accordance with Peace Corps policy.**

*Response:* Concur

Volunteers' termination cables are sent within one business day after the Volunteer leaves. Exception was made during the period of evacuation in Mali Bamako where the Administrative Assistant was the only admin person to close out 117 PCVs' services at the Tubaniso training site. There were not enough computers for each staff and the internet connection was so poor that some cables couldn't be sent within one business day. Samples of cables sent within one business day from 2005, 2006, 2007, 2008, and 2009 have been included as supporting documentation (C.2.1. Attachment 1- 2). Also, please reference the clarification of this policy requested by the Region in response to PC Senegal IG Audit Report IG-07-18-A in which PC Senegal clarified with the current Director of Volunteer and PSC Services, that the Overseas Financial Management Handbook is currently incorrect and that cables should be submitted within 24-business hours (C.2.1 Attachment 3).

**Completion Date: Completed**

**D.1.1 That the administrative officer document, in a memorandum to the host country contribution file, the basis for valuation of in-kind host country contributions as presented in the FY 2009 Operations Plan.**

*Response:* Concur

The host country contribution for the FY09 OP plan is documented. The memorandum to the file is included as supporting documentation (D.1.1. Attachment 1).

**Completion Date: July 29, 2008**

**E.1.1 That the cashier, in accordance with Peace Corps policy, change the imprest fund safe combination annually, when there is a change in cashiers, or whenever the combination becomes known to a person other than the cashier.**

*Response:* Concur

The safe combination was changed in September 2008 and changed again in March 2009. There is a log inside the cashier safe indicating the dates that the combination was changed. A copy of the log is included as supporting documentation (E.1.1 Attachment 1).

**Completion Date: March 20, 2009**

**E.2.1 That the country director ensure that the cashier receive adequate training to reset the imprest fund safe combination.**

*Response:* Concur

The Cashier is trained to reset the combination. With the existing safe, a technician is required to set-up the safe prior to the combination change. The Cashier makes the combination change without assistance. This is in accordance with MS 790 that "The Embassy Regional Security Officer (RSO) or technician assisting with the changing of the combination is not authorized to set or know the combination of the safe." The cashier changed the combination in September 2008 and changed it again in March 2009. The Africa Region has funded procurement of a new safe which will not require any assistance to set up the safe prior to the combination change. A copy of the FORPOST budget report confirming receipt of funds from the Africa Region for procurement of a new safe as well as a copy of the Cashier's statement documenting the September 2008 and March 2009 combination changes have been included as supporting documentation (E.2.1 Attachment 1 - 2).

**Completion Date: March 2009**

**E.3.1 That the cashier or other designate perform unannounced sub-cashier verifications in accordance with Peace Corps policy.**

*Response:* Concur

The sub-cashier advances have been reduced to 1000 USDE. Copies of the quarterly unannounced sub-cashier verifications and interim receipts indicating the amount of funds held by each sub-cashier are included as supporting documentation (E.3.1 Attachment 1 and E.3.1 Attachment 2).

**Completion Date: February-March 2009**

**E.4.1 That the Chief Financial Officer work with the U.S. Treasury Department to find a solution to Peace Corps' need to make cash payments away from the Peace**

**Corps overseas offices, given that most staff are contractors.**

*Response:* Not for Region Response

**E.4.2 That the Office of Acquisitions and Contract Management remove all references from PSC contract guidance regarding PSCs carrying cash or allowances so that the conflicting guidance is eliminated.**

*Response:* Not for Region Response

**F.1.1 That the administrative officer separate the duties of maintaining the inventory records and conducting the annual physical inventory count and verification.**

*Response:* Concur

These duties are separated per the job descriptions of the General Services Manager and the General Services Assistant. A copy of the job descriptions is attached for documentation (F.1.1 Attachment 1 - 2).

**Completion Date: March 2009**

**F.2.1 That the country director ensure that the post follow Peace Corps policy regarding implementation of controls over the issuance of Peace Corps property to Volunteers and staff.**

*Response:* Concur

All staff and volunteers who receive Peace Corps property must sign an issuance receipt. Samples of signed issuance receipts have been included as supporting documentation (F.2.1 Attachment 1).

**Completion Date: March 2009**

**F.3.1 That the administrative officer ensure that the inventory listing is maintained throughout the year, and that a complete inventory count be performed annually in accordance with Peace Corps policy.**

*Response:* Concur

The General Services Manager maintains the inventory listing throughout the year and performs the bi annual PP&E verifications as required by the CFO. On an annual basis, a complete inventory count is performed. A copy of the most recent complete inventory count is included as documentation (F.3.1 Attachment 1).

