



Peace Corps Office of

INSPECTOR GENERAL

Audit Report

Uganda Post Operations

IG-25-01-A

December 2024

EXECUTIVE SUMMARY

BACKGROUND

We conducted an audit of Peace Corps operations in Uganda (hereafter referred to as “the post”) from February through August 2024. After the March 2020 worldwide evacuation of Peace Corps Volunteers, the post received 2 Peace Corps Response Volunteers in May 2022, followed by the arrival of 36 trainees in August 2022. At the time of our audit, 51 Volunteers worked in 3 project sectors: Early Childhood Literacy; Community Health; and Agribusiness and Economic Development.

Staff:

U.S. Direct Hires (USDH): 2

Full-time personal services contractors (PSC): 52

Spending (approx.):

Fiscal Year (FY) 2023 post spending: \$5.1 million

Budget for FY 2024: \$5.3 million

WHAT WE FOUND

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

- Follow up with the U.S. Embassy regarding collections for outstanding value-added tax (VAT) submissions;
- Adhere to Federal appropriation law, guidelines, and protocols when procuring meals, lodging, and entertainment for participants who attended training and events within their designated duty station limits;
- Ensure modifications were completed when material changes were made to contracts;
- Adhere to agency property management guidance for recording accountable assets in the system of record, obtaining proper approval before disposing assets, or establishing controls to secure assets;
- Perform the required unannounced cash verifications of advances for remote sub-cashiers or verify that the advances were within the authorized limits;
- Ensure payments were collected from early-terminated Volunteers;
- Ensure that interim advances were cleared timely;
- Comply with agency established guidelines on the accounting for and disposing of expired medical supplies;
- Ensure that PSC wages were accurately calculated and processed or that cash awards for PSCs were processed properly; and

- Comply with Peace Corps guidance to maintain the required supporting documentation.

We noted that overall, the post did not provide sufficient oversight to ensure controls were implemented in accordance with the Peace Corps' policy and procedures.

In addition, we found that the Office of the Chief Financial Officer (OCFO) can improve operations by developing adequate agency policies for monitoring and reporting on VAT submissions processed by the Embassy and ensuring the capitalization of assets. We also found that the review of open obligations by the OCFO and de-obligation of funds by two other Peace Corps headquarters offices needs follow-up and that the agency's records management policy for PSC files was outdated.

RECOMMENDATIONS IN BRIEF

This report contains 20 recommendations for the post, the OCFO, and headquarters. We recommend that the post enhances its controls over records management, property, contracting, imprest, and PSC payroll. We also recommend that the OCFO and headquarters offices de-obligate funds upon completion of services, revise policies and procedures related to the VAT collections managed by the Embassy, update the records management policy for PSC files, modify the process for identifying capital assets purchased by the post, communicate about any questions or exceptions to policy, and determine if any questioned costs violate the Anti-deficiency Act.

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BACKGROUND

The Uganda Peace Corps program began in 1964 and, after multiple closures, reopened in 2001. In March 2020, 136 Volunteers were evacuated due to COVID-19. By May 2022, the post received 2 Peace Corps Response Volunteers followed by the arrival of 36 trainees in August 2022. At the time of our audit, there were 51 Volunteers working in 3 project sectors: Early Childhood Literacy; Community Health; and Agribusiness and Economic Development.

In FY 2023, the post had a staff of 2 USDHs and 52 full-time PSCs and spent approximately \$5.1 million. The USDHs consisted of the country director (CD) and director of management and operations (DMO).



The CD serves as the post's senior Peace Corps representative who manages and coordinates Peace Corps' in-country activities in accordance with agency policies and procedures.

The DMO oversees, coordinates, and supervises resource management activities and administrative support functions, to include budgeting, financial management, supervision of administrative units, procurement, property, human resource management, and information technology.

The post is also supported by the OCFO, which coordinates Peace Corps' resource management and provides the financial planning, oversight, and internal controls necessary to ensure the agency achieves its domestic and overseas goals. Specifically, the OCFO ensures accurate, up to date, and uniform agency financial policies in the agency's manuals, bulletins, and other publications.

OBJECTIVE

Our objective in auditing the Uganda post was to determine whether its financial and administrative operations were functioning effectively and in compliance with Peace Corps policies and Federal regulations.

Appendix A provides a full description of our scope and methodology.

AUDIT RESULTS

VALUE- ADDED TAX

The OCFO and post did not design adequate procedures for monitoring and reporting on value-added tax submissions processed by the Embassy

In December 2007, Uganda signed an agreement with the U.S. Government exempting all taxes, including VATs,¹ on goods and services acquired in Uganda.

In accordance with the Peace Corps' Overseas Financial Management Handbook (OFMH), Section 7.7.4, the post should negotiate the sales price to exclude the VAT. However, if a VAT is included in the sales price, the post should process a refund request through a bill of collection (BOC)² or by submitting the request through the Embassy. If the VAT submissions and collections were processed by the Embassy, BOCs should not be created because the Embassy transfers the collections to Peace Corps headquarters.

The post submitted VAT refund requests to the Ugandan government through the Embassy because the post was unable to consistently exclude VATs when procuring goods and services. However, the post concurrently created BOCs to account for the same refund requests that had been sent to the Embassy, totaling \$299,533 U.S. dollar equivalent (USDE). These BOCs are debts that must be collected within the post's financial records and cannot be cleared until payment is collected or determined to be uncollectable. As a result, the post was not compliant with OFMH policy because post staff were generating BOCs for collections that were also being processed by the Embassy.

The Peace Corps does not have guidance or a systematic process for monitoring VAT requests that were submitted through the Embassy. While the OCFO does monitor the VAT refunds collected through the Embassy's voucher auditor detail report (VADR),³ the OCFO does not provide guidance for tracking outstanding submissions. Per the OCFO, the sole mechanism for capturing accounts receivable at the post is through the creation of BOCs.

We also noted that the outstanding BOCs for VATs were not reconciled to account for the \$82,024 USDE that was collected by the Embassy on behalf of the Peace Corps, which could result in an overstated accounts receivable balance on the agency's financial statements. According to the DMO, the post did not have a written process for following up with the Embassy on outstanding collections.

Agency guidance currently states that the post should not issue a BOC in situations where the Embassy is collecting the VAT. However, during the audit, we determined that without creating

¹ A value-added tax is a consumption tax assessed on the value added to goods and services.

² A bill of collection is a formal bill letter issued for the collection of overpayments, reimbursement and refund for credit to appropriation accounts or other receipts for credit to U.S. dollar or foreign trust funds. Included are billings to other Government agencies, foreign governments, non-government entities and organizations, individuals, Peace Corps USDH employees, experts, consultants, personal services contractors, Volunteers, trainees, vendors and suppliers.

³ Identifies transactions processed by the Embassy.

BOCs or establishing a reliable process for monitoring VAT refund requests submitted to the Embassy, the agency cannot accurately reflect the accounts receivable totals generated for VATs.

We recommend that:

- 1. The Office of the Chief Financial Officer establishes guidance to monitor and report on value-added tax submissions processed by the Embassy.**
- 2. The Director of Management and Operations reconciles the outstanding bills of collection for value-added tax against the collections posted in the Voucher Auditor Detail Report.**

VOUCHERS

The post did not adhere to policy and guidelines when procuring meals and lodging for participants who attended training and events within their designated duty station limits

As a matter of appropriations law, an agency may not expend appropriated funds to provide food and lodging to Government employees at their duty station, as they are considered personal expenses (absent of limited exceptions).⁴ Any exception to the Federal guidelines and agency policy must be justified, documented, and approved in writing. The U.S. Government Accountability Office (GAO) issues legal opinions and decisions to Congress and Federal agencies on the use of, and accountability for, public funds, including ruling on potential violations of the Anti-deficiency Act.

Peace Corps policy provides guidance for staff to apply this rule, and its exceptions, in OFMH Chapters 46 and 57, and Peace Corps Manual Section (MS) 729. OFMH Chapter 46.10.1 states that “Federal agencies are not authorized to pay subsistence or to provide free food, including coffee and snacks, to government employees at their duty stations. Food is a personal expense and should be paid for from personal funds.”

However, OFMH Chapter 46 also states that there is a limited exception to this rule for meals at formal trainings when food is necessary for employees to obtain the full benefit of the training.⁵ Meals may only be provided when the meals are:

- Incidental to the conference or meeting;
- Attendance at the meal is necessary for full participation;
- Employees are not free to take meals elsewhere without missing essential formal discussions or lectures; and
- The meal is part of a formal conference that includes substantial functions taking place separate from the meal.

To assist the certifying officer, Chapter 46 states that the voucher must explain how all the listed criteria are satisfied to authorize food expenditures for employees. Additionally, Peace Corps MS

⁴ U.S. GAO, Principles of Appropriations Law, 4th ed., 2017 rev., pg. 3-9, 3-12, 3-33, and 3-67.

⁵ See also *Id.* at 3-81.

729, Attachment A, specifies that appropriated funds may be used to purchase food and refreshments for staff when they are outside their duty station. OFMH Chapter 57.7 authorizes a per diem, to include lodging expenses, for staff when they are traveling in-country for their post and are on authorized travel status.

In addition to OFMH policies, Peace Corps MS 724 provides guidance on representation allowances at overseas Posts. Representation allowances are intended to further the interests of the U.S. overseas; allowable expenditures include official occasions, entertainment to promote necessary relationships, or other similar representational expenses, which the head of the agency may authorize. MS 724 also states that representation allowances may not be used to provide events and entertainment solely for executive branch employees and their families.

