



# Peace Corps Office of Inspector General

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*Baobab forest (left) and roadside basket market (right) in western Senegal*



*Flag of Senegal*

## **Final Audit Report** **Peace Corps/Senegal**

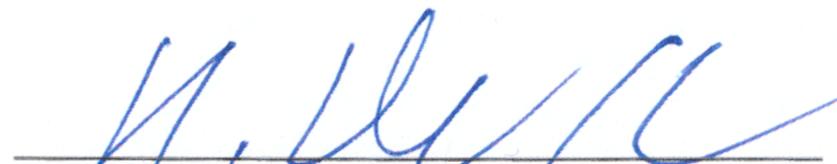
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**FINAL AUDIT REPORT**

**Peace Corps/Senegal**

**IG-07-18-A**



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H. David Kotz, Inspector General

September 2007

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# EXECUTIVE SUMMARY

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## 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/Senegal’s financial and administrative operations were functioning effectively. The post has made significant progress since our last visit; however we did find some areas in need of improvement. Some of the more important findings that we identified are summarized below.

### Volunteer allowances

- The post was not sending Volunteer termination notices in a timely manner.

### Billings and Collections

- The post did not pursue outstanding debts in a timely manner.

### Imprest Fund Management

- A personal services contractor (PSC) was performing sub-cashier duties contrary to Peace Corps policy.
- Cashier duties were not adequately segregated.
- The cashier issued advances to fund counterpart travel and meals contrary to Peace Corps policy.
- The country director was not ensuring the verification of the imprest fund balance in accordance with Peace Corps Policy.
- The cashier did not maintain current signature cards in accordance with Peace Corps policy.

### Host Country Contributions

- The value of in-kind contributions was not maintained and reported in accordance with Peace Corps policy.

### Property Management

- The post’s inventory listing was incomplete and contained discrepancies.

### Vehicle Management

- The daily vehicle usage log was not reviewed and monitored on a weekly basis.
- The post did not maintain vehicle maintenance records in accordance with Peace Corps policy.

### Contracts

- The post awarded a lease without competition, and we found no documentation that a market survey was conducted.
- Some PSC files did not comply with Peace Corps policy.
- The purchase cardholder made purchases that were not approved or obligated before the purchases were made.

### Personnel Management

- The post did not record compensation time earned or used.
- The post did not use the standard leave records (PC-57).
- Staff did not sign receipts for property for which they were responsible; there was no accounting of property when staff left the post.

### International Cooperative Administrative Support Services (ICASS)

- The post subscribed to services that were in addition to the pre-approved list of ICASS and did not obtain the required waivers.

Our report contains 21 recommendations, which, if implemented, should strengthen internal controls and correct the deficiencies detailed in the accompanying report.

# INTRODUCTION

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## **GENERAL**

The Office of Inspector General conducted an audit of Peace Corps/Senegal October 25 - November 10, 2006. We previously performed an inspection and evaluation of the post in fiscal year 2001.

## **BACKGROUND**

The Peace Corps began its program in Senegal in 1963. More than 130 Volunteers currently serve in Senegal in four project areas: health education, agricultural, business development, and environmental technology.

## **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 description of our audit objective, scope, and methodology.

# AUDIT RESULTS

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In general, the post's financial and administrative operations were functioning effectively and complied with Peace Corps policies and federal regulations. However, we did find the following areas in need of improvement:

- The post was not sending Volunteer termination notification in a timely manner.
- The post did not pursue outstanding debts in a timely manner.
- A personal services contractor employed by the post was performing sub-cashier duties contrary to Peace Corps policy.
- Cashier duties were not adequately segregated.
- The country director was not ensuring the verification of the imprest fund balance in accordance with Peace Corps policy.
- Some PSC files did not contain required information.
- The post's inventory listing was incomplete and contained discrepancies.

## VOLUNTEER ALLOWANCES

### VOLUNTEER READJUSTMENT ALLOWANCES

*The post was not sending Volunteer termination notifications in a timely manner.*

Overseas Financial Management Handbook (OFMH) section 18.5 requires that the post notify Volunteer and PSC Financial Services within 24 hours of a Volunteer's completion of service (COS) or early termination (ET). A Volunteer's final readjustment allowance payment is made by check or EFT within 3 - 6 weeks of their COS or ET date. It is important that the post send the termination document (formerly known as COS or ET cable) within the 24-hour time frame as any delay in the receipt of the termination document results in delaying Peace Corps' ability to issue the final payments to Volunteers.

A review of termination documents disclosed that 20 out of 20 early termination cables and 13 of 58 completion of service cables were sent beyond the 24-hour time frame.

According to the post, delays in sending termination notifications within 24 hours were due in part to Volunteers departing the post on weekends and local holidays when the post was closed. Additionally, the post cited instances when delays were due to ETs and medical separations which take

longer to process because the post needed to close Volunteer bank accounts.

However, we believe these circumstances do not account for the vast majority of notifications sent beyond the 24-hour notification requirement. Our review found that 10 early termination cables and 10 completion of service cables were sent to headquarters beyond the 24-hour time frame, even when excluding weekends. Late notifications could result in unnecessary delays in issuing final payments to Volunteers.

## RECOMMENDATION

**We recommend:**

- 1. That the post ensure that termination notifications are sent within 24 hours. This may be achieved by reassigning this responsibility to the APCD or the administrative officer in conjunction with other Volunteer termination procedures.**

## BILLINGS AND COLLECTIONS

### BILLING OFFICER DUTIES AND RESPONSIBILITIES

*The post did not pursue outstanding debts in a timely manner.*

PCM section 777 provides the requirements related to billing and collections from individuals whose association with Peace Corps was terminated before settlement of the indebtedness.

