




# Office of Inspector General

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**To:** Sheila Crowley, Acting Director  
Kris Besch, Acting Regional Director  
Anne Hughes, Chief Compliance Officer

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

**Date:** January 23, 2017

**Subject:** Final Report on the Audit of Peace Corps/China (IG-17-01-A)

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

Management concurred with all five recommendations. 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 two recommendations (numbers 2 and 5) based on a review of corrective actions and supporting documentation. Three recommendations (numbers 1, 3 and 4) will remain open. We will review and consider closing the recommendation when documentation reflected in the agency's response to the preliminary report is received.

Certifying compliance and verifying effectiveness are management's responsibilities. However, when we feel it is warranted, we may conduct a follow-up review to confirm that action has been taken and to evaluate the impact.

Our comments, which are in the report as Appendix E, 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 Senior Auditor Renita Davis at 202.692.2940.

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

cc: Haishu Liu, Director of Management and Operations, Peace Corps/China  
Stephen Claborne, Country Director, Peace Corps/China  
Carl Sosebee, Acting Chief of Staff  
Paul Shea, Acting Chief Financial Officer  
Kris Besch, Acting Associate Director for Global Operations/Chief of Operations, EMA Operations  
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IGChron  
IG



PEACE CORPS

# Office of Inspector General

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*An education Volunteer and her students*



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## Final Audit Report

Peace Corps/China

IG-17-01-A

January, 2017

## EXECUTIVE SUMMARY

### BACKGROUND

The Office of Inspector General (OIG) conducted an audit of Peace Corps/China (hereafter referred to as “the post”) from September 12 to September 29, 2016. We previously issued a limited scope audit report in August 2012 (IG-12-06-A). Over 1,000 Volunteers have served in Peace Corps/China since the program’s inception in 1993. The Peace Corps program is publically branded as the U.S.-China Friendship Volunteers and is jointly administered by the Peace Corps and the China Education Association for International Exchange, which is affiliated with the Ministry of Education in Beijing.

#### Staff:

U.S. direct hires: 2

U.S. personal services contractors (PSCs): 2

Full-time PSCs: 28

#### Spending (approx.):

Fiscal Year (FY) 2016 post spending: \$3,220,000

Average regional overhead: \$423,486



Map of China

### WHAT WE FOUND

The post’s financial and administrative operations were effective and complied with agency policies and applicable federal laws and regulations. Although the post’s financial and administrative operations were highly functioning, there were a few areas in need of improvement. Specifically:

- The post did not consistently collect overpayments of living allowances paid to Volunteers who terminated their service early.
- The post did not regularly liquidate interim advances in a timely manner.
- The post did not have an adequate system to monitor or detect viruses or malware on Peace Corps/China’s information technology (IT) network.
- The post did not collect reimbursement for value added taxes (VAT) that were paid.

### RECOMMENDATIONS IN BRIEF

Our report contains five recommendations directed to both the post and headquarters. We recommended that the post strengthen controls over the processes for collecting Volunteer overpayments and interim advances. We also recommend that the post work with the Office of the Chief Information Officer to create a system to easily detect viruses within the Peace Corps/China IT network and request a value added tax waiver from the Office of Global Accounts Payable. At headquarters, we recommended that the Office of Volunteer and PSC Financial Services develop a process to provide confirmation to the post when readjustment allowance deduction requests have been received and processed at headquarters.

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## BACKGROUND

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OIG conducted an audit of the post from September 12 to September 29, 2016. We previously issued a limited scope audit in August 2012 (IG-12-06-A) with seven recommendations that were agreed upon by the agency and closed.

Approximately 1,000 Volunteers have served in Peace Corps/China, also known as U.S.-China Friendship Volunteers, since the program's inception in 1993. U.S.-China Friendship Volunteers is jointly administered by the Peace Corps and the China Education Association for International Exchange, which is affiliated with the Ministry of Education in Beijing. At the time of our audit, 59 Volunteers were working in the English Teaching and Teacher Training program, serving in colleges, universities, and vocational institutions. The post had two U.S. direct hires, two U.S. PSCs, and 28 full-time PSCs. In FY 2016, the post's actual spending was approximately \$3.2 million.<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.

