



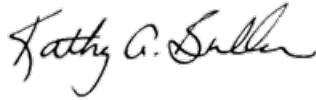
# Office of Inspector General

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

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

---

**To:** Carrie Hessler-Radelet, Director  
Brian Riley, Acting Regional Director  
Anne Hughes, Acting Chief Compliance Officer

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

**Date:** August 5, 2015

**Subject:** Final Report on the Audit of Peace Corps/Guyana (IG-15-05-A)

Transmitted for your information is our final report on the Audit of Peace Corps/Guyana.

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

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

You may address questions regarding follow-up or documentation to Assistant Inspector General for Audit Judy Leonhardt at 202.692.2914 or to Senior Auditor Renita Davis at 202.692.1982. Please accept our thanks for your cooperation and assistance in our review.

cc: Laura Chambers, Chief of Staff  
Lyzzy Ogunwo, White House Liaison  
Rudy Mehrbani, General Counsel  
Ken Yamashita, Acting Associate Director, Global Operations  
Brian Riley, Chief of Operations, Inter-America and the Pacific Operations  
Gonzalo Molina Zegarra, Chief Administrative Officer, Inter-America and the Pacific Operations  
Joe Hepp, Chief Financial Officer  
Tonia Wellons, Associate Director, Office of Strategic Partnerships  
Garry Stanberry, Deputy Associate Director, Management  
Paul Shea, Deputy Chief Financial Officer  
Paul Jung, Associate Director, Office of Health Services  
Francisco Reinoso, Chief Information Officer  
Devin Meredith, Chief Administrative Officer, Office Health Services

Bob Braganza, Director of Global Accounts Payable  
Jeffrey Wendland, Director of Management and Operations, Peace Corps/Guyana  
Joshua O'Donnell, Regional Security Advisor, IAP Operations  
Sam Taylor, Budget Officer  
Patrick Choquette, Director of Innovation  
Linda Arbogast, Country Director, Guyana  
Michael Smith, Compliance Specialist  
Guyana Desk  
IG  
IGChron



# PEACE CORPS *Office of Inspector General*

---



*Peace Corps/Guyana staff and OIG auditor at the Peace Corps office in Georgetown, Guyana*

---

**Final Audit Report**  
Peace Corps/Guyana  
IG-15-05-A  
August, 2015



---

## EXECUTIVE SUMMARY

---

### BACKGROUND

The Office of Inspector General (OIG) conducted an audit of Peace Corps/Guyana (hereafter referred to as “the post”) from March 16 to April 2, 2015. We previously performed an audit in March 2004, and issued our report in September 2004 (IG-04-01-A). More than 580 Peace Corps Volunteers have served in Guyana since the program’s inception in 1967.

#### Staff:

- U.S. direct hires: 3
- Foreign service nationals: 2
- Personal services contractors: 20

#### Funds (approx.):

- Fiscal year (FY) 2014 post spending - \$1.5 million
- Average regional overhead - \$401,000



Map of Guyana

### WHAT WE FOUND

The post’s financial and administrative operations required improvement in a number of areas and did not fully comply with agency policies and applicable federal laws and regulations. Specifically:

- The post did not properly record bills of collections (BOCs) from FYs 2012 to 2015.
- The post inappropriately transferred Volunteer in-country allowance (VICA) payments to other Volunteers.
- The post did not consistently solicit competitive bids for procurements that exceeded \$3,000 U.S. dollar equivalent (USDE) from FYs 2012 to 2014.

We also noted that the program staff improperly collected grant funds from Volunteers.

### RECOMMENDATIONS IN BRIEF

Our report contains seven recommendations directed to the post, including that it comply with policies for issuing BOCs, cash collection, and that it adhere to the requirements for vendor selection and document retention.

---

---

## TABLE OF CONTENTS

---

---

<b>EXECUTIVE SUMMARY</b> .....	<b>i</b>
<b>BACKGROUND</b> .....	<b>1</b>
<b>AUDIT RESULTS</b> .....	<b>1</b>
<b>BILLS OF COLLECTION</b> .....	<b>1</b>
<b>VOLUNTEER ALLOWANCES AND REIMBURSEMENTS</b> .....	<b>2</b>
<b>DISBURSEMENTS</b> .....	<b>4</b>
<b>GRANTS</b> .....	<b>4</b>
<b>OTHER AREAS OF CONCERN</b> .....	<b>5</b>
<b>LIST OF RECOMMENDATIONS</b> .....	<b>7</b>
<b>APPENDIX A: OBJECTIVE, SCOPE, AND METHODOLOGY</b> .....	<b>8</b>
<b>APPENDIX B: LIST OF ACRONYMS</b> .....	<b>10</b>
<b>APPENDIX C: CRITERIA USED TO SUPPORT ISSUES IN THE REPORT</b> .....	<b>11</b>
<b>APPENDIX D: QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE</b> .....	<b>14</b>
<b>APPENDIX E: AGENCY’S RESPONSE TO THE PRELIMINARY REPORT</b> .....	<b>15</b>
<b>APPENDIX F: OIG COMMENTS</b> .....	<b>20</b>
<b>APPENDIX G: AUDIT COMPLETION AND OIG CONTACT</b> .....	<b>21</b>

