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From: Kathy A. Buller, Inspector General

Date: September 28, 2018

Subject: Final Report on the Audit of Peace Corps/Philippines (IG-18-03-A)

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

Management concurred with all 15 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 10 recommendations (numbers 1, 2, 3, 7-10, and 12-14) based on evidence of corrective actions that address the recommendations. There are 5 recommendations (numbers 4, 5, 6, 11, and 15) that remain open. We will review and consider closing the recommendations 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 recommendations 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 Auditor Shane Potter at 202.692.2905.

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

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Peace Corps
Office of
Inspector General

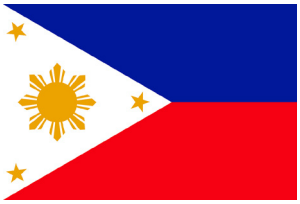
Chocolate Hills of Bohol, Philippines

Final Audit Report

Peace Corps/Philippines

IG-18-03-A

September 2018



EXECUTIVE SUMMARY

BACKGROUND

The Office of Inspector General (OIG) conducted an audit of Peace Corps/Philippines (hereafter referred to as "the post") from March 5 through March 23, 2018.

Staff:
U.S. direct hires: 3
Foreign service nationals (FSNs): 1
Full-time host or third country national PSCs: 41

Spending (approx.):
Fiscal Year (FY) 2017 post spending: $3.9 million
Average regional overhead: $450,743

WHAT WE FOUND

The post's financial and administrative operations required improvement to comply with agency policies and applicable Federal laws and regulations. Specifically, the post:

- Purchased controlled substances from a local vendor in violation of policy.
- Did not properly secure controlled substances.
- Did not dispose of medical waste for nearly a 20-month period.
- Did not accurately collect overpayments of living allowances paid to Volunteers who terminated their service early.
- Did not maintain adequate records and follow policy and procedures for cashiering.
- Provided unauthorized access to the Peace Corps information technology systems.
- Did not provide a justification for use of an International Cooperative Administrative Support Services (ICASS) cost center.

In addition, the alternate cashier had been taking Peace Corps funds for personal use for several months. Once he was found to be embezzling the funds, he was retroactively terminated for cause.

RECOMMENDATIONS IN BRIEF

Our report contains 15 recommendations directed to the post and headquarters. We recommend that the post store and dispose of medical waste and controlled substances according to policy. In addition, we recommend that the post strengthen its controls for managing imprest funds, collecting overpayments, providing ICASS justifications, and issuing bills of collection (BOCs) in a timely manner.

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BACKGROUND

OIG conducted the audit of Peace Corps/Philippines from March 5 to March 23, 2018. We previously performed an audit of the post and issued our report (IG-08-10-A) in 2008.

The first group of Peace Corps Volunteers arrived in the Philippines in 1961. The program closed in 1990 for political and security reasons, resuming in 1992. Approximately 8,800 Volunteers have served in the Philippines since the post was first established. At the time of our audit, 124 Volunteers were working in the following project sectors: Coastal Resource Management; Children, Youth, and Families; and English education. The post had 3 U.S. direct hires, 1 foreign service national, and 41 full-time personal services contractors. In FY 2017, the post's budget was approximately $3.9 million.[1]

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

AUDIT RESULTS

MEDICAL

The post purchased controlled substances from a local vendor.

The post purchased controlled substances from a local pharmacy on February 7, 2017 and April 22, 2017. The Peace Corps medical officers (PCMOs) indicated this was due to Volunteers being spread throughout the country, and, therefore, traveling to Manila for medical appointments was not always economically or logistically plausible. In these cases, the remote Volunteer visited a local, PCMO-evaluated doctor and received a prescription for a controlled substance. The PCMO obtained the prescription at post, without utilizing the Post Logistics Support (PLS) System, then mailed the controlled substances to the Volunteers. The Peace Corps does not permit controlled substances to be procured in-country or through a third party and strictly adheres to the Drug Enforcement Administration (DEA) guidelines and regulations as they relate to prescribing and procuring controlled substances. Peace Corps Manual Section (MS) 734 states:

> The Peace Corps, through the Chief, Administrative Services (M/AS), is registered with the DEA to procure controlled medical substances from designated vendors in the U.S. on behalf of Peace Corps and to distribute them to PCMOs posted overseas. The M/AS delegates the use of the Peace Corps DEA number to his or her Designated Officers (DO). The Controlled Substance Officer (CSO) in [the Post Logistics Support System] serves as the primary point of contact for purchasing

[1] 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 approximately $23 million incurred by the Inter-America and the Pacific region in direct support of its 20 overseas posts in FY 2016, which is an average of $450,743 per post.

> controlled substances. Only the CSO is authorized to procure controlled medical substances for Peace Corps. PCMOs do not have the authority to procure controlled medical substances on behalf of the Peace Corps, and must request procurement support from M/AS. PCMOs must not purchase controlled substances or narcotics in-country or from a third-party vendor.

The proper coordination and procurement of controlled substances is necessary for preventing their diversion and abuse and for overall Volunteer safety.

We recommend:

1. **That the country director follow policy and only procure controlled substances through the Post Logistics Support System.**

The post did not dispose of any medical waste for nearly 20 months and did not properly secure controlled substances.

The post had been unable to dispose of medical waste because of licensing issues and accumulated nearly 20-months' worth of medical waste materials. The post had accumulated roughly 120 kilograms of medical waste, regulated waste, pathological waste, and expired reagents and medicines, including controlled substances. Expired medical waste is to be handled according to local laws,[2] however, the PCMOs were not aware of the local laws for storage of medical waste. In addition, controlled substances were not adequately locked in accordance with Peace Corps standards.

