



Peace Corps Office of Inspector General



*Peace Corps/Vanuatu Office
Port Vila, Vanuatu*



*Plants and flowers displayed in the central market
Port Vila, Vanuatu*

Follow-up Audit Report: Peace Corps/Vanuatu IG-08-15-FUA

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INTRODUCTION

The Office of Inspector General conducted an audit of Peace Corps/Vanuatu August 8 – 19, 2005 and issued our report in December 2005. Management concurred with all of the 28 audit recommendations in the audit report. Based on management’s responses, we closed 27 recommendations with the report’s issuance. One audit recommendation was left open pending action to be taken and was subsequently closed by the agency’s chief compliance officer.

As part of our continuing oversight responsibilities, we conducted a follow-up audit September 8 – 18, 2008 to verify the status of the 28 audit recommendations included in our December 2005 report.

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

The Peace Corps began its program in Vanuatu in 1990. At the time of our visit, 84 Volunteers were working in two program sectors: Strengthening Human Resources through Education Project (SHREP) and Resource Stewardship, Enterprise Promotion, Agriculture and Community Health (REACH).

The post had, at the time of our visit, 24 staff: 3 U.S. direct hires, 3 foreign service nationals, and 18 personal services contractors. The country director (hereafter, new country director) had been at the post about one month. The administrative officer had been in her present position about seven years.

SUMMARY OF FINDINGS

During our follow-up audit, we verified that appropriate action had been taken on 17 of the 28 audit recommendations. We determined that recommendation numbers 2, 7, 8, 15, 17, 18, and 21 – 25 required additional action, and we reopened them. The post subsequently provided us with documentation showing that, prior to the issuance of the follow-up report, it had taken appropriate action on recommendation numbers 2 and 18, and accordingly, we have closed them. Nine recommendations remain open pending the completion of the required actions and confirmation from the chief compliance officer.

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.

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
Imprest Fund	6	6	
Billings and Collections	1	0	7
Property Management	1	0	8
Volunteer Allowances	3	3	
Safekeeping of Volunteer Property	3	3	
Personnel Management	1	0	15
Contracts	4	3	17
Purchase Cards	1	1	
Communications	2	0	21, 22
Travel	1	0	23
Medical Supplies	2	0	24, 25
Information Technology Security	3	3	
Total	28	19	9

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

FOLLOW-UP AUDIT RESULTS

Each item below includes the recommendation, management's response, and the results of the verification.

IMPREST FUND

1. That the country director report the lost funds to the designated authorities and disclose the loss as an imprest fund deficiency on the cash reconciliation.

Management's Response: Concur. The country director notified the designated authorities (RSO, IFO, USDO, Regional Director, and OIG) of the lost funds of 51,400 VT provided to the GSA for payment of vendors. The post billed the loss as a collection to the GSA. The GSA has now cleared the advance that he was provided for the payment of vendors, including the lost funds of 51,400 VT.

Date Implemented: Implemented November 15, 2005.

OIG Verification: Recommendation closed.

We obtained and reviewed the notification of loss. It took the form of a memo, dated November 15, 2005, from the country director to the financial management officer of IAP region, with copies to the RSO, USDO, country desk officer, and acting inspector general. The memo, entitled "Report of Loss – Imprest Funds," provided details such as the name of the responsible staff member, date and amount of the loss, circumstances, and action taken. The post collected the lost funds from the staff member and eliminated the imprest fund cash deficiency.

2. That the post only assign staff to make deposits to the bank whose job descriptions specify their accountability for handling funds.

Management's Response: Concur. The following positions are not with only staff at post that are making deposits to the bank: Cashier and Administrative Officer.

Date Implemented: Implemented October 3, 2005.

OIG Verification: Recommendation reopened; subsequently closed as the result of additional action taken by the post.

We found that the job descriptions of the two staff members authorized to make deposits at the bank did not include their accountability for handling funds. Upon discussing this

with the administrative officer, she immediately added this to the job descriptions and placed the updated documents in the employee files of the two staff members.

