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OFFICE OF INSPECTOR GENERAL

To: Carrie Hessler-Radelet, Acting Director
Helen Lowman, Regional Director, Africa
Daljit Bains, Chief Compliance Officer

From: Kathy A. Buller, Inspector General 

Date: September 25, 2012

Subject: Final Report on the Audit of Peace Corps/Jordan (IG-12-07-A)

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

Management concurred with all 17 recommendations. We closed six recommendations based on review of management's response and supporting documentation. In its response, management described actions it is taking or intends to take to address the issues that prompted each of our recommendations. We wish to note that in closing recommendations, we are not certifying that the agency has taken these actions or that we have reviewed their effect. Certifying compliance and verifying effectiveness are management's responsibilities.

Our comments, which are in the report as Appendix D, address these matters. Please respond with documentation to close the 11 open recommendations in accordance with the estimated completion dates listed in the agency's response.

You may address questions regarding follow-up or documentation to Assistant Inspector General for Audit Bradley Grubb at 202.692.2914.

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

Attachment

cc: Stacy Rhodes, Chief of Staff/Chief of Operations
Elisa Montoya, White House Liaison/Senior Advisor to the Director
Bill Rubin, General Counsel
Esther Benjamin, Associate Director for Global Operations
Joseph Hepp, Chief Financial Officer
Ed Hobson, Director of Safety and Security
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Peace Corps Office of Inspector General



Hadrian's Gate in the city of Jaresh



Flag of Jordan



Peace Corps Volunteers Angela Trujillo, Kasumi Takahashi, Megan Keeling, Michelle Chan, and Ruby Mitchell at the ancient Roman ruins in Jaresh

Final Audit Report: Peace Corps/Jordan IG-12-07-A

September 2012

EXECUTIVE SUMMARY

The Office of Inspector General (OIG) conducted an audit of Peace Corps/Jordan (hereafter referred to as “the post”) from May 27 to June 9, 2012. At the time of the audit, the post had three U.S. direct hires, two foreign service nationals, and 15 personal services contractors. According to the Peace Corps’ fiscal year (FY) 2013 *Congressional Budget Justification*, the post had a FY 2012 budget of approximately \$2.3 million supporting 65 Volunteers.

The post’s financial and administrative operations were effective and in overall compliance with agency policies and federal regulations. However, we noted the following:

- The post did not follow proper billing and collection procedures by permitting Volunteers to collect host country contributions directly. Further, the post had not established memorandums of understanding related to host country contributions with local universities which were supporting Volunteers. Without proper documentation and collection the Volunteers are at greater risk if the lease is terminated.
- The post did not ensure lease documentation contained all of the required information and, did not ensure that lease terms were clearly defined. Further, the post made lease payments annually and semiannually instead of quarterly, causing \$114,301 to be spent up to a year in advance.
- The post did not have a process to track expenditures associated with an interagency agreement between the post and the U.S. Agency for International Development (USAID) in support of its Enhancing Water Awareness program. As a result, the post is at risk of not using all of the funding available.
- The Director of Management and Operations (DMO) had not assigned the appropriate access level to the financial assistant in the FORPost accounting system to ensure proper separation of duties and limit the user’s role in preparing financial transactions.
- The post had not requested a modification to the services charged in the International Cooperative Administrative Support Services (ICASS). Doing so could save the post up to \$9,300 over the next three years in funds to be put to better use.

We also noted areas of improvement in bills of collection procedures, medical supply inventory procedures, vouchering, and property management.

Management concurred with all 17 recommendations. Management took timely action to remediate our findings. As a result, we closed six recommendations. The remaining 11 recommendations remain open pending documentation described in Appendixes C and D.

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BACKGROUND

OIG conducted its audit of the post May 27 to June 9, 2012. We previously performed an audit May 6–24, 2007, and issued our report in September 2007 (IG-07-17-A).

The first group of Volunteers arrived in Jordan in 1997. Over 440 Volunteers have served in Jordan since it was first established. At the time of our audit, 65 Volunteers were working in the education program sector and the youth and community development program sector. According to the Peace Corps' FY 2013 *Congressional Budget Justification*, the post had a FY 2012 budget of approximately \$2.3 million.

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

AUDIT RESULTS

HOST COUNTRY CONTRIBUTIONS

The post did not follow Peace Corps policy by permitting Volunteers to collect approximately \$8,000 directly from a local university to offset their rent. Further, the post did not have a memorandum of understanding with two universities related to host country contributions.

