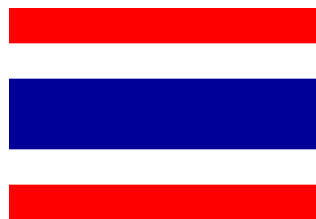




Peace Corps Office of Inspector General



Peace Corps/Thailand Office in Bangkok, Thailand



Flag of Thailand

Final Audit Report **Peace Corps/Thailand**



FINAL AUDIT REPORT

Peace Corps/Thailand

IG-07-19-A

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

H. David Kotz, Inspector General

September 2007

TABLE OF CONTENTS

EXECUTIVE SUMMARY	i
INTRODUCTION	1
AUDIT RESULTS.....	2
BILLINGS AND COLLECTIONS.....	2
PROPERTY – FURNITURE AND EQUIPMENT	5
MEDICAL SUPPLIES	6
VEHICLE MANAGEMENT	8
POST STAFFING.....	10
LIST OF RECOMMENDATIONS	11
APPENDIX A: OBJECTIVE, SCOPE, AND METHODOLOGY	
APPENDIX B: RESPONSE TO PRELIMINARY REPORT	
APPENDIX C: OIG COMMENTS	
APPENDIX D: AUDIT COMPLETION AND OIG CONTACT	

EXECUTIVE SUMMARY

OUR MISSION

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

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

We found that Peace Corps/Thailand’s financial and administrative operations were operating effectively and efficiently and that administrative staff had successful administrative processes and systems in place. We also found that the post was in compliance with agency policies and federal regulations.

However, there were some administrative areas that needed improvement to enhance the post’s operations.

Billings and Collections

- The billing officer did not maintain a control log, did not receive copies of all collection documents, and did not enter the bills of collection into FOR-Post.
- The cashier did not provide a copy of the general receipt to the billing officer after a debtor had made a payment.

Property and Equipment

- The Peace Corps Manual (PCM) does not contain guidance on the separation of duties, an important internal control.

Medical

- The medical supply room that contained controlled substances did not meet Peace Corps requirements.
- The post did not conduct monthly inventories of controlled substances.

Vehicle Management

- The Peace Corps Manual contains conflicting guidance on staff responsibilities concerning vehicle management.
- Vehicle logs were not checked on a weekly basis.

The section “Post Staffing” includes comments of post staff that we interviewed.

Our report contains 14 recommendations. If our recommendations are implemented, they should strengthen internal controls and correct the deficiencies detailed in the report.

INTRODUCTION

GENERAL

The Office of Inspector General conducted an audit of Peace Corps/Thailand. Onsite field work was conducted from May 8 - May 24, 2007. We previously performed an audit of the post and issued a report in fiscal year 1999 (IG-99-1-1) and an evaluation report that included some administrative inspections was issued in 2003 (IG-02-14-E).

BACKGROUND

The Peace Corps began its program in Thailand in 1962. At the time of our visit there were 106 Volunteers working in education and community development.

Due to Thailand's developed infrastructure, the post is used as a regional medivac site and for regional Peace Corps conferences. The post also handled the evacuations of PC/Bangladesh and PC/East Timor without much warning. Also, the administrative officer was sent to East Timor to close the post. In addition, the post provides administrative support to the regional Peace Corps Safety and Security Officer located in Thailand.

PC/Thailand has received funding from the President's Emergency Plan for AIDS Relief (PEPFAR). PC/Thailand also had received Crisis Corps Volunteers and relief funding to support tsunami recovery activities.

OBJECTIVE

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

AUDIT RESULTS

We found that most of Peace Corps/Thailand's financial and administrative functions were operating effectively and efficiently. As a result, we found no difficulties in the following areas:

- Overseas Filing System
- Obligations and Liquidations
- Allowances (Volunteers and Trainees)
- Budgeting
- Host Country Contributions
- International Cooperative Administrative Support Services (ICASS)
- Imprest Fund
- Special Funding
- Communications
- Travel
- Contracts
- Personnel
- IT Security

As previously stated, we did find that the post had some administrative areas that needed improvement.

BILLINGS AND COLLECTIONS

BILLING LOG

The billing officer did not maintain a billing register.