We also determined by inquiry that other staff members were occasional money holders and were thus required by Overseas Financial Management Handbook (OFMH) section 13.18.2 to have this responsibility included in their statements of work. During the course of the follow-up audit, the administrative officer updated the staff members' statements of work, provided them with copies, and included the statements in the contractor files. Accordingly, no further action is required.

3. That the post notify OFPCM of the existing overage and properly disclose it on the cash reconciliation.

Management's Response: Concur. Post notified OFPCM about the overage of 2,674 (\$26.00) as a collection not sent to IFO. Post will follow the policy stated in the OFMH, section 8.0 ("Cashiering – Imprest Fund") in respect of prospective overages.

Date Implemented: Implemented November 15, 2005.

OIG Verification: Recommendation closed.

We obtained and reviewed the memo notifying the appropriate parties of the imprest fund overage. The memo was dated November 15, 2005 from the country director to the financial management officer of IAP region. We also determined that the post properly handled the disclosure.

4. That the post follow up with the debtor whose check was not processed in order to collect the debt.

Management's Response: Concur. The original check of the debtor was cancelled on August 18, 2005 and sent to the Region's IFO Voucher Examiner. The debtor issued a replacement check and the debt was collected by IFO. The item also cleared in ForPost.

Date Implemented: Implemented August 18, 2005

OIG Verification: Recommendation closed.

We verified the collection of the debt by obtaining and reviewing the general receipt, dated September 4, 2005, and related correspondence between the post and headquarters.

5. That the cashier reconcile the imprest fund daily and the country director conduct verifications at least quarterly.

Management's Response: Concur. Post has developed task lists to assist the Country Director and Administrative Officer to monitor daily reconciliations of the imprest fund and to assure that quarterly verifications are conducted. Cash counts are scheduled on the Country Director's calendar, with a reminder notice for every quarter. The Country Director last conducted his cash count and verification of the imprest fund on September 30, 2005. A separate folder will be maintained in the Cashier's office containing all the quarterly verifications by the Country Director.

Date Implemented: Implemented September 30, 2005 and on-going.

OIG Verification: Recommendation closed.

We obtained the imprest fund verification files for fiscal years 2007 and 2008 and reviewed the signatories and dates to determine whether agency policy was followed. We found that the country director performed imprest fund verifications quarterly as required by OFMH section 13.2.1. We also found that the administrative officer performed verifications in the months that the country director did not. An expert consultant performed the verification on October 22, 2007 in connection with posts' annual outside audit requirement, which has since been eliminated.

6. That the country director become involved in the management of the imprest fund and arrange for annual audits.

Management's Response: Concur. Post's imprest fund was audited on September 5-6, 2005 by Auravarna Varikarn, the Cashier Monitor for FSC Bangkok. Post will obtain a qualified person to complete annual audits of the imprest fund. The Region will ensure that an appropriate administrative staff member from either Headquarters or another post will complete this task when a state Department official is not available.

Date implemented: Implemented September 5, 2005 and ongoing.

OIG Verification: Recommendation closed.

We found that the country director became involved in the management of the imprest fund. Evidence included his notification memos regarding the imprest fund loss and overage, diligent performance of quarterly imprest fund verifications, and arranging for annual audits, such as the one performed October 22, 2007.

BILLINGS AND COLLECTIONS

7. That the post comply with Peace Corps billing and collection policies in OFMH sections 5.1, 5.2.1, and 5.3.1 and submit a report to the chief compliance officer documenting and describing its actions taken to correct the deficiencies itemized in our finding.

Management's Response: Concur. The report to the Chief Compliance Officer was submitted by post on November 15, 2005. Post is conducting a refresh training for the Cashier and Administrative Assistant on billing and collections policies on November 17, 2005. The Country Director will conduct a verification of billings and collections on a quarterly basis at the time he conducts a quarterly verification of the imprest fund.

Date Implemented: Implemented November 15, 2005 and on-going.

OIG Verification: Recommendation reopened.

