



Peace Corps Office of Inspector General



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FOLLOW-UP AUDIT REPORT

Peace Corps/South Africa

IG-08-11-FUA

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INTRODUCTION

The Office of Inspector General conducted an audit and program evaluation of Peace Corps/South Africa February 27 – March 17, 2006 and issued our report in October 2006.¹ As part of our continuing oversight responsibilities, we conducted a follow-up audit May 6 – 16, 2008 to verify the status of the audit recommendations included in the report.

Management concurred with all but one of the 29 audit recommendations. Based on management's responses, we closed 19 audit recommendations upon issuance of our 2006 report. Ten audit recommendations were left open pending action to be taken and were subsequently closed by the agency's chief compliance officer.

Appendix A provides a description of our follow-up audit objective, scope, and methodology.

BACKGROUND

Almost 900 Peace Corps Volunteers have served in South Africa since the inception of the program in 1997. At the time of our visit, 170 Volunteers were engaged in two programs: school and community resources, and community HIV/AIDS outreach.

SUMMARY OF FINDINGS

During our follow-up audit, we verified that appropriate action had been taken on 18 of the 29 audit recommendations. We determined that recommendation numbers 24, 26, 29, 31, 38, 39, 41, 44, 45, 46, and 48 required additional action, and we reopened them. The post subsequently provided us with documentation showing that, following our visit, it had taken appropriate action on all the reopened recommendations and, accordingly, we have closed them.

A summary of the status of the audit recommendations as the result of our follow-up audit is shown in Table 1 below, followed by the results of our verification of each recommendation.

¹ Final Report on the Program Evaluation and Audit of Peace Corps/South Africa (IG-07-02-EA) was issued in October 2006.

Table 1. Status of Audit Recommendations as the Result of our Follow-up Audit

Audit Area	Number of Recommendations	Number of Recommendations Closed *	Open Recommendation Number
Billings and Collections	2	2	
Property Management	1	1	
Volunteer Allowances	3	3	
Personnel Management	2	2	
Safekeeping of Volunteer Property	3	3	
Host Country Contributions	3	3	
Purchase Cards	2	2	
Vehicle Management	4	4	
Medical Supplies	3	3	
Imprest Fund	1	1	
Information Technology Security	1	1	
PEPFAR	4	4	
Total	29	29	0

* Includes eleven recommendations reopened as the result of the follow-up audit and subsequently closed as the result of additional action taken by the post.

RESULTS

Each item below includes the recommendation, management’s response, and the results of our verification. The recommendation numbers correspond with those in the 2006 report.

Billings and Collections

24. That the post comply with Peace Corps billing and collection policies in OFMH sections 5.1, 5.2.1, and 5.3.1.

Management's Response: Concur. As of March 2006, post has started issuing BOCs in the manner that the OFMH describes in 5.1, 5.2.1 and 5.3.1. The billing officer is the AO with help from AA/HR. The cashier acts as the collection officer. With respect to BOCs to the host country government, the system has changed and post now issues BOCs "as is" and if they attempt to pay a different amount, post voids the BOC, puts clear documentation in the file, and re-issues another BOC matching the amount received. This complies with the above-mentioned OFMH sections.

OIG Verification: Recommendation reopened; subsequently closed as the result of additional action taken by the post. We discussed the post's billing and collection procedures with the administrative officer, and reviewed the billings log ("billings register") and bills of collection for fiscal years 2007 and 2008 through April 30, 2008 on a test basis. Based on our work, we determined that the post was in compliance with Overseas Financial Management Handbook (OFMH) billing and collection policy during the period, except as described below.

The collections officer was posting and maintaining the billings log. This should have been performed by the administrative assistant/voucher examiner, who prepared the bills of collection and entered the billing information in the ForPost system. Proper internal control requires that the billing and collection functions be handled by different individuals. With the agency's automation of the billings log in May 2007, the issue has been eliminated.

We noted that the administrative assistant/voucher examiner did not maintain a copy of the bill of collection as required by OFMH policy. We discussed the requirement with the administrative officer and the administrative assistant/voucher examiner. During the course of the audit, she began maintaining copies of bills of collection in her files.

