



# Office of Inspector General

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**To:** Jody Olsen, Director  
Johnathan Miller, Regional Director, Africa Operations  
Obie Shaw, Country Director, Peace Corps/Ethiopia  
Angela Kissel, Chief Compliance Officer

**From:** Kathy A. Buller, Inspector General 

**Date:** August 19, 2020

**Subject:** Final Report on the Audit of Peace Corps/Ethiopia (IG-20-05-A)

Transmitted for your information is our final report on the Audit of Peace Corps/Ethiopia (IG-20-05-A).

Management concurred with all 13 recommendations. In its response, management described actions it is taking or intends to take to address the issues that prompted each of our recommendations. We closed six recommendations (numbers 1, 6, 9, 10, 11, and 13) based on evidence of corrective actions that address the recommendations. The other seven recommendations remain open pending a copy of documentation listed in the agency's response. We wish to note that in closing recommendations, we are not certifying that the agency has taken these actions or that we have reviewed their effect. Certifying compliance and verifying effectiveness are management's responsibilities.

You may address questions regarding follow-up or documentation to Assistant Inspector General for Audit Judy Leonhardt at 202.692.2914 or to Lead Auditor Hal Nanavati at 202.692.2929.

Please accept our thanks for your cooperation and assistance in our review.

**cc:** Michelle Brooks, Chief of Staff  
Matthew McKinney, Deputy Chief of Staff/White House Liaison  
Carl Sosebee, Senior Advisor to the Director  
Timothy Noelker, General Counsel  
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PEACE CORPS  
Office of  
**INSPECTOR  
GENERAL**



*Peace Corps/Ethiopia Staff*



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**Final Audit Report**  
Peace Corps/Ethiopia  
IG-20-05-A  
August 2020

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## EXECUTIVE SUMMARY

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### ***BACKGROUND***

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The Office of Inspector General (OIG) conducted an audit of Peace Corps/Ethiopia (hereafter referred to as “the post”) from October 21 through November 8, 2019.

#### ***Staff:***

U.S. direct hires (USDHs): 3

Full-time personal services contractors (PSCs): 64

#### ***Spending (approx.):***

Fiscal Year (FY) 2019 post spending: \$4.17 million

Average regional overhead: \$572,483

### ***WHAT WE FOUND***

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The post’s financial and administrative operations required improvement to comply with agency policies and applicable Federal laws and regulations. Specifically, the post did not:

- Have adequate controls over collection of allowances from terminated Volunteers;
- Follow guidance for recording staff travel advances and expenses;
- Conduct required cash counts of sub-cashier advances;
- Ensure timely liquidation of interim cash advances;
- Track generator fuel purchases and consumption;
- Include required documents in PSC files;
- Ensure vendors completed release forms after completing final payment; and
- Properly segregate duties in OdyWeb.

### ***RECOMMENDATIONS IN BRIEF***

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Our report contains 13 recommendations directed to the post and headquarters. We recommend that the post improve controls related to Volunteer bank account closure, billing and collection, and imprest funds. Additionally, we recommend that headquarters strengthen internal controls related to the administration of financial-system user roles and issue medical guidelines to comply with host country laws.

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## BACKGROUND

OIG conducted the audit of Peace Corps/Ethiopia from October 21 through November 8, 2019. We previously performed an audit of the post and issued our report (IG-11-02-A) in February 2011.

The first group of Peace Corps Volunteers arrived in Ethiopia in 1962. Approximately 3,944 Volunteers have served in Ethiopia since the post was first established. The program was suspended between 1977 and 1995, and again in 2000 due to security concerns during the war between Ethiopia and Eritrea. The Peace Corps returned to Ethiopia in 2007.

At the time of our audit, 126 Volunteers were working in three sectors: education, health, and agriculture. The post had 3 USDHs and 64 full-time PSCs. In FY 2019, the post's spending was approximately \$4.2 million.<sup>1</sup>

On March 15, 2020, the Peace Corps suspended Volunteer operations worldwide due to the COVID-19 pandemic.

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 regulations during the period under audit. Appendix A provides a full description of our audit objective, scope, and methodology.



Figure 1: Map of Ethiopia.

<sup>1</sup> The agency does not determine a total cost per post beyond directly attributable post expenses, as certain costs are centrally budgeted and managed by headquarters offices, including the salaries and benefits of U.S. direct hires. The Peace Corps Office of Budget and Analysis provided the total cost of approximately \$13 million incurred by the Africa region in direct support of its 23 overseas posts in FY 2019, which is an average of \$572,483 per post.



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## AUDIT RESULTS

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### *VOLUNTEER ALLOWANCES*

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#### ***The post lacked controls over collection of allowances from terminated Volunteers.***

Overseas Financial Management Handbook (OFMH) 7.2.1 specifies that bills of collection (BOCs) should be created as soon as a debt is known, even if the exact amount isn't known. Additionally, per the Department of State's Cashier User Guide (CUG) 6.2.2.1, cashiers [principal, alternate, and sub-cashiers] are the only individuals authorized by the Department of State to collect funds.

Per the director of management and operations (DMO), Ethiopian banking regulation does not allow the post to hold power of attorney over Volunteer bank accounts. When Volunteers depart the post without closing bank accounts, the post can only withdraw funds if the Volunteer provides the ATM card and pin number. Due to the bank-imposed daily withdrawal limit, the staff in some instances needed to perform more than one withdrawal over several days. The post did not maintain a documented procedure on how to manage this process.

Per post practice, staff waited to create a BOC until they withdrew all possible funds from the Volunteer bank account and knew the exact amount withdrawn. Unauthorized staff and/or Peace Corps Volunteer leaders held the funds until the financial assistant (FA) created the BOC, and then they submitted the funds to the cashier to close-out the BOC. Although the DMO was responsible for overseeing the process, she was among those withdrawing funds from Volunteer bank accounts.

We noted that the post did not obtain bank statements to account for funds withdrawn, track the names of the Volunteers whose accounts were closed or needed closure. The post could not provide the emails authorizing the staff to make withdrawals with BOCs. The OFMH requires retention of documentation properly supporting the BOCs. The post also did not reconcile the total amount withdrawn against the BOCs or amounts deposited with the cashier. There was no oversight of this activity to prevent misuse or fraud. Without reconciliation or oversight, the post could not ensure that all funds withdrawn from Volunteer bank accounts were collected by the post.

The Government Accountability Office's Standards for Internal Control in the Federal Government ("Green Book") recommends standard components for establishing an effective internal control system within Federal organizations. The Green Book<sup>2</sup> suggests management should design control activities that:

- (a) establish physical control to secure and safeguard vulnerable assets;
- (b) divide key responsibilities of authorizing, processing and recording, and reviewing the transactions among different people to reduce the risk of error, misuse, or fraud; and

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<sup>2</sup> Principle 10.03 – Design of Appropriate Types of Control Activities

(c) maintain and manage documentation and records supporting the transactions; and design a variety of transaction control activities including verifications, reconciliations, authorizations and approvals, physical control activities, and supervisory control activities.