PCM section 777 requires the use of a billing register and that the billing officer use Form PC-1565. Also, Overseas Financial Management Handbook (OFMH) section 9.2.1 provides that the billing officer: "Logs the completed form in the BOC control register (or billing log.) 'The Register of Billing and/or Collection Transactions,' Form PC-1565."

The billing officer did not maintain a billing register. In its place, he maintained a file folder of all bills of collection that he had completed, but this did not include all collections made by the post.

The billing officer stated that he was unaware that he needed to complete a billing register.

As a result of this practice, there were no assurances that all billings were being properly collected and recorded in the Peace Corps accounting system.

COLLECTION DOCUMENTS

The billing officer was not carrying out the full duties of a billing officer.

OFMH section 9.2.1 clearly lists the responsibilities of the billing officer to include:

- Perform the billing function based on documentation and information received.
- Complete a bill of collection.
- Enter the information in the billing log and into FOR-Post.
- Monitor the receipt of amounts owed.
- Send reminders for outstanding bills of collection.

However, the post used more than one staff member to issue bills of collection. Billings included:

- Letters that were sent to the bank for Volunteer allowance overpayments that need to be refunded.
- Letters for host country contributions (HCC) that were sent to the Thailand government.
- Other bills of collection that included refunds for unexpended grant funds.
- Staff personal telephone charges.
- Staff personal authorized mileage.

OFMH section 9 allows that the letters for the host country agreement and Volunteer allowance collections be used as a bill of collection. However, a copy of these letters should go to the billing officer and a bill of collection should be developed for the files for internal control purposes. Bills of collection should be numbered sequentially.

The two collection letters were prepared and signed by persons other than the collection officer.¹ They did not give copies of these letters to the billing officer for him to include in the Billing Register.

Also, the billing officer did not have access to the FOR-Post system, and other staff persons entered the bill of collection information into FOR-Post.

The administrative officer stated the reason that the post had established this system was to strengthen internal control

¹ The referenced collection letters are a) to the bank for a refund of Volunteer allowance overpayment and b) to the government of Thailand.

GENERAL RECEIPTS

processes. However, the post's system negated the internal control processes established in the OFMH.

Without the billing officer completing all bills of collection, there is no centralized control to ensure that the post collected all outstanding bills of collection.

The cashier did not provide copies of receipts to the billing officer.

OFMH section 9.3.1 requires that the collection officer distribute a copy of the receipt to the billing officer when payments are made on bills of collection.

The cashier advised the billing officer verbally of payments received, which she felt was sufficient. She did not provide a copy of the general receipt to the billing officer when a debtor made a payment.

The cashier and billing officer should periodically (at least once a month), reconcile the billing log to the cashier's outstanding bills of collection to ascertain that they are in agreement.

If the billing officer does not receive a copy of payment receipts, the billing officer does not have proof of payment.

RECOMMENDATIONS

We recommend:

- 1. That the administrative officer review the billing officer duties, communicate these duties in writing to the billing officer, and periodically review the work performance of the billing officer to ensure that all these duties are being performed by the billing officer.**
- 2. That the billing officer maintain a log based on the Register of Billing and/or Collection Transactions Form PC-1565.**
- 3. That the billing officer receive all documentation of billings and prepare a bill of collection based on Form PC-1566 using sequential numbering.**

4. That the collection officer provide the billing officer with a copy of the general receipt when a debt is paid.
5. That the billing officer and collection officer reconcile billing and collection records at least monthly.

PROPERTY – FURNITURE AND EQUIPMENT

SEPARATION OF DUTIES

Peace Corps Manual section 511.4.0 does not contain appropriate internal controls procedures.

The United States General Accounting Office Internal Control Standards GAO-01-1008G7 states:

- No one individual is allowed to control all key aspects of a transaction or event.
- Responsibilities and duties involving transactions and events are separated among different employees with respect to authorization, approval, processing and recording, making payments or receiving funds, review and auditing, and the custodial functions and handling of related assets.

PCM section 511.4.0 states:

The Property Officer (PO) is responsible for receiving and properly recording new property (including acquisition cost) in the property management database. To control property record keeping, the PO should be the only individual to sign for property coming in or out of the property account.