In addition, we noted billings for a U.S. direct hire (USDH) employee who used a Peace Corps vehicle during her first 90 days at the post. We examined the written authorization from the country director with concurrence from the chief of mission and found that it met the requirements of Peace Corps Manual (PCM) section 522.4.3.1.

We also noted billings for another USDH employee who, on several occasions, has used a Peace Corps vehicle for personal reasons. However, while written requests for vehicle use were prepared by the employee and approved by post management, the post did not have on file the authorizations required by PCM section 522.4.3.3, which states: "Authorization must be for a defined time period, not to exceed one year. The country director is the recommending official and the regional director is the authorizing official." The policy also requires the chief of mission's concurrence.

Subsequent to our visit, the post submitted to us a memorandum with the required approvals. The memorandum, dated June 13, 2008 was signed by the country director with concurrence by the Regional Director for Africa and the Ambassador to South Africa. Accordingly, we have closed this recommendation.

25. That the post identify and collect outstanding bills of collection.

Management's Response: Concur. Post is working on this issue with headquarters and has been since March 2006 for outstanding BOCs. For current BOCs (those issued in this fiscal year), all collections are collected in a timely manner in compliance with the OFMH. The AO and cashier check the outstanding collections report weekly.

OIG Verification: Recommendation closed. We reviewed the "Outstanding Collections Report" dated May 14, 2008 and found that the post was identifying and collecting its outstanding bills of collection in a timely manner.

Property Management

26. That the post comply with PCM section 511 by:

- *Conducting a physical inventory at least annually.*
- *Reconciling change in inventory with acquisition and disposal documents before conducting the physical inventory.*
- *Issuing custody receipts to direct hire staff for Peace Corps property used in their residences.*
- *Requiring someone other than the property officer to check the property listing against the physical inventory.*

Management's Response: Concur. The physical inventory list was not completed as post did not have a GSO from August 2005 to February 2006. The new GSO has completed the inventory check to ensure the accuracy of PC physical property in May 2006. The GSO, after having the USDH verify the inventory in each respective residence, has issued inventory custody sheets to all USDH living in PC houses.

OIG Verification: Recommendation reopened; subsequently closed as the result of additional action taken by the post. We verified that the post has been conducting a physical inventory at least annually, by inquiry of the general services officer (GSO) and by reviewing the related inventory file. The post conducted physical inventories in March 2008 and March 2007. We determined by inquiry of the GSO that the post reconciled its inventory documents before conducting the physical inventories.

Further, we reviewed custody receipts issued to USDH staff for Peace Corps property held by them in their residences, and noted that the custody receipts were signed by the staff member and the GSO. They were being maintained in the GSO's files.

The GSO has been involved in all aspects of the inventory process. He has received the property, recorded the information in the property inventory database, and, accompanied by a driver, conducted the physical inventory. The administrative officer has recognized the need to segregate incompatible functions and has determined to transfer either the inventory database maintenance or the physical inventory function to another administrative staff member.

Subsequent to our visit, the post submitted to us updated statements of work for the administrative assistant/voucher examiner and the GSO showing that the post had assigned the inventory database maintenance function to the administrative assistant and retained physical inventory verification with the GSO. Accordingly we have closed this recommendation.

Volunteer Allowances

27. That the post conduct a settling-in allowance survey within three months of swearing in Volunteers and a living allowance survey at least annually.

Management's Response: Concur. Post currently conducts a settling-in allowance survey at the end of PST. It is distributed with the PCV Handbook just before PCTs swear-in as Volunteers. In the past two years, since the current CD has been at post, a living allowance survey has been conducted. As a result of this year's survey, Volunteers will receive between 10-25% increase in their living allowance depending on whether they are rural-based or urban-based, effective July 1, 2006.

OIG Verification: Recommendation reopened; subsequently closed as the result of additional action taken by the post. We obtained and reviewed the post's files documenting the results of the Volunteer settling-in allowance and living allowance surveys performed in fiscal years 2007 and 2008, and verified that the post had conducted these surveys in a timely manner.

