




# Office of Inspector General

Office  
202.692.2900  
[peacecorps.gov/OIG](http://peacecorps.gov/OIG)  
[OIG Reports](#)

Hotline  
202.692.2915 800.233.5874  
[Online Contact Form](#)  
[OIG@peacecorps.gov](mailto:OIG@peacecorps.gov)

---

**To:** Carrie Hessler-Radelet, Acting Director  
Daljit Bains, Chief Compliance Officer

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

**Date:** March 18, 2013

**Subject:** Final Report on the Audit of Peace Corps/South Africa  
(IG-13-03-A)

Transmitted for your information is our final report on the audit of Peace Corps/South Africa.

Management concurred with all 12 recommendations. The 12 recommendations will remain open pending confirmation from the chief compliance officer that the documentation identified in management's response has been received. In its response, management described actions it is taking or intends to take to address the issues that prompted each of our recommendations. We wish to note that in closing recommendations, we are not certifying that the agency has taken these actions or that we have reviewed their effect. Certifying compliance and verifying effectiveness are management's responsibilities.

Our comments, which are in the report as Appendix D, address these matters. Please respond with documentation to close the open recommendations within 90 days of receipt of this memorandum.

You may address questions regarding follow-up or documentation to Assistant Inspector General for Audit Bradley Grubb 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.

Attachment

cc: Stacy Rhodes, Chief of Staff/Chief of Operations  
Elisa Montoya, White House Liaison/Senior Advisor to the Director  
Bill Rubin, General Counsel  
Carlos Torres, Acting Associate Director, Global Operations  
Joseph Hepp, Chief Financial Officer  
Samuel Taylor, Budget Officer  
Paul Shea, Director of Global Accounts Payable  
Dick Day, Regional Director, Africa  
Alyssa Karp, Chief Administrative Officer, Africa  
Edward Hobson, Associate Director, Safety and Security  
Brenda Goodman, Deputy Associate Director, Volunteer Support  
Kathy Rulon, Acting Director, Office of Global Health and HIV  
John Jacoby, Country Director, South Africa

Jeffrey Prickett, Director of Management and Operations, South Africa  
Jennifer Parrish-Taylor, Special Assistant to the Chief Compliance Officer  
South Africa Country Desk



# Peace Corps Office of Inspector General

---



*Peace Corps/South Africa Office*



*Map of South Africa*



*Flag of South Africa*

## **Final Audit Report: Peace Corps/South Africa IG-13-03-A**

---

March 2013

---

---

## EXECUTIVE SUMMARY

---

---

The Office of Inspector General (OIG) conducted an audit of Peace Corps/South Africa (hereafter referred to as “the post” or “PC/South Africa”) from June 25 to July 6, 2012. At the time of the audit, the post had three U.S. direct hires, five foreign service nationals, one third-country national contractor, and 38 personal services contractors. The post serves as a significant regional medical hub for the Africa region and in fiscal year (FY) 2011 received 39.8 percent of all medically evacuated Volunteers worldwide. The post’s FY 2011 budget was approximately \$6.31 million, plus an average of \$460,000, to account for the salaries and benefits of USDHs, which is centrally-managed by the Africa region at headquarters (see Background section).

We found that the post’s financial and administrative operations required improvement in a number of areas and did not fully comply with agency policies. Specifically:

- The post did not implement safeguards to secure medical supplies and did not fully implement the agency’s policy for receiving, dispensing, and maintaining an accurate and complete inventory of controlled substances and specially designated medical supplies.
- The post did not maintain accurate and current personal property records. The post did not provide adequate oversight over the property sold via auction and did not collect the sale proceeds in a timely manner.
- The post did not adequately control access to the cashier cage and imprest funds.

Our report contains 12 recommendations, which, if implemented, should strengthen internal control over tracking of medical supplies, managing property and vehicles, and safeguarding imprest funds and correct the deficiencies detailed in the accompanying report. Management concurred with all 12 recommendations. All 12 recommendations will remain open pending documentation described in Appendixes C and D.