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## AUDIT RESULTS

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### ***VOLUNTEER PAYMENTS***

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

Volunteers are paid monthly living allowances. Payments consist of base, supplemental, and/or special living allowances. Volunteers may also request cash travel stipends at their completion of service instead of an airline ticket to their home of record.

According to the Peace Corps Manual, "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."<sup>2</sup> It instructs that "any overpayments of in-country Volunteers allowances must be collected directly from the Volunteer or deducted from the Volunteer's Readjustment Allowance."<sup>3</sup> Collection can be made by withdrawing funds from the Volunteer's bank account,

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<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 \$8.9 million incurred by the Europe, Mediterranean and Asia Region in direct support of its 21 overseas posts in FY 2016, which is an average of \$423,486 per post.

<sup>2</sup> Peace Corps Manual Section (MS) 221.5.8, "Partial Payments for Close of Service Volunteers"

<sup>3</sup> MS 221.5.9, "Overpayments at End of Service"

issuing a bill of collection, or requesting collection from the Volunteer's readjustment allowance using form PC-477.

Contrary to Peace Corps policy, the post did not collect living allowance and travel stipend overpayments totaling approximately \$1,900 U.S. Dollar Equivalent (USDE) for three Volunteers who terminated their Peace Corps service early, despite initial attempts to do so. For two of the three overpayments, the Volunteers had requested the debt be withdrawn from their readjustment allowances. We reviewed the readjustment allowance detail reports and noted that the deductions never occurred.

In order to process deductions, the post must first enter them into the Volunteer End of Service Information system (VESI) and then the office of Volunteer and PSC Financial Services must review the post's entries and process the Volunteers' final payments. According to the post's financial specialist, the deductions were submitted through the VESI. However, the post did not have documentation to verify the submission because the current system does not provide notifications when deductions are processed. Contrary to the post's position, the director for the Office of Volunteer and PSC Financial Services stated that these deductions were never entered into VESI.

For the third overpayment, the post neither created a bill of collection nor requested funds be deducted from the Volunteer's readjustment allowance. The Volunteer had been medically separated and the post did not cancel the payment before it was deposited into the Volunteer's bank account. Since the post does not have authority to access the Volunteer's bank account, it was unable to withdraw the excess living allowances that had been deposited. During the audit, the post reached out to the Volunteer to request assistance in recovering the funds. However, the Volunteer was unresponsive.

As a result of not collecting the Volunteer overpayments, the post acquired an outstanding debt totaling \$1,900 USDE.

**We recommend:**

- 1. That the director of management and operations apply due diligence in working with the Office of Global Accounts Payable to resolve the overpaid allowances for the departed Volunteers.**
- 2. That the Office of Volunteer and PSC Financial Services develop a process to provide confirmation to the post when readjustment allowance deductions have been received and processed.**

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***IMPREST FUNDS***

***The post did not regularly liquidate interim advances in a timely manner.***

Interim advances were not liquidated within three days, as required by the Overseas Financial Management Handbook (OFMH), because when program managers conducted Volunteer site visits



and trainings, the travel exceeded three days. The interim advances were mainly used for Volunteer group meals for meetings and hotel fees. OFMH 13.18.2 states:

The interim cash advance must be supported by a copy of the authorized purchase document, and liquidated (accounted for) within three working days... It is the responsibility of the cashier to monitor the clearance of interim advances and to notify the Director of Management and Operations if advances are not cleared within 3 days for direct follow-up action.

OFMH 57.3 further states that “for in-country travel where the advance will be issued and cleared within 3 days, Post should issue an interim advance. For longer in-country travel, Posts should book an in-country travel advance.”

In other words, interim advances are cash used for a purchase that can be made within a short period of time. If a staff member is traveling and needs a cash advance for purchases that cannot be made in three days, the post should give them an in-country travel advance. The post attempted to adhere to this policy by vouchering the Volunteer group meals as part of program managers’ in-country travel. However, these expenses were rejected by the Office of Global Accounts Payable (OGAP) because travel expenses are only for the individual staff members who are traveling, and so do not cover group meals. Group meals are classified as a procurement.