However, we noted that the post did not conduct independent settling-in surveys as required by PCM section 221.4.2. In addition, the post conducted independent living allowance surveys only in the capital, Pretoria, where no Volunteers were located. In order to achieve the objective of the independent survey as stated in PCM section 221.5.5.2, "to verify the results of the [Volunteer] living allowance survey," the independent survey should be performed in locations representative of where Volunteers are situated.

The administrative officer told us that, in the future, the post would conduct independent surveys in representative locations, and that he would enlist the assistance of the drivers in accumulating independent survey data.

Subsequent to our visit, the post submitted to us documentation showing that it had conducted independent settling-in and living allowance surveys and that these were performed in areas where Volunteers were located. Accordingly, we have closed this recommendation.

28. That the country director execute memoranda of agreements with the banks that process Volunteer living allowances.

Management's Response: Concur. The cashier, CD and AO will execute an agreement with the bank the end of this fiscal year.

OIG Verification: Recommendation closed. The post was unable to execute a memorandum of agreement (MOA) with the bank handling Volunteer living allowances. Alternatively, the post requested and received a waiver from the Director of Global Accounts Payable, consistent with PCM section 221.6.1.

We reviewed the waiver dated June 6, 2007 granting the exception. It stated that the MOA "is inconsistent with in-country banking practices and that, despite significant efforts, the [bank has] been unwilling and/or unresponsive to post requests but that, nonetheless, they do comply with the general terms and conditions and meet MS 221 requirements."

29. That the post send e-mails notifying headquarters of Volunteers who complete or terminate their service within 24 hours.

Management's Response: Concur. This recommendation was implemented in March 2006 immediately after the IG left post. Termination cables are sent within 24 hours after the Volunteer leaves post and follow up cables are sent with additional information, if necessary.

OIG Verification: Recommendation reopened; subsequently closed as the result of additional action taken by the post. We reviewed a sample of e-mail notifications to headquarters of Volunteers departing during fiscal years 2007 and 2008 through April 30, 2008, and found that for the most part, the notifications had been sent within 24 hours of the close of service (COS) or early termination (ET) date as required by PCM section 223.4.2. However, we noted instances where the 24-hour submission requirement was not met.

In one instance, the administrative assistant/HR delayed by about one month sending the e-mail notification of a Volunteer who was early terminating by medical separation. The administrative assistant/HR stated that she had waited to first close the Volunteer's bank account and identify any cash recovered before sending the e-mail. The administrative assistant/HR told us that the Volunteer inquired when the readjustment allowance, which was awaiting processing pending receipt in headquarters of the e-mail, was to be forthcoming.

The administrative officer told us he had expressed concern about the delay. He stated that he had raised the matter at the last administrative officers' conference and was informed that the post should send the e-mail within the required 24 hours with a notation "to be determined" in the place requesting net amount due.

In addition, we noted five e-mails which were sent 48 hours after the COS date, one e-mail which was sent 72 hours after the COS date, and one e-mail which was sent (excluding weekend days) 96 hours after the COS date.

Subsequent to our visit, the post submitted to us six e-mail notifications for Volunteers who had recently departed, evidencing that these had been sent to headquarters within 24 hours of the COS or ET date. Accordingly, we have closed this recommendation.

Personnel Management

30. That the administrative officer review the leave records (PC-57) as of June 15 and December 15 of each leave year.

Management's Response: Concur. This recommendation has been completed as of June 2006.

OIG Verification: Recommendation closed. We obtained a sample of leave records on Form PC-57. These constitute the post's official time and attendance records. We verified that the administrative officer had reviewed and signed the records, except as discussed below.

We noted one time and attendance record that was not reviewed and signed as of the end of calendar year 2007. The administrative assistant/HR told us that she had neglected to provide it to the administrative officer because she was awaiting a delinquent timesheet from a staff member and wanted to provide the administrative officer with a complete document for his review. She said that after the staff member had submitted her timesheet, she forgot to pass along the completed time and attendance record to the administrative officer. During the course of the audit, the administrative officer reviewed and signed this time and attendance record, and it was placed in the staff member's file.

With the exception of the above item, we found that the administrative officer's reviews were performed timely, and we have thus closed this recommendation.

31. That the post close out the departed PSC contract files in accordance with PCM section 743.24.

Management's Response: Concur. As of March 2006, the release form is signed by the staff member associated with that contract, per MS 743.24.