We obtained and reviewed the November 15, 2005 memo from the country director and the administrative officer to the chief compliance officer. It described the actions taken by the post to address the billing and collections deficiencies. The actions included administrative officer monthly reviews, and country director quarterly reviews, of the billings files.

To verify ongoing compliance with agency policy, we discussed the post's billing and collection procedures with the administrative officer and the financial assistant (billing officer). We also selected entries on the bills of collections log (BOC log) and found that the administrative files contained adequate support.

We reviewed the BOC log to determine if billings and collections for staff personal phone usage had been timely. We found that while billings to and collections from staff for personal phone usage had in general been timely, there were occasional lapses, as follows:

Dates of usage	Amount (in vatu*)	Date billed	Date collected
Jan. 2008	342	7/21/08	7/21/08
Dec. 2007-Feb. 2008	4,096	4/3/08	8/13/08
Jan.-Apr. 2007	21,397	7/27/07	9/19/07
Jan.-Feb. 2007	5,525	7/27/07	9/14/07
Mar.-Apr. 2007	5,525	7/27/07	9/14/07

*At the date of the follow-up audit, \$1 = approximately 95 Vanuatu vatu.

In addition, we obtained the vehicle usage logs to determine if personal usage by staff of post vehicles was identified and billed. We noted personal usage by three U.S. direct hire (USDH) employees: the former country director during his last 90 days at the post ending in August 2008, and by the programming and training officer (PTO) and the associate Peace Corps director (APCD) for the REACH program during their first 90 days at the

post. We also noted personal usage by several other staff members. We verified that the former country director was billed for personal usage and that the amount was collected. However, we found that other staff were not billed. This was acknowledged by the financial assistant and by the administrative officer, who told us that there was at the post “an internal understanding that for authorized personal use, staff must refuel the vehicle in the amount used.”

Further, we determined if post obtained written authorization for staff’s personal usage of post vehicles. We found that the post had on file written authorization from the regional director and the chief of mission for the new country director to use post vehicles during his first 90 days. The post also had on file authorization from the former country director for the PTO and APCD to use post vehicles during their first 90 days at the post. However, the post did not have on file written authorization from the regional director for usage by the former country director. Further, the post did not have on file required chief of mission concurrence for usage by the former country director, the PTO, and the APCD. In addition, the post did not have on file written authorization from the country director for the personal use of post vehicles by several staff members.

Finally, we scanned the vehicle usage logs for fiscal year 2008 to determine if the required individuals reviewed, initialed, and dated them in accordance with Peace Corps Manual (PCM) section 527.5.4. We noted that the administrative officer signed and dated the logs. However, the general services assistant (GSA), who is responsible for initiating vehicle repairs and keeping the vehicle maintenance records, and the financial assistant, who is responsible for billing authorized, non-official use, did not review, sign, and date the logs. In addition, we noted logs going back to August 4, 2008 that had not been reviewed and signed at all; such reviews are required to be performed weekly.

This recommendation will remain open pending the post’s submission to the chief compliance officer of examples of required written authorizations for personal use of post vehicles, of billings to staff for their personal use of post vehicles, and of vehicle usage logs evidencing review, initialing, and dating.

PROPERTY MANAGEMENT

8. That the post comply with PCM section 511 and submit a report to the chief compliance officer documenting and describing its actions taken to correct the deficiencies itemized in our finding.

Management’s Response: Concur. The report to the Chief Compliance Officer was submitted by post on November 15, 2005. Post now has an accurate and complete inventory listing and has developed local procedures and oversight mechanisms. These include an annual, internal audit to be conducted in July by the Country Director and Administrative Officer to verify compliance with PCM section 511. In addition, post provided refresher training to the GSA on Excel during the week of November 7, 2005

and will do so on an ongoing basis. Post is also exploring the use of an MS Access database as a means to ensure standardization of the inventory control system.

Date Implemented: Implemented November 15, 2005 and on-going.

OIG Verification: Recommendation reopened.

We obtained and reviewed the November 15, 2005 memo from the country director and the administrative officer to the chief compliance officer detailing the steps taken by the post to correct the inventory deficiencies in the audit report.