The general services officer (GSO) was receiving and distributing all property for PC/Thailand and was also maintaining the inventory records. There was not a separation of duties for these key responsibilities. Appropriate internal controls ensure the prevention and detection of fraud, waste, and abuse.

RECOMMENDATIONS

We recommend:

6. **That the Office of Management amend PCM section 511.4.0 to incorporate appropriate internal control procedures.**
7. **That the post separate the duties of the person receiving property from the person maintaining the inventory records.**

MEDICAL SUPPLIES

INVENTORY LISTING

Inventories of controlled substances were not conducted monthly in accordance with Peace Corps policy.

PCM section 734.2.1.6 states: “a general inventory of supplies must be taken at least every month by the country director or designee. The PCMO/PCMC must inventory controlled substances monthly.”

We found that the Peace Corps Medical Officer (PCMO) maintained a medical inventory and updated it for any changes.

However, the country director (or a person designated by the country director) and the PCMO did not conduct a monthly inventory of controlled substances. We found a minor error in the inventory of controlled substances.

Maintaining an inventory of medical supplies and verifying it with periodic physical inventories assists the PCMO in controlling drugs on hand.

PHYSICAL FACILITIES

The physical facilities for medical supplies did not meet Peace Corps requirements.

PCM section 734 provides:

Secure storage must be provided for all medical supplies in a manner that provides effective controls and procedures to guard against theft and diversion.

PCM section 734.2.1.7 also provides that controlled medical substances must at a minimum be kept in a

locked room (such as a medical supply closet) within a locked room of an office building.

The storage room that was used for medical supplies had a large window covered with mylar that faced a driveway in the front court yard of the post's compound. During the day, one could not see into the room; however, when a light was turned on in the supply room, medical supplies stored on open shelving could be clearly seen from the outside. In addition, the safe, which was bolted to a cabinet, was maintained on a shelf that had no doors. The PCMO stated that the medical building had been reviewed and approved by the RSO.

Leaving medical supplies on open shelves could be an enticement to the theft of these supplies.

Prior to the issuance of this report, the post took corrective actions that included blocking the windows and adding a lockable cabinet door to the shelf where the controlled substances safe was maintained. We also received an email from the country director stating that he was conducting monthly inventories of the post's controlled substances.

RECOMMENDATION

We recommend:

- 8. That the country director and the PCMO continue conducting monthly inventories of controlled substances.**
- 9. That the post request the RSO to review and confirm that the window construction secures the medical supply storage area.**
- 10. That the post request the RSO to review and confirm that the installed cabinet door on the shelving that holds the controlled substance can be securely locked.**

VEHICLE MANAGEMENT

VEHICLE ACTIVITY LOGS

Peace Corps Manual sections 522.4.1.7 and 527.6.1. contain conflicting guidance.

PCM section 522.4.1.7 requires that the vehicle logs “be reviewed by the administrative officer on a weekly basis and maintained for review by the country director on a monthly basis.”

PCM section 527.6.1 states: “Each week, the log should be reviewed, initialed, and dated by the staff members responsible for: initiating vehicle repairs; billing for authorized, non-official use; and maintaining the vehicle maintenance record.”

PCM section 527, Vehicle Acquisition, Disposal, and Management, was authored by the Office of General Counsel on October 10, 2006. PCM section 522, Vehicle Operation and Use, was authored by the Office of General Counsel on October 14, 2004.

The effect of these conflicting PCM sections is that posts do not have clear guidance on who should review vehicle logs and when vehicle logs should be reviewed.

The GSO did not review the vehicle logs on a weekly basis.

According to PCM section 527.6.1, the GSO is responsible for reviewing the logs weekly. However, the GSO reviewed the logs on a monthly basis.

The GSO stated in an interview with the auditor that he checked the logs weekly, but a review of the logs reflected that the logs were not properly dated or signed. We found that the February and March logs were dated as having been reviewed the previous January.

An accurate review of vehicle logs is essential so that prompt repairs are made, gas and oil usage is reviewed, and personal mileage may be billed promptly. Using someone familiar with vehicle mechanics is important due to their knowledge of mechanical problems and normal gas and oil usage for the specific vehicles.

