



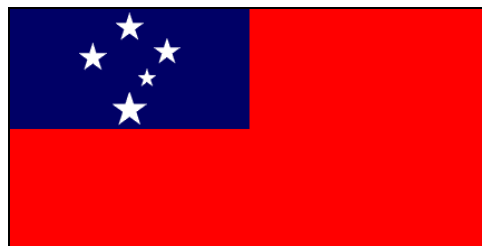
Peace Corps Office of Inspector General



*Entrance to the
Peace Corps/Samoa office*



*Canoe racing during the Teuila festival
in the Apia, Samoa harbor*



Flag of the Independent State of Samoa

Final Audit Report: Peace Corps/Samoa

March 2009



**Final Audit Report:
Peace Corps/Samoa
IG-09-06-A**

A handwritten signature in blue ink that reads "Gerald P. Montoya". The signature is fluid and cursive.

Gerald P. Montoya
Assistant Inspector General for Audits

March 2009

EXECUTIVE SUMMARY

We found that Peace Corps/Samoa's financial and administrative operations and its compliance with agency policies and federal regulations required improvement.

Some of the more important findings are summarized below.

Overall Assessment of Internal Control

Internal control required strengthening. Specific departures from internal control standards are described in the body of the report.

Imprest Fund Management

The safety and security coordinator received interim advances but was not on the country director's authorization list. In addition, the cashier did not return the liquidated interim advance form to the payee upon settlement. Also, payments made to and items received from the training village during pre-service training need to be reviewed for propriety and appropriate handling.

Volunteer Allowances

The administrative unit was unable to locate the Volunteer living allowance surveys and related market basket surveys performed in fiscal years 2007 and 2008. Additionally, the post did not conduct settling-in allowance surveys for two of the four groups of new Volunteers in 2007 and 2008, and did not have these surveys on file for the other two groups. Also, the post did not always send e-mail notifications of departing Volunteers to headquarters within 24 hours.

Billings and Collections

The post maintained a manual bills of collections log rather than using the ForPost-generated log; the post's manual log was incomplete. Further, the billings officer, who was also in charge of ForPost data entry, occasionally performed banking activities.

Obligations and Liquidations

The status of obligations report contained six open obligations from 2007, which should be deobligated.

Property Management

The post's property inventory listing contained discrepancies. Further, some items had two tags affixed to them, and two items were missing tags. Also, three items on the inventory were not in operating condition. In addition, the same person maintained the inventory data base and performed the physical inventory.

Vehicle Management

Vehicle usage logs were not reviewed, signed, and dated weekly by the administrative officer and the billings officer. Also, the post did not obtain the chief of mission's concurrence for personal usage of post vehicles by the former and present country directors during their respective last and first 90 days at the post. And, the post did not have on file the country director's authorization for incidental personal usage by a staff member.

Travel Management

Staff did not always submit their international travel vouchers within five days of the trips' completion. Further, submission dates on the travel vouchers did not always correspond with the actual travel dates. Also, most international travel vouchers showed discrepancies, which were corrected by the headquarters voucher examiner. In addition, the post did not comply with the Fly America Act requirement to purchase seats on U.S. flag air carrier service including code share flights. Finally, two travel vouchers raised questions about the appropriateness of an early arrival and an extended stopover en route home.

Personnel Management

The post did not perform annual appraisals of its PSCs in 2006 and 2007; appraisals were performed in 2008. Further, bi-weekly time cards were not signed and approved and were not always submitted promptly. Additionally, the official time and attendance records were not reviewed, did not always reflect the information on the time cards, and did not have overtime hours posted to them. Also, some leave request forms were missing, and one PSC's salary payments were miscalculated.

Procurement

Lease and PSC contracts prior to the March 2008 arrival of the country director were for one year only without option periods. Two leases were missing required information, and a certificate of acceptance was not signed by a Peace Corps representative. Also, some security clearances and intelligence background certification forms were not on file, and the option years for two 2008 PSC contracts were incorrect.

File Management

Some post files were disorganized, documents were misfiled, and important documentation was not able to be located.

Medical Supplies

The medical secretary maintained the medical supplies inventory data base and also performed the monthly inventory verifications.

The section "Post Staffing" includes comments from post staff and Volunteers whom we interviewed.

Our report contains 33 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/Samoa August 13 – September 5, 2008. We previously performed an audit of the post in January – February 2003 (IG-03-01-A) and a follow-up audit in August 2004 (IG-04-11-FUA).

The Peace Corps entered Samoa in 1967. Since then, more than 1,600 Volunteers have served there. At the time of our audit, 42 Volunteers, including 12 newly sworn-in Volunteers, were engaged in two project areas: capacity building and village-based development. The country director had been at the post about six months. The administrative officer has been in her position since 1993.

Our overall objective in auditing overseas posts is to determine whether the financial and administrative operations were functioning effectively and complied 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

We found that Peace Corps/Samoa's financial and administrative operations and its compliance with agency policies and federal regulations required improvement in a number of areas.

For example, we found that the post did not:

- Have an adequate system of internal control in place.
- Securely maintain Volunteer living allowance survey files and conduct all settling-in allowance surveys.
- Use the ForPost bills of collection (BOC) log, record BOCs at the time of billing, and bill and collect timely for personal phone usage.
- Keep accurate property records.
- Perform weekly reviews of the vehicle usage logs by all required staff.
- Adhere to agency travel policies and federal travel regulations.
- Maintain complete and accurate time and attendance records.
- Comply fully with agency policies on leases and personal services contracts.
- Segregate medical supplies inventory responsibilities.

As noted in this report, since his March 2008 arrival, the country director has identified and taken action to address a number of the deficiencies which previously existed.

A. OVERALL ASSESSMENT OF INTERNAL CONTROL

1. Internal control at the post required improvement.

“Standards for Internal Control in the Federal Government” issued by the Government Accountability Office (hereafter, GAO Standards) stipulates five standards which “define the minimum level of quality acceptable for internal control in government....These standards apply to all aspects of an agency’s operations: programmatic, financial, and compliance.”

We found departures from three of the five control standards:

- Control environment, which requires “a positive and supportive attitude toward internal control and conscientious management.”
- Control activities, which are “the policies, procedures, techniques, and mechanisms that enforce management’s directives.... They include a wide range of diverse activities such as approvals, authorizations, verifications, reconciliations, performance reviews, maintenance of security, and the creation and maintenance of related records,...physical control over vulnerable assets, and segregation of duties....”
- Monitoring, which states that “ongoing monitoring occurs in the course of normal operations. It includes regular management and supervisory activities....”

Specific departures from the above internal control standards are presented in conjunction with our findings in this report.

Adequate internal control, according to the GAO Standards, “serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud.” Having strong internal controls in place, including implementing proactive supervision and oversight, would minimize the effects of control deficiencies and strengthen post operations.

We recommend:

- A.1.1. That the country director take action to ensure that an internal control environment and related control and monitoring activities that will safeguard assets and prevent and detect waste, fraud, and abuse, exist at the post.
- A.1.2. That the country director issue a report to the Regional Director and the agency’s Chief Compliance Officer describing the actions taken to

strengthen internal control and achieve the control standards described in audit finding A.1.

B. IMPREST FUND MANAGEMENT

1. A staff member received interim advances even though he was not authorized.

Peace Corps Manual (PCM) section 760.13.3 states: “Interim advances, which should be tightly controlled, may be made by the cashier to staff who have been authorized by the country director or his/her designee to receive cash from the cashier to make cash purchases.”