OIG Verification: Recommendation reopened; subsequently closed as the result of additional action taken by the post. We obtained the contracts of personal services contractors (PSCs) who had completed their contracts in fiscal years 2007 or 2008 and found that the contract release forms were blank. The administrative assistant/HR had no explanation why these had not been completed and told us that she would be more conscientious in obtaining these in the future.

We also noted the following:

- Only the contract's first two pages with salary and benefit information, rather than the complete contract, were maintained in the PSCs' files. The administrative assistant/HR told us that the PSCs had been given only these two pages at the time they signed their contracts. They should have been provided with complete contracts to review and to sign, thus documenting their agreement with the contract provisions.
- Option years were sometimes incorrect, due to a misunderstanding by the administrative assistant/HR of how to present these on the contract form.

Subsequent to our visit, the post submitted to us documentation showing a properly prepared contract release form, a contract showing correctly presented option years, and confirmation that staff members will be provided with copies of their complete contracts. Accordingly, we have closed this recommendation.

Safekeeping of Volunteer Property

32. That the post maintain a log of Volunteer property held for safekeeping in a separate location from the property.

Management's Response: Concur. See Recommendation 34.

OIG Verification: Recommendation closed. We verified that the post is maintaining a log of Volunteer property held for safekeeping. The log is kept in the office of the administrative officer; the property, in a locked file cabinet in the office of the administrative assistant/HR.

33. That the post issue receipts to Volunteers for their property and track withdrawals and deposits.

Management's Response: Concur. See Recommendation 34.

OIG Verification: **Recommendation closed.** We verified that the post is issuing receipts to Volunteers for their property and is tracking withdrawals and deposits, by reviewing a sample of receipts. Copies of the receipts were attached to the envelopes holding the Volunteers' property.

34. That the post keep Volunteer property in a location other than the cashier's cage.

Management's Response: Concur. Since the IG visit in March 2006, the cashier has transferred all PCV personal property envelopes to the Admin Assistant/HR, who keeps the envelopes in a locked file cabinet in her office. Whenever a PCV requests something from or adds to their personal envelope, the PCV must sign the cover sheet of the envelope. The PCV then gets a copy stating what exactly is being held by PC, and a copy of that signed sheet replaces their old cover sheet. The old cover sheet is then kept by the AO in the AO's safe.

OIG Verification: **Recommendation closed.** We observed that the Volunteer property is maintained in a locked cabinet in the office of the administrative assistant/HR.

Host Country Contributions

35. That the post assign value and record in-kind country contributions.

Management's Response: Concur. See Recommendation 37.

OIG Verification: **Recommendation closed.** We reviewed documentation showing assigned values to in-kind host country contributions and noted that these were included in the post's operating plan.

36. That the post issue bills of collection for outstanding cash contributions.

Management's Response: Concur. See Recommendation 37.

OIG Verification: **Recommendation closed.** We found, by reviewing the billings log, that the post has been issuing bills of collections for outstanding cash host country contributions.

37. That the post reconcile anticipated host country contributions with the actual contributions.

Management's Response: Concur. Post has no record of receiving or issuing HCC BOC for FY04 cash contributions. Post did compile a BOC for FY05 in February 2006, and the BOC currently sits with the government of South Africa (SAG) for the cash contribution portion of FY05 HCC. We have been following up and will continue to follow up on this with the SAG. The administrative team will continue to improve in this area. FY06 BOC for cash contributions will be prepared as soon as possible after the new calendar year in January 2007, as collections are issued (calendar year basis). In kind contribution values have been recorded in quarterly reports required by HQ in June 2006 as well as in the annual Operating Plan. Related to recommendation 37, post will reconcile BOCs as per recommendation 24.

OIG Verification: Recommendation closed. We found that the post has been actively reconciling anticipated host country contributions with actual contributions. In this regard, the administrative officer has taken a proactive lead in host country contribution oversight and collection.

Purchase Cards

38. That the administrative officer establish and maintain a purchase card log and conduct reconciliations as required by OFMH section 34.4.5.

Management's Response: Concur. Post will put a purchase card log in place by the end of July 2006. Currently, though, Post does reconcile on line as per OFMH section 34.4.5 in a timely fashion every month since January 2005.