RECOMMENDATIONS

We recommend:

- 11. That the Office of Management revise PCM section 522 and/or PCM section 527 to clearly state who is responsible for reviewing the logs and whether logs are to be reviewed weekly and/or monthly.**
- 12. That the country director direct the GSO and the administrative officer to review the vehicle logs weekly until the Office of Management revises the PCM section(s).**
- 13. That the country director review the vehicle logs monthly until the Office of Management revises the PCM section(s).**
- 14. That the Office of Management consider incorporating the following language into the revisions:**
 - the person responsible for repairs and reporting personal use mileage reviews the vehicle logs weekly,**
 - the administrative officer reviews the logs monthly, and**
 - the administrative officer reports any questions to the country director for his/her review.**

POST STAFFING

At the time of our visit, PC/Thailand had 27 staff positions. The positions included three U.S. direct hire employees, two foreign service nationals, 22 personal services contractors, and the Peace Corps Safety and Security Officer. We interviewed 22 staff persons; the staff interviews were positive. There were some staff that were concerned about time and attendance and working on holidays. Staff also reported that the post took the employee appraisal process seriously. Staff receive at least two job appraisals annually. All staff reported that they were personally involved in face to face meetings during the appraisals and they received written copies of them. The post maintained an excellent staff handbook and we were advised that each staff member received a copy of it.

Senior staff discussed their concern about the stress that had been placed on the post's resources. Much of the stress was caused by the additional work to administer PEPFAR and tsunami funds, and providing support for Crisis Corps Volunteers, who had been sent to deal with the tsunami crisis.

PC/Thailand

Position	Status
Country Director	USDH
Programming and Training Officer	USDH
Administrative Officer	USDH
Safety and Security Officer)	PSC
2 Peace Corps Medical Officers (PCMO)	PSC
Teacher Collaboration and Community Outreach Program Manager	PSC
Community Based Organizational Development Program Manager	PSC
Training Manager	PSC
HIV/AIDS Program Coordinator	PSC
IT Specialist	PSC
Cashier	FSN
General Services Officer	PSC
Financial Assistant	FSN
Administrative Assistant	PSC
Executive Assistant	PSC
Medical Assistant	PSC
General Service Assistant	PSC
TCCO Program Assistant	PSC
CBOD Program Assistant	PSC
Language/Cross Cultural Coordinator	PSC
Training and Resources Assistant	PSC
Special Projects Assistant	PSC
Driver/Mail Clerk	PSC
2 Drivers	PSC
Maintenance Clerk	PSC
PCSSO	USDH

LIST OF RECOMMENDATIONS

WE RECOMMEND:

1. That the administrative officer review the billing officer duties, communicate these duties in writing to the billing officer, and periodically review the work performance of the billing officer to ensure that all these duties are being performed by the billing officer.
2. That the billing officer maintain a log based on the Register of Billing and/or Collection Transactions Form PC-1565.
3. That the billing officer receive all documentation of billings and prepare a bill of collection based on Form PC-1566 using sequential numbering.
4. That the collection officer provide the billing officer with a copy of the general receipt when a debt is paid.
5. That the billing officer and collection officer reconcile billing and collection records at least monthly.
6. That the Office of Management amend PCM section 511.4.0 to incorporate appropriate internal control procedures.
7. That the post separate the duties of the person receiving property from the person maintaining the inventory records.
8. That the country director and the PCMO continue conducting monthly inventories of controlled substances.
9. That the post request the RSO to review and confirm that the window construction secures the medical supply storage area.
10. That the post request the RSO to review and confirm that the installed cabinet door on the shelving that holds the controlled substance can be securely locked.
11. That the Office of Management revise PCM section 522 and/or PCM section 527 to clearly state who is responsible for reviewing the logs and whether logs are to be reviewed weekly and/or monthly.
12. That the country director direct the GSO and the administrative officer to review the vehicle logs weekly until the Office of Management revises the PCM section(s).
13. That the country director review the vehicle logs monthly until the Office of Management revises the PCM section(s).

14. That the Office of Management consider incorporating the following language into the revisions:
- the person responsible for repairs and reporting personal use mileage reviews the vehicle logs weekly,
 - the administrative officer reviews the logs monthly, and
 - the administrative officer reports any questions to the country director for his/her review.