The post assigned five Volunteers to two universities from December 1, 2010 to January 2012. The universities directly paid approximately \$8,000 in cash to the Volunteers for housing. The Volunteers signed lease agreements with their landlords and used the contributed funds to pay monthly rent. The post was aware of and facilitated this process.

Overseas Financial Management Handbook (OFMH) chapter 27, "Host Country Contributions," states:

Cash contributions from Host Governments and Non-Governmental Organizations (NGOs) may be accepted by the Country Director under terms set forth in MS 722.

The post bypassed controls in place to monitor, track, and report host country contributions by allowing Volunteers to directly collect contributions for Volunteer rent from two universities. The Volunteers were responsible for keeping the cash in their possession to pay their leases. This increases the risk that the cash could be lost or stolen, making the Volunteer liable for the loss. Because the Volunteers were receiving cash directly from the universities and using the cash to pay their leases, the post was out of compliance with the Miscellaneous Receipts Act that requires all collections be deposited with the Treasury Department. That act states that "An

official or agent of the Government having custody or possession of public money shall keep an accurate entry of each amount of public money received, transferred, and paid.”

OFMH 27 instructs posts to issue bills of collection for host country contributions and collect the funds through the imprest fund. The post should follow *OFMH 27* for collecting the rent from the local universities to ensure proper controls over collections.

In addition, the post had not signed memorandums of understanding with the universities to document the anticipated host country contributions. Signing a memorandum with each university is necessary to outline the roles and responsibilities of the post and the universities with respect to their support of Volunteers.

We Recommend:

1. That the post sign a memorandum of understanding with each university to outline the roles and responsibilities of the Peace Corps and the universities.
2. That the post prepare at the beginning of each year an estimate of all expected contributions to be received during the year, and reconcile the estimated contributions of the beginning of the year with the actual contributions received during the year and clear any discrepancies.
3. That the Director of Management and Operations issue a bill of collection for the host country contribution and collect the funds through the imprest fund in accordance with *Peace Corps Manual* section 722 and the *Overseas Financial Management Handbook* chapter 27.

GRANT FUNDING

The post did not adequately track expenditures associated with the interagency agreement (IAA) between the post and USAID to ensure funding was used in a timely manner and in compliance with the terms of the agreement.

The participating agency program agreement between USAID and the Peace Corps entitled the *Enhancing Water Awareness Program*, effective October 2010, provided the post with \$243,110 allocated across seven budget lines. We reviewed the post's spending for FY 2011 and FY 2012 through June 6, 2012. The Peace Corps' accounting object codes did not align with the codes in the IAA. The financial assistant explained that Peace Corps headquarters provided only a few object codes for use with these funds, and that the post cannot change the codes in the accounting system. As a result, the post could not use FORPost to allocate costs by the line items in the IAA.

During our review, we attempted to allocate costs to specific line items in the IAA based on the transaction's description in the payment record. Our review indicated the post's spending was significantly lower than the budget. For example, FY 2011 expenditures were 20 percent lower than budgeted. We projected the post will spend 20 percent lower than budgeted in the current

year based on the FY 12 expenditures we reviewed. Without properly tracking and adjusting budget lines, the post is at risk of not complying with the terms of the agreement by not spending the full amount provided, and could potentially lose any unspent funds.

We recommend:

4. That the Director of Management and Operations implement a process to track the funds provided through the Enhancing Water Awareness program to ensure compliance with the terms of the interagency agreement.

LEASES

The post made advance rental payments annually or semiannually instead of quarterly.

MS 733 procedures, paragraph 4.8, “Leases” states:

It is in the U.S. Government’s best interest to keep advance rental payments and deposits to a minimum. Whenever possible, rental payments should not be made for more than one quarter in advance.

The post had four leases: one for the main office and three for U.S Direct Hire staff housing. The leases did not follow the most current lease template developed by the Office of Acquisitions and Contract Management and included semiannual and annual advance payment terms. As a result, the post prepaid approximately \$114,301 in excess of quarterly payments.