**Completion Date: Completed**

**G.1.1 That in accordance with Peace Corps policy, the country director designate staff from outside the medical unit to conduct the monthly inventory counts of medical supplies.**

*Response:* Concur

The Country Director has designated the Receptionist/Administrative Supply Clerk as the person outside the medical unit who will conduct monthly inventories of medical supplies (G.1.1 Attachment 1).

**Completion Date: March 2009**

**G.2.1 That the country director ensure that the medical supply inventory records are updated and complete, including making new entries to reflect similar inventory items with different descriptive identifiers.**

*Response:* Concur

The medical inventory is now being conducted at the end of each month. The medical inventory data forms were modified to include multiple descriptions for the same medication. Information is entered to reflect any similar inventory items that have new or different descriptive identifiers. (G.2.1 Attachment 1).

**Completion Date: September 2008**

**G.2.2 That the PCMO timely dispose of damaged and expired items that are no longer useful in accordance with Peace Corps policy.**

*Response:* Concur

The PC medical unit incinerates damaged and expired items every three months. A log of expired medicines is kept to assure proper documentation of any medications or supplies that are incinerated. A copy of the log is included as supporting documentation (G.2.2 Attachment 1).

**Completion Date: November 2008**

**H.1.1 That the administrative officer review vehicle logs on a weekly basis and that the country director review vehicle logs on a monthly basis in accordance with Peace Corps policy.**

*Response:* Concur

The motorpool coordinator collects the vehicle logs on a weekly basis and submits them to the administrative officer for signature. The vehicle logs are approved by the Country Director on a monthly basis. Copies of the approved vehicle logs have been included as supporting documentation (H.1.1 Attachment 1-4).

**Completion Date: Completed**

**I.1.1 That the cardholder acquire signature authorization from the approving official before purchases are made on the purchase card in accordance with Peace Corps policy.**

*Response:* Concur

The cardholder obtains signature authorization from the approving official before the purchases are made. The card holder documents the approval by having the approving official sign on the obligation coversheet. Obligations are always made prior to the procurement. Copies of the purchase card log and obligating documents for December 2008, January 2009, and February 2009 have been included as supporting documentation (I.1.1 Attachment 1).

**Completion Date: December 2008**

**J.1.1 That the country director and regional director review PC-57 in accordance with agency's policy.**

*Response:* Concur

All local and USDH staff's PC-57 have been printed and signed by CD. Also, Post will be printing and signing PC-57 for USDH twice a year (June 2009 and December 2009). Copies of the signed PC-57 have been included as supporting documentation (J.1.1 Attachment 1).

**Completion Date: December 2008**

**J.2.1 That the Administrative Officer obtains the actual starting leave balances for USDHs transferred from other PC posts timely.**

*Response:* Concur

One USDH transferred from another Post during the fiscal years 2007 and 2008. A copy of the PC-57 for this USDH is included as supporting documentation (J.2.1 Attachment 1).

**Completion Date: December 2008**

**J.2.2 That the AO ensures that correct annual Leave accrual rates are applied for purpose of recording USDH accrued Leave.**

*Response:* Concur

USDH leave has been accrued correctly for all USDH currently at Post. Post will use a checklist for newly arrived USDH to ensure that correct information is provided by the USDH or by the HQ timekeeper. A copy of the checklist is provided as supporting documentation as well as documentation regarding the accrual of leave for the USDH currently at Post (J.2.2 Attachment 1).

**Completion Date: Completed**

**J.2.3 That the AO ensure that sick leave balances are tracked for all personnel assigned to the post, including PSCs.**

*Response:* Concur

Sick leave balances are tracked for all USDH staff. The 2009 PC-57 have been included as supporting documentation. Local staff do not accrue sick leave, as per the Local Guinean Leave Plan. There is no limit to the number of work days of sick leave at full pay that will be granted to a local employee per leave year. This is why PC/Guinea does not record sick leave in PC-57 for local staff. A copy of the leave plan text regarding sick leave is included as supporting documentation (J.2.3 Attachment 1).

**Completion Date: Completed**

**K.1.1 That the administrative officer coordinate phone bills with the staff to identify personal calls made and obtain timely responses in accordance with Peace Corps policy.**

*Response:* Concur

Post has negotiated a contract with a local telephone company to create a Virtual Private Network (VPN) for Peace Corps. Under this contract, effective April 1st, 2009, all calls within the network to Peace Corps staff and Volunteers will be free. Staff will be issued pre-paid telephone numbers rather than billed telephone numbers. The new plan will significantly reduce the need to bill for personal calls. Until the plan is effective, the Administrative Assistant gives out copies of the

phone bills for staff to identify their personal calls. Copies of the log for staff phone bills are attached as supporting documentation (K.1.1 Attachment 1- 4).