At the time of our visit, the post was in the process of performing a physical inventory verification. We obtained the post's latest inventory listing and performed tests of the listing on a sampling basis. We found that the printer in the Volunteer resource center did not have a tag, even though the tag number appeared on the listing. In addition, we noted four phones in the GSA's office that, he told us, were no longer in operating service and are to be sold or otherwise disposed of. This was confirmed by the administrative officer. Accordingly, these phones should be removed from the active inventory listing.

Further, while the inventory listing contained a column for property location, we noted a sizeable number of items that did not have location specified. This is critical in order to maintain control over post property and efficiently perform periodic physical inventory verifications. We suggested to the administrative officer and the GSA, and they concurred, that during the upcoming physical inventory, location be recorded for those items currently missing this information.

In addition, the post issued either a radio and solar panel or a satellite phone to Volunteers who did not have cell phones and reliable cell phone service. However, while the issuance of these units was tracked by the IT specialist, the post did not obtain signed custody receipts from the Volunteers as required by PCM section 511.6.2.2. In addition, the post did not obtain custody receipts from USDH staff at the time of issuance of post property for their residences (PCM section 511.6.2.2). Rather, the post obtained their signatures on the residential property listings at the time of departure.

This recommendation will remain open pending submission to the chief compliance officer of examples of pages of the post's property inventory listing with the location of the property specified, documentation that the four phones no longer in operations have been removed from the inventory listing, and examples of custody receipts for Peace Corps property issued to Volunteers and staff.

VOLUNTEER ALLOWANCES

9. That the country director conduct an independent market basket survey annually, in addition to a Volunteer living allowance survey, to determine the adequacy of the Volunteer living allowance.

Management's Response: Concur. Post will utilize the market basket survey conducted by the Vanuatu Statistics Office in respect to economic conditions in Luganville and Port Vila. Because the report generated from this survey is broken down into cost areas (i.e. food, transportation, etc.), Post and the Region are comfortable that an accurate cost of living assessment can be made for Peace Corps Volunteers in Luganville and Port Vila. These reports will be analyzed in conjunction with every Volunteer Living Allowance Survey, which will next be conducted in March-May, 2006. Because these surveys only cover the areas of Luganville and Port Vila, Post will conduct its own market basket survey, measuring similar indicators, for Volunteers whose sites are elsewhere.

Date Implemented: May 2006 and annually.

OIG Verification: Recommendation closed.

We obtained the latest living allowance survey files and determined that they included a market basket survey. The files showed that the post conducted a market basket survey in July 2008 to support the results of the Volunteer living allowance survey conducted in April 2008. We noted that separate market basket surveys were completed in Port Vila, the capital, and an outlying island. The results were appropriately compiled and analyzed, and communicated in written form by the administrative officer to the country director.

10. That the country director executes a memorandum of agreement with the bank handling Volunteer allowances.

Management's Response: Concur. The Memorandum of Agreement with the National Bank of Vanuatu was signed by both parties on November 15, 2005.

Date Implemented: Implemented November 15, 2005.

OIG Verification: Recommendation closed.

We obtained and reviewed the memorandum of agreement between the post and its bank.

11. That the post sends e-mails notifying headquarters of Volunteers who are completing their service or early terminating within 24 hours.

Management's Response: Concur. The Administrative Officer has added this task to post's COS/ET checklist to ensure that a cable is sent to HQ within twenty-four hours of a COS or ET.

Date of Implementation: Implemented September 1, 2005 and on-going.

OIG Verification: Recommendation closed.

We reviewed 26 e-mail notifications to headquarters of Volunteers completing their service or early terminating in fiscal year 2008. We found that all except two were sent within 24 hours. One was sent 48 hours and the other 72 hours after early terminating. There has been substantial compliance with the 24 hour requirement, and we are closing the recommendation.