Table 1. Lease Payments

Lease No.	Payment Terms	Prepaid Amount	Prepayment in Excess of Quarterly
400-11-L001	Semi-Annual	\$11,299.44	\$ 5,649.72
440-11-L002	Annually	24,247.18	18,185.39
440-12-L002	Annually	95,197.74	71,398.30
440-12-L001	Annually	25,423.73	19,067.80
Total			\$114,301.21

Making lease payments consistently in accordance with the MS 733 procedures would allow the post to use funds as needed throughout the year and would reduce the risk of such complications as retrieving the funds in case of emergency evacuations, sudden devaluation of currency, or other unforeseen events.

The post did not ensure lease documentation contained all of the required information, and did not ensure that the terms were clearly defined.

MS 733 procedures, paragraph 4.8, “Leases” states:

Payment of leases should normally be made in local currency, not in U.S. dollars (USD)....

Regardless of the currency in which the lease is paid, **only one currency should be listed on the lease.** Listing both currency types (local and USD) may result in Peace Corps having to pay the higher value of the two in the case of extreme exchange rate fluctuations. Exceptions to this must be approved by OACM.

We determined that the post listed both USD and local currency in each of its leases. Listing both currency types creates a risk that Peace Corps could potentially have to pay higher rate due to exchange fluctuations. The post should list only local currency in new or renewal leases in the future. Further, we found that the post did not always include square footage for buildings and grounds in the leases, which is required to ensure the Peace Corps properly reports lease information to the General Services Administration.

We recommend:

5. That the Director of Management and Operations maintain complete lease files containing the justification for making advance lease payments and the approval for payments other than quarterly.
6. That the Director of Management and Operations list only local currency and include square footage in lease contracts.

INFORMATION TECHNOLOGY

The DMO had not assigned the appropriate access level to the financial assistant in the FORPost system to ensure proper separation of duties and limit the user's role in preparing financial transactions.

According to *OFMH* chapter 24, "FORPost User Access," the Country Director (CD) or DMO serves as the system administrator and is responsible for assigning proper user roles in FORPost and for checking quarterly to ensure user roles are correct.

The financial assistant's FORPost authorization form listed the appropriate user role (Administrative Assistant/Financial Assistant); however, the financial assistant had a DMO's access level in the FORPost system. FORPost is the accounting system at post, used to transmit financial transactions to the agency's Odyssey financial tracking system. It is important to maintain the correct user roles to limit users' capabilities to their assigned responsibilities and prevent unauthorized access to data not required for their job. With the DMO role, the financial assistant could both create and approve financial transactions, thus bypassing separation of duties, enabling the user to potentially record fraudulent transactions. Access controls "provide reasonable assurance that access to computer resources (data, equipment, and facilities) is reasonable and restricted to authorized individuals."¹

During our site visit, the DMO assigned the financial assistant the proper user role. Accordingly, this recommendation will be closed upon issuance of the final report.

¹ Government Accountability Office, *Federal Information Systems Control Audit Manual*, February 2009.

We recommend:

7. That the Director of Management and Operations assign the financial assistant the proper user role in FORPost.

The post had an information technology contingency plan, but had not recently tested the plan or included specifics on disaster recovery.

The National Institute of Standards and Technology Special Publication 800.53, *Recommended Security Controls for Federal Information Systems and Organizations*, instructs organizations to develop a contingency plan for the information system that identifies essential missions and business functions and associated contingency requirements. This publication further suggests that:

- [The organization] establishes an alternate processing site including necessary agreements to permit the resumption of information system operations for essential missions and business functions within.
- The organization tests/exercises the contingency plan at the alternate processing site to familiarize contingency personnel with the facility and available resources and to evaluate the site's capabilities to support contingency operations.

According to the information technology specialist, the post prepared a contingency plan and tested it in FY 2010. The contingency plan included several essential elements including priorities, disaster types, recovery procedures, and points of contact. The plan could be improved by including additional information about manual processes and how the recovery site would be set up and made operational. Further, the post should test the contingency plan each year under different scenarios to ensure personnel are familiar with their roles and responsibilities in case of emergency.

We recommend:

8. That the information technology specialist update the contingency plan to include more specific information on recovery procedures.
9. That the post test the information technology contingency plan each year.

The post had not finalized its information system security plan.

The National Institute of Standards and Technology Special Publication 800.53 instructs organizations to develop a security plan for its information systems. The information technology specialist prepared a draft information system security plan for the post in September 2011 and submitted it to the Office of the Chief Information Officer. However, the post has not received feedback and has not finalized the plan as of the writing of this report.