---

---

## BACKGROUND

---

---

OIG conducted an audit of the post March 16 to April 2, 2015. We previously performed an audit in March 2004, and issued our report in September 2004 (IG-04-01-A).

More than 580 Peace Corps Volunteers have served in Guyana since the program's inception in 1967. At the time of our audit, 51 Volunteers were working in the education and health project sectors. The post had three U.S. direct hires, two foreign service nationals, and 20 personal services contractors. The post's FY 2014 spending was approximately \$1.5 million. In addition, at headquarters, the Inter-America and Pacific region incurred an average cost of approximately \$401,000 per overseas post.<sup>1</sup>

Our overall objective in auditing overseas posts is to determine whether the financial and administrative operations are functioning effectively and in compliance with Peace Corps policies and federal regulations during the period under audit. Appendix A provides a full description of our audit objective, scope, and methodology.

---

---

## AUDIT RESULTS

---

---

### *BILLS OF COLLECTION*

---

#### ***The post did not create or issue BOCs in a timely manner.***

The post delayed creating BOCs for value added tax (VAT) refunds, overpayment of Volunteer in-country allowances, and unused grant funds. For certain transactions, BOCs were not recorded until after the cashier had already collected the funds. Additionally, the post failed to create a BOC and collection receipt for an overpayment of a travel reimbursement. Peace Corps policy specifies that BOCs are entered as soon as it is known that the Peace Corps will be receiving funds, even if the amount expected is unknown (Overseas Financial Management Handbook (OFMH) 7.2.1). Furthermore, the cashier must process the collection immediately and provide a receipt to the debtor (OFHM 7.3).

**Delayed BOCs.** We reviewed 50 BOCs and determined that 14 were delayed between five and 98 days. Of the 50 BOCs, three were created after the debts were collected. When BOCs are not issued before collections, the post cannot accurately track and monitor BOCs, making the internal controls for detecting fraud and misuse of funds ineffective.

We also noted that the post waited five to eight months before applying for 6 VAT refunds. In some instances, the post did not create a BOC until two months after the refund application was

---

<sup>1</sup> The agency does not determine a total cost per post beyond directly attributable post expenses, as certain costs are centrally budgeted and managed by headquarters offices including the salaries and benefits of U.S. direct hires. The Peace Corps Office of Budget and Analysis provided the total cost of \$8.4 million incurred by the Inter-American and Pacific Region in direct support of its 21 overseas posts in FY 2014, which is an average of \$401,000 per post.

completed. OFMH 7.6.4 states that posts should submit refund requests at least quarterly. In addition, the billing officer must prepare the BOC on the same day the VAT refund application is completed. By timely processing VAT refund BOCs, the post can ensure that refund requests are being tracked and collection efforts have begun.

**Un-Issued BOC.** The post did not create a BOC or collection receipt for an overpayment of a travel reimbursement because the billing officer was not notified of the debt at the time it was realized. According to the cashier, a staff member submitted a duplicate receipt on a travel voucher and received reimbursement for both amounts claimed. Once the cashier identified the error, the staff member refunded the money. The cashier accepted the funds from the staff member without generating a collection receipt. As a result of the billing officer and cashier not creating the BOC and collection receipt, the post was unable to reconcile the monthly imprest verification report, elevating the risk of not detecting potential fraud.

**We recommend:**

- 1. That the director of management and operations ensure compliance with Peace Corps policy to issue bills of collection as soon as the amount is due to the Peace Corps, even if the exact amount is unknown, and ensure collection receipts are issued when funds are collected.**
- 2. That the director of management and operations ensure that value added tax refund requests are submitted at least quarterly.**

### ***VOLUNTEER ALLOWANCES AND REIMBURSEMENTS***

---

***The post did not consistently collect overpayments of living allowances paid to Volunteers who early terminated their service.***

Volunteers are paid monthly living allowances while in their country of assignment. Living allowance payments consists of base, supplemental and/or special living allowances.