While the DMO did not provide a reason for the lack of control or sufficient oversight of the process, it is Peace Corps management's responsibility to provide guidance to establish effective internal controls. We noted that the Office of the Chief Financial Officer (OCFO) has not issued guidance to manage withdrawals from Volunteer bank accounts where the post does not have power of attorney. During OIG audits of Ghana (issued 2020),<sup>3</sup> Morocco (issued 2019),<sup>4</sup> and Indonesia (issued 2016),<sup>5</sup> we reported similar issues with tracking, oversight, and proper disposition methodology over withdrawals when posts do not have power of attorney. In such instances, different posts use varying methods to access funds in Volunteer bank accounts; however, without guidance in the OFMH, this post, and others like it, cannot develop and apply appropriate oversight and controls, providing an opportunity for misappropriation of funds. Prior to the completion of our fieldwork, the DMO provided a draft post procedure for implementing stronger internal controls.

**We recommend:**

- 1. That the director of management and operations ensure that staff issues accurate and timely bills of collection for balances due from departing Volunteers in compliance with the bills of collection policies.**
- 2. That the director of management and operations implement a procedure to manage the withdrawal of funds from Volunteer bank accounts, including tracking of funds withdrawn and compliance with the agency's policies for bills of collection and imprest funds.**
- 3. That the Office of the Chief Financial Officer issue guidance to manage withdrawals of funds from Volunteer bank accounts where the post does not have power of attorney over them.**

### ***TRAVEL ADVANCES***

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***The post did not follow guidance for recording staff travel advances and expenses.***

Per OFMH 57.3, "Travel Advances (In-country)":

Travelers may receive a travel advance for per diem (lodging and M&IE) and other out-of-pocket expenses for authorized in-country travel. ...Drivers (or other staff) may also be advanced funds for fuel if

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<sup>3</sup> [Link to Ghana Report Placeholder]

<sup>4</sup> [https://s3.amazonaws.com/files.peacecorps.gov/documents/inspector-general/Final\\_Report\\_on\\_the\\_Audit\\_of\\_Peace\\_Corps\\_Morocco\\_IG-19-03-A.pdf](https://s3.amazonaws.com/files.peacecorps.gov/documents/inspector-general/Final_Report_on_the_Audit_of_Peace_Corps_Morocco_IG-19-03-A.pdf)

<sup>5</sup> [https://s3.amazonaws.com/files.peacecorps.gov/documents/inspector-general/Indonesia\\_Final\\_Audit\\_Report\\_IG-16-03-A\\_Cz1wEbX.pdf](https://s3.amazonaws.com/files.peacecorps.gov/documents/inspector-general/Indonesia_Final_Audit_Report_IG-16-03-A_Cz1wEbX.pdf)

authorized on the [travel authorization]. When vouchering, fuel will be charged to the travel object class, along with the rest of the trip costs.

During our analysis, we noted the post used cash to purchase approximately \$128,000 USDE of fuel since the beginning of 2014.

The post had implemented the use of Total fuel cards, but drivers received cash advances for fuel purchases when travelling to small towns and villages where Total fuel stations are not present or cards are not accepted. Further, challenges with internet access throughout the country often rendered cards unusable in fuel stations where they normally are accepted. Fuel purchases made with cash pose an inherent high risk of possible misappropriation. However, during our testing we did not find any errors in reconciling the vehicle fuel logs with the Peace Corps' Vehicle Management Information System (VMIS).

We analyzed the expenditure and collection of travel advances and confirmed with the DMO that the post did not voucher fuel purchases along with trip costs in accordance with OFMH 57.3. Further, in the description column of the disbursements report for cash fuel purchases, the post did not include the driver's name or a reference to the BOC/travel advance used. Without this information it was not possible to validate how much of any given travel advance was used for fuel.

The post did not follow the guidance in OFMH 57.3 because it appeared that the DMO was not aware of the travel advance policy.

The Green Book states that "Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results."<sup>6</sup> However, if the post does not follow agency guidance in recording expenses and collections of travel advances, management will be unable to evaluate if the amounts of cash advanced are appropriate and are not used for personal purposes.

**We recommend:**

- 4. That the director of management and operations instruct the post staff to follow OFMH guidance for fuel purchases from travel advances.**

***IMPREST FUND***

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***The post did not conduct required cash counts of sub-cashier advances.***

Per OFMH 13 C.10, "Verification of Sub-cashier Funds":

The Cashier Supervisor must ensure that unannounced verifications of the sub-cashier fund are conducted. Sub-cashier advances under \$1,000 USDE must be verified at least quarterly. Sub-cashier advances of \$1,000 USDE or more must be verified monthly. The Cashier Supervisor may conduct the verifications or may designate another individual (or individuals) to do the verifications.

We noted that sub-cashiers performed a monthly reconciliation of their own funds by returning to the post every month with the supporting documents to clear their receipts and replenish

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<sup>6</sup> Standards for Internal Control in the Federal Government, "Principle 16 – Perform Monitoring Activities"



funds.<sup>7</sup> However, the post did not conduct monthly or quarterly unannounced cash counts of sub-cashier advances as required by OFMH 13 C.10. Monthly reconciliation of receipts is not a suitable substitute for unannounced verification of funds by the cashier supervisor.

The Green Book recommends that management design appropriate types of control activities including physical control over vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use. Management should periodically count and compare such assets to control records.<sup>8</sup>

Performance of monthly or quarterly sub-cashier counts is a control activity to ensure that sub-cashiers are not misusing their cash advances. It is also a monitoring control to ensure the expenses are recorded timely and have adequate support. Without unannounced cash verifications, sub-cashier advances are more vulnerable to misuse or loss.

**We recommend:**

- 5. That the director of management and operations conduct cash counts for all sub-cashiers in compliance with agency policy.**

*The post did not ensure timely liquidation of interim cash advances.*

OFMH 13.18.2 states:

“The interim cash advance must be supported by a copy of the authorized purchase document and liquidated (accounted for) within three (3) working days.”

From August 2018 through August 2019, there were 147 instances in which interim advances were not cleared within 3 days. Per the DMO, there was no particular reason why the advances remained open over the permitted number of days in prior years. In 2020 the post provided sub-cashier status to several more staff members. With more staff having sub-cashier status, the instances of interim advances remaining open over 3 days should be reduced.

Failure to liquidate interim cash advances within 3 days impacts the cashier’s ability to document the status of the imprest fund and accountability to safeguard interim advances. Clearing interim advances in a timely manner ensures a prompt return of unused funds and helps to minimize imprest fund cash required to be on hand.

**We recommend:**

- 6. That the director of management and operations comply with the requirement that interim advances are cleared within 3 days.**

<sup>7</sup> Sub-cashier monthly reconciliation of funds is a requirement per OFMH 13 C.9

<sup>8</sup> Principle 10.03 – Design of Appropriate Types of Control Activities

*SMALL GRANTS*

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***The post discovered the theft of Volunteer grant funds by a former grants coordinator.***

Per the Peace Corps Small Grants Handbook:<sup>9</sup>

Before the small grants coordinator closes a grant in PCGO, all purchases must be accounted for and staff must ensure that funds were spent in accordance with the approved budget. Each post may determine the process for this review to take place. However, ultimately, the DMO and financial team is responsible for certifying that PCVs have presented all receipts, entered all expenditures in PCGO and met financial requirements before signing the Completion Signature forms.

Prior to our audit, the post discovered that the grants coordinator, who was responsible for managing grant activities with Volunteers, altered a Volunteer's receipts. The modified receipts made it appear that the Volunteer had used all of the funds from a grant and did not owe any funds back to the Peace Corps. However, the Volunteer did have leftover grant funds and had given the unused funds to the grants coordinator to pass on to the cashier.

