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OFFICE OF INSPECTOR GENERAL

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

From: Kathy A. Buller, Inspector General

Joseph Jensen for K.B.

Date: March 9, 2012

Subject: Final Report on the Audit of Peace Corps/Costa Rica (IG-12-03-A)

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

Management concurred with all 16 recommendations. We hope that your responses permit us to close all recommendations. We closed nine recommendations based on review of management's response and supporting documentation. Seven recommendations remain open pending confirmation from the chief compliance officer that the documentation identified in management's response has been received. 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 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 202.692.2904.

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

Attachment

cc: Carrie Hessler-Radelet, Deputy Director
Stacy Rhodes, Chief of Staff/Chief of Operations
Elisa Montoya, White House Liaison/Senior Advisor to the Director
Bill Rubin, General Counsel
Esther Benjamin, Associate Director for Global Operations
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Peace Corps Office of Inspector General



Children enjoy the playground that Volunteer Jessica Robinson and her community helped construct through a CRUSA grant project.



Flag of Costa Rica

Final Audit Report: Peace Corps/Costa Rica IG-12-03-A

March 2012

EXECUTIVE SUMMARY

The Office of Inspector General (OIG) conducted an audit of Peace Corps/Costa Rica (hereafter, “the post”) from September 19 – 30, 2011. At the time of the audit, the post had three U.S. direct hires, three foreign service nationals, and 29 personal services contracts (PSCs). In fiscal year (FY) 2011, the post’s budget was approximately \$3.3 million supporting 105 Volunteers.

The post’s financial and administrative operations were effective and in overall compliance with agency policies and federal regulations. Supporting documentation was easily retrievable. The post had an efficient process for maintaining financial documentation in electronic format, including payment vouchers and bills of collections.

However, the post’s FY 2012 budget was not sufficient to support the needs of the anticipated number of Volunteers and trainees. In addition, we identified control weaknesses over imprest fund operations, medical supplies, property management, and grant management. Specifically:

- The post did not review all accountable documents when conducting the monthly imprest funds reconciliation.
- The post had not fully implemented the necessary controls over medical supplies to ensure accurate and complete inventory records and prevent theft and misuse.
- The post did not have adequate separation of duties regarding personal property.
- The post did not have an effective process to ensure grant documentation was complete.

Management concurred with all 16 recommendations and took timely action to remediate our findings. As a result, we closed nine recommendations. The remaining seven recommendations will remain open pending confirmation from the chief compliance officer that the documentation reflected in Appendices C and D is received.

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BACKGROUND

OIG conducted an audit of Peace Corps/Costa Rica September 19 – 30, 2011. We previously performed an audit February 20 - March 11, 2005 and issued our report in August 2005 (IG-05-17-AE).

The first group of Volunteers arrived in Costa Rica in 1963. At the time of our visit, 105 Volunteers were working in four program areas: child, family, and youth development, community economic development, rural community development, and teaching English and a foreign language. The post had three U.S. direct hires, three foreign service nationals, and 29 PSCs. In FY 2011, the post's budget was approximately \$3.3 million.

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

AUDIT RESULTS

BUDGET

The post's FY 2012 budget was insufficient, resulting in essential training and security needs being presented as unfunded requirements.

The post submitted a budget for FY 2012, which did not include the costs associated with a pre-service training for a second set of trainees, one month of a security contract renewal, or a move to a more secure office. The post presented these requests separately as unfunded requirements, and risked not meeting its essential operational needs.

The Inter-American Pacific region instructed the post to remove the second pre-service training from the budget amount. The region then consolidated the posts' pre-service training needs into a request for agency resources that was submitted to and approved by the Peace Corps Director in October 2011. The Africa region and Europe, Mediterranean, and Asia region also presented their pre-service training needs as requests for agency resources. Placing the pre-service training in a request for agency resources while leaving the other associated costs with trainees/Volunteers in the post budget's separates the full costs of trainees/Volunteers. This makes it difficult for the Director to deny the request because the post would have Volunteers in country without the requisite training. Volunteer pre-service training is an essential cost that is required once the post accepts the Volunteers.