---

---

## TABLE OF CONTENTS

---

---

<b>EXECUTIVE SUMMARY.....</b>	<b>i</b>
<b>BACKGROUND .....</b>	<b>3</b>
<b>AUDIT RESULTS .....</b>	<b>3</b>
MEDICAL SUPPLIES .....	3
PROPERTY MANAGEMENT.....	6
IMPREST FUNDS MANAGEMENT .....	8
<b>QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE .....</b>	<b>10</b>
<b>LIST OF RECOMMENDATIONS.....</b>	<b>11</b>
<b>APPENDIX A: OBJECTIVE, SCOPE, AND METHODOLOGY .....</b>	<b>12</b>
<b>APPENDIX B: LIST OF ACRONYMS .....</b>	<b>13</b>
<b>APPENDIX C: MANAGEMENT’S RESPONSE TO THE PRELIMINARY REPORT ..</b>	<b>14</b>
<b>APPENDIX D: OIG COMMENTS .....</b>	<b>20</b>
<b>APPENDIX E: AUDIT COMPLETION AND OIG CONTACT .....</b>	<b>21</b>

---

---

## BACKGROUND

---

---

OIG conducted the audit of the post June 25 to July 6, 2012. We previously performed a follow-up audit May 6-16, 2008 and issued our report in July 2008 (IG-08-11-FUA).

The first group of Volunteers arrived in 1997 and since then over 1,100 have served in South Africa. At the time of our audit, 179 Volunteers, including eight Peace Corps Response Volunteers,<sup>1</sup> were working in the education and health program sectors. The post's FY 2011 budget was approximately \$6.31 million. The Africa Region at headquarters incurs an additional \$460,000 per overseas post.<sup>2</sup>

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.

---

---

## AUDIT RESULTS

---

---

### MEDICAL SUPPLIES

---

***The post did not implement safeguards to secure medical supplies and did not fully implement the agency's policy for receiving, dispensing, and maintaining an accurate and complete inventory of controlled substances and specially designated medical supplies.***

The *Peace Corps Manual* section (MS) 734<sup>3</sup> states that:

It is the policy of the Peace Corps to maintain effective controls and procedures that govern the procurement, receipt, storage, inventory, dispensation, and disposal of medical supplies and to adopt and implement special standards applicable to controlled substances.

The Country Director (CD) is responsible for providing an appropriate working environment for the operation of the post Medical Office. The CD is responsible for the physical security of the Medical Office and to assure that effective controls for medical supply management are in place through appropriate segregation of duties, secure storage, and periodic inventories.

---

<sup>1</sup> Peace Corps Response is a program for returned Peace Corps Volunteers and highly skilled professionals to volunteer for short-term assignments at posts.

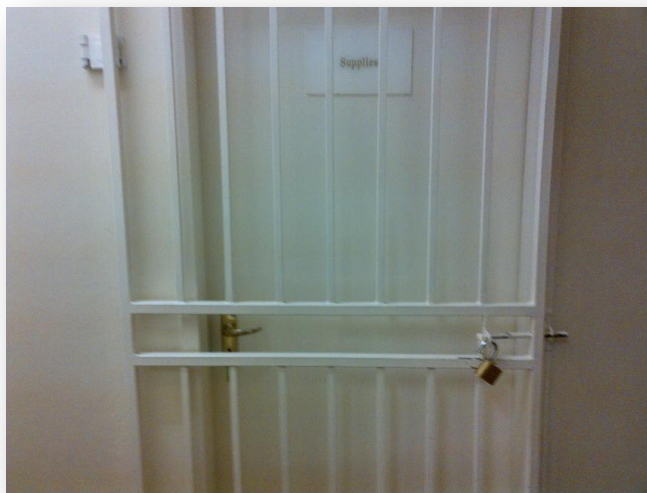
<sup>2</sup> The agency was unable to provide the total cost per post as certain costs are centrally-budgeted and managed by headquarters offices including the salaries and benefits of U.S. Direct Hires. The Peace Corps Office of Budget and Analysis provided the total cost of \$12 million incurred by the Africa Region in direct support of its 26 overseas posts in FY 2011, which is an average of \$460,000 per post.

<sup>3</sup> MS 734 was updated in December 2011 with implementing procedures in *Medical Technical Guideline 240*, October 2011.

At the time of our audit we identified several controls that need to be implemented or strengthened including: securing and storing of controlled substances and specially designated medical supplies<sup>4</sup> and records, maintaining accurate and complete inventory records of medical supplies, and separating duties.

**Securing Controlled Substances and Specially Designated Medical Supplies.** The post did not adequately secure the pharmacy and restrict its accessibility. The pharmacy door remained unlocked throughout the day, allowing easy access to medical supplies, including controlled substances, to unauthorized persons.