Final reconciliation of grant receipts is conducted by the finance team at the post. Through this review, the finance team detected fraudulent receipts for the completed Volunteer grant. The grants coordinator admitted to altering the receipts and retaining the Volunteer's unused grant funds. Prior to resignation, the grants coordinator returned those funds, and stated that there were no other outstanding grant funds fraudulently collected.

However, the programming and training assistant contacted three Volunteers who had closed out their grants but for which there were no BOCs. The Volunteers confirmed that they had submitted their receipts and final budget to the grants coordinator. The Volunteers also confirmed that they had returned unused grant funds to the grants coordinator. The post estimated the grants coordinator misappropriated approximately \$850 USDE. The post reported the matter in a timely manner to OIG, and after a review of the facts the matter was referred back to the post and the regional director of the Africa Region for administrative action.

The post withheld approximately \$2,200 USDE from the grants coordinator's unused annual leave. The DMO contacted the Africa Region Chief Accounting Office and the Office of the General Counsel for guidance in offsetting the withheld amounts to recover misappropriated funds and close out the Volunteer grants remaining open.

The Grants Coordinator intentionally subverted Peace Corps policy by altering receipts. However, in this instance the agency successfully implemented a detective control by requiring the DMO to approve the grant completion report and certify that the post staff had reviewed all receipts and fiscal accounting.

**We recommend:**

- 7. That the country director and the director of management and operations work with the Offices of the Chief Financial Officer and the General Counsel to resolve the open grants**

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<sup>9</sup> Grant Closeout section II(A) "Verifying Budget and Receipts"

**and the amounts withheld from the prior grants coordinator.**

### ***DISBURSEMENTS***

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#### ***The post did not track generator fuel purchases and consumption.***

Concerning control environment, the Green Book states, “Management should design control activities<sup>10</sup> to achieve objectives and respond to risks.”<sup>11</sup>

The post did not implement control activities to record and track the purchase and use of generator fuel. When the generators at the USDH residences needed refueling, the residential guards contacted the general services staff with the request. The post usually sent staff to the gas station to fill approximately 20 canisters. Duty drivers then traveled to residences to replenish tanks and excess fuel was stored at the post to replenish post generators when needed.

The post did not have a process to track the quantity of generator fuel purchased and dispensed or the balance of fuel leftover in jerry cans kept on post premises. Further, the post did not perform a periodic physical count to verify that the leftover fuel was accounted for to minimize misuse. Until recently, the generator fuel purchased was not tracked separately in the financial system and was purchased on the same Total fuel cards as vehicle fuel.

Without adequate processes and procedures, post management is unable to track the cost and consumption of generator fuel, allowing the possibility of misuse by staff members.

#### **We recommend:**

- 8. That the director of management and operations implement procedures to track the purchase, dispensing, and balance of generator fuel.**

#### ***The personal services contractor files did not include required documents.***

MS 743a 5.7 states, “The contract file shall include documentation and justification for selection of the personal services contractor and the basis of the stated compensation and benefits. This justification shall be recorded in the selection memo.” Additionally, Peace Corps policy states that an employee's appraisal should be maintained by the supervisor in the employee performance file.<sup>12</sup>

We reviewed six PSC files and found that three of them were missing selection memos and two were missing performance reviews from prior years. Post staff could not locate the missing documents in the files.

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<sup>10</sup> Control activities are the actions management establishes through policies and procedures to achieve objectives and respond to risks in the internal control system, which includes the entity's information system (Green Book definition).

<sup>11</sup> Standards for Internal Control in the Federal Government, “Principle 10.01 Design Control Activities”

<sup>12</sup> MS 626 7.0 “Records Maintenance”

The Office of Acquisition and Contract Management published a checklist in the Overseas Contracting Handbook that details all documents necessary to maintain in PSC files, including selection memos and performance reviews. This checklist was present in most files, but files were still missing documents. Although the agency implemented a control activity, the post management did not provide adequate oversight and sufficient monitoring to ensure that requirements were met.

Accurate and complete contract files are necessary to ensure that the Peace Corps conducts fair and equitable personnel practices. Without them, the agency may be subject to future disputes.

**We recommend:**

- 9. That the director of management and operations ensure that all required PSC contractor documents are retained in the required folders.**

*The post did not ensure that vendors signed the contractor's release after the post made its final payments.*

Per Federal Acquisition Regulations (FAR), section 4.804-5(b), after completion of the contract, the contracting officer should ensure a contractor's closing statement (contractor's release) with the vendor's signature is placed in the contract file. This statement confirms that the vendor has been fully compensated for the contract and the U.S. Government owes nothing to the vendor. It releases the U.S. Government from all claims in relation to the contract.

During fieldwork, we reviewed 64 vouchers, and 8 of them did not have a contractor's release signed after the final payment was made.

While post staff included the contractor's release in the contract files, the statement was not completed. Post staff stated that they experienced difficulty in asking vendors to sign contracts and closing statements, especially when vendors were outside of the capital city.

If vendors do not sign a statement acknowledging fulfillment of payment and other contractual obligations, they could make claims against the agency at a later date.

**We recommend:**

- 10. That the director of management and operations ensure that staff obtain signed contractor's releases from vendors.**

## ***INFORMATION TECHNOLOGY***

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*Ineffective implementation of internal controls led to unauthorized access and a lack of segregation of duties in OdyWeb.*

In performance of the Peace Corps' 2019 Financial Statement Audit, Williams, Adley & Company – DC, LLP (Williams Adley) identified that access controls at overseas posts were not

designed and operating effectively.<sup>13</sup> Williams Adley auditors reviewed Peace Corps Ethiopia's controls and observed that the post did not have sufficient segregation of duties related to financial systems. In the letter to agency management, they recommended that the Peace Corps configure systems to enforce segregation of duties in FORPost and OdyWeb financial systems. Additionally, they recommended that the Peace Corps provide guidance and training on proper segregation of duties at overseas posts.

Per the Green Book, one principle of internal controls is that "management should design the entity's information system and related control activities to achieve objectives and respond to risks."<sup>14</sup>

During fieldwork for this audit, we noted that the DMO and deputy DMO (DDMO) at the post had full access to modules that control staff security certifications, vendor information, personal service contractor payments, Volunteer end of service information (VESI), and Volunteer in-country allowances (VICA). This meant both the DMO and DDMO were capable of editing and submitting data to headquarters without verification by another individual at the post.

In February 2020, the agency updated its OdyWeb guidance to require that edit and approval permissions for financial transactions be segregated between DDMOs and other financial staff. Subsequently, the post modified its user access permissions to follow the new agency guidelines. While the agency has responded to risk by requiring segregation of duties, this segregation is not enforced within the OdyWeb system and DMOs may still fail to implement the guidance. Without proper access controls over financial systems, the risk of management override and opportunity for waste, fraud, and abuse of government funds is increased.

**We recommend:**

- 11. That the director of management and operations ensure that the access to financial systems complies with system guidelines.**
- 12. That the chief financial officer configure financial systems to enforce segregation of duties.**

### ***MEDICAL SUPPLIES***

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***The post could not demonstrate if medications given to Volunteers were legal in Ethiopia.***

Peace Corps Medical Technical Guidance 240 identifies that controlled drug substances must be managed within local and U.S. laws and regulations.<sup>15</sup> The Office of Health Services (OHS) places full responsibility on the judgement and knowledge of the PCMOs to determine if medications can be used in country.

