



Office of Inspector General

Office
202.692.2900
[Website](#)
[OIG Reports](#)

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

To: Carol Spahn, Director
Viquar Ahmad, Chief Financial Officer
Emily Haimowitz, Chief Compliance Officer

From: Joaquin Ferrao, Inspector General

Date: May 22, 2023

Subject: Final Special Report: Review of the Peace Corps' Compliance with the Payment Integrity Information Act for FY 2022 (IG-23-04-SR)

The *Payment Integrity Information Act of 2019* (PIIA) (Public Law 116-117) requires the Office of Inspector General (OIG) to annually review the agency's improper payment and payment reporting made in the annual Performance and Accountability Report (PAR) or Agency Financial Report (AFR) to determine compliance.¹

Results

Our review determined that the Peace Corps complied with the PIIA for FY 2022. The agency provided payment integrity information through Office of Management and Budget's (OMB) FY 2022 Annual Data Call; published improper payment information in the AFR for FY 2022; posted that report on the agency website; and performed a risk assessment to assess improper payment risk to their program.

PIIA Compliance Requirements	Did the Agency Comply?
Published an AFR or PAR	Yes
Provided payment integrity information to OMB through the Annual Data Call	Yes
Conducted a risk assessment	Yes
Published improper payment estimates	Not Applicable
Published programmatic corrective actions plans	Not Applicable
Published, and is meeting, annual reduction targets	Not Applicable
Reported a gross improper payment rate of less than 10 percent	Not Applicable

Based on the results of our review, OIG concluded that it is unlikely that the Peace Corps reached the significant improper or unknown payment threshold.² We noted that the dollar values of the individual payments are considerably lower than the significant improper payment

¹ Further guidance on requirements for compliance with PIIA is included in Office of Management and Budget's Circular M-21-19, Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement.

² Significant improper payments are defined as annual improper payments and unknown payments (i.e., the sum of monetary loss improper payments, non-monetary loss improper payments, and unknown payments) in the program exceeding (1) both 1.5 percent of program outlays and \$10,000,000 of all program or activity payments made during the fiscal year reported or (2) \$100,000,000 (regardless of the improper payment percentage of total program outlays).

threshold amounts. Furthermore, we did not identify any significant improper payments that met or exceeded the PIIA-established threshold during our FY 2022 audits, the independent public accountant's audit of the agency's FY 2022 financial statements, or other sources of audit or review during the fiscal year.

Published an AFR or PAR

The Peace Corps published their FY 2022 AFR on the linked [public website](#). This report included the required information about payments made.

OMB Data Call

OMB guidance requires that all agencies submit data related to the status of their improper payment risk assessments, their identification and recovery of overpayments, and other applicable agency-wide reporting requirements.³

During our review, we determined that the Peace Corps provided the required data through OMB's FY 2022 Annual Data Call.

Prior Year Recommendation Related OMB Data Call

We reviewed the response and the actions Peace Corps management initiated to implement the recommendation pertaining to compliance with OMB Data Call, included in our FY 2021 PIIA report.⁴ Based on the review of support provided, we concluded that Peace Corps management implemented this recommendation. We consider this recommendation now closed.

Conducted a Risk Assessment

The agency's Risk Assessment template for FY 2022 included all types of payments made to third-party vendors, including purchase and Travel Card payments, salary to U.S. and overseas employees, and allowance payments to Volunteers. When conducting improper payment risk assessments, the agency considers risk factors that are likely to contribute to a susceptibility of significant improper payments, such as:

- overall complexity of activity in determining payment amount and volume of payments
- recent major changes in current program funding or authorities and new program or activity
- level of experience of certifying officers

OIG agrees that the Peace Corps' methodology for reviewing and analyzing improper payments and its reporting in the FY 2022 AFR are consistent with the requirements set out in PIIA and OMB Circular A-123, Appendix C, and are appropriate based on assessed risk, the dollar amount of payments made, and number of related transactions.

Per OCFO, the Risk Analysis submitted to OMB during the 2022 Data Call and provided to OIG for the purposes of this review overstated the estimated improper payments by approximately \$6,000. After OIG identified \$47,000 in errors during our analysis of collections, as discussed below, the agency explained that they had overstated their estimate. Specifically:

“OCFO/GAP confirmed the duplicates in the sampling engine and the impact to the improper calculation in November 2022, after the data call submission to OMB. It was determined that the nominal change in the

³ OMB, M-21-19, Section VII. Reporting Requirements.

⁴ [Review of the Peace Corps' Compliance with the Payment Integrity Information Act for FY 2021 | Oversight.gov](#)

calculation was immaterial to the overall improper payment amount. Additionally, since the imputed rates are based on estimates, correcting the nominal change has no impact on the reported risks/ratings/measures for the agency.”

This documentation was not provided to OIG initially and we conveyed to OCFO the need to timely and fully communicate all known facts and data in response to OIG requests for information.

Additionally, OCFO noted they did not correct their submission to OMB because they believed there was not a requirement to do so. OIG did not identify specific instructions relating to the OCFO’s responsibilities for updating the OMB Data Call to report for errors noted during the OIG review.

Analysis of Collections Transactions

During sample verification of collections transactions from third parties, we noted approximately \$47,000 of improper payments the agency collected subsequently were erroneously excluded from the calculation of estimated improper payments for FY 2022.

As a result, the agency revised the estimated improper payment range from between \$154,000 and \$2,640,000 to \$194,000 and \$2,640,000. We agree with the revised estimate of improper payments and note that it is significantly below \$10 million.