The country director issued a list of individuals authorized to receive interim advances. The safety and security coordinator was not included on the list, yet he received occasional advances. Another staff member authorized to receive advances filled out the advance request form and obtained the funds on behalf of the safety and security coordinator, circumventing the instructions of the country director. When liquidating the advance, the safety and security coordinator returned the receipts for goods and services, along with any unused cash, to the administrative assistant or general services assistant for clearing with the cashier.

The country director told us that he was not aware that his instructions were not being followed. He further told us that he intended to review the above-mentioned list and update it as needed.

Proper internal control over post funds requires that interim advances be issued to only those staff members authorized to receive them and that the post maintain an effective monitoring system to detect deviations and ensure compliance.

We recommend:

- B.1.1. That the country director determine which staff members should receive interim advances and update his authorization list as needed.
- B.1.2. That the cashier not provide interim advances to staff members who are not authorized by the country director to receive them.

2. The cashier did not return the liquidated interim advance forms to the payees.

Overseas Financial Management Handbook (OFMH) section 13.18.2 states: “The cashier will then mark the interim receipt “Void” and return it to the person who received the advance.”

While the cashier correctly voided the advance form, she did not return it to the payee as receipt for settlement. Rather, she maintained the forms in her office. The cashier told us that she did not realize the form needed to be returned.

Returning the interim advance form provides the payee with evidence of settlement and establishes an additional level of control over advances.

We recommend:

- B.2.1. That the cashier return the liquidated interim advance form, marked “Void,” to the payee upon settlement.

3. Payments made to and items received from the training village during pre-service training should be reviewed for propriety and appropriate handling.

PCM section 760.7.1 states: “The Country Director is responsible for the overall safety, supervision, and management of the imprest fund, for ensuring that funds are maintained, and that all disbursements are made in accordance with regulations and policy.”

During our review of expenditures, we noted certain post payments made to and items received from the training village during pre-service training (PST). They included a payment to the training village’s “women’s committee” in the amount of 600 tala (\$240, using an exchange rate of \$1=2.5 tala) in return for a cultural show, gifts to the trainees (principally clothes), and food in connection with an evening of celebration in the village at the conclusion of PST. In addition, during the swearing-in ceremony held several days later in the village, the post paid 1,500 tala (\$600) to the women’s committee in return for food and refreshments and for the use of a podium, chairs, and tables. The post also paid 1,000 tala (\$400) and received cooked meats, food baskets, and cans of corned beef. The food was, we were told, brought to the Peace Corps office and distributed principally among the staff.

The training manager explained to us that these payments were, in large measure, culturally appropriate. He stated, however, that some of them may have been excessive and that they should be rethought before the next PST. The country director told us that future payments and items to be received would be reviewed in advance for propriety and appropriate handling.

Oversight by post management of expenditures is an essential internal control over cash.

We recommend:

- B.3.1. That the country director, in consultation with the region and, as needed, with the Office of General Counsel, review the nature and handling of payments made to and items received from the training village during pre-service training and modify these as required for future pre-service trainings.

4. The cashier maintained signatures of approving officials no longer at the post.

OFMH section 19.1 prescribes delegations of authority to ensure the proper handling of transactions, including disbursements, “in the temporary absence of the incumbent.” To provide for this possibility, effective internal control over disbursements requires that the cashier maintain on file the signatures of approving officials.

The cashier kept a list of signatures of the post’s approving officials. However, we found that the list included the signatures of persons who had departed the post. The administrative officer told us that the cashier retained these signatures in case questions arose regarding the propriety of signatures on prior documents.

Current signatures are an important reference, particularly if someone other than the cashier is required to perform imprest functions.

During the course of the audit, the cashier removed from her records the signatures of officials no longer at the post. Accordingly, no recommendation is required.

C. VOLUNTEER ALLOWANCES

1. The post was unable to locate the Volunteer living allowance and market basket surveys, and two settling-in allowance surveys, for fiscal years 2007 and 2008.

PCM section 221.5.1 states: “Volunteers are entitled to a living allowance in order that they may serve effectively and safely overseas.” To verify that the allowance is appropriate, PCM section 221.5.7.1 requires the post to conduct a living allowance survey at least annually. Further, PCM section 221.5.7.2 requires that the post conduct a related market basket survey and use the results in verifying the conclusions of the Volunteer survey.

Also, PCM section 221.4.2 requires that new Volunteers complete a settling-in survey within three months after receipt of the settling-in allowance, and that the post conduct an independent price survey “to provide verification of price trends and support the analysis of the Volunteer Survey.”

In addition, PCM section 892.6.2 (a) states: “Peace Corps records shall be complete in order to facilitate action by an incumbent and his/her successor.” This is reinforced by the GAO Standards, which state: “Internal control and all transactions and other significant events need to be clearly documented, and the documentation should be readily available for examination.”

The post stated that it had performed Volunteer living allowance surveys and related market basket surveys for fiscal years 2007 and 2008. It also stated that it had performed settling in surveys and related independent price surveys for two of the four new Volunteer groups, in fiscal years 2007 and 2008.

However, while it had on file the concluding memos, it was unable to locate the supporting documentation consisting of the actual Volunteer surveys and the market basket and independent price surveys. The administrative officer did not know why the documentation was not in the files. The country director, who arrived at the post after the 2008 living allowance survey was completed, told us that he had reviewed the 2008 survey documentation and had returned it to the administrative unit.

Because the documentation was not available, we were unable to verify that the post’s conclusions relating to the adequacy of the living and settling-in allowances were appropriate.

Properly executed living and settling-in allowance surveys help ensure that Volunteers receive adequate allowances to serve effectively and safely.

We recommend:

- C.1.1. That the post exercise care in its control over living and settling-in allowance survey documentation and retain the documentation in accordance with agency guidelines.

2. The post did not conduct settling-in allowance surveys for two Volunteer groups.

At the completion of PST, newly assigned Volunteers are given a settling-in allowance to provide for their needs when arriving at their sites. PCM section 221.3.1 states that the allowance is for the purchase of “necessary housing supplies and equipment.”

To verify that the allowance is appropriate, PCM section 221.4.2 requires that that the post conduct Volunteer settling-in surveys and related independent price surveys.

The post did not conduct settling-in allowance surveys for two of the four new Volunteer groups in fiscal years 2007 and 2008. In addition, as noted in C.1 above, it did not have the Volunteer survey documentation on file for the other two groups. The administrative officer, who was responsible for conducting the surveys, told us that she was out of the office during the periods when the two surveys were to be performed and did not delegate the work to another staff member.

Volunteers rely upon the post to provide them with adequate allowances, which are mandated by Section 2504 of the Peace Corps Act. Settling-in allowance surveys help ensure that the amounts are adequate.

We recommend:

- C.2.1. That the post conduct all required Volunteer settling-in allowance surveys.

3. The post did not always send e-mail notifications of departing Volunteers to headquarters within 24 hours.

Peace Corps policy requires that the post notify headquarters of departing Volunteers within 24 hours of their close of service (PCM section 223.12.1) or early termination (PCM section 223.4.2) dates. We found that 15 of the 53 (28%) notification e-mails we reviewed were sent from two to seven workdays after the close of service or early termination dates.

Timely notification permits headquarters to promptly handle Volunteer processing, collect amounts due the agency, and expedite release of readjustment allowances.

We recommend:

- C.3.1. That the post send e-mail notifications to headquarters within 24 hours of Volunteers' close of service or early termination dates.

D. BILLINGS AND COLLECTIONS

1. *The post did not always bill and collect promptly for personal phone calls.*

PCM section 777.16.4 states: “An employee indebtedness should be settled promptly.”