**Figure 1. Unlocked Pharmacy Door**



The controlled substance cabinet was not bar-locked, as required by MS 734, and controlled substances marked for disposal were kept in an unlocked plastic bin on the pharmacy floor. This control deficiency increased the post's risk for theft, loss, and abuse of medical supplies vital for providing healthcare to Volunteers.

**Accuracy of Medical Records.** The post did not use the Office of Medical Services (OMS) prescribed spreadsheet to track medical inventory. Instead, the post developed a Microsoft Access based medical records and inventory system. Although a medical database could be beneficial, during our limited review of the system and data entry processes we noted that the medical inventory book balances were inaccurate. We identified the following issues:

- The system lacked basic controls, such as the ability to: restrict user roles to implement separation of duties, limit access to enter transactions and modify data tables, and enter disposals, and correct and reconcile inventory balances.
- The post had not developed a standard operating procedure or user guide for the system and did not provide adequate training for staff to operate the system.

---

<sup>4</sup> Specially designated medical supplies are items that Peace Corps deems to be high value, pilferable, or otherwise deserving of special attention.

- Due to lack of adequate training, staff was not properly completing data entry steps for recording receipt and dispensing of medication in the system.
- The system roles and responsibilities, for example recording of receipts and disposal, were not clearly communicated to the staff.
- Inventory book balances were inaccurate; medication transactions were either entered incorrectly or not at all.

The post's most recent inventory workbook was submitted to OMS in April 2012 without recording the transaction detail activity of controlled substances and specially designated medications.

**Controlled Substances.** The post did not maintain a Drug Enforcement Agency (DEA) log book for two recently disposed controlled substances. The post did not have documentation to support how these controlled substances were acquired and the reason for their disposal. MS 734 states that:

Each Medical Office must maintain, on a current basis, a complete and accurate record of each controlled substance's dispensation or disposal. Records for all controlled substances must also be maintained in a separate DEA Log with secure pages.

We noted an instance where only the acceptance point clerk signed the receipt for controlled substances, without signature of the Peace Corps medical officer (PCMO) to indicate they witnessed receipt, in accordance with Peace Corps policy. The acceptance point clerk recorded the individual controlled substances received in the receipt log, but entered the entire shipment by invoice number only. As a result, it was not possible to identify the quantity of individual controlled substances received by the post.

**Separation of Duties.** According to the *Medical Technical Guidelines 240*, the CD shall appoint a non-medical unit staff to medical supply inventory roles. However, we noted that the CD had not appointed an inventory reconciliation clerk to perform inventory physical counts. Currently the inventory counts were conducted by the CD. In addition, staff members in the medical unit who performed duties relating to the medical supplies did not understand their specific roles and responsibilities as outlined in MS 734 and *Medical Technical Guidelines 240*. For example, in April 2012 a PCMO, rather than the CD as the policy requires, submitted the annual inventory.

**We recommend:**

1. That the country director and the post's Peace Corps medical officers ensure that the medical supplies are secured in compliance with Peace Corps policy.
2. That the country director review the medical supply inventory quarterly to ensure that staff record medical supply transactions accurately and completely and that any differences noted during the physical count are reconciled and corrective actions are taken.



3. That the country director work with the Office of Health Services to determine whether the locally developed medical inventory system is beneficial and in compliance with Peace Corps policy.
4. That the country director ensure all controlled substances are properly received and recorded in a Drug Enforcement Agency log book.
5. That the country director clarify the roles and responsibilities of medical and inventory staff, separate duties in accordance with Peace Corps policy, develop standard operating procedures and provide training to medical staff on the accountability of medical supplies.

## **PROPERTY MANAGEMENT**

---

### ***The post did not maintain accurate and current property inventory records.***

During FY 2012 the post acquired a total of 96 new computers, laptops, servers and other information technology (IT) hardware items. BarTracks, the agency's real property management system, should contain all personal property that 1) could contain personally identifiable information, 2) cost over \$500, 3) cost over \$100 and is used in a residence, or 4) is highly pilferable. In addition, the Office of the Chief Financial Officer (OCFO) maintains a list of capitalized assets for financial reporting that includes all vehicles with costs over \$10,000; IT bulk purchases with cost over \$25,000; and any other property with cost over \$25,000. The OCFO asset list contained 214 capitalized assets located at the post.