In addition, the post's security contract required renewal in September 2012. To meet the targeted budget amount post did not include funding for the last month of the year although the services would be needed.

Another unfunded requirement of FY 2012 was \$150,000 for relocation of the office. The region deferred the request, stating that it “will reconsider this request when competition has been conducted, and prices are obtained for multiple properties that are likely to be acceptable to post and the RSO [regional security officer].” The relocation of the office is needed to help ensure the safety of the Volunteers. During FYs 2010 and 2011, on three separate occasions Volunteers were the victim of thefts and robberies near the post. During our interviews with Volunteers they expressed concerns over their safety when traveling to the post. This hindered the relationship between post staff and Volunteers because some Volunteers limited their trips or shortened visits.

The current and prior RSO at the U.S. Embassy also expressed concern about the location of the post. The post took several steps to increase safety and security following the incidents. The post installed a second secure entrance, enhanced security guard procedures, and restricted Volunteers and staff from waiting outside the post for taxis and buses. The post also restricted Volunteers from staying at certain hotels and using buses in the city. However, this has increased the cost of Volunteer trips and has further deterred Volunteers from traveling to the post and other areas of the city.

During our site visit the director of management and operations (DMO) began researching possible lease locations. Although the Peace Corps is operating in an austere budget environment, the safety of the Volunteer must remain a top priority.

We recommend:

1. That the Office of Budget and Analysis, in coordination with the Office of Global Operations, instruct regions to discontinue the practice of including costs for essential business operations in requests for additional agency resources.
2. That the post continue to implement enhanced security measures, including the possibility of moving the office to a safer location; and obtain agreement from region, Office of Safety and Security, and the regional security officer that the post’s security measures adequately mitigate the security risks.

IMPREST FUND MANAGEMENT

Management’s oversight of the imprest fund was inadequate.

We reviewed previous monthly cashier reconciliations. Since June 2011, the country director (CD) conducted the monthly cashier reconciliation instead of the DMO. The DMO had not submitted her test for becoming the cash verification officer because the U.S. Department of State cashier monitor informed her that she could not be the cashier’s supervisor and conduct the monthly verifications. According to chapter four of the *Foreign Affairs Handbook*, section 397.1-2:

- c. The following procedures must be followed to assign an LE [local employed] staff member as a CVO [cash verification officer]:

- (1) The U.S. citizen FMO [financial management officer], management officer, or other agency U.S. citizen employee at post who normally supervises the cashier operation selects the LE staff member as a candidate for performing the monthly cashier reconciliations. The LE staff member may be called the “cash verification officer” (CVO) and must meet the following qualification criteria in addition to the training requirements listed in subparagraph c(3) of this section:
 - (a) Must have knowledge of cashiering and post financial operations;
 - (b) Cannot be an alternate or subcashier to the principal cashier;
 - (c) Must have exemplary performance reviews and demonstrated good judgment and proven reliability;
 - (d) Cannot supervise the cashier or be supervised by the cashier over other duties at posts where the cashier performs other duties; and
 - (e) May not be a family member of the cashier whose account is being verified;

Separating the daily management of imprest fund operations from the monthly oversight provides additional control to identify errors and prevent abuse. The DMO is trained on conducting the monthly cashier reconciliation. At posts where the CD must conduct the monthly cashier reconciliation it is important that they be well trained and knowledgeable on the process, including the types of imprest fund transactions and their supporting documentation.

When conducting the monthly cashier reconciliation the CD did not always review the associated documentation. The *Overseas Financial Management Handbook* section 13.24.1 states, “The verification includes a complete reconciliation, with a cash count and verification of supporting documents for all balances on the 365 (line by line) and completion of the Checklist for Verifying Officers.” In addition to the cash on hand, the 365 form used for cash reconciliations includes bank account amounts, deposit slips, replenishments and cash payments vouchers that have not been fully processed by the Department of Treasury. These transactions must be supported by appropriate documentation to ensure the imprest fund is accurate and in balance. Otherwise, the imprest fund is vulnerable to loss or theft.