APPENDIX A

OBJECTIVE, SCOPE, AND METHODOLOGY

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

The scope of this audit included fiscal years 2005, 2006, and the beginning of fiscal year 2007. We interviewed 22 of the 27 staff members assigned to PC/Thailand during our field work, including the country director, programming and training officer, administrative officer, and all staff responsible for administrative support. We also interviewed 11 Volunteers to obtain their views on the effectiveness of the posts administrative and financial processes supporting them. Before departing from the post, we briefed the country director, the administrative officer, and the programming and training officer. At headquarters, we conducted a general briefing for regional staff as well as focused briefings for individuals responsible for specific areas of concern.

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 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. All references to the Overseas Financial Management Handbook are based on the version issued January 9, 2007.

APPENDIX B


**REGION'S RESPONSE TO
THE PRELIMINARY REPORT
INCLUDING
THE OFFICE OF MANAGEMENT'S RESPONSE TO
RECOMMENDATIONS NOS. 6, 11, AND 14**



Peace Corps

MEMORANDUM

To: H. David Kotz, Inspector General

From: Jay Katzen, EMA Regional Director 

Date: September 10, 2007

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

It is with pleasure that EMA Region and PC/Thailand respond to the Preliminary Audit Report on Peace Corps/Thailand. EMA and Post concur with twelve of the fourteen recommendations and partially concur with the remaining two.

Attached is our response to each recommendation with a description of the back-up documentation if applicable.

Please do not hesitate to contact us with further questions.

IG RECOMMENDATIONS WITH EMA REGION & POST RESPONSES

1. That the administrative officer review the billing officer duties, communicate these duties in writing to the billing officer, and periodically review the work performance of the billing officer to ensure that all these duties are being performed by the billing officer.

Concur: The FA reviewed the billing officer duties with the GSO (billing officer) and communicated those duties to him orally on or about May 8, 2007. The AO and the billing officer are writing a description of those duties which will be completed and placed on file on or before September 12, 2007. The AO reviews the billing officer performance at least monthly beginning in August 2007. Documentation is kept on file. The following documentation will be provided:

- Billing officer description of duties is attached.

2. That the billing officer maintain a log based on the Register of Billing and/or collections Transactions Form PC-1565.

Concur: The billing officer has been maintaining the required log on Form PC-1565 since on or about May 8, 2007. Documentation is kept on file. The following sample documentation is provided:

- Billing office log on Form PC-1565 with initial entry of 8 May 07 and names removed to protect privacy.

3. That the billing officer receive all documentation of billings and prepare a bill of collection based on Form PC-1566 using sequential numbering.

Concur: The billing officer has been doing this function as recommended utilizing Form PC-1566 since on or about May 8, 2007. Documentation is kept on file. The following sample documentation is provided:

- Bill for Collection on Form PC-1566 dated May 21, 2007 with name and social security number removed to protect privacy.

4. That the collection officer provide the billing officer with a copy of the general receipt when a debt is paid.

Concur: The collection officer has been performing this function as recommended since on or about May 21, 2007. Documentation is kept on file. The following sample documentation is provided:

- General Receipt provided by the collection officer to the billing officer dated 21 May 07 with name removed to protect privacy.

5. That the billing officer and collection officer reconcile billing and collection records at least monthly.

Concur: The recommended reconciliation has been done after every collection since on or about July 9, 2007. Post has only one to two collections each month.

Documentation is kept on file. The following sample documentation is provided:

- Bill for Collection dated May 21, 2007 with the handwritten notation “Paid May 21, 2007”. The reconciliation is done when the notation is written.

6. That the Office of Management amend PCM section 511.4.0 to incorporate appropriate internal control procedures.

Concur: No EMA Region or Post Response Required.

7. That the post separate the duties of the person receiving property from the person maintaining the inventory records.

Concur: The GSA will be trained and assigned the duty of receiving property on or before September 12, 2007 and the GSO will continue to maintain the inventory records. Documentation will be kept on file. The following documentation will be provided:

- Description of duties is attached.