As a result, the program managers used interim advances to cover the expense. Though program managers’ travel often exceeds three days, post staff must nonetheless comply with the policy to liquidate interim advances within three working days. Clearing interim advances in a timely manner ensures a prompt return of unused funds and helps to minimize imprest fund cash required to be on hand.

There are several ways in which the post could resolve this issue. According to OGAP, the country director could request approval to designate the program managers as sub-cashiers on an as-needed basis. The sub-cashiers would only receive funds when travel is required and procurement expenses are expected. They would need to receive proper training on the rules and regulations involved with holding U.S. Government funds.

**We recommend:**

- 3. That the director of management and operations implement a process to ensure that interim advances are liquidated within three days.**

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***INFORMATION TECHNOLOGY***

***The post did not have an adequate system to monitor or detect viruses or malware on Peace Corps/China’s information technology (IT) network.***

The post has a unique setup for its IT environment. Unlike other Peace Corps posts, Peace Corps/China is not synced with the Peace Corps global network due to IT security concerns in-country. Therefore, many agency applications, services, and resources are not accessible to the post, such as the agency’s SharePoint site and the system center for installing software, Microsoft updates,



and virus protection and management programs. As a result, the post's IT specialist must manually install and uninstall specially configured software packages onto the system. Furthermore, the IT specialist must individually check computers for viruses. Consequently, by not having a centrally managed virus protection interface, the post's IT systems can be easily corrupted because viruses could infect a computer without the knowledge of post staff.

**We recommend:**

- 4. That the post work with the Office of the Chief Information Officer to develop a centrally managed interface that will allow the post to more easily detect viruses within the Peace Corps/China environment.**

### *VALUE ADDED TAX*

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***The post did not collect reimbursement for value added taxes (VAT).***

According to the country agreement, the Peace Corps is exempt from taxes on goods purchased for official business in China:

The Government of China will exempt from all taxes (including the value-added tax on vehicles), customs duties, and other charges all Program equipment and supplies introduced into or acquired in China by the Government of the United States, or any contractor financed by it, for use hereunder.

We noted in the 2012 limited scope audit that the Peace Corps was not registered as a diplomatic agency with the China tax authority, and therefore despite the clear terms of the country agreement, the post was not able to use the same standard method of claiming reimbursement as the U.S. Embassy. In the report, we recommended that the post pursue collecting VAT refunds from the Chinese government. When the post attempted to address the recommendation by seeking assistance through diplomatic channels, the post was unsuccessful in receiving support from the U.S. Embassy. The deputy chief of missions for the U.S. Embassy in Beijing suggested that the Peace Corps discontinue VAT reimbursement collection efforts due to the following restrictions:

- The Peace Corps operation in China does not have “official status.”
- The country agreement would need to be re-negotiated to include “official status” for the post in order to enable VAT reimbursement.
- There are ambiguities on the VAT issue between the English and Chinese versions of the country agreement.
- Pursuing VAT reimbursement would involve Peace Corps/China's principal sponsor, the China Education Association for International Exchange.

As a result, all parties involved, including the U.S. Embassy and the China Education Association for International Exchange, determined that changing the country agreement would be a complicated task that could damage the relationship between the principal sponsor and the local government. During the audit, the post requested a waiver from OGAP and were awaiting a response.

**We recommend:**

- 5. That the director of management and operations continue to work with the Office of Global Accounts Payable to obtain a waiver for Value Added Tax reimbursements.**

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## OTHER AREAS OF CONCERN

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***The Chinese government's new legislation could impact the Peace Corps program.***

In April 2016, the Chinese government passed a series of laws further restricting activities of non-governmental organizations (NGOs)/international NGOs operating within China. Although the Peace Corps believes it is not viewed as an NGO by the Chinese government, there still could be a risk to the program because Peace Corps/China does not have official status as a government entity.

