



Peace Corps Office of Inspector General



Peace Corps/Burkina Faso office in Ougadougou



Flag of Burkina Faso

Final Audit Report: Peace Corps/Burkina Faso

October 2009



**Final Audit Report:
Peace Corps/Burkina Faso
IG-10-01-A**

A handwritten signature in blue ink, reading "Gerald P. Montoya". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Gerald P. Montoya
Assistant Inspector General for Audit

October 2009

EXECUTIVE SUMMARY

We found that, in general, Peace Corps/Burkina Faso's financial and administrative operations were functioning effectively and complied with agency policies and federal regulations. We also found that post had established the necessary separation of duties over financial responsibilities, developed an effective control mechanism for fuel cards through coordination with the vendor, implemented successful procedures to manage its transit house, and took a proactive stance in gathering documentation and establishing the necessary control processes before the audit.

However, there were several areas in need of improvement. The more important findings are summarized below.

Medical Supplies

The post medical unit clerk maintained the medical supplies database and had custody of the medical supplies. Although the post attempted to implement new Peace Corps policies regarding medical supplies, the duties still were not adequately segregated. Discrepancies were found between the medical supply quantities in the database and the actual medical supplies on hand.

Bills of Collection

The billing officer did not always maintain the supporting documentation for charges incurred due to personal use of Peace Corps property.

Telecommunications

The post did not have a process for ensuring staff cell phone usage is reported to the billing officer in a timely manner.

Personal Services Contractor Files

The personal services contractor files did not always contain documentation showing the positions were properly competed and one file did not contain a signed intelligence background information certificate.

Property Management

The general services officer did not maintain the support for the annual inventory. In addition, some items were not properly listed on the inventory.

Our report contains 20 recommendations which if implemented should strengthen internal controls and correct the deficiencies detailed in the accompanying report.

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INTRODUCTION

The Office of Inspector General conducted an audit of Peace Corps/Burkina Faso June 29 – July 17, 2009. We conducted our last audit of the post in August 2002 (IG-02-18-A).

Peace Corps began work in Burkina Faso (then called Upper Volta) in 1966, but were asked by the country to cease sending Volunteers in June 1986. In 1995, Peace Corps resumed work in the country and sent 19 Volunteers to work in primary healthcare in rural communities. Two years later, the Ministry of Secondary Education requested Volunteers to work with middle schools, high schools, a teacher training college, and a university to make up for large shortfalls in qualified teachers. In 2003, the government and Peace Corps collaborated to start a small enterprise development project in microfinance and agribusiness. The girls' education and empowerment program began in 2005 in collaboration with the Ministry of Basic Education.

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

AUDIT RESULTS

We found that, in general, Peace Corps/Burkina Faso's financial and administrative operations were functioning effectively and complied with agency policies and federal regulations. We also found that post had established the necessary separation of duties over financial responsibilities, developed an effective control mechanism for fuel cards through coordination with the vendor, implemented successful procedures to manage its transit house, and took a proactive stance in updating their documentation and establishing the necessary control processes before the audit.

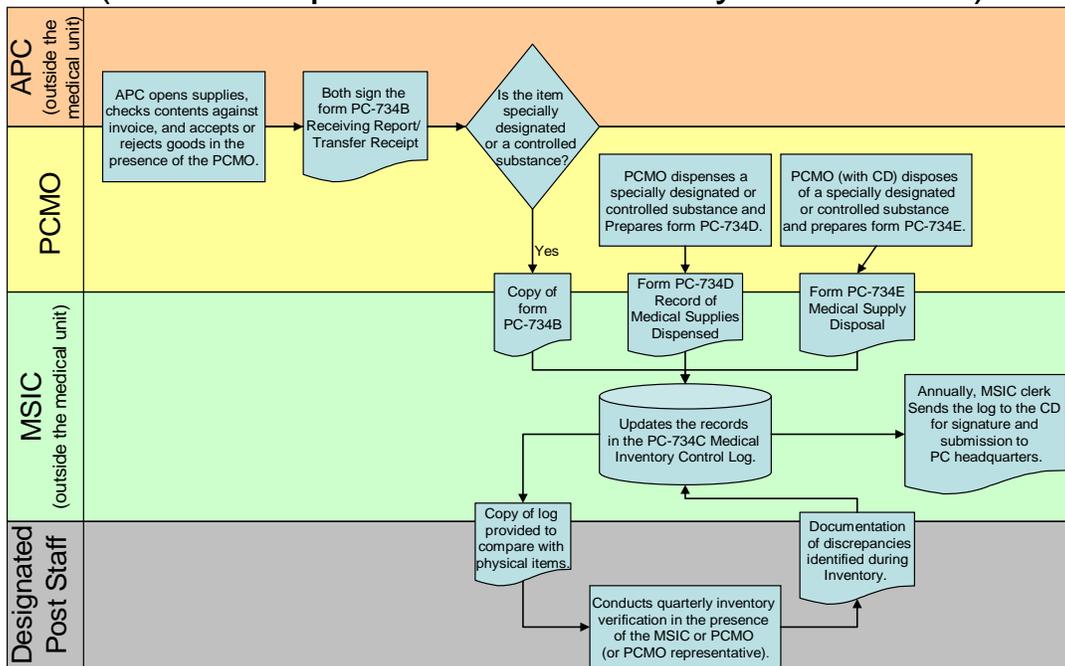
However, there were several areas in need of improvement. For example, we found that the post did not:

- fully implement the medical supply procedures defined in Peace Corps Manual (PCM) section 734;
- always maintain the supporting documentation for charges incurred due to personal use of Peace Corps property;
- maintain the support for the annual inventory of property showing reconciliations;
- always include evidence of competition and a signed intelligence background information certificate in the personal service contractor files; and
- implement a process for ensuring staff cell phone usage is reported to the billing officer in a timely manner.