SAFEKEEPING OF VOLUNTEER PROPERTY

12. That the post comply with Interim Policy Statement 4-04 and return no-fee passports to Volunteers.

Management's Response: Concur. Post has implemented this policy with the current group of Trainees at PST and, in order to reduce the risk of loss, will provide the passports to current Volunteers as they come to Port Vila for leave or official business rather than mail them out immediately. Post will also eliminate the "retention of passport" from its international travel checklist.

Implementation Date: October 1, 2005, and on-going. Passports will be distributed to current Volunteers when they travel to Port Vila from their sites. Post foresees returning 80% of all passports by February 1, 2006. The latest date that all passports will be distributed is May 1, when an All-Volunteer conference is scheduled in Port Vila.

OIG Verification: Recommendation closed.

We verified by inquiry of the administrative officer and confirmation with Volunteers that no-fee passports were retained by the Volunteers.

13. That the post maintain records of property kept on behalf of Volunteers and provide Volunteers with signed receipts.

Management's Response: Concur. Post has implemented this practice and it is referenced in the post's Administrative and Financial Procedures Manual. It is now part of post procedure to acknowledge receipt of the form and return a copy to the volunteer.

Post has also developed a tracking log listing Volunteer's property held for safekeeping that is maintained in a location separate from the actual property.

Date Implemented: Implemented October 3, 2005 and on-going.

OIG Verification: Recommendation closed.

We found that the administrative officer maintained listings of Volunteer property held for safekeeping and that Volunteers were provided with signed receipts, copies of which were maintained in the administrative officer's files. In addition, we observed that the listings were kept separate from the safe in which the property was maintained.

14. That the post inform Volunteers of the Peace Corps' maximum liability of \$750 for losses of personal property held for safekeeping.

Management's Response: Concur. The Volunteer Handbook was updated in October, 2005 to inform Volunteers of the maximum liability amount of \$750. The maximum liability amount is now also stated on the property receipt's provided to Volunteers.

Date Implemented: Implemented October 30, 2005.

OIG Verification: Recommendation closed.

We noted that the Volunteer handbook contained the post's maximum liability, and that it was also stated at the top of the Volunteer property receipts.

PERSONNEL MANAGEMENT

15. That the post maintain complete and accurate time and attendance and leave records of all staff and that supervisors review and approve them.

Management's Response: Concur. Effective November 7, 2005, post began utilizing timesheets as per MS742 guidelines. The timesheet will be reviewed by the PSC's supervisor on a bi-weekly basis and kept on file. This item will now be part of post's procedures manual. PC-57 will be reviewed quarterly by the supervisor and signed. A copy will be given to the staff member and one filed in T&A binder. The Administrative Officer will verify that supervisors are complying with this requirement.

Date Implemented: Implemented November 7, 2005 and on-going.

OIG Verification: Recommendation reopened.

The post considered using timesheets, as stated in its response to our audit recommendation, but did not implement them. Instead, the post continued to use an attendance log at the reception desk as its primary control over staff time and attendance. We found that sign-in and sign-out entries were not always made in the log and that the entries occasionally indicated that staff members did not work the full eight hour day. The timekeeper told us that these situations might occur if staff were required to be out of the office on post business at the beginning or end of the day. The timekeeper told us that she relied upon the individual informing her if a complete day was not worked. In addition, we noted log pages which were not signed as reviewed.

The country director, at the beginning of our follow-up audit, told us that he was not satisfied with the post's current method of time and attendance control and was exploring alternatives, such as time sheets or possibly a time clock.

We also selected two staff members' 2007 and 2008 official time and attendance records (official T&A records), which were maintained on form PC-57, for review. We found, for both staff members, that all leave forms were not on file. Missing leave forms included several extended leave periods such as six consecutive days of sick leave for one staff member and seven consecutive days for the other, as well as four days of annual leave. We also found that one staff member took 72 hours of annual leave during one pay period, yet his annual leave balance was reduced by only 40 hours. Further, for this staff member, the sick leave showed negative balances. During this time, the staff member had over 150 hours of annual leave, which should have been used after the sick leave was exhausted. We also noted that the symbol "CU," compensatory time used, was erroneously used in four entries instead of "CE," compensatory time earned. The hours, however, were correctly posted.

