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OFFICE OF INSPECTOR GENERAL

To: Aaron S. Williams, Director
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Daljit Bains, Chief Compliance Officer

From: Kathy A. Buller, Inspector General 

Date: June 29, 2012

Subject: Final Report on the Audit of Peace Corps/Lesotho (IG-12-05-A)

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

Management concurred with all 22 recommendations. We closed 20 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 two 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

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Peace Corps Office of Inspector General



King Letsie III of Lesotho Congratulates Volunteer Terry Ellard
at the September 2011 Volunteer Swearing-in Ceremony



Map of Lesotho, Source: state.gov



Flag of Lesotho

Final Audit Report: Peace Corps/Lesotho IG-12-05-A

June 2012

EXECUTIVE SUMMARY

The Office of Inspector General (OIG) conducted an audit of Peace Corps/Lesotho (hereafter referred to as “the post”) from October 4, 2011 to October 20, 2011. At the time of the audit, the post had three U.S. Direct Hires, three foreign service nationals, two third-country national contractors, and 18 personal services contractors. The post had a fiscal year (FY) 2011 budget of approximately \$1.6 million, supporting 62 Volunteers.¹

We found that the post’s financial and administrative operations required improvement in a number of areas and did not fully comply with agency policies. Specifically:

- The post did not properly secure the medical supply room exposing its contents to risks associated with fraud, waste and abuse. The post had not implemented the necessary processes to record and track medical supplies, resulting in incomplete and inaccurate medical supply inventories.
- The post lacked an adequate control over Value Added Tax (VAT) refunds to ensure that all allowable VAT refunds were identified, claimed and collected timely. Further, the post did not pursue eliminating the VAT at point of sale. We identified \$64,670 for potential VAT that went unclaimed.
- Documentation showed that several staff members were using Peace Corps telephones and cell phones excessively to make personal calls. The personal calls impose additional fees charged to the Peace Corps and are considered an administrative burden to track and bill individual users.
- The post misclassified \$38,471 with incorrect object class codes.
- Finally, the post lacked adequate internal control over the imprest fund management and property management.

Before issuing the preliminary report, we provided management with a draft of our findings and they began remediating our findings. In response to the preliminary report management concurred with all 22 recommendations. As a result of timely corrective action, we closed the 20 recommendations. The remaining two recommendations remain open pending copies of the documents described in Appendices C and D.

¹ This amount does not include the salaries, benefits, and other related expenses of U.S Direct Hires assigned to post and other costs the agency has determined should be centrally-budgeted.

TABLE OF CONTENTS

EXECUTIVE SUMMARY	i
BACKGROUND.....	1
AUDIT RESULTS	1
BILLINGS AND COLLECTIONS	1
MEDICAL SUPPLIES	4
LEASES.....	6
VALUE ADDED TAX	8
PROPERTY MANAGEMENT.....	10
IMPREST FUNDS MANAGEMENT	11
FISCAL CODING MISCLASSIFICATION	12
GRANT MANAGEMENT.....	13
OTHER AREAS OF CONCERN.....	14
COMMUNICATION BETWEEN THE POST AND HEADQUARTERS.....	14
QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE	15
LIST OF RECOMMENDATIONS	16
APPENDIX A: OBJECTIVE, SCOPE, AND METHODOLOGY.....	18
APPENDIX B: LIST OF ACRONYMS	19
APPENDIX C: MANAGEMENT’S RESPONSE TO THE PRELIMINARY REPORT	20
APPENDIX D: OIG COMMENTS.....	30
APPENDIX E: AUDIT COMPLETION AND OIG CONTACT	31

BACKGROUND

OIG conducted the audit of the post October 4 – 20, 2011. We previously performed an audit February 21 – March 8, 2005 and issued our report in September 2005 (IG-05-09-0A).

The first group of Volunteers arrived in Lesotho in 1967, one year after the country gained independence from Great Britain. Approximately 2,100 Volunteers have served in Lesotho since it was first established. In September 1998, the Peace Corps temporarily evacuated all Lesotho Volunteers to South Africa because of civil unrest and prolonged protests against the outcome of parliamentary elections. As a result, one-third of the 74 Volunteers serving at that time opted to go home. In early November 1998, 49 Volunteers returned to Lesotho.