A. Medical Supplies

| Findings | Criteria | Recommendations |
|--|--|--|
| <p>1. Although the country director assigned separate roles, the post did not fully separate the duties as required by PCM section 734.</p> <ul style="list-style-type: none"> The medical clerk ordered, received, and inventoried medical supplies. The Medical Supply Inventory Clerk (MSIC) was not controlling the medical inventory control log. Peace Corps Medical Officer (PCMO) was not verifying receipt of all medical supply shipments. Medical staff did not use the proper medical supply forms. <p>2. The post did not maintain quarterly inventory documents.</p> <p>3. Six out of 10 sampled supplies (not controlled substances) had an incorrect amount listed on the inventory.</p> | <p>PCM section 734 requires:</p> <ul style="list-style-type: none"> The Acceptance Point Clerk (APC) to open medical supply shipments in the presence of the PCMO...and sign the PC-734B. The MSIC to maintain a current inventory of designated medical supplies based on forms PC-734B for receipt, PC-734D for dispense, and PC-734E for disposal. A member of staff from outside the Medical Unit, who is not the MSIC or APC, to conduct an inventory of medical supplies on a quarterly basis. <p>Government Accountability Office internal controls standards (GAO/AIMD-00-21.3.1) require proper separation of duties, to include separating custody from record keeping.</p> | <p>We recommend:</p> <p>A.1. That the PCMO fully implement PCM section 734.3.4.1 by:</p> <ul style="list-style-type: none"> reviewing all medical supply shipments with the APC. using the proper Peace Corps forms when receiving, dispensing, and disposing of medical supplies. providing the required medical supply forms to the MSIC on a routine basis. <p>A.2. That the post document and retain original copies of the quarterly medical supply inventories in a readily available location.</p> |

Medical Supplies Responsibilities (from receipt to annual inventory submission)



B. Bills of Collection

| Finding | Criteria | Recommendation |
|--|--|---|
| <p>The voucher examiner served as the billing officer, but did not always maintain the documentation to support charges incurred due to personal use of Peace Corps property (such as vehicle use records, transit house reservations and logs, and phone bills).</p> <p>Instead, the individuals responsible for tracking property use maintained most of the documents supporting the charges.</p> | <p>Overseas Financial Management Handbook (OFMH) section 7.2.1 requires that "the billing officer determine the amount owed based on specific documentation /information and to include the support in their files."</p> | <p>We recommend:</p> <p>B.1. That the billing officer maintain copies of documentation supporting the basis for the charge in the bill of collection files.</p> |

C. Telecommunications

| Finding | Criteria | Recommendations |
|--|--|---|
| <p>The post did not have a process for ensuring staff cell phone usage is reported to the billing officer in a timely manner.</p> <p>Although the billing officer sent copies of the cell phone bill to the staff, she did not track which staff returned the bill identifying personal calls.</p> <p>Further, the country director did not review the itemized phone bills.</p> | <p>According to PCM section 834.4.2, "Country Directors should review itemized phone bills monthly."</p> | <p>We recommend:</p> <p>C.1. That the billing officer develop a process to ensure staff provide a written response identifying personal cell phone calls that require reimbursement. Staff must provide their responses to the billing officer in a timely manner.</p> <p>C.2. That the country director review the itemized phone bills monthly.</p> |

D. Personal Services Contractor Files

| Findings | Criteria | Recommendations |
|---|--|--|
| <p>1. Of the 12 personal services contractor (PSC) folders reviewed:</p> <ul style="list-style-type: none"> • Two did not contain evidence that the positions were properly competed. • One PSC did not sign an intelligence background information certificate. <p>2. In FY 2008, security checks and intelligence background information certificates were not completed timely. Most were completed in April 2009.</p> | <p>According to PCM section 743.9.2.1, "For new contracts, offers are to be requested from at least three potentially qualified candidates."</p> <p>PCM section 743.8.1, states, "Intelligence Background Information Certification – (PSCs) are subject to the policy and eligibility standards set forth in (PCM) Section 611 concerning eligibility of applicants with intelligence backgrounds."</p> | <p>We recommend:</p> <p>D.1. That the administrative officer maintain documentation supporting competition of PSC positions in the PSC folders.</p> <p>D.2. That the country director ensure that all PSCs sign the intelligence background information certificate.</p> |

| Findings | Criteria | Recommendations |
|---|---|---|
| <p>3. The post received proper authorization to pay a third country national's housing costs, but did not fully document the decision process and alternatives offered to the individual.</p> <p>4. PCM section 744.18.10 discusses housing options for contractors, but does not include an option for cost reimbursement. However, attachment G allows the country director to pay for housing and utilities.</p> | <p>PCM section 744.18.0 establishes the order of priorities for providing housing for personal service contractors who are required, in the performance of their contractual obligations, to travel away from home.</p> | <p>We recommend:</p> <p>D.3. That the country director fully document the process followed when attempting to find a suitable housing solution for third country nationals. The documentation must explain why the options were unsuitable.</p> <p>D.4. That the Office of Acquisitions and Contract Management revise PCM section 744 to include the process for approving housing allowances on cost reimbursement for third country nationals.</p> |