In addition, we compared the start date on one staff member's official T&A record with the attendance log. We found that while the official T&A record showed a start date of September 2, 2007, the attendance log showed that he had started work on February 19, 2007.

Further, the official T&A records indicated that staff received 104 hours of sick leave annually. However, the post's employee handbook stated that staff were to receive 21 days, or 168 hours, of sick leave annually. According to the administrative officer, 168 hours was the number of hours required by local labor law.

Finally, we found that some official T&A records were not signed as reviewed by supervisors or the administrative officer. The administrative officer told us that she has made a conscientious effort to have these reviews performed diligently in 2008 and that she has begun to request staff members to review their records for accuracy. The new country director and the administrative officer agreed that, given the items noted above, ongoing oversight over the accuracy of the timekeeper's work, including careful and timely reviews of the official T&A records, was essential.

This recommendation will remain open pending submission to the chief compliance officer of examples of official time and attendance records, corrected as required, and evidencing review.

CONTRACTS

16. That the country director obtains additional approval authority for leases and PSC contracts totaling over \$50,000.

Management's Response: Concur. Post requested additional authority on November 7, 2005 from the Office of Contracts in respect to post's office lease that will be signed in December, 2005. This is the only lease or PSC contract that exceeds the \$50,000 threshold and needed additional procurement authority. Judith Dawes granted the additional procurement authority on November 8, 2005.

Date Implemented: Implemented November 8, 2005 and on-going.

OIG Verification: Recommendation closed.

At the date of the audit, one lease and one PSC contract exceeded the present \$100,000 threshold. We reviewed the additional procurement authority from the Office of Acquisitions and Contract Management (OACM) issued for both.

17. That the country director request the regional security officer to obtain security clearances for all contractors and place the clearances in the PSCs' files.

Management's Response: Concur. The RSO conducted a review of the clearances for all staff and provided updated clearances for all staff on November 10, 2005. Copies of the clearances are now in the folder of each staff person.

Date Implemented: Implemented November 10, 2005.

OIG Verification: Recommendation reopened.

The regional security officer (RSO) is located in Port Moresby, Papua New Guinea. The post requests police reports for new staff and forwards these to the RSO for his review and clearance. The post had documentation on file showing RSO clearance, except as follows: At the time of our visit, the post had obtained police reports for two of four recently hired staff members. The administrative officer told us that the post was awaiting the receipt of the remaining two police reports and that the four reports would then be forwarded to the RSO for his review and clearance.

This recommendation will remain open pending submission to the chief compliance officer of documentation that the post has obtained from the RSO security clearances for the four recently hired staff members.

18. That staff sign intelligence background information certifications and that these be included in the staff files.

Management's Response: Concur: All staff have read and signed intelligence background information certifications and the original is being maintained in their personnel file.

Date Implemented: Implemented November 7, 2005.

OIG Verification: Recommendation reopened; subsequently closed as the result of additional action taken by the post.

We obtained and reviewed the intelligence background information certification forms for staff. We found that one staff member's form was not on file. The staff member signed the form during the course of our visit. Thus, no further action is required.

19. That the post place the complete contract in the contractors' files.

Management's Response: Concur. A complete contract has been placed in the personnel file of each contractor.

Date Implemented: Implemented September 26, 2005.

OIG Verification: Recommendation closed.

We verified that complete contracts were placed in the contractors' files by obtaining a sample of files and determining for each PSC that the complete contract was included therein.

PURCHASE CARDS

20. That the post use the true vendor of record when recording purchase card transactions above \$2,500 that require supplemental authority.

Management's Response: Concur. Post used the generic vendor of Citibank only in this one instance. Post has corrected this practice and will use the true vendor of record when recording purchase card transactions above \$2,500 that require supplemental authority.

Date Implemented: Implemented October 1, 2005 and on-going.

OIG Verification: Recommendation closed.

We obtained and reviewed the purchase card log and noted that for transactions over \$2,500, the true vendor of record was being used.