We reviewed nine contracts and found four events in which the post did not comply with relevant rules and policy requirements for the purchase of staff meals and accommodations. Specifically, the procurements, totaling about \$32,543 USDE, consisted of breakfast, dinner, musical entertainment, and hotel accommodations for PSCs who attended staff retreats as well as events and trainings, which did not include Volunteer participation, within the duty station limits.⁶ The cost for musical entertainment (about \$470) was paid for on the same invoice as the meals and accommodations for one event and was not authorized or funded separately. These expenses were not adequately justified by the post.

During an interview, the DMO listed safety concerns and accessibility to meals as the rationale for procuring the meals and accommodations. According to the DMO, travel is restricted outside of daylight hours, so the post provided lodging during the staff retreats and training sessions, which started early in the morning and ended late into the evening. Additionally, the DMO stated that the post provided meals for attendees because information and inquiries from the formal training sessions were discussed at mealtimes. The DMO added that training venues generally did not allow outside food or have available food preparation facilities. Despite Peace Corps' policy, the DMO believed that picking venues within the duty station provided the best value for the money.

We confirmed in a meeting with OCFO representatives that despite the justification provided by the post, certain meals and accommodations were not permitted by Peace Corps policy. We determined that the post had incorrectly provided meals and accommodations for events because the events were within the duty station limits. The OCFO added that the post should contract with venues outside of the duty station limits to obtain the necessary lodging and meal services. The OCFO also stated that the post should discuss options with the OCFO and ensure that training events follow the agency's manual and OFMH requirements.

The post needs to improve their communication with Peace Corps headquarters to ensure they comply with Federal requirements, including appropriations law, to avoid putting the agency at risk for Anti-deficiency Act violations, and have received the necessary waivers to contract conferences inside and outside of their duty station limits. In such instances, the OCFO needs to review information to ensure compliance with requirements.

⁶ In OFMH Chapter 46, page 6, "duty station is defined as an area within 35 miles of the city or metropolitan area where the employee(s) work."

We recommend that:

- 3. The Director of Management and Operations complies with Federal law, regulations, and agency policy when procuring food, accommodations, and other costs for Personal Service Contract staff attending retreats and trainings; inquire with the Office of the Chief Financial Officer regarding exceptions to the policy; and document decisions made.**
- 4. The Peace Corps conducts an internal review of the questioned costs and works with the Government Accountability Office to determine if the questioned costs result in Anti-deficiency Act violations.**

The post did not ensure modifications were completed when material changes were made to contracts

While reviewing a contract for conferences, we found that the payment surpassed the contract cost by about \$6,339 USDE. The overpayment resulted from an increase in the cost per person after the DMO contacted the vendor to modify the breakfast selection. The DMO did not issue a modification to the contract for this change in unit price.

The Peace Corps Overseas Contracting Handbook (OCH) provides guidance for managing contracts at overseas Posts. The OCH Chapter on Supplies and/or Services Contracts, Section 12.0, illustrates that if the unit cost specified in the contract does not align with the invoice, the contracting officer must take one of two actions: request an updated invoice from the vendor or create a modification to correct the unit price and align it with the invoice amount.

The DMO was aware that the contract needed to be modified but failed to ensure that the assigned contracting officer created a modification. The post also did not establish procedures to reconcile contract invoice amounts, making it difficult to identify discrepancies before the payments had already been made.

By formally documenting changes to the contract in writing, the post will ensure that the amended terms of the agreement are clear, and its obligations are correctly implemented, which can help avoid any future disputes. In addition, conducting proper contract modifications ensures terms are legally binding.

We recommend that:

- 5. The Director of Management and Operations provide additional oversight to ensure that invoices paid by the post reflect the agreed upon contract amounts, and in accordance with Peace Corps' policy, to modify the contract when material changes occur.**

PROPERTY

The post failed to comply with policy to record accountable assets

We found the post did not adequately record assets into the agency's asset management system at the time, Sunflower.⁷

Peace Corps MS 511.6.1, Property Management Handbook, states the following:

Accountable Personal Property Assets must be recorded in Sunflower and physically tagged with a Peace Corps bar code number. Accountable Asset types consist of:

- Assets with an Acquisition cost of \$2,500 or more
- Recurring Cost Assets such as cell phones, smart phones, and tablets
- Personally Identifiable Information items
- Pilferable Assets
- Capital Leased Equipment.

Our review of purchases and property assets found that the post failed to record accountable assets into Sunflower. We assessed all property purchases from October 2021 to March 2024 and identified multiple assets that had not been recorded in Sunflower. These improperly tracked assets were valued at about \$174,551 USDE, which included solar panels, smart phones, a generator, a security door, a cash count machine, a safe, a photocopier, air conditioners, televisions, a mattress, and a router.

According to the general service manager (GSM) and information technology assistant (ITA), who manage property at the post, the property system was difficult to use, which contributed to assets not being properly recorded. The ITA did not input newly purchased cell phones into the system because she was unfamiliar on how to use the system to update the status of new and old assets. Instead of using the system, the ITA maintained a separate spreadsheet that documented the phones' asset numbers and current allocation information. Additionally, the GSM explained that he did not add the solar panels into the system because the acquisition of the panels contained multiple pieces of equipment.

As stated in MS 511 Personal Property Management Handbook, Section 3, adequate personal property management ensures that the assets are used and managed in accordance with laws and regulations. A property management system is a control to help track the assets and minimize waste, loss, and abuse; by not properly recording assets, the impact of the property system and controls is greatly reduced. The post needs to ensure that all staff involved in the management of property are fully trained on the new property system and have clear guidance to explain how the property should be recorded and managed in the system.

⁷ The Peace Corps historically used Sunflower as its asset management system to record property. However, in June 2024, the Peace Corps started transitioning to a system called Maximo to record property.

The OCFO and post did not adhere to accounting standards that mandate the capitalization of assets⁸

The OCFO establishes the capitalization thresholds for assets,⁹ which are then recorded in the Odyssey financial system by the OCFO's Accounting and Financial Reporting (AFR) office. OCFO AFR maintains the agency's asset records throughout the asset's entire life cycle, from acquisition to retirement, transfers, gains and losses, and depreciation.

Newly acquired assets that meet certain thresholds should be recorded in Odyssey. Peace Corps' policy for capitalizing assets is based on the threshold table listed below:

Category	Useful Life	Individual Item	Aggregate Purchase
Land	N/A	Any	Any
Buildings	10 years	Any	N/A
Leasehold Improvements	2-10 years	\$100,000	\$100,000
General PP&E	5-10 years	\$25,000	\$100,000
Vehicles	6 years	\$10,000	N/A
Information Technology Hardware	3-9 years	\$25,000	N/A
Internal-Use Software	3-9 years	\$25,000	N/A

Source: information obtained from the Peace Corp's FY 2023 PP&E Cycle Memo

We found that the post bought solar panel systems in FY 2023 from two different vendors over four separate purchases, for a total of about \$103,533 USDE, which met the aggregate capitalization threshold for general PP&E. The solar panel system purchase met the threshold but was not recorded in Odyssey as a capital asset, as required.

OCFO personnel stated that they conduct monthly Sunflower reviews to check for potential capital assets (property over the threshold) that have been added or disposed of in the property management system. If an asset is identified in the property system as a capital asset, then the OCFO will contact the Office of Management or the Office of the Chief Information Officer to obtain supporting documentation for the asset and collect the invoice that will support the amount to capitalize and record the asset in Odyssey.

In addition to reviewing Sunflower, OCFO personnel stated that they review the financial reports in Odyssey to identify purchase orders that exceed \$100,000 in potential capital assets. Since the post did not include the asset in the property system and used multiple vendors for the purchase, it was not recorded in the fixed asset records by the OCFO. According to the OCFO, there is not an established process to identify capital assets when multiple purchase orders are created for a single asset.

Because it does not have the means to identify capital assets when using multiple purchase orders, the current process for property management creates some risks and challenges, such as

⁸ The Statement of Federal Accounting Standards 6, Accounting for Property, Plant, and Equipment (PP&E), requires all general PP&E to be recorded at costs, #37, "Costs which either extend the useful life of existing general PP&E, or enlarge or improve its capacity, shall be capitalized and depreciated/amortized over the remaining useful life of the associated general PP&E," page 17.

⁹ OCFO has established that assets above a certain dollar value (the "capitalization thresholds") should be recorded as fixed assets in the agency's financial system (Odyssey).

inaccurate financial reporting, noncompliance with accounting standards, asset mismanagement, and inconsistent asset valuation. When capitalized assets are not included in the fixed asset records, the financial statements may not accurately reflect the agency's total assets.

We recommend that:

- 6. The Director of Management and Operations ensures that property management personnel are fully trained on using the property management system and establishes specific standard operating procedures to ensure all accountable assets are reviewed and recorded accurately in the asset management system by post staff that manage property.**
- 7. The Office of the Chief Financial Officer and Office of Management develop additional guidance to ensure the property meeting the capitalization threshold is accounted for and capitalized, including those purchased from multiple vendors, are reviewed, and recorded accurately in the fixed asset records.**

The post did not properly secure assets or comply with Peace Corps policy regarding disposal

Peace Corps MS 511, Section 15, describes the process for disposing assets. According to the guidance, excess assets should be identified and prepared for disposal at the beginning of the disposal process. Excess property assets are defined as items that are no longer required to support the post's operations. The Office of Management's Inventory Management Specialist (IMS) must approve the disposal before any asset is sold, abandoned, donated, or transferred to another Government agency.

We reviewed the Sunflower inventory records and could not determine which assets were correctly marked for disposal and which should remain in inventory because the GSM failed to receive approval from the IMS for asset disposal. We searched for 20 items listed in the Sunflower inventory list but could not locate 8 of the items. The missing items included a satellite dish, a television, a battery charger, a phone system, and four cell phones.