During our unannounced cash reconciliation, the cash count was short by a nominal amount (the equivalent of five U.S. cents). The cashier informed us that she would contribute her own money to make the cash count balance what was reported on the monthly cashier reconciliation statement. When discrepancies were small, the cashier was more concerned with the reconciliation balancing than the accuracy of the report. Adding or subtracting cash in order to balance is not appropriate. The cashier said she would discontinue this practice.

We recommend:

3. That the country director ensure proper imprest fund verifications including a review of supporting documents for all balances on the cash reconciliation.
4. That the country director receive additional training on conducting monthly cashier reconciliations.

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

The *Peace Corps Manual* section (MS) 760.5.2 states:

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

Routinely changing the combination reduces the risk of unauthorized access to the cash. Changing the combination requires the assistance of the U.S. Embassy's RSO. The cashier had not changed the combination and had not scheduled a visit.

We recommend:

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

MEDICAL SUPPLIES

Controlled substances were not properly secured.

MS 734¹ requires that:

Posts must provide secure storage for all medical supplies that are specially designated or controlled substances. Secure storage must provide effective controls and safeguards against theft and diversion. Controlled substances must be kept in a bar-locked cabinet with a three-way combination lock. The filing cabinet must be placed in a locked room (such as a medical supply closet) within a locked office building. Any cabinet or safe used to store controlled substances that weighs less than 750 pounds must be bolted or cemented to the floor or wall in such a way that it cannot be easily removed.

The post only had four types of controlled substances on hand. The Peace Corps medical officer (PCMO) kept the controlled substances in a locked file cabinet within the medical office, but did not fully comply with MS 734 storage requirements. The cabinet was not bar-locked and was also used to store medical files that the medical assistant needed to access. Proper safeguarding and controlled access of medical supplies helps prevent loss and theft. Adding a bar-lock to the cabinet and limiting its access to only PCMOs is necessary because of the sensitivity of controlled substances.

We recommend:

6. That the Peace Corps medical officer store controlled substances in a bar-locked cabinet with a three-way combination lock and control access to the cabinet.

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

MS 734 specifies the post's requirements relating to medical supplies inventory. It states, "Assurance that effective controls are in place is achieved through maintaining appropriate segregation of duties, accurate record keeping, secure storage, and periodic inventories."

¹¹ MS 734 was updated in December 2011 with implementing procedures in *Medical Technical Guideline* 240, October 2011.

The PCMO implemented the required forms and the process for inventorying controlled substances, but had not followed the same required procedures for specially designated items. The specially designated items were not being tracked by the medical supply inventory control clerk. Further, the CD signed the disposal forms without observing the medication transfer to the pharmacy for disposal.

In addition, the CD did not submit the medical inventory control log to the Office of Medical Services (OMS) annually as required by MS 734 and *Medical Technical Guideline 240*. The log is an important tool in OMS' review and oversight over posts' medical supplies.

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

We recommend:

7. That the medical supplies inventory control clerk include specially designated medical supplies on the medical inventory control log and ensure that the log contains accurate quantities and expiration dates.
8. That the country director sign the medical supply disposal form only after observing the medical supplies transfer to the pharmacy.
9. That the country director submit the medical inventory control log to the Office of Medical Services annually as required by *Peace Corps Manual* section 734 and *Medical Technical Guideline 240*.

PROPERTY MANAGEMENT

The post did not have proper separation of duties over property management; the cashier was both the record-keeper and the person responsible for conducting inventories.

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

During the site visit, the Peace Corps' inventory management specialist was training posts on a new property accountability system, BarTrax. The system requires user roles for record-keeping and inventorying. The cashier learned that she would not be assigned to both roles and that

headquarters would monitor the system to ensure the responsibilities were separated. Once the post determines who will fulfill the different roles, the system will help enforce the separation of duties.