OIG Verification: Recommendation reopened; subsequently closed as the result of additional action taken by the post. The administrative officer told us that he destroyed the purchase card when he found that it was not accepted by a regional vendor that the post wished to purchase materials from. He said that he requested the headquarters purchase card coordinator to cancel his card, and that it was cancelled. He told us that the post has been effectively using checks, to the extent possible, to pay its vendors.

PCM section 731.3.1, issued by the Office of Acquisitions and Contract Management, states: "It is the policy of the Peace Corps to use the Purchase Card to the maximum extent practicable in accordance with the guidance in this manual section." In addition, OFMH section 62.1 states: "Post is required to use the card for all travel-related purchases when acceptable to the vendor." However, the administrative officer told us that he had not used his travel card and pays the post's travel agency by check.

Subsequent to our visit, the post provided us with a memorandum dated June 17, 2008 and signed by the Chief Administrative Officer for Africa Region, the Director of the

Office of Acquisitions and Contract Management, and the Director of the Office of Global Accounts Payable concurring with the post's cancellation of its purchase card and the post's use of checks rather than its travel card to pay its travel agency. Accordingly, we have closed this recommendation.

39. That the administrative officer document approval before making purchases with the post's purchase card.

Management's Response: Concur. Since March 2006, post has made purchases with neither the purchase card nor travel card. In the future, if the purchase/travel cards are used, the AO will document approval before making purchases.

OIG Verification: Recommendation reopened; subsequently closed as the result of additional action taken by the post. With the obtaining by the post and submission to us of the memorandum described in the OIG Verification to recommendation number 38, we have closed this recommendation.

Vehicle Management

40. That the post reevaluate its vehicle fleet mix.

Management's Response: Concur. See Recommendation 43.

OIG Verification: Recommendation closed. The administrative officer performed a comprehensive review of the post's vehicle fleet and presented it in a memorandum to key regional and headquarters staff. We obtained and reviewed the memorandum.

41. That the administrative officer review, monitor, initial, and date vehicle use logs on a weekly basis.

Management's Response: Concur. This recommendation was implemented in June 2006. The signed copies are kept in the GSO's vehicle files.

OIG Verification: Recommendation reopened; subsequently closed as the result of additional action taken by the post. The administrative officer told us that he has not always received the vehicle usage logs in a timely manner in order to review, initial, and date them on a weekly basis as required by PCM section 527.5.4.2. He showed us that one of his "Administrative Unit Staff Performance Indicators" for calendar year 2008 is to "submit weekly kilometer logs [vehicle usage logs] to AO by COB Friday of each week."

In addition, we found that the GSO, who is responsible for initiating vehicle repairs and keeping the vehicle maintenance records, was not reviewing, initialing, and dating the logs weekly, nor was the administrative assistant/voucher examiner, who is responsible for billing authorized, non-official vehicle use. PCM sections 527.4.3 and 527.4.4 require that these reviews be performed.

Subsequent to our visit, the post submitted to us examples of weekly vehicle usage logs initialed, signed, and dated by the administrative officer, the GSO, and the administrative assistant/voucher examiner, evidencing their review. Accordingly, we have closed this recommendation.

42. That the post comply with PCM section 527, using attachment C as vehicle accumulated maintenance log.

Management's Response: Concur. As of February 2006, maintenance logs are found in each vehicle file the GSO maintains.

OIG Verification: Recommendation closed. We reviewed, on a test basis, the vehicle maintenance folders kept by the GSO and found that the accumulated maintenance logs were in the folders. We also observed that the GSO kept a control board of required warranty maintenance by vehicle outside his office.

43. That the country director comply with the authorized ceiling by obtaining approval for an additional vehicle or dispose of one vehicle.

Management's Response: Concur. The Country Director will discuss options and post requirements with the new Admin Officer and headquarters. The CD will either request approval for the additional vehicle or begin the process to dispose of one vehicle by the end of Q4 FY06.

OIG Verification: Recommendation closed. We obtained the post's vehicle status report from headquarters and verified that the authorized ceiling on is in agreement with the number of vehicles at the post.

