



Peace Corps Office of Inspector General



PC/Kazakhstan's Office in Almaty, Kazakhstan



Flag of Kazakhstan

FINAL AUDIT REPORT

Peace Corps/Kazakhstan

October 2007



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Peace Corps/Kazakhstan

IG-08-02-A

A handwritten signature in blue ink, appearing to read "H. David Kotz", is written over a horizontal line.

H. David Kotz, Inspector General

October 2007

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EXECUTIVE SUMMARY

OUR MISSION

“TO PROMOTE AND PRESERVE THE EFFECTIVENESS, INTEGRITY, AND EFFICIENCY OF THE PEACE CORPS”

The Office of Inspector General conducts regular audits of Peace Corps operations at the agency’s headquarters, regional recruitment offices, and overseas posts.

We found that, in general, Peace Corps/Kazakhstan’s financial and administrative operations were functioning effectively and complied with agency policies and federal regulations.

However, we noted areas which required improvement. Some of the more important findings are summarized below.

Imprest fund management – The country director did not conduct two quarterly imprest fund verifications.

Volunteer allowances – The post did not conduct settling-in allowance surveys and related independent surveys for fiscal years 2006 and 2007. Further, the post did not conduct a Volunteer living allowance survey and related independent survey for FY 2006. Also, the post did not have a memorandum of agreement with the bank handling Volunteer allowances and did not always send e-mail notifications of departing Volunteers to headquarters within 24 hours.

Billings and collections – The billings register contained several erroneous entries, which were corrected upon our bringing these to the financial assistant’s attention.

Purchase card – The post used its purchase card to pay for hotel rooms. Also, several purchase card payments for phone charges exceeded the financial assistant’s designated single purchase limit.

Vehicle management – Staff did not review the daily vehicle usage logs on a weekly basis.

Travel management – Staff did not submit their travel vouchers within five days of a trip’s completion. In addition, staff’s international travel vouchers contained errors in preparation.

Personnel management – The timekeeper, rather than staff, signed the staff’s bi-weekly time sheets.

Procurement – The post did not obtain certificates of acceptance for two of the five leases and, for the other three, did not fully complete the certificates. Additionally, the total

lease amount on the front page of three of the five leases was incorrect. Also, the post did not obtain regional director approval for residential leases exceeding \$20,000.

The results of the regional security officer's (RSO) security clearance investigations were missing from a number of personal services contractor (PSC) files. Also, Intelligence Background Information Certifications were not on file; they were completed during the course of the audit. In addition, the post did not perform annual appraisals for program staff in FY 2006. Also, PSC contracts contained deficiencies in their preparation.

The section "Post Staffing" includes a summary of comments from post staff whom we interviewed.

Our report contains 22 recommendations, which, if implemented, should strengthen internal controls and correct the deficiencies detailed in the accompanying report.

INTRODUCTION

GENERAL

The Office of Inspector General conducted an audit of Peace Corps/Kazakhstan July 18 – August 3, 2007. We previously performed an audit of the post in fiscal year 2000.

BACKGROUND

The Peace Corps arrived in Kazakhstan in 1993, soon after the country had declared its independence from the Soviet Union. Over 800 Volunteers have since served in Kazakhstan. Volunteers currently work in two program areas: English education and organizational and community assistance.

From October 1, 2005 through the time of our audit, six different individuals, permanent and temporary duty, served as country director; three served as programming and training officer; and four served as administrative officer. At the time of the audit, the country director and programming and training officer had been at the post about five months; the administrative officer, about one year.

OBJECTIVE

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

AUDIT RESULTS

Peace Corps/Kazakhstan's financial and administrative operations, in general, were functioning effectively and complied with agency policies and federal regulations. However, we found that the post did not:

- Have on file two quarterly imprest fund verifications required of the country director.
- Conduct settling-in allowance surveys.
- Review the daily vehicle usage logs on a weekly basis.
- Ensure that staff submitted timely and accurate travel vouchers.
- Prepare accurate leases and personal services contracts and maintain complete procurement files.

IMPREST FUND MANAGEMENT

IMPREST FUND VERIFICATION

The country director did not conduct two quarterly verifications of the imprest fund.