During our review we determined that the BarTracks and the OCFO asset listing contained numerous discrepancies and the property records were not accurate and complete. Specifically,

- BarTracks did not include 37 IT assets, including monitors and printers, that were in the OCFO asset list.
- The OCFO asset list contained several items that were previously sold including five laptops and two uninterrupted power supplies. The post did not provide OCFO with the disposal notification for IT equipment that was replaced during the FY 2011 IT equipment refresh.
- One desktop barcode number and two desktop computers serial numbers were recorded incorrectly in BarTracks.
- Four out of 10 items selected for review at the post could not be located in the BarTracks system records.
- One laptop, stolen in March 2012, was still listed in BarTracks and the post had not reported the loss to the inventory management specialist or OCFO.

According to the deputy chief financial officer the list of capitalized assets included the asset tags and serial numbers provided to OCFO at the time the invoices were capitalized. However to avoid duplication of efforts, OCFO did not conduct a semiannual verification after August 2011 because the new automated BarTracks system was expected to provide complete asset inventory information. The issue was compounded when post staff incorrectly loaded inventory data directly into the BarTracks database tables instead of properly entering the information into the application using the user screens. As a result, the system could not create a transaction file to update the accounting records.

Since our site visit, OCFO has been working to reconcile BarTracks to accounting records in an effort to correct asset tags and eliminate duplicate assets captured across post in BarTracks.

**We recommend:**

6. That the director of management and operations review and verify the information in BarTracks to ensure property is accurately and completely recorded.
7. That the director of management and operations reconcile items in BarTracks with the records provided by the Office of the Chief Financial Officer and update key information including bar codes, serial numbers, and costs.

***The post did not provide adequate oversight of the sale of excess property, did not have a formal agreement with the auctioneer, and did not collect the sale proceeds in a timely manner.***

The post provided excess property to an auctioneer who conducted nine auctions between February 2011 and June 2012. During our audit we noted that key controls were lacking.

The post did not obtain a receipt of the assets it sent to the auctioneer during FYs 2011 and 2012 and did not reconcile the original list of transferred property with the items remaining at the auction house. Further, post staff did not observe the auctions, including the vehicle auctions, and did not request information about the bids received and whether the highest bid was accepted or not.

The post did not collect the proceeds of sales from the auctioneer in a timely manner. The auctioneer withheld proceeds from items sold in auctions for over a year and remitted the proceeds of sale to the post in June 2012. As a result, the post recorded the proceeds of sale from FY 2011 of approximately South Africa Rand (ZAR) 15,200 (\$2,100 U.S. dollar equivalent (USDE)) in the wrong fiscal year, FY 2012; and permitted the auctioneer to retain Peace Corps proceeds.

The post collected only 69 percent of the gross proceeds,<sup>5</sup> amounting to approximately 45,069 ZAR (\$5,400 USDE) from the auctioneer. The frequency and cost of the auctions significantly

---

<sup>5</sup> Gross proceeds totaled 64,880 ZAR (\$8,000 USDE). The auctioneer deducted 15 percent commission or approximately of 9,600 ZAR (\$1,185 USDE), 12 percent expenses 7,778 ZAR (\$960 USDE), and 4 percent for Value Added Tax 2,433 ZAR (\$300 USDE).

reduced the net gain on the sale of property and vehicles. The auctioneer charged approximately 12 percent of sales for “expenses” and 15 percent of sales for commission. Further, the post did not obtain support or explanation for the expenses charged and the post had not formally documented the terms with the auctioneer, preventing it from verifying the validity of expenses charged by the auctioneer.

The post did not obtain adequate support or establish a proper payment for \$2,145 in auctioneer expenses and commission charges on property and vehicle sales. Instead of establishing a proper payment with the auctioneer, the post issued a bill of collection (BOC) for the proceeds of the sale of assets and vehicles at the net cost of expenses and commission. The post should have created a BOC for the full amount and prepared a disbursement for the auctioneer costs. In addition, the post also did not claim a refund for the Value Added Tax (VAT) charged by the auctioneer on commission and expenses, of approximately 11,000 ZAR (\$1,500 USDE).