8. That the Country Director and the PCMO continue conducting monthly inventories of controlled substances.

Concur: The recommended monthly inventories that began on or about June 11, 2007 are being continued. The person doing the inventories with the PCMO is the Country Director or CD’s designee as required by PCM 734.2.1.6 quoted in the OIG Preliminary Audit Report dated July 2007. Note that the CD was away from post for the month of July; thus no inventory of controlled substances was conducted in that month. The CD and PMCO did conduct the required inventory on or about August 24, 2007, and the delegation of authority for an alternate designee for this task was prepared on or about August 28, 2007 to ensure that inventories can be conducted on a monthly basis as required in the absence of the CD. Documentation is kept on file. The following sample documentation is provided:

- Copy of a controlled substance inventory sheet for August 2007
- Copy of the Delegation of Authority dated August 28, 2007

9. That the post request the RSO to review and confirm that the window construction secures the medical supply storage area.

Partially Concur: Post believes our Safety and Security Coordinator is qualified to conduct the recommended review and confirmation. He did so on or about August 28, 2007. The window construction consisted of placing an opaque covering

permanently over the window. There was no change in the construction of the window or frame or the bars previously installed on the inside of the window which was previously reviewed and approved by the RSO. Please note that the issue discussed in the OIG Preliminary Audit Report dated July 2007 and in two separate briefings with the Senior Auditor was the ability to see into the room under limited circumstances. This has been rectified and post does not believe an additional inspection by the RSO is warranted. Documentation is kept on file. The following sample documentation is provided:

- Safety and Security Coordinator's inspection report dated August 28, 2007
- Photos of windows

10. That the post request the RSO to review and confirm that the installed cabinet door on the shelving that holds the controlled substances can be securely locked.

Partially Concurs: Post believes our Safety and Security Coordinator is qualified to do the recommended review and confirmation. He did so on or about August 28, 2007. Documentation is on file. The controlled substances are kept in a locked safe attached to a shelf in a cabinet. The construction consisted of attaching a cabinet door with a lock to the cabinet so the controlled substances could not be seen through the window. The safe and locked cabinet are in a room with a solid core door that is kept locked. All three accesses are controlled in that only two people have the required keys and know the safe combination. Finally, all three locked compartments are within the Medical Office which is also locked and only four people have keys to this locking door. These facilities exceed the requirements of PCM 734.2.1.7 discussed on pages 6 and 7 of the OIG Preliminary Audit Report dated July 2007 and did so before the addition of the locking cabinet door which post believes was a good addition to our security for controlled substances. Post does not believe an additional inspection by the RSO is warranted. Documentation is kept on file. The following sample documentation is provided:

- Safety and Security Coordinator's inspection report dated August 28, 2007
- Photos of safe and locking cabinet

11. That the Office of Management revise PCM section 522 and/or PCM section 527 to clearly state who is responsible for reviewing logs and whether logs are to be reviewed weekly and/or monthly.

Concur: No EMA Region or Post Response Required.

12. That the Country Director direct the GSO and the Administrative Officer to review the vehicle logs weekly until the Office of Management revises the PCM section(s).

Concur: The Country Director directed the GSO to review vehicle logs weekly on or about June 11, 2007 and the review commenced immediately. The Country Director directed the AO to review vehicle logs monthly on or about June 26, 2007. This

review began in July 2007. Subsequently, on or about August 29, 2007, the CD directed the GSO and AO to review the vehicle logs weekly until the office of Management revises the PCM section(s). While post concurs that it will comply with the requirements for vehicle logs reviews as directed in the PCM, post believes that a review of the vehicle log by the GSO on a weekly basis, by the AO on a monthly basis, and by the Country Director on a quarterly basis following the schedule similar to that required for the Cashier cash count should provide adequate control.

Documentation is kept on file. The following sample documentation is provided:

- Vehicle log dated 5/30/07 to 6/11/07
- CD email notice of requirement to conduct vehicle log reviews dated August 29, 2007

13. That the Country Director review the vehicle logs monthly until the Office of Management revises the PCM section(s).

Concur: While post concurs that the CD will comply with the requirement for monthly vehicle logs reviews as directed in the PCM, post believes that a review of the vehicle log by the GSO on a weekly basis, by the AO on a monthly basis, and by the Country Director on a quarterly basis following the schedule similar to that required for the Cashier cash count should provide adequate control. Post respectfully suggests that consideration be given accordingly to revising the vehicle log review requirement in the PCM. Documentation is kept on file. The following sample documentation is provided:

- Vehicle log dated 8/8/07 to 8/23/07

14. That the Office of Management consider incorporating the following language into the revisions:

- the person responsible for repairs and reporting personal use mileage reviews the vehicle logs weekly,
- the administrative officer reviews the logs monthly, and
- the administrative officer reports any questions to the Country Director for his/her review.