Peace Corps Manual (MS) section 221.5.8 states

The living allowance payments cover only the number of days the Volunteer served. In those cases where the termination date of an early termination is known in advance, calculation of the final living allowance payment must also be adjusted to cover through the last day of service. Where information is not known in advance, the overpayment must be collected from the Volunteer or deducted from the Volunteer's Readjustment Allowance.

Contrary to Peace Corps policy, the post did not collect the overpayment of living allowances for six Volunteers who terminated their Peace Corps service early. According to the financial assistant, some of the Volunteers were medically separated and ended their service without returning to post. Nevertheless, the post never recovered the overpayments from Volunteers' bank accounts or deducted the funds from their readjustment allowances.

**We recommend:**

- 3. That the director of management of operations ensure living allowance overpayments are collected prior to the Volunteer departing post or deduct the funds from the Volunteer's readjustment allowance.**

***The post inappropriately transferred Volunteer in-country allowance payments to other Volunteers.***

According to the post staff, the Volunteer payments are processed in accordance with OFMH 2.3.4. Monthly Volunteer payments are received at the post in the form of a check. The financial assistant prepares a letter to the bank with deposit instructions. Enclosed in the letter is a payment disbursement list, check and, when necessary, a BOC is also included. Volunteers that early terminated or were medically separated are removed from the bank's disbursement listing. In the case of early terminations, a BOC is included to notify the bank that a credit must be deposited into the United States Disbursing officer (USDO) account.

Conversely, we found that the post did not consistently create BOCs for the full amount of the living allowance overpayments. Instead, a portion of the funds were moved to other Volunteer accounts to supplement additional living expenses. The financial assistant stated that she was trained that monies could be moved around to take care of other Volunteers' expenses. Consequently, the director of management of operations (DMO) approved the transfer of the funds. OFMH section 2.3.4 states, "The total of the amount transferred to Volunteer accounts and deposited in the USDO account must equal the check/EFT [electronic funds transfer]."

By transferring funds from one Volunteer to another, the post does not fully capture the taxable portions for each Volunteer because the living allowances may not be accurately reported on the Volunteer Form W-2, Wage and Tax Statement. The post should collect all overpaid living allowances from Volunteers who early terminated their service and record the collection against the original obligation.

**We recommend:**

- 4. That the director of management and operations comply with the Overseas Financial Management Handbook section 2.3.4 to process collections and deposits for the specified Volunteer in-country allowance payment indicated for each Volunteer.**



## *DISBURSEMENTS*

---

***The post did not fully comply with the requirements for vendor selection or maintain supporting documentation for procurements that exceeded \$3,000 USDE.***

Despite Peace Corps policy, the post did not file quotes, retain proof of advertising, or complete a justification memo to document the purchase of equipment, furnishings, and conference costs that exceeded \$3,000 USDE. Peace Corps policy states that when the expected purchase price exceeds 10% of the small purchase limitation threshold, the Contracting Officer shall solicit at least three bids from qualified suppliers. Written quotations shall be required when the estimated dollar amount of the purchase exceeds \$10,000 (MS 732.6.3.6).

Policy further states that the post must maintain the quotes in a file and provide evidence to determine that the quoted price is reasonable (MS 732.6.3.8).

We reviewed a judgmental sample of 33 disbursements and determined that 15 disbursements were not adequately supported. From FY 2012 to 2014, the post disbursed approximately \$80,626 USDE without following the procurement requirements for requesting quotes and documenting competitive bids. According to the post staff, the former DMO did not consistently require the staff to solicit bids. However, we noted that the post has begun to solicit bids and maintain supporting documentation under the guidance of the current DMO. Adequate documentation of the competitive process is an important internal control to ensure fair contracting practices and economical acquisitions. Thus, we are reporting \$80,625 USDE as unsupported questioned costs.

### **We recommend:**

- 5. That the director of management and operations follow policy and solicit bids for purchases over \$3,000 and obtain written bids for purchases that exceed \$10,000.**
- 6. That the director of management and operations maintain vendor selection documentation in the Peace Corps files.**

## *GRANTS*

---

***The post did not ensure that grant funds were only collected by the cashier.***

The grant management duties were separated as follows: the grants committee coordinated the selection of grants, and the program managers tracked their status and monitored the projects. Upon completion of the projects, the executive assistant reconciled the completion reports with the supporting documents. The billing officer was notified to create BOCs for any unused grant funds. For any amount due, funds were collected from the Volunteers. When we interviewed staff, we noted that the program specialist collected grant funds from the Volunteers. Per the Department of State's Cashier User Guide, cashiers [principal, alternate and sub cashiers] are the

only individuals authorized by the Department of State to collect funds. Although we did not identify any instances of funds being misused, allowing other staff to collect funds is not consistent with the cashier's guidelines and exposed the agency to unnecessary risks.