Without adequate oversight and accountability of property sales the post could not ensure sales were properly conducted and that the Peace Corps received payments in timely manner. In the November 20, 2012 *Preliminary Report on the Audit of PC/Malawi*, we recommended that the Office of Management provide additional guidance for sales of property and vehicles, to include adequate controls and oversight by post management to ensure the property sales are conducted in compliance with agency policies and procedures.

**We recommend:**

8. That the director of operations and management formally enter an agreement for auction services to ensure the post is getting the best rate possible and that charges are valid and reasonable.
9. That the director of management and operations ensure that property disposals are observed by staff, that the auctioneer provides documentation of all sales in a timely manner, and that auction records are reconciled to the post’s property records.
10. That the director of management and operations develop controls to ensure that the proceeds of auction sales are remitted to the post in a timely manner after the auction is completed.

---

**IMPREST FUNDS MANAGEMENT**

---

***The post did not adequately control access to the cashier cage and imprest funds.***

MS 760 states that:

Imprest funds must be stored in a U.S. government approved safe, preferably a cashier's or money safe, with a three-tumbler combination lock. The safe should be kept in a protected area, such as a sturdy enclosed room with a cashier's window designed to prevent people from reaching the safe or cash box.

During our review of cashiering operations we noted several security deficiencies for the cashier cage and imprest fund. The cashier's office door and the walk-in vault remained open during non-cashier hours. The lock to the cashier's vault was not functioning when we inspected the cashier's office; however, the post was able to have the lock to the vault repaired while we were onsite.

The alternate cashier did not have a safe and kept approximately 40,000 ZAR (\$5,000 USDE) in a locked file cabinet (outside of the cashier cage), and conducted cashiering transactions from an unsecured office. It is important to secure the imprest funds to prevent theft and loss.

**We recommend:**

11. That the country director schedule an inspection of the cash cage by the U.S. Embassy regional security officer.
12. That the director of management and operations provide a safe for the alternate cashier.

---

---

## QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE

---

---

We identified funds to be put to better use and questioned costs during the course of the audit.

### Funds to be Put to Better Use

Recommendation Number	Description	Amount
9	Unclaimed VAT charged by auctioneer on commission and expenses.	\$1,500

### Questioned Costs

Recommendation Number	Description	Amount
9	Inadequate support for auctioneer expenses and commission charges on property and vehicle sales.	\$2,145

The Inspector General Act defines funds put to better use and questioned costs as the following:

- Funds put to better use: funds that could be used more efficiently if management took actions to implement and complete the recommendation.
- Questioned costs: costs that are questioned because of an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement or document governing expenditure of funds; a finding that, at the time of the audit, such cost is not supported by adequate documentation; or a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

---

---

## LIST OF RECOMMENDATIONS

---

---

**We recommend:**

1. That the country director and the post's Peace Corps medical officers ensure that the medical supplies are secured in compliance with Peace Corps policy.
2. That the country director review the medical supply inventory quarterly to ensure that staff record medical supply transactions accurately and completely and that any differences noted during the physical count are reconciled and corrective actions are taken.
3. That the country director work with the Office of Health Services to determine whether the locally developed medical inventory system is beneficial and in compliance with Peace Corps policy.
4. That the country director ensure all controlled substances are properly received and recorded in a Drug Enforcement Agency log book.
5. That the country director clarify the roles and responsibilities of medical and inventory staff, separate duties in accordance with Peace Corps policy, develop standard operating procedures and provide training to medical staff on the accountability of medical supplies.
6. That the director of management and operations review and verify the information in BarTracks to ensure property is accurately and completely recorded.
7. That the director of management and operations reconcile items in BarTracks with the records provided by the Office of the Chief Financial Officer and update key information including bar codes, serial numbers, and costs.
8. That the director of operations and management formally enter an agreement for auction services to ensure the post is getting the best rate possible and that charges are valid and reasonable.
9. That the director of management and operations ensure that property disposals are observed by staff, that the auctioneer provides documentation of all sales in a timely manner, and that auction records are reconciled to the post's property records.
10. That the director of management and operations develop controls to ensure that the proceeds of auction sales are remitted to the post in a timely manner after the auction is completed.
11. That the country director schedule an inspection of the cash cage by the U.S. Embassy regional security officer.
12. That the director of management and operations provide a safe for the alternate cashier.