Overseas Financial Management Handbook (OFMH) section 13.2.1 requires that country directors conduct quarterly imprest fund verifications.

The country director did not perform such verifications during the periods July 18 – December 13, 2006 and January 26 – June 6, 2007. Two temporary duty country directors were in place during the first period; the present country director had recently arrived at the post during the second period. The administrative officer performed the verifications during these periods.

Regular and periodic verifications provide managerial oversight over the imprest fund.

IMPREST FUND ACCOUNTABILITY

The post's imprest fund accountability appears to exceed the amount needed to support future operations.

OFMH section 13.8 states:

Maximum authorized accountability is the amount required to support normal operations, as authorized by the U.S. Disbursing Officer.

This is reinforced by OFMH section 13.1, which states:

To minimize the risk of loss of imprest funds to the U.S. government and the cashier, the amount of money on hand in the fund is limited to the lowest reasonable amount necessary to conduct anticipated transactions.

The post's imprest fund accountability at the time of the audit was \$110,000. The Office of the Chief Financial Officer (OCFO) requested that the post reduce its imprest fund accountability and asked that the post conduct a formal imprest fund analysis, as described in OFMH section 13.10, after the conclusion of pre-service training (PST) in November 2007.

The reduction would take into account the post's planned implementation on or about September 1, 2007 of a pass-through bank account for Volunteer allowances. According to the post's records, payments for Volunteer allowances have ranged between \$30,000 and \$40,000 during the 12 months ending August 1, 2007. A pass-through account would remove such monthly payments from the imprest fund. As a prelude to a reduction in its imprest fund accountability, the post did not request a temporary advance for the upcoming PST.

RECOMMENDATIONS

We recommend:

- 1. That the country director conduct imprest fund verifications quarterly.**
- 2. That the post perform an imprest fund analysis by the conclusion of PST in November 2007 as requested by the OCFO and, in consultation with the region and the OCFO, reduce its imprest fund accountability accordingly.**

VOLUNTEER ALLOWANCES

SETTLING-IN ALLOWANCE SURVEYS

The post did not conduct settling-in allowance surveys.

At the completion of PST, newly assigned Volunteers are provided with a settling-in allowance to provide for their needs when arriving at their sites. Peace Corps Manual (PCM) section 221.3.1 states that the allowance is for the purchase of “necessary housing supplies, clothing, and equipment.”

To verify that the allowance is appropriate, PCM section 221.4.2 requires that the post conduct Volunteer settling-in allowance surveys and related independent surveys.

The post did not conduct these surveys for fiscal years 2006 and 2007.

The administrative officer stated that she thought that new Volunteers were provided survey forms to complete at the end of PST, but there was no supporting documentation in the administrative files.

The results of the settling-in surveys assist the post in determining whether the settling-in allowance is adequate.

LIVING ALLOWANCE SURVEYS

The post did not conduct a living allowance survey in FY 2006.

PCM section 221.5.1 states: “Volunteers are entitled to a living allowance in order that they may serve effectively and safely overseas.”

To verify the adequacy of the allowance, posts are required by PCM section 221.5.5 to conduct a living allowance survey and a related independent survey at least annually.

The post did not perform these surveys in FY 2006. It did conduct them in FY 2007.

The present administrative officer, who conducted the surveys in FY 2007, did not know why they had not been performed in FY 2006.

MEMORANDUM OF AGREEMENT

The post did not have a memorandum of agreement with the bank handling Volunteer allowances.

A signed memorandum of agreement (MOA), as detailed in PCM section 221, Attachment F, specifies the requirements and responsibilities of the bank in its relationship with the Peace Corps and helps the post ensure that it is obtaining all the services agreed upon in writing.

The post did not execute an MOA with the bank handling its Volunteer allowances. The post submitted an MOA dated April 20, 2007 to the bank, but the bank had certain issues with the wording, which the post is in the process of reviewing with headquarters assistance.

NOTIFICATIONS OF DEPARTING VOLUNTEERS

The post did not always send e-mail notifications of departing Volunteers to headquarters within 24 hours.