We found that four of these items (two cell phones, satellite dish, and a phone system) were recorded as "retired," which could mean they were either sold or destroyed (disposed). However, the post did not obtain approval to dispose these assets, and they didn't maintain supporting documents of the disposal. During our physical inventory check of their property, the post was unable to locate the other four items (one television, two cell phones, and a battery charger) because the storage areas were not properly organized or easily accessible. The post could not explain why the items were unaccounted for.

Improper disposal of assets increases risk and may lead to financial loss, security breaches for IT equipment that may still contain sensitive data, environmental damage for items that contain hazardous materials, and potential theft. To prevent waste, fraud, and misuse of property, it is important for Posts to keep an accurate inventory database and regularly update that database

through periodic reconciliations, physical inventory checks, discrepancy investigations, and organized storage areas.

We recommend that:

- 8. The Director of Management and Operations ensures property disposal requests are approved prior to changing the property system records and disposing the assets.**
- 9. The Director of Management and Operations ensures post property is accurately accounted for in the asset management system by conducting physical inventory verifications, resolving discrepancies, and maintaining organized storage areas to locate the assets.**

BUDGET

Headquarters did not adequately review open obligations or de-obligate funds in a timely manner

Peace Corps MS 701, Section 7.4.3, specifies that outstanding unliquidated obligations should be reviewed to determine if the obligations need to be adjusted for contract modifications, reduce the amounts for unbilled obligations based on previous payments, or de-obligate funds that have been paid in full.

The OFMH, Section 10.1, further states that "...all offices are expected to continuously review and monitor financial transactions, to assure that all obligations are valid and that funds are not tied up unnecessarily. The agency has established a quarterly review, to facilitate monitoring, and a formal mid-year review, for reporting." The OCFO's Budget and Analysis team reviews the open obligation summary report and requests the post to provide projected closure dates for the open obligations with an explanation as to why the obligations are still open.

Each quarter, the OCFO's Budget and Analysis team distributes spreadsheets to all headquarters and post budget holders with a list of obligations that have been selected for review. The Posts must label each selected obligation with the appropriate category, select a target date for when each selected obligation will be closed, and, when applicable, justify why an obligation will remain open. The Posts must return their completed obligation reviews to the OCFO Budget and Analysis team by a specified due date.

We reviewed the open obligation summary reports and determined that headquarters did not take timely action to de-obligate funds for four obligations related to the post's Volunteer staging and medical supplies, totaling \$28,678.53 USDE. Those four obligations were executed by the post but managed by the program offices in headquarters, which, in this case, were the Travel and Transportation office and the Post Logistics and Support office. During the open obligation review, the post indicated that the services for the four obligations were completed and paid, and that additional action was needed by the headquarters offices. As of the end of our review, the obligations were still open.

It is important that the OCFO, Posts, and headquarters program offices timely work together to de-obligate funds. Reviewing, adjusting, and in some cases, de-obligating funds are necessary to manage agency funds effectively and efficiently. If de-obligations are not completed properly, there is a risk that funding will remain obligated and not available to use for other Peace Corps mission requirements.

We recommend that:

- 10. The Office of the Chief Financial Officer follow-up with the individual program offices to de-obligate the outstanding obligations.**

IMPREST FUNDS MANAGEMENT

The post did not verify that the sub-cashiers' advances were within their authorized limits

The OFMH, Section 13, describes how imprest funds are managed at the Posts, including the responsibilities of the principal cashier and sub-cashiers. A sub-cashier is approved to receive and manage imprest funds from the principal cashier. The OCFO Global Accounts Payable (GAP) office sets the maximum amount that a sub-cashier is authorized to receive for the principal cashier. The sub-cashier is supposed to reconcile their imprest funds with the principal cashier at least quarterly or once a month if the cash advance is over \$1,000 USDE.

We examined the authorization limits for nine sub-cashiers, ranging from \$4,000 to \$9,500, and identified 16 instances in which 5 sub-cashiers received funds that exceeded their authorized threshold. The amounts exceeding the authorized limits varied from about \$24 to \$2,750 USDE. This occurred because the DMO and principal cashier did not ensure that the advances were less than their accountability and that previous advances were reconciled and cleared before issuing new advances, which would result in exceeding authorized thresholds.

We recommend that:

- 11. The Director of Management and Operations and Principal Cashier ensure prior advances are reconciled and cleared before disbursing additional advances, within the authorized limits.**

The post did not liquidate interim advances in a timely manner

Peace Corps personnel may receive interim cash advances from the cashiers for purchases when it is more cost-effective or quicker than making payments by check, electronic fund transfer, or purchase cards. When interim advances are disbursed, they must be cleared within 3 business days. OFMH Section 13.14.A.2 states, "It is the responsibility of the cashier to monitor the clearance of interim advances and to notify and work with the DMO if advances are not cleared within 3 business days for direct follow-up action." OFMH Section 13.14.A.1 also states, "Staff must not take an interim advance on a Friday, without a business need to hold the funds over the weekend."

We examined 354 out of 612 interim cash advances that remained open between 5 to 21 days and noted that most of them related to maintenance supplies for vehicles, Volunteer housing, leased property, staff development fees, training supplies, other fees, and other miscellaneous supplies. The principal cashier stated they did monitor the clearances and notified the DMO when advances were not cleared, including during scheduled weekly meetings. The DMO reminded staff about the policy, including suggesting alternatives to interim cash advances.

The principal cashier also stated that the delays in clearing the advances were due to various factors, including the impact of COVID-19, staggered office attendance, and advances taken on Fridays to cover unexpected emergencies over the weekend. They stated that delays were also caused by the post administrative team's failure to promptly prepare the disbursements. The principal cashier suggested that the post needed stronger internal guidelines to reduce the number of interim advances that exceed 3 days. Clearing interim advances quickly ensures the timely return of unused funds and promptly replenishes cash resources.

We recommend that:

- 12. The Director of Management and Operations reviews the interim advances and develops a plan of action to ensure that advances are cleared within 3 days.**

The post did not perform required unannounced cash verifications of advances for remote sub-cashiers

OFMH Section 13.16.G states that the cashier supervisor must “ensure unannounced verifications of sub-cashier fund are conducted; sub-cashier advances over \$1,000 must be verified monthly and under \$1,000 USDE must be verified quarterly.”

In our meetings with the DMO and with the State Department, we confirmed that neither the post nor the State Department conducted unannounced cash verifications for sub-cashiers located outside of the main office. The DMO was aware of the OFMH requirement but did not ensure the policy was enforced because it was inconvenient due to the sub-cashier working remotely. During our audit, we conducted a virtual cash verification with the sub-cashier and noted that the sub-cashier received a cash advance of \$303 USDE, requiring quarterly verifications. We informed the DMO that virtual cash counts could be a viable option for verifying remote sub-cashier funds. The lack of cash verifications denies the post the ability to address any deficiencies in a timely manner.

We recommend that:

- 13. The Director of Management and Operations develops additional standard operating procedures to ensure cash verifications are conducted for remote sub-cashiers.**

VOLUNTEER PAYMENTS

The post did not ensure payments were collected from early terminated Volunteers

Volunteers receive monthly allowances while serving in their country of assignment. Per MS 221.5.7, each month served by the Volunteer entitles them to their full allowance, even if they

only serve part of the month. However, if the Volunteer does not serve at least one day within a particular month but receives payment, it is classified as an overpayment.

According to post staff, the post had established procedures to timely collect Volunteer overpayments. Uganda banking rules only permit the account holders to access bank accounts, so before a Volunteer or Trainee departs, post staff will accompany them to the bank to close their accounts and obtain confirmation from the bank that the account has been closed. By closing the bank account, any subsequent electronic fund transfers would be rejected. However, if the Volunteer does not repay the advanced allowance, the overpayment should be deducted from the Volunteer's readjustment allowance, which is paid when termination of service is completed.

We reviewed 13 payments to Volunteers who terminated their service early and discovered that the post had not collected 2 allowance overpayments, totaling about \$743 USDE. The DMO was unaware of the outstanding overpayments because the post assumed the debts had been resolved.

According to the DMO, the overpayment of about \$388 USDE had been deducted from one Volunteer's readjustment allowance. However, the OCFO confirmed that the funds had not been deducted from that Volunteer's readjustment allowance because the post had not accurately submitted its request to the OCFO. As a result, the post processed a BOC for the outstanding balance and referred the debt to the OCFO GAP for collection.

For the second Volunteer, the post assumed that the electronic fund transfer, totaling about \$355 USDE, would be rejected by the bank when it confirmed that the account was closed. After further review, the post verified with the bank that the allowance had been deposited into the Volunteers bank account, despite receiving confirmation from the bank that the account had been closed.

We noted that the agency lacks guidance on how to collect funds from Volunteer's bank accounts when the Volunteers are no longer in country, particularly when banking laws prohibit delegation of authority to anyone other than the account holder. According to the OCFO, the Posts can reach out to the OCFO GAP for payment status updates or, if timing permits, to cancel a payment before it is processed. Fortunately, the post was able to work with the Uganda bank and transfer the funds into the State Department U.S. Disbursing Officer's account.

We recommend that:

- 14. The Office of the Chief Financial Officer collects or waives the bill of collection for overpaid living allowance totaling \$388 U.S. dollar equivalent and considers additional guidance on how Posts should handle situations like this.**
- 15. The Director of Management and Operations ensures that the post administrative staff collaborate with the Office of the Chief Financial Officer to cancel future Volunteer allowance payments as soon as the post is aware that the Volunteer is terminating service and work with the banks to retrieve funds if the payments are posted to the Volunteer's account.**

RECORDS MANAGEMENT

The post failed to comply with Peace Corps guidance to maintain required supporting documentation

Throughout the audit, we identified a systemic issue in which the post failed to regularly retain essential supporting documentation, as mandated in MS 892. Specifically, the post did not keep the necessary records for its U.S. President's Emergency Plan for AIDS Relief (PEPFAR) obligations, receipts, fuel records, leases, items sold at auction, and PSC contract files.