The Overseas NGO Law, effective January 1, 2017, is expected to address the management of approximately seven thousand NGOs operating in China. Chinese organizations will have to report international contacts to authorities, receive approval for visits, report international cooperation, and make a clear distinction between foreign and domestic funding. The law further stipulates that any group wishing to operate in China must register with public security officials.

Currently, the Peace Corps has a memorandum of understanding with the Ministry of Education and has a relationship with their national counterpart in Beijing (the Chinese Education Association for International Exchange). The Peace Corps works with provincial Departments of Education and each university facilitates Volunteer visas and foreign expert credentials.

While the Peace Corps believes that the law will not have an operational impact on the program, the agency will need to continue to monitor the effects of the new legislation and work with local authorities to understand the full extent of the law in order to effectively conclude that the program will not incur increased restrictions. Our audit noted that the post has already had limitations placed upon its operations by the Chinese government. Peace Corps/China is restricted from bringing more than 150 Volunteers to serve in country at a time; is not officially recognized as a U.S. Government entity; does not receive VAT exemption; and struggles to import vehicles into the country.

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

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We did not identify any funds to be put to better use. We identified the following questioned costs during the course of the audit.

### Questioned Costs

Recommendation number	Description	Amount
1	Uncollected overpayment of allowances for departed Volunteers	\$1,900 USDE

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

- Funds to be 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.

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## LIST OF RECOMMENDATIONS

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**We recommend:**

1. That the director of management and operations apply due diligence in working with the Office of Global Accounts Payable to resolve the overpaid allowances for the departed Volunteers.
2. That the Office of Volunteer and PSC Financial Services develop a process to provide confirmation to the post when readjustment allowance deductions have been received and processed.
3. That the director of management and operations follow-up with staff to ensure that interim advances are liquidated within three days.
4. That the post work with the Office of the Chief Information Officer to develop a centrally managed interface that will allow the post to more easily detect viruses within the Peace Corps/China environment.
5. That the director of management and operations continue to work with the Office of Global Accounts Payable to obtain a waiver for Value Added Tax reimbursements.

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## APPENDIX A: OBJECTIVE, SCOPE, AND METHODOLOGY

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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 covered fiscal year 2012 to September 29, 2016. While at the post, we interviewed key staff including the country director, the director of management and operations, staff responsible for administrative support, and the lead Peace Corps medical officer.

We communicated issues and areas of improvement to senior staff at post and Peace Corps management at headquarters and included significant issues noted during our audit in this report. We primarily reviewed the following processes and associated controls:

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

Although we could not independently verify the reliability of all this information, we compared it with other available supporting documents to determine data consistency and reasonableness. We relied on the results of the FY 2015 Federal Information Security Management Act review, which did not identify deficiencies with data reliability that would impact our audit. Based on these efforts, we believe the information we obtained is sufficiently reliable for this report.

Our audit criteria were derived from the following sources: the Peace Corps Manual, the Overseas Financial Management Handbook, Peace Corps Overseas Contracting Handbook, Peace Corps Personal Property Management Handbook, and other Peace Corps policies and initiatives. Throughout the audit, auditors were aware of the possibility or existence of fraud, waste, or misuse significant to the audit objectives and conducted procedures designed to obtain reasonable assurance of detecting any such fraud as deemed appropriate.

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**APPENDIX B: LIST OF ACRONYMS**

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OIG	Office of Inspector General
FY	Fiscal Year
PSC	Personal Services Contractors
IT	Information Technology
MS	Peace Corps Manual Section
USDE	U.S. Dollar Equivalent
VESI	Volunteer End of Service Information
OFMH	Overseas Financial Management Handbook
VAT	Value Added Tax
OGAP	Office of Global Accounts Payable
NGO	Non-Governmental Organization

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

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### *PEACE CORPS REQUIREMENTS*

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#### PEACE CORPS MANUAL

MS 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.