According to the director of management and operations (DMO) the U.S. Embassy in Manila was allowing the Peace Corps to "piggy back" on its waste disposal process. The Embassy permitted a small amount of waste disposal at no charge to the Peace Corps. The post, however, exceeded the allotted amount and was no longer able to dispose of medical waste through the Embassy, which then instructed the post to acquire licensing of their own. The post attempted to obtain waste disposal licensing but did not have the resources available to comply with regulations set by the Philippines Department of Environment and Natural Resources. Without the Embassy or alternative licensing for disposal, the post had been storing its medical waste from September 2016 through May 2018 in a locked bathroom stall next to an exam room, which was easily accessible by Volunteers and staff.

The Manila Department of Health requires that a medical waste storage facility be clearly marked as containing hazardous materials and be located away from patient rooms, laboratories, or any public access areas. They require a written waste management plan for all health care facilities that must be regularly maintained. A new DMO was able to restore an agreement with the Embassy to pick up and bill the post for their waste starting in May 2018.

Of further concern, the inadequately stored medical waste contained seven different types of controlled substances; including, according to the disposal forms, 567 pills and one injectable. The PCMO believed the expired controlled substances could be stored with the rest of the

[2] MS 734 Medical Supplies and Equipment

medical waste, as opposed to maintaining the same security measures as non-expired controlled substances. The bathroom stall that the post utilized for medical waste storage did not meet MS 734 storage requirements that state:

> Country Directors must provide secure storage for all medical supplies that are specially designated or controlled substances. Secure storage must provide effective controls and safeguards against theft and diversion. Controlled substances must be kept in a securely-locked substantially constructed cabinet. The cabinet must be placed in a locked room (such as a medical supply closet) within a locked office building.

The proper storage of medical waste minimizes the exposure by staff and volunteers to hazardous health care waste that can result in disease or injury. The proper safeguarding and handling of controlled substances help prevent theft and misuse of drugs. Therefore, it is key that the post dispose and store their medical waste according to policy and secure controlled substances in properly approved storage containers accessible only to Peace Corps medical officers.

We recommend:

2. **That the country director store and dispose of medical waste according to policy.**
3. **That the country director ensure storage for controlled substances in accordance with policy.**

IMPREST

During the imprest fund review, multiple instances of non-compliance with Overseas Financial Management Handbook (OFMH) requirements were noted, which hindered the post's internal controls. The cashier failed to liquidate interim advances in a timely manner, maintain daily cash count records, intermingled imprest funds with personal funds, and disbursed over the authorized amount to a sub cashier. Post management is responsible for an effective internal cash control system and ensuring that all staff understand the importance of their assigned duties. A lack of internal controls provides an opportunity for asset misappropriations.

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

Interim advances were not liquidated within 3 days, as required by Peace Corps policy. There was a total of 78 instances from July 2017 through February 2018 in which interim advances were not cleared within 3 days. The majority of interim advances that were not cleared in a timely manner were for utility payments, training supplies, and miscellaneous post and Volunteer expenses. The administrative staff took out most of the interim advances to pay for those expenses and became complacent about liquidating the advance because management never put any significance or post haste on closing out the advance. 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 (3) working days . . . .

Failure to liquidate interim cash advances within 3 days impacts the cashier's ability to document the status of the imprest fund and accountability to safeguard interim advances. 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. During the audit, the post was able to proactively look into their noncompliance with the 3-day interim advance regulation, identify all occurrences, and issue a memorandum to staff outlining the policy and the repercussions of not following that policy.

We recommend:

4. **That the director of management and operations comply with their process to ensure interim advances are cleared within three days.**

The post did not maintain daily cash counts for two months.

While conducting a random cash count, the cashier had only the prior month's worth of daily cash count records available. The cashier stated that they were only required to maintain daily cash counts for 30 days and that had been the policy for some time. OFMH 13.24.1 states:

> The Cashier is required to do a daily 365 reconciliation. Per the FSC Cashier User Guide, Cashiers must save these reconciliation documents (365, 99 . . ., FOR Post Cash-on-hand) electronically, or in paper, for two months.

Peace Corps policy requires daily cash counts in order to ensure the cashier accounts for all funds.[3] The lack of daily cash count records prevented OIG from assessing whether shortages may have existed. We found no evidence that cash counts were not completed, but there was no record of them. When the post does not perform daily cash counts, or records of those cash counts are not available, it becomes difficult to detect errors or fraud in a timely manner. Therefore, it is critical that imprest funds be monitored and recorded carefully to prevent wrongdoing and ensure accountability of funds.

We recommend:

5. **That the director of management and operations implement a process to ensure records of daily cash counts are maintained for two months.**

The cashier was intermingling imprest and personal funds.

During a random cash count a discrepancy was found resulting in a cash shortage. When asked about the rectification process, the cashier stated that he would normally use his own funds to correct any shortage of funds he would discover and not report it to management. The cashier stated that he would report large shortages to management, but he would not identify his limit for

[3] OFMH 13.24.1

using personal funds and not reporting it to management. The shortage of cash was found and corrected the following day.

Peace Corps policy mandates that "cashiers are personally responsible and liable for all funds advanced by the U.S. Disbursing Officer."[4] However, the cashier stated that not only would he use his own funds to correct any shortage without reporting it to management, but all cashiers follow the same practice. The cashier has traveled to other posts to conduct cashier training where he says this practice is agreed upon by other cashiers. OFMH 13 Exhibit D states:

> Imprest funds must not be intermingled with personal funds, other government funds, or any other fund.

The cashier expressed a desire to do what was right and believed it was in the best interest of the Peace Corps to correct any shortage or overage of the imprest fund. He thought that it would be easier not to report any small infractions to management. However, this type of activity creates an environment where asset misappropriations could be committed more easily.

We recommend:

6. **That the director of management and operations ensure the cashier receives training on imprest policy.**
7. **That the director of management and operations monitor cashier activity and ensure policy and procedures for imprest funds are followed.**

The post disbursed over the authorized amount for sub-cashier advances without receiving authorization from the Office of Global Accounts Payable.

