



Since 1961.

OFFICE OF INSPECTOR GENERAL

To: Aaron Williams, Director
Carlos Torres, Regional Director, IAP
Daljit Bains, Chief Compliance Officer

From: Kathy A. Buller, Inspector General 

Date: September 15, 2011

Subject: Final Report on the Audit of Peace Corps/Panama
(IG-11-09-A)

Transmitted for your information is our final report on the audit of Peace Corps/Panama.

Management concurred with all 11 of the recommendations. The 11 recommendations will remain open pending confirmation from the chief compliance officer that the documentation identified in management's response has been received. Our comments, which are in the report as Appendix D, address these matters. Please respond with documentation to close the remaining open recommendation within seven days of the estimated completion dates provided.

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

Attachment

cc: Carrie Hessler-Radelet, Deputy Director
Stacy Rhodes, Chief of Staff/Chief of Operations
Elisa Montoya, White House Liaison/Senior Advisor to the Director
Bill Rubin, General Counsel
Joseph Hepp, Chief Financial Officer
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Brian Riley, Country Director, IAP
Michael McGuire, Country Desk Officer, IAP



Peace Corps Office of Inspector General



Volunteer Alan McDonald stands in front of a water tank, part of his Peace Corps Partnership Program-funded aqueduct



Volunteer Caroline Cates presents, with her counterpart & family, her SPA-funded stove project



Flag of Panama

Final Audit Report: Peace Corps/Panama IG-11-09-A

September 2011

EXECUTIVE SUMMARY

The Office of Inspector General (OIG) conducted an audit of Peace Corps/Panama May 17 – June 2, 2011. At the time of the audit, the post had 52 staff members and a 2011 budget of \$3.3 million supporting 252 Volunteers.

The post's financial and administrative operations were effective and in overall compliance with agency policies and federal regulations. However, the post did not have an adequate process in place to control medical supplies, resulting in incomplete and inaccurate medical supply inventories. The post also lacked an adequate process to ensure security re-certifications were obtained for staff hired through personal services contracts. Re-certifications are required every five years and help ensure staff are trustworthy.

Further areas of improvement include Volunteer allowances surveys, property management, and imprest fund management. In addition, we identified approximately \$12,500 in funds to be put to better use if the post reduces its number of vehicles and another \$2,000 if the post reduced its imprest fund level.

Management concurred with all 11 of our recommendations and took timely action to remediate our findings. The 11 recommendations remain open pending receipt and review of documents to be submitted.

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BACKGROUND

OIG conducted an audit of Peace Corps/Panama (hereafter, “the post”) May 17 – June 2, 2011. We previously performed an audit October 17 – November 5, 2004 and issued our report March 31, 2005 (IG-05-09-A). OIG also conducted a follow-up audit March 19 – 23, 2007 and issued our report June 22, 2007.

The first group of Volunteers arrived in Panama in 1963. The program was closed in 1971 for political and security reasons and resumed in 1990. At the time of our visit, 252 Volunteers, including five Peace Corps Response Volunteers, were working in five program areas: teaching English, community environmental conservation, sustainable agriculture systems, environmental health, and community economic development. In 2011, the post’s budget was approximately \$3.3 million.

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 SUPPLIES

The post did not fully implement the agency’s medical supplies inventory policy.

The *Peace Corps Manual* section (MS) 734 specifies the post’s requirements relating to medical supplies inventory. The policy was revised in November 2008 to strengthen internal controls and procedures over medical supplies. It states, “Assurance that effective controls are in place is achieved through maintaining appropriate segregation of duties, accurate record keeping, secure storage, and periodic inventories.”

The medical inventory control log did not include controlled substances. These were recorded on listings maintained by the lead Peace Corps Medical Officer (PCMO). We found the PCMO’s listings to be inaccurate for two controlled substances, one of which contained discrepancies for three different strengths and expiration dates.

We tested 15 items on the medical inventory control log. We found one discrepancy in quantity and three discrepancies in expiration dates versus the actual inventory on the shelves.

In addition, the country director (CD) did not submit the medical inventory control log to the Office of Medical Services (OMS) annually as required by MS 734.3.5.3. The log is an important tool in OMS’ review and oversight over post drugs. The CD informed us that,

subsequent to the audit, the post submitted the log to OMS; accordingly, no recommendation is being made.

Maintaining accurate inventory records and timely reporting to OMS are important in order to control medical supplies. Effective internal controls and procedures are required to prevent theft, loss, or abuse of the post's medical supplies inventory and provide effective medical services to Volunteers.

