



Office of Inspector General

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To: Carol Spahn, Chief Executive Officer
Dave Noble, Chief of Staff
Andrew Pierce, Acting Chief Financial Officer

From: Joaquin Ferrao, Acting Inspector General

Date: May 11, 2022

Subject: Final Special Report: Review of the Peace Corps' Compliance with the Payment Integrity Information Act for FY 2021 (IG-22-05-SR)

The *Payment Integrity Information Act of 2019* (PIIA) (Public Law 116-177) requires the Office of Inspector General (OIG) to annually review the agency's improper payment and payment reporting made in the annual Performance and Accountability Report (PAR) or Agency Financial Report (AFR) to determine compliance.¹

Results

Our review determined that the Peace Corps did not fully comply with PIIA for FY 2021. The agency did not provide payment integrity information through Office of Management and Budget's (OMB) FY 2021 Annual Data Call. However, as required, the agency published improper payment information in the AFR for FY 2021; posted that report on the agency website; and performed a risk assessment to assess improper payment risk to their program.

PIIA Compliance Requirements	Did the Agency Comply?
Published an AFR or PAR	Yes
Provided payment integrity information to OMB through the Annual Data Call.	No
Conducted a risk assessment	Yes
Published improper payment estimates	Not Applicable
Published programmatic corrective actions plans	Not Applicable
Published, and is meeting, annual reduction targets	Not Applicable
Reported a gross improper payment rate of less than 10 percent	Not Applicable

Based on the results of our review, OIG concluded that it is unlikely that the Peace Corps reached the significant improper or unknown payment threshold.² We noted, the dollar values of the individual payments are considerably lower than the significant improper payment threshold

¹ Further guidance on requirements for compliance with PIIA is included in Office of Management and Budget's Circular M-21-19 Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement.

² Significant improper payments are defined as annual improper payments and unknown payments (i.e., the sum of monetary loss improper payments, non-monetary loss improper payments, and unknown payments) in the program exceeding (1) both 1.5 percent of program outlays and \$10,000,000 of all program or activity payments made during the fiscal year reported or (2) \$100,000,000 (regardless of the improper payment percentage of total program outlays).

amounts. Furthermore, we did not identify any significant improper payments that met or exceeded the PIIA-established threshold during our FY 2021 audits, the independent public accountant's audit of the agency's FY 2021 financial statements, or other sources of audit or review during the fiscal year.

Published an AFR or PAR

The Peace Corps published their FY 2021 AFR on the linked [public website](#). This report included the required information about payments made.

OMB Data Call

OMB guidance requires that all agencies submit data related to the status of their improper payment risk assessments, their identification and recovery of overpayments, and other applicable agency-wide reporting requirements.³

During our review, we determined that the Peace Corps did not provide the required data through OMB's FY 2021 Annual Data Call, and therefore, the agency's payment integrity information was not published on paymentaccuracy.gov.

The agency did not comply with this requirement because the Office of the Chief Financial Officer (OCFO) misinterpreted the OMB reporting requirements. Specifically, the agency submitted its risk assessment but did not respond to OMB's FY 2021 Annual Data Call.

After OIG notified the agency of the failed compliance, OCFO updated its improper payment tracking standard operating procedures to better document PIIA reporting requirements and deadlines.

Due to this identified non-compliance, the agency must follow the guidance outlined in OMB Circular M-21-19, Section VI.D, to report milestones and the accountability steps the agency will take to remediate this issue and ensure future compliance is met.

We recommend:

- 1. That the Chief Financial Officer follow the guidance outlined in OMB Circular M-21-19, Section VI.D, "Agency Responsibility When a Program is Non-Compliant" to report the OIG's finding of non-compliance with FY21 PIIA requirements.**

Conducted a Risk Assessment

The agency's Risk Assessment template for FY 2021 included all types of payments made to third party vendors, including purchase and travel card payments, salary to U.S. and overseas employees, and allowance payments to Volunteers. When conducting improper payment risk assessments, the agency considered risk factors that are likely to contribute to a susceptibility of significant improper payments, such as:

- overall complexity of activity in determining payment amount and volume of payments
- recent major changes in current program funding or authorities and new program or activity
- level of experience of certifying officers

³ OMB M-21-19 Section VII. Reporting Requirements.

OIG agrees that the Peace Corps' methodology for reviewing and analyzing improper payments and its reporting in the FY 2021 AFR is consistent with the requirements set out in PIIA and OMB Circular A-123, Appendix C, and is appropriate based on assessed risk, the dollar amount of payments made, and number of related transactions.

However, we noted that one of the disbursements groups, Travel Card payments, did not implement a comprehensive monitoring and tracking process to identify and record any improper payments, dollar values of the errors, and corrective actions taken.

We reviewed total Travel Card disbursements and concluded that this issue did not warrant holding the agency as "non-compliant" with the PIIA risk assessment requirement for FY 2021. The total amount of Travel Card disbursements was approximately \$805,000 of total third-party disbursements. Hence for FY 2021, it is unlikely that the total improper or unknown payments for the agency would exceed the significant improper or unknown payment threshold⁴ due to improper Travel Card disbursements. However, Travel Card disbursements can be expected to grow exponentially as the agency returns to normal operations, requiring the need for a comprehensive monitoring and tracking system as the agency moves forward.