During fieldwork, Peace Corps medical officers (PCMOs) at the post disclosed that some medicines used to support Volunteers were not approved by Ethiopia's Drug Administration and

<sup>13</sup> [https://s3.amazonaws.com/files.peacecorps.gov/documents/inspector-general/FY\\_2019\\_Peace\\_Corps\\_Financial\\_Statement\\_Audit\\_Final\\_Report.pdf](https://s3.amazonaws.com/files.peacecorps.gov/documents/inspector-general/FY_2019_Peace_Corps_Financial_Statement_Audit_Final_Report.pdf)

<sup>14</sup> Principle 11.01 – Design Activities for the Information System

<sup>15</sup> TG 240, Section 20 "Inventory Management"



Control Authority. The PCMOs did not provide a listing of which medications they believed were unsupported. Auditors searched for sources listing unauthorized medications in Ethiopia via the Ethiopian Embassy website, Ethiopian Department of Health publications, and Department of State medical offices, but no detailed information on unauthorized medications was available.

If PCMOs are unaware of the legal status of medications they are distributing, Volunteers and the agency are put at risk of violating local laws on banned medications. We are particularly concerned that Volunteers in possession of medications of questionable legality could be at risk of arrest and imprisonment throughout their service and, notably, when attempting to leave the country.

**We recommend:**

- 13. That the Office of Health Services modify medical technical guidelines to provide reasonable assurance that the Peace Corps complies with all laws and customs of host countries when importing, prescribing, and dispensing medication.**

***OTHER MATTERS OF CONCERN***

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***The post made errors in calculation of allowances due from departed Volunteers.***

We selected a sample of 39 Volunteers who departed between 2015 and 2019 and identified two errors. In one instance the post did not include the allowance payment made to the Volunteer after the departure date; and in another, the post did not prepare the final calculation as the Volunteer decided to end service while absent from the post.

During the testing of voided BOCs, we noted one instance where the post requested OCFO to deduct the amount due from the readjustment allowance (RA) payment to the Volunteer. However, OCFO did not withhold the amount due from the final RA payment.

The post did not provide a specific reason for these errors; However, we considered the number of errors to be small, and it appears that overall the post calculated the amounts due from departed Volunteers appropriately. As a result, we are not making a recommendation.

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## LIST OF RECOMMENDATIONS

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We recommend:

1. That the director of management and operations ensure that staff issues accurate and timely bills of collection for balances due from departing Volunteers in compliance with the bills of collection policies.
2. That the director of management and operations implement a procedure to manage the withdrawal of funds from Volunteer bank accounts, including tracking of funds withdrawn and compliance with the agency's policies for bills of collection and imprest funds.
3. That the Office of the Chief Financial Officer issue guidance to manage withdrawals of funds from Volunteer bank accounts where the post does not have power of attorney over them
4. That the director of management and operations instruct the post staff to follow OFMH guidance for fuel purchases from travel advances.
5. That the director of management and operations conduct cash counts for all sub-cashiers in compliance with agency policy.
6. That the director of management and operations comply with the requirement that interim advances are cleared within 3 days.
7. That the country director and the director of management and operations work with the Offices of the Chief Financial Officer and the General Counsel to resolve the open grants and the amounts withheld from the prior grants coordinator.
8. That the director of management and operations implement procedures to track the purchase, dispensing, and balance of generator fuel.
9. That the director of management and operations ensure that all required PSC contractor documents are retained in the required folders.
10. That the director of management and operations ensure that staff obtain signed contractor's releases from vendors.
11. That the director of management and operations ensure that the access to financial systems complies with system guidelines.
12. That the chief financial officer configure financial systems to enforce segregation of duties.
13. That the Office of Health Services modify medical technical guidelines to provide reasonable assurance that the Peace Corps complies with all laws and customs of host countries when importing, prescribing, and dispensing medication.

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## APPENDIX A: OBJECTIVE, SCOPE, AND METHODOLOGY

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### *OBJECTIVES*

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We conducted this audit to determine whether the financial and administrative operations at Peace Corps/Ethiopia are functioning effectively and complying with Peace Corps policies and Federal regulations.

### *SCOPE*

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This audit was conducted between October 21 and November 8, 2019 in Addis Ababa, Ethiopia. The scope period under review was October 1, 2014, through November 8, 2019.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Throughout the audit, auditors were aware of the possibility or existence of fraud, waste, or misuse significant to the audit objectives and conducted procedures designed to obtain reasonable assurance of detecting any such fraud as deemed appropriate.

### *METHODOLOGY*

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To obtain background information, we reviewed Federal laws and regulations as well as policies relating to the Peace Corps' financial and administrative operations, such as the Federal Acquisition Regulations, Peace Corps Manual, Overseas Financial Management Handbook, and Department of State's Cashier User Guide. Further, we provided questionnaires to Peace Corps headquarters and post managers to learn about post specific processes and risk areas.

We obtained Peace Corps/Ethiopia's financial information from the disbursement and BOC reports for October 1, 2014, through June, 2019. We sorted the disbursement reports universe of 73,975 transactions and judgmentally selected samples by the following payment types:

- **Volunteer Allowances.** We selected a judgmental sample of 5 of 37,495 transactions to determine if the living allowances paid to Volunteers were consistent with the authorized amount. We analyzed final allowance calculations for 39 of the 477 Volunteers who concluded their service between January 2015 and July 2019. We reconciled collections for possible overpayments when Volunteers terminated their service early. We reviewed the terminated Volunteers report that included readjustment allowances collected and BOCs to determine if the collections were complete and accurate.
- **Personal Services Contractors.** We reviewed contracts for 6 of 64 long term contractors at the post during the audit period. We reviewed contracts to determine if the payment made on the disbursement report matched the contracts. In addition, we reviewed documentation related to the contract files. We also reviewed PSC security certifications for 72 PSCs.
- **Medical Supplies.** We reviewed 100 percent of the controlled (CS) and special designated (SD) inventory items. We reviewed quarterly medical logs for FYs 2018 and reviewed legal restrictions on amphetamines

## PEACE CORPS OFFICE OF INSPECTOR GENERAL

in Ethiopia. We sampled 5 disposal records. We reviewed 6 of 740 medical supply purchases along with accompanying receiving reports and the medical inventory records.

- **Fuel and Vehicles.** We selected a judgmental sample of 10 fueling transactions recorded in the vehicle management information system (VMIS), fuel card statements, and fuel logs and checked them against each other. We checked the validity of VMIS information for 10 vehicles at the post and conducted an analysis of fuel tank capacity.
- **Imprest.** We reviewed 6 months of cash reconciliations from February 2019 to July 2019. We also performed an unannounced physical cash count with the primary cashier and one sub-cashier, and interviewed the cashiers.
- **Property Management.** We performed a physical existence test for 13 out of 696 personal property items inventoried in the Sunflower inventory tracking system. We selected five records of auction for examination. We conducted additions testing by tracing three invoices from purchase records to the entries in the Sunflower records.
- **International Cooperative Administrative Support Services (ICASS).** We compared the FYs 2017, 2018, and 2019 ICASS invoices and budgets to the ICASS agreement to ensure that the agreement was in compliance with Peace Corps policy for allowable cost centers.
- **Lease Payments.** We reviewed the post's leases for one USDH residence, one regional office, and the main office. We compared lease payments with lease documents and reviewed lease files to ensure that they included the required information.
- **Grants.** We selected 17 of 180 grant projects and reviewed the disbursement report, project completion reports, and the project receipts.
- **Vouchers.** We sampled 64 transactions related to payroll, leases, medical, travel, trainings, conferences, maintenance, and general expenses. We judgmentally selected these transactions when they appeared to be unusual, exceeded \$10,000 USDE, or to verify support for various types of expenses at the post.