**We recommend:**

- 7. That the director of management and operations ensures cash collection is only performed by the cashier.**

---

---

## OTHER AREAS OF CONCERN

---

---

*The post had long outstanding BOCs, which exceeded 30 days.*

The post staff and Volunteers did not consistently pay debts within 30 days after BOCs were issued. Peace Corps policy specifies that, the billing officer must conduct a monthly BOC review of outstanding BOCs over 30 days. OFMH 7.2.2 states

The billing officer and DMO should perform the following tasks if the debtor is a staff member:

- After 30 days — Prepare a letter to be signed by DMO, stating that the bill is now overdue....
- After 60 days — Notify the debtor's supervisor (only for staff). Prepare a stronger letter to be signed by CD....
- After 90 days — The Billing Officer and DMO should review. If Post determines that they should keep the debt longer, they should contact their GAP FMO [Global Accounts Payable Financial Management Officer], providing details and estimated time needed to collect.

From FY 2011 to 2015, the post did not initiate a timely collection for 28 BOCs relating to personal calls, postage and handling charges for the Volunteers, and BOCs addressed to the bank for overpayment of Volunteer allowances. Of the 28 outstanding BOCs, five BOCs charged to staff and Volunteers exceeded 60 days. Contrary to policy, the country director (CD) was not notified of staff debt that exceeded 60 days. However, according to staff, the DMO was aware of the outstanding staff debt and worked with the staff to collect the debt. Additionally, the post did not immediately notify Volunteers of the debt or attempt to collect it within 30 days. The financial assistant stated that a decision was made by the former DMO to issue BOCs to Volunteers at the beginning of pre-service training and collect the debt towards the end of the training.

We did not issue a recommendation to the post regarding the outstanding BOCs because most of the outstanding BOCs were for staff's personal use of cell phones, and have been resolved. In February 2015, the post changed the cell phone policy to disallow the staff from using government issued cell phones for personal calls.

***The post did not receive headquarters' approval before voiding an uncollectible BOC***

Peace Corps policies (MS 777.24 and OFMH 7.2.2) have guidelines on how the post should handle uncollectible debt. OFMH 7.2.2, Bill of Collection Review states that after 90 days, the post should send uncollectible debt including all relevant documents that support the debt and collection attempts to the Office of Global Accounts Payable (OGAP). OGAP will notify the post if the debt was accepted or rejected. If the debt was accepted, the cashier will void the BOC, enter the reason as "Referral to HQ Claims Officer," and include the correspondence from OGAP in the BOC file.

The former DMO determined that funds were uncollectible and instructed the cashier to void the BOC. However, the post did not have a completed accounts receivable referral coversheet, documentation for the attempts to collect the debt nor a confirmation email from the financial management officer accepting the debt. The DMO has the ability to create, approve BOCs, and initiate voids. Therefore, it is essential for the post to request approval from headquarters before voiding uncollectible debts in order to maintain the effectiveness in the segregation of duties and eliminate the possibility of fraud and mismanagement of funds.

We did not issue a recommendation to the post for voiding an uncollectible BOC because there was not a pattern for voiding uncollectible BOCs and the post followed the void policy in other, more current instances.

***The post did not comply with Peace Corps policies and procedures for disposal of medical supplies.***

The post did not dispose of medical supplies on a quarterly basis. According to the Office Health Services, the post could dispose of medical supplies every six months if there are small quantities of expired medical supplies. During our review of the FY 2011 to 2014 disposal authorization forms for medical inventory items, we noted instances where the medical supplies were disposed between seven months to two years after the expiration date. By not disposing of expired medical supplies in a timely manner, the post increased its chances of dispensing expired medication to Volunteers.

According to the Peace Corps medical officers (PCMO) and the DMO, the post had an agreement with Guyana's Ministry of Health to dispose medication. The drugs were sealed in a box and signed off by the CD and PCMO for disposal. However, the ministry did not pick up the drugs at the agreed upon date and time, causing a delay in the actual disposal time.

We did not issue a recommendation to the post regarding medical disposal because the CD and the U.S. Embassy have signed an agreement to dispose of the post's expired medical supplies.