At the time of our audit, 62 Volunteers, including one Peace Corps Response Volunteer, were working in the education and community health and economic development program areas. In FY 2011, the post's budget was approximately \$1.6 million.²

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

BILLINGS AND COLLECTIONS

The post had not established policies limiting the personal use of telephones and cell phones.

MS 547.4.2 Use of Government Technology Services and Equipment states:

Use of government technology services and equipment, including access to the Internet, is for official use by authorized personnel. Limited personal use (using government equipment for purposes other than accomplishing official or otherwise authorized activity) is allowed as provided in this Manual Section. However, personal use is a privilege and not a right, and may be revoked or limited at any time at the discretion of an employee's supervisor or the Chief Information Officer. Personal use is subject to the following rules.

- (a) Employee personal use of government equipment must not adversely affect the employee's performance; must be of reasonable duration and frequency; and involve activities that cannot reasonably be done at another time.

The post issued approximately 990 bills of collections (BOCs) for the personal use of agency telephones from July 2007 to December 2011. Our review of the phone charges from October 2010 through August 2011 showed staff using their Peace Corps phones for mostly personal use. For

² The post's budget does not include the salaries and benefits of U.S. Direct Hires.

example, 81 percent of the phone calls made by seven staff members and 52 percent of the charges made by another nine staff members were identified to be of personal nature. The excessive use of Peace Corps phones wastes valuable agency resources and results in agency work being neglected and delayed as post employees spend work hours on personal matters. It also negatively impacts the post's operations because administrative staff, as well as the director of management and operations (DMO) and the country director (CD), must spend additional time analyzing, identifying, billing and collecting for personal use of telephones.

The post did not maintain effective controls over BOCs to ensure timely and complete receipt of payments.

According to the *Overseas Financial Management Handbook* (OFMH) chapter 7, "Payment is due within 30 days of receipt of the billing document (issued by the Billing Officer)."

During our visit, the post had 76, 841 Lesotho Loti, approximately \$9,730 U.S. Dollar Equivalent (USDE), in outstanding BOCs, some were outstanding for more than a year. See Table 2 for details on the outstanding BOCs. We also determined that the post permitted staff to pay the BOCs in installment payments by creating three BOCs for each employee's phone charges. The country director stated that the open BOCs were the result of erratic billing from the cell phone provider. MS 777 states, "Claims should be collected in full in one lump sum whenever this is possible."

Table 2. Outstanding Personal Phone Charges as of October 7, 2011

Billing Date	Amount in USDE*	Period of Service
08/10/2010	\$ 783	Feb 2010 – May 2010
03/10/2011	2,362	Oct 2010 – Jan 2011
03/22/2011	448	Oct 2010 – Jan 2011
07/26/2011	1,418	Oct 2010 - Mar 2011
09/07/2011	203	May 2011 – Jul 2011
10/05/2011	3,661	May 2011 – Aug 2011
10/06/2011	855	May 2011 – Aug 2011

*USDE=U.S. Dollar Equivalent

The numerous charges for personal phone calls contributed to a backlog of BOCs. Processing BOCs in a timely manner is necessary to ensure that government funds can be put to better use and to prevent staff from misusing government resources. OFMH chapter seven expresses the need for greater control over billings and collections. It states, "Billings and collections is one of the more vulnerable areas of Post management and it is essential that Post establish checks and balances to provide for sound funds control."

We recommend:

1. That the country director establish and enforce the "limited personal use" policy for all employees in compliance with *Peace Corps Manual* section 547.
2. That the collection officer initiate collection for all past due bills of collection and send routine reminders for outstanding amounts.

3. That the country director discontinue the practice of issuing multiple bills of collection to staff for the purpose of accepting installment payments and communicate this to staff through a memorandum or updated standard operating procedure.

The post did not ensure proper separation of duties over billing and collection functions.

OFMH 13 states that “Only a duly designated and authorized Principal Class B Cashier may operate an imprest fund and is personally accountable for the imprest fund.”