PEPFAR

PEPFAR is a multi-year U.S. Government initiative to address the HIV epidemic. The Uganda post received PEPFAR funds, which must be used only for PEPFAR approved purposes.¹⁰ Post staff are responsible for ensuring expenses are correctly applied and distributed between PEPFAR and Peace Corps direct appropriations while maintaining the appropriate supporting documentation, such as annual percentage-based spending emails, Volunteer in-country allowance rosters, Country Operation Plan approvals for staff, activity agendas, or itinerary for staff travel. OCFO provides the Peace Corps PEPFAR Financial Guidance to the Posts annually, which outlines how certain support expenses are allowed to be allocated to PEPFAR.

During this audit, we reviewed eight PEPFAR expenditures from our sample of vouchers and identified seven instances in which the post did not have proper documentation that justified how expenses were associated with PEPFAR. Without proper documentation, there is an increased risk of error in PEPFAR allocations.

PSC Contract Files

We sampled seven PSC contracts files; among these, five were missing required documentation. The Overseas PSC Contract File Checklist, as listed in the OCH, specifies which documents should be maintained in the PSC contract file. Using the Overseas PSC Contract File Checklist, we identified the following missing files: selection memos, intelligence background forms, pre-award correspondence, position advertisements, job applications, and resumes.

Additionally, we found that MS 892, Attachment B, requires PSC contract files to be maintained in paper files and retained for 30 years. This policy is inconsistent with other contract record management methods listed in MS 892, which allow for electronic record keeping. We believe this imposes an undue burden at the post because many of the original files created and received at the post for retention are electronic files, which are then required to be printed in order to be properly retained. Furthermore, there is limited space at the post for physical file storage and, in the case of an evacuation or post closure, collecting paper folders for retention at headquarters would be burdensome compared to electronic folders.

We contacted the OCFO to understand the rationale for mandating that official record files must only be retained in paper format. The OCFO told us that there are currently plans to update this policy, however they are still deciding how the change would be implemented. The MS 892

¹⁰ Approved PEPFAR activities are documented in the Peace Corps PEPFAR Financial Guidance for the applicable year.

policy should allow flexibility for the Posts to retain and store files as necessary based on the conditions of that post, so long as the files are complete and accessible.

Property Sold Through the Embassy

When we reviewed the funds transferred from the U.S. Embassy to the post for auction sales, we were unable to identify which assets were successfully sold. This was because the post did not retain records showing which items had been sold and did not maintain a complete record of items transferred to the Embassy, per Peace Corps MS 511 and MS 892 policies.

Lease Files

While reviewing the lease files, we found that three out of the seven files reviewed did not have the necessary documentation, as required in the OCH section for leases. Per the handbook, "All lease contract files should contain the minimum required documents as shown in the Overseas Lease Contract File Checklist."

Using the Lease Contract File Checklist, we noted that the contract files lacked one or more of the following: signed selection memo, regional security officer (RSO) approvals, Secure Embassy Construction Counterterrorism Act Waiver, regional director approvals for CD residence, and evidence of check-in walk throughs. After the post was informed of the missing RSO approval, they initiated safety inspections in coordination with the Embassy to review the USDH residence.

Vehicle Maintenance Receipts

We sampled transactions related to vehicle maintenance using the post's Vehicle Management Information System (VMIS) reports. We noted that 9 out of 15 reviewed vehicle maintenance entries listed in the VMIS Vehicle Maintenance Report could not be supported. Typically, the post's vehicle maintenance supplies were purchased with cash advances. The GSM did not maintain copies of the documentation to support the VMIS entries. Because the post did not provide supporting documentation, we were unable to verify the accuracy of the VMIS transactions.

Fuel

The post purchased generator fuel exclusively from the Embassy. Vehicle fuel, however, was acquired either through the Embassy or from a third-party vendor. When purchasing fuel from the Embassy, the post receives a BOC at the end of each month with the amount of fuel purchased for vehicles and generators. When drivers purchase vehicle fuel from a third-party vendor, they have the option to use fuel credit cards or cash. Fuel statements are provided when fuel cards are used, and the drivers obtain receipts for cash purchases.

We reviewed a sample of 9 generator fuel transactions and 20 vehicle fuel transactions. We noted that the GSM did not consistently retain documentation for fuel purchases from the Embassy or third-party companies. The post was missing one BOC from the Embassy and five cash receipts for vehicle fuel. In addition, we noted that the post did not maintain the required information, including historical fuel usage data, Embassy gate receipts, and requests for generator fuel from the Embassy.

Except for PSC files, MS 892, Attachment B, dictates that financial transactions concerning procurements, bill payments, debt collection, and accounting should be destroyed 6 years after the final financial payment or cancellation. By not adhering to the records management policies outlined in agency guidance, the post risks losing adequate data, which hinders its business operations and decision-making, and increases the risk of fraud, waste, and misuse of appropriated funds.

We recommend that:

- 16. The Director of Management and Operations conducts training and reviews record retention requirements with post staff to ensure documentation is retained in accordance with Peace Corps guidance.**
- 17. The Office of Records Management updates the Manual Section 892 guidance to allow post staff to maintain Personal Service Contract records electronically in addition to paper documentation.**

PERSONAL SERVICE CONTRACTORS

The post did not ensure PSC wages were accurately calculated and processed

In accordance with MS 732.9.8(b), “PSCs shall be paid using the currency compensation practices of the local US Embassy.” The post uses a local compensation plan¹¹ for PSCs, which outlines the basic workweek, observed holidays, allowances and benefits, allowable bonuses, premium pay plans, and salary rates.

During our review of seven PSCs’ salary payments, we found that one PSC, who was paid hourly, had received incorrect pay rates from the post on multiple occasions. For example, in FY 2023, the PSC worked 76 hours of holiday premium pay over 7 pay periods, however the payments were made at a higher rate than they should have been. The local compensation plan defines holiday pay as a premium rate for work performed on holidays observed during the employee’s basic workweek hours.

Holiday pay is given in addition to regular pay; the calculation is 100 percent of hourly salary for each hour worked in addition to regular pay. However, the PSC’s holiday pay was incorrectly paid at 200 percent of hourly salary (\$11.87 USDE) while also receiving regular pay (\$6.25 USDE) instead of the standard 100 percent of hourly salary (\$5.94 USDE) and regular pay (\$6.25 USDE), resulting in a total overpayment of about \$451 USDE. We subsequently reviewed the holiday calculations for other hourly PSCs and noted those payments may have also been incorrectly applied.

Additionally, the same PSC from our sample worked 10 hours on a day that was not observed as a holiday but still received additional pay. Instead of classifying those hours as regular pay, the post incorrectly categorized them as holiday pay. As a result, the PSC’s hourly rate was

¹¹ Attachment III to the PSC contracts document the benefits for the PSCs, based on the local compensation plan.

calculated as \$11.87 USDE instead of \$6.25 USDE per hour, resulting in an overpayment of about \$56 USDE.

Due to the lack of oversight for calculating PSC payments, these discrepancies resulted in overpayments totaling about \$507 USDE. While the amounts reported in our sample are small, accuracy in staff payments is critical to avoid unnecessary staff hardships that could arise from making improper payments.

We recommend that:

- 18. The Director of Management and Operations reviews holiday and premium pay for other hourly Personal Service Contracts and determines if any additional collections are needed and then issue bills of collection or waive the collection. If needed, provide training on payroll calculations.**

The post did not ensure that cash awards for PSC personnel were processed properly

The OCH Section 32,¹² states that when a cash performance award is granted to a PSC, the contracting officer must amend the individual's contract to reflect the contract amount, including the award. The contract modifications must then be entered into the Human Resources Management System (HRMS) contract module for payment.

Despite OCH guidance, the post processed the performance awards for PSCs without entering it into HRMS. The performance awards amount was about \$20,182 USDE. The post staff stated that they deviated from the policy because the system was offline when they processed the awards. An OCFO staff member emphasized that the post should have waited instead of bypassing the system. However, OCFO did state that there may be limited exceptions where the post will need to process and pay an award outside of HRMS.

The post should consult with OCFO instead of bypassing the required policies and procedures to ensure that awards are made and tracked in accordance with OCH.

We recommend that:

- 19. The Director of Management and Operations ensures the post follows guidance when processing Personal Service Contract awards and seeks approval from the Office of the Chief Financial Officer before deviating from it.**

MEDICAL SUPPLIES

The post did not comply with the policies and procedures for properly accounting for and disposing of expired medical supplies

Peace Corps MS 734.8 states that the medical office must maintain a complete and accurate Drug Enforcement Agency log, which records the number of controlled medical substance units that the post has on hand, distributed, and disposed. Additionally, the post's Medical Supply

¹² Overseas Contracting Handbook for PSCs, section 32.0, Performance Awards

Inventory Control Clerk (MSICC) must maintain a set of inventory records for all supply items that are specially designated or controlled medical substances.

During our fieldwork, we examined the post's inventory of specially designated and controlled substances. We observed that the Peace Corps Medical Officer (PCMO) at the post incorrectly adjusted inventory records (both the Drug Enforcement Agency log and MSICC inventory records) to indicate medication had been disposed of, even though it remained at the post. We found expired medications on the normal medical shelves. The post medical office had retained expired medication meant for disposal for more than 6 months. We learned that the post retained this expired medication due to the third-party disposal company's high costs. The Peace Corps Office of Health Services (OHS) agreed that waiting 6 months to dispose of expired medications is a long time.