**Completion Date: March 2009**

**K.1.2 That the billing officer issue bills for personal calls timely.**

*Response:* Concur

Post is working on this issue but has limitations because the state telephone service in Guinea sends invoices out one to two months late and therefore delays the issuance of BOC. Sample invoices with the date of receipt stamped document the delay in receipt of the invoice. An example of a BOC issued within three business days of receipt documents timely issuance of bills (K.1.2. Attachment 1-2).

**Completion Date: Completed**

**K.1.3 That the country director set a minimum billing amount for the personal use of phones that is cost effective for billing purposes.**

*Response:* Concur

The Country Director has set the minimum billing amount at 25,000 GNF, approximately 5 USDE (K.1.3 Attachment 1)

**Completion Date: January 2009**

**L.1.1 That the post obtain waivers for the use of all non-standard ICASS services subscribed to in accordance with Peace Corps policy.**

*Response:* Concur

Post has obtained a waiver for all non-standard ICASS services. A copy of the waiver signed by the CFO is included as supporting documentation (L.1.1 Attachment 1).

**Completion Date: February 2009**

**M.1.1 That the country director promptly return no-fee passports to Volunteers and Trainees in accordance with Peace Corps policy.**

*Response:* Concur

Post has requested that Volunteers who wish that Peace Corps keep their no-fee passports sign a statement that they have read the policy and understood the policy. Copies of signed statements regarding no fee passports, as well as written approval of the Country Director to safeguard Volunteer Trainee property including passports has been included as supporting documentation (M.1.1 Attachment 1).

**Completion Date: Completed**

**M.1.2 That the country director revise the PC/Guinea Volunteer Manual regarding safekeeping of Volunteer passports so that it is consistent with Peace Corps and Department of State guidance.**

*Response:* Concur

Post has revised the PC/Guinea Volunteer Manual to advise Volunteers of the Peace Corps and Department of State Guidance. A copy of the relevant manual section is included as supporting documentation (M.1.2 Attachment 1).

**Completion Date: January 2009**

**N.1.1 That for future Personal Services contracts and options, the Administrative Officer reviews contract language prior to signing to ensure that there are no references made to grades, steps, or the local compensation plan.**

*Response:* Concur

Post makes no reference to grades, steps, or the local compensation plan in Personal Services contracts. Sample contracts from 2007, 2008 and 2009 have been included as supporting documentation (N.1.1 Attachment 1).

**Completion Date: January 2009**

**N.2.1 That the country director or other designated supervisor conduct annual performance appraisals of all PSC staff members and that copies be included in their files.**

*Response:* Concur

Post has documented a procedure for annual performance appraisals and FY08 performance appraisals were conducted for all PSC staff. A copy of the procedure as well as performance appraisals for a range of staff have been included as supporting documentation (N.2.1 Attachment 1 and N.2.1 Attachments 2-13).

**Completion Date: February - March 2009**

**N.3.1 That the administrative officer maintain documentation of competition in PSC files for all future contracts.**

*Response:* Concur

Post will maintain documentation of competition in PSC files. The selection memo, candidate rankings, and newspaper advertisement for five different positions recruited in calendar year 2008 have been included as supporting documentation (N.3.1. Attachment 1-4).

**Completion Date: April 2008 – February 2009**

**N.4.1 That the country director ensure that all PSC staff members have completed intelligence background information certification forms in accordance with Peace Corps policy, and that they be included in their files.**

*Response:* Concur

All files include intelligence certification forms at Post. A sample of 10 completed certification forms are included as supporting documentation (N.4.1 Attachment 1 - 2).

**Completion Date: October 2008**

**O.1.1 That the country director obtain approval and authorization for interagency agreements for guard and PSC health insurance management services in accordance with Peace Corps policies, and that he complete formal written**

**interagency agreements as required.**

*Response:* Partially Concur

Post has obtained authorization from the Dept. of State to provide its own security service. Post is in the process of implementing the change. A copy of the authorization from the Ambassador and RSO is attached as supporting documentation. Peace Corps has its own contract with the Health insurance company copies of the contract and renewals from 2004 to date have been included as supporting documentation (O.1.1 Attachment 1- 3).

**Completion Date: November 2008, Ongoing until finalization of contract**

**O.2.1 That the Administrative Officer maintains all necessary documents in the Post's contract files, as required by Peace Corps policy.**

*Response:* Concur

The Administrative Officer has issued a memo stating that Post will adhere to the guidelines for contract file documentation as issued by the Office of Contracts. In order to ensure that the guidelines are followed, Post will use checklists for contract file documentation (Purchase Orders, PSC Contracts, and Leases) and a completed checklist and the contract file will be presented to the Contracting Officer prior to signature (O.2.1. Attachment 1).