COMMUNICATIONS

21. That the post have staff log their personal calls.

Management's Response: Concur. Post is requiring logging of all international phone calls and faxes, whether personal or business in nature. This has improved the billing process at post for personal calls, ensuring a higher degree of accuracy. Currently, domestic calls cannot be verified because the local telephone company only itemizes international phone calls. Post is implementing a new telephone system (PBX) that will now allow the Administrative Officer to verify domestic and international telephone billing and to monitor the use of phone calls for business purposes.

Date Implemented: Log implemented August 1, 2005. PBX System to be implemented before Dec 30, 2005.

OIG Verification: Recommendation reopened.

We found that staff did not log their personal calls. The administrative officer told us that the post intended to implement the PBX system, which included call management software described in management's response to our recommendation. The call management software was intended to provide phone call information by staff extension number. However, according to the administrative officer, the system never became operational. She stated that the IT specialist was presently looking into whether additional programming would make it work.

The phone company does not itemize local calls. The administrative officer told us that, in her opinion, local phone usage was not abused by staff. With respect to international calls, the financial assistant told us that she reviewed the phone company's monthly

listing of such calls and queried the staff by e-mail on phone numbers she did not recognize. She told us: “Sometimes they ignore my e-mail. I don’t think they tell me all the international calls they make.” She also acknowledged that she has not yet billed for personal usage beginning with the May 2008 phone bill.

With respect to cell phones held by certain staff members, the post recently switched cell phone providers. Current policy, according to the financial assistant, was to query staff whose monthly balances exceeded the post’s set maximum. If staff members were unable to demonstrate that these charges were for official business, staff were billed for them.

This recommendation will remain open pending submission to the chief compliance officer of a procedure or other documentation showing that the post has implemented an effective system to capture, monitor, and bill personal calls made by staff on post phones.

22. That the post reconciles the logs with the phone bills and bill for personal calls monthly.

Management’s Response: Concur. The Administrative Assistant is conducting this reconciliation using the post’s existing phone log for personal telephone calls and faxes. The Administrative Officer will verify that this requirement is met by reviewing monthly with the Administrative Assistant the personal use of the telephone. The implementation of a new PBX system (to be implemented before Dec. 30, 2005) will greatly enhance post’s capability to monitor and bill for the personal use of phones.

Date Implemented: Implemented September, 2005 and on-going.

OIG Verification: Recommendation reopened.

As noted in the “OIG Verification” to recommendation number 21, the post did not use logs in identifying staff personal usage. Further, the administrative officer told us that the PBX system with the call management software described in management’s response “needs to be fixed in order to produce accurate and timely records of calls made from each extension.”

This recommendation will remain open pending submission to the chief compliance officer of a procedure or other documentation showing that the post has implemented an effective system to capture, monitor, and bill personal calls made by staff on post phones.

TRAVEL

23. That the post require travelers to submit their international travel vouchers within five working days after a trip's completion and clear their travel advances timely.

Management's Response: Concur. The Administrative Officer has informed all staff of this requirement and will reiterate this requirement when international travel is authorized for a staff member. The Administrative Officer will utilize MS Outlook task manager to monitor strict compliance with this requirement.

Date Implemented: Implemented October 10, 2005 and on-going.

OIG Verification: Recommendation reopened.

We selected 14 international travel vouchers for fiscal years 2007 and 2008 and reviewed their timeliness of submission. We found that none of the 14 vouchers had been submitted by travelers on time. The submission periods for the 14 vouchers ranged from 17 days to 4 months after the completion of the trips.

This recommendation will remain open pending submission to the chief compliance officer of examples of international travel vouchers showing that they were submitted on time.

MEDICAL SUPPLIES

24. That the PCMO conduct a complete physical inventory of medical supplies and update the inventory records.

Management's Response: Concur. The PCMO conducted a complete inventory of medical supplies and effective October 1, 2005 the PCMO put in place a daily control sheet that tracks dispensed items and returned items. On a monthly basis that information is then added to the inventory, so at any given time the inventory will reflect the stock on hand. In addition, post has developed a Medical Inventory Database using MS Access that will capture all required inventory data and automate an on-going count of supplies in stock. This new database will be implemented on December 1, 2005.