We recommend:

1. That the medical supplies inventory control clerk include controlled substances on the medical inventory control log and ensure that the log contains accurate quantities and expiration dates.

PERSONAL SERVICES CONTRACTS

Security background certification updates were missing for eight personal services contracts.

MS 743.8.2 states:

For all host country resident PSCs contracted for 260 work days or more, the Country Director must ask the Regional Security Officer (RSO) or his or her designee to conduct a background investigation...of the proposed PSC prior to executing the contract.... The Country Director must request recertification of a continuously employed PSC every five years in accordance with 12 FAM 420.

We reviewed the security certifications for all 37 local personal services contracts and found that re-certifications were not obtained for eight staff (22 percent). The eight staff received security certifications when they were hired, but had not received recertification after five years. Specifically of the eight certifications: four expired in 2008, two expired in 2009, and two expired in 2010. The CD acknowledged that "this has been a major effort" to obtain all required security certifications and recertifications and told us that the post was coordinating with the RSO's office.

We recommend:

2. That the country director ensure that the post has obtained the eight missing security background updates and that these are placed in the staffs' contractor files.

VEHICLE MANAGEMENT

The post had not reassessed its required number of vehicles and made appropriate adjustments.

Vehicles represent the agency's single most significant owned assets at a post, and their utilization and maintenance are major post costs. The importance of the agency's vehicle

investment makes an ongoing review and determination of the number of vehicles needed for efficient and cost-effective operations essential.

The post had been at an authorized level of 12 vehicles. In anticipation of expected growth in the number of Volunteers in 2011 and subsequent years, the post requested and the region approved an increase in the authorized vehicle level to 13, and the post acquired an additional vehicle in late 2010. According to the post's Vehicle Fleet Plan dated September 2010, the additional vehicle was earmarked for a regional office that the post intended to open. Subsequent to the vehicle's arrival, a determination was made that, due to budgetary constraints, the post would not in the foreseeable future open and maintain a regional office and further, that the post would begin to phase out one of its five programs and completely eliminate it by the end of 2012. At the time of the audit, the post had in its fleet two Toyota Land Cruisers each with odometer readings of about 140,000 kilometers that were due to be replaced. Any reduction should consider the disposal of one or both of these vehicles.

Regional management told us that they concurred in principle with a reduction in vehicles, but they thought that the post should review its future needs before adjusting the authorized number of vehicles. However, with the decision to not open a regional office in the foreseeable future and to eliminate one of the five existing programs, the post may be able to reduce its fleet by at least one vehicle. Recent sales of similar vehicles indicate that the post could sell the vehicle for approximately \$12,500.

We recommend:

3. That the region and the post, in consultation with headquarter fleet management, determine the appropriate number of vehicles required at the post and reduce the number of vehicles accordingly.

IMPREST FUND MANAGEMENT

Staff did not clear their interim cash advances in a timely manner.

Overseas Financial Management Handbook (OFMH) section 13.18.2 requires that interim cash advances be "liquidated (accounted for) within three (3) working days." The OFMH further states, "It is the responsibility of the cashier to monitor the clearance of interim advances and to notify the Administrative Officer if advances are not cleared within 3 days for direct follow-up action"

We found that staff did not consistently clear their interim advances within the required three days. Further, deficiencies were not always brought to the attention of the director of management and operations (DMO)¹ for follow-up action. We noted on the Monthly Checklist for Verifying Officer accompanying the cashier reconciliation, a regular comment that interim cash advances were being cleared within five days. However, we found deficiencies longer in duration. To help resolve the problem, the cashier instituted email reminders to delinquent staff

¹ The director of management and operations is the new title for the administrative officer.

and told us that the reminders had some effect in improving the situation but that timely liquidation remained a problem.

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.

We recommend:

4. That the director of management and operations remind post staff of the requirement to clear their interim cash advances within three working days and monitor the status to ensure that advances are cleared in a timely manner.
5. That the cashier immediately notify the director of management and operations of delinquent interim cash advances for follow-up.

The cashier's imprest fund level required analysis to determine the appropriate level.

The *Foreign Affairs Manual Handbook* of the U.S. Department of State, section 4 FAH-3 H-393,4-2, states, "The advance [to the cashier] may not exceed the actual needs of the cashier." It further states, "Emphasis must be placed on reducing the advance to the minimum level required for the cashier's needs."