E. Host Country Contribution

| Finding | Criteria | Recommendation |
|---|--|---|
| <p>1. The post recognized an in-kind host country contribution from communities that provided free housing to Volunteers.</p> <p>However, the contribution amount listed in the post's budget was not supported by a fair market value assessment or other reasonable estimate.</p> | <p>PCM section 722.7.2.1 states, "The recorded value of in-kind contributions shall be based on a rational estimate of the cost of the contributed supplies or services to the Peace Corps.</p> <ul style="list-style-type: none"> •The actual cost to the Peace Corps of purchasing similar supplies or services in the same time period; •The documented cost to other organizations (Embassy, USAID, PVO's) of purchasing similar supplies or services in the same time period; and •A survey of the local offering price for similar supplies or services..." | <p>We recommend:</p> <p>E.1. That the administrative officer document the basis for the amount presented in the budget for the host country contribution for Volunteer housing.</p> |

| Finding | Criteria | Recommendation |
|--|--|---|
| <p>2. The post receives a tax exemption on fuel of 10,000 liters per quarter. However, the country laws and the post's exemption certificate permits exemption of all taxes.</p> <p>In FY 2008, the post used 12,426 liters of fuel that did not receive the tax exemption. The post would have saved approximately \$2,559 if the tax exemption amount was not limited.</p> | <p>According to PCM section 722.3.0, "Host government and other local contributions are an important aspect of Peace Corps operations. Such contributions indicate host-country support for Peace Corps and help defray Peace Corps expenses, enabling the Agency to use its budget more effectively.</p> <p>It is Peace Corps policy to encourage the maximum use of cash and in-kind contributions from the host country that are feasible and appropriate."</p> | <p>We recommend:</p> <p>E.2. That the administrative officer review the agreement with the host country for tax exemption on fuel and determine if the limit can be removed or increased.</p> |

F. Vehicles

| Findings | Criteria | Recommendations |
|---|---|---|
| <p>1. The post did not use the official Peace Corps vehicle usage form. However, its log books contained all of the necessary information.</p> <p>2. The general services officer did not keep well-organized vehicle maintenance records.</p> <p>3. Two vehicles had minor damages that had not been repaired.</p> <p>4. Staff did not review the vehicle log from the regional office weekly.</p> | <p>PCM section 527.5.4 requires that the weekly vehicle usage log "Form PC-527B" be reviewed by the staff responsible for vehicle repair and maintenance, the administrative officer, and the billing officer each week.</p> <p>PCM section 527.5.3 requires that each post maintain vehicles and records of the following:</p> <p>(a) Manufacturer recommended preventive maintenance...;</p> <p>(b) Purchase and installation of special, heavy-duty parts and accessories...</p> | <p>We recommend:</p> <p>F.1. That the general services officer ensure that maintenance records are current and well organized to ensure that suggested preventive care is taken and all repairs are made timely.</p> <p>F.2. That the administrative officer establish a process to ensure the regional office's vehicle log book is submitted for proper review on a weekly basis.</p> |

G. Travel Vouchers

| Finding | Criteria | Recommendation |
|---|--|---|
| <p>Two of the six reviewed travel vouchers had toll charges that did not match the dates of travel. Staff explained that the charges were incurred by drivers during their duty hours and were not attributable to a specific travel voucher.</p> <p>During the site visit the administrative officer began developing a process for drivers to submit cost reimbursements for toll charges incurred while on duty.</p> | <p>OFMH section 57.1 and 55.6.2 requires posts to review travel vouchers to ensure actual travel dates are within the authorized dates and computations are correct.</p> | <p>We recommend:</p> <p>G.1. That the cashier and administrative officer ensure that drivers claim only charges associated with the travel authorization.</p> |

H. Leases

| Finding | Criteria | Recommendation |
|---|--|--|
| <p>1. The post leased a staff house at an off-site training location for 12 months, even though training was shortened to three months in FY 2009. The post used the space to store the equipment and other supplies. However, the post had unused storage space in a warehouse at the U.S. embassy.</p> <p>The post could have saved approximately \$2,046 by leasing the staff house for only three months.</p> | <p>PCM section 733.2.0 states, "The Country Director shall determine the appropriate duration of the lease period based upon the type of lease (residential, office, training site), the local rental market, the stability of the program and staff size, and the availability of funds."</p> | <p>We recommend:</p> <p>H.1. That the administrative officer lease the housing at the training site only during the training period and utilize the warehouse to store training equipment for the remainder of the year.</p> |

| Finding | Criteria | Recommendation |
|--|---|---|
| <p>2. One recent lease was not supported by documentation showing competition.</p> | <p>PCM section 733.4.2 states: "To the maximum extent practicable, leases shall be awarded on a competitive basis."</p> | <p>We recommend:</p> <p>H.2. That the administrative officer maintain documentation showing the competition of leases in the lease folders.</p> |