In five instances between June 2017 and January 2018, the post gave a sub-cashier an advance which was over the maximum authorized amount of $2500. These advances exceeded the $2500 limit by amounts ranging from approximately $80 USDE up to $290 USDE. The DMO stated that this was an oversight. They identified the most recent occurrence internally in January 2018, documented the issue by memorandum, and corrected it going forward. OFMH 13.C.3 states:

> The maximum authorized advance is normally $2,500 and will be listed in the Subcashier's designation. . .
>
> * * * * *
>
> The Director of GAP may authorize a maximum authorized advance to a Subcashier higher than $2,500 for specific circumstances with sufficient justification . . . .

When sub-cashiers carry large advances, it exposes the post to greater risk of improper payments and loss of funds through negligence.

[4] OFMH 13.21

We recommend:

8. **That the director of management and operations ensure that sub-cashier advances do not exceed the authorized amount.**

VOLUNTEER ALLOWANCES

The post did not accurately calculate and routinely collect overpayments of living allowances paid to Volunteers who terminated their service early.

Volunteers receive monthly living allowances while in their country of assignment. Living allowance payments consist of base, supplemental, and/or special living allowances. According to the Financial Analyst (FA), the post creates BOCs to collect prorated living allowances whenever a Volunteer terminates their service early. If the Volunteer is unable to pay the amount due, the post deducts the amount from their readjustment allowance. In addition, Volunteers are instructed to close their bank account to prevent the next month's payment from being deposited. The Volunteer is sent to the bank with a withdrawal slip and instructed to turn in their ATM card and close their account. The volunteer returns with the receipt of withdrawal showing a zero balance and pays any outstanding obligation to the Peace Corps. The post only verifies that the volunteer has a zero balance, not that the account was actually closed. The post would assume that the account was closed and expect that the next Volunteer In-Country Allowance (VICA) payment would not go through since the account was presumed to be closed.

During the audit, we concluded that the post overpaid living allowances to two Volunteers. We discovered that the Volunteers' bank accounts had remained open after their service ended. Consequently, living allowances were automatically deposited into the departed Volunteers' bank accounts without the knowledge of the DMO or the FA. We reviewed the VICA disbursements and living allowance reports for 55 volunteers who ended their Peace Corps service early and found that there were VICA payments made to two volunteers that had an uncollected balance totaling approximately $718 USDE. Peace Corps Manual Section (MS) 221.5.8 states:

> . . . [T]he 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 superfluous VICA payments occurred because the post did not review any documentation to make sure that the Volunteers' bank accounts were closed, nor review living allowance reports and reconcile the disbursed living allowances to ensure proper collection. As a result, the post did not collect overpaid funds from the Volunteer accounts.

We recommend:

9. **That the post apply due diligence in issuing bills of collection for approximately $718 USDE, withdraw the funds from the departed Volunteers' bank accounts, and collect the remaining overpaid living allowances.**
10. **That the director of management and operations incorporate a procedure to review departed Volunteers' bank accounts, confirm that the accounts are closed, ensure the amounts calculated as overpayments for living allowances are accurate, and collect any debts owed.**

BILLS OF COLLECTION

The post did not issue bills of collection in a timely manner.

The post delayed creating 9 out of 31 sampled BOCs for various grant, travel, cell phone, and living allowance refunds. The majority, or 5 of the 9 BOCs, were created by an administrative staff member who is no longer at the post so we could not ascertain the reason for the delay. The remaining four were an oversight by the administrative staff and they were unaware that it had happened.

OFMH 7.2.1 specifies that BOCs should be entered as soon as the debt is known. Creating BOCs in a timely manner is essential because it is an internal control procedure that safeguards assets, maintains accurate records, and establishes a system of checks and balances. Without a BOC, money that the post receives could be easily diverted because there is no record of the debt.

We recommend:

11. **That the director of management and operations ensure compliance with policy to issue bills of collection as soon as the amount is due to the Peace Corps.**

INFORMATION TECHNOLOGY

The DMO provided unauthorized access to Peace Corps information technology (IT) systems.

During our testing of IT systems controls, we found instances where staff were granted unauthorized permissions by the DMO to certain OdyWeb applications, specifically Security Certifications and Personal Service Contractor Payments. In both applications the DMO had both edit and submit-to-HQ roles identified in the system, which is a separation of duties issue.

In the Security Certifications permissions in OdyWeb, the FA was given submit-to-HQ role, which should only be given to the administrative officer (the DMO in this case) or the CD.

OdyWeb instructions state:

> The only staff authorized to submit Security Certifications are the AO or CD (or acting AO or acting CD).

The FA was also given the same submit permissions to the Personal Service Contractor Payments application, which should only be applied in an acting DMO role. OdyWeb instructions state:

> The only staff authorized to submit payment tabs must have a sufficient delegation of authority signed by the CD on file.

This improper granting of access resulted from the lack of knowledge of the requirements by the DMO. The separation of duties is an integral part of internal controls to avoid management errors and prevent fraud.

We recommend:

12. **That the director of management and operations review all users of the system to verify that they have proper access to the IT system.**

PERSONAL SERVICE CONTRACTS

The post did not include all benefits PSCs receive in the benefit attachment.

Personal service contractors receive benefits like health insurance, social security, and various allowances that differ from country to country.

When reviewing contracts, we found that while all benefits were included on the contract's calculation page, some were not mentioned in the benefits attachment to the contract. The most recent version of the benefits attachment did not list three of the benefits provided to contractors: the miscellaneous benefit, bank charge reimbursement, and savings program. The attachment also did not include details of payment or cost sharing for social insurance or the housing/utility allowance, though they were mentioned. Post staff informed us that they believed the local compensation plan was sufficient documentation for some benefits and that the exclusion of others was due to oversight. According to MS 743a.10.5.1:

> . . . benefits provided shall be individually stated directly in the benefits section of the contract…to provide clarity to the agreement between the Peace Corps and contractor, as contractors are only entitled to the benefits stated within the contract . . . .

When benefits are not listed or explained in the contract, there can be confusion about what benefits PSCs are entitled to and how the amounts are determined.

We recommend:

13. That the director of management operations review all benefit attachments of personal service contracts and ensure compliance with policy.