PCM section 777.9 states:

If an individual terminates his association with Peace Corps before settlement of an indebtedness, the initial billing activity will continue to press for payment by setoff or by direct contact. The indebtedness remains with the initial billing activity and Peace Corps accounts even though it may request collection assistance from the Director, Accounting Division, (M/FM/A) or another Agency.

Our audit identified two outstanding debts totaling \$7,422.86 that were uncollected from two former employees for the

shipment of household effects to the U.S. that exceeded the maximum allowable weight authorized. The debts were incurred in 2004 and 2005 and bills of collection were issued.

We found that the post had not taken adequate action to collect the outstanding debts. For example, the post issued a bill of collection on June 30, 2006 for \$3,022.86 for the debt incurred November 22, 2005. A file memo dated June 30, 2006, written by the administrative officer, stated that additional collection activity would be pursued by PC/Washington. However, we found no evidence of further follow-up by the post with PC/Washington on the status of the debt. The debt remained uncollected at the time of the audit.

The administrative officer was unaware of the outstanding bill totaling \$4,400, because the debt was incurred before the post had begun using FORPost and was not recorded in the system.<sup>1</sup> The cashier was aware of the outstanding debt but had not communicated this information to the billing officer so that additional collection activity could be taken.

## RECOMMENDATION

**We recommend:**

- 2. That the post and the region ensure that all outstanding debts are collected.**

## IMPREST FUND MANAGEMENT

### SUB-CASHIER DESIGNATION

*A personal services contractor employed by the post was performing sub-cashier duties contrary to Peace Corps policy.*

The Peace Corps policy for the designation of sub-cashiers is described in OFMH section 15, Exhibit C and specifically states: “. . . a sub-cashier must be a Direct Hire or a Peace Corps Volunteer. A contractor cannot be designated as a sub-cashier.”

A PSC at the post’s Training Center in Thies acted as a sub-cashier and disbursed cash to Volunteers and paid for training expenses. While the PSC was handling these responsibilities

<sup>1</sup> The administrative officer arrived at the post May 28, 2005.

**CASHIER  
OPERATIONS**

effectively, the PSC was not eligible to be designated as a sub-cashier.

The need for cash disbursement at the Training Center on a daily basis has become evident over time, and the post has not officially designated a sub-cashier to the Training Center.

In addition, the PSC was hired as an administrative assistant and sub-cashier duties and responsibilities were not part of her contract and statement of work. As a result, the PSC may not be held to the same accountability standards as a sub-cashier with official designation.

***Cashier duties were not adequately segregated.***

Pursuant to General Accountability Office standards, segregation of duties is a standard internal control measure in the federal government. When properly implemented, key duties and responsibilities are divided or segregated among different people to reduce the risk of error, waste, or fraud. Responsibilities and duties involving transactions and events are separated among different employees with respect authorization, approval, processing and recording, making payments, or receiving funds, and the custodial functions and handling of related assets.

We observed that the cashier was receiving funds for Volunteer allowances, calculating Volunteer allowances, and depositing the Volunteer allowance check in bank. The cashier was performing all these duties because he believed it was more efficient. However, for internal control reasons, these duties should be segregated to reduce the risk of error, waste, or fraud. At a minimum, calculation of the Volunteer allowances should be a separate function performed by the financial assistant.

**IMPROPER  
ADVANCES**

***The cashier issued advances to fund counterpart participation in Peace Corps training workshops contrary to Peace Corps policy.***

OFMH section 46.7 specifically prohibits use of appropriated funds provided in the post's budget for counterpart training costs as these expenses are not authorized in the agency's appropriation.

## IMPREST FUND VERIFICATION

A review of imprest fund disbursements disclosed issuance of advances to counterparts totaling \$2,157.64 to cover their travel and meals to attend workshops at the Theis Training Center. The post believed that advances were appropriate because many counterparts did not have the financial capability to participate in such workshops.

In situation such as this, the post should use funding from other sources, such as reimbursable funds.

***The country director was not ensuring the verification of the imprest fund balance in accordance with Peace Corps policy.***

OFMH section 15.5 states that a country director has responsibility for imprest management, and though a country director may delegate daily supervisory responsibilities, the country director should remain directly involved with critical imprest management responsibilities.

OFMH 15.5 requires that the country director ensure that:

. . . an unannounced, monthly verification of the imprest fund is conducted. It should be conducted annually by a qualified, external U.S. Government employee, quarterly by the Country Director, and in the remaining months it may be delegated to the Administrative Officer. . . . Country directors who fail to carry out their basic responsibility to ensure protection of government funds from waste, fraud, or misuse may be held personally liable for the repayment of the loss and/or may have disciplinary action by the agency brought against them.

A review of reconciliations during the 13-month period of September 16, 2005 – October 30, 2006 disclosed that only two verifications were performed by the country director.

Despite agency requirements, imprest fund verification was not performed in accordance with policy.

***The cashier did not maintain current signature cards in accordance with Peace Corps policy.***

PCM section 760.6.1 states: “Signature cards for all approving officials must be maintained by the cashier in order to verify signatures.”

Contrary to Peace Corps policy, we noted that the cashier's signature cards were out of date and contained signature authorizations for staff no longer with the Peace Corps. Additionally, the cashier was making payments approved by officials for which there was no valid signature on file.

Signature cards are important because they provide an additional control to ensure that disbursements are properly authorized before disbursement.

## RECOMMENDATIONS

**We recommend:**

- 3. That the post delegate sub-cashier duties in accordance with Peace Corps policy.**
- 4. That the post implement a separation of duties in the receipt, calculation, deposit, and disbursement of Volunteer allowances.**
- 5. That the post follow Peace Corps policy and not use appropriated funds for counterpart training costs.**
- 6. That the country director ensure that an unannounced, monthly verification of the imprest fund be conducted. Additional verifications should be conducted annually by a qualified, external U.S. government employee, quarterly by the country director, and in the remaining months it may be delegated to the administrative officer.**
- 7. That the post obtain current signature cards for personnel authorized to approve expenditures.**

## HOST COUNTRY IN-KIND CONTRIBUTIONS

### VALUATION OF IN-KIND CONTRIBUTIONS

*The value of in-kind contributions was not maintained and reported in accordance with Peace Corps policy.*

PCM section 722.7.0 explains the Peace Corps policy regarding the accounting, budgeting, and reporting of host country contributions.