Per OCFO, the standard operating procedure for estimating the improper payments did not include review of the bills of collections (BOCs) issued by overseas post or other collections made by the agency to determine if the original payment met the criteria for “improper or unknown payment” per PIIA guidelines. OCFO plans to modify the SOP to include review of overseas post issued BOCs and other collections to identify improper or unknown payments. OIG reviewed M-21-19 guidance and found that the agency’s estimated improper payments are under the significant improper payment threshold.

We recommend:

- 1. That the Chief Financial Officer implement a process for reviewing bills of collections issued by overseas posts and other collections from third parties to determine if the relevant payments made met the criteria for “improper or unknown payments” per PIIA guidance.**

Prior Year Recommendation Related to Travel Card Transactions

In our FY 2021 OIG report on Peace Corps’ PIIA compliance, we noted that one of the disbursements groups, Travel Card payments, did not implement a comprehensive monitoring and tracking process to identify and record any improper payments, dollar values of the errors, and corrective actions taken. Peace Corps management agreed with our recommendation that the Associate Director of Management implement a process for recording, monitoring, and tracking all improper payments; including the dollar values of any errors identified and corrective actions taken, for all Travel Card payments.

Per OCFO, the agency did not implement the process for recording, monitoring, and tracking all improper payments for all Travel Card payments during FY 2022. However, the agency

management provided evidence of implementation effective for FY 2023. We reviewed the documents supporting implemented process and closed the recommendation.

OIG reviewed the total Travel Card disbursements and concluded that this issue did not warrant holding the agency as “non-compliant” with the PIIA risk assessment requirement for FY 2022. The total amount of Travel Card disbursements was approximately \$1,202,000 of total third-party disbursements. For FY 2022, it is unlikely that the total improper or unknown payments for the agency would exceed the significant improper or unknown payment threshold due to improper Travel Card disbursements.

Conclusion

OIG concluded that for FY 2022, the agency complied with the PIIA under OMB circular M-21-19.

The agency provided payment integrity information through the OMB Data Call, and complied with the other applicable PIIA requirements, by publishing an AFR and conducting a risk assessment. Based on the results of the work performed, OIG determined that it is unlikely that the total improper or unknown payments reached the significant improper or unknown payment threshold.

cc: Ruchi Jain, General Counsel
Thomas Peng, Chief of Operations and Administration
Lauren Stephens, Chief of Staff
Francisco Reinoso, Associate Director, Office of Management
Clark Presnell, Deputy Director, Office of Management
Juan Garcia, Jr., Chief, Administrative Services
Joey O'Farrell, Chief, Transportation Division
Mia Dye, Expert, Office of the Chief Financial Officer
Eva Piszczek, Director, Global Accounts Payable
Greg Yeich, Compliance Officer

APPENDIX A: AGENCY RESPONSE TO THE PRELIMINARY REPORT



MEMORANDUM

To: Joaquin Ferrao, Acting Inspector General

From: Thomas Peng, Chief of Operations and Administration Peng, Thomas
Digitally signed by Peng, Thomas
Date: 2023.05.05 16:12:44Z; +0800
Signature

Viqar Ahmad, Chief Financial Officer VIQAR AHMAD
Digitally signed by VIQAR AHMAD
Date: 2023.05.05 17:33:35 -0400
Signature

Emily Haimowitz, Chief Compliance Officer EMILY HAIMOWITZ
Digitally signed by EMILY HAIMOWITZ
Date: 2023.05.09 12:02:34 -0400
Signature

Date: May 17, 2023

CC: Carol Spahn, Director
Lauren Stephens, Chief of Staff
Ruchi Jain, General Counsel
Allison Blotzer, Deputy Chief Financial Officer
Eva Piszczek, Director, Global Accounts Payable, OCFO
Terri Gureno, Program Manager, OCFO
Gregory Yeich, Compliance Officer

Subject: Agency Response to the Preliminary Special Report: Review of the Peace Corps' Compliance with the Payment Integrity Information Act for FY 2022 (23-AUD-04)

Thank you for the opportunity to respond to this preliminary report from the Office of Inspector General. Enclosed please find the agency's response to the recommendations made by the Inspector General as outlined in the OIG's Preliminary Special Report on the Review of the Peace Corps' Compliance with the Payment Integrity Information Act for FY 2022 (23-AUD-04) sent to the agency on April 17, 2023.

Recommendation 1

That the Chief Financial Officer implement a process for reviewing bills of collections issued by overseas posts and other collections from third parties to determine if the relevant payments made met the criteria for “improper or unknown payments” per PIIA guidance.

Concur

Response: The Office of the Chief Financial Officer has updated the agency’s improper payment reporting process to include a review of all domestic bills of collection. Debts associated with improper payments will be reflected in the Improper Payment Tracker and included in the annual PIIA estimation. Additionally, overseas bills of collection will be reviewed for collections or debts related to improper payments and will be included in the calculation of the improper payment imputed rate.

Documents Submitted:

- OCFO/GAP Non-Federal Claims-Collections Standard Operating Procedure
- OCFO/GAP PIIA Reporting Standard Operating Procedure

Status and Timeline for Completion: May 2023

APPENDIX B: OIG COMMENTS

The agency provided an updated standard operating procedure which included the process for reviewing bills of collections issued by overseas posts and other collections from third parties to determine if the relevant payments made met the criteria for “improper or unknown payments” per PIIA guidance. Based on the review of the updated procedure, we will close the sole recommendation in the report.

We wish to note that in closing this recommendation, we are not certifying that the agency has taken these actions or that we have reviewed their effect. Certifying compliance and verifying effectiveness are management’s responsibilities. 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.