VOUCHERS

The post did not comply with federal regulations when modifying a conference contract.

After a typhoon hit the community to which Volunteers were supposed to travel following a conference, post staff decided to extend by three days the Volunteers' stay at the hotel at which the conference was held to allow the host families time to attend to any damage or other issues. This modification extended the contract's performance period and increased the overall contract amount beyond the procurement authority granted by headquarters contracting staff.

According to headquarters contracting staff, post staff should have requested a retroactive delegation of additional procurement authority and filed a justification form along with a memo to remain compliant with federal acquisition regulations.[5] Post administrative staff was unaware of this emergency contracting procedure. Because of this oversight, the post was not in compliance with federal contracting regulations and carried out an unauthorized agreement.

We recommend:

14. That the director of management and operations file a justification form for a retroactive Delegation of Additional Procurement Authority.

ICASS

The post did not have the necessary justification for an International Cooperative Administrative Support Service.

International Cooperative Administrative Support Service, or ICASS, is a service and cost sharing system managed by U.S. embassies in their respective countries. Peace Corps posts are required to subscribe to some services and can obtain permission from headquarters, via waiver or justification memo, to utilize others when necessary. The post used the ICASS "travel" cost center on an ad hoc basis.

OFMH 28.7 states that if a post wants to use an ICASS service that is not pre-approved, the ICASS Coordinator at Peace Corps headquarters must first approve a waiver. Notwithstanding this policy, CFO senior staff indicated that when a non-required ICASS service is used on an ad hoc basis they require a justification from the about why it is most efficient and cost effective to use ICASS services. The post, however, did not have a waiver or documented justification for

[5] FAR 6.302-2

use of the ICASS "travel" cost center. The lack of a waiver or justification memo was an oversight by the ICASS coordinator. Without documented justification, the post did not have proper authorization to use the service and could not support that ICASS is the most efficient method to procure the service.

We recommend:

15. That the director of management and operations file a justification for the ICASS travel cost center.

POSITIVE OBSERVATIONS

The post was able to determine a theft by conducting random cash counts.

The alternate cashier, by his own admission, started borrowing money from the imprest fund in October of 2017. When the country director attempted to conduct the random cash counts in November and December 2017, the alternate cashier was either not there or left the building on sick leave. The cash counts were conducted when he returned, but only after he managed to replace the money he had taken in those months. At the time of the January 2018 random cash count, the alternate cashier again was out sick. The DMO asked him to come in again a couple days later, at which time he sent in his resignation stating he wanted to pursue other opportunities. The post continued to ask him to return to conduct the cash count and on January 23 he admitted to stealing the money. At that point, the post notified OIG and Peace Corps headquarters of the theft and received instructions from headquarters on how to proceed. The post received the combination for the alternate cashier safe and was able to determine the missing amount. The alternate cashier was then terminated for cause and issued BOCs for the stolen funds. He returned multiple times to the post to pay back portions of the stolen money. At the conclusion of our fieldwork, he still owed approximately $1,275 USDE and was in contact with the post to return the remaining balance. The alternate cashier was unable to predict when he needed to return the stolen money, because the post conducted cash counts at random intervals, as instructed by policy. Thus, the post was quickly able to catch the theft and take the necessary administrative action.

QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE

We identified a questioned cost.

Recommendation number	Description	Amount
9	Volunteer Allowances Overpayment	$718

Consistent with the Inspector General Act of 1978, as amended, **questioned costs** and **funds to be put to better use** are defined 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:

1. That the country director follow policy and only procure controlled substances through the Post Logistics Support System.

2. That the country director store and dispose of medical waste according to policy.

3. That the country director ensure storage for controlled substances in accordance with policy.

4. That the director of management and operations comply with their process to ensure interim advances are cleared within three days.

5. That the director of management and operations implement a process to ensure records of daily cash counts are maintained for two months.

6. That the director of management and operations ensure the cashier receives training on imprest policy.

7. That the director of management and operations monitor cashier activity and ensure policy and procedures for imprest funds are followed.

8. That the director of management and operations ensure that sub-cashier advances do not exceed the authorized amount.

9. That the post apply due diligence in issuing bills of collection for approximately $718 USDE, withdraw the funds from the departed Volunteers' bank accounts, and collect the remaining overpaid living allowances.

10. That the director of management and operations incorporate a procedure to review departed Volunteers' bank accounts, confirm that the accounts are closed, ensure the amounts calculated as overpayments for living allowances are accurate, and collect any debts owed.

11. That the director of management and operations ensure compliance with policy to issue bills of collection as soon as the amount is due to the Peace Corps.

12. That the director of management and operations review all users of the system to verify that they have proper access to the IT system.

13. That the director of management operations review all benefit attachments of personal service contracts and ensure compliance with policy.

14. That the director of management and operations file a justification form for a retroactive Delegation of Additional Procurement Authority.

15. That the director of management and operations file a justification for the ICASS travel cost center.

APPENDIX A: OBJECTIVE, SCOPE, AND METHODOLOGY

OBJECTIVES

We conducted this audit to determine whether the financial and administrative operations at Peace Corps/Philippines are functioning effectively and complying with Peace Corps policies and Federal regulations.

SCOPE

This audit was conducted between January and May 2018 at the Peace Corps Headquarters in Washington, D.C. and at the overseas post location in Manila, Philippines. The scope period under review was October 1, 2012 through March 23, 2018.

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.

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.

METHODOLOGY

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

We obtained Peace Corps/Philippines's financial information from the disbursement and BOC reports for October 1, 2012 through January 31, 2017. We sorted the disbursement reports universe of 84,017 transactions and judgmentally selected samples by the following payment types:

- **Imprest Fund**. We reviewed 12 months of cash counts from February 2017 to January 2018. We also performed unannounced physical cash counts with the cashiers (primary and alternate), interviewed the cashiers, and reviewed supporting documentation related to the cash count.
- **Fuel**. Reviewed 12 vehicle logs). We conducted a completeness test by tracing 12 fuel entries/receipts from the vehicle logs to the Vehicle Maintenance system. In addition, we reviewed the sampled fuel receipts with the fuel vendor's credit card statements.