Further, PCM section 777.15.1 states: “Aggressive action, on a timely basis with effective follow-up, shall be taken by the appropriate office heads or field officials to collect all claims....”

The post did not always bill and collect timely for personal phone calls made by staff. Examples are presented in the table below:

Period of Phone Usage	Amount (in Samoan tala*)	Date Billed per Bill of Collection	Date Collected per General Receipt
March & May 2008	51.00	8/18/08	8/18/08
March 2008	62.70	8/14/08	8/13/08**
March & May 2008	77.00	8/5/08	8/5/08
March – May 2008	231.10	7/9/08	7/9/08

* \$1 = approximately 2.5 tala at the audit date.

** Date on general receipt is earlier than date on bill of collection; reason unknown.

The administrative assistant, who is the billings officer, had no explanation for the billing and collection delays. The administrative officer told us that some delays were due to staff members’ not promptly identifying their personal charges on the phone bills. The country director told us that, since his March 2008 arrival at the post, he had installed controls over personal phone usage which had the effect of reducing the phone charges significantly. The post’s phone records showed that monthly phone charges fell over 50% between March 2008 and July 2008.

Timely billing and collection, and effective oversight, would assist the post in its management of assets.

We recommend:

- D.1.1. That the post bill staff for personal phone charges within a timely period after the overall phone bill’s receipt and promptly follow-up on delinquent collections.

2. *The administrative assistant prepared and recorded billings at the time of their collection.*

PCM section 777.8.0, “Amounts due from Agency Employees, Volunteers, Experts, etc.,” states that the billings officer “will issue a separate or summary bill at the end of each month.”

In addition, the GAO Standards state: “Transactions should be promptly recorded to maintain their relevance and value to management in controlling operations and making decisions.”

The administrative assistant did not generate bills of collection (BOCs) and record billings in ForPost until the collections were made. She told us that the reason was to control the lag time shown between the billing and the collection. The effect of this handling was to bypass system and other controls set up to monitor collection status.

Adequate monitoring and control over collections requires that the BOC log be posted, and BOCs be issued, at the time of billing.

We recommend:

- D.2.1. That the post record billing information and generate the bill of collection at the time of billing.

3. *The post maintained an incomplete manual billings log.*

OFMH section 7.2.1, number 4, requires that the billings officer “review the BOC log (from ForPost) and the Billing Files.”

The billings officer maintained a manual BOC log and relied upon it, rather than the ForPost BOC log, when identifying and following-up deficient collections.

Our review of the manual log disclosed missing information, including:

- full descriptions of the billings;
- fiscal coding;
- amount and date collected; and for some items,
- BOC number and date billed.

The administrative assistant told us that she was unaware of the existence of the ForPost log, which was initiated in June 2007, until August 2008. The administrative officer told us that she knew about the ForPost log but relied upon the manual log. She further told us that she reviewed the manual log monthly.

An inadequate BOC log and deficient monitoring and oversight may result in improprieties and inadequate collections of debts owed to the agency.

We recommend:

- D.3.1. That the post use the ForPost bill of collections log and discontinue the manual bill of collections log.

4. *The billings officer occasionally performed banking transactions.*

The GAO Standards state: “Key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud.”

The administrative assistant, who performed the billings and the data entry into ForPost, occasionally made deposits at the post’s bank.

Segregation of incompatible functions provides appropriate checks and balances and helps to safeguard post assets.

We recommend:

- D.4.1. That the billings officer cease performing banking transactions.

E. OBLIGATIONS AND LIQUIDATIONS

1. The post’s status of obligations report included items from fiscal year 2007 that were no longer needed.

PCM section 753.8.3 states: “Normally, obligations outstanding at the end of a fiscal year should be settled within a relatively short period after September 30 and final adjustments made.” In addition, PCM section 753.8.2 states: “Unliquidated (outstanding) obligations should be reviewed at least quarterly....”

The post’s status of obligations report included six open items totalling 2,676.36 Samoan tala (\$1,070), dating from fiscal year 2007. The administrative assistant told us that these items were no longer needed and should be deobligated.

Timely review and adjustment of open items ensure that the post’s records reflect only valid obligations and that post funds are available for current needs.

We recommend:

- E.1.1. That the post review the status of obligations report at least quarterly and deobligate those items that are no longer required.

F. PROPERTY MANAGEMENT

1. The post's property inventory contained several discrepancies.

PCM section 511.5.5 requires that the post “ensure that all changes [to its inventory] have been entered in the property management database.”

The general services assistant (GSA) performed a complete physical inventory in October 2007. We found that the post's property inventory included a number of discrepancies, as follows:

- Several items had two tags. Both tag numbers were included on the inventory listing.
- Tags were not affixed to two items, a computer CPU and a monitor, located in the Savaii Island Volunteer workroom.
- A transformer in the IT specialist's office was not on the inventory listing.

The GSA told us that the latter two above items were not discrepancies at the time of the last physical inventory and did not know how they had arisen.

An accurate property inventory listing is an important tool in controlling post assets.

We recommend:

- F.1.1. That the post review its property inventory listing and ensure that it is accurate.
- F.1.2. That the post remove one tag from those items which have two tags and delete the number of the removed tag from the property inventory listing.

2. *Three items on the inventory listing were not in operating condition.*

PCM section 511.8.0 states: “Worn out or excess property must be disposed of in a timely fashion.”

We noted three items included on the inventory listing that were not in operating condition. They were as follow:

- A digital photocopier in the administrative unit (with a cost on the inventory listing of 6078 tala; \$2,431).

According to the GSA, after obtaining a quote to fix the photocopier, the post determined that repairing it would be too costly.

- A projector in the Volunteer resource center (with zero cost on the inventory listing).

According to the GSA, the projector was “very old” and has not been used in many years.

- A scale in the medical unit (with zero cost on the inventory listing).

According to the Peace Corps Medical Contractor (PCMC), the scale was broken and was not to be repaired.

The administrative officer told us that she would review the items’ usability and, in consultation with the country director, take action accordingly.

We recommend:

- F.2.1. That the post determine if the three items not in operating condition are to be used in the future and, if not, dispose of them and remove them from the inventory records.

3. *The same staff member maintained the inventory database and performed the physical inventory.*

The GAO Standards state: “Key duties or responsibilities need to be divided or segregated among different people....No one individual should control all key aspects of a transaction or event.”

The GSA kept the inventory database and also conducted the physical inventory.

Segregation of duties provides checks and balances, reduces the risk of error, and eliminates a single person performing incompatible functions.

We recommend:

- F.3.1. That different individuals maintain the inventory database and perform the physical inventory.

G. VEHICLES MANAGEMENT

1. All required personnel did not review, initial, and date the vehicle usage logs weekly.

PCM section 527.5.4 requires that the administrative officer, the staff member responsible for initiating vehicle repairs or maintaining the vehicle records, and the staff member responsible for billing authorized, non-official vehicle use review, initial, and date the vehicle usage logs weekly.

We found that the administrative officer reviewed, initialed, and dated the vehicle usage logs monthly, rather than weekly. Further, the billings officer did not review, initial, and date the logs.

Review of the logs is important to verify that the post's vehicles are used appropriately.

We recommend:

- G.1.1. That all required staff members review, initial, and date the vehicle usage logs weekly.

2. The post did not have on file all required written approvals for personal use of post vehicles.

PCM section 522.4.3 requires that the post obtain written authorizations and, in some cases, chief of mission concurrence for authorized personal use by post staff of Peace Corps vehicles.