We recommend:

10. That the information technology specialist, in coordination with the Office of the Chief Information Officer, finalize the post's information system security plan.

BILLING AND COLLECTION

The post did not have adequate internal control mechanisms to verify whether all personal vehicle usages were identified, billed and collected.

MS 522 section 4.1.10, "Reimbursement to the Peace Corps," states:

The Country Director shall use the daily vehicle log to make monthly collections for those authorized uses that require reimbursement to the Peace Corps.

We were unable to verify whether all personal vehicle usages had been identified and billed. The general services manager (GSM) used email to notify the financial assistant to issue bills of collection for personal vehicle usage. Some of the notifications had multiple periods or multiple vehicles that were used for personal purposes, without making specific reference to the vehicle or the exact date on which that vehicle was used. It was difficult and time consuming to trace each personal usage entry on the vehicle logs to the bills of collection. Further, the vehicle usage logs did not always state the purpose of the trips. The purpose of the trip is essential to determine whether or not the trip was for a personal or business purpose. Without adequate internal control mechanisms, and without stating the purpose of each trip, personal vehicle usages could go uncollected.

We recommend:

11. That the Director of Management and Operations develop a process to verify that all personal vehicle usages were identified and billed and that supporting documentation is maintained with the bills of collection.
12. That the General Services Manager ensure the drivers enter the purpose of each trip in the vehicle usage logs.

MEDICAL SUPPLIES

The post was not in full compliance with the Peace Corps' policies for control over medical supplies contained in both MS 734 and Peace Corps Medical Technical Guideline (TG) 240.

MS 734 "Medical Supplies and Equipment," paragraph 3 states:

It is the policy of the Peace Corps to maintain effective controls and procedures that govern the procurement, receipt, storage, inventory, dispensation, and disposal of medical supplies and to adopt and implement special standards applicable to controlled substances.

TG 240 "Medical Supplies and Equipment" states:

[The] Inventory Reconciliation Clerk (IRC) [is] appointed by CD and is responsible for the reconciliation of the recorded inventory in the health office and the recorded inventory in the office's inventory workbook.

The PCMO... and the DMO are responsible for developing and maintaining a tracking system for supply orders.... Orders must be tracked to determine anticipated receipt, confirmed receipt, and duty to reorder unfulfilled requests.

The post had assigned the cashier as a medical supply inventory control clerk (MSICC) to maintain the office's medical supply inventory workbook and to ensure proper use of inventory forms for dispensed, received, or disposed-of supplies. The post also had assigned the administrative assistant as an acceptance point clerk (APC) to ensure that newly received medical supplies are properly received, counted, and recorded. However, the post had not properly conducted reconciliations of the recorded inventory in the health office and recorded inventory in the office's inventory workbook. According to TG 240, posts must conduct quarterly reconciliations and report results to the CD.

Further, we noted that both the MSICC and APC did not always sign the receiving report. Without proper reconciliation, medical supplies could go unrecorded in the inventory workbook.

We recommend:

13. That the post conduct inventory reconciliations of the recorded medical supply inventory in the health unit with the recorded inventory in the office's inventory workbook.
14. That the country director ensure both the medical supply inventory control clerk and the acceptance point clerk verify the accuracy of received medical supplies and sign the receipt forms.

PROPERTY MANAGEMENT

The post recently implemented BarTracks property management software but had not fully implemented the proper separation of duties.

The post began using BarTracks in October 2011. BarTracks is the Peace Corps' property management system designed to record and track personal property items, such as computers and furniture. The data entered in the system was from previous property records maintained on Excel spreadsheets. Because of errors and inconsistencies in this data, headquarters and the general services manager required a substantial amount of time and effort to ensure the records were accurate. Because of the level of effort required, the GSM assumed all of the property management responsibilities for recording data, bar-coding items, and scanning the items into the database. One example of the negative impact of this was that the post's residential property had not been entered into the property records.

In May 2012, the DMO separated the property management responsibilities so that the administrative assistant maintains the property database and the drivers conduct inventory. By assuming these roles the post will have adequate separation of duties when recording personal property and conducting the physical inventory.

We recommend:

15. That the Director of Management and Operations implement the new separation of duties during the next physical inventory.

The general services manager did not update BarTracks with the proceeds from the sale of personal property.²

During personal property sales, the GSM prepared a list of items for sale and sent it to the DMO, who prepared a report of excess property. The post then sent the property with the list of items to the U.S. Embassy to include in their property auctions, where it was separated into lots and sold.