The permanent advance to the post's principal cashier has been at \$22,000 since December 2005. It was last reviewed by the U.S. Depository Office of the State Department (USDO) in May 2010. The post increasingly used electronic funds transfers as well as its purchase card for payments. As evidence that the permanent advance was in need of a reduction, we found that fiscal year 2011 replenishments were being retained in the bank account for up to two weeks before being retrieved by the cashier. This indicated that the replenishments were not immediately needed to fund imprest fund activity.

During our audit, the USDO's regional cashier monitor visited the post. He performed a review of the post's imprest operations and an imprest fund analysis, and subsequently recommended to the post that the cashier's permanent advance be reduced to \$20,000. The DMO informed us that the post intends to reduce the fund's advance to the recommended level. Future anticipated changes at the post, such as the phasing out and elimination of one of its five programs by the end of 2012, may result in opportunities to further reduce the imprest fund permanent advance. This is in line with the CD's statement to us that the post "needs to look for ways to reduce our imprest fund."

We also noted that the alternate cashier maintained an emergency advance of \$5,000 - \$7,000 to cover cash needs in the event the principal cashier was out of the office. Our review of activity of the alternate cashier's fund indicated that the amount was too high. Subsequent to the audit, the country director and the DMO determined to reduce the amount of the emergency advance to \$2,500.

We recommend:

6. That the post, in coordination with the Office of the Chief Financial Officer, conduct an analysis of the cashier's imprest fund level and take appropriate action based on the post's analysis and the regional cashier monitor's recommendation.
7. That the Office of the Chief Financial Officer establish a process for monitoring imprest fund requirements on an ongoing basis in order to determine if a further reduction of the advance is appropriate in the future.

The cashier did not set the combination to the imprest fund safe annually.

MS 760.5.2 states:

The cashier must personally set the combination to the safe. The Embassy Regional Security Officer (RSO) or technician assisting with the changing of the combination is not authorized to set or know the combination to the safe.... The combination should be changed annually, whenever there is a change in cashiers, or whenever the combination becomes known to a person other than the cashier.

The imprest fund safe combination was last set by the cashier in August 2009. The cashier told us that she required the assistance of the U.S. embassy's regional security officer (RSO) to disengage the lock prior to setting the combination, and that she had neglected to schedule a visit. The DMO stated she would immediately request the RSO's assistance so that the cashier could change the combination.

We recommend:

8. That the cashier change the safe combination at least annually.

VOLUNTEER ALLOWANCES

The post did not conduct living allowance market basket surveys in 2009 and 2010.

Living allowance surveys are the principal means by which a post verifies that the Volunteer living allowance is adequate and, if not, determines an appropriate adjustment. MS 221.5.7.2 states, "To verify living allowance survey submissions, a Market Basket Survey shall be conducted by staff.... MS 221.5.7.3 states, "Increases or decreases to the base living allowance must be based on the findings of the Volunteer living allowance survey, as supported by the market basket survey...."

The post did not perform market basket surveys in connection with its 2009 and 2010 living allowance surveys. The living allowance was increased in 2010 as the result of the Volunteer survey. The DMO told us that not performing market basket surveys was an oversight and that these would be performed in connection with the 2011 living allowance survey. At the time of our audit, the post was in the process of conducting its 2011 survey, had performed a market

basket survey in two cities, and intended to perform a similar survey in a representative large and small town.

Volunteers rely on the post to provide them with adequate allowances, which are mandated by Section 2504 of the Peace Corps Act. Complete living allowance surveys help ensure that the related allowances are adequate.

We recommend:

9. That the post conduct a market basket survey in connection with its Volunteer living allowance survey and use the results in validating the living allowance survey submissions.

PROPERTY MANAGEMENT

The post's internal control and procedures over property inventory, and its compliance with policy, required improvements.

“Standards for Internal Control in the Federal Government” (GAO/AIMD-00-21.3.1) issued by the Government Accountability Office (hereafter, GAO Standards) state, “An agency must establish physical control to secure and safeguard vulnerable assets.... Such assets should be periodically counted and compared to control records.” The GAO Standards assert that “...control activities help to ensure that all transactions are completely and accurately recorded.” The GAO Standards also require the separation of duties, stating, “Key duties and responsibilities need to be divided and segregated among different people to reduce the risk of error or fraud.”

