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To: Carol Spahn, Chief Executive Officer
Andrew Pierce, Chief Financial Officer
Emily Haimowitz, Chief Compliance Officer

From: Kathy A. Buller, Inspector General 

Date: November 23, 2021

Subject: Final Report on the Peace Corps' Compliance with CARES Act
Supplemental Funding Requirements (IG-22-02-A)

Transmitted for your information is our final report on the Peace Corps' Compliance with CARES Act Supplemental Funding Requirements (IG-22-02-A).

The report did not contain any recommendations, and management concurred with the findings of the audit.

You may address questions regarding follow-up or documentation to Assistant Inspector General for Audit Judy Leonhardt at 202.692.2914 or Auditor A'Daris McNeese at 202.692.2902.

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

cc: David Noble, Chief of Staff
Carl Sosebee, Senior Advisor to the Director
Kristin Wells, General Counsel
Eva Piszczek, Director, Global Accounts Payable
Colin Jones, Compliance Officer



Peace Corps Office of

INSPECTOR GENERAL

Final Audit Report

The Peace Corps'
Compliance with CARES Act
Supplemental Funding
Requirements

IG-22-02-A

November 2021

EXECUTIVE SUMMARY

The Peace Corps responded to the Coronavirus Disease 2019 (COVID-19) pandemic by suspending all Volunteer activities and evacuating approximately 7,000 Volunteers and Trainees from 60 countries of service. The fiscal and programmatic impact of the COVID-19 pandemic on Peace Corps operations is substantial. For the first time since its establishment in 1961, the Peace Corps is without a single overseas Volunteer.

The CARES Act allotted the Peace Corps \$88 million in supplemental funding to respond to COVID-19 available through September 30, 2022. Additionally, the Office of Management and Budget (OMB) issued subsequent implementing guidance for the law.

The objective of this compliance audit was to assess Peace Corps' internal controls over the budget, obligation, and disbursement of CARES Act funds including reimbursements for expenses incurred prior to the enactment of this act on March 27, 2020. Our work included assessing internal controls, interviewing agency officials, and reviewing financial processes and supporting documentation.

Based on our review, we concluded that the Peace Corps complied with the provisions of the CARES Act, OMB implementing guidance, and other relevant policies.

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BACKGROUND

The purpose of this report is to communicate the results of the Office of Inspector General's (OIG) review of the Peace Corps' compliance under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136). The CARES Act does not mandate that the Peace Corps OIG conduct a review of the Peace Corps' compliance in the execution of funds. However, as the Peace Corps carried out activities covered by the CARES Act with urgency, including use of emergency contracting authority, we performed this review to verify that the agency complied with relevant federal laws and regulations.

The CARES Act allotted the Peace Corps \$88 million in supplemental funding available through September 30, 2022. The objective of this compliance audit is to assess Peace Corps internal controls over the budget, obligations, reporting, and disbursements of CARES Act funds. This includes reimbursements for expenses incurred prior to the enactment of this act on March 27, 2020. The agency's funding plan included funds for:

- evacuating Peace Corps Volunteers and USDH employees worldwide;
- providing support measures to Volunteers and USDHs after evacuation;
- providing supplies and services required to mitigate COVID-19 infection at Peace Corps Headquarters and posts worldwide; and
- evaluating and returning to posts as is feasible.

The breakdown of funding plan categories and obligations through November 31, 2020, are below.

CARES Act Budget, November 2020

Spend Categories	Revised Budget	Obligations as of 11/30/20
Evacuation Allowances	\$23,050,000	\$22,966,000
Quarantine Allowances	\$1,660,000	\$1,653,000
Volunteer Wellness Stipend	\$10,410,000	\$10,407,000
Volunteer Medical Coverage	\$3,190,000	\$3,135,000
Charter Flights	\$11,400,000	\$11,376,000
Commercial Flights	\$8,150,000	\$7,427,000
Evacuation Travel	\$11,000,000	\$10,448,000
Post Ancillary Costs	\$900,000	\$733,000
Restart Costs	\$18,240,000	\$689,000
Unanticipated FECA/ICASS Costs	\$0	\$0
Grand Total	\$88,000,000	\$68,834,000

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We performed this audit in a telework environment. The scope of our audit was Peace Corps COVID CARES Act expenditures from January 2020 through November 2020.