---

## APPENDIX A: OBJECTIVE, SCOPE, AND METHODOLOGY

---

Our objective in auditing overseas posts is to determine whether the financial and administrative operations are functioning effectively and comply with Peace Corps policies and federal regulations. Our audit conclusions are based on information from three sources: (1) document and data analysis, (2) interviews, and (3) direct observation. 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.

The audit of PC/South Africa covered fiscal years 2010, 2011, and 2012. While at the post, we interviewed key staff including the CD, the director of management and operations, staff responsible for administrative support, and the lead Peace Corps medical officer. We communicated issues and areas of improvement to senior staff at post and Peace Corps management at headquarters and included significant issues noted during our audit in this report. We primarily reviewed the following processes and associated controls:

- Bills of collection
- Contracts and leases
- Cash and Non-cash payments
- Imprest fund
- Credit card transactions
- Information technology general controls
- Medical supplies
- Personal property and vehicles
- Personal services contracts
- Volunteer payments

Although we could not independently verify the reliability of all this information, we compared it with other available supporting documents to determine data consistency and reasonableness. We relied on the results of the annual Federal Information Security Management Act review, which did not identify deficiencies with data reliability that would impact our audit. Based on these efforts, we believe the information we obtained is sufficiently reliable for this report.

Our audit criteria were derived from the following sources: federal regulations, the *Peace Corps Manual*, *Overseas Financial Management Handbook*, *Medical Technical Guidelines*, and other Peace Corps policies and initiatives.

---

---

## APPENDIX B: LIST OF ACRONYMS

---

---

BOC	Bill of Collection
CD	Country Director
DEA	Drug Enforcement Agency
FY	Fiscal Year
IT	Information Technology
MS	Peace Corps Manual Section
OCFO	Office of Chief Financial Officer
OIG	Office of Inspector General
OMS	Office of Medical Service
PC	Peace Corps
PCMO	Peace Corps Medical Officer
USDE	U.S. Dollar Equivalent
VAT	Value Added Tax
ZAR	South African Rand



---

## APPENDIX C: MANAGEMENT'S RESPONSE TO THE PRELIMINARY REPORT

---



Since 1961.

**MEMORANDUM**

**To:** Kathy Buller, Inspector General

**Through:** Daljit K. Bains, Chief Compliance Officer

**From:** Dick Day, Regional Director Africa Region  
John Jacoby, Country Director PC/South Africa

**Date:** March 7, 2013

**CC:** Carrie Hessler-Radelet, Acting Director  
Stacy Rhodes, Chief of Staff  
Joaquin Ferrao, Deputy Inspector General  
Bradley Grubb, Assistant IG for audits  
Esther Benjamin, Associate Director, Global Operations  
Brenda Goodman, Deputy Associate Director, Office of Health Services  
Mike Simsik, Chief of Operations Africa for your region  
Alyssa Karp, Chief Administrative Officer Africa  
Jennifer Taylor Parrish, Special Assistant to the Chief Compliance Officer

**Subject:** Agency Response to the Preliminary Report of Peace Corps/South Africa July 2012

---

Enclosed please find the agency's response to the recommendations made by the Inspector General for Peace Corps/South Africa, as outlined in the Preliminary Report of the Audit of the IG Audit sent to the Agency on January 22, 2012.

The Region concurs with 12 recommendations provided by the OIG in its Preliminary Audit Report: Peace Corps/ South Africa. Post has addressed and provided supporting documentation for 6 of the 12 recommendations and will work to address the remaining recommendations by the set target dates.

The Region will continue to work with Post and the departments identified in the Preliminary Report to ensure closure of these recommendations by the dates included within for outstanding recommendations.

**Recommendation 1**

**That the country director and the post’s Peace Corps medical officers ensure that the medical supplies are secured in compliance with Peace Corps policy.**

**Concur:**

The Country Director and Peace Corps Medical Officer ensure that medical supplies are secured in compliance with Peace Corps policy. The controlled substance cabinet, although not bar-locked, has a total of six locks. To open, one must unlock three locks on the outside and then three locks on the inside. There is now a small plastic container marked – “controlled substances for disposal” inside of the controlled substance cabinet. An email was sent to remind all medical staff who has access to the pharmacy that it has to be locked at all times. This area is now being locked when not in use.