Medical Supplies

44. That the country director check the medical supplies inventory listing at least semi-annually.

Management's Response: Concur. The Country Director has already signed the controlled substances register for June 2006 and will continue to do so on a monthly basis.

OIG Verification: Recommendation reopened; subsequently closed as the result of additional action taken. The former PCMO departed the post in December 2007. The current PCMO told us that, upon her arrival at the post in January 2008, she found no medical supplies inventory listing, no listing or register of controlled substances, and no evidence that physical inventories had been taken. The country director and administrative officer were not in their present capacities at the time of the 2006 audit and also told us that they did not have any prior inventory documentation in their files.

PCM section 734.2.1.6 states:

The PCMO/PCMC must maintain medical supply records for all pharmaceuticals, controlled substances, and expendable supplies.

Further,

The PCMO/PCMC is responsible for establishing the accuracy of inventories, maintaining appropriate controls, and ensuring the proper usage of all medical supplies and equipment. A general inventory of supplies must be taken at least every month by the country director or designee. The PCMO/PCMC must inventory controlled medical substances at least monthly.

Without an inventory listing and given that, as discussed in the "OIG Verification" to recommendation number 45, expired controlled substances dating back to January 2005 should have been identified during an inventory check, we question if and how inventory verifications were performed monthly as "Management's Response" to our recommendation indicated.

Subsequent to our visit, the post submitted to us a memo dated June 27, 2008 from the Area PCMO indicating that he had performed a physical inventory including sufficient test counts to verify the inventory's accuracy. In his memo, he stated: "I checked 15 different medications on the shelf against the electronic inventory. The medications were accurately counted and recorded. No medicines were expired." His memo concluded as follows: "Overall, the pharmacy is in excellent condition to serve the needs of the PCVs.... The PCMOs are to be commended for their initiative and hard work in getting things so well organized." Accordingly, we have closed this recommendation.

45. That the PCMO document and destroy expired controlled substances following Peace Corps guidelines.

Management's Response: Concur. Since September 2005, post implemented a protocol in place that requires the PCMOs to go through the medication on the shelves every quarter, weeding out the expired medications. The PCMOs have been checking for expired medications on a monthly basis, though, since September of last year. Post is currently up to date on this protocol.

OIG Verification: Recommendation closed. We verified, by review of the bar-locked cabinet for controlled substances, that no controlled substances were on hand.

As discussed below, the former PCMO did not document and destroy controlled substances following agency guidelines. This contradicts "Management's Response" to our recommendation.

The current PCMO provided us with two listings of "Supplies/Medications/Vaccines to be discarded," prepared January 28, 2008 and April 3, 2008 and signed by herself, the health unit secretary, and the country director. Included on one listing were four controlled substance items, with expiration dates ranging from January 2005 to July 2007; according to the PCMO, this comprised all the medical unit's controlled substances. Also included on the listing were 75 line items of supplies and pharmaceuticals with either expiration dates as far back as July 2006, or else with the expiration date notation "not on package" or "unable to read."

46. That the PCMO conduct a complete physical inventory of controlled substances and medical supplies and update the inventory records.

Management's Response: Concur. Post has a separate inventory for the controlled substances (which are kept under lock and key and this inventory is signed off by the CD and the PCMO every month) and the ordinary medications, which are inventoried separately. Both of these inventories are up to date. The controlled substances are inventoried every month (in the presence of the Country Director) while the ordinary medication is inventoried twice per year by the PCMOs. In addition, post keeps the stock on the shelf to a minimum, which is possible in South Africa as we have easy access to wholesalers. Post is able to order medication on an as needed basis.

OIG Verification: Recommendation reopened; subsequently closed as the result of additional action taken. The PCMO told us that, upon her arrival in January 2008, she found no listing of controlled substances or medical supplies, nor evidence that inventories were performed monthly as required by PCM section 734.2.1.6 and Technical Medical Guideline 200.6.

The PCMO was in the process of performing an inventory and developing an inventory listing of items on hand.

As discussed in the OIG Verification section in recommendation number 44, the post submitted to us a memo from the Area PCMO dated June 27, 2008 indicating that the post's PCMO had updated the inventory records and that the Area PCMO had verified the inventory's accuracy. Accordingly, we have closed this recommendation.