The post is required by PCM section 223.4.2 to notify and provide specific information to headquarters within 24 hours of Volunteers' close of service or early termination. Timely notification permits headquarters to handle the departing Volunteers' final processing in a timely manner.

We noted that such e-mail notifications for Volunteers were not always sent within the required 24-hour period. For example, the early termination e-mail notifications of 16 Volunteers were delayed by approximately two weeks. The administrative officer sent to headquarters a memo that stated: "The priority was the most expeditious removal [of the affected Volunteers] from Kazakhstan....The result was a delay in submitting the early termination cables." In other instances, the administrative assistant informed headquarters within 24 hours of the names of the Volunteers and explained that the detailed notification e-mails would be delayed.

RECOMMENDATIONS

We recommend:

- 3. That the post conduct Volunteer and related independent settling-in allowance surveys as required.**
- 4. That the post execute a memorandum of agreement with the bank handling Volunteer allowances or, if this is not possible, obtain a waiver from the Chief Financial Officer.**

5. That the post send the required notification e-mails to headquarters within 24 hours of the Volunteers' close of service or early termination dates.

BILLINGS AND COLLECTIONS

BILLINGS REGISTER

The post's billings register contained several erroneous entries.

The post is required by OFMH section 7.2.1 to maintain a detailed and complete register of billings and collections.

While the post's register was up-to-date and included the required information, it contained several erroneous entries, as follows:

- The register showed the date of several billing entries for phone charges as 4/9/07 instead of 4/3/07.
- The register showed two entries billed for \$100 and collected for \$200; the billed amounts in the register should have been \$200.
- One register entry did not indicate the amount billed and collected.
- A register entry indicated that U.S. dollars were billed and collected when, in fact, the transaction was in local currency.

The financial assistant, who is the billing officer, stated that the erroneous entries were isolated errors and corrected them upon our bringing these to her attention. Accordingly, no recommendation is being made.

PERSONAL PHONE CHARGES

The post billed staff for personal phone calls regardless of amount.

We noted that the post billed staff for personal phone calls regardless of the amount of the calls. Some billings were as low as \$1. From a cost/benefit standpoint, billing in small amounts costs the post more to process than the amount

collected and thus is an inefficient use of resources.

The billing officer stated that it was her understanding that all personal phone charges were required to be billed regardless of the amount.

PCM section 834.4.2 grants country directors the authority to set up a cost effective collection system for unauthorized calls.

During the course of the audit, new headquarters guidance requested that posts consider the cost effectiveness of billing and stated that a minimum cut-off of \$10 would be acceptable. The post implemented the \$10 monthly minimum. Accordingly, no recommendation is being made.

PURCHASE CARD

PURCHASE CARD USE

The post paid for hotel rooms using the purchase card.

OFMH section 45.3 identifies lodging as an item which is not to be paid with the purchase card.

The post used the purchase card to pay for hotel rooms in connection with a conference for Volunteers. Prior to making the payment, the administrative officer requested clarification from headquarters on the use of the card in this situation, but did not receive a complete response. After the post paid for the hotel rooms with the purchase card, the financial assistant told us that the purchase card coordinator contacted her and clarified the policy, and she did not use the purchase card in making the final payment for these rooms.

PURCHASE CARD LIMIT

The financial assistant paid several phone bills which exceeded her single purchase limit, with the purchase card.

OFMH section 45.2 states: "No single purchase may exceed the single purchase limit."

The financial assistant had, according to documentation on file from the headquarters purchase card coordinator, a single purchase limit of \$2,500. In several instances, the phone bill amount exceeded the limit, yet the post used the purchase card to make payment.

The financial assistant told us that she recalled that a higher single purchase limit had been authorized for her at the time. However, documentation showing a higher limit was not found in the administrative files. Her single purchase limit was subsequently increased.

RECOMMENDATIONS

We recommend:

6. **That the post use the purchase card to pay only for authorized items.**
7. **That the financial assistant not exceed her single purchase limit when making payments using the purchase card.**

VEHICLE MANAGEMENT

VEHICLE LOG REVIEW

Staff did not review the daily vehicle usage logs.