The PCMO also stated that controlled medications were not contaminated before giving it to the disposal company. The controlled substances must be contaminated to limit the risk that the medicine is used illegally after it has expired and been disposed of by the Peace Corps. According to the PCMO, they were unaware of Peace Corps Technical Guidance (TG) 240 requirements, which outline the disposal procedures for expired medication that the post must follow:

- The post removes all expired medications/supplies from the shelves prior to the quarterly count and places them in a box labeled expired.
- The post documents all medication/supplies for disposal.
- Disposal prior to the quarterly count is the best practice to ensure accuracy of the count.
- If the post contracts with a disposal company to take medication to a facility for destruction and the PCMO and CD will not directly observe this, the medication must be made unstable before giving it to the disposal company.
- After disposal, the PCMO and CD sign the disposal form and sends a copy to the MSICC.
- The MSICC enters disposed specially designated medication and controlled substances in the medical inventory book.

Failure to properly contaminate the medication before disposal, accurately record the inventory, and completely remove expired items from shelves increases the risk of distributing expired medications to Volunteers. Since the Peace Corps Volunteers serving in Uganda obtain their medical supplies from the post, it is essential that the post develops a process to ensure expired medication is not dispensed to the Volunteers.

We recommend that:

- 20. The Country Director ensures that disposals are conducted in accordance with Peace Corps policies by removing expired or wasted medication timely from the shelves, waiting to remove expired medication from the inventory logs until disposal has taken place, and witnessing contamination of expired medication.**

AREAS OF CONCERN

The post did not review its fuel usage data

The Peace Corps OFMH Chapter 45 requires the post to periodically review generator usage to determine if the fuel consumption is unusual. The GSM stated that the post does have access to software that tracks generator fuel usage but infrequently checks the report. We requested previous generator usage data and discovered that the software only retains the previous 3 months of data and overwrites older data. We analyzed the previous 3 months of historical data for fuel generator usage and discovered a discrepancy of more than 30 liters. The post determined that this variance was due to a broken fuel sensor. Since the post did not conduct a thorough analysis of historical fuel usage data, they did not realize the generator sensor was damaged.

In addition, the post should regularly monitor fuel consumption, as required by OFMH Chapter 45, to detect instances where vehicle fuel exceeds the tank's capacity or average consumption rate. During our review of vehicle fuel purchases, we found one incident where a driver bought 10 liters more fuel than the vehicle's capacity. Additionally, we observed that when drivers covered the same or shorter distances and bought fuel using cash or fuel cards, the amount of liters exceeded what was purchased at the Embassy.

Ineffective monitoring of fuel consumption can lead to an increased risk of fraud, waste, and misuse.

The post did not ensure credit card transactions were timely approved within the credit card system

Each month, the credit card bank sends a statement with the previous period's transactions (usually the last 30 days) to the agency for review.¹³ The cardholder and approvers (DMO and Deputy DMO) allocate, reconcile, and approve their post's statement. If an approver misses the auto-close date, the statement will close automatically. Since there is no electronic record of oversight by the approving officials for the auto-close statements, headquarters will review them with the approvers and cardholders to verify transaction validity.

We noted that two approving officials at the post experienced nine auto-closures for calendar years 2021 and 2022. According to the DMO, staff attended a training provided by OCFO, however auto-closures continued. Policy states that if an approving official has three auto-closures in a year, the approving official will lose their delegation and will not be able to approve purchases.

The post did not ensure vehicle maintenance inventory was accurate

The post is responsible for managing its official vehicles' maintenance. The general service assistant (GSA) oversees vehicle inventory supplies, guided by the mechanic's input on

¹³ OFMH 68—Purchase Card Allocation, Approval, Certification, and Monitoring, Section 68.6- Auto-Close

inventory levels and purchasing needs. The GSA maintains documentation of orders and resource usage. However, we noted the GSA's inventory records were inaccurate.

We identified discrepancies with the supplies listed in the inventory register for vehicle maintenance. These discrepancies occurred because the GSA did not conduct independent itemized inventory inspections but instead relied solely on the information from the mechanic. The DMO should ensure that independent inventory inspections of the vehicle maintenance supplies occur regularly to verify accuracy, decrease losses, and ensure efficient resource allocation.

The post did not ensure updates made to the PSC security files were accurately reflected in the designated Peace Corps systems

Peace Corps MS 732 Section 9.5, states that the post must conduct background checks on all staff for the duration of their contract, both initially and for contract renewals. The background process involves collaborating with the RSO from the Embassy to ensure the timely completion of background checks. However, if the renewal process is delayed and the security certification expires, staff can continue to work if temporary certifications are issued, or the required documentation had been submitted timely to the RSO at the Embassy. According to MS 732, initial and renewal background investigations must be uploaded into the Security Certifications module of OdyWeb¹⁴ for the Peace Corps Office of Safety and Security to review.

During the audit, we found that the post did not enter background certifications renewal updates for PSC contracts in OdyWeb. In our review of the security certifications memorandums for Uganda, we noted that 23 of the 89 staff at the post during our audit period were marked as "inactive" with expired certifications, even though they all had active background checks from the RSO. However, after the investigations were completed, the post did not update the PSC status in OdyWeb.

Additionally, the agency was still processing payments to PSCs with an "inactive" security status. Safety and Security personnel stated that they were not responsible for notifying the post about expired background clearances.

Headquarters and post leadership should conduct additional oversight whenever background certifications expire. Although the post ensured the background checks were completed, headquarters was unaware of the discrepancy. Posts should adhere to guidance and timely submit the necessary background documentation.

The PCMO and the Acceptance Point Clerk did not receive all medical supplies

Peace Corps MS 734.5.4 states:

The Acceptance Point Clerk (APC) is appointed by the CD and is responsible for receiving all medical supplies at post and coordinating initial inventory and transfer to the Medical Office. The APC works with both the Medical Supply Inventory Control Clerk (MSICC) and the PCMO to ensure that medical supplies are properly delivered and inventoried.

The PCMO and the APC did not receive all necessary medical supplies as required. Instead, the PCMO delegated the medical assistant, rather than the APC, to receive transferred and other

¹⁴ OdyWeb is the Post web access for interface to Odyssey.

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medical supplies. OHS stated that the MS 734 does not specifically address the delegation of signing off non-controlled substances or supplies however, Peace Corps guidance TG-240 lists the PCMO as the responsible party. When the PCMO and APC do not inspect all contents of medical supply shipments, it creates the potential for supply orders to be incomplete, misused, or stolen.

QUESTIONED COST AND FUNDS TO BE PUT TO BETTER USE

During the audit, we identified questioned costs and funds to be put to better use.

Questioned Costs

Recommendation number	Description	Amount
3	Unallowable Payments for Food and Accommodations to non-Temporary Duty Travel PSCs	\$32,543
4	Payments exceeded the contracted amount	\$6,339
13	Uncollected Volunteer Allowance Overpayment	\$743
17	PSC Overpayments	\$507

Funds to be put to better use

Recommendation number	Description	Amount
9	De-Obligation for end of performance periods	\$28,679

The Inspector General Act of 1978, as amended, defines funds to be put to better use and questioned costs as follows:

- **Questioned costs** are 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.
- **Funds to be put to better use** are funds that could be used more efficiently if management took actions to implement and complete the recommendation.

LIST OF RECOMMENDATIONS

We recommend that:

1. The Office of the Chief Financial Officer establishes guidance to monitor and report on value-added tax submissions processed by the Embassy.
2. The Director of Management and Operations reconciles the outstanding bills of collection for value-added tax against the collections posted in the Voucher Auditor Detail Report.
3. The Director of Management and Operations complies with Federal law, regulations, and agency policy when procuring food, accommodations, and other costs for Personal Service Contract staff attending retreats and trainings; inquire with the Office of the Chief Financial Officer regarding exceptions to the policy; and document decisions made.
4. The Peace Corps conducts an internal review of the questioned costs and works with the Government Accountability Office to determine if the questioned costs result in Anti-deficiency Act violations.
5. The Director of Management and Operations provides additional oversight to ensure that invoices paid by the post reflect the agreed upon contract amounts, and in accordance with Peace Corps' policy, to modify the contract when material changes occur.
6. The Director of Management and Operations ensures that property management personnel are fully trained on using the property management system and establishes specific standard operating procedures to ensure all accountable assets are reviewed and recorded accurately in the asset management system by post staff that manage property.
7. The Office of the Chief Financial Officer and Office of Management develop additional guidance to ensure the property meeting the capitalization threshold is accounted for and capitalized, including those purchased from multiple vendors, are reviewed, and recorded accurately in the fixed asset records.
8. The Director of Management and Operations ensures property disposal requests are approved prior to changing the property system records and disposing the assets.
9. The Director of Management and Operations ensures post property is accurately accounted for in the asset management system by conducting physical inventory verifications, resolving discrepancies, and maintaining organized storage areas to locate the assets.