Adequate and properly implemented internal controls and procedures are essential for effective accountability and oversight over post property. Control procedures such as segregating incompatible responsibilities and reconciling inventories with the property inventory database, are important steps in protecting the property from waste, fraud, and abuse.

We recommend:

10. That the country director appoint an individual to maintain the inventory database and a separate individual to conduct the physical inventory verification.

GRANT MANAGEMENT

The post utilized various internal grant programs including: Peace Corps Partnership, Small Project Assistance (SPA), Volunteer Assistance Support Training (VAST) and Earth and Climate Partnership of the Americas. In addition, Volunteers have frequently used other external sources of funding including Costa Rica – United States of America Foundation for Cooperation, Kids to Kids, and World Connect. The post has maintained a good relationship with the organizations that support their external grant programs and has dedicated some staff resources to support the management of these additional grant programs. Headquarters has provided limited guidance and support to posts on managing these external grant programs.²



PC/Costa Rica Volunteer Hannah Kight and her counterpart in front of their grant funded recycling project.

² We added additional background information on the types of grant programs subsequent to the issuance of the preliminary report.

The post has maintained strong relationships with Volunteers by providing trainings and other resources. Volunteers, we interviewed, reported feeling well-supported by post staff throughout the grant process. In addition, the post communicated its approach to grant funding, which promotes identifying local funding sources first, followed by in-country sources, and lastly other external sources.

The post did not have an effective process to ensure grant documentation was complete.

MS 720, “Peace Corps Partnership Program” states, “The post and OPSI [Office of Private Sector Initiatives] will each maintain a copy of the proposal, final report, and all correspondence pertaining to the project.” The SPA Program Handbook – November 2010 states:

A complete SPA Grant file containing all documentation related to the project (including the proposal, the Project Agreement, consent forms, documented budget revisions, waivers from PC/Washington, reports, etc.) should be kept at post. Such files should be maintained in accordance with Peace Corps directives on file management and Inspector General (IG) audit guidelines.

Although the post managed various grant programs, it had not developed an effective process to oversee all of the associated project documentation. Instead, various staff with different roles in the management of the grant process maintained separate files, making it difficult to obtain complete documentation or determine the current status of projects. During our file review some project files were missing documentation that the post was later able to provide. Further, neither post nor Peace Corps headquarters provided specific instruction on what documentation should be stored electronically versus paper.

Based on our review of seven selected grant project files we determined that five project files were missing required signatures and not all transfer forms from one Volunteer to another were easily obtained.³

The post recognized the need to centralize the management of its grant programs and was in the process of reviewing its grant management. Additionally, the post has developed their own forms where guidance was not provided, including committee approval checklists and a signature pages for VAST application forms and completion reports.

We recommend:

11. That the post determine the documentation required for grant projects based on agency policies and the post’s needs.
12. That the post establish a process to ensure that all relevant documentation is maintained in a form and location that is easily accessible.

³ We revised the results of the file review based on additional documentation provided by the post subsequent to the issuance of the preliminary report.

PERSONAL SERVICES CONTRACTS

Security background certification updates were missing for one PSC.

MS 743.8.2 states:

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

We reviewed the security certifications for 25 out of 29 local PSCs and found that re-certifications were not obtained for one individual. The staff received a security certification when they were hired, but had not received recertification after five years. The certification expired in July 2011. The CD acknowledged that “this has been a major effort” to obtain all required security certifications and recertifications and told us that the post was coordinating with the RSO’s office.

We recommend:

13. That the country director ensure that the post has obtained the security background updates and that these are placed in the staffs’ contractor files.

VEHICLE MANAGEMENT

The Post did not comply with recent updates to Peace Corps’ policy on vehicles sales by conducting its own auction of excess vehicle.

Post auctioned and sold its vehicle on July 15, 2011. However, the Peace Corps’ *Vehicle Fleet Management Guide*, June 29, 2011 disallowed PC facilitated sales/auctions for agency owned vehicles. The guide states:

Please note: There are revised procedures for disposing of agency owned vehicles. PC facilitated sales/auctions are no longer an acceptable method of disposal for agency owned vehicles.