I. Purchase Cards

| Findings | Criteria | Recommendation |
|---|--|--|
| <p>1. The post did not maintain records showing that purchase card statements were closed electronically.</p> <p>2. In FY 2008, the country director did not review three of the 12 purchase card statements within eight business days after the close of the monthly billing cycle.</p> <p>In FY 2009, the administrative officer was designated as the purchase card approving official.</p> | <p>PCM section 731.7.6 requires that the "Approving Official reviews, approves and signs Cardholder monthly statement of account within eight business days after the close of the monthly billing cycle."</p> | <p>We recommend:</p> <p>I.1. That the administrative officer electronically approve purchase card statements within eight business days after the close of the monthly billing cycle and maintain a copy of the approved statement in the purchase card files.</p> |

J. Property Management

| Findings | Criteria | Recommendations |
|--|--|--|
| <p>1. The general services officer did not maintain support for the annual inventory showing reconciliations.</p> <p>2. Out of 20 sampled items on the inventory:</p> <ul style="list-style-type: none"> ▪ One item no longer existed, ▪ One item was in a different location than listed, and ▪ One record was duplicated. <p>3. A refrigerator and stove at the regional office were not on the inventory.</p> <p>4. The regional office did not maintain a bike parts supply list.</p> | <p>PCM section 511.5.1, requires the following items be inventoried:</p> <ul style="list-style-type: none"> • Non-expendable items with a value of \$500 or more; • Items costing less than \$500 that are highly pilferable; and • Items costing less than \$500 that have been assigned a manufacturer's serial number (most electronic equipment). <p>PCM section 511.5.2 requires an annual physical inventory.</p> | <p>We recommend:</p> <p>J.1 That the general services officer correct the inventory discrepancies identified during the audit.</p> <p>J.2 That the general services officer maintain copies of the annual inventory showing the reconciliation process and any required changes.</p> <p>J.3 That the regional office manager develop and maintain a supply list of bike parts.</p> |

K. Time and Attendance

| Finding | Criteria | Comment |
|--|---|---|
| <p>Supervisors did not review the staff's official time and attendance records. The post used the PC-57 form as the official record, but had not completed the supervisory review by June 15, 2009.</p> <p>In July 2009, staff reviewed their PC-57 and then sent them to their supervisors.</p> | <p>PCM section 742 states, "each leave record (PC-57) shall be routinely reviewed for accuracy by the supervisor as of June 15th and December 15th of each leave year..."</p> | <p>The post was in the process of correcting the issue during the audit visit. Therefore, no recommendation is necessary.</p> |

L. Information Technology

| Finding | Criteria | Comment |
|---|---|---|
| <p>The post's computer network contained five unnecessary user accounts.</p> <p>The information technology specialist removed these accounts from the network during the audit visit.</p> | <p>PCM section 542.7.1 limits access to IT systems to only necessary users.</p> | <p>The post corrected this issue during the audit visit. Therefore, no recommendation is necessary.</p> |

M. Volunteer Allowances

| Finding | Criteria | Comment |
|---|---|--|
| The post did not conduct a market basket survey in FY 2008. However, the post began preparing market basket surveys in June 2009. | <p>PCM section 221.5.7.2 states: "To verify living allowance submissions, a Market Basket Survey shall be conducted by staff...."</p> <p>The market basket survey is to be used as a guide to validate the cost data on the living allowance survey submissions."</p> | The post corrected this issue in FY 2009. Therefore, no recommendation is necessary. |

N. Imprest Fund

| Findings | Criteria | Comment |
|--|---|---|
| <p>1. PSCs were serving as occasional money holders, but did not have these duties listed in their contracts' statements of work.</p> <p>2. The general services officer signed the interim advance of funds on behalf of drivers, who served as occasional money holders.</p> | <p>OFMH section 13.18.2 states, "If a staff member is an occasional money holder, this requirement must be in the statement of work."</p> <p>U.S. Treasury Department policy as implemented by the Department of State (4 FAH-3 H-390) states, "Contractors may not be occasional money holders."</p> | <p>The Office of General Counsel is in the process of developing guidance related to which individuals at posts are authorized to receive interim advances.</p> <p>Therefore, no recommendation is being made pending the clarification and updating of Peace Corps policy.</p> |

O. International Cooperative Administrative Support Services

| Finding | Criteria | Comment |
|---|---|--|
| <p>The post incurred annual International Cooperative Administrative Support Services (ICASS) costs of \$16,367 for general services costs. However, the only general services provided to the post by the U.S. embassy were for customs and shipping clearances.</p> <p>The U.S. embassy in Burkina Faso uses "ICASS lite," which does not attribute general services costs based on actual use. However, the post may be able to obtain a reduction of these costs from the U.S. embassy.</p> | <p>OFMH section 28.4 states, "It is important for posts to carefully monitor their use of and evaluate the need for support via ICASS. Although ICASS funds are not in Post budgets, fees effectively reduce funding available for all Peace Corps programs."</p> | <p>In July 2009, the country director requested an explanation of the general services costs from the U.S. embassy and asked for a reduction in amount paid by the Peace Corps. Therefore, no recommendation is necessary.</p> |

QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE

We identified certain questioned costs and funds to be put to better use during the course of the audit. They are discussed in the accompanying audit report and enumerated below along with the recommendation number in the report. Amounts are in U.S. dollars or U.S. dollar equivalents of Burkina Faso Communaute Financier Africaine [CFA] francs at the rate of \$1 equals 534 CFA francs.