10. The Office of the Chief Financial Officer follows-up with the individual program offices to de-obligate the outstanding obligations.
11. The Director of Management and Operations and Principal Cashier ensure prior advances are reconciled and cleared before disbursing additional advances, within the authorized limits.
12. The Director of Management and Operations reviews the interim advances and develops a plan of action to ensure that advances are cleared within 3 days.
13. The Director of Management and Operations develops additional standard operating procedures to ensure cash verifications are conducted for remote sub-cashiers.
14. The Office of the Chief Financial Officer collects or waives the bill of collection for overpaid living allowance totaling \$388 U.S. dollar equivalent and consider additional guidance on how Posts should handle these situations.
15. The Director of Management and Operations ensures that the post administrative staff collaborate with the Office of the Chief Financial Officer to cancel future Volunteer allowance payments as soon as the post is aware that the Volunteer is terminating service and work with the banks to retrieve funds if the payments are posted to the Volunteer's account.
16. The Director of Management and Operations conducts training and reviews record retention requirements with post staff to ensure documentation is retained in accordance with Peace Corps guidance.
17. The Office of Records Management updates the Manual Section 892 guidance to allow post staff to maintain Personal Service Contract records electronically in addition to paper documentation.
18. The Director of Management and Operations reviews holiday and premium pay for other hourly Personal Service Contracts and determines if any additional collections are needed and then issue bills of collection or waive the collection. If needed, provide training on payroll calculations.
19. The Director of Management and Operations ensures the post follows guidance when processing Personal Service Contract awards and seeks approval from the Office of the Chief Financial Officer before deviating from it.
20. The Country Director ensures that disposals are conducted in accordance with Peace Corps policies by removing expired or wasted medication timely from the shelves, waiting to remove expired medication from the inventory logs until disposal has taken place, and witnessing contamination of expired medication.

APPENDIX A: SCOPE AND METHODOLOGY

SCOPE

This audit was conducted from February to August 2024 at both the Peace Corps headquarters in Washington, D.C., and the overseas post location in Kampala, Uganda. The scope period under review was October 1, 2020, through April 2024.

We conducted this performance audit in accordance with the Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence that will 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, our auditors were aware of the possibility or existence of fraud, waste, and misuse significant to the audit objectives and conducted procedures designed to obtain reasonable assurance of detecting any such fraud as deemed appropriate.

METHODOLOGY

To obtain background information, we reviewed Federal laws and regulations as well as external and agency policies relating to the Peace Corps' financial and administrative operations, such as the Statement of Federal Financial Accounting Standards, Peace Corps Manual, Overseas Financial Management Handbook, and Department of State's Cashier User Guide.¹⁵ Further, we distributed questionnaires to Peace Corps headquarters and post managers to learn about post specific processes and risk areas.

We obtained Peace Corps/Uganda's financial information from the disbursement and BOC reports for October 1, 2020, through March 13, 2024. We sorted the disbursement reports universe of 20,376 transactions and judgmentally selected samples by the following payment types:

- **Volunteer Allowances.** We reviewed Volunteer payments for living, settling in, and walk around allowances to determine if the payments were consistent with the authorized amounts. We analyzed all 751 Uganda Volunteer living allowances, all 69 transactions for settling-in allowances, and judgmentally sampled 5 out of the 12 transactions related to walk around allowances.

We also reconciled collections for possible overpayments for 13 Volunteers who terminated their services early. We obtained information from the bank in Uganda to verify when funds were deposited or collected. We also reviewed the BOCs and readjustment allowance reports to determine if the collections were complete and accurate.

¹⁵ The Department of State's Cashier User Guide states the policies and procedures for cashiers at overseas Posts.

- **Personal Service Contractors.** We examined 6 of the post's 52 long-term contracts and 1 short-term contract. We reviewed this sample of contracts to determine if the payments listed on the disbursement report matched the contracts and if the overtime and holiday pay rates were correctly applied. In addition, we reviewed documentation related to the contract files including awards, solicitation material, and other information. We also reviewed 89 PSC security certifications.
- **Medical Supplies.** We reviewed all the controlled and special designated inventory items, including dispensed medication. We also discussed Uganda laws to determine if any medication was prohibited in the country. In addition, we reviewed the site assessments that the post had submitted to OHS.

We sampled two disposal records; one that was submitted to a third-party company and the other for items that were located at the post and marked for disposal. We reviewed five medical supply purchases transactions along with accompanying receiving reports and the medical inventory records. We also interviewed the PCMO and medical assistant.

- **Fuel and Vehicles.** We conducted a physical inventory of the vehicles listed in the VMIS report to the vehicles parked at the main office. We also judgmentally sampled 9 generator fuel transactions from the VADR report, and 20 vehicle fuel transactions, with records in VMIS, the VADR report, fuel card statements, and fuel logs.

We checked the accuracy of VMIS information for nine vehicles at post and conducted an analysis of fuel tank capacity. In addition, we reviewed the VMIS Maintenance Report and reconciled the receipts with the transactions listed on the report. We also conducted an inventory of the vehicle maintenance supplies and compared the physical counts against the inventory register.

- **Imprest.** We reviewed 12 months of cash counts dated from February 2023 to January 2024. In addition, we performed an unannounced physical cash count with the primary cashier, alternate cashier, and sub-cashiers. We also conducted interviews with all the cashiers and the State Department's cashier monitors.
- **Property Management.** We performed a physical existence test for 20 of 1,776 personal property items inventoried in the Sunflower inventory tracking system. We reviewed the supporting documentation for items listed on the proceeds of sale in the VADR reports. We conducted additions testing by tracing 18 invoices from purchase records to the entries in the Sunflower asset management system and the Odyssey Fixed Assets Report. We interviewed the GSM, IT assistant, OCFO AFR Director, and the IMS.
- **International Cooperative Administrative Support Services (ICASS).** We compared the FY 2023 and 2024 ICASS invoices and budgets to the ICASS agreement to ensure that it followed Peace Corps policy for allowable cost centers. In addition, we reviewed ICASS waivers within our scope period.
- **Lease Payments.** We reviewed the lease contracts for seven out of eight properties: three USDH residences, two regional offices, one former regional site, 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 all five completed grant projects listed in the Volunteer Reporting and Grants System and reviewed the related disbursement reports, BOCs, project completion reports, and the project receipts.
- **Vouchers.** This section does not include payments for leases, PSCs, Volunteers, or medical supplies. We tested vouchers related to expenses for conducting trainings, conferences, leasehold improvements, and supplies. We judgmentally selected 9 contracts that exceeded \$10,000 USDE, and 10 transactions with a vendor. We reviewed the contracts, invoices, requests for quotes, and selection memos that exceeded \$10,000. For the lease hold improvements, we verified that the transactions were below the PP&E capitalization threshold. We also reviewed the vouchers sampled for PEPFAR compliance.

In addition, we reviewed a BOCs report that had a universe of 236 transactions from October 1, 2020, to March 2024. Our BOCs review consisted of the following:

- **Long Outstanding.** Based on the BOCs report, 8 outstanding collections that were over 30 days were identified. Many of the BOCs related to VAT submission processed through the Embassy. During field work, we interviewed staff about collection steps taken.
- **Voided.** We reviewed all 15 voided BOCs and the supporting documentation to determine if the voids were correctly voided and rebilled, if necessary.

We also reviewed the user access reports for the post's OdyWeb and FORpost systems to verify that the level of access matched the level of access granted. In addition, we conducted walk throughs of the server room to determine if the physical controls were sufficient and if the post implemented necessary procedures to safeguard electronic data.

USE OF COMPUTER-PROCESSED DATA

The Government Accountability Office's "Assessing the Reliability of Computer-Processed Data" defines reliability to mean that data applicable for the audit purpose and are sufficiently complete and accurate.

During our audit, we relied on data extracted from the Peace Corps' financial system, Volunteer Reporting and Grants System, and the Assets Management 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 also did not test to ensure that the universe of data provided to us was complete. We noted that the post did not maintain supporting documentation, therefore we could not verify the accuracy of some of the transactions recorded in VMIS. The lack of documentation resulted in findings and recommendations.

Additionally, 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

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. Ineffective oversight led to inefficiencies in implementing control activities. 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

AFR	Accounting and Financial Reporting
APC	Acceptance Point Clerk
BOC	Bill of Collection
CD	Country Director
DMO	Director of Management and Operations
FY	Fiscal Year
GAO	Government Accountability Office
GAP	Global Accounts Payable
GSA	General Service Assistant
GSM	General Service Manager
HRMS	Human Resources Management System
ICASS	International Cooperative Administrative Support Services
IT	Information Technology
ITA	Information Technology Assistant
IMS	Inventory Management Specialist
MS	Peace Corps Manual Section
MSICC	Miscellaneous Supply Inventory Control Clerk
OCFO	Office of the Chief Financial Officer
OFMH	Overseas Financial Management Handbook
OHS	Office of Health Services
OIG	Office of Inspector General
PCMO	Peace Corps Medical Officer
PEPFAR	Presidential Emergency Plan for AIDS Relief
PP&E	Property, Plant, and Equipment
PSC	Personal Service Contractor
RSO	Regional Security Officer
TG	Technical Guidance
USDE	United States Dollar Equivalent
USDH	United States Direct Hire
VADR	Voucher Auditor Detail Report
VAT	Value-added Tax
VMIS	Vehicle Management Information System

APPENDIX C: CRITERIA USED TO SUPPORT ISSUES IN THE REPORT

FEDERAL REQUIREMENTS

U.S. GAO, Principles of Appropriations Law,

- U.S. GAO, Principles of Federal Appropriations Law, 4th ed., 2017 revision, Chapter 1 and 3

STANDARDS FOR INTERNAL CONTROL IN THE FEDERAL GOVERNMENT

The GAO's *Standards for Internal Control in the Federal Government* (GAO-14-704G)

- Control Environment, Principle 1—Demonstrate Commitment to Integrity and Ethical Values
- Control Activities, Principle 12—Implement Control Activities

STATEMENT OF FEDERAL FINANCIAL ACCOUNTING STANDARDS

Standard 6 Accounting for Property, Plant, and Equipment

- Chapter 2—Asset Recognition and Expense Recognition

PEACE CORPS REQUIREMENTS

PEACE CORPS MANUAL SECTION

MS 128 Office of the Chief Financial Officer: Organization, Mission, and Functions