According to PCM section 722.7.2:

The following rules apply to the accounting and reporting of in-kind contributions:

- Include U.S. dollar value of in-kind contributions received during a quarterly period, summarized by purpose and object class code, on Form PC-720 "Quarterly Report of Host Country Contributions."
- Maintain an annual log of in-kind contributions received. The log should identify, at a minimum:
  - the nature and quantity of the contributions;
  - the date or period of receipt;
  - the estimated value of the contributions; and
  - the basis for the estimate.

The post did not maintain documentation to support valuation of host country in-kind contributions. Due to staff turnover, the post could not provide us with the basis it used to determine the value of host country contributions used in its budget.

The estimated values of some in-kind contributions are fixed; however, the basis used to estimate the value of some in-kind contributions such as property was not known by the current post staff.

Without accurate estimates of in-kind contributions, the post may not be reporting accurate information in accordance with Peace Corps reporting requirements.

## **RECOMMENDATION**

**We recommend:**

- 8. That the post document the basis used to estimate all host country contributions. PCM section 722.7.2.1 provides guidance for preparing estimated values.**

## PROPERTY MANAGEMENT

### INVENTORY RECORDS

*The post's inventory listing was incomplete and contained discrepancies.*

Our review of the post's inventory records disclosed that the inventory was not in full compliance with PCM section 511. PCM section 511.5.2 requires that each office conduct an inventory at least once a year. PCM section 511.5.5 provides procedures for the conduct of the inventory.

We noted that the post's non-expendable inventory did not include all purchases over \$500. Inventory lists did not include the value of the property as required.

Additionally, we selected a judgmental sample of items listed in the inventory records for the Theis Training Center. During the inventory verification, we identified items listed on the inventory control records that were not found at the locations. Conversely, we identified items that were not included in the inventory records.

We believe that the discrepancies in the inventory records occurred because the post had not developed a systematic approach for maintaining an updated inventory including the recording of property being moved from one location to another and retaining disposal documents. Without an adequate property management system, the post is vulnerable to loss of property accountability due to theft or general mismanagement.

### RECOMMENDATIONS

**We recommend:**

- 9. That the GSO update the post's inventory records after completing a physical inventory of all property.**
- 10. That the post develop and implement a systematic approach for maintaining an updated inventory record, including a process to record property being moved from one location to another and retaining disposal documents.**

## VEHICLE MANAGEMENT

### VEHICLE USAGE

*The Daily Vehicle Usage Log was not reviewed and monitored on a weekly basis.*

PCM section 527.6.1 requires that the daily vehicle logs be reviewed weekly, initialed, and signed by the person responsible for maintaining vehicle maintenance records, initiating repairs, and billing for authorized non-official use.

The staff member responsible for maintaining vehicle maintenance records was reviewing and maintaining the vehicle logs monthly rather than weekly. The staff member stated that he was unaware of the Peace Corps policy to review the logs weekly.

By not reviewing the logs on a weekly basis, necessary repairs could go undone and create a safety hazard. Weekly monitoring helps to identify vehicle problems so that preventive action can be taken to maximize vehicle availability.

### VEHICLE MAINTENANCE

*The post did not maintain vehicle maintenance records in accordance with Peace Corps policy.*

PCM section 527.6 requires that a vehicle maintenance record be prepared for each vehicle and updated whenever maintenance is performed or maintenance expenses are reported. PCM section 527, Attachment C provides a copy of the vehicle maintenance record (PC 1491).

The post maintained some vehicle maintenance records in a log book for each vehicle, but the information was not kept current and did not contain all the information required on PC 1491.

### RECOMMENDATIONS

**We recommend:**

- 11. That the GSO maintain the vehicle usage log in accordance with Peace Corps policy.**
- 12. That the GSO maintain the vehicle maintenance records in accordance with Peace Corps policy.**

## CONTRACTS

### LEASE AGREEMENTS

*The post did not conduct a market survey for a lease awarded without competition.*

PCM section 733.4.2 requires that a market survey be conducted before awarding a lease without competition.

We noted that the lease for the country director's residence did not contain documentation that a market survey was conducted prior to awarding the lease.

The country director stated that the post did not conduct a market survey due to an oversight.

### PSC CONTRACTS

*PSC files did not comply with Peace Corps policy.*

PCM section 743 provides the information required to be maintained in PSC files. The following deficiencies were found in the post's PSC files:

- Some files were missing the required Intelligence Background Information Certification forms.
- One file was missing contract evaluation information such as candidate qualifications, experience, and education.
- Some files were missing annual evaluations. It was unknown if they were misplaced or had not been completed.

The post was aware that the PSC files had not been adequately maintained by a previous administrative officer. Upon arrival at post, the current administrative officer discovered the missing information in the files but had not fully succeeded in re-constructing the information for the files. It was believed that some of the required information had been misplaced or lost by the previous administrative officer.

### POST PURCHASE CARD

*Purchases made with the post's purchase card were not approved or obligated before the purchases were made.*

OFMH section 45.4 requires that the approving official approve purchases before they are made and that the cardholder verify that funds are obligated before purchases are made.

## RECOMMENDATIONS

The purchase card holder made purchases with the purchase card prior to obtaining the country director's approval or verifying that funds had been obligated. Although the administrative officer maintained a purchase log, she believed approval was not needed.

Without the control of a pre-approval, the purchase card holder could misuse the card, and without obligating funds prior to the purchase, the post could obligate funds in excess of their appropriation.