Once the property was sold, the U.S. Embassy provided the notice of sale and the accounting transfer to the post, but did not itemize the property that was sold in the lots. Because the exact amount of each item's sale value was not definite, the post did not enter a sale value in the BarTracks property record. According to the Peace Corps' *Personal Property Management Handbook* section "Documenting the Sale,"

When updating BarTracks, the method of disposal for assets sold at an embassy auction should be "Sale". The winning bidder should be listed in "Recipient", the Disposal Date is the date of the auction, and the Receipt Number generated by the embassy should all be added to the database. Proceeds of Sale can be complicated, as assets are sometimes auctioned in lots. If an asset is sold on its own, list the proceeds of the sale in BarTracks. If an asset is sold as part of a group of assets, estimate the percentage of the overall value that the asset contributed to the sale.

² Personal property is tangible, Peace Corps-owned, moveable property located in the U.S. and overseas. It does not include land and buildings, four-wheeled vehicles, or medical supplies.

The report of excess property contained estimated costs for each item sold at the auction. The post could use these costs to estimate the percentage of the sale value attributable to each item. By assigning sale values the post can estimate gains or losses on property for enhanced financial reporting and better decision making for future sales. In addition, because the post assigned the administrative assistant as BarTracks database owner, the GSM will need to send the list to the administrative assistant to update the property records in the database.

We recommend:

16. That the property database manager update property records with the proceeds from sales after the post sells personal property.

INTERNATIONAL COOPERATIVE ADMINISTRATIVE SUPPORT SERVICES

The post had not requested a modification to the services charged in the International Cooperative Administrative Support Services (ICASS).

OFMH 28, "ICASS," states:

Modification factors of .6 or .3 may be used to decrease workload counts when less than the full range of a service is used. For example, if Peace Corps workload for a service is 8 Americans, this count may be decreased to 4.8 (8 x .6) or 2.5 (8 x .3). Lower workload means lower costs.

ICASS is how the U.S. government provides and shares the costs of common services. For the Peace Corps, services to American and locally-hired staff are included under ICASS, while services to Volunteers are not part of ICASS.

In FY 2011, the post was charged the full rate for several services that can be modified, including health, security, community liaison office, and basic services. Based on our audit, the DMO sent a request to modify the rates associated with health services and the community liaison office. Based on our calculation, the post will save approximately \$3,100 a year if these modifications are approved.

We recommend:

17. That the Director of Management and Operations request modified rates for their International Cooperative Administrative Support Services.

QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE

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

Funds to be Put to Better Use

Recommendation number	Description	Amount
17	Reduction in costs related to the International Cooperative Administrative Support Services projected over the next three years.	\$9,300

LIST OF RECOMMENDATIONS

We recommend:

1. That the post sign a memorandum of understanding with each university to outline the roles and responsibilities of the Peace Corps and the universities.
2. That the post prepare at the beginning of each year an estimate of all expected contributions to be received during the year and reconcile the estimated contributions of the beginning of the year with the actual contribution received during the year and clear any discrepancies.
3. That the Director of Management and Operations issue a bill of collection for the host country contribution and collect the funds through the imprest fund in accordance with *Peace Corps Manual* section 722 and the *Overseas Financial Management Handbook* chapter 27.
4. That the Director of Management and Operations implement a process to track the funds provided through the Enhancing Water Awareness program to ensure compliance with the terms of the interagency agreement.
5. That the Director of Management and Operations maintain complete lease files containing the justification for making advance lease payments and the approval for payments other than quarterly.
6. That the Director of Management and Operations list only local currency and include square footage in lease contracts.
7. That the Director of Management and Operations assign the financial assistant the proper user role in FORPost.
8. That the information technology specialist update the contingency plan to include more specific information on recovery procedures.
9. That the post test the information technology contingency plan each year.
10. That the information technology specialist, in coordination with the Office of the Chief Information Officer, finalize the post's information system security plan.
11. That the Director of Management and Operations develop a process to verify that all personal vehicle usages were identified and billed and that supporting documentation is maintained with the bills of collection.
12. That the General Services Manager ensure the drivers enter the purpose of each trip in the vehicle usage logs.