PCM section 522.4.1.7 requires that the administrative officer review the daily vehicle usage logs on a weekly basis and maintain the log for review by the country director on a monthly basis. Additionally, PCM section 527.6.1 requires that staff members responsible for keeping vehicle maintenance records, initiating vehicle repairs, and billing for authorized non-official use review, initial, and date the log weekly.

The post did not perform weekly reviews of the vehicle usage logs as required. The post's general services manager prepared a monthly summary of vehicle usage that was reviewed and initialed by the administrative officer.

Review of the logs is important in verifying that the post's vehicles are being used appropriately.

RECOMMENDATION

We recommend:

8. **That the post review the vehicle usage logs as required by agency policy.**

TRAVEL MANAGEMENT

TRAVEL VOUCHER TIMELINESS

Staff did not always submit their international travel vouchers within five days of a trip's completion.

PCM section 812.18.10 states that travel vouchers “must be completed and submitted within five working days after completion of travel.”

We reviewed eight international travel vouchers and noted three instances where staff had submitted their travel vouchers late. In two instances, the submission was made two weeks after the return from the trip; in the other, the submission was made five weeks after the return.

Lack of ongoing monitoring by senior post management was a contributing factor in the delays.

TRAVEL VOUCHER PREPARATION

The post's international travel vouchers contained deficiencies.

International travel vouchers are required to be prepared in accordance with federal travel regulations and agency guidelines in PCM section 812 and OFMH section 55.

Additionally, OFMH section 55.6.2 states: “It is the responsibility of the post to review and administratively approve” the travel voucher and, further, to “review the voucher to ensure that information is complete and accurate.”

We noted deficiencies in the staff's preparation of travel vouchers, as follows:

- One travel voucher was signed by the traveler but not dated; another was signed by the country director as reviewing official but not dated.
- A staff member used an incorrect per diem rate upon departure for temporary duty travel.
- A staff member returning in the early morning did not take per diem for the last travel day.

- A staff member used an outdated per diem rate for a conference in Sofia, Bulgaria (\$82 versus the correct \$90 rate).

The errors were not caught during the post's review and approval process. The country director, who has been at the post approximately five months, was unable to provide an explanation and stated that the post would be more careful in the future.

RECOMMENDATIONS

We recommend:

9. **That the post instruct its staff to submit their travel vouchers within five working days after a trip's completion and institute a control procedure to monitor the staff's compliance.**
10. **That the post communicate the travel voucher completion deficiencies noted during the audit to its staff and reinforce to them the importance of proper travel voucher preparation.**
11. **That post senior staff perform careful and comprehensive reviews of the staff's international travel vouchers and ensure that errors are corrected before the approved travel vouchers are submitted to headquarters.**

PERSONNEL MANAGEMENT

TIME AND ATTENDANCE

The timekeeper, rather than staff, signed their bi-weekly time sheets.

Staff signed in and out of the office on an attendance sheet on a daily basis. At the conclusion of each bi-weekly pay period, the timekeeper, rather than the staff, signed the staff's bi-weekly time sheets. The staff submitted time and attendance reports to the timekeeper; however, these did not specify the actual hours worked and were sometimes not properly completed.

CREDIT HOURS

Staff exceeded the post's 24 credit hour maximum.

The post's policy on credit hours as stated in its procedural manual is that staff can accrue up to 24 credit hours for approved extra hours worked. Exceptions as specified in the post's manual, such as "PST interfering with the ability to use credit hours," require written country director authorization.

We noted on the official time and attendance records that several staff had exceeded the 24 hour maximum. According to the timekeeper, the situation resulted from the inability of staff involved in PST to use the hours during the PST period. However, there was no documentation on file authorizing this exception to post policy.

PERFORMANCE APPRAISALS

The post did not conduct performance appraisals for its program staff in FY 2006.

Annual appraisals were not conducted, as required by PCM section 743.19.0, for program staff in FY 2006.

The programming and training officer, who arrived at the post in late February 2007, provided her staff with performance plans in April 2007 and initiated self-assessments, with the intention of performing annual staff appraisals after the conclusion of PST in November 2007.