---

## LIST OF RECOMMENDATIONS

---

**We recommend:**

1. That the director of management and operations ensure compliance with Peace Corps policy to issue bills of collection as soon as the amount is due to the Peace Corps, even if the exact amount is unknown, and ensure collection receipts are issued when funds are collected.
2. That the director of management and operations ensure that value added tax refund requests are submitted at least quarterly.
3. That the director of management of operations ensure living allowance overpayments are collected prior to the Volunteer departing post or deduct the funds from the Volunteer's readjustment allowance.
4. That the director of management and operations comply with the Overseas Financial Management Handbook section 2.3.4 to process collections and deposits for the specified Volunteer in-country allowance payment indicated for each Volunteer.
5. That the director of management and operations follow policy and solicit bids for purchases over \$3,000 and obtain written bids for purchases that exceed \$10,000.
6. That the director of management and operations maintain vendor selection documentation in the Peace Corps files.
7. That the director of management and operations ensures cash collection is only performed by the cashier.

---

## APPENDIX A: OBJECTIVE, SCOPE, AND METHODOLOGY

---

In 1989, OIG was established within the Peace Corps as an independent entity that reports to both the Director and Congress. The purpose of OIG is to prevent and detect fraud, waste, abuse, and mismanagement and to promote economy, effectiveness, and efficiency in government.

Our objective in auditing overseas posts is to determine whether the financial and administrative operations are functioning effectively and comply with Peace Corps policies and federal regulations. Our audit conclusions are based on information from three sources: (1) document and data analysis, (2) interviews, and (3) direct observation. We conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit of PC/Guyana covered all information from FYs 2012 through 2015. While at the post, we interviewed key staff including the CD, DMO, staff responsible for administrative support, and Peace Corps medical staff. We communicated issues and areas of improvement to post senior staff and Peace Corps management at headquarters, and included significant issues noted during our audit in this report. We primarily reviewed the following processes and associated controls:

- Bills of Collections
- Contracts and Leases
- Cash and Non-cash Payments
- Imprest Funds
- Credit Card Transactions
- Information Technology General Controls
- Medical Supplies
- Personal Property and Vehicles
- Personal Services Contracts
- Volunteer Payments
- Obligations
- Grants

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

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

---

---

## APPENDIX B: LIST OF ACRONYMS

---

---

BOC	Bill of Collection
CD	Country Director
DMO	Director of Management and Operations
FY	Fiscal Year
MS	Peace Corps Manual Section
OFMH	Overseas Financial Management Handbook
OIG	Office of Inspector General
PCMO	Peace Corps Medical Officer
USDO	United States Disbursing Office
USDE	United States Dollar Equivalent
VAT	Value Added Tax
VICA	Volunteer In Country Allowance Payment System

---

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

---

### Peace Corps Requirements

#### THE PEACE CORPS MANUAL

The Peace Corps Manual 732, 6.3.6, “Overseas Purchases - Purchases for More Than 10% of the Small Purchase Limitation Threshold” states

When the expected purchase price exceeds 10% of the small purchase limitation threshold, the Contracting Officer shall solicit at least three bids from qualified suppliers, if available... Written quotations shall be required (except for emergency supplies and perishable substances) when the estimated dollar amount of the purchase exceeds \$10,000.00.

For proposed contract actions expected to exceed \$10,000.00, Contracting Officers shall disseminate information by posting the notice of solicitation or a copy of the solicitation in a public place at the Peace Corps Office for a least 10 days prior to the closing date for receipt of solicitations or bids. Contracting Officers shall place paid advertisements of proposed contracts when it is anticipated that effective competition cannot be obtained otherwise....The determination that a proposed price is reasonable should be based on competitive quotations. If only one response is received, or the price variance between multiple responses reflects lack of adequate competition, a statement shall be included in the contract file giving the basis of the determination of fair and reasonable price.

The Peace Corps Manual 732, 6.3.8, “File Documentation” states

The reason(s) for accepting a bid that is higher than the lowest quotation shall be entered in the procurement file. Such a decision must demonstrate that the lowest bid represents services or goods that fail to meet the minimum requirements of the Government. If only one source is solicited for a purchase order over 10% of the small purchase limitation threshold an additional notation shall be made to explain the absence of competition.

The Contracting Officer shall establish a list of sources for use in soliciting quotations. This should appear in the file. The file must include evidence to determine that the quoted price is reasonable.

The procurement file must include a written acknowledgement that goods or services were received. This acknowledgement must be made by an employee having personal knowledge of such receipt.

The Peace Corps Manual 221, 5.8, “Partial Payment for Close of Service Volunteers” states

Payments for close-of-service Volunteers must be adjusted before the final payment is authorized to ensure that the living allowance payments cover only the number of days the Volunteer served. In those cases where the termination date of an early termination is known in advance, calculation of the final living allowance payment must also be adjusted to cover through the last day of service. Where information is not known in advance, the overpayment must be collected from the Volunteer or deducted from the Volunteer’s Readjustment Allowance.