We found that the former and the present country director used post vehicles during their respective last and first 90 days at the post. However, while the post obtained the required regional director's approval, it did not obtain the chief of mission's concurrence.

In addition, the post did not have on file the country director's authorization for the incidental personal use of vehicles by the sub-regional programming and training officer.

The administrative officer told us that she did not realize these approvals were required.

We recommend:

- G.2.1. That, in the future, the post obtain all written authorizations required for personal use of Peace Corps vehicles.

3. The post did not affix "In Case of Accident" cards in a prominent location in its vehicles.

PCM section 524.2 states: "Staff members should affix to each Peace Corps vehicle a card instructing occupants what to do in case of an accident."

We noted that cards providing such information were kept in the vehicles but were attached to the gear shift and not visible to the occupants. The administrative officer told us that the post had tried to affix these to the dashboards but that the cards peeled off in the heat. She told us that the post would try once again.

The card is important to let passengers know what to do in case of an accident, particularly if the driver is unavailable or incapacitated.

We recommend:

- G.3.1. That the post affix "In Case of Accident" cards in a visible location in the vehicles.

H. TRAVEL MANAGEMENT

1. Staff did not always submit their international travel vouchers within five days of a trip's completion.

PCM section 812.18.10 states that travel vouchers "must be completed and submitted within five working days after completion of travel."

Three of the ten vouchers for international travel we reviewed were signed by the traveler later than five working days after the travel completion date.

Prompt submission of travel vouchers permits their timely processing, clearing of any cash advances, and reimbursement to the traveler.

We recommend:

- H.1.1. That the administrative officer remind the staff of the five working day submission requirement for international travel vouchers and monitor the staff's compliance.

2. *The staff did not submit accurate international travel vouchers.*

PCM section 812.18.10 states that "each traveler is responsible for the preparation and submission of his or her own travel voucher." The "Peace Corps Traveler Handbook, A Guide for Temporary Duty Travel (TDY) Allowances," (hereafter, Traveler Handbook), which is referenced in PCM section 812.18.0, provides guidance on the accurate preparation of travel vouchers.

Most of the travel vouchers we reviewed indicated discrepancies that were identified and corrected by the headquarters voucher examiner. These travel vouchers were initially reviewed at the post, raising questions about the staff's understanding of and adherence to agency travel policy and federal travel regulations and the completeness of the post's voucher reviews. The administrative officer had no explanation for the inaccuracies on the travel vouchers.

In addition, we found that travel vouchers were sometimes dated incorrectly. The dates that the preparer signed the travel voucher did not always correspond with the actual travel dates. For example, the travel voucher for a trip January 18 – February 20, 2007 showed a submission date of January 18, 2007. In another example, the travel voucher for a trip February 20 – April 21, 2008 (the traveler arriving at 8:25 PM) showed a submission date of April 21, 2008.

Accurate travel voucher preparation and complete post reviews are essential to the management of post assets.

We recommend:

- H.2.1. That the administrative officer ensure that staff are familiar with agency travel policy and federal travel regulations for temporary duty travel and follow these when preparing international travel vouchers.

3. The post did not comply with the Fly America Act.

The Travelers Handbook requires that U.S. flag carrier service described in the “Fly America Act” be used for all official air travel with certain exceptions. Section 301-10.134 of the Federal Travel Regulation states that “U.S. flag air carrier service also includes service provided under a code share agreement with a foreign air carrier....”

The post did not comply with the requirement to use U.S. flag air carrier service. We found that flights on Air New Zealand were not ticketed on the code shared U.S. carrier. Further, two flights on United Airlines between Los Angeles and Washington, D.C. were ticketed with the Air New Zealand code share flight number even though the flight employed a United Airlines aircraft and the boarding pass attached to the travel voucher showed a United Airlines flight number.

The administrative officer acknowledged that the post was out of compliance. She told us that cost might have been the reason why the post’s travel agents did not ticket using the code share flights. However, section 301-10.139 of the Federal Travel Regulation stipulates that “Foreign air carrier service may not be used solely based upon the cost of your ticket.”

The country director, who was not at the post at the time these flights occurred, stated that the post was incorrect in not requesting code share flights from its travel agencies. He told us: “In the future, the post will inform the travel agencies that the post requires code share seats allocated to U.S. airlines.”

We recommend:

- H.3.1. That the post comply with the Fly America Act requirement to use, wherever possible, U.S. flag air carrier service, including code share flights.

4. Two travel vouchers indicated an early arrival or an extended stopover.

The Traveler Handbook states: “Peace Corps may authorize only travel which is necessary to accomplish the purposes of the Government effectively and economically.”

During our travel voucher review, we investigated two travel vouchers: one which showed an early arrival at a conference; the other, an extended stopover en route home. Both travel vouchers were approved by the former country director or acting country director.

The first travel voucher indicated that the staff member arrived three days before the overseas training (OST) start date specified in the conference memo. The three days of

hotel cost were incurred by the agency, and the three days of per diem were included in the travel voucher. The total approximate cost of the three additional days was \$720 (calculated using \$188, the maximum daily hotel rate, and \$52, the per diem rate prescribed in the OST conference memo).

The second travel voucher indicated that the staff member spent, besides an authorized rest stop, three additional days in Los Angeles on the return trip to Samoa from a conference. The additional days were for, according to the travel voucher, “layover in LA awaiting direct to Samoa flight,” which runs once a week. Other flights to Samoa connect through Auckland, New Zealand. The staff member charged \$192 per diem and \$330 for hotel, or \$522, for the extended stopover.

The staff member told us that, with respect to the first travel voucher: “I try to get there as soon as possible. I usually go two days early to get settled.” With respect to the second travel voucher, the staff member did not recall the reason why she did an extended stopover in order to take the direct flight. She told us: “It was August, the busiest time of the year,” and “Air New Zealand had fewer flights [to Samoa] than it does now.” Also, “the other [with connection] ticket might have costed more.”

The country director, who arrived at the post after these trips took place, stated that he did not understand why the staff member needed, for the first trip, to arrive early and, for the second trip, to delay her return in order to take the direct flight. He further stated that for these situations, personal leave would be appropriate. He also commented that, besides the additional cost, there was a loss to post operations by not having the staff member at work during the periods.

We recommend:

- H.4.1. That post approving officials ensure that charges on travel vouchers for temporary duty travel reflect official work and conference attendance dates.

I. PERSONNEL MANAGEMENT

1. The post did not conduct performance appraisals for its PSCs in 2006 and 2007.

PCM section 743.19.0 states: “It is U.S. Government policy that a PSC’s performance be evaluated during and at the completion of each contract.” It further states: “All PSCs will be evaluated by the Country Director, or another Peace Corps employee designated by the Country Director, during and at the completion of their in-country work.”

The post did not evaluate the performance of its PSCs in 2006 and 2007. The administrative officer, who was at the post during this time, did not know why the former country director did not ensure that performance appraisals were completed.

The country director recognized the deficiency upon his arrival in March 2008, and he and the administrative officer performed appraisals in 2008 for the PSCs. Accordingly, no recommendation is being made.

2. The post's time and attendance records were inaccurate and incomplete.

PCM sections 742.6.1 and 630.4.6 provide guidance in proper time and attendance procedure.

We found deficiencies in the post's bi-weekly time cards and official time and attendance records, as follows:

- The bi-weekly time cards were not signed by staff and were not reviewed and approved by supervisors.
- The official time and attendance records prepared by the timekeeper were not reviewed. Further, they did not always reflect the information on the time cards. Also they did not have overtime hours posted to them. In addition, personal leave indicated on the records was not always supported with leave request forms.