- Section 4.0 Office Missions

MS 125 Office of the Global Operations: Organization, Mission, and Functions

- Section 5.2.3 Country Director

MS 221 Volunteer Allowance: Organization, Mission, and Functions

- Section 5.7 Living Allowance Calculation, Payment, and Collections

MS 511 Personal Property Management Handbook

- Section 5.4 Peace Corps Headquarters Asset Accountability
- Section 5.6.1 Accountable and Non-Accountable Assets
- Section 6.2 Determining if an Item Must be in the Sunflower.
- Section 15 Disposal of Personal Property

MS 701 The Budget Process

- Section 7.4.3 Review of Unliquidated Obligations

MS 729 Food and Refreshments Expenses and Attachment A

MS 732 Peace Corps Overseas Acquisition System

- Section 9.5 Background Checks for Personal Service Contractors
- Section 9.8 Standards of Conduct for Personal Service Contractors

MS 734 Medical Supplies and Equipment

- Section 5.0 Roles and Responsibilities
- Section 8 Inventory Control for Specially Designated and Controlled Substance Medical Supplies

MS 892 Records Management

- Attachment B post

OVERSEAS FINANCIAL MANAGEMENT HANDBOOK

OFMH 7 Billings, Collections, and Deposits

- Section 7.3.2 Billing Steps
- Section 7.3.3 Bill of Collection Reconciliation and Follow-up
- Section 7.3.6 Embassy Collecting on behalf of Peace Corps
- Section 7.7.4 VAT Collections

OFMH 10 Budget Review

OFMH 13 Cashiering and Imprest Management

- Section 13.4.C Subcashier Designation
- Section 13.14.A Interim Advances
- Section 13.14.A.2 Clearing/Liquidating Interim Advances
- Section 13.14.C.2 Replenishing Subcashier Standing Advance
- Section 13.16.G Subcashier Verification

OFMH 45 Fuel Monitoring

- Section 45.3.1 Tools for Monitoring Fuel for Vehicles
- Section 45.4 Fuel for Generators

OFMH 68 Purchase Card Allocation, Approval, Certification, and Monitoring

- Section 68.6 Auto-Close

OVERSEAS CONTRACTING HANDBOOK

- Background Checks of Overseas Staff Policy

- Competition
- Leases—including lease contract file checklist
- PSCs—including PSC contract file checklist

TECHNICAL GUIDANCE

TG 240 Medical Supplies and Equipment

- Section 14 Processing Receiving Orders
- Section 16.1 Medical Inventory System Personnel
- Section 16.2 Medical Inventory System Forms
- Section 16.3 Medical Inventory System Process
- Section 17 Special Consideration for Controlled Substances: Drug Enforcement Agency Log

INFORMATION TECHNOLOGY SYSTEMS HANDBOOK

Chapter 8: Server Maintenance and Monitoring

- Section 8.7 Server Room Security

OTHER GUIDANCE

PROPERTY, PLANT, AND EQUIPMENT CYCLE MEMO

APPENDIX D: AGENCY COMMENTS



MEMORANDUM

TO: Joaquin Ferrao, Inspector General

FROM: David E. White Jr., Deputy Director **DAVID WHITE** Digitally signed by DAVID WHITE
Date: 2024.11.18 14:12:52 -05'00'

CC: Carol Spahn, Director
Lauren Stephens, Chief of Staff
Emily Haimowitz, Chief Compliance and Risk Officer
Ruchi Jain, General Counsel
Chaitra Shenoy, Associate General Counsel
Lily Asrat, Country Director, Peace Corps/Uganda
Michael Kiess, Director of Management and Operations, Peace Corps/Uganda
Kris Besch, Acting Associate Director, Office of Global Operations
Christine Gottschalk, Deputy Director, Office of Global Operations
Michelle Godette, Regional Director, Africa Region
Allison Blotzer, Acting Chief Financial Officer
Devin Meredith, Acting Associate Director, Office of Health Services
Francisco Reinoso, Associate Director, Office of Management
Michael Terry, Chief Information Officer
Julie Nelson, Compliance Officer
Jennifer Piorkowski, Executive Secretariat

DATE: November 19, 2024

RE: Agency Response to the Audit of Uganda Post Operations (24-AUD-02)

Thank you for the opportunity to respond to this preliminary report from the Office of Inspector General (OIG). Enclosed please find the agency's response to the recommendations made by the Inspector General as outlined in the OIG's Audit of Uganda Post Operations (24-AUD-02) sent to the agency on October 3, 2024.

Recommendation 1

The Office of the Chief Financial Officer establishes guidance to monitor and report on value-added tax submissions processed by the Embassy.

Concur

Response: The Office of the Chief Financial Officer (OCFO) will refine Overseas Financial Management Handbook (OFMH) guidance to include that posts will

create bills of collection (BOC) when submitting value-added tax (VAT) refunds through the Embassy for tracking and will void BOCs once the voucher auditor detail report (VADR) transaction is processed by OCFO/Global Accounts Payable (GAP).

Documents to be Submitted:

- *Updated OFMH guidance*

Status and Timeline for Completion: March 2025

Recommendation 2

The Director of Management and Operations reconciles the outstanding bills of collection for value-added tax against the collections posted in the Voucher Auditor Detail Report.

Concur

Response: *Post will work to reconcile open BOCs with OCFO/GAP, including details of the VAT refund VADR transactions. Post will also draft a standard operating procedure (SOP) for the Post administrative team on entering and reconciling VAT BOCs. OCFO will update OFMH guidance accordingly.*

Documents to be Submitted:

- *OCFO confirmation of VAT refunds received*
- *Post BOC entries and reconciliation*
- *SOP for Post admin team on entering and reconciling VAT BOCs*
- *Updated OFMH guidance*

Status and Timeline for Completion: February 2025

Recommendation 3

The Director of Management and Operations complies with Federal law, regulations, and agency policy when procuring food, accommodations, and other costs for Personal Service Contract staff attending retreats and trainings; inquire with the Office of the Chief Financial Officer regarding exceptions to the policy; and document decisions made.

Concur

Response: Post understands that when considering holding an event that requires staff participation, it is required to comply with Manual Section (MS) 812 and MS 729. To ensure further compliance with these policies, training for all staff will be conducted on these requirements.

Documents to be Submitted:

- *Training materials*

- *Training attendance records*

Status and Timeline for Completion: February 2025

Recommendation 4

The Peace Corps conduct an internal review of the questioned costs and work with the Government Accountability Office to determine if the questioned costs result in Anti-deficiency Act violations.

Do not Concur

Response: OCFO and Office of the General Counsel have conducted a review of the statutes pertaining to the Anti-deficiency Act and have concluded that while the payments as described in the report are improper, they are not violations of the Anti-deficiency Act, and therefore, consultation with the Government Accountability Office (GAO) is not required. The agency will not consult with GAO on a further determination. OCFO will do a thorough review of the individual improper transactions that are the basis for this finding and will determine what corrective actions will follow.

Documents to be Submitted:

- *Memo with summary of internal review of questioned transactions*
- *Memo with analysis from OCFO and Office of General Counsel (OGC)*

Status and Timeline for Completion: December 2024

Recommendation 5

The Director of Management and Operations provide additional oversight to ensure that invoices paid by the post reflect the agreed upon contract amounts, and in accordance with Peace Corps' policy, to modify the contract when material changes occur.

Concur

Response: Post will conduct a refresher training session for staff with relevant roles in contracting or payment processing per the Overseas Contracting Handbook (OCH) and OFMH.

Documents to be Submitted:

- *Training materials*
- *Training attendance records*

Status and Timeline for Completion: February 2025

Recommendation 6

The Director of Management and Operations ensures that property management personnel are fully trained on using the property management system and establishes specific standard operating procedures to ensure all accountable assets are reviewed and recorded accurately in the asset management system by post staff that manage property.

Concur

Response: Post staff will complete property management training for all related personnel. In addition, the Office of Management is working to update its MS 511 Procedures, which Post will utilize in lieu of developing an individual post SOP. This will ensure Post procedures are aligned with agency standards and requirements.

Documents to be Submitted:

- Training materials
- Training attendance records
- MS 511 Procedures

Status and Timeline for Completion: February 2025

Recommendation 7

The Office of the Chief Financial Officer and Office of Management develop additional guidance to ensure property meeting the capitalization threshold is accounted for and capitalized, including those purchased from multiple vendors, are reviewed, and recorded accurately in the fixed asset records.

Concur

Response: *The Office of Management will release comprehensive guidance for posts to identify, document, and report property that meets the agency capitalization threshold, which OCFO will use to record in the fixed asset module in Odyssey. This will be reflected in MS 511 procedures that will be updated, updated OFMH guidance, and an SOP on identifying capitalized assets in the asset management system and recording into the fixed asset module in Odyssey.*

Documents to be Submitted:

- *SOP on identifying capitalized assets in the asset management system and recording into the fixed asset module in Odyssey*
- MS 511 Procedures
- Updated OFMH guidance

Status and Timeline for Completion: September 2025

Recommendation 8

The Director of Management and Operations ensures property disposal requests are approved prior to changing the property system records and disposing the assets.

Concur

Response: The agency is working to update MS 511 Procedures and following its release, Post staff will follow the updated Procedures. Post will work with the Office of Management to ensure accurate implementation of disposition procedures using the asset management system, including attaining prior approval before disposing of assets.

Documents to be Submitted:

- *MS 511 Procedures*
- *Asset disposal records*
- *Monthly reconciliations*

Status and Timeline for Completion: March 2025

Recommendation 9

The Director of Management and Operations ensures post property is accurately accounted for in the asset management system by conducting physical inventory verifications, resolving discrepancies, and maintaining organized storage areas to locate the assets.

Concur

Response: Post will complete its annual inventory campaign, following Office of Management instructions and MS 511 Procedures on accurately accounting for physical inventory, including which assets are accountable and required to be inventoried. By conducting the annual inventory campaign, Post will review its property and ensure it is accurately accounted for in the asset management system as required.