Questioned Costs

| Finding | Description | Amount |
|---------|---|--------|
| O | International Cooperative Administrative Support Services costs for general services. | * |

* Amount not determined as of the audit completion date.

Funds to be Put to Better Use

| Finding number | Description | Amount |
|----------------|--|----------|
| E.2 | Fuel taxes that were not exonerated by the host country. | \$ 2,559 |
| H.1 | Cost of leasing the staff house at the training site for 9 out of 12 months of the year. | \$ 2,046 |
| TOTAL | | \$ 4,605 |

POST STAFFING

At the time of our visit, the post had 36 staff positions: three U.S. direct hire employees, two foreign service nationals, and 31 personal services contractor positions. We interviewed staff members, including the three U.S. direct hire employees and the two foreign service national employees. The staff was cooperative and provided the necessary documentation.

Volunteers expressed their appreciation for the post management team, the program and training staffs, and the PCMOs for their availability and their demonstrated interest in the Volunteers' well-being and success. Volunteers also told us that they had received effective ongoing support from the administrative unit.

Peace Corps/Burkina Faso Positions

| Position | Status |
|--|--------|
| Administrative Officer | USDH |
| APCD/Girls Education | PSC |
| APCD/Health | PSC |
| APCD/Secondary Education | PSC |
| APCD/Small Enterprise Development | USDH |
| Cashier | FSN |
| Country Director | USDH |
| Driver (6) | PSC |
| Financial Assistant | PSC |
| General Services Officer | PSC |
| General Services Officer Assistant (2) | PSC |
| Guard (3) | PSC |
| Hostel Manager | PSC |
| Information Resource Center Manager | PSC |
| Information Technology Specialist | PSC |
| Janitor (3) | PSC |
| Medical Secretary | PSC |
| Messenger | PSC |
| PCMO (2) | PSC |
| Program Assistant | PSC |
| Receptionist | PSC |
| Safety and Security Coordinator | PSC |
| Training Manager | PSC |
| Volunteer Support Officer | FSN |
| Voucher Examiner | PSC |

LIST OF RECOMMENDATIONS

We recommend:

A.1. That the PCMO fully implement PCM section 734.3.4.1 by:

- reviewing all medical supply shipments with the APC.
- using the proper Peace Corps forms when receiving, dispensing, and disposing of medical supplies.
- providing the required medical supply forms to the MSIC on a routine basis.

A.2. That the post document and retain original copies of the quarterly medical supply inventories in a readily available location.

B.1. That the billing officer maintain copies of documentation supporting the basis for the charge in the bill of collection files.

C.1. That the billing officer develop a process to ensure staff provide a written response identifying personal cell phone calls that require reimbursement. Staff must provide their responses to the voucher examiner in a timely manner.

C.2. That the country director review the itemized phone bills monthly.

D.1. That the administrative officer maintain documentation supporting competition of PSC positions in the PSC folders.

D.2. That the country director ensure that all PSCs sign the intelligence background information certificate.

D.3. That the country director fully document the process followed when attempting to find a suitable housing solution for third country nationals. The documentation must explain why the options were unsuitable.

D.4. That the Office of Acquisitions and Contract Management revise PCM section 744 to include the process for approving housing allowances on cost reimbursement for third country nationals.

E.1. That the administrative officer document the basis for the amount presented in the budget for the host country contribution for Volunteer housing.

E.2. That the administrative officer review the agreement with the host country for tax exoneration on fuel and determine if the limit can be removed or increased.

F.1. That the general services officer ensure that maintenance records are current and well organized to ensure that suggested preventive care is taken and all repairs are made timely.

F.2. That the administrative officer establish a process to ensure the regional office's vehicle log book is submitted for proper review on a weekly basis.

G.1. That the cashier and administrative officer ensure that drivers claim only charges associated with the travel authorization.

H.1. That the administrative officer lease the housing at the training site only during the training period and utilize the warehouse to store training equipment for the remainder of the year.

H.2. That the administrative officer maintain documentation showing the competition of leases in the lease folders.

I.1. That the administrative officer electronically approve purchase card statements within eight business days after the close of the monthly billing cycle and maintain a copy of the approved statement in the purchase card files.

J.1 That the general services officer correct the inventory discrepancies identified during the audit.

J.2 That the general services officer maintain copies of the annual inventory showing the reconciliation process and any required changes.

J.3 That the regional office manager develop and maintain a supply list of bike parts.

APPENDIX A

OBJECTIVE, SCOPE, AND METHODOLOGY

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

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit of Peace Corps/Burkina Faso covered fiscal years 2008 and 2009 through July 17, 2009. While at the post, we interviewed key staff and Volunteers to obtain their views on the effectiveness of the post's administrative and financial systems. At the end of our audit, we briefed the country director and administrative officer. At headquarters, we conducted a general briefing for regional staff.