The administrative officer, who supervised the timekeeper, had no explanation for these deficiencies or reason why key personnel documents were not reviewed.

The requirement for accurate time and attendance records makes their conscientious preparation and timely review essential.

We recommend:

- I.2.1. That the timekeeper ensure that the bi-weekly time cards are signed by staff members and reviewed by supervisors.
- I.2.2. That the timekeeper ensure that the official time and attendance records reflect the actual time worked as indicated on the time cards, that approved overtime hours are posted to the records, and that approved leave request forms are maintained on file for leave taken.
- I.2.3. That the timekeeper review the official time and attendance records of all PSCs for the years 2007

and 2008 for correctness, and that the administrative officer verify that this has been performed.

3. *Contract allowances for one PSC were incorrectly calculated.*

PCM section 743 and OFMH section 37 provide guidance on the accurate preparation of PSC contracts.

The post included, in accordance with the local compensation plan, a “housing benefits” allowance. The bi-weekly amount for one PSC was understated by dividing by 52 instead of by 26. The PSC contract with the incorrect amount was sent to headquarters, and the PSC was underpaid for the entire contract year beginning May 2007 by 2,370 tala (about \$950). The underpayment went undiscovered until the time of the audit.

The former country director sent an e-mail to the PSC, who was out of the office at the time, stating: “I did check the contract and it seems to be in order, so I have gone ahead and signed it.” In addition, the administrative officer or administrative assistant sent a bi-weekly e-mail to headquarters, upon the receipt of the PSCs’ salary check, certifying that the amounts were proper and correct.

The post also provided a “miscellaneous benefits” allowance. The allowance differed depending upon salary grade level: grades 1 – 8 received a lower amount than grades 9 and above. In one case, the salary was equivalent to grade 8, yet the PSC’s contract provided, and he received, the higher amount for the contract year beginning May 2008. The effect at the time of the audit was an overpayment of 244 tala (about \$100).

We recommend:

- I.3.1. That the post determine the correct salary amounts for the miscalculated salaries described in audit finding I.3 and settle the difference.

J. PROCUREMENT

1. *The post’s leases contained deficiencies.*

The post did not comply with PCM section 733, the agency’s policy on leases, as follows:

- Leases prior to the arrival of the country director in March 2008 were for one year only, with no option years to fix lease costs.

- The total lease amount on the first page of leases signed subsequent to March 2008 did not include the option years' amount.
- The office lease did not have a lease number on its first page.
- The description of the property in the lease of the country director's residence was not sufficiently identifiable, including no indication of the location of the property.
- The certificate of acceptance of the country director's residence lease was signed by the lessor but not by a Peace Corps representative.

The administrative officer, who maintained the lease contracts, had no explanation for the deficiencies.

Care in the preparation of leases is important in maintaining their contractual integrity.

We recommend:

- J.1.1. That, for future leases, the post comply with agency lease policy.

2. PSC contracts and contractor files contained deficiencies.

The post's PSC contracts and related files did not fully comply with the requirements of PCM section 743, as follows:

- All security clearances were not on file. Further, we were informed that, in the past, PSCs were requested to obtain their own police reports.
- All intelligence background certification forms were not on file.
- The safety and security coordinator, an occasional money handler, did not have this noted in his statement of work.
- There was an unexplained gap of three days between option years in the PCMC's contract.
- The IT specialist's 2008 contract, unlike other 2008 PSC contracts, was for a single year only without option years, an oversight according to the administrative officer.
- The total contract amount on the front page of the 2008 PSC contracts did not include the option years. Further, the "total period of performance" indicated only one year.
- PSC contracts in 2007 and prior years were for a single year only, without option years.

- PSC files required reorganization for better control. For example, documents of ongoing significance such as security clearances and intelligence background certification forms were sandwiched between contracts.

The above deficiencies were, in general, caused by a lack of attention to agency policy and related requirements.

The administrative officer, who maintained the PSC contracts and files, acknowledged the deficiencies and during the course of the audit, began corrective action to resolve them.

We recommend:

- J.2.1. That the post correct the PSC contract and contract file deficiencies enumerated in audit finding J.2.

K. FILE MANAGEMENT

1. Post files were disorganized and were missing key documents.

PCM section 892.5.4 states that staff members “are responsible for maintaining records in accordance with established file plans and record schedules.”

Some post files were disorganized, and key documentation was missing. For example:

- As noted in finding C.1, the post was unable to locate its Volunteer living allowance documentation, as well as its Volunteer settling-in documentation for two of the four new Volunteer groups, for fiscal years 2007 and 2008.
- As noted in finding J.2, PSC documents of ongoing significance were sandwiched between past contracts.
- The travel files were disorganized. For example, in the binder of travel vouchers, some vouchers were filed by last name; others were filed by first name.
- The contractor files maintained in the office of the administrative officer contained documents which belonged in the travel files, such as headquarters voucher examiner reviews. In addition, the administrative officer’s contractor file contained other individuals’ travel documents, including two trips by PSCs and two travel authorizations of former Volunteers.

Improved file organization would make it easier to locate and control needed documents and help the administrative officer in verifying that the files are complete.

We recommend:

- K1.1. That the post establish a file management system which ensures that documents are controlled.

L. MEDICAL SUPPLIES

1. The post's medical secretary maintained the medical supplies inventory database and performed the monthly verifications.

PCM section 734.2.1.6 and Medical Technical Guideline 200.6 state: "The PCMO [Peace Corps Medical Officer] is responsible for establishing the accuracy of inventories, maintaining appropriate controls, and ensuring the proper usage of all medical supplies and equipment." Both policies further state: "A general inventory of supplies must be taken at least every month by the Country Director or designee."

In addition, the GAO Standards require that incompatible responsibilities be performed by different people.

The medical secretary maintained the medical supplies inventory database. She also performed the monthly physical inventory verifications.

Segregation of duties requires that these two functions be performed by different individuals.

We recommend:

- L.1.1. That different individuals maintain the medical supplies inventory database and perform the monthly verification.

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 Samoan tala.)

Questioned Costs

Recommendation number	Description	Amount
B.3.1	Payments made to and items received from the training village during pre-service training.	\$1,240
F.2.1	Three items on the active property inventory listing – a digital photocopier, a projector, and a scale – not in operating condition.	\$2,431
H.4.1	Hotel and per diem charges resulting from an early arrival before the official conference start date and an extended stopover on the return from temporary duty travel.	\$1,242

Funds to be Put to Better Use

Recommendation number	Description	Amount
D.1.1	Prompt billing and collection of personal phone calls made by staff.	\$170
E.1.1	Open obligations on the post's 2007 status of obligations report that are no longer required.	\$1,070

POST STAFFING

At the time of our visit, the post had 22 staff positions: one U.S. direct hire employee, three foreign service nationals, and 18 personal services contractors.

We interviewed 13 staff members, including the country director, the administrative officer, the safety and security coordinator, and the Peace Corps medical contractor. All staff interviewed told us that they very much enjoyed working for the Peace Corps. They stated that, in particular, they enjoyed interacting with and supporting the Volunteers. Several staff members expressed disappointment that they were not provided with performance appraisals in 2006 and 2007. In addition, some staff members told us that they felt their salaries had not kept pace with rising costs of living in the country.

Volunteers praised the program and training staffs, the PCMC, and the country director for their availability, site visits, and demonstrated interest in the Volunteers' well-being. Volunteers also told us that they had received effective ongoing support from the administrative unit and commented, in particular, on the administrative unit's promptness in responding to their questions and requests for assistance.