**We recommend:**

- 13. That the post conduct and document a market survey for new leases awarded without competition.**
- 14. That the post review all PSC files and ensure that the files contain all the necessary information in accordance with Peace Corps policy.**
- 15. That the approving official approve purchases before they are made with the purchase card.**
- 16. That the post obligate funds before approved purchases are made with the purchase card.**

## PERSONNEL MANAGEMENT

### TIME AND ATTENDANCE

*The post did not track compensation time earned or used.*

PCM section 742.6.3.4.3 provides guidelines for recording compensatory time.

The post's policy on earning and using compensatory time policy was unclear. The post allowed some staff to earn and use compensatory time. However, there was no written policy for earning, approving, or tracking compensatory time, and the timekeeper had not been advised to maintain compensatory records, nor was she given the details of compensation time earned or use by employees.

We noted that staff provided a completed form to their supervisor when they took compensation time earned.

However, compensatory time balances fluctuated from pay period to pay period without explanation and were not tracked by the timekeeper.

Insufficient controls over the earning, using, and recording of compensatory time could lead to abuse.

***The post did not use the standard leave records (PC-57s).***

PCM section 742.6.3 requires that employee annual attendance and leave be recorded on PC-57; the PC-57, "Annual Attendance Record," is the official document for recording leave. The form shall be updated on a biweekly basis using information entered on the individual time certification sheet.

In addition, PCM section 742.6.1 requires supervisors to review the PC-57(s) as of June 15th and December 15th of each year. The review will ensure that leave is current and accurately posted and make supervisors aware of employees' annual leave status at key points in the leave year.

In lieu of following agency policies and procedures, the post's timekeeper had developed her own method to account for employee vacation and sick days but she did not maintain the form and the information was unreliable.

Additionally, the timekeeper did not have a general working knowledge of the preparation of the PC-57. The timekeeper had made an attempt to prepare the form prior to the audit, but much of the information was inaccurate. The administrative officer stated that time and attendance records were reviewed periodically; however, this was not documented and we could find no evidence of a supervisor performing the required semiannual review of PC-57.

**RECOMMENDATIONS**

**We recommend:**

**17. That the post develop a written policy for earning, tracking, and using compensation time.**

**18. That the timekeeper track compensation time.**

19. That the timekeeper and supervisors use form PC-57 to track all leave earned and taken, i.e., compensation time, vacation time, and sick leave.
20. That supervisors perform the semiannual time and attendance audits as required by PCM section 742.

## INTERNATIONAL COOPERATIVE ADMINISTRATIVE SUPPORT SERVICES

### ICASS WAIVERS

*The post subscribed to services that were in addition to the pre-approved list of ICASS and did not obtain the required waivers.*

OFMH section 29.2 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.

OFMH section 29.6 states:

If a post wishes to use an ICASS service not on the list of pre-approved services the Peace Corps Chief Financial Officer must first approve a waiver. Waivers are not pro forma. Requests should address why using an ICASS service is a sound management decision. Cost comparisons should be based on the most recent ICASS data available and include Distribution and Overhead estimates. Posts may ask the embassy to run a "what if" scenario using the ICASS software; this will show changes in the invoice if a new service is used.

During FY 05 and FY 06, PC/Senegal subscribed to reproduction services, reception and switchboard, vouchering, cashiering, and procurement services. For some of these services, the post received partial waivers. However, for procurement services, a waiver was not received for services

used during the period. The post had decided that it was not going to obtain a waiver until a bill was received for these services. However, this is contrary to Peace Corps policy requiring approval prior to obtaining the services.

## **RECOMMENDATION**

**We recommend:**

**21. That the post obtain waivers for all non-standard services received in accordance with Peace Corps policy.**

## LIST OF RECOMMENDATIONS

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### WE RECOMMEND:

1. That the post ensure that termination notifications are sent within 24 hours. This may be achieved by reassigning this responsibility to the APCD or the administrative officer in conjunction with other Volunteer termination procedures.
2. That the post and the region ensure that all outstanding debts are collected.
3. That the post delegate sub-cashier duties in accordance with Peace Corps policy.
4. That the post implement a separation of duties in the receipt, calculation, deposit, and disbursement of Volunteer allowances.
5. That the post follow Peace Corps policy and not use appropriated funds for counterpart training costs.
6. That the country director ensure that an unannounced, monthly verification of the imprest fund be conducted. Additional verifications should be conducted annually by a qualified, external U.S. government employee, quarterly by the country director, and in the remaining months it may be delegated to the administrative officer.
7. That the post obtain current signature cards for personnel authorized to approve expenditures.
8. That the post document the basis used to estimate all host country contributions. PCM section 722.7.2.1 provides guidance for preparing estimated values.
9. That the GSO update the post's inventory records after completing a physical inventory of all property.
10. That the post develop and implement a systematic approach for maintaining an updated inventory record, including a process to record property being moved from one location to another and retaining disposal documents.
11. That the GSO maintain the vehicle usage log in accordance with Peace Corps policy.
12. That the GSO maintain the vehicle maintenance records in accordance with Peace Corps policy.
13. That the post conduct and document a market survey for new leases awarded without competition.

14. That the post review all PSC files and ensure that the files contain all the necessary information in accordance with Peace Corps policy.
15. That the approving official approve purchases before they are made with the purchase card.
16. That the post obligate funds before approved purchases are made with the purchase card.
17. That the post develop a written policy for earning, tracking, and using compensation time.
18. That the timekeeper track compensation time.
19. That the timekeeper and supervisors use form PC-57 to track all leave earned and taken, i.e., compensation time, vacation time, and sick leave.
20. That supervisors perform the semiannual time and attendance audits as required by PCM section 742.
21. That the post obtain waivers for all non-standard services received in accordance with Peace Corps policy.