We relied on computer-processed data from the post's accounting system. While we did not test the system's controls, we believe the information generated by the system and used by us was sufficiently reliable for our audit objective.

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

APPENDIX B

MANAGEMENT'S RESPONSE TO THE PRELIMINARY REPORT



Since 1961.

MEMORANDUM

Date: October 1, 2009

To: Kathy Buller, Inspector General

From: Lynn Foden, Acting Africa Regional Director

CC: Chief of Staff/Chief of Operations, Stacy Rhodes
Bradley Grubb, Senior Auditor
Nicola Cullen, Acting Chief Compliance Officer
Douglass Teschner, Country Director Burkina Faso
Larry Blake, Chief Administrative Officer
Burkina Faso Country Desk Unit

The Office of the Inspector General (OIG) conducted an audit of Peace Corps/Burkina Faso (PC/BF) in June and July of 2009. As outlined in the August 2009 report, senior auditor Bradley Grubb reviewed Post's financial and administrative operations.

The Region and Peace Corps/Burkina Faso found the OIG audit to be helpful and appreciate the efforts of Mr. Grubb. He explained the mission of the OIG and the audit process to the Peace Corps/Burkina Faso staff. His professional courtesy was appreciated by post staff who learned a great deal from the process.

The Region and PC/BF fully concur with 17 of the 19 applicable recommendations provided by the OIG. We partially concur with the remaining two recommendations, D.3 and H.1. Recommendation D.4 requires OCAM action.

A detailed explanation for how each recommendation will be addressed is outlined below. Peace Corps/Burkina Faso has already implemented many of the recommendations on a "go forward" basis and is in the process of addressing the remaining recommendations.

Some of the changes instituted as a result of the audit include the:

- Enhancement of Standard Operating Procedures for:
 - Bills of Collection
 - Documentation for HCC PCV lodging
- Better adherence to PCM section 734.3.4.1

- Introduction of new and complete system for tracking bike parts and vehicle maintenance and repair

The Region and post understand there is always room for improvement, and we are appreciative of the insight and information provided by the Peace Corps Office of the Inspector General.

Recommendations and Responses

- A.1. That the PCMO fully implement PCM section 734.3.4.1 by:
- reviewing all medical supply shipments with the APC.
 - using the proper Peace Corps forms when receiving, dispensing, and disposing of medical supplies.
 - providing the required medical supply forms to the MSIC on a routine basis.

Response: Concur

Post intends to fully concur with the regulations and suggestions for improvement identified by the auditor. We would like to note, however, that, while its adherence to these new regulations has not been perfect, PC/BF has been very proactive and has shown a lot of initiative in trying to comply with this new directive. Post PCMOs recently returned from CME and report that PC/BF is in the forefront of implementing these new, complex, and highly demanding (in terms of staff time) regulations. We would have appreciated it if this had been acknowledged in the audit report.

On a go forward basis, post will implement the flow chart as laid out by Mr. Grubb. The PCMOs will review all medical supply shipments with the APC, use the proper PC forms when receiving, dispensing, and disposing of medical supplies, and provide the required medical supply forms to the MSIC on a routine basis.

We also suggest that GC review this Manual Section to see if its intent can be implemented in a more streamlined and efficient manner.

Completion Date: On a go forward basis

- A.2. That the post document and retain original copies of the quarterly medical supply inventories in a readily available location.**

Response: Concur

Post concurs with this, and these copies will be kept readily available in the medical office.

Completion Date: On a go forward basis

- B.1. That the billing officer maintain copies of documentation supporting the basis for the charge in the bill of collection files.**

Response: Concur

At post, there are multiple types of BOCs for which documentation is complete including personal phone use by staff members, LLA reimbursements from PCVs, and for staff personal

use of PC vehicles. The single exception for which documentation was not complete was for nights at the Transit House by PCVs from other countries. Admittedly, there has not been a lot of documentation to go along with that since PCVs sometimes show up without a reservation. To rectify this situation, post will start printing the log to show when a PCV from another country has stayed at the Transit House to use for backup and make sure that each BOC has adequate supporting documentation.

Completion Date: On a go forward basis

C.1. That the billing officer develop a process to ensure staff provide a written response identifying personal cell phone calls that require reimbursement. Staff must provide their responses to the voucher examiner in a timely manner.

Response: Concur

Post has had a longstanding process to collect for personal cell phone calls, but will tighten it up by establishing a phone bill tracker that will be reviewed by the AO on a monthly basis. For those members who have not paid their BOCs within the month, they will receive a reminder. If there is continued inaction on their part, the CD will be informed.

Completion Date: On a go forward basis

C.2. That the country director review the itemized phone bills monthly.

Response: Concur

The CD will start reviewing these bills on a monthly basis. Post questions, however, if this is the best use of CD time and requests review by GC of this MS requirement.

Completion Date: On a go forward basis

D.1. That the administrative officer maintain documentation supporting competition of PSC positions in the PSC folders.

Response: Concur

While post has done this in an informal sense, it will now start being more formal regarding this process and the documentation in PSC files.