In addition, we reviewed the BOCs report that had a universe of 2,274 collections from October 1, 2014, to October 2, 2019. Our BOCs review consisted of the following:

- **Long Outstanding.** Based on the BOCs report, 8 outstanding collections over 30 days were identified. During field work, we interviewed staff about collection steps they had taken and reviewed the support.
- **VOIDS.** We reviewed 12 voided BOCs and the supporting documentation to determine if the voids were correctly voided and rebilled, if necessary.
- **General Testing.** We tested a sample of 22 transactions. Our sample was based on large USDE amounts, unusual transactions, sales, host country contributions, and travel expenses. We reviewed the supporting documentation to determine if the BOCs were accurately recorded, created in a timely manner, properly obligated, and adequately collected.

We reviewed the user access forms for the post's OdyWeb and FORPost systems to verify that the level of access authorized matched the level of access granted. We also verified the physical controls of the server room to determine how the post was safeguarding the electronic data.

### USE OF COMPUTER-PROCESSED DATA

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The Government Accountability Office's "Assessing the Reliability of Computer-Processed Data" defines reliability to mean that the data is reasonably complete, accurate, meets its intended purpose, and is not subject to inappropriate alteration.

During our audit, we relied on data extracted from the Peace Corps' financial system. We conducted limited accuracy testing of this data. During our sample testing, outlined in the methodology section above, we compared the financial system data to underlying source documentation to ensure consistency. We did not identify any discrepancies between the financial system data and the source documents reviewed. We did not test to ensure that the universe of data provided to us was complete.

However, our office uses independent auditors to annually audit the agency's financial statements. These auditors have determined that the financial statements were free from material misstatements and our auditors did not identify any material weaknesses in internal controls surrounding the financial statements. Therefore, in our professional judgement, we determined that the data was sufficiently reliable for the purposes of this report.

### ***REVIEW OF INTERNAL CONTROLS***

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Internal controls relate to management's plans, methods, and procedures used to meet their mission, goals, and objectives. We took steps to assess internal controls related to the Peace Corps' overseas financial and administrative operations. For example, we reviewed the Peace Corps' "Overseas Financial Management Handbook" and interviewed key individuals on roles and processes related to disbursements and collections. Further, we met with Peace Corps management overseas and at headquarters who were responsible for oversight of post operations. We noted any issues we identified during our fieldwork in the "Audit Results" section of this report. Our recommendations, if implemented, should improve the agency's overseas financial and administrative operations.



## APPENDIX B: LIST OF ACRONYMS

BOC	Bill of Collection
CD	Country Director
CO	Contracting Officer
COS	Close of Service
DMO	Director of Management and Operations
FA	Financial Assistant
MS	Peace Corps Manual Section
OFMH	Overseas Financial Management Handbook
GAP	Global Accounts Payable
OIG	Office of Inspector General
OHS	Office of Health Services
PCMO	Peace Corps Medical Officer
PSC	Personal Service Contractor
FSN	Foreign Service National
USDE	United States Dollar Equivalent
FY	Fiscal Year
USDH	United States Direct Hire
CUG	Cashier User Guide
TG	Technical Guidance
OCFO	Office of the Chief Financial Officer
ACM	Acquisitions and Contract Management
FAR	Federal Acquisition Regulation
VMIS	Vehicle Management Information System
GAO	Government Accountability Office
OMB	Office of Management and Budget
ICASS	International Cooperative Administrative Support Services

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## APPENDIX C: CRITERIA USED TO SUPPORT ISSUES IN THE REPORT

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### *FEDERAL REQUIREMENTS*

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#### FEDERAL ACQUISITION REGULATIONS

##### FAR 4.804-5 Procedures For Closing Out Contract Files

- (b) When the actions in paragraph (a) of this section have been verified, the contracting officer administering the contract must ensure that a contract completion statement, containing the following information, is prepared:

\* \* \* \* \*

- (7) Dollar amount of excess funds, if any.
- (8) Voucher number and date, if final payment has been made
- (9) Invoice number and date, if the final approved invoices has been forwarded to a disbursing office of another agency or activity and the status of the payment is unknown.
- (10) A statement that all required contract administration actions have been fully and satisfactorily accomplished.

#### U.S. STATE DEPARTMENT CASHIER USER GUIDE

##### 6.2.2.1 USDO and Other Agency (non-Consular)

Due to the inherent risk associated with the collection of funds and the additional responsibilities of the reconciliation process, the number of employees authorized to accept collections should be kept to a minimum.

All employees authorized to accept collections are considered accountable officers and are personally and financially liable for the collected funds in their custody. They must be officially advised of this responsibility. This liability remains in effect until the collection funds have been deposited and a valid deposit slip is issued. If the funds are being kept in lieu of requesting replenishment, the liability remains in effect until the collection is processed through the ACDC.013 and confirmed through the collection reconciliation process. The authorized are the following:

1. Principal cashiers and alternate cashiers

These individuals are automatically authorized to accept collections based on their position description

2. Sub-cashiers

These individuals can only accept collections when written authorization is provided by the FMO, MO or U.S. citizen cashier supervisor. When granted, the sub-cashier's authority to accept collections must be indicated in the sub-cashier's official letter or designation

***STANDARDS FOR INTERNAL CONTROL IN THE FEDERAL GOVERNMENT***

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THE GOVERNMENT ACCOUNTABILITY OFFICE (GAO)'S STANDARDS FOR  
INTERNAL CONTROL IN THE FEDERAL GOVERNMENT (GAO-14-704G)

10.01 Design Control Activities

Management should design control activities to achieve objectives and respond to risks.

Attributes

The following attributes contribute to the design, implementation, and operating effectiveness of this principle:

- Response to Objectives and Risks
- Design of Appropriate Types of Control Activities
- Design of Control Activities at Various Levels
- Segregation of Duties

10.03 Design of Appropriate Types of Control Activities

Management designs appropriate types of control activities for the entity's internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system. The common control activity categories listed in figure 6 are meant only to illustrate the range and variety of control activities that may be useful to management. The list is not all inclusive and may not include particular control activities that an entity may need.

Figure 6: Examples of Common Categories of Control Activities

- Top-level reviews of actual performance
- Reviews by management at the functional or activity level
- Management of human capital
- Controls over information processing
- Physical control over vulnerable assets
- Establishment and review of performance measures and indicators
- Segregation of duties
- Proper execution of transactions
- Accurate and timely recording of transactions
- Access restriction to and accountability for resources and records
- Appropriate documentation of transactions and internal control

11.01 Design Activities for the Information System

Management should design the entity's information system and related control activities to achieve objectives and respond to risks.

Attributes

The following attributes contribute to the design, implementation, and operating effectiveness of this principle:

- Design of the entity's information systems
- Design of Appropriate types of control activities
- Design of information technology infrastructure
- Design of security management
- Design of information technology acquisition, development, and maintenance

16.01 Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.