13. That the post conduct inventory reconciliations of the recorded medical supply inventory in the health unit with the recorded inventory in the office's inventory workbook.
14. That the country director ensure both the medical supply inventory control clerk and the acceptance point clerk verify the accuracy of received medical supplies and sign the receipt forms.
15. That the Director of Management and Operations implement the new separation of duties during the next physical inventory.
16. That the property database manager update property records with the proceeds from sales after the post sells personal property.
17. That the Director of Management and Operations request modified rates for their International Cooperative Administrative Support Services.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective in auditing overseas posts is to determine whether the financial and administrative operations are functioning effectively and comply with Peace Corps policies and federal regulations. Our audit conclusions are based on information from three sources: (1) document and data analysis, (2) interviews, and (3) direct observation. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit of Peace Corps/Jordan covered fiscal years 2010, 2011, and 2012. While at the post, we interviewed key staff members including the CD, the DMO, staff members responsible for administrative support, and the Peace Corps Medical Officer. As part of the audit process, we briefed the CD and DMO. At headquarters, we conducted a general briefing for regional staff.

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

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

LIST OF ACRONYMS

APC	Acceptance Point Clerk
CD	Country Director
DMO	Director of Management and Operations
FY	Fiscal Year
GSM	General Services Manager
IAA	Interagency Agreement
ICASS	International Cooperative Administrative Support Services
IRC	Inventory Reconciliation Clerk
MS	<i>Peace Corps Manual Section</i>
MSICC	Medical Supply Inventory Control Clerk
OACM	Office of Acquisitions and Contract Management
OFMH	Overseas Financial Management Handbook
OIG	Office of Inspector General
PCMO	Peace Corps Medical Officer
TG	<i>Peace Corps Medical Technical Guideline</i>
USAID	U.S. Agency for International Development
USD	United States Dollars

MANAGEMENT'S RESPONSE TO THE PRELIMINARY REPORT



Since 1961.

MEMORANDUM

To: Kathy Buller, Inspector General

Through: Daljit K. Bains, Chief Compliance Officer *Daljit K. Bains*

From: Helen Lowman, Regional Director, EMA Region *Helen Lowman*

Date: September 14th, 2012

CC: Carrie Hessler-Radelet, Deputy Director
Stacy Rhodes, Chief of Staff
Joaquin Ferraro, Deputy Inspector General
Brad Grubb, Assistant IG, Audits
Esther Benjamin, Associate Director, Global Operations
David Burgess, Chief of Operations, EMA Region
Jake Sgambati, Chief Administrative Officer, EMA Region
Rebecca Gross, Country Desk Officer, EMA Region

Subject: Agency Response to the Preliminary Report of Peace Corps/Jordan

Enclosed please find the agency's response to the recommendations made by the Inspector General for Peace Corps/Jordan, as outlined in the Preliminary Report of the Audit of the IG Audit sent to the Agency on August 3, 2012.

The Region concurs with all 17 of the recommendations provided by the OIG in its Preliminary Audit Report: Peace Corps/Jordan. Post has implemented and provided supporting documentation for 7 of the 17 recommendations and will work to address the remaining recommendations by the set target dates.

The Region will continue to work with Post and the departments identified in the Preliminary Report to ensure closure of these recommendations by the dates included within for outstanding recommendations.

Recommendation 1:

That the post signs a memorandum of understanding with each university to outline the roles and responsibilities of the Peace Corps and the universities.

Concur:

Post will work to establish MOUs with each university where Peace Corps Volunteers are currently teaching and receiving payments for Volunteer housing.

Documents to be Submitted:

- MoUs outlining the roles and responsibilities of the Peace Corps and the universities

Status and Timeline for Completion:

June 2013

Recommendation 2:

That the post prepare at the beginning of each year an estimate of all expected contributions to be received during the year and reconcile the estimated contributions of the beginning of the year with the actual contribution received during the year and clear any discrepancies.

Concur:

Post concurs and submitted its HCC estimate along with its FY2013 operations plan in July 2012. As FY2013 unfolds, PC/Jordan will track its actual cash donations through the OCFO's HCC quarterly reports, ultimately submitting a reconciled report of FY2013's HCC contributions in October 2013 to the OIG.

Documents Submitted:

- HCC estimate submission within the FY2013 Operations plan

Documents to be Submitted:

- Reconciled FY2013 HCC report at the end of FY2013

Status and Timeline for Completion:

October 2013

Recommendation 3:

That the Director of Management and Operations issue a bill of collection for the host country contribution and collect the funds through the imprest fund in accordance with *Peace Corps Manual* section 722 and the *Overseas Financial Management Handbook (OFMH)* chapter 27.