**Completion Date: March 2009**

**O.2.2 That the Administrative Officer obligates funds in FORPOST prior to executing and signing contracts.**

*Response:* Concur

The Administrative Officer obligates funds in FORPOST prior to executing and signing contracts. Several examples have been included as supporting documentation (O.2.2 Attachment 1 - 2).

**Completion Date: March 2009**

**P.2.1 That the administrative officer maintain all required information in current lease files, including updated approvals and market surveys for renewed leases.**

*Response:* Concur

Post is in the process of up-dating all lease files as required by PC policy. A copy of a completed lease checklist is included as supporting documentation (P.2.1 Attachment 1).

**Completion Date: Ongoing, anticipated completion October 2009**



**OFFICE OF ACQUISITIONS AND CONTRACT MANAGEMENT REPOSE TO  
RECOMMENDATION E.4.2**

**CONCUR.** Barring OCFO obtaining a waiver from the Department of Treasury or coming up with another solution acceptable to OIG, OACM will issue an Acquisition Bulletin to Country Directors and Administrative Officers of the change in guidance as well as remove any guidance from the Peace Corps intranet site by April 30, 2009.

**Carey M. Fountain**  
Chief Acquisition Officer  
Peace Corps  
1111 20th Street, NW  
Washington, DC 20526



## **Memorandum**

**To:** Kathy Buller, Inspector General

**From:** Thomas Bellamy, Acting Chief Financial Officer

**Date:** March 27, 2009

**Subject:** OCFO Response to PC/Guinea IG Audit

The OCFO has the following 2 recommendations to make in regard to IG recommendations resulting from the recent IG Audit of Peace Corps/Guinea.

IG Recommendations:

B.5.1 That the Office of the Chief Financial Officer issue specific guidance to posts regarding how to account for deductions from living allowances for reimbursements to Peace Corps that is based on appropriate accounting principles, including the recording of all such transactions in the financial reporting system.

**CFO Response: Concur**

**The following guidance has been included in the Overseas Financial Management Handbook since summer of 2007.**

**Consistent with MS 221, deductions may be made for overpayment of allowances or other debts owed to the Peace Corps using the following procedures:**

**Reduce the final LA payment by the amount owed, using the MPL to indicate that the full amount was authorized (in the LA column) and then reduced (using the adjustment column), explaining the basis for the reduction in a note attached to the spreadsheet.**

Note – it is not possible to debit the LA obligation and then credit other obligations without funds actually changing hands (in cash). Therefore, the Agency has determined that it is most cost-effective for the US Govt. simply to reduce LA.

E.4.1 That the Chief Financial Officer work with the U.S. Treasury Department to find a solution to Peace Corps' need to make cash payments away from the Peace Corps overseas offices, given that most staff are contractors.

**CFO Response: Concur**

**Before addressing this with Treasury, we recommend that the Office of the Chief Financial Officer work with the Office of General Counsel, OACM, and the Regions to find a solution to Peace Corps' need to make cash payments away from the Peace Corps overseas offices, given that most staff are personal services contractors. We are circulating a draft solution that will provide a reasonable cure for the ongoing challenge of PC need for occasional money handling in the field. This should make PC practices in the field more congruent with PC Manual policy. We anticipate a solution before the end of Quarter 3, 2009.**

Cc: CG, OACM

## APPENDIX C

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### OIG COMMENTS

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Management concurred with 40 recommendations and partially concurred with one recommendation made in our report. We closed 37 recommendations. Recommendations E.4.1, E.4.2, G.2.2, and J.2.1 remain open pending confirmation from the chief compliance officer that the following has been received:

- For recommendation E.4.1, a copy of the Office of the Chief Financial Officer's memorandum that details the solution for cash payments by overseas staff.
- For recommendation E.4.2, a copy of the Acquisition Bulletin, or other solution, which eliminates conflicting Peace Corps guidance.
- For recommendation G.2.2, documentation that the items the auditor found to be expired were disposed in accordance with Peace Corps policy.
- For recommendation J.2.1, documentation that sick leave ending balances, for USDH staff transferring from another Peace Corps post, are reconciled with sick leave beginning balances at PC/Guinea.

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

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### AUDIT COMPLETION AND OIG CONTACT

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#### 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](mailto:gmontoya@peacecorps.gov), or call him at (202) 692-2907.

***REPORT FRAUD, WASTE, ABUSE,  
AND MISMANAGEMENT***

**Fraud, waste, abuse, and mismanagement in government affect everyone from Peace Corps Volunteers to agency employees to the general public. We actively solicit allegations of inefficient and wasteful practices, fraud, and abuse related to Peace Corps operations domestically or abroad. You can report allegations to us in several ways, and you may remain anonymous.**

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