- **International Cooperative Administrative Support Services (ICASS)**. We compared the ICASS invoice to the ICASS agreement to ensure that the agreement was in compliance with Peace Corps policy for allowable cost centers.
- **Personal Service Contractor and Lease Payments**. We sampled 5 of 25 lease types and 5 of 97 personal services contractor (PSC) contracts to determine if the payment made on the disbursement report matched the contracts. In addition, we reviewed documentation related to the contract files. We also reviewed PSC security certifications for 13 PSCs. The PSC contracts were chosen based on the position of the employee, variations in the contract payments, and whether the employee contract allowed for overtime. The lease sample was selected based on the contract prices, purpose of the lease contract and whether the contract was active.
- **Medical Inventory and Transactions**. We performed medical inventory for 5 of the controlled and 16 of the specially designated substances and sampled 15 disposal records. In addition, we conducted additions testing by tracing three medical transactions (purchases for controlled or specially designated substances) to the disbursement report, receiving report, and the medical inventory records. We conducted additional sampling for the medical transactions in our review of non-cash payments and cash/credit card transactions.
- **Volunteer Payments**. We selected a small judgmental sample of 55 of 31,181 transactions to determine if the living allowances paid to Volunteers were consistent with the authorized amount. We also reconciled the collections for overpayments made to Volunteers when they terminated their service early. We reviewed living allowance payments for 12 of 105 Volunteers who early terminated between October 2012 and July 2017. We compared the Volunteer payments from the disbursement and calculated the collection amount based on the Volunteer's termination date. We reviewed the BOCs and readjustment allowance reports to determine if the collections were complete and accurate.
- **Grants**. We selected 27 of 304 grant reports (from FY 2012 to FY 2017) and reviewed the disbursement report, Peace Corps Grants Online report, project completion reports, and the project receipts. We also reviewed BOCs when the amount spent on the grant projects was less than the disbursed grant amount.
- **Personal Property and Vehicles**. We performed a physical existence test for 26 out of 688 personal property items inventoried in the Sunflower inventory tracking system in addition to the 9 vehicles listed in the VMIS system. We also interviewed the general service manager regarding separation of duties for inventorying personal property.
- **Credit Card and Other Transactions**. We sampled 30 transactions that were not paid by credit cards and 15 credit card transactions. The 45 payments include transactions from imprest payments, medical, travel, trainings, conferences, maintenance, and general expenses. The transactions were selected because they were unusual, exceeded $3,000 USDE, or had extensive use of vendors.

In addition, we reviewed the BOCs report that had a universe of 1,549 collections (1,224 transactions). Our BOCs review consisted of the following:

- **Long Outstanding**. Based on the BOCs report, we calculated 6 outstanding collections over 30 days. At the post, we interviewed staff about collection steps they had taken.
- **Voids**. We reviewed all 48 voided BOCs and the supporting documentation to determine that the voids were correctly voided and rebilled if necessary.
- **General Testing.** We tested a sample of 31 transactions. Our sample was based on large USDE amounts, unusual transactions, grants, Volunteer billings, and training/conference expenses. We reviewed the supporting documentation to determine if the BOCs were accurately recorded, created timely, properly obligated, and adequately collected.

USE OF COMPUTER-PROCESSED DATA

The Government Accountability Office's "Assessing the Reliability of Computer-Processed Data" defines reliability to mean that the data is reasonably complete, accurate, meets its intended purpose, and is not subject to inappropriate alteration.

During our audit, we relied on data extracted from the Peace Corps' financial 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 did not test to ensure that the universe of data provided to us was complete.

However, 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. We note 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

BOC	Bill of Collection
CD	Country Director
CO	Contracting Officer
COS	Close of Service
DMO	Director of Management and Operations
FA	Financial Assistant
MS	Peace Corps Manual Section
OFMH	Overseas Financial Management Handbook
GAP	Global Accounts Payable
OIG	Office of Inspector General
OHS	Office of Health Services
PCMO	Peace Corps Medical Officer
PSC	Personal Service Contractor
FSN	Foreign Service National
USDE	United States Dollar Equivalent
FY	Fiscal Year
USDH	United States Direct Hire
CUG	Cashier User Guide
TG	Technical Guidance
OCFO	Office of the Chief Financial Officer
ACM	Acquisitions and Contract Management
FAR	Federal Acquisition Regulation
VMIS	Vehicle Management Information System
GAO	Government Accountability Office
OMB	Office of Management and Budget
ICASS	International Cooperative Administrative Support Services

APPENDIX C: CRITERIA USED TO SUPPORT ISSUES IN THE REPORT

FEDERAL REQUIREMENTS

STANDARDS FOR INTERNAL CONTROL IN THE FEDERAL GOVERNMENT

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

> 10.13 Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties. In particular, segregation of duties can address the risk of management override. Management override circumvents existing control activities and increases fraud risk. Management addresses this risk through segregation of duties, but cannot absolutely prevent it because of the risk of collusion, where two or more employees act together to commit fraud.

FEDERAL ACQUISITION REGULATION (FAR)

FAR 6.302-2 Unusual and Compelling Urgency

> (c) Limitations. (1) Contracts awarded using this authority shall be supported by the written justifications and approvals described in 6.303 and 6.304. These justifications may be made and approved after contract award when preparation and approval prior to award would unreasonably delay the acquisition.

PEACE CORPS REQUIREMENTS

OVERSEAS FINANCIAL MANAGEMENT HANDBOOK (OFMH)

OFMH 13.18.2 Interim Advances

> The interim cash advance must be supported by a copy of the authorized purchase document, and liquidated (accounted for) within three (3) working days.

OFMH 7.2.1 Billing Steps

> The Billing Officer performs the following tasks as soon as the debt is known, even if the exact amount isn't known.