Completion Date: On a go forward basis

D.2. That the country director ensure that all PSCs sign the intelligence background information certificate.

Response: Concur

Post has done this as formal practice, but the auditor identified a case where it was missing from the file. Post will tighten up procedures to ensure it is done in every case.

Completion Date: On a go forward basis

D.3. That the country director fully document the process followed when attempting to find a suitable housing solution for third country nationals. The documentation must explain why the options were unsuitable.

Response: Partially Concur

Post produced for the inspector a two-inch thick file of documentation relative to the single case in question. While post believes that the situation was more than adequately documented, should the situation happen in the future, it will insist upon the staff member in question providing reasons in writing for not accepting a particular housing situation, including the house in question, date visited, and reasons for nonacceptance.

Completion Date: On a go forward basis

D.4. That the Office of Acquisitions and Contract Management revise PCM section 744 to include the process for approving housing allowances on cost reimbursement for third country nationals.

Response: NA to Region or Post

Completion Date: NA

E.1. That the administrative officer document the basis for the amount presented in the budget for the host country contribution for Volunteer housing.

Response: Concur

This is a number that is hard to document as there is no reliable sales or rental data at the village level. There are no formal rental agreements in place at PC/BF; the communities agree to provide housing to the PCVs as a minimum requirement for hosting a Volunteer. Based on discussion with APCDs at post, PC/BF believes the current 15,000 CFA per month per PCV for HCC for housing is a reasonable amount given the county's economic situation. In the event new information becomes available, post will adjust this accordingly.

Completion Date: On a go forward basis

E.2. That the administrative officer reviews the agreement with the host country for tax exoneration on fuel and determine if the limit can be removed or increased.

Response: Concur

Post discussed this situation with the US embassy. Peace Corps is part of the mission and does not have a separate right to exoneration; that comes from the embassy. At this moment, the GoBF does not want to increase the amount of exonerated fuel it gives to the US Mission.

Completion Date: 09/15/2009

F.1. That the general services officer ensure that maintenance records are current and well-organized to ensure that suggested preventive care is taken and all repairs are made timely.

Response: Concur

Post has done this as an informal practice, but understands the need to tighten up documentation. The General Services Assistant and the AO have devised a tracking sheet. Post has designated the first and third Monday and Tuesday of each month as no travel, and maintenance is being planned for those days.

Completion Date: On a go forward basis

F.2. That the administrative officer establish a process to ensure the regional office's vehicle log book is submitted for proper review on a weekly basis.

Response: Concur

The program Assistant at the Regional Office will scan the vehicle log sheet on a weekly basis and e-mail it to the AO who will review and file it.

Completion Date: On a go forward basis

G.1. That the cashier and administrative officer ensure that drivers claim only charges associated with the travel authorization.

Response: Concur

Travel authorizations are done on a quarterly basis so all drivers are under a TA whenever they are driving a PC vehicle. Therefore, post believes it is already in compliance, and all receipts submitted are for legitimate and verifiable travel expenses.

By way of background, post drivers are asked to make runs to the training site, the airport, and other places on official business where they often incur minor costs such as parking and road tolls. Rather than clog up the financial system with a lot of minor requests for reimbursements, post feels that it should continue the present system of asking drivers to include these minor expenses, normally less than \$1, when they submit a larger reimbursement request (typically after an overnight trip).

In order to comply with this recommendation drivers will continue to submit road tolls and parking fees on a claim form but will document the date that the cost was incurred.

Completion Date: On a go forward basis

H.1. That the administrative officer lease the housing at the training site only during the training period and utilize the warehouse to store training equipment for the remainder of the year.

Response: Partially concur

While this recommendation has some merit, the logistics of this at the present time are challenging. Post will hold one more training at the PST site in Ouahigouya in June 2010. After that, post will seek a new training site elsewhere in Burkina Faso. In the interim, PC/BF would rather stay with the present system which post feels is cost effective given the low rent when compared to transporting various materials to Ouagadougou (then back to Ouahigouya in June). Further, the staff time invested in finding a new staff house in Ouahigouya in June 2010 will be substantial. The rental savings realized (\$2000/year) would be more that offset in other costs. We will, however, explore this interesting option at our next training site to be operable in June 2011 which could be closer to Ouagadougou making this suggestion more cost effective.

Completion Date: June 2011

H.2. That the administrative officer maintain documentation showing the competition of leases in the lease folders.

Response: Concur

While this has always been unofficially done here at post, the AO will make sure to make it more official

Completion Date: On a go forward basis

I.1. That the administrative officer electronically approve purchase card statements within eight business days after the close of the monthly billing cycle and maintain a copy of the approved statement in the purchase card files.

Response: Concur

The only error in the past was the failure to print out a paper copy of the approval. Post is now printing out the paper copy for the file.

Completion Date: On a go forward basis

J.1. That the general services officer correct the inventory discrepancies identified during the audit.

Response: Concur

The corrections are underway.

Completion Date: September, 2009

J.2. That the general services officer maintain copies of the annual inventory showing the reconciliation process and any required changes.

Response: Concur

The auditor told post that it had been proactive in purchasing software for inventory purchases, including use of a scanning system. Post understands this recommendation to mean that the reconciliation process can be better documented which is being implemented.