#### Attributes

The following attributes contribute to the design, implementation, and operating effectiveness of this principle:

- Establishment of a Baseline
- Internal Control System Monitoring
- Evaluation of Results

### ***PEACE CORPS REQUIREMENTS***

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## OVERSEAS FINANCIAL MANAGEMENT HANDBOOK (OFMH)

### OFMH 7.2.1 (2) Billing Steps

The Billing Officer performs the following tasks as soon as the debt is known, even if the exact amount isn't known\*:

\* \* \* \* \*

2. Save and print the BOC form from FOR Post.

- On the paper form, write the debtor's address, if appropriate.
- Attach a copy of any supporting documentation/letter to the BOC, if appropriate

\* \* \* \* \*

\* Note: For internal control reasons, BOCs are entered as soon as it is known that Peace Corps will be receiving funds, even if the exact amount is not known (for example, HCC or VAT). It is very important that this Bill be entered in FOR Post at the moment it is identified.

### OFMH 13.18.2 Interim Advances

Peace Corps Trainees, Volunteers, or staff may receive an interim advance to make a cash purchase when it is more economical or expeditious than making the payment by U. S. Government check or EFT. PSCs who receive Interim Advances are acting as Occasional Money Holders, see OFMH 13.18.3.

This interim cash advance must be supported by a copy of the authorized purchase document, and liquidated (accounted for) within three (3) working days. The recipient of the funds is personally accountable for the funds until they are accounted for (with receipts or funds are returned).

The cashier should liquidate the advances within three (3) working days after issuance by obtaining copies of original receipts or other confirmation of use from the individual(s) to whom the funds were advanced. Unused cash must be returned to the cashier, with the receipts documenting the purchase. The cashier will then mark the interim receipt "Void" and return it to the person who received the advance. The receipts and the authorized purchase document are processed as a regular cashier disbursement.

### **Liquidation of Interim Advances**

Cash advances, except travel advances, are "liquidated" when the individual who received the advance from the cashier returns one of the following to the cashier:

- The entire amount (originally advanced) in cash;
- The entire amount in valid receipts; or
- The entire amount as a combination of cash and receipts.

Interim advances, which are temporary advances, are advanced on Post's interim advance form. Advance forms are accountable documents and are part of the Cashier's accountability. The Cashier must safeguard interim advances as they document the status of the imprest fund.

It is the responsibility of the cashier to monitor the clearance of interim advances and to notify the Director of Management and Operations if advances are not cleared within 3 days for direct follow-up action.

### **OFMH 13 Exhibit C.9 Monthly Reconciliation of Funds**

At least once a month Sub-cashiers must provide the following to the Principal Class B cashier, even if there has been no activity:

- All sub vouchers (paid receipts) on hand, if any
- Sub-cashier Ledger of all activity, if any, since the last Reconciliation
- A signed Statement of Accountability form and back-up forms: Cash on Hand form, Interim Advances on Hand form, and Paid Receipts on Hand form.

The Principal Cashier will review, forward the receipt to the FA for entry, disburse the receipts, and make necessary arrangements for replenishing the Sub-cashier's advance

### **OFMH 13 Exhibit C.10 Verification of Sub-cashier Funds**

The Cashier Supervisor must ensure that unannounced verifications of the sub-cashier fund are conducted. Sub-cashier advances under \$1,000 USDE must be verified at least quarterly. Sub-cashier advances of \$1,000 USDE or more must be verified monthly.

The Cashier Supervisor may conduct the verifications or may designate another individual (or individuals) to do the verifications via a designation memo. The memo should be included in the sub-cashier folder, maintained in the Principal Cashier's office.

The designated person will review the Sub-cashier Ledger, paperwork, and cash using the template from the Cashier Users Guide (CUG), issued by the Department of State, "Unannounced Sub-cashier Verification Checklist and Supervisor Certification"

### **OFMH 57.3 Travel Advances (In-country)**

Travelers may receive a travel advance for per diem (lodging and M&IE) and other out-of-pocket expenses for authorized in-country travel. For in-country travel where the advance will be issued and cleared within 3 days, Post should issue an interim advance. For longer in-country travel, Posts should book an in-country travel advance.

An advance should be based on an individual trip or set of trips (if close together). For Posts that issue "time period" advances (for a group of trips over a period), the advance amount should be based on a current projected trip plan for the period, not an Op Plan estimate, and must not exceed 45 days.



## PEACE CORPS OFFICE OF INSPECTOR GENERAL

### Post

1. Review the current advances held to ensure that previous advances have been cleared. Only one advance should be outstanding at any one time, per type of travel, i.e., one for in-country and one for international, for each traveler.
2. Calculate up to 80% for U.S. staff (FP or PSC), or up to 100% for HCN staff, of the estimated amounts for per diem and miscellaneous expenses (based on projected out-of-pocket costs and cited on the TA) as the advance amount. Note: Drivers (or other staff) may also be advanced funds for fuel if authorized on the TA. When vouchering, fuel will be charged to the travel object class, along with the rest of the trip costs.

## PEACE CORPS MANUAL SECTION (MS)

### MS 626 7.0 Records Maintenance

A copy of the annual performance appraisal shall be given to the employee. The original of the performance appraisal shall be maintained by the supervisor in the employee performance file (EPF), along with supporting documents. Maintenance of these records in the EPF shall be consistent with the Office of Personnel Management (OPM) regulations for records management, the Privacy Act, and any other applicable regulations and instructions. Additionally, the annual performance appraisal shall be maintained in the employee's official personnel folder (OPF). Guidance on records management is available by contacting the agency's Records Management Officer.

### MS 743a 5.7 Contract File

The contract file shall include documentation and justification for selection of the personal services contractor and the basis of the stated compensation and benefits. This justification shall be recorded in the selection memo.

## PEACE CORPS SMALL GRANTS HANDBOOK

### Grant Closeout: (II) Post Review of Completion Reports, (A.) Verifying Budget and Receipts

Before the small grants coordinator closes a grant in PCGO, all purchases must be accounted for and staff must ensure that funds were spent in accordance with the approved budget. Each post may determine the process for this review to take place. However, ultimately, the DMO and financial team is responsible for certifying that PCVs have presented all receipts, entered all expenditures in PCGO and met financial requirements before signing the Completion Signature forms (downloaded from PCGO). Discrepancies must be resolved prior to the close of service date of the PCV. As post staff close PCV grants, they can reference the Completion Report Review Checklist.

## PEACE CORPS MEDICAL TECHNICAL GUIDANCE

### TG 240 Medical Supplies and Equipment

#### 20. INVENTORY MANAGEMENT AND CONTROL

It is recommended that all supplies in the medical office be part of a management and inventory system. MS 734 establishes Agency policy for medical inventory and management of supplies and equipment with specific requirements for controlled substances and specially designated items. Controlled substances and specially designated items must be included in inventory and management practices at all post medical offices, and all other material items may be included as well. In addition, controlled substances must be managed within local and U.S. laws and regulations.