## POST STAFFING

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At the time of our visit, the post had 39 staff positions. The positions included five U.S. direct hire employees, five foreign service nationals (FSNs), and 29 PSCs.

We interviewed several staff members. Most express general satisfaction with post operations.

### PC/Senegal Positions

Position	Status
Country Director	USDH
Administrative Officer	USDH
APCD/Small Enterprise Development	USDH
SRPTC/Sahel Regional Program Training Advisor	USDH
APCMO/Area PC Medical Officer	USDH
Cashier	FSN
APCD/Natural Resources Mgmt/Environmental Ed.	FSN
APCD/Agricultural Extension	FSN
APCD/Health	FSN
Financial Assistant	FSN
3 Drivers	PSC
Secretary	PSC
Financial Assistant	PSC
Vehicle Maintenance	PSC
Home stay cross-cultural Coordinator	PSC
Bicycle Maintenance	PSC
Language Coordinator	PSC
Training Coordinator	PSC
2 Administrative Assistants	PSC
Peace Corps Medical Officer	PSC
Peace Corps Medical Officer	PSC
Medical Secretary	PSC
T & A Receptionist	PSC
Safety and Security Coordinator	PSC
Executive Secretary	PSC
Administrative Assistant	PSC
Budget Assistant	PSC
IT Specialist	PSC
Admin. Secretary	PSC
GSO Assistant	PSC
GS - Specialist	PSC
Building Maintenance	PSC
Program. Assistant/SEC/EcoT	PSC
Program Assistant NRM	PSC
Janitors	PSC
Program Secretary	PSC

## APPENDIX A

### 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/Senegal covered fiscal years 2005 and 2006. While at the post, we interviewed key staff: the country director, the administrative officer, staff responsible for administrative support, and one of the two medical officers. We also interviewed nine Volunteers to obtain their views on the effectiveness of the post's administrative and financial systems in supporting them, and we visited a selection of hostels that the post maintains. 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**

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**45<sup>th</sup>**  
**Peace  
Corps**  
*Anniversary*

*1961-2006: a legacy of service at home and abroad*

**To:** David Kotz, Inspector General

**From:** Henry McKoy, Regional Director, Africa Region

**Date:** August 17, 2007

**Subject:** Region Response to the Preliminary Audit Report of PC/Senegal

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

Attached, please find our response to the OIG report. Post's responses have been reviewed and integrated into this response. The Africa Region will continue to work with Peace Corps/Senegal 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.

#### Attachments

cc: David Liner, Chief of Staff/Operations  
Lynn Foden, Chief of Operations, AF Region  
Larry Blake, Chief Administrative Officer, AF Region  
Andrea Wojnar-Diagne, Acting Country Director, PC/Senegal  
Molly Glenn, Administrative Officer, PC/Senegal  
John Dimos, Chief Compliance Officer  
George Schutter, Chief Financial Officer  
Senegal Country Desk Unit

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

The OIG conducted an audit of PC/Senegal in October-November of 2006. As outlined in the June 2007 report, Assistant Inspector General for Audits Gerald Montoya and Auditor Elizabeth Palmer, as well as Expert and former Assistant Inspector General for Audits Marshall Henderson, examined Post's financial and administrative operations.

PC/Senegal staff and Volunteers would like to acknowledge the work of Mr. Montoya, Ms. Palmer and Mr. Henderson, who conducted their duties with a high degree of professionalism, cultural sensitivity, and maintained a friendly and helpful attitude throughout the audit. They explained the mission of the OIG and kept staff and Volunteers informed during the process. Their professional courtesy and preliminary feedback were greatly appreciated and allowed the staff and management to continue streamlining in areas that were lacking. The auditors arrived at a particularly difficult time for Post as it was the end of a fiscal year, during a high volume of travel for most programmers and during their PST and they were conscious of these circumstances.

In keeping with the Peace Corps service mission, Post was pleased to facilitate travel to several Volunteer sites. The audit team had the opportunity to visit Volunteers and personally observe the work they are doing in the field, as well as conduct interviews with staff at Post's training site in Thies. The PC/Senegal administrative staff provided the auditors with a private office and two workstations, collected all documents requested, and facilitated interviews and observations that were necessary for them to complete the audit report.

Post and Region feel that the OIG audit was helpful in Post's efforts to continue to improve efficiencies and align to regulations. The audit was of great assistance in continuing these efforts and validating areas that still need attention.

### **Executive Summary**

The Post and Region fully concur with 18 of the 21 recommendations provided by the OIG. The Post and the Region Partially Concur with recommendations 1 and 4, and Do Not Concur with recommendation 5. The explanation for those partial concurrences is given in the commentary for each. The Post and Region do not disagree broadly with any of the recommendations, but have noted special circumstances or areas where details of recommended action are not possible. Post has already implemented 81% of all the recommendations and is in the process of completing the rest. The Region and Post anticipate closure on all actions by the end of November 2007. This date is primarily driven by the transition period between Country Directors and items that require review of the new incoming CD, Christopher Hedrick, who is scheduled to arrive at Post in mid-September. His arrival will coincide with a PST of 46 trainees and an office move, and therefore, Post and Region feels that November is a more realistic timeframe for any items requiring the new Country Director's input or approval.

The PC/Senegal staff and the Africa Region understand there is always room for improvement, and we are all appreciative of the insight and information provided by the Peace Corps Office of the Inspector General.

## Recommendations and Responses

1. That the Post ensures that termination notifications are sent within 24 hours. This may be achieved by reassigning this responsibility to the APCD or the AO in conjunction with other PCV termination procedures.

*Response:* Partially Concur

Since November 2006, Post has sent in all cables within 24-*business* hours or prior to a PCV's COS date. Post's Executive Secretary has been responsible for sending cables, monitored by the AO, CD, or Acting CD. Post has clarified with 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. [[see Appendix A](#)].