These are the only two acceptable means of disposals of PC vehicles. Arrange for the vehicles to be disposed of (sold) through an independent auction (competitive sale) through either the U.S. Embassy or a reputable third party auction.

The guide incorporated this requirement to ensure vehicles are sold at a fair and reasonable price and to mitigate the risk of improper sales, such as inadequate arms-length transactions or bidding fraud. Based on review of the advertisement, bidding procedures, and collections, we did not identify any improper sales. The staff was unaware of the requirement and decided to conduct the sales themselves because the U.S. Embassy had recently held an auction. In order the comply with Peace Corps policies and controls, post must ensure future sales of vehicles and other property are conducted by the U.S. Embassy or a third-party auctioneer.

We recommend:

14. That the country director ensure all property and vehicles sales are conducted by the U.S. Embassy or a third-party auctioneer.

LEASES

The post had not submitted all current leases to management at Peace Corps headquarters.

The DMO reported four properties to the Office of Administrative Services. However, the DMO entered into a fifth lease in November 2010 and had not reported to headquarters in a timely manner. In addition, the annual rent amount provided to Office of Administrative Services was not accurate. For example, one lease was recorded by the Office of Administrative Services with an annual rent of \$624.96 instead of the actual rent amount of \$25,000 per year.

MS 733 paragraph 4.3 requires that:

Two copies of all (real property) leases and subleases (including a copy of the primary lease) must be submitted to the Office of Administrative Services (M/AS), Peace Corps/Washington, within 30 days after the execution of the lease, together with the following information needed to fulfill General Services Administration (GSA) and Office of Management and Budget (OMB) reporting requirements...

Overseas posts must provide managers with accurate and timely information to make informed decisions and fulfill Federal reporting requirements. Because this information is needed to ensure compliance with GSA and OMB requirements, Peace Corps' internal control program should ensure that posts are aware of their responsibilities to send the information to headquarters.

The Administrative Management Control Survey is used by posts to check compliance with laws, regulations, and Peace Corps policies. The Office of Global Operations and regional management administer the survey and posts complete the questions each year. The post would not have identified the gap using the survey, because it did not have a question on reporting lease information to the Office of Administrative Services.

We recommend:

15. That the director of management and operations send updated information on all of the post's leases to the Office of Administrative Services and ensure the information listed for the post's leases is accurate.
16. That the Office of Global Operations update the Administrative Management Control Survey to include a question regarding timely submission of leases to the Office of Administrative Services.

QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE

We did not identify funds to be put to better use or questioned costs during our audit.

LIST OF RECOMMENDATIONS

We recommend:

1. That the Office of Budget and Analysis, in coordination with the Office of Global Operations, instruct regions to discontinue the practice of including costs for essential business operations in requests for additional agency resources.
2. That the post, in coordination with region, continue to pursue a safer location for the office and move to an area acceptable to the regional security officer.
3. That the country director ensure proper imprest fund verifications including a review of supporting documents for all balances on the cash reconciliation.
4. That the country director receive additional training on conducting monthly cashier reconciliations.
5. That the cashier change the safe combination at least annually.
6. That the Peace Corps medical officer store controlled substances in a bar-locked cabinet with a three-way combination lock and control access to the cabinet.
7. That the medical supplies inventory control clerk include specially designated medical supplies on the medical inventory control log and ensure that the log contains accurate quantities and expiration dates.
8. That the country director sign the medical supply disposal form only after observing the medical supplies transfer to the pharmacy.
9. That the country director submit the medical inventory control log to the Office of Medical Services annually as required by *Peace Corps Manual* section 734 and *Medical Technical Guideline* 240.
10. That the country director appoint an individual to maintain the inventory database and a separate individual to conduct the physical inventory verification.
11. That the post determine the documentation required for grant projects based on agency policies and the post's needs.
12. That the post establish a process to ensure that all relevant documentation is maintained in a form and location that is easily accessible.
13. That the country director ensure that the post has obtained the security background updates and that these are placed in the staffs' contractor files.