RECOMMENDATIONS

We recommend:

- 12. That the staff, rather than the timekeeper, sign their bi-weekly timesheets and that their supervisors then approve them.**
- 13. That the country director instruct the staff to follow post policy regarding the 24 hour maximum for credit hours, and that he authorize exceptions in writing and provide authorization documentation to the timekeeper.**
- 14. That the post conduct performance appraisals for its PSC program staff at the end of each executed contract period.**

PROCUREMENT

LEASES AND LEASE FILES

The post's leases and lease files contained deficiencies.

The post leases its office space and four residences. Our review of the post's leases disclosed the following:

- The post did not obtain certificates of acceptance for two of the five leases, as required by the agency's standard lease in PCM section 733, Attachment A. The other three certificates were not completed, in particular the dates that the premises were accepted and the lease terms were to commence.
- The total lease amount on the front page of three of the five leases was incorrect.
- The post did not have regional director approvals on file for residential leases exceeding \$20,000, as required as PCM section 733.30.1.

PSC CONTRACTS AND CONTRACTOR FILES

The post's contractor files were incomplete, and some contracts were incorrectly prepared.

We noted the following deficiencies during our review of the post's PSC files:

- Signed Intelligence Background Information Certifications, required by PCM section 743.8.1, were not in the files. We had identified this as a deficiency in our FY 2000 audit, and the region, in its response to our preliminary report, stated that the post was obtaining these forms from the staff. However, we found that the post did not do so. During the course of the audit, the administrative officer obtained the completed forms from the staff and, accordingly, no recommendation is being made.
- Results of security clearance investigations required by PCM section 743.8.0 were missing from several PSC files. The RSO confirmed to us that security clearance investigations and five-year updates were current.
- Statements of work, required by PCM section 743.9.4, were not attached to or included in the contracts in

accordance with the agency's PSC template in PCM section 743, Attachment E. Rather, they were missing or filed loose in the PSC files.

- The enter-on-duty dates required by the agency's PSC contract template were incorrect.
- Additional procurement authority for contracts in excess of the country director's delegated authority, required by PCM section 743.7.0, was not in the files. Upon our bringing this to the administrative officer's attention, she requested and obtained retroactive delegations of additional procurement authority from the Office of Acquisitions and Contract Management. Consequently, no recommendation is being made.
- One contract showed a start date of January 7, 2006, but the PSC's actual start date was June 16, 2006. Also, the performance appraisal inaccurately showed a work period beginning January 7, 2006.
- For three PSCs, the post issued new contracts without option periods, yet the following year, the post incorrectly issued option year contracts, contrary to PCM section 743.7.0.

The above deficiencies relating to leases and PSC contracts were caused by a lack of attention to agency policy and related requirements. The effect was that documents were incomplete or incorrect, or did not contain the required approvals.

RECOMMENDATIONS

We recommend:

- 15. That the post's future leases contain signed and fully completed certificates of acceptance.**
- 16. That the post use the correct total lease amount on the front page of its future leases.**
- 17. That the post obtain regional director approval for residential leases exceeding \$20,000.**

- 18. That the post request the RSO to provide the results of security clearance investigations in writing and that the results be placed in the staff's files.**
- 19. That the post prepare statements of work for all PSCs and attach them to or include them in the PSCs' contracts.**
- 20. That the post use the correct enter-on-duty dates in its PSC contracts.**
- 21. That the post use accurate PSC start dates in its contracts.**
- 22. That the post issue PSC contracts with option periods and that the exercising of options be handled in accordance with agency guidelines.**

LIST OF RECOMMENDATIONS

WE RECOMMEND:

1. That the country director conduct imprest fund verifications quarterly.
2. That the post perform an imprest fund analysis by the conclusion of PST in November 2007 as requested by the OCFO and, in consultation with the region and the OCFO, reduce its imprest fund accountability accordingly.
3. That the post conduct Volunteer and related independent settling-in allowance surveys as required.
4. That the post execute a memorandum of agreement with the bank handling Volunteer allowances or, if this is not possible, obtain a waiver from the Chief Financial Officer.
5. That the post send the required notification e-mails to headquarters within 24 hours of the Volunteers' close of service or early termination dates.
6. That the post use the purchase card to pay only for authorized items.
7. That the financial assistant not exceed her single purchase limit when making payments using the purchase card.
8. That the post review the vehicle usage logs as required by agency policy.
9. That the post instruct its staff to submit their travel vouchers within five working days after a trip's completion and institute a control procedure to monitor the staff's compliance.
10. That the post communicate the travel voucher completion deficiencies noted during the audit to its staff and reinforce to them the importance of proper travel voucher preparation.
11. That post senior staff perform careful and comprehensive reviews of the staff's international travel vouchers and ensure that errors are corrected before the approved travel vouchers are submitted to headquarters.
12. That the staff, rather than the timekeeper, sign their bi-weekly timesheets and that their supervisors then approve them.
13. That the country director instruct the staff to follow post policy regarding the 24 hour maximum for credit hours, and that he authorize exceptions in writing and provide authorization documentation to the timekeeper.

14. That the post conduct performance appraisals for its PSC program staff at the end of each executed contract period.
15. That the post's future leases contain signed and fully completed certificates of acceptance.
16. That the post use the correct total lease amount on the front page of its future leases.
17. That the post obtain regional director approval for residential leases exceeding \$20,000.
18. That the post request the RSO to provide the results of security clearance investigations in writing and that the results be placed in the staff's files.
19. That the post prepare statements of work for all PSCs and attach them to or include them in the PSCs' contracts.
20. That the post use the correct enter-on-duty dates in its PSC contracts.
21. That the post use accurate PSC start dates in its contracts.
22. That the post issue PSC contracts with option periods and that the exercising of options be handled in accordance with agency guidelines.

POST STAFFING

At the time of our visit, the post had 31 staff positions: three U.S. direct hire employees, two foreign service nationals, and 26 personal services contractors including one third country national. During the audit period, in which four different individuals served as administrative officer, the administrative staff's conscientious attitude and pride in their work were important factors in maintaining sustained administrative operations.

We interviewed eight staff, who stated that they enjoyed working for the Peace Corps. Most cited their interaction with the Volunteers as a reason; some noted the congenial working environment within the office. Several local staff asked about training opportunities to strengthen their job performance skills and to grow professionally.

Volunteers we interviewed praised the active involvement and caring manner of the program staff. They also expressly acknowledged the administrative unit's helpful attitude, availability, and concern about Volunteer issues such as living allowances.

PC/Kazakhstan Positions

Position	Status
Country Director	USDH
Administrative Officer	USDH
Programming and Training Officer	USDH
Program Manager (6)	PSC
Training Manager	PSC
Language Coordinator	PSC
Resource Center Manager	PSC
Peace Corps Medical Officer (2)	PSC
Medical Assistant	PSC
Safety and Security Coordinator	PSC
Cashier	FSN
Financial Assistant	FSN
Administrative Assistant	PSC
General Services Manager	PSC
General Services Assistant/Procurement and Maintenance	PSC
General Services Assistant/Documentation and Logistics	PSC
IT Support Specialist	PSC
Administrative Clerk	PSC
Lead Guard	PSC
Guard (3)	PSC
Lead Driver	PSC
Driver (2)	PSC

APPENDIX A

OBJECTIVE, SCOPE, AND METHODOLOGY

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

The audit of Peace Corps/Kazakhstan covered fiscal years 2006 and 2007 through June 30, 2007. While at the post, we interviewed key staff: the country director, the administrative officer, the programming and training officer, staff responsible for administrative support, and the senior medical officer. We also interviewed six Volunteers to obtain their views on the effectiveness of the post's administrative and financial systems in supporting them, and we visited a Small Project Assistance project funded by the United States Agency for International Development. At the end of our review, we briefed the country director and administrative officer. 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

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



**Peace
Corps**

MEMORANDUM

To: H. David Kotz, Inspector General

From: Jay Katzen, EMA Regional Director 

Date: October 16, 2007

Subject: **Regional Response to the Preliminary Report on the Audit of Peace Corps/Kazakhstan (August 2007)**

It is with pleasure that EMA Region and PC/Kazakhstan respond to the Preliminary Audit Report on Peace Corps/Kazakhstan. EMA and Post partially concur with one recommendation and fully concur with all remaining twenty-one recommendations.