The Peace Corps Manual 777.24.2, “Uncollectible Billings in Excess of \$100” states, “Such billings will be forwarded to PC/W [Peace Corps/Washington] addressed to the Director, ...together with the complete file containing all documentation along with a memorandum containing the Field Director's recommendation. Appropriate action will be taken to have the servicing fiscal activity transfer or identify the amount to the PC/W accounts receivable record.”

## OVERSEAS FINANCIAL MANAGEMENT HANDBOOK

Section 7.2.1 “Billing Steps” states, “For internal control reasons, BOCs are entered as soon as it is known that Peace Corps will be receiving funds, even if the exact amount is not known (for example, HCC or VAT). It is very important that this Bill be entered in FOR Post at the moment it is identified.”

Section 7.2.2 “Bill of Collection Review” states

- The Billing Officer must maintain the billing files while they are outstanding. Posts may choose to then move billing files to a central location when they are closed.
- Monthly, the Billing Officer must: Review and follow-up on outstanding BOCs. Run the FOR Post “Outstanding Collections” report. Follow the steps below for BOCs outstanding 30, 60, or 90 days.
  - After 30 days - Prepare a letter to be signed by DMO, stating that the bill is now overdue. If the debtor is staff, also state that if it is not cleared in another 30 days, the debtor’s supervisor will be notified. Debtor may not receive new interim or travel advances...
  - After 60 days - Notify the debtor’s supervisor (only for staff). Prepare a stronger letter to be signed by CD [country director] saying that if it is not cleared in another 30 days, the Billing Officer and Director of Management and Operations will contact PC/HQ for further steps. ...
  - After 90 days – The Billing Officer and DMO should review. If Post determines that they should keep the debt longer, they should contact their GAP FMO, providing details and estimated time needed to collect. If Post determines that they will not be able to collect the debt, they should:
    - Complete the Accounts Receivable Referral Coversheet, attaching all relevant documentation that supports the debt and the attempts to collect....
    - If HQ accepts the debt, the DMO will instruct the Cashier to void the Bill of Collection in FOR Post...
    - If HQ does not accept the debt, it will be referred back to Post and the FMO will provide guidance on Post action.

Section 7.2.3 “Collection Process” states, “The cashier must process the collection immediately upon receipt and provide the FOR Post General Receipt to the debtor. The General Receipt is the only evidence that the debtor has made the payment.

Section 7.6.4 “VAT Collections” states

... For Posts that process VAT after purchase, the refunds may be received either via cashiering (A, below) or via credit from the Embassy (B, below). Posts should submit refund requests at least quarterly.

**Steps:**

1. Complete the VAT refund request documents and submit per Post processes.
2. On the same day, the Billing Officer creates a Prepare BOC (Bill of Collection) based on the requested amount, selecting the pre-loaded obligation for VAT.

Section 2.3.4 “Transferring Living Allowance and Collecting Balance” states

Posts without the capacity to do individual EFTs must use VICA to create a consolidated check or EFT. When the check or EFT arrives, Post takes the VICA MPL spreadsheet to the bank for transfer instructions. Post should then provide the VICA Payment Detail report to the Volunteers. Note: Posts must deposit the full amount of check/EFT payments into the Volunteer accounts, as ordered in VICA. The only exception is for a Volunteer account that is closed, because, for example, of an early termination...

1. Modify VICA MPL spreadsheet to decrease/remove the deposit amount for the Volunteer.
2. Create a Bill of Collection (BOC) in FOR Post to the Living Allowance obligation for the amount of the decrease. Post must create this BOC entry in FOR Post before taking the MPL to the bank. Note: Post may not deduct money for a Volunteer debt that was identified between the time the check/EFT was ordered and transferred. Any such debts must be subtracted when ordering the next living allowance check/EFT, not when transferring the payment. (See paragraph 2.8, below.)
3. Issue the BOC to the bank and direct the bank to handle excess funds as described below.

Per step 3, above, if the bank is a USDO bank, the cashier will -

- Direct the bank to deposit the funds into the USDO account.
- Receive a bank slip showing USDO deposit amount.
- Process collection and deposit in FOR Post. (The total of the amount transferred to Volunteer accounts and deposited in the USDO account must equal the check/EFT. The collect entry and the deposit entry must be the same amounts).
- Attach a copy of the modified MPL to the General Receipt.
- Attach the original bank slip/documentation to the FOR Post deposit form.

## CASHIER USER GUIDE

### Chapter 6 “Collections,” states

Cashiers or officially designated collection agents are the only individuals authorized by the Department of State to collect funds... Class A and B, both Principal and Alternate, cashiers are automatically authorized to accept collections based on their position description. Sub-cashiers can only accept collections when authorization in writing to do so has been provided by the FMO, MO or Agency supervisor. If Sub-cashiers are provided the authority to accept collections, this must be indicated in the Sub-cashier’s official letter of designation.