MS 221.5.9, “Overpayments at End of Service” states:

At the time of a Volunteer's departure from post, any overpayments of in-country Volunteer allowances must be collected directly from the Volunteer or from the Volunteer’s in-country bank account. Overpayments should be recovered by the Collections Officer at the post, who must issue a receipt upon payment. If direct collection is not possible, the Administrative Officer must request collection from the Volunteer's Readjustment Allowance. (*See MS 223 and MS 284, Early Termination of Service*). Authorization from the Volunteer to collect from the Readjustment Allowance must be obtained on a signed Peace Corps Volunteer Certificate of Non-Indebtedness and Accountability for Property Form No. PC-477. The signed PC-477 form must be kept on file at post. If the Volunteer is separated outside of the assigned country for medical reasons, the Office of Health Services must obtain a signed PC-477 form. The signed PC-477 form must be sent to Volunteer and PSC Financial Services (CFO/VPS). Collections that cannot be made from the Volunteer at post or from the Readjustment Allowance will be pursued using the claims procedures set out in MS 777, *Billing and Collection Procedures, Debts, and Claims*.

#### OVERSEAS FINANCIAL MANAGEMENT HANDBOOK

OFMH 13.18.2, “Interim Advances” states:

Peace Corps Trainees, Volunteers, or staff may receive an interim advance to make a cash purchase when it is more economical or expeditious than making the payment by U. S. Government check or EFT. PSCs who receive Interim Advances are acting as Occasional Money Holders, see OFMH 13.18.3.

This interim cash advance must be supported by a copy of the authorized purchase document and liquidated (accounted for) within three (3) working days. The recipient of the funds is personally accountable for the funds until they are accounted for (with receipts or funds are returned).

The cashier should liquidate the advances within three (3) working days after issuance by obtaining copies of original receipts or other confirmation of use from the individual(s) to whom the funds were advanced. Unused cash must be returned to the cashier, with the receipts documenting the purchase. The cashier will then mark the interim receipt "Void" and return it to the person who received the advance. The receipts and the authorized purchase document are processed as a regular cashier disbursement.



OFMH 57.3, “Travel Advances (In-country)” states:

Travelers may receive a travel advance for per diem (lodging and M&IE) and other out-of-pocket expenses for authorized in-country travel. For in-country travel where the advance will be issued and cleared within 3 days,

Post should issue an interim advance. For longer in-country travel, Posts should book an in-country travel advance.

An advance should be based on an individual trip or set of trips (if close together). For Posts that issue “time period” advances (for a group of trips over a period), the advance amount should be based on a current projected trip plan for the period, not an Op Plan estimate, and must not exceed 45 days.

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## APPENDIX D: AGENCY RESPONSE TO THE PRELIMINARY REPORT

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### MEMORANDUM

**To:** Kathy Buller, Inspector General

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

**From:** Kristin Besch, Acting Regional Director/Chief of Operations, EMA Operations *KBB*  
Stephen Claborne, Country Director Peace Corps/China

**Date:** January 17, 2016

**CC:** Carrie Hessler-Radelet, Director  
Laura Chambers, Chief of Staff  
Carlos Torres, Deputy Director  
Joaquin Ferrao, Deputy Inspector General  
Doug Warnecke, Chief Administrative Officer, EMA Operations  
Haishu Liu, Director of Management and Operations, Peace Corps/China  
Angela Kissel, Compliance Officer

**Subject:** Preliminary Report on the Evaluation of Peace Corps/China (Project No. 17-AUD-01)

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Enclosed please find the agency's response to the recommendations made by the Inspector General for Peace Corps/China as outlined in the Preliminary Report of Peace Corps/China sent to the Agency on November 30, 2016.

The Region and the Post have addressed and provided supporting documentation for three of the five recommendations provided by the OIG in its Preliminary Audit Report and 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 any outstanding recommendations.

### **Recommendation 1**

**That the director of management and operations apply due diligence in working with the Office of Global Accounts Payable to resolve the overpaid allowances for the departed Volunteers.**

#### **Concur**

**Response:** The Office of Global Accounts Payable (OGAP) will establish BOCs for the three departed Volunteers and ensure due diligence to receive reimbursement.