PC/Samoa Positions*

Position	Status
Country Director	USDH
Executive Secretary / Receptionist	PSC
Safety and Security Coordinator	PSC
Administrative Officer	FSN
APCD – Capacity Building	FSN
APCD – Village-Based Development**	PSC
Training Manager	PSC
Program Assistant	PSC
Technical Coordinator	PSC
Trainers (4)	PSC
Cashier	FSN
Administrative Assistant	PSC
Administrative Assistant – logistics/travel/PST	PSC
General Services Assistant	PSC
IT Specialist	PSC
Drivers (2)	PSC
Peace Corps Medical Contractor	PSC
Medical and Safety and Security Secretary/IT Backup	PSC

* Excludes the sub-regional programming and training officer, who operates out of the PC/Samoa office.

** Position was held by a temporary contractor at the time of our audit.

LIST OF RECOMMENDATIONS

We recommend:

- A.1.1. That the country director take action to ensure that an internal control environment and related control and monitoring activities that will safeguard assets and prevent and detect waste, fraud, and abuse, exist at the post.
- A.1.2. That the country director issue a report to the Regional Director and the agency's Chief Compliance Officer describing the actions taken to strengthen internal control and achieve the control standards described in audit finding A.1.
- B.1.1. That the country director determine which staff members should receive interim advances and update his authorization list as needed.
- B.1.2. That the cashier not provide interim advances to staff members who are not authorized by the country director to receive them.
- B.2.1. That the cashier return the liquidated interim advance form, marked "Void," to the payee upon settlement.
- B.3.1. That the country director, in consultation with the region and, as needed, with the Office of General Counsel, review the nature and handling of payments made to and items received from the training village during pre-service training and modify these as required for future pre-service trainings.
- C.1.1. That the post exercise care in its control over living and settling-in allowance survey documentation and retain the documentation in accordance with agency guidelines.
- C.2.1. That the post conduct all required Volunteer settling-in allowance surveys.
- C.3.1. That the post send e-mail notifications to headquarters within 24 hours of Volunteers' close of service or early termination dates.
- D.1.1. That the post bill staff for personal phone charges within a timely period after the overall phone bill's receipt and promptly follow-up on delinquent collections.
- D.2.1. That the post record billing information and generate the bill of collection at the time of billing.
- D.3.1. That the post use the ForPost bill of collections log and discontinue the manual bill of collections log.

- D.4.1. That the billings officer cease performing banking transactions.
- E.1.1. That the post review the status of obligations at least quarterly and deobligate those items that are no longer required.
- F.1.1. That the post review its property inventory listing and ensure that it is accurate.
- F.1.2. That the post remove one tag from those items which have two tags and delete the number of the removed tag from the property inventory listing.
- F.2.1. That the post determine if the three items not in operating condition are to be used in the future and, if not, dispose of them and remove them from the inventory records.
- F.3.1. That different individuals maintain the inventory data base and perform the physical inventory.
- G.1.1. That all required staff members review, initial, and date the vehicle usage logs weekly.
- G.2.1. That, in the future, the post obtain all written authorizations required for personal use of Peace Corps vehicles.
- G.3.1. That the post affix "In Case of Accident" cards in a visible location in the vehicles.
- H.1.1. That the administrative officer remind the staff of the five working day submission requirement for international travel vouchers and monitor the staff's compliance.
- H.2.1. That the administrative officer ensure that staff are familiar with agency travel policy and federal travel regulations for temporary duty travel and follow these when preparing international travel vouchers.
- H.3.1. That the post comply with the Fly America Act requirement to use, wherever possible, U.S. flag air carrier service, including code share flights.
- H.4.1. That post approving officials ensure that charges on travel vouchers for temporary duty travel reflect official work and conference attendance dates.
- I.2.1. That the timekeeper ensure that the bi-weekly time cards are signed by staff members and reviewed by supervisors.
- I.2.2. That the timekeeper ensure that the official time and attendance records reflect the actual time worked as indicated on the time cards, that approved overtime hours are posted to the records, and that approved leave request forms are maintained on file for leave taken.

- I.2.3. That the timekeeper review the official time and attendance records of all PSCs for the years 2007 and 2008 for correctness, and that the administrative officer verify that this has been performed.
- I.3.1. That the post determine the correct salary amounts for the miscalculated salaries described in audit finding I.3 and settle the difference.
- J.1.1. That, for future leases, the post comply with agency lease policy.
- J.2.1. That the post correct the PSC contract and contract file deficiencies enumerated in audit finding J.2.
- K1.1. That the post establish a file management system which ensures that documents are controlled.
- L.1.1. That different individuals maintain the medical supplies inventory database and perform the monthly verification.

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.

The audit of Peace Corps/Samoa covered fiscal years 2007 and 2008 through July 31, 2008. While at the post, we interviewed key staff including the country director, the administrative officer, staff responsible for administrative support, the safety and security coordinator, and the medical contractor. We also interviewed 12 Volunteers to obtain their views on the effectiveness of the post's administrative and financial systems in supporting them. 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: the Peace Corps Manual, the Overseas Financial Management Handbook, current Peace Corps initiatives and policies, and other federal regulations.

APPENDIX B

MANAGEMENT'S RESPONSE TO THE PRELIMINARY REPORT

MEMORANDUM

To: Kathy Buller, Inspector General

From: Roger Conrad, Acting Regional Director, Inter-America and Pacific

CC: Kathy Rulon, Acting Chief of Staff/Operations
Dale Withington, Country Director

Date: January 23, 2009

Subject: Preliminary Report on the Audit of Peace Corps/Samoa

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

The Region concurs with 33 of 33 recommendations.

A. OVERALL ASSESSMENT OF INTERNAL CONTROL

A.1.1. That the country director take action to ensure that an internal control environment and related control and monitoring activities that will safeguard assets and prevent and detect waste, fraud, and abuse, exist at the post.

A.1.2. That the country director issues a report to the Regional Director and the agency's Chief Compliance Officer describing the actions taken to strengthen internal control and achieve the control standards described in audit finding A.1.

Concur: The Country Director continues to take actions to safeguard assets and prevent and detect waste, fraud and abuse. The CD also has taken many steps to develop and maintain "a positive and supportive attitude toward internal control and conscientious management." The CD has monitored the work of staff members very closely, has reviewed policies and procedures and has made changes when appropriate. The CD continues to review standard operating procedures and inquire with staff when actions do not appear to comply. He has changed or updated statements of work and noted areas for improvement of staff through the performance appraisal process. It is acknowledged that the audit has identified additional areas of finance and administration that need attention.

In November, the Country Director submitted a report to the Regional Director that outlined the major actions he took in 2008 to safeguard assets, prevent and detect waste, fraud and abuse, and improve internal controls. Post proposes that this report, along with the post response to the audit, serve as indicators of compliance with this recommendation.

Date Implemented: Prior to the audit and on-going.

B. IMPREST FUND MANAGEMENT

B.1.1. That the country director determine which staff members should receive interim advances and update his authorization list as needed.

Concur: The authorization list was updated in November, and it includes the Safety and Security Coordinator (SSC). The SSC's SoW has been modified to include language pertaining to the receipt of advances.

Date Implemented: November, 2008 and ongoing.

B.1.2. That the cashier not provide interim advances to staff members who are not authorized by the country director to receive them.

Concur: The Cashier has been provided the new authorization list and is not issuing interim advances to staff members who are not authorized to receive them.

Date Implemented: September, 2008 and on-going.

B.2.1. That the cashier return the liquidated interim advance form, marked "Void," to the payee upon settlement.