We recommend:

- 2. That the Associate Director of Management implement a process for recording, monitoring, and tracking all improper payments; including the dollar values of any errors identified and corrective actions taken, for all Travel Card payments.**

Conclusion

OIG concluded that the agency did not fully comply with the PIIA under OMB circular M-21-19. OCFO misinterpreted OMB's reporting requirements and did not provide payment integrity information through the FY 2021 OMB Annual Data Call. As a result, this information was not published on paymentaccuracy.gov.

The agency complied with the other applicable PIIA requirements, by publishing an AFR and conducting a risk assessment. Based on the results of the work performed, OIG determined that it is unlikely that the total improper or unknown payments reached the significant improper or unknown payment threshold.

cc: Kristin Wells, General Counsel
Carl Sosebee, Senior Advisor to the Director
Francisco Reinoso, Associate Director, Office of Management
Clark Presnell, Deputy Director, Office of Management
Juan Garcia, Chief, Administrative Services
Joey O'Farrell, Chief, Transportation Division
Mia Dye, Program Manager, Office of the Chief Financial Officer
Eva Piszczek, Director, Global Accounts Payable

⁴ Significant improper payments are defined as annual improper payments and unknown payments (i.e., the sum of monetary loss improper payments, non-monetary loss improper payments, and unknown payments) in the program exceeding (1) both 1.5 percent of program outlays and \$10,000,000 of all program or activity payments made during the fiscal year reported or (2) \$100,000,000 (regardless of the improper payment percentage of total program outlays).

Emily Haimowitz, Chief Compliance Officer

APPENDIX A: AGENCY RESPONSE TO THE PRELIMINARY REPORT



Memorandum

To: Joaquin Ferrao, Acting Inspector General

Through: Emily Haimowitz, Chief Compliance Officer

From: Andrew Pierce, Acting Chief Financial Officer

Francisco Reinoso, Associate Director, Office of Management

Date: May 6, 2022

CC: Carol Spahn, Chief Executive Officer
Dave Noble, Chief of Staff
Kristin Wells, General Counsel
Carl Sosebee, Senior Advisor to the Director
Clark Presnell, Deputy Director, Office of Management
Juan Garcia, Jr., Chief, Administrative Services, Office of Management
Joseph O'Farrell, Chief, Transportation Division, Office of Management
Mia Dye, Program Manager, Office of the Chief Financial Officer
Eva Piszczek, Director, Global Accounts Payable, Office of the Chief Financial Officer
Colin M. Jones, Advisor to the Chief Compliance Officer

Subject: Agency Response to the Preliminary Special Report: Review of the Peace Corps' Compliance with the Payment Integrity Information Act for FY 2021 (22-AUD-01)

EMILY
HAIMOWITZ

Digitally signed by EMILY
HAIMOWITZ
Date: 2022.05.06 14:05:18 -0400

Signature

Signature

FRANCISCO
REINOSO

Digitally signed by FRANCISCO REINOSO
Date: 2022.05.06 11:45:24 -0400

Signature

Thank you for the opportunity to respond to this preliminary report from the Office of Inspector General. Enclosed please find the agency's response to the recommendations made by the Inspector General as outlined in the OIG's Preliminary Special Report on the Review of the Peace Corps' Compliance with the Payment Integrity Information Act for FY 2021 (22-AUD-01) sent to the agency on April 22, 2022.

Recommendation 1

That the Chief Financial Officer follow the guidance outlined in OMB Circular M-21-19, Section VI.D, “Agency Responsibility When a Program is Non-Compliant” to report the OIG’s finding of non-compliance with FY21 PIIA requirements.

Concur

Response: The Office of the Chief Financial Officer (OCFO) will follow the guidance outlined in OMB Circular M-21-19, Section VI.D, “Agency Responsibility When a Program is Non-Compliant” to report the non-compliance with FY21 PIIA requirements determined by OIG in the submission for the FY22 OMB Annual Data Call, including development of a plan to comply with the memo.

Documents to be Submitted:

- Response to FY21 Annual Data Call submitted to OMB
- Agency plan for PIIA compliance submitted to OMB
- Response to FY22 Annual Data Call submitted to OMB

Status and Timeline for Completion: December 2022

Recommendation 2

That the Associate Director of Management implement a process for recording, monitoring, and tracking all improper payments; including the dollar values of any errors identified and corrective actions taken, for all Travel Card payments.

Concur

Response: The Office of Management (OM) will update the existing process that is currently used to record, monitor, and track all improper payments for the Travel Card Program. Since 2013, the Peace Corps has conducted monthly audits on Travel Card charges in accordance with internal guidance from the OM’s Travel and Transportation Division. Going forward the Transportation Division will catalog improper, questionable, or erroneous Travel Card Program charges, along with documenting any corrective actions taken (e.g., individual guidance, collections, punitive actions). All information will be consolidated into a searchable database.

Documents Submitted:

- Travel and Transportation Division internal SOP on recording, monitoring, and tracking improper Travel Card Program payments
- Catalog identifying improper, questionable, or erroneous Travel Card charges, including corrective actions taken.

Status and Timeline for Completion: December 2022

APPENDIX B: OIG COMMENTS

Management concurred with both recommendations. In its response, management described actions it has taken or intends to take to address the issues that prompted each recommendation. These recommendations will 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, 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.