Attached is our response to each recommendation with back-up documentation included where applicable.

Please do not hesitate to contact us with further questions.

LIST OF RECOMMENDATIONS
Responses from PC/Kazakhstan and EMA Region
October 16, 2007

1. That the country director conduct imprest fund verifications quarterly.

CONCUR; the AO will follow up with the Country Director to ensure imprest fund verifications are conducted quarterly.

2. That the post perform an imprest fund analysis by the conclusion of PST in November 2007 as requested by the OCFO and, in consultation with the region and the OCFO, reduce its imprest fund accountability accordingly.

CONCUR; we have recently successfully tested volunteer living allowance payments via EFT in local currency through USDO. We will perform an imprest fund analysis in November at the end of PST and identify funds that may be reduced in our current imprest fund. Please see attached documentation.

3. That the post conduct Volunteer and related independent settling-in allowance surveys as required.

PARTIALLY CONCURS; Documentation for FY06 and FY07 was found relating to settling in surveys and living allowance surveys. No action was taken on these surveys given the limited response. Please see attached documentation.

4. That the post execute a memorandum of agreement with the bank handling Volunteer allowances or, if this is not possible, obtain a waiver from the Chief Financial Officer.

CONCUR; Post has submitted a memorandum of agreement received from the bank to HQ for approval. OGAP Director Chuck Rooney has approved this agreement. It has been forwarded to the bank for final review and signatures are expected in November. Please see attached documentation.

5. That the post send the required notification e-mails to headquarters within 24 hours of the Volunteers' close of service or early termination dates.

CONCUR; Post will no longer delay notification for any reason and will follow up where additional documentation is required. Please see attached documentation.

6. That the post use the purchase card to pay only for authorized items.

CONCUR; on one occasion a purchase card was used to pay when the travel card should have been used. Please see attached documentation.

7. That the financial assistant not exceed her single purchase limit when making payments using the purchase card.

CONCUR; the single purchase limit of the financial assistant has been increased. Please see attached documentation.

8. That the post review the vehicle usage logs as required by agency policy.

CONCUR; AO now signs vehicle usage logs weekly, and logs are made available for CD review on a monthly basis. Please see attached documentation.

9. That the post instruct its staff to submit their travel vouchers within five working days after a trip's completion and institute a control procedure to monitor the staff's compliance.

CONCUR; the AO has sent an email to all staff reminding them to comply with all Peace Corps policies regarding travel. Please see attached documentation.

10. That the post communicate the travel voucher completion deficiencies noted during the audit to its staff and reinforce to them the importance of proper travel voucher preparation.

CONCUR; all staff members have been informed of travel voucher errors and reminded of Peace Corps policies regarding travel voucher completion. Please see attached documentation.

11. That post senior staff perform careful and comprehensive reviews of the staff's international travel vouchers and ensure that errors are corrected before the approved travel vouchers are submitted to headquarters.

CONCUR; the AO and Financial Assistant will review all international travel vouchers prior to submission to HQ for processing. Please see attached documentation.

12. That the staff, rather than the timekeeper, sign their bi-weekly timesheets and that their supervisors then approve them.

CONCUR; this change to our previous method of processing timesheets has been implemented. Timekeeping forms have been adjusted to accommodate this change. Please see attached documentation.

13. That the country director instruct the staff to follow post policy regarding the 24 hour maximum for credit hours, and that he authorize exceptions in writing and provide authorization documentation to the timekeeper.

CONCUR; this is standard Peace Corps practice and has been reinforced. Please see attached documentation.

14. That the post conduct performance appraisals for its PSC program staff at the end of each executed contract period.

CONCUR; the previous PTO resigned without completing performance appraisals for the program staff; for best management practices, the current PTO will complete performance appraisals for the program staff one month prior to the execution of contract options in January 2008. Please see attached documentation.