The assistant IT specialist maintained the IT database and performed the physical inventory of IT property. These responsibilities must be separated to ensure proper internal control over property and prevent theft and loss. In addition, the post conducted a physical inventory of its property in April 2011, immediately after its office relocation. However, the administrative assistant did not compare the results of the physical inventory to the post's property database. The property database should have been used to conduct the physical inventory to identify and document any lost or stolen property. The post began reconciling the physical inventory to the property database on May 31, 2011.

Our testing of the April 2011 inventory listing indicated that it was in reasonably accurate condition. We found several items with duplicate tags and two tag numbers that were incorrect on the listing. We also noted some items in the storeroom that were not being used and/or were not in usable condition. These included two air conditioners, a stove, a refrigerator, a conference room table, and miscellaneous office furniture and fixtures. The general services assistant told us that the post intended to dispose of the unusable items during the next auction.

Adequate and properly implemented internal controls and procedures are essential for effective accountability and oversight over post property. Control procedures such as segregating

incompatible responsibilities and reconciling inventories with the property inventory database, are important steps in protecting the property from waste, fraud, and abuse.

We recommend:

10. That different persons maintain the information technology inventory database and conduct the physical inventory verification.
11. That the director of management and operations reconcile the physical inventory taken after the post's relocation with the property inventory database and investigate discrepancies.

QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE

We identified funds to be put to better use, during the course of the audit. They are discussed in the accompanying audit report and noted below. We did not identify any questioned costs.

Funds to be Put to Better Use

Recommendation number	Description	Amount
3	Reduction in vehicles due to the determination to not in the foreseeable future open and maintain a regional office and to phase out and eliminate by the end of 2012 one of the post's five programs.	\$12,500*

* Reflects the sale price in 2009 of a Toyota Land Cruiser (the type of vehicle most likely to be disposed of).

LIST OF RECOMMENDATIONS

We recommend:

1. That the medical supplies inventory control clerk include controlled substances on the medical inventory control log and ensure that the log contains accurate quantities and expiration dates.
2. That the country director ensure that the post has obtained the eight missing security background updates and that these are placed in the staffs' contractor files.
3. That the region and the post, in consultation with headquarter fleet management, determine the appropriate number of vehicles required at the post and reduce the number of vehicles accordingly.
4. That the director of management and operations remind post staff of the requirement to clear their interim cash advances within three working days and monitor the status to ensure that advances are cleared in a timely manner.
5. That the cashier immediately notify the director of management and operations of delinquent interim cash advances for follow-up.
6. That the post, in coordination with the Office of the Chief Financial Officer, conduct an analysis of the cashier's imprest fund level and take appropriate action based on the post's analysis and the regional cashier monitor's recommendation.
7. That the Office of the Chief Financial Officer establish a process for monitoring imprest fund requirements on an ongoing basis in order to determine if a further reduction of the advance is appropriate in the future.
8. That the cashier change the safe combination at least annually.
9. That the post conduct a market basket survey in connection with its Volunteer living allowance survey and use the results in validating the living allowance survey submissions.
10. That different persons maintain the information technology inventory database and conduct the physical inventory verification.
11. That the director of management and operations reconcile the physical inventory taken after the post's relocation with the property inventory database and investigate discrepancies.

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. Our audits are conducted in accordance with the government auditing standards prescribed by the Comptroller General of the United States. 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 objective. 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/Panama covered fiscal years 2009, 2010, and 2011 through April 30, 2011. While at the post, we interviewed key staff including the CD, the DMO, staff responsible for administrative support, and the lead PCMO. All staff interviewed told us they enjoyed working at the Peace Corps and interacting with and supporting the Volunteers. We also interviewed Volunteers to obtain their views on the effectiveness of the post's administrative and financial systems in supporting them. Volunteers told us they appreciated the interest shown by the staff in their success and well-being.

As part of the audit process, we briefed the CD and DMO. At headquarters, we conducted a general briefing for regional staff.

We relied on computer-processed data from the post's accounting system and verified such data with hard-copy documents as required. 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*, *Overseas Financial Management Handbook*, federal regulations, and Peace Corps policies and initiatives.

LIST OF ACRONYMS

CD	Country Director
DMO	Director of Management and Operations
IT	Information Technology
MS	Peace Corps Manual Section
OFMH	Overseas Financial Management Handbook
OIG	Office of Inspector General
OMS	Office of Medical Services
PCMO	Peace Corps Medical Officer
PSC	Personal Services Contracts
RSO	Regional Security Officer
USDO	U.S. Depository Office

MANAGEMENT'S RESPONSE TO THE PRELIMINARY REPORT



Since 1961.