Date Implemented: Implemented October 1, 2005 and on-going.

OIG Verification: Recommendation reopened.

According to the PCMO, the medical unit recently obtained from another post and began using a new medical supplies inventory tracking system. The PCMO told us that the medical unit would conduct a complete physical inventory of medical supplies after it completes the inputting of drugs dispensed to Volunteers.

This recommendation will remain open pending submission to the chief compliance officer of documentation that the post has conducted a complete physical inventory of medical supplies and updated its inventory records.

25. That the PCMO post drugs dispensed to Volunteers to the inventory records timely.

Management's Response: Concur. The PCMO conducted a complete inventory of medical supplies and effective October 1, 2005 the PCMO put in place a daily control sheet that tracks dispensed items and returned items. On a monthly basis that information is then added to the inventory, so at any given time the inventory will reflect the stock on hand. In addition, post has developed a Medical Inventory Database using MS Access that will capture all required inventory data and automate an on-going count of supplies in stock. This new database will be implemented on December 1, 2005.

Date Implemented: Implemented October 1, 2005 and on-going.

OIG Verification: Recommendation reopened.

As noted in the "OIG Verification" for recommendation number 24, at the time of our visit, the medical unit was in the process of inputting several months of drugs dispensed to Volunteers into a new medical supplies inventory tracking system.

This recommendation will remain open pending submission to the chief compliance officer of documentation showing that the PCMO posted drugs dispensed to Volunteers to the medical supplies inventory records.

INFORMATION TECHNOLOGY SECURITY

26. 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. In December of every year the Administrative Officer will verify that the IT Specialist has completed the annual staff security training. The computer awareness training will become an item on the staff training checklist and will be verified by the Administrative Officer. The IT Specialist will now keep a log of all computer-related trainings that post provides for documentation purposes.

Date Implemented: Training was performed for new staff on November 10, 2005. The annual security training for all staff was performed this year in August in conjunction with the computer refresh.

OIG Verification: Recommendation closed.

The post used the annual IT security training from headquarters for its staff. We reviewed the IT specialist's tracking sheet showing that the staff had completed the training, and we reviewed copies of the certificates of completion in his files. In addition, we discussed with the IT specialist his procedures with respect to new staff. These included a session covering IT security awareness and an introduction to post's computer system and procedures. The IT specialist told us he did not permit new staff to access the post's system until they completed security awareness training.

27. That the IT specialist back up the post files daily and test the readability of tape back-ups.

Management's Response: Concur. Post has developed a checklist for the IT Specialist to verify the completion of daily, weekly, monthly and annual tasks that will be submitted to the Administrative Officer on a weekly basis.

Date Implemented: Implemented November 11, 2005 and on-going.

OIG Verification: Recommendation closed.

We discussed with the IT specialist his daily backup procedures, and we reviewed the computerized log evidencing that daily backup was performed. Further, we verified by inquiry of the IT specialist that he tested the readability of tape backups.

28. That the IT specialist update the system for the latest virus definitions on an ongoing basis.

Management's Response: Concur. Post has developed a checklist for the IT Specialist to verify the completion of daily, weekly, monthly and annual tasks that will be submitted to the Administrative Officer on a weekly basis. System updates will also be monitored by IT support specialists at HQ through remote connections to post's server. In addition the IT Specialist will connect all laptops to the network at least once a month to download the virus definitions.

Date Implemented: Implemented November 8, 2005 and on-going.

OIG Verification: Recommendation closed.

We obtained from the Symantec website the date and version of the latest virus definitions and verified that the post's system was using these.

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 Audit of Peace Corps/Vanuatu” (Report No. IG-06-02-A) issued in December 2005. 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.

AUDIT COMPLETION AND OIG CONTACT

Follow-Up 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 Audits, at gmontoya@peacecorps.gov, or call him at (202) 692-2907.