---

## APPENDIX D: QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE

---

We did not identify funds to be put to better use. We identified the following unsupported costs (a category of questioned costs) during the course of the audit:

### Questioned Costs

Recommendation Number	Description	Amount
5	Unsupported Costs for conference costs, equipment and furnishings, and office equipment	\$80,626

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

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

---

## APPENDIX E: AGENCY'S RESPONSE TO THE PRELIMINARY REPORT

---



Since 1961.

**MEMORANDUM**

**To:** Kathy Buller, Inspector General

**Through:** Anne Hughes, Acting Chief Compliance Officer *AH*

**From:** Brian Riley, Acting Regional Director for IAP *BR*  
Linda Arbogast, Country Director

**Date:** August 3, 2015

**CC:** Carrie Hessler-Radelet, Director  
Laura Chambers, Chief of Staff  
Joaquin Ferrao, Deputy Inspector General  
Judy Leonhardt, Assistant IG/Audit  
Ken Yamashita, Acting Associate Director, Global Operations  
Brian Riley, Chief of Operations  
Kristin Kaper, Chief of Programming and Training  
Gonzalo Molina Zegarra, Chief Administrative Officer  
Marcela Trask, Country Desk Officer

**Subject:** Agency Response to the Preliminary Audit Report of Peace Corps/Guyana June, 2015

---

Enclosed please find the agency's response to the recommendations made by the Inspector General (IG) for Peace Corps/Guyana as outlined in the Preliminary Report of the Audit of the IG Audit sent to the Agency on June 18, 2015.

The Region and the Post have addressed and provided supporting documentation for six of the seven recommendations provided by the OIG in its Preliminary Audit Report: Peace Corps/Guyana, and will work to address the remaining recommendation by the set target date.

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

**Recommendation 1**

**That the director of management and operations ensure compliance with Peace Corps policy to issue bills of collection as soon as the amount is due to the Peace Corps, even if the exact amount is unknown, and ensure collection receipts are issued when funds are collected.**

**Concur:**

**Response:** We understand and have already taken steps to be in compliance. Related to all bills of collection (BOC) concerns in the preliminary audit report, PC Guyana recognized and agreed with the IG during the audit visit that current staffing, which includes the Financial Assistant as the Billing Officer, does not allow for the necessary oversight or attention for this responsibility. Prior to the audit visit, PC Guyana submitted our FY16 IPBS and was subsequently approved to hire an Administrative Assistant who will hold the responsibility of Billing Officer and will dedicate approximately 10 percent of her time to this function. Post now anticipates the start date for this position to be September 1, 2015. Additionally, a Post BOC policy has been created by the DMO and given to Financial Assistant, Cashier Tech and Back-up Billing Officer.

**Documents Submitted:**

- BOC and Receipt to M. Benjamin
- BOC Log June 2015
- Post BOC policy
- Administrative Assistant 2015 SOW

**Status and Timeline for Completion:** Completed

**Recommendation 2**

**That the director of management and operations ensure that value added tax refund requests are submitted at least quarterly.**

**Concur:**

**Response:** We understand and have created a Post BOC policy and a Post VAT Policy to ensure this occurs. Post policy requires that the DMO ensure that a BOC is issued by the Billing Officer by the eighth day of the new quarter. The new Post BOC policy and Post VAT Policy will be effective and implemented by October 8, 2015.

**Documents Submitted:**

- Post BOC policy
- Post VAT policy

**Document to be Submitted:**

- BOC for VAT Refund Quarter 4

**Status and Timeline for Completion:** October 8, 2015

**Recommendation 3**

**That the director of management of operations ensure living allowance overpayments are collected prior to the Volunteer departing post or deduct the funds from the Volunteer's readjustment allowance.**

**Concur:**

**Response:** We understand and have taken steps to be in compliance. Instructions on the collection of overpayments are included in the Post BOC Policy and the DMO has reviewed the Post BOC Policy with the Billing Officer, Collections Officer and Back-up Billing Officer. Further, the DMO notified the Billing Officer, Collections Officer and Back-up Billing Officer by email that Post must ensure that BOCs are accounted for before updating VESI. An example of this occurred when a Volunteer recently ET'd. In this instance, Post issued a BOC for overpayment of allowances to this Volunteer and collected the overpayment and issued a receipt.