#### **Documents to be Submitted:**

- Copies of each BOC created for the departed Volunteers
- Email confirmations from OGAP to the departed Volunteers

**Status and Timeline for Completion:** January 2017

### **Recommendation 2**

**That the Office of Volunteer and PSC Financial Services develop a process to provide confirmation to the post when readjustment allowance deductions have been received and processed.**

#### **Concur**

**Response:** The Director of Management and Operations (DMO) has implemented a process to check with VPS to confirm that deductions have been processed after Post submits them through VESI. Once a deduction is entered into VESI, the cashier will monitor the status in VESI and notify the DMO when the “*Approval Status*” is changed to “*VPS PROCESSED at HQ*”. This process has been captured through an additional step that was added to the PC/China Early Termination Checkout list.

#### **Documents Submitted:**

- PC/China ET Checkout list
- Email to PC/China staff with the new ET Checklist list
- Screenshots of the process in the VESI system

**Status and Timeline for Completion:** Completed, December 2016

### **Recommendation 3**

**That the director of management and operations follow-up with staff to ensure that interim advances are liquidated within three days.**

#### **Concur**

**Response:** The DMO has implemented a process to ensure that interim advances are liquidated within three days. This process is outlined in the PC/China Requirements for Interim Advances. The cashier will monitor the clearance of interim advances and will

notify the Director of Management and Operations if advances are not cleared within three days for direct follow-up action.

**Documents Submitted:**

- PC/China Requirements for Interim Advances
- DMO email to all staff describing requirements for interim advances
- Monthly Outstanding Travel Advances reports from FOR Post for FY2017 Q1

**Status and Timeline for Completion:** January 2017

**Recommendation 4**

**That the post work with the Office of the Chief Information Officer to develop a centrally managed interface that will allow the post to more easily detect viruses within the Peace Corps/China environment.**

**Concur**

**Response:** The Office of the Chief Information Officer has selected and is currently procuring the licenses and console for a stand-alone, centrally configured and managed antivirus/malware detection tool for Post. The Engineering team will install, configure and monitor with deployment completion by February 22, 2017.

**Documents to be Submitted:**

- Change Management Request
- Purchase/License agreement

**Status and Timeline for Completion:** February 2017

**Recommendation 5**

**That the director of management and operations continue to work with the Office of Global Accounts Payable to obtain a waiver for Value Added Tax reimbursements.**

**Concur**

**Response:** The Europe, Mediterranean, and Asia Chief Administrative Officer drafted a request for a waiver on VAT reimbursements. The agency has corresponded with the embassy in Beijing and the Deputy Chief of Mission supports Peace Corps approach on this issue. The request was approved and signed by the Chief Financial Officer on December 27, 2016.

**Documents Submitted:**

- Signed Decision Memo on the request for waivers on VAT reimbursement in PC/China.
- Email correspondence with the Deputy Chief of Mission supporting the recommendation

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## APPENDIX E: OIG COMMENTS

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Management concurred with all five recommendations. 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 two recommendations (numbers 2 and 5) based on a review of corrective actions and supporting documentation. Three recommendations (numbers 1, 3, and 4) will remain open. We will review and consider closing the recommendation when documentation reflected in the agency's response to the preliminary report is received.

Certifying compliance and verifying effectiveness are management's responsibilities. However, when we feel it is warranted, we may conduct a follow-up review to confirm that action has been taken and to evaluate the impact.

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## APPENDIX D: AUDIT COMPLETION AND OIG CONTACT

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### AUDIT COMPLETION

This audit was conducted under the direction of Assistant Inspector General for Audit Judy Leonhardt by Senior Auditor Renita Davis.



### OIG CONTACT

If you wish to comment on the quality or usefulness of this report to help us strengthen our product, please contact Assistant Inspector General for Audit Judy Leonhardt at [jleonhardt@peacecorpsig.gov](mailto:jleonhardt@peacecorpsig.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 call or write 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](https://peacecorps.gov/OIG/ContactOIG)

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

### For General Information:

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