Concur: The Cashier is returning the liquidated interim forms marked "void" to the payee upon settlement. Payees also have been instructed that they should receive the voided form from the cashier.

Date Implemented: October, 2008 and ongoing.

B.3.1. That the country director, in consultation with the region and, as needed, with the office of the general counsel, review the nature and handling of payments made to and items received from the training village during pre-service training and modify these as required for future pre-service trainings.

Concur: The Country Director has initiated discussions with Samoan staff to review what has been done in the past and why. Post will implement possible changes in order to ensure the following: that Samoan customs, in regards to cultural exchanges, are adhered to; that changes in handling payments to and from the pre-service training village are fair to all parties (PCTs, PCVs and host families/communities) so that no one entity is unnecessarily, financially overburdened; and that payments fully comply with Peace Corps' financial, administrative and ethical policies. Post's conclusions and recommendations will be presented by February 15, 2009 to the IAP Region and a final decision on any changes that are necessary will be made by February 28, 2009. Any changes will be applied during the next PST, which begins in October, 2009.

Date Implemented: To be implemented February, 2009 and on-going.

C. VOLUNTEER ALLOWANCES

C.1.1. That the post exercise care in its control over living and settling-in allowance survey documentation and retain the documentation in accordance with agency guidelines.

Concur: Post recognizes that there was a lapse in the control of documents for living and settling-in allowance surveys. In early December, the post installed a system whereby staff have to sign documents in and out when removing and returning them from their designated location.

Date Implemented: December, 2008 and on-going.

C.2.1. That the post conduct all required Volunteer settling-in allowance surveys.

Concur: Volunteers who swore-in August 25, 2008 were all provided with settling-in allowance surveys. A reminder was sent by the Country Director encouraging Volunteers to complete the survey. Volunteers were allowed to submit the survey for review until November 25, 2008 and post will complete the analysis of the survey by February 25, 2009. Survey forms also have been provided to Volunteers who swore-in December 15, 2008. The deadline for these Volunteers to return the survey is March 15, 2009 and the post analysis will be completed by June 15, 2009. This procedure will be repeated with all future training classes.

Date Implemented: August, 2008 and ongoing.

C.3.1. That the post send e-mail notifications to headquarters within 24 hours of Volunteers' close of service or early termination dates.

Concur: Post will ensure that all cables are sent to headquarters within 24 hours of a Volunteer's close of service or early termination date. For example, all Volunteers who were scheduled to COS in November/December, 2008 had cables sent to headquarters within 24 hours of their COS date.

Date Implemented: November, 2008 and ongoing.

D. BILLINGS AND COLLECTIONS

D.1.1. That the post bill staff for personal phone charges within a timely period after the overall phone bill's receipt and promptly follow-up on delinquent collections.

Concur: Post will bill staff members for personal phone calls within two weeks of the receipt of the bill. Staff members will be required to make a payment within two weeks of receiving notification that they must reimburse Peace Corps for personal telephone calls. The AO and CD will follow-up directly with staff members who do not meet the payment deadline. Any staff member who does not comply will face disciplinary procedures and this issue will be included in their performance appraisal. Post is investigating the possibility of purchasing a newer, automated telephone system that would enable more rapid billing and an improved ability to ensure that all personal calls are billed to the correct staff member.

Date Implemented: January, 2009 and ongoing.

D.2.1. That the post record billing information and generate the bill of collection at the time of billing.

D.3.1. That the post use the ForPost bill of collections log and discontinue the manual bill of collections log.

Concur: Post will ensure that a BOC is issued at the time of billing. The Billing Officer has been instructed in a memo that the BOC is issued at the time of billing and not at the time the collection is made. The AO will review on a weekly basis with the Billings Officer that BOCs have been issued at the proper time.

Post has discontinued using the manual bill of the collections log. Post began using the ForPost bill of collections log in FY09.

Date Implemented: October, 2008 and on-going.

D.4.1. That the billings officer cease performing banking transactions.

Concur: The billings officer has ceased performing banking transactions. The GSA is handling non-cash banking transactions (living allowance checks, staff salary checks, and Volunteer reimbursement checks), and the cashier is now handling all cash transactions associated with collections.

Date Implemented: September, 2008 and on-going.

E. OBLIGATIONS AND LIQUIDATIONS

E.1.1. That the post review the status of obligations report at least quarterly and de-obligate those items that are no longer required.

Concur: Post will improve its review of the status of obligations and de-obligate as required. Every fortnight, the AA will print out a report of un-liquidated funds and review it for de-obligations that can be made. The AA also will de-obligate balances of unused funds as soon as a transaction is liquidated and shows a balance of funds.

Date Implemented: October, 2009 and ongoing.

F. PROPERTY MANAGEMENT

F.1.1. That the post review its property inventory listing and ensure that it is accurate.

Concur: Post will complete a physical inventory of the office equipment in January, 2009. At weekly meetings, the AO will review with staff members whether any new equipment purchased in that week has been added to the inventory and whether any inventory that has been sold or written off has been removed from the inventory list. Post eagerly looks forward to the implementation of an agency-wide property management program.

Date Implemented: January 2009, and on-going.

F.1.2. That the post remove one tag from those items which have two tags and delete the number of the removed tag from the property inventory listing.

Concur: Post removed one tag from those items which had two tags and deleted the number of the removed tag from the property inventory listing.

Date Implemented: Completed December, 2008.

F.2.1. That the post determine if the three items not in operating condition are to be used in the future and, if not, dispose of them and remove them from the inventory records.

Concur: The scale and projector referenced in the auditor's findings have been properly disposed of and removed from the inventory listing. Post will attempt to sell the photocopier in February, 2009, in conjunction with computer equipment that will be replaced during post's refresh. If a sale is not possible, the photocopier will be disposed of according to agency procedures.

Date Implemented: December, 2008 and on-going.

F.3.1. That different individuals maintain the inventory database and perform the physical inventory.

Concur: The GSA will perform the physical inventory and the Administrative Assistant will maintain the inventory database. SoWs for these individuals will be revised to reflect these additional duties.

Date Implemented: January, 2009 and on-going.

G. VEHICLES MANAGEMENT

G.1.1. That all required staff members review, initial, and date the vehicle usage logs weekly.

Concur: The AO, GSA and AA (Billings Officer) will initial the vehicle usage logs weekly.

Date Implemented: September, 2008 and on-going.

G.2.1. That, in the future, the post obtain all written authorizations required for personal use of Peace Corps vehicles.

Concur: In October, 2008, the Country Director provided his authorization for the new APCD to use a PC vehicle for personal use in her first 90 days at post. Post also obtained the concurrence of the Chief of Mission. The Sub-Regional Programming and Training Officer departed Samoa in November, 2008, however, in the future, if TDY staff need to use vehicles for incidental personal use, the CD will issue an authorization.

Date Implemented: October, 2008 and on-going.

G.3.1. That the post affix "In Case of Accident" cards in a visible location in the vehicles.

Concur: Post will affix "in case of accident" cards in a visible location in the vehicles. Post will ensure that these cards are replaced periodically, as heat and humidity often erode their condition.

Date Implemented: January, 2009 and ongoing.

H. TRAVEL MANAGEMENT

H.1.1. That the administrative officer remind the staff of the five working day submission requirement for international travel vouchers and monitor the staff's compliance.

Concur: Post's first international traveler for FY2009 returned to the office on December 17, 2008. He was informed, via email, by the AO that he had to submit his travel claim within 5 working days. The CD also sent him a follow-up email to reinforce this message. His voucher was submitted by the deadline. The AO will continue to send reminders to international travelers upon their return to the office and the CD will also intervene if necessary.