Imprest Fund

47. That the administrative officer cease acting as an alternate cashier if she does not take and pass the cashier examination within the 180-day authorized period.

Management's Response: Concur. The previous AO left post July 12, 2006. The new AO has already passed the Disbursing Officer's exam as per OFMH 9.1 and is, therefore, able to act as an alternate cashier.

OIG Verification: Recommendation closed. We obtained the cable from the U.S. Disbursing Officer stating that the administrative officer, who functions as alternate cashier, had successfully completed the cashier's examination.

Information Technology Security

48. That the IT Specialist conduct and document annual IT security training for all staff and computer awareness training for new staff.

Management's Response: Concur. Beginning in March 2006, the IT specialist has complied with Title 5 of the CRF part 930.301 and MS 542.76.1 and has given computer awareness training to all staff. The documentation is in the files.

OIG Verification: Recommendation reopened; subsequently closed as the result of action taken by the post. The post used headquarters' on-line annual IT security training in 2007. The post maintained documentation of completion of the training in the PSC files, which we verified on a test basis.

We noted that a driver hired in April 2008 has not completed computer awareness training. The IT specialist told us that the driver has been working out of the office, and that the driver was not accessing the post's computers pending his completion of computer awareness training.

Subsequent to the audit, the post submitted to us a "New Staff Member Checklist" evidencing that on May 19, 2008, the newly hired driver completed computer awareness training. Accordingly, we have closed this recommendation.

President's Emergency Fund for AIDS Relief

49. That the post de-obligate cancelled obligations to make the funds available for other PEPFAR-related costs.

Management's Response: Concur. In October 2005, post retroactively allocated relevant PST expenses to the PEPFAR budget. This reallocation was all done by journal vouchering requests from post to HQ and vice versa. Post did not consistently de-obligate as needed at post. This problem has now been rectified. All journal vouchers were completed in April 2006.

OIG Verification: **Recommendation closed.** The administrative officer presented documentation to us showing that the post has de-obligated cancelled or unused obligations or, as needed, has requested that headquarters do so.

50. That the post develop a spending plan against which to allocate shared costs between PEPFAR and appropriated funds.

Management's Response: Concur. Post will work on implementing a spending plan for appropriate shared costs by October 2006.

OIG Verification: **Recommendation closed.** The administrative officer showed us the post's spending plan for allocating costs.

51. That the post start each obligation description with the first four initials of OGAC's budget coding category.

Management's Response: Do not concur. This 4-digit coding is no longer required as HQ has given posts' separate sponsor codes for each pillar. This change occurred at the new fiscal year for PEPFAR in April 2006.

OIG Verification: **Recommendation closed.** This coding is no longer utilized.

52. That the post obtain the region's approval prior to reprogramming PEPFAR funds among line items in excess of the \$10,000 specified in the PEPFAR Guidelines.

Management's Response: Concur. Post submitted a request for reprogramming funds as well as an early funding request to both OGAC and headquarters in November 2005.

OIG Verification: Recommendation closed. We obtained and reviewed the post's requests to the region for reprogramming funds. For the latest reprogramming request, dated April 22, 2008, we noted the region's May 8, 2008 approval to the post: "The Office of AIDS Relief with Region concurrence approves the attached reprogramming requests."

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective in a follow-up audit is to verify the status of our previous audit recommendations. Our conclusions are based on information from three sources: (1) document and data analysis, (2) interviews, and (3) direct observation. Our audit follow-up was conducted in accordance with the governmental auditing standards prescribed by the Comptroller General of the United States. Our scope was limited to verification of the status of previous audit recommendations in the “Final Report on the Program Evaluation and Audit of Peace Corps/South Africa” (Report No. IG-07-02-EA) issued in October 2006. At the end of our follow-up audit, we briefed the country director and administrative officer. At headquarters, we conducted a general briefing for regional staff.

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

AUDIT COMPLETION AND OIG CONTACT

AUDIT COMPLETION

The follow-up 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.

REPORT FRAUD, WASTE, ABUSE, AND MISMANAGEMENT

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Washington Metro Area: (202) 692-2915
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