**Documents Submitted:**

- Photo of Locked Door 1
- Photo of Locked Cabinet 1
- Photo of Secure Cabinet
- Photo of Plastic container titled controlled substances for disposal
- Copy of email to medical staff who have access to pharmacy that it must be locked at all times

**Status and Timeline for Completion:** July 2012.

**Recommendation 2**

**That the country director review the medical supply inventory quarterly to ensure that staff record medical supply transactions accurately and completely and that any differences noted during the physical count are reconciled and corrective actions are taken.**

**Concur:**

Post continues to use the OHS required medical inventory workbook. The Country Director reviews the medical supply inventory quarterly and has established, via the Outlook calendar, quarterly meetings with required staff, to review the spreadsheet, physical count and any differences/reconciliations at the same time. In addition, during the OHS site visit in January 2013 by Jenny Marsh, she conducted a physical inventory with the required staff; a few minor differences arose but were reconciled during the course of the same day.

**Documents Submitted:**

- Most recent inventory signed off by CD for Dec 2012 – done in Jan due to holidays.

**Status and Timeline for Completion:** This has been completed as of Jan. 2013 and is on-going as we move forward into the coming quarterly counts

**Recommendation 3**

**That the country director work with the Office of Health Services to determine whether the locally developed medical inventory system is beneficial and in compliance with Peace Corps policy.**

**Concur:**

Post has previously maintained dialogue with OHS relative to our locally-developed medical inventory system. It is our understanding that OHS is currently in the process of attempting to procure an external system, and until that time, Peace Corps South Africa will continue to submit the OHS-required template for the annual inventory submission. Annual inventory submitted to OHS in Oct. 2012. OHS visit in confirmed accuracy of medical supply inventory (and process).

**Documents Submitted:**

- See attached medical supply inventory spreadsheet for most recent quarterly count.

**Status and Timeline for Completion:** Completed Jan. 2013

**Recommendation 4**

**That the country director ensure all controlled substances are properly received and recorded in a Drug Enforcement Agency log book.**

**Concur:**

The two controlled substances that did not have a DEA card were due to the fact that they were never part of our controlled system. The medical unit did not dispense these medications to the Volunteer who gave them to us. The medical unit couldn't use the medications so we disposed them. We did not realize that they still needed a DEA card. Moving forward a DEA card will be used for all disposed controlled substances with written documentation when a PCV gives us any controlled substance to dispose of regardless if it wasn't dispensed by Peace Corps medical personnel.

**Documents Submitted:** N/A

**Status and Timeline for Completion:** Completed July 2012.

**Recommendation 5**

**That the country director clarify the roles and responsibilities of medical and inventory staff, separate duties in accordance with Peace Corps policy, develop standard operating procedures and provide training to medical staff on the accountability of medical supplies.**

**Concur:**

Post has worked to review and revise its SOPs for the medical supply inventory process. Quarterly meetings take place with the CD and staff involved in the process to ensure adequate training takes place towards on-going compliance.

**Documents Submitted:**

- Standard of Operations-MS 743 (as of Feb. 28, 2013)

**Status and Timeline for Completion:** Completed Feb. 2013.

**Recommendation 6**

**That the director of management and operations review and verify the information in BarTracks to ensure property is accurately and completely recorded.**

**Concur:**

The Director of Management and Operations annually reviews and verifies the information in BarTracks to ensure property is accurately and completely recorded, and this was most recently done in submitting the Annual Inventory record to PC/HQ in Nov. 2012. Post is also participating in the BarTracks data clean-up initiated by O/CFO – BarTracks to be re-synchronized with HQ on or before 7 March 2013.

**Documents to be Submitted:**

- Updated BarTracks Inventory record

**Status and Timeline for Completion:** March 2013.

**Recommendation 7**

**That the director of management and operations reconcile items in BarTracks with the records provided by the Office of the Chief Financial Officer and update key information including bar codes, serial numbers, and costs.**

**Concur:**

The Director of Management and Operations, in participating with the BarTracks data clean-up initiated by O/CFO – BarTracks to be re-synchronized with HQ on or before 7 March 2013 – will have updated key and required information as requested via this recommendation.



**Documents to be Submitted:**

- Updated BarTracks Inventory record

**Status and Timeline for Completion:** March 2013.

**Recommendation 8**

**That the director of operations and management formally enter an agreement for auction services to ensure the post is getting the best rate possible and that charges are valid and reasonable.**

**Concur:**

The Director of Management and Operations is currently negotiating with the local auctioneers for the sale of 4 excess vehicles in March 2013; will have drafted an agreement for auction services to ensure the best and most reasonable rates and charges. Negotiations to these ends began earlier last month.