OFMH 13 Exhibit C.3

> The maximum authorized advance is normally $2,500 and will be listed in the Subcashier's designation from the Director of GAP.

OFMH 13.21 Fund Shortage or Overage

An imprest shortage or overage occurs when Line 29 of the 365 report displays an amount other than zero. This means there is a difference between the expected accountability and the actual on-hand accountability (cash/documents). An amount on L29 is also referred to as a "discrepancy".

- A shortage is represented by a positive number
- An overage is represented by a negative number

A shortage or overage may be identified either at the time of the Cashier's daily 365 reconciliation or at the time of the DMO or CD's unannounced 365 verification.

A shortage or overage is initially referred to as an "Out-of-balance" condition. Post must take immediate steps to investigate the cause (see 13.21.2). An "Out-of-balance" is deemed a "Fiscal Irregularity" if the Out-of-balance is unexplained after two days or if the Out-of-balance is explained but remains unresolved at the next unannounced verification (see 13.21.3).

Cashiers are personally responsible and liable for all funds advanced by the U.S. Disbursing Officer.

OFMH 13.24.1 Responsibility for Verification and Required Frequency

It is critical that imprest funds be monitored carefully, to assure that all funds are accounted for. Therefore, frequent verifications are required, as follows:

Daily.

The Cashier is required to do a daily 365 reconciliation. Per the FSC Cashier User Guide, Cashiers must save these reconciliation documents (365, 99 . . ., FOR Post Cash-on-hand) electronically, or in paper, for two months.

OFMH 13 Exhibit D Checklist of Effective Management Practices

The following checklist is provided to assist posts in ensuring that the fund is correctly and effectively administered.

* * * * *

Imprest funds must not be intermingled with personal funds, other government funds, or any other fund.

OFMH 28.7 Cost Center Waiver Requests

If a Post wishes to use an ICASS service not on the list of pre-approved services the Peace Corps HQ ICASS Coordinator must first approve a waiver. Waivers are not pro forma. Requests should address why using an ICASS service is a sound management decision. Cost comparisons should be based on the most recent ICASS data available and include ICASS redistribution and overhead estimates. Posts may ask the Embassy to run a "what if" scenario using the ICASS software; this will show changes in the invoice if a new service is used. If post signs up for a service through ICASS that was originally budgeted in post's op plan, then post should return the relevant budget authority in their op plan to the Chief Financial Officer Centrally Managed Account (CFO CMA). Peace Corps will then pay the global ICASS bill using budget authority in the CFO CMA.

New Country Entries or re-entries into previous Peace Corps countries with little to no existing infrastructure are exempt from the waiver process and may subscribe to all cost centers necessary to efficiently establish post operations, except for 7810 GO/LTL Residential Building Operations, 7820

GO/LTL Non-Residential Building Operations, 7850 STL Residential Building Operations, and 7860 STL Non-Residential Building Operations. This exemption from the waiver process is valid only during the first two years of the opening of a new post. It is expected that at the end of two years, post operations should normalize and not need expanded support from the Embassy

ODYWEB HELP GUIDE

The only staff authorized to submit Security Certifications are the AO or CD (or acting AO or acting CD).

The only staff authorized to submit payment tabs must have a sufficient delegation of authority signed by the CD on file.

PEACE CORPS MANUAL SECTION (MS)

MS 221, 5.8, Volunteer Allowances

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 734 Medical Supplies and Equipment

6.2 Controlled Substances

The Peace Corps, through the Chief, Administrative Services (M/AS), is registered with the DEA to procure controlled medical substances from designated vendors in the U.S. on behalf of Peace Corps and to distribute them to PCMOs posted overseas. The M/AS delegates the use of the Peace Corps DEA number to his or her Designated Officers (DO). The Controlled Substance Officer (CSO) in PLS serves as the primary point of contact for purchasing controlled substances. Only the CSO is authorized to procure controlled medical substances for Peace Corps. PCMOs do not have the authority to procure controlled medical substances on behalf of the Peace Corps, and must request procurement support from M/AS. PCMOs must not purchase controlled substances or narcotics in-country or from a third-party vendor.

8.6 Storage of Controlled Substances and Other Medical Supplies at Post

Country Directors must provide secure storage for all medical supplies that are specially designated or controlled substances. Secure storage must provide effective controls and safeguards against theft and diversion. Controlled substances must be kept in a securely-locked substantially constructed cabinet. The cabinet must be placed in a locked room (such as a medical supply closet) within a locked office building.

9.1 Destruction of Medical Supplies

Medical supplies (medicines, dressing material, laboratory reagents, test kits, birth control products, and vaccines, etc.) with expired shelf life or medications that have been returned to the Health Unit by V/Ts must be destroyed in the presence of the PCMO and the CD, in accordance with local waste disposal and air and water pollution control standards. Disposal documentation must be retained in post files as per the Peace Corps records schedule, and a copy provided to the MSIC. Under no circumstances should returned medications be returned to inventory stock.

MS 743a.10.5.1

> …benefits provided shall be individually stated directly in the benefits section of the contract…to provide clarity to the agreement between the Peace Corps and contractor, as contractors are only entitled to benefits stated within the contract.

APPENDIX D: AGENCY RESPONSE TO THE PRELIMINARY REPORT

MEMORANDUM

To: Kathy Buller, Inspector General

Through: Anne Hughes, Chief Compliance Officer

From: Douglas Warnecke, Acting Regional Director EMA Region
Monica Collier, Country Director, Peace Corps/Philippines

Date: September 27, 2018

CC: Jody Olsen, Director
Michelle Brooks, Chief of Staff
Patrick Young, Associate Director of Global Operations
Angela Kissel, Compliance Officer
Joaquin Ferrao, Deputy Inspector General
Judith Leonhardt, AIG/Audits
Paul Negley, Director of Management and Operations, PC/Philippines

Subject: Agency Response to the Preliminary Report on the Audit of Peace Corps/Philippines (Project No. 18-AUD-01)

Enclosed please find the agency's response to the recommendations made by the Inspector General for Peace Corps/Philippines as outlined in the Preliminary Report on the Audit of Peace Corps/Philippines (Project No. 18-AUD-01) given to the agency on August 13, 2018.