The Country Desk Unit met with the Chief Compliance Officer and Assistant Inspector General for Audits on July 20, 2007 regarding correction of the recommendation in the IG's Preliminary Report to accurately reflect '24 *business* hours' vs. 24 hours. Please also note that State-Side ETs and Medical Separations cables are sent directly from OSS to VPS. Post cannot send these cables until OSS notification is received, which is often after the PCV's end date.

Due to the high volume of travel and workloads of APCDs and AOs, the transference of duties for cable issuance would result in less efficient cable submission. Support staff is available to continue sending and tracking ET cables and has continued this process for almost a year, with monitoring by the AO, CD or Acting CD. Post also currently has a system in place whereby the Executive Secretary, the primary point of contact for cable submission, has a support back-up by the HR Specialist should the Executive Assistant be out of the office.

### Completion Date: Completed

2. That the Post and the Region ensure that all outstanding debts are collected.

*Response:* Concur

The two outstanding debts referenced in the IG's Preliminary Report were outside of standard PC/Senegal operations and had occurred before the arrival of the current Administrative Officer. The first debt involved excess weight of Post's former AO's shipment of household effects. This debt and collection responsibility has been transferred to the Department of the Treasury. The second collection also involved excess HHE weight for a PSC that was evacuated from PC/Côte d'Ivoire. The Africa Region will continue following up on this issue. Since November 2006, Post has and will continue to ensure all outstanding debts are collected.

Regarding the first referenced bill of collection, PC/Senegal and the Africa Region are no longer directly affiliated with the outstanding bill from the former AO at Post. The Africa Region sought payment via email in July 2006 [[see Appendix B](#)]. With no response, the debt was then passed on to the Office of Accounts Receivable & Cash Management (OARCM). In an email dated March 26, 2007 [[see Appendix C](#)], OARCM Claims Officer explains that the debt was referred to the Department of Treasury, after two repeated attempts to collect the debt. She notes, that "Treasury is now solely responsible for the collection of [the former AO's] debt and will send us any payments they collect from him. To date, I have not received any payments." The FMO in Global Accounts Payable forwarded an IG Senior Criminal Investigator this information via email after a request was made for information on this collection [[see Appendix C](#)]. No additional information from the Senior Criminal Investigator has been provided for further AF Region or Post action.

The second outstanding debt referenced is a collection from a former PSC Rover AO based out of Abidjan whose shipping weight charges, related to the evacuation of PC/Côte d'Ivoire, were over standard weight requirements. Post has no records on this collection other than a photocopy of a one page bill of collection that was presented to Post's AO by a member of the Audit Team during the audit [[see Appendix D](#)]. According to all staff at Post, this collection was managed directly with the former AO and the Africa Region. There are no records in the standard collections files in PC/Senegal. This issue is under review by the Africa Region and follow up is ongoing with different offices at HQ.

**Completion Date: September 30, 2007**

3. That the Post delegate sub-cashier duties in accordance with PC policy.

*Response:* Concur

PC/Senegal is currently in compliance with delegating sub-cashier duties in accordance with PC policy. The Overseas Acquisition Deskbook, specifically the Personal Service Contract section, [[see Appendix E](#)], provides for PSCs to carry cash or allowances. Post's PST Administrative Assistant serves in this capacity. She sends in the known upcoming expenses for IST and PST for the next following 5 business days. The AO then approves an advance totaling that exact amount. The advance is then used to pay off the vendors for the expenses and is cleared in five business days. PC/Senegal's training site is located three hours from Dakar. Please note that Post has made significant efforts to greatly reduce cash expenditures at the training site, including processing all PCV PST-related travel payments via IFO and the PCVs' bank, Credit Agricole, using Dakar vendors who receive checks for supplies purchased formerly in cash, and converting six vendors to check payment who were previously cash vendors. It is envisioned that Post will continue to minimize the cash expenditures at our training site and have minimal expenses in cash for future ISTs and PSTs. These expenses would include walk-around allowance payments, host family payments, emergencies and small cash vendors only. Post has integrated the Cash Handling text into PSCs contract [[see Appendix F](#)].

**Completion Date: Completed**

4. That the Post implements a separation of duties in receipt, calculation, deposit, and disbursement of PCV allowances.

*Response:* Partially Concur

Post believes that sufficient separations of duties are currently in place. Post's Administrative Roles are as follows:

- The Cashier handles the Excel spreadsheet preparations for allowances as this is an intense exercise and can often take days to reference different resources including VIDA, ETs, and other factors.
- The Living Allowance spreadsheet is reviewed electronically as well as on paper prior to approval by the Administrative Officer.
- The Financial Assistant then enters the liquidation into ForPost (The Cashier does not handle this responsibility).
- When the check arrives, the Cashier makes a copy of the spreadsheet for the bank outlining the funds that go into each account.
- The Administrative Officer creates and signs an authorization letter and instructions for the bank to take action. Approval is provided after validation against original documents sent to HQ for the allowance payment.

- The check and authorization letter are then deposited by a driver. If there is an issue with the deposit or questions on bank account or other issues, the bank has to come to the Cashier or the Administrative Officer.

Additionally, Post is implementing, with Credite Agricole bank, the MOU [[see Appendix G](#)] now required by IFO [[see Appendix H](#)] that no cash or check in the name of a Peace Corps PSC can be issued for PCV accounts. A check must be issued in the name of USDO that is then deposited to Ecobank in Dakar. Please note that Post's closure of bank accounts only occurs in the case of state-side ET or Medical Separation of PCVs with the presentation of a Power of Attorney signed by the PCV. All other accounts are closed prior to PCV departing the country as part of the standard operating procedures of Close of Service.