We conducted this performance audit in accordance with the Generally Accepted Government Auditing Standards, 2018 revision. 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 objective. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objective.

During the planning phase, we assessed internal controls relevant to our audit objective. We conducted interviews and reviewed documents to assess risks pertaining to the administration of CARES Act funds. Our sample testing included procedures to determine if the internal controls were operating effectively.

In addition, we interviewed agency officials within the Office of the Chief Financial Officer (OCFO) responsible for the administration and management of CARES Act compliance, processing, and monitoring. Specifically, we obtained information about CARES Act related to financial internal controls, budgeting, contracting, and disbursements including allowances paid to Volunteers and U.S. direct hires (USDHs) overseas staff.

AUDIT RESULTS

Our review included assessing internal controls; budget reports and processes; payment of allowances to Volunteers and USDHs; travel expenses; and contract execution. We also verified that the agency reported expenditures and contracts as required. We confirmed that the agency applied relevant provisions of the CARES Act, OMB 20-21 Implementing Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019, and other applicable guidance as detailed below.

BUDGET

The CARES Act allows funds provided to be used to reimburse accounts for obligations incurred to prevent, prepare for, and respond to the COVID-19 outbreak prior to the enactment of the bill.

As required by the CARES Act,¹ the Peace Corps submitted a funding plan to the Pandemic Response Accountability Committee (PRAC) that describes how they will use “covered funds.”

CARES Act funding became available to the agency on April 7, 2020; however, the agency evacuated most Volunteers and staff before that date. The agency created a supplemental fund to track all CARES Act related expenses and developed a procedure for post and headquarters staff to record related transactions using a designated code. The OCFO then reclassified the charges into the supplemental fund. The budget office is responsible for approving posts’ request for funding, tracking spending, and reclassifying qualified expenses to the CARES Act supplemental fund.

We requested documentation to identify and evaluate Peace Corps COVID-19 expenditures processes. During our sample testing we verified that only the transactions pertaining to coronavirus response activities outlined in the funding plan were reclassified into the supplemental fund. We confirmed that the summary report submitted to PRAC at the end of November 2020 matched with the detailed transaction report provided to us. We did not identify any exceptions.

¹ Section 15011(b)(1)(B)

PAYMENTS

The CARES Act requires that funds be spent for coronavirus response and related activities. During our testing of payments, we verified that disbursements complied with applicable federal guidance and existing Peace Corps policies, for example, OMB Memo 20-21 and emergency contracting guidance, respectively.

Based on the results of our interviews and risk assessment, we selected a sample of transactions representing the categories of the spending plan and reviewed supporting documentation to determine compliance with CARES Act requirements.

We identified four exceptions that we concluded did not significantly impact compliance with the CARES Act or agency policies, and therefore, were not included in this report. We also identified four additional exceptions consisting of incomplete travel authorizations (TAs). Per agency officials, due to the need for expediency, the Chief of Travel and Transportation verbally approved necessary travel, and staff submitted TAs and supporting documents for finalization at a later date. The process to reconcile and collect all details of outstanding TAs was ongoing at the time of our fieldwork because of the complex nature of the evacuation, resulting in the exceptions identified in our sample. We cleared these four exceptions because this process complied with Peace Corps emergency travel policy² and assigned authorities.³

VOLUNTEER & TRAINEE ALLOWANCES

Manual Section 221 allows payment of evacuation allowance to Volunteers and Trainees whose service is ended due to an evacuation of a post. The Peace Corps disbursed several types of allowances to Volunteers and Trainees: evacuation allowance, a wellness stipend, and quarantine allowance.