14. That the country director ensure all property and vehicles sales are conducted by the U.S. Embassy or a third-party auctioneer.
15. That the director of management and operations send updated information on all of the post's leases to the Office of Administrative Services and ensure the information listed for the post's leases is accurate.
16. That the Office of Global Operations update the Administrative Management Control Survey to include a question regarding timely submission of leases to the Office of Administrative 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. Our audits are conducted in accordance with the government auditing standards prescribed by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit of Peace Corps/Costa Rica covered fiscal years 2009, 2010, and 2011. While at the post, we interviewed key staff including the CD, the DMO, staff responsible for administrative support, and the lead PCMO. 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

CD	Country Director
DMO	Director of Management and Operations
FY	Fiscal Year
GAO	Government Accountability Office
GSA	General Services Administration
MS	Peace Corps Manual Section
OIG	Office of Inspector General
OMB	Office of Management and Budget
OMS	Office of Medical Services
PC	Peace Corps
PCMO	Peace Corps Medical Officer
PSC	Personal Services Contracts
RSO	Regional Security Officer
SPA	Small Project Assistance
VAST	Volunteer Assistance Support Training

MANAGEMENT'S RESPONSE TO THE PRELIMINARY REPORT



Since 1961.

MEMORANDUM

To: Kathy Buller, Inspector General

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

From: Carlos Torres, Regional Director, Inter-America and Pacific *Carlos Torres, AP/CD*
Steven Dorsey, Country Director, Costa Rica

Date: February 17, 2012

CC: Stacy Rhodes, Chief of Staff
Carrie Hessler-Radelet, Deputy Director
Joaquin Ferrao, Deputy Inspector General
Esther Benjamin, Associate Director, Global Operations
Joseph Hepp, Chief Financial Officer
Nancy Miller, General Counsel
Nina Favor, Chief Administrative Officer, Inter-America and Pacific
Monica Suber, Country Desk Officer

Subject: Response to the Preliminary Report on the Audit of Peace Corps/Costa Rica

Enclosed please find the Inter-America and Pacific Region's (IAP) response to the recommendations made by the Office of Inspector General (OIG) for Peace Corps/Costa Rica, as outlined in the Preliminary Report of the OIG Audit sent to the agency on January 6, 2012. The audit was conducted September 19-30, 2011.

The IAP Region concurs with the **16** recommendations provided by the OIG in its Preliminary Audit Report: Peace Corps/Costa Rica (January 6, 2012). Post has already addressed some of the recommendations since the OIG conducted its audit. Region provides documentation addressing 8 recommendations and will work closely with Peace Corps/Costa Rica to address the remaining 8 recommendations by the completion dates.

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OIG COMMENTS

Management concurred with all 16 the recommendations. We closed nine recommendations based on evidence of corrective actions that address the recommendations. The following seven recommendations will remain open pending confirmation from the chief compliance officer that the documentation below is received.

- Recommendation 1. A copy of the memorandum sent from Office of Budget and Analysis to the region regarding the process funding essential business operations.
- Recommendation 2. A list of the security enhancements recommended by the Peace Corps safety and security officer and agreed to by region and the regional security officer and an implementation plan.
- Recommendation 9. A copy of the email showing the post submitted the medical inventory control log to the Office of Medical Services.
- Recommendation 11 and 12. A copy of the protocol for grant document maintenance.
- Recommendation 14. Evidence that the post's policy is to use the U.S. Embassy or a third-party auctioneer to sell excess property and vehicles. This can be expressed in the post's staff handbook or through a memorandum from the country director to the staff responsible for property management.
- Recommendation 16. A copy of the Administrative Control Management Survey with the additional question on sending leases to the Office of Administrative Services.

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

Brad Grubb, Assistant Inspector General for Audit, and Danel Trisi, Program Analyst performed the audit of Peace Corps/Costa Rica.

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.

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

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

Contact OIG

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