Concur:

Post agrees with this finding and will follow OFMH, Chapter 27 when accepting cash donations for Volunteer housing. This finding is contingent on the completion of Recommendation #1.

Documents to be Submitted:

- Scanned example of documentation following the procedures set out in OFMH, Chapter 27 when receiving a HCC donation from Volunteer housing

Status and Timeline for Completion:

June 2013

Recommendation 4:

That the Director of Management and Operations implement a process to track the funds provided through the Enhancing Water Awareness program to ensure compliance with the terms of the interagency agreement

Concur:

Post created a process and spreadsheet to track Enhancing Water Awareness (EWA) funds. The document submitted tracks FY2012 year-to-date spending, which helps post monitor spending and financial compliance according to the interagency agreement.

Documents Submitted:

- Memorandum detailing the process for tracking expenses (PC Jordan EWA Tracking Memorandum)
- Tracker itself for year-to-date actual spending for FY2012 (PC Jordan FY12 Q4 EWA Spending Tracker)
- FY 13 tracker to be reviewed and updated weekly, and reconciled on a quarterly basis (PC Jordan FY13 EWA Spending Tracker template)

Status and Timeline for Completion:

September 2012

Recommendation 5:

That the director of management and operations maintain complete lease files containing the justification for making advance lease payments and the approval for payments other than quarterly.

Concur:

Post concurs with this recommendation and will add the OACM approval for deviation from quarterly lease payments.

Documents to be Submitted:

- Scanned copy of the full lease files of all properties currently occupied at post, listing documents provided to show corrective action. Post will list the exact names of the documents.

Status and Timeline for Completion:

October 2012

Recommendation 6:

That the Director of Management and Operations list only local currency and include square footage in lease contracts.

Concur:

Post submitted the signed bi-lateral modifications for all four leases in July 2012. OIG accepted the modifications and will close this finding upon issuance of the final report.

Documents Submitted:

- Scanned copies of the four bi-lateral lease modifications

Status and Timeline for Completion:

September 2012

Recommendation 7:

That the Director of Management and Operations assign the financial assistant the proper user role in FORPost.

Concur:

Post updated the profile of the FA during the OIG's visit in June 2012. Per the report, this recommendation will be closed upon publication of the final report.

Documents Submitted:

- Screenshot of the Financial Assistant's new profile in FORPost

Status and Timeline for Completion:

June 2012

Recommendation 8:

That the information technology specialist update the contingency plan to include more specific information on recovery procedures.

Concur :

Post has revised the contingency plan with more specific information on recovery procedures. This new information will enable post to plan and react better during emergencies.

Documents Submitted:

- Revised contingency plan with more specific information on recovery plan and procedures. PC/Jordan will continue to follow OCIO guidance and templates for recovery plans.

Status and Timeline for Completion:

September 2012

Recommendation 9:

That the post test the information technology contingency plan each year.

Concur:

Post will test the contingency plan by Q2 FY13.

Documents to be Submitted:

- Verification the contingency plan exercise took place, including a list of participating members. Post will also indicate their plans for a yearly test

Status and Timeline for Completion:

March 2013

Recommendation 10:

That the information technology specialist, in coordination with the Office of the Chief Information Officer, finalize the post's information system security plan.

Concur:

PC/Jordan has submitted its 2011 Information System Security Plan to the OCIO for review. The OCIO has, however, advised that PC/Jordan is covered under the agency wide Global Support System's security plan. Further action by Post will be in accordance with OCIO guidance on this issue.

Documents Submitted:

- Email exchange between Falan Memmott, CIO/SAC and Matheu Schwenk, DMO regarding the Global General Support System (GSS) information system security plan
- 2011 PC/Jordan Information System Security Plan

Status and Timeline for Completion:

Q1FY13

Recommendation 11:

That the Director of Management and Operations develop a process to verify that all personal vehicle usages were identified and billed and that supporting documentation is maintained with the bills of collection.

Concur:

GSO recently created and currently maintains a log of personal usage of post's vehicles, but post will develop a documented process for billings and collection in accordance with OFMH, Chapter 7. By doing so, post will improve upon its tracking and billing of personal vehicle usage.