During our sample testing, we verified that only eligible Volunteers were paid the correct evacuation allowance based on their oath dates and close of service dates. We did not detect any exceptions.

U.S. DIRECT HIRES ALLOWANCES

Department of State Standardized Regulation 630 SPECIAL ALLOWANCES, states “To help offset direct added expenses which are incurred by the evacuee as a result of an evacuation order, special allowances are provided for certain travel, subsistence, and special education expenses.” The State Department issued an update to this guidance in March 2020 to simplify the methodology for calculating Subsistence Expense Allowance (SEA) payments for U.S. Government civilian employees and qualified family members authorized through the global departure. The purpose was to help to expedite payment to an unprecedented number of evacuees and to help offset direct added expenses which are incurred by the evacuee. Per the updated

² MS 812.29.0 (c) Peace Corps Staff Travel and Transportation Procedures

³ MS 114 Delegation of Authority

guidance, agencies used a flat lodging rate and per diem rates which decreased after 60 days instead of 30 days.

We obtained a list of SEA payments made to USDH staff and selected a sample of 5 USDH employees to verify that the SEA calculations were correct. Per agency documentation, the SEA payments amounted to approximately \$4.1 million. We judgmentally selected two USDH staff to verify that they did not receive overlapping payments (i.e., they did not receive payment for the same time period more than once). We did not detect any exceptions.

PURCHASE CARD

OMB memo M-20-21 requires agencies to identify relevant transactions in their servicing bank's Electronic Access System during the reconciliation process by adding "COVID" as the identifier for transactions. Per instructions from Citibank, agencies were to add "COVID" in the Transaction Detail Description (TDD) field in the Citibank EAS. Per Citibank, the TDD field is not editable once the statements were closed and would not allow the agencies make further edits.

We reviewed 5 purchase card transactions and noted that the agency did not include a COVID identifier in 3 transactions. Per agency officials, this oversight occurred during a period when staff were receiving a very high volume of emails in a telework setting. To address this oversight, in FY 2021 OCFO modified its practices for communicating guidance and now issues time-bound, program-wide guidance in a Chief Financial Officer (CFO) bulletin while permanent changes are issued in Handbook updates. The agency plans to disseminate a reminder of this guidance in a CFO bulletin.

Because the Citibank system did not allow modifications, as described above, the agency could not add the COVID identifier in the TTD field for these exceptions. However, as the agency has updated their implementation and communication procedures for purchase and travel card guidance, we did not include a recommendation.

CONTRACTING

Per OMB guidance, agencies must report "large covered funds" for coronavirus response spending activity; and per guidance on the PRAC website, the authoritative source for reporting such data is USAspending.gov. This website includes a financial reporting mechanism for Federal agencies. Agencies report financial data to USAspending.gov and then the PRAC's website, pandemicoversight.gov, imports that data through an application programming interface.⁴

To verify compliance with these requirements, we obtained a list of CARES Act contracts and noted only two contracts qualifying as large covered funds. Only one of these contracts was issued to a non-Federal entity and required reporting. We reviewed other transactions over

⁴ An application programming interface is a connection between computers or between computer programs. It is a type of software interface, offering a service to other pieces of software.

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\$150,000 to determine if the agency reported all necessary spending. These transactions were for chartered flights and other travel. The State Department states under Foreign Affairs Manual 14, that charter flights used for evacuations are non-procurement transactions and are not required to be reported on USASpending.gov.

We verified that the agency reported the required contract in compliance with the OMB guidance implementing CARES Act.

CONCLUSION

Based on our review, OIG concludes that the Peace Corps utilized funding from the CARES Act to support coronavirus response activities. The agency complied with the provisions of the CARES Act and OMB implementing guidance, and the agency's internal controls were sufficient to provide oversight over spending and reporting requirements.