**Documents to be Submitted:**

- Draft memo of Auction Services agreement. (Post to submit)

**Status and Timeline for Completion:** To be completed March 2013.

**Recommendation 9**

**That the director of management and operations ensure that property disposals are observed by staff, that the auctioneer provides documentation of all sales in a timely manner, and that auction records are reconciled to the post's property records.**

**Concur:**

As referenced in the previous recommendation response, as part of the agreement being negotiated with the auctioneers, property disposals will be observed by staff. The auctioneer has agreed to provide documentation for all sales in a timely manner, and we have reconciled auction records with property records via the attached.

**Documents Submitted:**

- PC Auction 23 Feb 2012
- PC Auction 17 May 2012
- PC Auction 4 Aug 2012
- PC Auction 18 Jul 2012
- PC Auction 23 Feb 2012
- PC Auction 5 Jun 2012

**Status and Timeline for Completion:** Completed March 2013.

**Recommendation 10**

**That the director of management and operations develop controls to ensure that the proceeds of auction sales are remitted to the post in a timely manner after the auction is completed.**

**Concur:**

As referenced in the previous recommendation responses, as part of the agreement being negotiated with the auctioneers, property disposals via an auction (monthly) will require that reconciliations are completed after each auction, and that remaining items are followed up on (and properly reflected in the reconciliation). Proceeds from each auction will be submitted to Peace Corps after each auction.

**Documents to be Submitted:**

- Auction Agreement.

**Status and Timeline for Completion:** To be completed March 2013.

**Recommendation 11**

**That the country director schedule an inspection of the cash cage by the U.S. Embassy regional security officer.**

**Concur:**

The cashier cage was inspected by both the US Embassy's Regional Engineering Service Center and Security Offices during July 2012. No deficiencies were noted during the oral reports provided to the DMO. Both were vastly impressed with the walk-in safe that provides an additional level of security for the cashier advance and documentation.

**Documents Submitted:**

N/A

**Status and Timeline for Completion:** Completed July 2012.

**Recommendation 12**

**That the director of management and operations provide a safe for the alternate cashier.**

**Concur:**

We have successfully obtained another safe from the Embassy after our previous safe failed and had to be sawed open by the Engineering Services Center

**Documents Submitted:**

- See attached photo of safe.
- Work order for delivery of safe

**Status and Timeline for Completion:** Done on 22 February 2013. Safe Delivered by US Embassy – Pretoria.

---

---

## APPENDIX D: OIG COMMENTS

---

---

Management concurred with all 12 recommendations. All 12 recommendations will remain open pending confirmation from the chief compliance officer that the documentation identified in management's response has been received. Certifying compliance and verifying effectiveness are management's responsibilities. However, when we feel it is warranted, we may conduct a follow-up review to confirm that action has been taken and to evaluate the impact.



---

---

## APPENDIX E: AUDIT COMPLETION AND OIG CONTACT

---

---

### AUDIT COMPLETION

Lead Auditor Hal Nanavati and Senior Auditor Gabrielle Perret performed the audit of Peace Corps/South Africa.



Bradley Grubb  
Assistant Inspector General for Audit

### OIG CONTACT

If you wish to comment on the quality or usefulness of this report to help us strengthen our product, please e-mail Assistant Inspector General for Audit Bradley Grubb, at [bgrubb@peacecorps.gov](mailto:bgrubb@peacecorps.gov), or call him at (202) 692-2914.

# Help Promote the Integrity, Efficiency, and Effectiveness of the Peace Corps

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

## Contact OIG


### Reporting Hotline:

U.S./International: 202.692.2915  
Toll-Free (U.S. only): 800.233.5874

Email: [OIG@peacecorps.gov](mailto:OIG@peacecorps.gov)  
Web Form: [www.peacecorps.gov/OIG/ContactOIG](http://www.peacecorps.gov/OIG/ContactOIG)

Mail: Peace Corps Office of Inspector General  
P.O. Box 57129  
Washington, D.C. 20037-7129

### For General Information:

Main Office: 202.692.2900  
Website: <http://www.peacecorps.gov/OIG>  
 Twitter: <https://twitter.com/PCOIG>