Concur: No EMA Region or Post Response Required.

MEMORANDUM

TO: David Kotz, Inspector General

FROM: Wilbert Bryant, Associate Director for Management

DATE: September 19, 2007

SUBJECT: Preliminary Audit Report on Peace Corps/Thailand (revised copy)

Thank you for your recommendations to the Office of Management in subject report. Our response to your recommendations is at Attachment 1. Based on your guidance, Manual Section 527, *Vehicle Acquisition, Disposal, and Management* is in revision. Please let us know if you have any questions or comments.

Attachment- as stated

cc: Jay Katzen, Regional Director, EMA
David Liner, Chief of Staff/Operations
A. Courtney Santonicola, Deputy Chief of Staff/Operations
John Dimos, Chief Compliance Officer
Karl Beck, Country Director
Tyler Posey, General Counsel
George Schutter, Chief Financial Officer

**Office of Management Response to the
Preliminary Audit Report on Peace Corps/Thailand**

Attachment 1

Recommendation # 6:

That the Office of Management amend PCM section 511.40.0 to incorporate appropriate internal control procedures.

Management Response to Recommendation # 6:

Non-concur. We agree that there should be a separation of duties for key responsibilities to ensure appropriate internal control procedures.

As currently written, MS 511 provides proper internal control measures to comply with the United States General Accounting Office Internal Control Standards GAO-01-1008G7.

MS 511.4. *Acquisition Cost and Property Records*, states, in part, that “The Property Officer (PO) is responsible for receiving and properly recording new property (including acquisition cost) in the property management database. To control property record keeping, the PO should be the only individual to sign for property coming in or out of the property account.”

In MS 511.3.3 Property Account Holder, states, in part, that “The Property Account Holder (PAH), usually a Country Director, Regional Manager, or headquarters office manager, is ultimately responsible for all Peace Corps personal property within his or her office. The PAH can be held financially liable for neglecting to safeguard and control U. S. government property, and is responsible for certifying the accuracy of all inventory reports.” Thus, the responsibility for inventory is with a different individual than property receiving and recording.

Recommendation # 11:

That the Office of Management revise PCM section 522 and/or PCM section 527 to clearly state who is responsible for reviewing the logs and whether logs are likely to be reviewed weekly and/or monthly.

Management Response to Recommendation # 11:

Concur.

Recommendation # 14:

That the Office of Management consider incorporating the following language into the revisions: the one person responsible for repairs and reporting personal use mileage reviews the vehicle log weekly, the administrative officer reviews the logs monthly, and the administrative officer reports any questions to the country director for his/her review.

Management Response to Recommendation # 14:

Concur.

APPENDIX C

OIG COMMENTS

The region concurred with 9 of the 11 recommendations addressed to them and partially concurred with the remaining 2 recommendations. The Office of Management concurred with 2 of the 3 recommendations addressed to them and did not concur with the one remaining recommendation. We closed recommendation numbers 2 – 5, 7 – 10, 12, and 13. Recommendation numbers 1, 6, 11, and 14 remain open pending confirmation from the chief compliance officer that the following has been received:

- For recommendation no. 1, a copy of the billing officer's statement of work that states the billing officer has responsibility for following up all outstanding debts.
- For recommendation no. 6, a copy of the revised PCM section 511.4.0 that incorporates a statement that separates the duties of the person receiving the property from the person recording the property in the inventory records. PCM section 511.4.0 currently does not clearly delineate these responsibilities.
- For recommendation nos. 11 and 14, a copy of the amended PCM section 522 and the amended PCM section 527 that clarifies who is responsible for reviewing the vehicle logs.

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

OIG CONTACT AND STAFF ACKNOWLEDGEMENT

STAFF ACKNOWLEDGEMENT

The audit was performed by Senior Auditor, Letty J. Collins

OIG CONTACT

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

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