**Documents Submitted:**

- Post BOC Policy
- BOC and Receipt to Volunteer
- Email from DMO to Billing Officer, Collections Officer and Back-up Billing Officer – Subject: BOCs before VESI

**Status and Timeline for Completion:** Completed

**Recommendation 4**

**That the director of management and operations comply with the Overseas Federal Management Handbook section 2.3.4 to process collections and deposits for the specified Volunteer in-country allowance payment indicated for each Volunteer.**

**Concur:**

**Response:** This process is handled by the Billing Officer. When there is an overpayment to a specific Volunteer, the collection is taken from that Volunteer and returned to USDO. It is not redistributed to other Volunteer allowances. An example of an overpayment of allowances occurred during the May VICA. Volunteer rent and living allowances were overpaid, collected and returned to USDO per the OFMH.

**Documents Submitted:**

- BOC and Receipt for A. Harrel
- BOC and Receipt for M. Martin
- BOC and Receipt for P. Martin

**Status and Timeline for Completion:** Completed

**Recommendation 5**

**That the director of management and operations follow policy and solicit bids for purchases over \$3,000 and obtain written bids for purchases that exceed \$10,000.**

**Concur:**

**Response:** As noted in the preliminary audit finding, this finding does not reflect procurements during the term of the current DMO. Training has been provided to all staff about the procurement process during FY15, and purchases over \$3,000 are all competed according to policy. We have provided a selection memo for a purchase over \$3,000 as well as the training documents we used to train all staff on the procurement process.

**Documents Submitted:**

- Copier Selection Memo
- Quotes for Copier Selection
- Giddy Up It's Time for Procurement Process (Training)
- Jeopardy Policy Procurement PowerPoint (Training)

**Status and Timeline for Completion:** Completed

**Recommendation 6**

**That the director of management and operations maintain vendor selection documentation in the Peace Corps files.**

**Concur:**

**Response:** Selection memos are signed by the Contracting Officer and Country Director and then given to the Financial Assistant who maintains the contract files. Lease and PSC contract files are maintained according to OACM checklists. Services and equipment contracts do not have a checklist from OACM. Post has developed a checklist for services, supplies and equipment contracts, and will standardize maintenance of those files, according to the checklist.

**Documents Submitted:**

- Contract File for Smart Phones Purchase with Checklist
- Contract Checklist

**Status and Timeline for Completion:** Completed

**Recommendation 7**

**That the director of management and operations ensures cash collection is only performed by the cashier.**

**Concur:**

**Response:** This practice occurred when program staff collected grant funds from the Volunteers. The Grants Coordinator has been directed to never take Volunteer cash to clear a grant. Instead, a BOC will be created and the Volunteer will clear the BOC by providing payment directly to the Cashier. Further, the PC Guyana Grant Guidelines for Volunteers has been updated to include the following on page 17 under "Unused Funds":

Volunteers must submit their completion reports at least three months in advance of their COS dates to ensure enough time for any financial issues to be addressed. If any funds remain after all receipts have been submitted, PC Guyana will create and issue a BOC for Volunteer repayment. Upon receipt of the BOC, Volunteers must submit payment directly to the cashier within 30 days and prior to COS. Should a Volunteer COS and leave the country without returning unused funds, the Peace Corps will pursue repayment from the Volunteer's resettlement allowance.

**Documents Submitted:**

- Peace Corps Guyana Grant Guidelines for Volunteers
- Email from DMO to All Staff – Subject: All cash collections must be performed by the Cashier

**Status and Timeline for Completion:** Completed



---

## APPENDIX F: OIG COMMENTS

---

Management concurred with all seven recommendations. All seven recommendations will remain open pending confirmation from the chief compliance officer that the documentation identified in management's response has been received. In its response, management described actions it is taking, or intends to take, to address the issues that prompted each of our recommendations. Certifying compliance and verifying effectiveness are management's responsibilities. However, when we feel it is warranted, we may conduct a follow-up review to confirm that action has been taken and to evaluate the impact.

---

## APPENDIX G: AUDIT COMPLETION AND OIG CONTACT

---

### AUDIT COMPLETION

This audit was conducted under the direction of Assistant Inspector General for Audit Judy Leonhardt by Auditors Renita Davis and Ann Lawrence.



Judy Leonhardt  
Assistant Inspector General for Audits

### OIG CONTACT

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

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

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

## Contact OIG

### Reporting Hotline:

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

Email: [OIG@peacecorps.gov](mailto:OIG@peacecorps.gov)  
Online Reporting Tool: [peacecorps.gov/OIG/ContactOIG](http://peacecorps.gov/OIG/ContactOIG)

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

### For General Information:

Main Office: 202.692.2900  
Website: [peacecorps.gov/OIG](http://peacecorps.gov/OIG)  
 Twitter: [twitter.com/PCOIG](https://twitter.com/PCOIG)