15. That the post's future leases contain signed and fully completed certificates of acceptance.

CONCUR; lease policies have been updated and reviewed with all individuals responsible for lease management. Please see attached documentation for 15 and 16.

16. That the post use the correct total lease amount on the front page of its future leases.

CONCUR; lease policies have been updated and reviewed with all individuals responsible for lease management. Please see attached documentation for 15 and 16.

17. That the post obtain regional director approval for residential leases exceeding \$20,000.

CONCUR; lease policies have been updated and reviewed with all individuals responsible for lease management. Post requested and received retroactive approval for the CD lease that exceeds 20K per year and will henceforth request approval in advance of signing any residential contracts exceeding 20K per year. Please see attached documentation.

18. That the post request the RSO to provide the results of security clearance investigations in writing and that the results be placed in the staff's files.

CONCUR; we have requested documentation of security clearance investigations for all staff where such documentation is missing from the files. Please see attached documentation.

19. That the post prepare statements of work for all PSCs and attach them to or include them in the PSCs' contracts.

CONCUR; statements of work exist for all PSCs and will be attached to contracts when the next option period begins in January 2008. Please see attached documentation.

20. That the post use the correct enter-on-duty dates in its PSC contracts.

CONCUR; the post used a template that included incorrect EOD date for all PSCs. The AO has reviewed contract policy with all staff responsible for PSC contracts and updated the database. Corrections will be made when the next option period begins in January 2008. Please see attached documentation that includes corrected EOD dates.

21. That the post use accurate PSC start dates in its contracts.

CONCUR; the contract for the former ITS, Mikhail Ivanov, included an incorrect start date of January 7, 2006 when in fact was start was June 16, 2006. This contract will not be corrected in January 2008, as Ivanov resigned from Peace Corps/Kazakhstan on Sept. 28, 2007.

22. That the post issue PSC contracts with option periods and that the exercising of options be handled in accordance with agency guidelines.

CONCUR; three PSC contracts were issued without options, yet the following year Post incorrectly issued option year contracts for all its PSCs. In March 2007, new contracts were issued for all PSCs because of the transition from

paying PSCs in USD to LCU. Hence, all existing contracts now have the correct option periods included. Please see attached documentation.

APPENDIX C

OIG COMMENTS

The region concurred with 21 of the 22 recommendations and partially concurred with one recommendation. We closed recommendations numbers 5 – 13, 15 – 17, and 20 – 22. Recommendation numbers 1 – 4, 14, 18 and 19 remain open pending confirmation from the chief compliance officer that the following has been received:

- For recommendation number 1, documentation showing that the country director has performed two consecutive quarterly cash counts. The cashier liaison at headquarters informed us that the post's submitted imprest fund verifications for July, August, September, and October 2007 were all performed by the administrative officer. However, quarterly imprest fund verifications by the country director are required by Overseas Financial Management Handbook section 13.2.1.
- For recommendation number 2, documentation showing that the post has performed an imprest fund analysis and, in consultation with the region and OCFO, has reduced its imprest fund accountability accordingly.
- For recommendation number 3, documentation showing that an independent settling-in survey and an independent Volunteer living allowance survey have been performed.
- For recommendation number 4, documentation showing that a memorandum of agreement with the bank handling Volunteer allowances has been executed.
- For recommendation number 14, documentation showing that the performance appraisals for the post's PSC program staff have been conducted.
- For recommendation number 18, documentation showing that the RSO has provided the post with the results of security clearance investigations for PSCs requiring them.
- For recommendation number 19, copies of PSC contracts with statements of work either attached or included in the body of the contracts.

In their response, the region describes actions they are taking or intend to take to address the issues that prompted each of our recommendations. We wish to note that in closing recommendations, we are not certifying that they have taken these actions nor that we have reviewed their effect. Certifying compliance and verifying effectiveness are management's responsibilities. However, when we feel it is warranted, we may conduct a follow-up review to confirm that action has been taken and to evaluate the impact.

APPENDIX D

AUDIT COMPLETION AND OIG CONTACT

AUDIT COMPLETION

The audit was performed by senior auditor Steven Kaffen.

OIG CONTACT

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

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