**Completion Date: Completed**

5. That the Post follows PC policy and not use appropriated funds for counterpart training costs.

*Response:* Do Not Concur

Post does follow PC policy and is already in compliance with use of appropriated funds for counterpart training costs. Since the October 2006 IG Audit, all counterpart costs have been justified with appropriate justifications from memo's dating back to 1999 from Headquarters on appropriate use of funding for host country nationals [[see Appendices I, J](#)]. All submissions have been approved by IFO. Prior to that time, only non-PST Counterpart costs had additional justifying documentation as AOs had been informed during OST that PST counterpart expenses are 'grandfathered' in and no justification is necessary. Post uses the two memos from 1999 (from Thomas Tighe, Chief of Staff and Ruth Ramsey, Associate General Counsel) as justification along with memos explaining specific factors of the incurred expense and how it meets the criteria to submit relevant vouchers to IFO [[see Appendix K](#)].

**Completion Date: Completed**

6. That the CD ensures that an unannounced, monthly verification of the imprest fund be conducted. Additional verifications should be conducted annually by a qualified, external U.S. government employee, quarterly by the CD, and in the remaining months it may be delegated to the AO.

*Response:* Concur

Monthly verifications have been completed by the AO since June of 2005 except for one month when the AO was on maternity leave and Post was under TDY coverage. The new CD arrives at Post in September and will be briefed on the importance of this quarterly verification. The Acting CD performed the cash count in June 2007. External counts were performed by a Paris FSC Africa Representative in June of 2006 and March of 2007. Post's Cashier has created a spreadsheet to outline who does the cash counts each month [[see Appendix L](#)] and is also putting a ticker in the Administrative Calendar for the month that CD will be required to do the cash count.

**Completion Date: Completed**

7. That the Post obtains current signature cards for personnel authorized to approve expenditures.

*Response:* Concur

Signature cards are currently on file in the cashier's office [[see Appendix M](#)].

**Completion Date: Completed**

8. That the Post documents the basis used to estimate all host country contributions. PCM section 722.7.2.1 provides guidance for preparing estimated values.

*Response:* Concur

A memo to the file was created for HCC In-Kind calculations [[see Appendix N](#)]. This memo will be updated annually and/or quarterly when necessary at Ops Plan submission and/or when quarterly HCC reports are submitted to the OCFO.

**Completion Date: Completed**

9. That the GSO update the Post's inventory records after completing a physical inventory of all property.

*Response:* Concur

Post hired a Special Projects Assistant (from December 2006 – May 2007), who worked for three months (March - May 2007) to completely update the inventory system. Post believes the current inventory and systems in place are accurate. Post is requesting additional staffing for the GSO team as part of the 2008 Ops Plan submission, which would greatly help Post to be able to maintain the necessary systems needed to track and maintain Post's almost 3,000-item inventory.

**Completion Date: Completed**

10. That the Post develop and implement a systematic approach for maintaining an updated inventory record, including a process to record property being moved from one location to another and retaining disposal documents.

*Response:* Concur

Post hired a Special Projects Assistant who worked for three months (March - May 2007) to completely update the inventory system. Post adheres to policies outlined in PC MS 511 (*Property Management at Overseas Posts*) and believes that the current inventory and systems in place are accurate. Post is requesting additional staffing for the GSO team as part of the 2008 Ops Plan submission, which would greatly help Post to be able to maintain the necessary systems needed to track and maintain the inventory of Post's almost 3,000 items.

**Completion Date: Completed**

11. That the GSO maintains the vehicle usage log in accordance with PC policy.

*Response:* Concur

Since November of 2006, the GSO began weekly reviews of the vehicle logs rather than monthly reviews. All drivers were given further guidance to avoid confusion between date formats of American and French formats for entering the dates on the vehicle log [[see Appendix O](#)]. In July 2007, the Administrative Officer performed a thorough review of the policy manual with the Motor Pool Coordinator and ensured that all aspects of vehicle logs were clear and implemented at Post. Post's GSO will be retiring in January. Policy manual reviews will be part of the new GSO's training.

**Completion Date: Completed**

12. That the GSO maintain the vehicle maintenance records in accordance with PC policy.

*Response:* Concur

Post currently has a Special Projects Assistant who is on contract through December 2007. She will be working on this project during the month of September and October. Post's GSO will be retiring in January. Policy manual reviews will be part of the new GSO's training.

**Completion Date: October 2007**

13. That the Post conduct and document a market survey for new leases awarded without competition.

*Response:* Concur

All leases in Senegal are validated through a market survey with local real estate agents and the Embassy, who manages over 100 properties in Dakar. Unfortunately, Post has not documented this in the past. Leases entered into since November 2006 have been documented in the file as per the new formats provided by OBO with pictures and history of lease procurement [[see Appendix P](#)].

**Completion Date: Completed**

14. That the Post reviews all PSC files and ensure that the files contain all the necessary information in accordance with PC policy.

*Response:* Concur

Post completed a thorough review of PSC files with the Special Projects Assistant who revised all PSC files in December 2006. All files now contain all necessary information with the exception of missing recruiting information and other such documents that cannot be recreated or traced in the office. Post will add a memo in any PSC file where such recruiting information files are no longer retrievable.

**Completion Date: November 2007**

15. That the approving official approves purchases before they are made with the purchase card.

*Response:* Concur

Request for approval for all intended purchases are sent by email to the CD by the AO. Post is documenting the approval correspondence between the AO and CD, or Acting CD. A new Country Director arrives in Senegal in mid-September. He will be briefed on this importance process. The incoming CD also received initial administrative training during the summer Overseas Staff Training (OST) in early June 2007 including the following sessions: Administrative & Financial Management, Federal Budget Process, Payables Do's & Don'ts, Post Budget & Financial Ops, etc.

**Completion Date: Completed**

16. That the Post obligate funds before approved purchases are made with the purchase card.

*Response:* Concur

Post now orders approved purchases after funds have been obligated.