Completion Date: On a go forward basis

J.3. That the regional office manager develops and maintains a supply list of bike parts.

Response: Concur

Staff will be developing a plan for tracking any and all bike parts that are requested from the regional office.

Completion Date: September, 2009

Closing

In closing, Africa Region and post would like to reiterate its appreciation of Mr. Grubb. He was very professional and also made the staff feel at ease while he was in Burkina Faso. He also made a number of favorable comments about PC/BF, both while he was at post and back at headquarters. For example, he referred to operation of the PC/BF Volunteer transit house as a best practice and noted that Volunteers were generally happy with their PC experience and positive about their relations with the staff. Post would have appreciated if formal recognition of post best practices had been included in the report. We encourage OIG to recognize positive practices and efficiencies identified at posts when finalizing audit reports. This type of recognition would be a great boost to staff morale and could provide useful information for other posts in Africa Region as well.

We look forward to working with the OIG to address and close all the recommendations as soon as possible.



Peace
Corps

TO: Kathy A. Buller

FROM: Carey Fountain, Chief Acquisition Officer

DATE: October 22, 2009

SUBJECT: OACM Response to the Burkina Faso Audit Recommendation D.4

We appreciate the opportunity to comment on the OIG Audit of Burkina Faso. Please see OACM's response below.

Recommendation D.4 – That the Office of Acquisitions and Contract Management revise PCM section 744 to include the process for approving housing allowances on cost reimbursement for third country nationals.

Concur. OACM will take the lead in coordinating with the Regions and OCFO to determine under what circumstances housing allowances on cost reimbursement should be allowed and the process that should be followed to obtain approval. PCM section 744 will be revised accordingly and the update published by March 31, 2010.

Please contact Alicia Steele for questions or clarifications.

APPENDIX C

OIG COMMENTS

Management concurred with all 20 recommendations made in our report. As a result, we closed 17 recommendations. We request additional documentation to close recommendations D.4, G.1, and I.1. These recommendations remain open pending confirmation from the chief compliance officer that the following has been received:

- For recommendation D.4: Documentation showing that the Office of Acquisitions and Contract Management has coordinated with regional management and the Office of General Counsel to determine whether cost reimbursed housing is an acceptable practice. Documentation that the Office of Acquisitions and Contract Management has formalized and communicated the final decision to ensure that posts comply and do not enter into arrangements that are not in accordance with PCM section 744.
- For recommendation G.1: Documentation showing that the post has established an acceptable alternative to reimburse toll and parking fees.

Management's response was partially responsive. Including these routine charges on travel vouchers associated with trips that have clear start and end dates is misleading. The Overseas Financial Management Handbook section 18.10 states, "A travel voucher for each trip performed at Peace Corps expense must be completed and submitted within 5 working days after completion of travel." The toll and parking charges are reoccurring and not associated with a particular trip or completed travel.

If the post continues to submit travel vouchers for the daily charges incurred by duty officers it must prepare a travel voucher for each trip. Alternatively, the post should consider requiring drivers to submit miscellaneous reimbursements for the charges. The post expressed concern that submitting requests for reimbursements would clog up the financial system. However, if the charges are submitted for reimbursement in bundles the increase in reimbursement requests could be better managed.

- For recommendation I.1: Documentation acknowledging that the post's 2008 purchase card statements were not always closed timely and documentation from the last three months showing that the approving official closed the card statements within eight business days after the close of the monthly billing cycle.

We would like to note that the post's comments did not fully address our recommendation. Maintaining paper copies of approved purchase card

APPENDIX C

statements will help ensure complete files. However, we also identified purchase card statements not reviewed within eight business days after the close of the monthly billing cycle.

We closed recommendation B.1 because the post had sufficient documentation for the bills of collection. However, we would like to note that not all of the supporting documentation was kept in the billing officer's files. The intent of our recommendation was to ensure the billing officer kept all supporting documentation organized and attached to the bills of collections in their files, specifically the property use forms and phone logs.

We closed recommendation D.3 because PCM section 744, regarding personal services contractor housing, does not require specific documentation to explain the housing choice. The post's response was accurate that documentation was voluminous and the decision to maintain the related emails in a single folder was prudent. However, the initial decision on why the previous housing options were not acceptable was not clearly documented in the folder. Recommendation D.4 states: That the Office of Acquisitions and Contract Management revise PCM section 744 to include the process for approving housing allowances on cost reimbursement for third country nationals. In revising PCM section 744, OACM should consider requiring posts to justify the housing option when not utilizing no-cost housing or existing Peace Corps leases.

In their response, management describes actions they are taking or intend 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 they have taken these actions nor that we have reviewed their effect. Certifying compliance and verifying effectiveness are management's responsibilities. However, when it is warranted, we may conduct a follow-up review to confirm that action has been taken and to evaluate the impact.

AUDIT COMPLETION AND OIG CONTACT

AUDIT COMPLETION

The audit was performed by Senior Auditor Bradley Grubb.

OIG CONTACT

If you wish to comment on the quality or usefulness of this report to help us strengthen our product, please e-mail Gerald P. Montoya, Assistant Inspector General for Audit, at gmontoya@peacecorps.gov, or call him at (202) 692-2907.

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