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## APPENDIX D: AGENCY RESPONSE TO THE PRELIMINARY REPORT

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### MEMORANDUM

**To:** Kathy Buller, Inspector General

**Through:** Angela Kissel, Chief Compliance Officer *Angela Kissel*

**From:** Johnathan Miller, Regional Director, Africa Region *Johnathan S. Miller*  
Obie Shaw, Country Director, Peace Corps/Ethiopia

**Date:** July 31, 2020

**CC:** Michelle K. Brooks, Chief of Staff *Michelle K. Brooks*  
Matthew McKinney, Deputy Chief of Staff/White House Liaison  
Carl Sosebee, Senior Advisor to the Director  
Timothy Noelker, General Counsel  
Patrick Young, Associate Director, Office of Global Operations  
Richard Swartz, Chief Financial Officer  
Sonja Truehart-McKinney, Director, Acquisition and Contract Management  
Scott Knell, Chief Information Officer  
Clark Presnell, Acting Associate Director, Office of Management  
Adam Stalczyński, Chief Administrative Officer, Africa Operations  
Eva Piszczek, Director, Global Accounts Payable  
Traci DiMartini, Chief Human Capital Officer  
Karen Becker, Associate Director, Office of Health Services  
Karen Roberts, Director, Office of Gifts and Grants Management  
Anna Hickman, Director of Management and Operations, Peace Corps/Ethiopia  
Joaquin Ferrao, Deputy Inspector General  
Jerry Black, AIG/ Evaluation  
Carol Spahn, Chief of Operations  
Kevin Fleming, Chief of Operations, Africa Operations  
J.J. DiBella, Chief of Programming and Training, Africa

**Subject:** Agency Response to the Preliminary Report on the Audit of Peace Corps/Ethiopia  
(Project No. 19-AUD-08)

Enclosed please find the agency's response to the recommendations made by the Inspector General for Peace Corps/Ethiopia as outlined in the Preliminary Report on the Audit of Peace Corps/Ethiopia (Project No. 19-AUD-08) given to the agency on June 16, 2020.

**Recommendation 1**

**That the director of management and operations ensure that staff issues accurate and timely bills of collection for balances due from departing Volunteers in compliance with the bills of collection policies.**

**Concur**

**Response:** Historically, volunteers have opened bank accounts in the regions/close to their sites. It is not uncommon for the volunteers to close their bank accounts (and obtain a stamped/signed attestation from the bank that the account has been closed) but for either the regional banks to fail to convey this information to the Addis branches in a timely manner or for the Addis branches to not receive or process the information. As a result, while a departing Volunteer may have closed their bank accounts mid-month, the next month's VICA may end up being deposited in to their accounts after the PCV has left. The reason for this is that the VICA deposits are first transferred in to the Addis USDO account. For Volunteers with an account with the same bank (but different location) as the USDO bank (Bank of Abyssinia), the USDO bank electronically transfers the funds to the respective branch the day the funds hit the USDO account. But for the Volunteers with an account at the non-USDO bank (Commercial Bank of Ethiopia), the funds are physically withdrawn from the USDO account, by our bank representative, and taken to CBE where deposit slips are prepared and deposits are made for each of the PCVs. The overall low level of automation presents challenges to Post having confidence that a deposit will be rejected for the accounts PCVs have closed at site.

In an effort to better monitor the timing of the Volunteers departure vs. the VICA deposit cycle, Post has codified its final settlement worksheet to include three items (confirmation of closed account, VICA submission date, notice to HQ) which the preparer must complete before submitting to DMO for approval. Post may add a fourth bullet point indicating the expected deposit date of the next VICA #2 deposit so we can further improve our monitoring of the possibility that a deposit will be made after the PCV has departed.

Additionally, Post has opted to stop payroll in VICA for the duration of a Volunteers medevac. The DMO has been notifying the VICA coordinator to stop Payroll as soon as the medevac is known. However, further improvements can be made to this process to include monthly Outlook calendar reminders for each given medevac so that the VICA coordinator checks with the DMO if a PCV is still on medevac. Post has drafted an SOP for the cumulative procedures and includes it with this response.

**Documents Submitted:**

- Final Settlement template
- SOP for final settlements.

**Status and Timeline for Completion:** Completed, July 2020

**Recommendation 2**

**That the director of management and operations implement a procedure to manage the withdrawal of funds from Volunteer bank accounts, including tracking of funds withdrawn and compliance with the agency's policies for bills of collection and imprest funds.**

**Concur**

**Response:** Post has long struggled with closing out the bank accounts and settling the accounting of departed PCVs (those PCVs who may have been separated after medical evacuations or emergency leave). Post has drafted an SOP for how to withdraw funds using a Volunteer's ATM card. The draft SOP was submitted to CFO's office April 14, 2020.

A new SOP which Post has *drafted* directs all trainees to open a primary account at the Addis branch of either Bank of Abyssinia or Commercial Bank of Ethiopia. The accounts would be opened during PST prior to site visit, so that a) the M&O team can facilitate the account openings by calling upon our representatives from both banks to assist with the account openings in person and b) the accounts are established in time for their first VICA payment as PCVs. Historically, the accounts have been opened during site visit and the timing has been such that the account numbers are known *after* the VICA submission deadline resulting in checks being issued. We would also require all Volunteers to obtain an ATM card and by having the bank reps and M&O staff present for the account set-up, we can ensure that each trainee has applied for an ATM card. The ultimate rationale for having accounts set up in Addis is that the Volunteers can close their accounts during their last days in country as they'll already be in Addis and the rationale for the ATM cards is that we would require the Volunteers to leave their ATM cards in a sealed envelope at the time of departure in the event that funds are deposited to their accounts after their departure (because the account really hadn't been closed).

**Documents Submitted:**

- Bank Account Closure SOP
- Email to CFO with Bank Account Closure SOP
- Email to PC/E Accounting and Cashiering staff with Bank Account Closure SOP
- Implementation for former Volunteers
- Draft SOP for PCT/V Bank accounts

**Status and Timeline for Completion:** June 2021

**Recommendation 3**

**That the Office of the Chief Financial Officer issue guidance to manage withdrawals of funds from Volunteer bank accounts where the post does not have power of attorney over them.**

**Concur**

**Response:** The Office of the Chief Financial Officer will issue guidance to manage withdrawals of funds from Volunteer bank accounts where the post does not have power of attorney over them.

**Documents to be Submitted:**

- Updated guidance to post on bank withdrawals without power of attorney privileges

**Status and Timeline for Completion:** January 2021

**Recommendation 4**

**That the director of management and operations instruct the post staff to follow OFMH guidance for fuel purchases from travel advances.**

**Concur**

**Response:** Post had historically included estimated fuel costs in the drivers' travel advance requests due, in part, to the limited number of Total gas stations across the country which could accept the fuel cards. Post had not recorded the fuel purchases as part of the travel advance clearance's "travel expense" as it believed/believes that it critical to know how much fuel is purchased each year and ForPost does not have a mechanism to include multiple object classes within the Travel Advance Clearance module.

In order to more faithfully follow OFMH 57.3 while also finding a mechanism to accurately track fuel purchases over the course of the year, Post will implement the policy that each PC vehicle have an assigned Total fuel card and that the drivers' travel advances and clearances be comprised solely of lodging, M&IE, ground transportation, and miscellaneous vehicle repair/maintenance costs.

**Documents to be Submitted:**

- Blank application documents for Total fuel cards
- *Draft* SOP for fuel purchases
- Email to staff about new SOP

**Status and Timeline for Completion:** November 2020



**Recommendation 5**

**That the director of management and operations conduct cash counts for all sub-cashiers in compliance with agency policy.**

**Concur**

**Response:** Post intends to implement a schedule of cash counts to be performed by DMO, CD, and/or DPT for the regional offices. However, due to COVID-19, in-country travel is restricted and Post will not be able to implement the schedule until the pandemic has passed.

At present, only three of the Addis-based sub-cashiers take advances (all less than \$900) and Post will conduct unannounced cash counts at least once for each of these sub-cashiers by September 30, 2020.