Date Implemented: December, 2008 and ongoing.

H.2.1. That the administrative officer ensure that staff are familiar with agency travel policy and federal travel regulations for temporary duty travel and follow these when preparing international travel vouchers.

Concur: The CD distributed the "Traveler's Handbook" to staff members who travel internationally, along with a memo stating that it should be used in order to aid in the development

of accurate travel vouchers. The AO and CD will also review travel vouchers more closely to catch errors before they are sent to Washington for final review.

Date Implemented: December, 2008 and ongoing.

H.3.1. That the post comply with the Fly America Act requirement to use, wherever possible, U.S. flag air carrier service, including code share flights.

Concur: The Country Director sent to administrative staff an email memo outlining the requirements of the Fly America Act. Staff that could potentially travel internationally were also informed to be cognizant of the Act when planning their travel. Administrative staff have informed local travel agents who are frequently used by Peace Corps about the Act and to reinforce that Peace Corps must purchase tickets on U.S. airlines or airlines that code share with a U.S. airline. All of the tickets that post purchased in November and December for COSing tickets for Volunteers and international trips for staff members were on U.S. airlines or code shared with a U.S. airline.

Date Implemented: October, 2008 and ongoing.

H.4.1. That post approving officials ensure that charges on travel vouchers for temporary duty travel reflect official work and conference attendance dates.

Concur: The Country Director and Administrative Officer review TAs to ensure that travel charges reflect conference attendance dates and that the most direct and fastest routes are selected. Closer reviews of TAs have resulted in significant changes that greatly reduce both the financial and human resource cost to the post. For example, when possible, TAs will no longer include stops in New Zealand for U.S. visas as the embassy in Apia has now agreed to facilitate the requisite interviews.

Date Implemented: November, 2008 and on-going.

I. PERSONNEL MANAGEMENT

I.2.1. That the timekeeper ensure that the bi-weekly time cards are signed by staff members and reviewed by supervisors.

Concur: The timekeeper will ensure that timecards are signed by staff members and supervisors. Staff members complete and sign the cards, which are then reviewed and signed by their supervisors. The cards are then submitted to the official timekeeper. The timekeeper reviews the time cards, and if any signatures are missing, she returns them to the person whose signature is needed. If the signed time cards are late, she informs the staff members, their supervisor, and the CD, who will follow-up with the appropriate individual.

Date Implemented: November, 2008 and on-going.

I.2.2. That the timekeeper ensure that the official time and attendance records reflect the actual time worked as indicated on the time cards, that approved overtime hours are posted to the records, and that approved leave request forms are maintained on file for leave taken.

Concur: The timekeeper has been ensuring that all leave taken in the time period is supported by the appropriate forms signed by the staff member and supervisor. If the signed forms are not submitted with the time card, the cashier returns them to the staff member and copies the AO and CD, who will intervene if necessary. The cashier has been ensuring that official time and attendance records reflect the actual time worked as indicated on the time cards. This process is being spot-checked by the AO.

Date Implemented: November, 2008 and on-going.

I.2.3. That the timekeeper review the official time and attendance records of all PSCs for the years 2007 and 2008 for correctness, and that the administrative officer verify that this has been performed.

Concur: The timekeeper and other staff, as appropriate, will review the official time and attendance records of all PSCs for 2007 and 2008 and will verify that the annual leave summaries are correct and match what is indicated on the time cards. Any errors will be corrected. The AO will review and verify that this has been done.

Date Implemented: Implemented by March 31, 2009.

I.3.1. That the post determine the correct salary amounts for the miscalculated salaries described in audit finding I.3 and settle the difference.

Concur: The AO reviewed what the staff member should have been paid and what was actually received, calculated the difference, ordered a check for this amount, and gave it to the staff member.

Date Implemented: Completed December, 2008.

J. PROCUREMENT

J.1.1. That, for future leases, the post to comply with agency lease policy.

Concur: All leases now include option years. All lease preparations will be in full compliance with agency policy, as was done with the recently completed lease for the APCD residence.

Date Implemented: October, 2008 and on-going.

J.2.1. That the post correct the PSC contract and contract file deficiencies enumerated in audit finding J.2.

Concur: Post has been and will continue to correct the deficiencies, as follows:

- a. Post had been waiting for the embassy in Samoa to hire a security official to complete the security and background checks of new staff members and current staff members who have not had a security check in more than 5 years. The embassy has now hired the security official, and he will start the process of security checks in early 2009. The security checks should be completed by April, 2009.
- b. Intelligence background certification forms are linked to point A and will be completed simultaneously.
- c. The SSC's contract now contains language pertaining to the need to receive interim cash advances for security duties.
- d. The gap of three days between option years for the PCMC's contract has been corrected.
- e. The ITS's contract that will begin in this fiscal year will include option years. His contract does not end until May, 2009, so his new contract issued at that time will contain option years.
- f. The contracts will be amended so that the total contract amount includes the option years and the "total period of performance" indicates the full length of the contract, including option years.
- g. PSC files will be reorganized so that documents of on-going significance, such as security clearances and intelligence background certification forms, will be placed on the left side of the folder, or otherwise separated from other material.

Date Implemented: November, 2008 and on-going.

K. FILE MANAGEMENT

K.1.1. That the post establish a file management system which ensures that documents are controlled.

Concur: The AO will ensure that the file system is managed properly and documents are controlled by the Office Secretary/Receptionist. The Office Receptionist will have a sign in/out

register for file control. PSC files remain with and are maintained by the AO and she is responsible to ensure that all files are in order, organized and easily identified by authorized users. The filing cabinet for PSC files is to be locked and the key accessible to the CD only. Travel files are maintained by the GSA. International travel files are filed under the travelers' surnames. In-country or local travel files will be filed in order of TA numbers and filed under each quarter. All office files will be organized and be easily accessible to authorized users.

Date Implemented: December, 2008 and on-going.

L. MEDICAL SUPPLIES

L.1.1. That different individuals maintain the medical supplies inventory database and perform the monthly verification.

Concur: The PCMC will maintain the medical supplies inventory database and the GSA will perform the monthly verification.

Date Implemented: January, 2009 and on-going.

APPENDIX C

OIG COMMENTS

Management concurred with all 33 recommendations made in our report and we closed 30 recommendations. Recommendations B.3.1, I.2.3, and J.2.1 remain open pending confirmation from the chief compliance officer that the following has been received:

- For recommendation B.3.1: a copy of a memorandum from the country director stating that in consultation with the region, and as needed with the Office of General Counsel, the nature and handling of payments made to and items received from the training village during pre-service training have been reviewed and that modifications have been made as required for future pre-service trainings.
- For recommendation I.2.3: a copy of a memorandum from the administrative officer stating that the timekeeper has reviewed the official time and attendance records of all PSCs for the years 2007 and 2008 for correctness and updated the records as needed.
- For recommendation J.2.1: a copy of a memorandum from the country director stating that:
 - part a. the embassy security official has completed security checks of personal services contractors as required;
 - part b. all staff members have completed intelligence background certification forms;
 - part e. the IT specialist's new contract includes option years; and
 - part g. personal services contractor files have been reorganized so that documents of ongoing significance are separated from other material.

The documentation provided for parts c, d, and f of recommendation J.2.1 were sufficient to close these parts of the recommendation.

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 we feel it is warranted, we may conduct a follow-up review to confirm that action has been taken and to evaluate the impact.

APPENDIX D

AUDIT COMPLETION AND OIG CONTACT

AUDIT COMPLETION

Senior auditor Steven Kaffen performed the audit.

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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