MEMORANDUM

To: Kathy Buller, Inspector General

From: Carlos Torres, Regional Director 
Brian Riley, Country Director, Panama

Date: September 12, 2011

Through: Daljit K. Bains, Chief Compliance Officer 

CC: Stacy Rhodes, Chief of Staff/Chief of Operations
Carrie Hessler-Radelet, Deputy Director
Esther Benjamin, Associate Director for Global Operations
Joaquin Ferrao, Deputy Inspector General
Bradley Grubb, Assistant Inspector General
Bill Rubin, General Counsel
Joseph Hepp, Chief Financial Officer
Ed Hobson, Director of Safety and Security
Roger Conrad, Chief of Operations, IAP
Nina Favor, Chief Administrative Officer, IAP
Brian Riley, Country Director
Michael McGuire, Country Desk Officer, Panama

Subject: Response to the *Preliminary Report of the Office of Inspector General Financial and Administrative Audit (Project No. 11-AUD-05) of Peace Corps/Panama (July 2011)*

Enclosed please find the Region's response to the recommendations made by the Inspector General for Peace Corps/Panama, as outlined in the Preliminary Report of the IG Audit.

The Inter-America/Pacific (IAP) region concurs with all 11 recommendations detailed in the *Preliminary Report of the Office of Inspector General Financial and Administrative Audit (Project No. 11-AUD-05) of Peace Corps/Panama (July 2011)*. The following responses and corresponding documentation and action serve as our response to the findings as presented by the Office of the Inspector General.

The Region will continue to work with post to ensure all outstanding commitments are met.

APPENDIX C

Response to the July 2011 Preliminary Report of the Office of Inspector General Financial and Administrative Audit (*Project No. 11-AUD-05*) of Peace Corps/Panama:

Medical Supplies

1: That the medical supplies inventory control clerk include controlled substances on the medical inventory control log and ensure that the log contains accurate quantities and expiration dates.

Concur: The Country Director and Director of Management and Operations will update the controlled substances quantity and expiration information on the medical inventory control log.

Documents to be included:

- Copy of inventory logs with accurate accounting of medications, including controlled substances quantities and dates, signed by the MSIC and Country Director.

Status and Timeline for Completion: October 15, 2011.

Personal Services Contracts

2: That the Country Director ensures that the post has obtained the eight missing security background updates and that these are placed in the staffs' contractor files.

Concur: The Country Director will request confirmation of scheduled security certifications for (8) PSC staff and ensure that re-certifications are obtained and documented in Personal Service Contract files.

Documents to be included:

- Official correspondence between Country Director and Regional Security Officer, confirming scheduled re-certification for pending Personal Service Contract staff.
- Copies of the (8) recertification clearances once executed.

Status and timeline for Completion: November 1, 2011.

Vehicle Management

3: That the region and the post, in consultation with headquarters fleet management, determine the appropriate number of vehicles required at the post and take appropriate actions as necessary.

APPENDIX C

Concur: An updated Vehicle Status Report (VSR) for FY11 will be submitted by the Director of Management and Operations along with a fleet analysis and corresponding fleet size recommendations.

Documents to be included:

- Updated FY11 Vehicle Status Report.
- Analysis of current fleet (e.g., use, mileage, etc.) and post, Volunteer support needs.
- Memo confirming a fleet size recommendation.

Status and timeline for Completion: December 1, 2011.

Imprest Fund Management

4: That the Director of Management and Operations remind post staff of the requirement to clear their interim cash advances within three working days and monitor the status to ensure that advances are cleared in a timely manner.

Concur: The Director of Management and Operations will provide necessary documentation, to include copies of reminder emails to appropriate staff and documentation of the accurate cash advance log spreadsheet including number of travel days per cash advance.

Documents to be included:

- Copy of reminder email(s) to staff.
- Copy of updated, accurate cash advance log.

Status and timeline for Completion: October 1, 2011.

5: That the cashier immediately notifies the Director of Management and Operations of delinquent interim cash advances for follow-up.

Concur: Post will provide documentation of reminder emails sent from cashier to Director of Management and Operations confirming interim cash advance follow up.

Documents to be included:

- Copy of reminder email(s) on delinquent cash advances sent from cashier to delinquent staff.

Status and timeline for Completion: October 1, 2011.