Documents to be Submitted:

- *Completed FY25 annual inventory campaign*
- *Summary and/or photos of property-related efficiencies implemented*

Status and Timeline for Completion: February 2025

Recommendation 10

The Office of the Chief Financial Officer follow-up with the individual program offices to de-obligate the outstanding obligations.

Concur

Response: OCFO currently has a process of conducting tri-annual open obligation reviews for all posts and program offices and sending a list of open

obligations to the Office of Management (Travel and Transportation; and Post Logistics and Support) and OCFO/ACM to help them identify open obligations for which they are responsible. The responsible program office then takes timely action to review and de-obligate as appropriate. OCFO and Management will work together to de-obligate the outstanding obligations identified in this report.

Documents to be Submitted:

- *OCFO FY24 Bulletins of tri-annual open obligation review*
- *Example of OCFO follow-up emails from the FY24 open obligation reviews to responsible offices identifying obligations ready for de-obligation action*
- *Screenshots of open obligations identified in the audit report to show \$0 balance*

Status and Timeline for Completion: December 2024

Recommendation 11

The Director of Management and Operations and Principal Cashier ensure prior advances are reconciled and cleared before disbursing additional advances, within the authorized limits.

Concur

Response: The Director of Management and Operations and principal cashier conducted a refresher training for all sub-cashiers in April 2024. Post created shared sub-cashier ledgers to track that advances remain within authorized limits. Ledger entries include all activity, if any, since last reconciliation by sub-cashiers, reviewed by the principal cashier, and reconciled against receipts before additional funds are approved and advanced accordingly.

Documents Submitted:

- *Training materials*
- *Training attendance records*
- *Sub-cashier ledger for tracking advances*

Status and Timeline for Completion: November 2024

Recommendation 12

The Director of Management and Operations reviews the interim advances and develop a plan of action to ensure that advances are cleared within three days.

Concur

Response: Post created an SOP and trained all staff eligible to receive interim advances on their requirements to reconcile within three days. In the SOP, Post specified the actions staff should take if there is a concern they will not be able

to reconcile within three days. Post will continue to reduce utilization of interim advances by using electronic funds transfer non-cashier liquidations, sub-cashier advances, and travel advances whenever possible. The cashier will monitor the clearance of interim advances and notify the DMO if advances are not cleared within three business days for direct follow-up action.

Documents Submitted:

- *SOP outlining process for managing interim advances*
- *Training attendance record discussing the SOP*

Status and Timeline for Completion: November 2024

Recommendation 13

The Director of Management and Operations develops additional standard operating procedures to ensure cash verifications are conducted for remote sub-cashiers.

Concur

Response: All remote sub-cashiers are located in regional offices. Post regional offices are closing in January 2025, so there will no longer be remote sub-cashiers. Local sub-cashier verifications will continue to be conducted as required.

Documents to be Submitted:

- *Regional office lease closure*

Status and Timeline for Completion: December 2024

Recommendation 14

The Office of the Chief Financial Officer collects or waives the bill of collection for overpaid living allowance totaling \$388 US dollar equivalent and consider additional guidance on how posts should handle situations like this.

Concur

Response: OCFO/Global Accounts Payments referred the \$388 debt to Treasury for collection via Centralized Receivables Service in August 2024, after several attempts to contact the Returned Peace Corps Volunteer by Post and OCFO/GAP/Collections. OCFO will update OFMH 7 Billings, Collections, and Deposits and OFMH 2 In Service Allowances for Volunteers and Trainees to help posts better identify and understand the process.

Documents to be Submitted:

- *Updated OFMH guidance*
- *Evidence of debt referral to Treasury via Centralized Receivables Services*

Status and Timeline for Completion: December 2024

Recommendation 15

The Director of Management and Operations ensures that post administrative staff collaborate with the Office of the Chief Financial Officer to cancel future Volunteer allowance payments as soon as the post is aware that the Volunteer is terminating service and work with the banks to retrieve funds if the payments are posted to the Volunteer's account.

Concur

Response: Post agrees that it is necessary to ensure that future Volunteer allowance payments are cancelled as soon as post is aware that the Volunteer is terminating service. Post added a step to the Early Termination/ Completion of Service (ET/COS) checklist for Volunteer End of Service (VESI) entry in its financial management system. Post also added a step to include notification to OCFO/GAP/VPS if an allowance payroll is in process at the time of a Volunteer bank account closure. Post has successfully worked with the bank to retrieve funds when the bank failed to close a Volunteer account.

Documents Submitted:

- Updated ET/COS checklist

Status and Timeline for Completion: November 2024

Recommendation 16

The Director of Management and Operations conducts training and reviews record retention requirements with post staff to ensure documentation is retained in accordance with Peace Corps guidance.

Concur

Response: Post acknowledges the significance of proper records retention. The DMO will conduct training and review record retention requirements with post staff to ensure documentation is retained in accordance with Peace Corps guidance.

Documents to be Submitted:

- Training materials
- Training attendance record

Status and Timeline for Completion: March 2025

Recommendation 17

The Office of Records Management updates the Manual Section 892 guidance to allow post staff to maintain Personal Service Contract records electronically in addition to paper documentation.

Concur

Response: The Records Management Office (RMO) began the process for updating MS 892 Appendix B, Guide to Peace Corps' Records Schedules (Posts), in early 2024 and it will be published in January 2025, per the annual schedule. The update will stipulate that all new contracts signed on or after October 1, 2024, must be maintained electronically for the duration specified in the records retention schedule.

Documents to be Submitted:

- Updated MS 892 Appendix B

Status and Timeline for Completion: January 2025

Recommendation 18

The Director of Management and Operations reviews holiday and premium pay for other hourly Personal Service Contracts and determine if any additional collections are needed and then issue bills of collection or waive the collection. If needed, provide training on payroll calculations.

Concur

Response: Post adjusted the calculation for holiday premium pay in April 2024 and has verified that the adjusted calculation method for holiday premium pay is consistent with Embassy guidance. All necessary staff, including staff eligible for overtime (OT), their supervisors, and HR staff who conduct the payroll calculations, have been trained on OT calculations. Post has adjusted the OT calculation form to resolve ambiguity for holiday pay. Post has conducted a review of all overtime payments from FY 2022 to FY 2024 and calculated the amount that was overpaid to each person. Post will work with OCFO on resolving the overpayments.

Documents to be Submitted:

- *Overtime calculation training materials*
- *Training attendance records*
- *Updated OT calculation form*
- *Overpayment summary*
- *Indication that overpayments have been reconciled*

Status and Timeline for Completion: March 2025

Recommendation 19

The Director of Management and Operations ensures the post follows guidance when processing Personal Service Contract awards and seek approval from the Office of the Chief Financial Officer before deviating from it.

Concur

Response: OCFO will clarify the guidance on processing Personal Service Contract (PSC) awards in the OCH. The guidance will include what to do in case of an exception, such as when a system is down. Post will train relevant staff on the updated guidance. Approval from OCFO will not be required when deviating from the typical system of payment. Post will continue to follow OCFO requirements, including the updates that will be made to the OCH.

Documents to be Submitted:

- *Updated OCH guidance on processing PSC awards*
- *Training materials*
- *Training attendance record*

Status and Timeline for Completion: September 2025

Recommendation 20

The Country Director ensures that disposals are conducted in accordance with Peace Corps policies by removing expired or wasted medication timely from the shelves, waiting to remove expired medication from the inventory logs until disposal has taken place, and witnessing contamination of expired medication.

Concur

Response: Post understands the importance of timely medication disposals conducted in accordance with Peace Corps policies, and steps have been taken to remedy issues that were identified related to the disposal of expired medication and updating of inventory logs. At the time of the Office of Health Services' (OHS) Health Unit Assessment (HUA) of post in July 2024, there were no expired medications on hand, and no irregularities were found in the Drug Enforcement Agency (DEA) logbook. However, past logbook entries indicated that expired medications were not being removed from inventory and included in medication disposals in a timely manner. While the issues with medication disposal were resolved prior to the HUA, OHS also worked directly with post medical staff to evaluate and approve their SOP for medication destruction, which is now consistent with TG 240 guidelines.

Documents Submitted:

- *Post SOP for removing expired medication and updating inventory logs*
- *Copy of recent DEA log entries*
- *Summary of HUA medical inventory review*

Status and Timeline for Completion: November 2024

APPENDIX E: OIG RESPONSE

Management concurred with 19 recommendations but did not concur with 1 recommendation (number 4). 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 6 recommendations (numbers 11, 12, 13, 15, 17, and 20) based on evidence of corrective actions already completed to address the recommendations. The other 14 recommendations will remain open pending documentation and actions listed in the agency's response.

In response to recommendation number 4, the agency did not concur with our recommendation to work with the Government Accountability Office to determine if questioned costs could result in Anti-deficiency Act violations. The agency concluded that the improper payments at issue were not violations of the Anti-deficiency Act, but did not provide any analysis to support that conclusion.¹⁶ We will assess the memorandums mentioned in the agency's reply when they are provided, however, we continue to believe that a thorough internal agency review informed by a consultation with Government Accountability Office experts, is merited. As a result, this recommendation will remain open.

¹⁶ Office of Management and Budget, M-25-01, Transmittal of Revised Circular A-50, Audit, Inspection, or Evaluation Follow-up, pg. 3, "Where disagreement is based on interpretation of law, regulation, or the authority of officials to take or not to take action, the response must include the legal basis."

APPENDIX F: AUDIT COMPLETION AND OIG CONTACT

AUDIT COMPLETION

This audit was conducted under the direction of Assistant Inspector General for Audit David Haney by Lead Auditor Renita Davis and Auditor James Smyth.

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 David Haney.

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