- For internet purchases, the products are put into the on-line vendor's 'shopping cart'.
- This is then printed and used for the best estimate of total costs for the obligation. Taxes and shipping are estimated as they are unattainable until final checkout.
- The Financial Assistant then uses the 'shopping cart' print-out as an obligating document. The Administrative Officer approves the obligation.
- Upon approval of the obligation, the AO requests approval of the purchase card order with the Country Director by email with a copy of the 'shopping cart' form attached and the form is also submitted for approval in hard copy form.
- Once approval is received, the Administrative Officer then re-enters into the vendor's website and retrieves the 'shopping cart' and makes the purchase on the Government Purchase Card.
- When the purchase card is used as method of payment, documentation follows standard procurement guidelines. When products are received, the vendor is provided with purchase card information after the CD has approved the purchase card charge via email or hard copy.

**Completion Date: Completed**

17. That the Post develops a written policy for earning, tracking, and using compensation time.

*Response:* Concur

A Post compensation time policy was drafted by Post's HR Specialist in July 2007 [[see Appendix Q](#)] and is currently under review by the AO. The incoming CD will be able to review and approve the policy upon arrival in mid-September 2007.

**Completion Date: October 2007**

18. That the timekeeper track compensation time.

*Response:* Concur

Compensation time is currently tracked on the PC-57s [[see Appendix R](#)]. Post's Special Projects Assistant included this in the Time and Attendance clean-up in January to February 2007.

**Completion Date: Completed**

19. That the timekeeper and supervisors use form PC-57 to track all leaved earned and taken, e.g., compensation time, vacation time, and sick leave.

*Response:* Concur

Post's Special Projects Assistant spent two months (January to February 2007) cleaning-up and aligning PC-57s and timesheets going back several years. All PSCs and USDHs agreed to findings and signed PC-57s for 2006 and mid-year PC-57's for 2007 have all been reviewed and signed, at the end of June 2007 [[see Appendix S](#)]. . Post's timekeeper will continue tracking leave.

**Completion Date: Completed**

20. That supervisors perform the bi-annual time and attendance audits as required by PCM section 742.

*Response:* Concur

Post hired a Special Projects Assistant who spent two months (January and February 2007) cleaning-up and aligning PC-57s and timesheets going back several years. All PSCs and USDHs reviewed and agreed to findings and signed PC-57s for 2006. Mid-year PC-57's for 2007 were also reviewed and signed by all USDHs and PSCs and their supervisors at the end of June [[see Appendix T](#)]. . Per PC guidelines, supervisors will perform the next T & A Audit at the end of the fiscal year.

**Completion Date: Completed**

21. That the Post obtains waivers for all non-standard services received in accordance with PC policy.

*Response:* Concur

Post has waivers on file for non-standard services received on a regular basis [[see Appendix U](#)]. Please note that Post explained during the Audit that, at times, the Embassy can process something for Post without Post's knowledge (i.e. procurement for medical services) as they do for other agencies. Once this is done, it is very difficult to back out that charge as the vendor is paid months prior. Post only becomes aware of the charge at the ICASS invoice review. The ICASS Coordinator at HQ indicated that waivers are not necessary if the charge is a one-off expense and will not be used in the future. Post has reviewed this with the Embassy but, on occasion, some services slip through into ICASS as this is a 15+ Agency Post.

**Completion Date: Completed**

## APPENDIX C

### OIG COMMENTS

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The region concurred with 18 of the 21 recommendations, partially concurred with 2 recommendations and did not concur with one recommendation. We closed recommendation numbers 4, 7, and 8. Recommendation numbers 1 – 3, 5, 6, and 9 – 21 remain open pending confirmation from the chief compliance officer that the following has been received:

- For recommendation no. 1, documentation that the post has sent cables the business day after the Trainee/Volunteer leaves country.
- For recommendation no. 2, documentation that the collection for the outstanding bill has been forwarded to the Treasury Department, if all other avenues for collection have been exhausted by the Peace Corps.
- For recommendation no. 3, documentation from the OCFO that authorizes the PSC to perform sub-cashier duties.
- For recommendation no. 5, documentation that specifically supports the justification that counterpart participation in training directly benefits Volunteers.
- For recommendation no. 6, documentation that the country director verified the imprest fund in December 2006.
- For recommendation no. 9, a copy of the updated inventory listing.
- For recommendation no. 10, documentation showing that the current inventory list is maintained according to Peace Corps Manual guidance.
- For recommendation no. 11, documentation that shows the GSO conducts a weekly review of the vehicle usage log in accordance with Peace Corps policy.
- For recommendation no. 12, documentation that shows the GSO maintains the vehicle maintenance records in accordance with Peace Corps policy.
- For recommendation no. 13, documentation showing that a market survey/competition was conducted for the November 2006 leases.
- For recommendation no. 14, a copy of the memorandum stating the post has updated their files.
- For recommendation no. 15, copies of the email approvals prior to procurements with the purchase card.

## APPENDIX C

- For recommendation no. 16, documentation that shows the post obligates funds before approved purchases are made with the purchase card.
- For recommendation no. 17, a copy of the post's written policy for earning, tracking, and using compensation time.
- For recommendation no. 18, a copy of the PC-57 form that shows the timekeeper tracks compensation time.
- For recommendation no. 19, copies of the PC-57 form showing supervisors track all leave earned and taken.
- For recommendation no. 20, a copy of the June semiannual review with supervisors' signatures.
- For recommendation no. 21, a copy of the ICASS coordinator's communication that states that "one-off" charges do not require a waiver and documentation that those services without waivers were "one-off" charges.

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**

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#### **AUDIT COMPLETION**

The audit was performed by Gerald P. Montoya, AIG – Audit, Elizabeth Palmer, Auditor, and Marshall Henderson, Consultant.

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

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