6: That the post reduce the cashier's imprest fund permanent advance to based on the recommendation of the regional cashier monitor of the State Department's U.S. Depository Office.

APPENDIX C

Concur: Under currently established procedures the post does not have sole authority to alter the cashier's permanent imprest fund advance level. Chief Financial Officer (CFO)/Global Accounts Payable (GAP) reviews all FOR Post analysis and USDO-provided analysis to determine the appropriate permanent advance level. CFO/GAP will present their analysis to the USDO Cashier Monitor. If the advance needs to be lowered, CFO/Accounts Receivable Cash Management (ARCM) will reduce the advance.

Documents to be included:

- E-mail memo provided by Financial Management Officer confirming scheduled, biannual post imprest fund analyses and recommendation for the correct imprest level.

Status and timeline for Completion: October 1, 2011.

7: That the Director of Management and Operations establish a process for monitoring imprest fund requirements on an ongoing basis in order to determine if a further reduction of the advance is appropriate in the future.

Concur: Chief Financial Officer (CFO)/Global Accounts Payable will continue to review FOR Post analysis and USDO-provided analysis to determine the appropriate permanent advance level. CFO/GAP will present this analysis to the USDO Cashier Monitors. If the advance needs to be lowered, CFO/Accounts Receivable Cash Management (ARCM) will reduce the advance. The imprest fund requirement monitoring process is established by the Office of the Chief Financial Officer.

Documents to be included:

- E-mail memo from the Office of the Chief Financial Officer confirming the established imprest fund analysis procedure.

Status and timeline for Completion: October 1, 2011.

8: That the cashier change the safe combination at least annually.

Concur: The cashier will change safe combination annually, as required by Manual Section 760 5.2 and will provide confirmation of schedule in accordance and coordination with the Regional Security Officer at post.

Documents to be included:

- Memo from post, via the U.S. Embassy Regional Security Officer confirming the scheduling of post safe combination change on a yearly basis.

Status and timeline for Completion: November 1, 2011.

APPENDIX C

Volunteer Allowances

9: That the post conduct a market basket survey in connection with its Volunteer living allowance survey and use the results in validating the living allowance survey submissions.

Concur: Post has agreed to conduct the market basket survey in connection with its Volunteer living allowance survey and will use this data to validate living allowance submissions.

Documents to be included:

- Market Basket Survey and Living Allowance Survey Analyses.

Status and timeline for Completion: November 1, 2011.

Property Management

10: That different persons maintain the information technology inventory database and conduct the physical inventory verification.

Concur: Post will provide documentation that separate staff complete technology inventory database and physical inventory database.

Documents to be included:

- A memo to each contract file distinguishing that separate staff completes the database and physical inventories.
- An official email from the Country Director confirming that the separate staff designated for the database and physical inventories were appraised of these responsibilities.

Status and timeline for Completion: October 1, 2011.

11: That the Director of Management and Operations reconcile the physical inventory taken after the post's relocation with the property inventory database and investigate discrepancies.

Concur: The Director of Management and Operations will ensure that a physical inventory is completed and documented.

Documents to be included:

- Electronic copy of accurate property inventory database.

Status and timeline for Completion: October 15, 2011.

OIG COMMENTS

Management concurred with all 11 of the recommendations. The 11 recommendations remain open pending receipt and review of documents to be submitted.

Based on discussions with the Inter-American Pacific Region and the Office of Global Accounts Payable, we revised recommendation 6 to ensure post's analysis of the imprest fund level is coordinated with appropriate headquarters offices and redirected recommendation 7 to the Office of the Chief Financial Officer. In addition, the finding was changed from stating that the imprest fund level required reduction to the need to conduct the imprest fund level analysis.

Recommendation 12, to identify those items in the storeroom that are not to be used in the future and dispose of them, was removed based on further information provided by post and region showing that the items were already in the awaiting sale or disposal status.

In their response, management described 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 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.

AUDIT COMPLETION AND OIG CONTACT

AUDIT COMPLETION

Senior Auditor Steven Kaffen performed the audit of Peace Corps/Panama.



Bradley Grubb
Assistant Inspector General for Audit

OIG CONTACT

If you wish to comment on the quality or usefulness of this report to help us strengthen our product, please email Bradley Grubb, Assistant Inspector General for Audit, at bgrubb@peacecorps.gov, or call him at (202) 692-2914.

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

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

Contact OIG

Hotline:

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Web Form: www.peacecorps.gov/OIG/ContactUs

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