The Region and the Post have addressed and provided supporting documentation for 13 of the 15 recommendations provided by the OIG in its Preliminary Audit Report: Peace Corps/Philippines, and will work to address the remaining recommendations by the set target dates.

Recommendation 1
That the country director follow policy and only procure controlled substances through the Post Logistics Support System.

Concur
Response: Since the described one-time incident, Post has stocked the medication through Post Logistics Support System. The medication was ordered on November 16, 2017, and delivered on December 19, 2017 and January 08, 2018. Further, Post has notified medical providers to not supply controlled substances to Volunteers; and, Post notified Volunteers to seek PCMO approval on prescriptions issued by medical providers prior to purchasing, in order to identify any controlled substances.

Documents Submitted:
- Email notification to medical providers
- Email notification to Volunteers

Status and Timeline for Completion: Completed**,** August 2018

Recommendation 2
That the country director store and dispose of medical waste according to policy.

Concur
Response: Post has attempted to resolve the disposal issue since 2015 when the U.S. Embassy stopped allowing Peace Corps to use its facility and vendor without charge due to the minimal waste produced at Post. Post was unable to attain permits from the Philippine Government that would allow PC to dispose the items from the office through an approved vendor.

In August 2017, the country director and director of management and operations negotiated a cost solution for the disposal of waste through the U.S. Embassy. This issue affected all U.S. Government agencies working under the Embassy's permits until April 2018.

On April 2018, with the US Embassy resolving the permit issues, Peace Corps was successfully able to dispose of the medical waste. Subsequently, Post has been able to maintain a routine disposal system. However, the U.S. Embassy does have occasional permit and licensing issues that cause delays, and it will continue to be a known risk.

Therefore, also as of April 2018, Post rectified issues of storing medical waste by dedicating a room that was converted to a general medical waste storage. The room has limited access, under lock and key, and marked as biohazard waste.

Documents Submitted:
- Emails with the Embassy concerning the waste disposal
- Pictures and description of new medical storage room

Status and Timeline for Completion: Completed**,** August 2018

Recommendation 3
That the country director ensure storage for controlled substances in accordance with policy.

Concur
Response: As of April 2018, all expired controlled substances were disposed through the U.S. Embassy; and, all controlled substances are now managed in a three-way locking container (bar, key, and combination), appropriately labeled, and marked as biohazard.

Documents to be Submitted:
- Pictures and description of new medical storage room

Status and Timeline for Completion: Completed**,** August 2018

Recommendation 4
That the director of management and operations comply with their process to ensure interim advances are cleared within three days.

Concur
Response: Post self-identified a recurring interim advance vulnerability, and made a concerted effort to resolve it. In March 2018, Post issued procedural guidance on interim advances with punitive measures to violators, and has since enforced it. The punitive measures range from reprimand to loss of advances for up to six months, and continuous offenses are noted in performance evaluations and could lead to a performance improvement plan.

Since issuing the guidance, Post has seen a 33% reduction in total violations, and a reduction in the severity of the late advances (i.e. reduction in number of days late). Approximately 30% of the interim advances are still technically late, but some may actually be submitted on time. Advances may have been received by Admin within three working days, but due to the timing of receipt, not processed until the next day. Therefore, the time appears on the fourth working day. Excluding these fourth-processing-day cases, Post would note only 15% late, down from over 50% late in 2017 (provided similar exclusions).

Documents to be Submitted:
- Procedural guidance on interim advances
- Email to staff concerning the guidance

Status and Timeline for Completion: Completed**,** August 2018

Recommendation 5
That the director of management and operations implement a process to ensure records of daily cash counts are maintained for two months.

Concur
Response: The daily cash count records were maintained by Post for 30 days, which was a practice since the 1990s. In accordance with policy, post has corrected retention to 60 days as of March 12, 2018.

Documents to be Submitted:

- Policy notification via email
- Email notification

Status and Timeline for Completion: Completed, March 2018

Recommendation 6
That the director of management and operations ensure the cashier receives training on imprest policy.

Concur
Response: Post will work with OGAP to schedule a training on imprest policy for the cashier in the coming months. The initial training will be virtual and OGAP will determine if additional training is necessary.

Documents to be Submitted:

- Training Agenda
- Training Notes

Status and Timeline for Completion: March 2019

Recommendation 7
That the director of management and operations monitor cashier activity and ensure policy and procedures for imprest funds are followed.

Concur
Response: The Philippine Pesos (PhP) has five coins under the value of two U.S. cents. The cashier previously kept a coin tray of their personal money in order to manage discrepancies amounting to less than 1 PhP, or $.02 USD, in order to avoid rounding to the nearest cent. The practice was intended to provide more accurate change, but Post acknowledges and concurs that, while practical, the practice is not consistent with policy.

Post concurs with the finding and corrected the issue as of March 2018. The cashier retains a greater number of small denominations. The director of management and operations ensures policy and procedures for imprest funds are followed.

Documents Submitted:
- Email confirmation by the Cashier.

Timeline and Status for Completion: Completed, March 2018

Recommendation 8
That the director of management and operations ensure that sub-cashier advances do not exceed the authorized amount.

Concur
Response: Post self-identified this circumstantial vulnerability prior to the audit, and documented it by memorandum to file, dated January 12, 2018. The occurrence was an employee error, not procedural, and the sub-cashier advance limits are additionally reviewed to ensure compliance to the authorized amount.

Documents to be Submitted:
- Memo, Sub-cashier Advances
- Email to staff concerning the memo

Status and Timeline for Completion: Completed, August 2018

Recommendation 9
That the post apply due diligence in issuing bills of collection for approximately $718 USDE, withdraw the funds from the departed Volunteers' bank accounts, and collect the remaining overpaid living allowances.