Documents to be Submitted:

- SOP on this process
- Personal vehicle use log
- Revised vehicle logs demonstrating documentation of this recommendation
- Example of a billing/collection for personal use

Status and Timeline for Completion:

November 2012

Recommendation 12:

That the General Services Manager ensure the drivers enter the purpose of each trip in the vehicle usage logs.

Concur:

Post will revise its vehicle logs to include specific descriptions of trips taken in Peace Corps vehicles.

Documents to be Submitted:

- Updated vehicle logs
- Memo issued to staff outlining the new procedures for vehicle logs sheets

Status and Timeline for Completion:

October 2012

Recommendation 13:

That the post conduct inventory reconciliations of the recorded medical supply inventory in the health unit with the recorded inventory in the office's inventory workbook.

Concur:

Post concurs and on Sept. 4, 2012 performed a reconciliation of the medical inventory. Post has made plans to perform the inventory quarterly.

Documents Submitted:

- Copy of the reconciled office inventory workbook
- Memo from the CD documenting the results of the inventory reconciliation exercise
- Plans for a quarterly reconciliation

Status and Timeline for Completion:

September 2012

Recommendation 14:

That the Country Director ensure both the medical supply inventory control clerk and the acceptance point clerk verify the accuracy of received medical supplies and sign the receipt forms.

Concur:

CD Butki instructed both the Medical Supply Inventory Clerk and the Acceptance Point Clerk to consistently verify the accuracy of the medical supply forms, and ensure that the receipts are appropriately signed.

Documents Submitted:

- Two examples from March and August 2012 demonstrating both the medical supply inventory control clerk and the acceptance point clerk verified the accuracy of received medical supplies and signed the receipt forms
- Memo from the CD instructing the Medical Supply Inventory Clerk and the Acceptance Point Clerk on their responsibilities upon the receipt of medical supplies

Status and Timeline for Completion:

September 2012

Recommendation 15:

That the Director of Management and Operations implement the new separation of duties during the next physical inventory.

Concur:

Post has a number of staff dedicating themselves to this recommendation. Almost 20% of current staff have a role in property management and an assigned role in Bar Tracks. Post has an approved structure, and in consultation with Administrative Services, will test it during the upcoming property inventory exercise in calendar year 2012.

Documents Submitted:

- Revised profile demonstrating duties and responsibilities to OIG in May 2012

Documents to be Submitted:

- Inventory from BarTracks along with a statement verifying the participating members

Status and Timeline for Completion:

December 2012

Recommendation 16:

That the property database manager update property records with the proceeds from sales after the post sells personal property.

Concur:

Post expects to sell items in one of the Embassy's upcoming disposal sales. Post will enter the disposal information with the amount of the items sold in BarTracks when the invoice is sent from the Embassy. At that point, post will input the data into BarTracks.

Documents to be Submitted:

- Post will send the information from BarTracks demonstrating the proceeds from the items sold

Status and Timeline for Completion:

March 2013

Recommendation 17:

That the Director of Management and Operations request modified rates for their International Cooperative Administrative Support Services.

Concur:

Post has consulted with the Embassy about reviewing and modifying the ICASS rates and the rates will not be available for review until Spring of 2013.

Documents to be Submitted:

- Post will submit the documentation from the review of the ICASS rates exercise to demonstrate its efforts to reduce its ICASS costs for the agency

Status and Timeline for Completion:

May 2013

OIG COMMENTS

Management concurred with all 17 recommendations. We closed six recommendations (numbers 4, 6, 7, 10, 13, and 14) based on evidence of corrective actions that address the recommendations. The remaining 11 recommendations remain open pending a copy of documentation listed in the agency's response.

In their response, management described actions it is taking or intends to take to address the issues that prompted each of our recommendations. We wish to note that in closing recommendations, we are not certifying that the region or post has taken these actions, nor that we have reviewed their effect. Certifying compliance and verifying effectiveness are management's responsibilities. However, when we feel it is warranted, we may conduct a follow-up review to confirm that action has been taken and to evaluate the impact.

AUDIT COMPLETION AND OIG CONTACT

AUDIT COMPLETION

Bradley Grubb, Assistant Inspector General for Audit and Waheed Nasser, Senior Auditor performed the audit of Peace Corps/Jordan.



Bradley Grubb
Assistant Inspector General for Audit

OIG CONTACT

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

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