APPENDIX A: SAMPLING

We obtained an extract of all expenses that the agency charged to the CARES Act fund. Of the 36,392 transactions for 60 Peace Corps posts and headquarters, we selected 107 disbursements from six posts and headquarters to test compliance and internal controls. Our selection criteria were based on post size, CARES Act spending, and transaction type and amount. Our judgmental sample included transactions representing purchase card, travel card, disbursements over \$150,000, and allowance payments to USDH staff. For Volunteer allowance testing, we randomly selected payments made to 11 of 809 Volunteers from the six posts and judgmentally chose three others with a special close of service status. We also obtained a list of contracts paid with CARES Act funds. Of the 15 contracts, we requested supporting documents for the two contracts that qualified as “large covered funds”⁵ contracts. We considered the results of our risk assessment in selecting the sample sizes. We coordinated with an OCFO staff person to obtain all supporting documentation.

⁵ The CARES Act defines *covered funds* as any funds, including loans, that are made available in any form to any non-federal entity, not including an individual, under the CARES Act, the Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020, the Families First Coronavirus Response Act, or any other act primarily making appropriations for the Coronavirus response and related activities. *Large covered funds* means covered funds amounting to more than \$150,000.

APPENDIX B: LIST OF ACRONYMS

BOC	Bill of Collection
CARES	Coronavirus Aid, Relief, and Economic Security
CFO	Chief Financial Officer
COVID-19	Coronavirus Disease 2019
EAS	Electronic Access System
OCFO	Office of the Chief Financial Officer
OIG	Office of Inspector General
OMB	Office of Management and Budget
PRAC	Pandemic Response Accountability Committee
SEA	Subsistence Expense Allowance
TA	travel authorization
TDD	Transaction Detail Description
USDH	U.S. direct hire

APPENDIX C: AGENCY RESPONSE TO THE PRELIMINARY REPORT



Memorandum

To: Kathy Buller, Inspector General

Through: Emily Haimowitz, Chief Compliance Officer
Haimowitz, Emily Digitally signed by Haimowitz, Emily
Date: 2021.11.18 11:39:45 -05'00'
Signature

From: Andrew Pierce, Acting Chief Financial Officer
Pierce, Andrew Digitally signed by Pierce, Andrew
Date: 2021.11.18 14:15:05 -05'00'
Signature

Date: November 18, 2021

CC: Carol Spahn, Acting Director
David Noble, Chief of Staff
Carl Sosebee, Senior Advisor to the Director
Kristin Wells, General Counsel
Eva Piszczek, Director of Global Accounts Payable
Colin M. Jones, Compliance Officer

Subject: Agency Response to the Preliminary Report on the Audit of Peace Corps' Compliance with CARES Act Supplemental Funding Requirements (Project No. 21-AUD-01)

The Peace Corps appreciates the opportunity to review the Preliminary Report on the Audit of Peace Corps' Compliance with CARES Act Supplemental Funding Requirements (Project No. 21-AUD-01) provided to the agency on October 7, 2021.

The Agency concurs with the conclusion of the report and finds the report constructive in helping to validate the agency's compliance with the CARES Act. There were no recommendations as part of this audit, and as such, the Peace Corps does not provide a corrective action plan. The Peace Corps values the continued efforts of the Office of Inspector General to assess our programs and operations.

APPENDIX D: OIG COMMENTS

The agency concurred with our assessment. Since we made no recommendations, there is no need to certify compliance. We greatly appreciate the agency's cooperation with our review.

APPENDIX E: AUDIT COMPLETION AND OIG CONTACT

AUDIT COMPLETION

This audit was conducted under the direction of Assistant Inspector General for Audit Judy Leonhardt by Auditors A'Daris McNeese, Hal Nanavati, Maritza Padilla-Vega, and Shane Potter.



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@peacecorps.gov or 202.692.2914.

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Anyone knowing of wasteful practices, abuse, mismanagement, fraud, or unlawful activity involving Peace Corps programs or personnel should call or write the Office of Inspector General. Reports or complaints can also be made anonymously.

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