Concur
Response: As of August 2018, Post requires a departing Volunteer to present copy of the current month's bank details in order to check if the next month's living allowance was credited to his or her bank account. The procedural update will be added to the 2019 Philippines Peace Corps Volunteer Handbook and the 2019 Close of Service Handbook.

Documents Submitted:
- Examples of new close-out process
- Close-out, SOP
- Excerpt, 2018 Philippines Peace Corps Volunteer Handbook and 2019 Close of Service Handbook

Status and Timeline for Completion: Completed, August 2018

Recommendation 10
That the director of management and operations incorporate a procedure to review departed Volunteers' bank accounts, confirm that the accounts are closed, ensure the amounts calculated as overpayments for living allowances are accurate, and collect any debts owed.

Concur
Response: Per procedures in Peace Corps Philippines Close of Service Handbook, the Volunteer is responsible for closing his or her Philippine National Bank (PNB) account. The bank accounts are in the Volunteer's names, and Post has limited authority with PNB to close and check accounts. Therefore, Post has made it a practice to review the zero-balance withdrawal slip that the Volunteer provides as evidence of a closed bank account. In the past, Post did not retain the withdrawal slip. For Volunteers that early terminated on the last week of the month, when the next month's living allowance is already scheduled, Post asked the Volunteer if the next month's living allowance was already credited to their account. If the Volunteer confirmed that no amount was credited to their account, Post assumed that the next month allowance was not paid, and would not need to be collected. Therefore, the bill of collection for the next month was not prepared.

Documents to be Submitted:
- Examples of new close-out process
- Close-out, SOP

Status and Timeline for Completion: Completed, August 2018

Recommendation 11
That the director of management and operations ensure compliance with policy to issue bills of collection as soon as the amount is due to the Peace Corps.

Concur
Response: Post has always ensured compliance with policy to issue bills of collection as soon as the amount is due to Peace Corps. In some cases, a bill of collection cannot be prepared until an obligation is liquidated; specifically, ForPost does not allow the procedure. Therefore, the amount may be known, but a bill of collection cannot be issued.

Additionally, in cases of medical evacuation to medical separation, the amounts are unknown and issuing a bill of collection would be based on a best guess and inaccurate. Subsequently, the bill of collection would be deleted and replaced with accurate information. However, post understands there were instances when bills of collection were not timely and has since corrected those occurrences.

Documents to be Submitted:
- Example Bills of Collection

Status and Timeline for Completion: Completed, September 2018

Recommendation 12
That the director of management and operations review all users of the system to verify that they have proper access to the IT system.

Concur
Response: As referenced, the IT system access on OdyWeb was issued in June 2017 to account for a gap in staffing, and was not corrected until April 04, 2018. This was an oversight in Post's understanding of the individual access levels; however, procedures on the approval and granting access via the appropriate form (PC-129) were observed. The proper access has been restored, and policy is adhered to.

Documents Submitted:
- Verification on OdyWeb

Status and Timeline for Completion: Completed, April 2018

Recommendation 13
That the director of management operations review all benefit attachments of personal service contracts and ensure compliance with policy.

Concur
Response: Post reviewed and amended Attachment III: Host Country Resident PSC Benefits, Long-Term. Post added benefits and is reviewing for consistency with Philippine labor law. Post will submit Attachment III to OACM for final review in August 2018.

Documents to be Submitted:

- Attachment III Host Country Resident PSC Benefits
- Emails with OACM

Status and Timeline for Completion: September 2018

Recommendation 14
That the director of management and operations file a justification form for a retroactive Delegation of Additional Procurement Authority.

Concur
Response: Trainees were at Pre-Service Training in July 2014 when a Typhoon hit the area intended to receive Trainees for community and host family integration. The Typhoon took out power, rendering homes intended for the Trainee's not suitable for occupancy. Thus, the risk of sending the Trainee's to the affected area was determined to be too high. The trainees were safely lodged at the training location near Manila, outside of the emergency area. The director of management and operations extended the lodging contract by three days from a departure of July 20, 2014 to July 23, 2014, given the extenuating circumstances. A Delegation of Additional Procurement Authority, by a Justification for Other Than Full and Open Competition (JOFOC), was not filed in 2014, during the emergency.

In March 2018, Post filed for a retroactive Delegation of Additional Procurement Authority, through a Justification for Other Than Full and Open Competition (JOFOC). Four years after the event, in April 2018, the retroactive Delegation of Additional Procurement Authority was approved by OACM, and forwarded to OIG.

Post has noted the procedural error in filing for the JOFOC.

Documents Submitted:

- Retroactive Delegation of Additional Procurement Authority

Status and Timeline for Completion: Completed, April 2018

Recommendation 15
That the director of management and operations file a justification for the ICASS travel cost center.

Concur
Response:
Post has submitted the same cost structure for ICASS for over ten years and routed approval to Peace Corps Headquarters. The travel budget has not exceeded $202 on an annual basis, and the last annual total invoice was $32 due to the ad hoc nature of the charge line.

The Office of Budget Analysis concurs that the charge is so low post does not need a waiver. However, post will work with CFO to ensure documentation is in place that confirms that assessment.

Documents Submitted:

- Emails with the Office of Budget Analysis
- Documentation on file explaining the justification

Status and Timeline for Completion: Completed, September 2018

APPENDIX E: OIG COMMENTS

Management concurred with all 15 recommendations. We closed 10 recommendations (numbers 1, 2, 3, 7-10, and 12-14) based on evidence of corrective actions that address the recommendations. The remaining 5 recommendations remain open pending a copy of documentation listed in the agency's response.

In their 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 region or post has taken these actions, nor that we have reviewed their effect. 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 F: AUDIT COMPLETION AND OIG CONTACT

AUDIT COMPLETION

This audit was conducted under the direction of Assistant Inspector General for Audit Judy Leonhardt by Auditor Shane Potter and Program Analyst A'Daris McNeese.

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@peacecorpsoig.gov or 202.692.2914.

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

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