Post is also working to mitigate both the unannounced sub-cashier cash-count non-compliance and the risk to the regional sub-cashier by opening bank account for each of the regions. The rationale for this is to: a) stop the practice of the regional sub-cashiers taking their monthly advances in person/in-cash during their monthly trips to the Addis office. This practice puts them and the cash at risk as each of the sub-cashiers travels to Addis by plane and there's always a risk that the money will be stolen; and b) to reduce the regional sub-cashiers' accountability to less than \$1,000 thereby making the unannounced cash-counts necessary on a quarterly rather than monthly basis further facilitating Post's ability to complete the required counts.

**Documents to be Submitted:**

- Email from DMO to CD of proposed schedule of cash counts which will be performed by DMO, CD , and/or a specially designated " Sub-cashier Verification Officer" for regional offices by December 31, 2020 and quarterly plan thereafter;
- Copy of request submitted to HQ to establish regional bank accounts for the sub-cashiers.
- Proof of Addis-based sub-cashier cash counts

**Status and Timeline for Completion:** December 2020

**Recommendation 6**

**That the director of management and operations comply with the requirement that interim advances are cleared within 3 days.**

**Concur**

**Response:** Historically, the largest number of outstanding interim advances were those made to programmers who needed funds for up-country training events where they would pay the participants' per diem.

As a result, the DMO asked that at least one programming staff member per sector take the sub-cashiering exam/take on sub-cashiering responsibilities. The DMO also requested that the general services staff and medical assistant take the sub-cashiering exam – all to reduce the number of outstanding interim advances. In FY19 Post had six sub-cashiers but in FY20 Post has 15 sub-cashiers; currently seven of the sub-cashiers are from the P&T team, one from medical, three from general services, one from accounting, and three from our regional offices. During the unannounced cash-counts from October 2019 through July 2020, there were four months where there were interim advances which were not cleared within 3-days and six months where they were cleared within 3 days. PC/Ethiopia will continue to monitor this issue.

**Documents to be Submitted:**

- Approved list of sub-cashiers
- Email reminder to all staff that interim advances must be cleared within 3 days
- Monthly Cashier Verification Checklists Oct - July

**Status and Timeline for Completion:** Completed, July 2020

**Recommendation 7**

**That the country director and the director of management and operations work with the Offices of the Chief Financial Officer and the General Counsel to resolve the open grants and the amounts withheld from the prior grants coordinator.**

**Concur**

**Response:** Post will work with CFO and GC to determine the optimal approach to resolving this issue given that the unused grant funds (24,904 ETB) is less than the unused annual leave payout (43,825.64 ETB)

**Documents Submitted:**

- Emails with OCFO and OGC to resolve the issue

**Status and Timeline for Completion:** September 2020

**Recommendation 8**

**That the director of management and operations implement procedures to track the purchase, dispensing, and balance of generator fuel.**

**Concur**

**Response:** As noted in the OIG initial findings, Post has historically used a general purpose Total fuel card to purchase the generator fuel for the Addis Ababa generators, both at the USDH residences and the office. While Post retained the receipts for these purchases, we did not have a tracking system in place to monitor the fuel purchase and consumption.

In order to better track and monitor the purchase, dispensing, and balance of generator fuel, Post will 1) acquire a Total fuel card dedicated solely to the purchase of generator fuel; 2) maintain a physical log of the fuel purchases and distribution; and 3) submit the log and receipts to the GSM the first week of each month for review of the prior month's purchases and distribution. The GSM will forward the log to the DMO for review and signature and the log will be kept on file by the Fleet Manager.

**Documents to be Submitted:**

- Generator fuel tracking log
- Email to general services
- Blank application documents for Total fuel cards

**Status and Timeline for Completion:** September 2020

**Recommendation 9**

**That the director of management and operations ensure that all required PSC contractor documents are retained in the required folders.**

**Concur**

**Response:** Post has created a single file for each of our permanent PSCs which will include the recruitment/hire files as well as the contracts for the duration of their employment and the supporting performance review documents. These steps are in compliance with the most current version of the PSC Checklist found on the OACM intranet page.

**Documents Submitted:**

- Emails with instructions on reviewing PSC files and accurately using the checklist
- Completed PSC Checklist

**Status and Timeline for Completion:** Completed, July 2020

**Recommendation 10**

**That the director of management and operations ensure that staff obtain signed contractor's releases from vendors.**

**Concur**

**Response:** Post has developed a simple standard operating procedure for contractor release forms which outlines the steps to be taken to first monitor which release forms are outstanding – modifying a tracker already in use - and then the preferred order of operations for obtaining signed contractor release forms.

To ensure that Post's files are as complete as possible, staff has reviewed all contracts which concluded from November 2019 through March 2020. The Accounting team has contacted each vendor whose payment has been processed but who hasn't yet submitted their signed contractor release form.

**Documents to be Submitted:**

- FY20 Contract Tracker
- FY21 Contract Tracker
- *SOP for obtaining contractor release in the event of no email or fax capacity*

**Status and Timeline for Completion:** August 2020

**Recommendation 11**

**That the director of management and operations ensure that the access to financial systems complies with system guidelines.**

**Concur**

**Response:** Post concurs and has edited the users' roles and responsibilities to comply with system guidelines.

**Documents to be Submitted:**

- ForPost Active Users' Report/April 2020
- Odyweb Active User Permissions/April 2020

**Status and Timeline for Completion:** Completed, July 2020

**Recommendation 12**

**That the chief financial officer configure financial systems to enforce segregation of duties.**

Concur

**Response:** The Office of the Chief Financial Officer will configure financial systems to enforce segregation of duties.

**Documents Submitted:**

- Screenshots of FORPost to illustrate updates to the system
- Screenshots of OdyWeb to illustrate updates to the system

**Status and Timeline for Completion:** August 2020

**Recommendation 13**

**That the Office of Health Services modify medical technical guidelines to provide reasonable assurance that the Peace Corps complies with all laws and customs of host countries when importing, prescribing, and dispensing medication.**

Concur

**Response:** The Office of Health Services has updated guidance to posts concerning the need to comply with all laws and customs of host countries when importing, prescribing, and dispensing medication.

**Documents to be Submitted:**

- Updated TG 240
- Controlled Substance Medication Survey results and guidance

**Status and Timeline for Completion:** Completed, July 2020

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## APPENDIX E: OIG COMMENTS

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Management concurred with all 13 recommendations. In its response, management described actions it is taking or intends to take to address the issues that prompted each of our recommendations. We closed six recommendations (numbers 1, 6, 9, 10, 11, and 13) based on evidence of corrective actions that address the recommendations. The other seven recommendations remain open pending a copy of documentation listed in the agency's response.

We wish to note that in closing recommendations, we are not certifying that the Region or post has 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.

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## APPENDIX F: AUDIT COMPLETION AND OIG CONTACT

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### AUDIT COMPLETION

This audit was conducted under the direction of Assistant Inspector General for Audit Judy Leonhardt by Lead Auditor Hal Nanavati and Program Analyst A'Daris McNeese. Additional contributions were made by Program Analyst Dan Pitts.



### OIG CONTACT

If you wish to comment on the quality or usefulness of this report to help us strengthen our product, please contact Assistant Inspector General for Audit Judy Leonhardt at [jleonhardt@peacecorpsoig.gov](mailto:jleonhardt@peacecorpsoig.gov) or 202.692.2914.



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