The Standards for Internal Control in the Federal Government (GAO/AIMD-00-21.3.1) states:

Key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud. This should include separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets. No individual should control all key aspects of a transaction or event.

During our review of the auction of the post’s property, we noted one incident where the billing officer collected cash from the debtors, issued a manually general receipt for each transaction, and then generated a combined BOC for all transactions from FORPost. The billing officer subsequently provided the cash collected along with the BOC to the cashier. The cashier issued a single consolidated general receipt. The total value of cash collected from the auction was approximately \$6,600.

Further, the post prepared BOCs after VAT refunds were collected, making it challenging to determine the actual VAT refunds that post had claimed and the outstanding VAT refunds. Allowing a billing officer to both collect cash and issue BOCs violates the segregation of duties required by standards of internal control to reduce fraudulent transactions. Inadequate segregation of duties between preparing the BOC and processing the refund increases the risk that fraud and abuse of government funds may occur.

We recommend:

4. That the country director develop and implement adequate segregation of duties between billing and collection functions.

The post voided BOCs without proper approval from headquarters.

MS 777.24.1, “*Billing and Collection Procedures, Debts and Claims,*” states:

If collection has not been made after the prescribed number of demands for payment, the claim will be referred by memorandum to the Field Director for approval of recommendation for compromise, suspension or termination of collection action. Compromise should only be solicited in those instances where it would be deemed feasible for amounts of less than \$100. The claim file should contain documentation showing the debtor's name; the amount of the debt; the actions taken to effect collection and a brief summary justifying the recommendation. A copy of the memorandum will be sent to M/FM/A after recommendation is approved by the Field Director.

Such billings will be forwarded to PC/W addressed to Director, M/FM/A, together with the complete file containing all documentation along with a memorandum containing the Field Director's recommendation.

If the prescribed collection action, fails to effect collection, M/FM/A shall refer all pertinent documentation and make a recommendation for inviting compromise, suspension or termination of collection action in a covering memorandum, forwarded through the Office of the General Counsel, to the Associate Director for management.

Instead of maintaining an aggressive follow-up program for outstanding bills until collection or other means of settlement are made, the CD and DMO voided 32 BOCs with an approximate value of \$4,600 USDE in February 2011, noting "Cashier Void - CD and AO decisions on old bills from the Phone Company Personal Use of Cell Phone - June to September 2010."

According to the post, the CD and DMO decided to void the BOCs because the erratic billing resulted in months of personal phone charges being identified and billed to staff at the same time. Further, post was unable to identify how many of the personal phone calls were related to the death of a Volunteer in FY 2010. For example, staff may have permitted Volunteers to use their phones to call home.

According to MS 777, the CD may sign approval using a memorandum of recommendation for compromise to be sent to headquarters. Official termination must be approved by the Office of General Counsel and the associate director for management. Neither CD nor DMO has the authority to terminate collection efforts from current and former employees or PSCs.

We recommend:

5. That the director of management and operations re-issue bills of collection for previous bills of collection that were inappropriately voided or obtain appropriate waivers from the Peace Corps/Washington in accordance with the policy.
6. That the director of management and operations reconcile the phone usage spreadsheets with the bill of collection log to ensure that all outstanding balance of personal phone usage are billed properly.

MEDICAL SUPPLIES

The post did not fully implement the agency's medical supplies policy for receipting, tracking, and inventorying.

The *Peace Corps Manual* section (MS) 734³ states that:

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.

³ MS 734 was updated in December 2011 with implementing procedures in *Medical Technical Guideline* 240, October 2011.

The MSIC must maintain an accurate and separate set of inventory records for all medical supply items that are specially designated or controlled substances.

The Acceptance Point Clerk (APC) is appointed by the CD and is responsible for receiving all medical supplies at post and coordinating initial inventory and transfer to the Medical Office. The APC works with both the Medical Supply Inventory Control Clerk (MSICC) and the PCMO [Peace Corps Medical Officer] to ensure that medical supplies are properly delivered and inventoried. The APC must not be a member of the Medical Office staff, and cannot serve as the MSIC Clerk.

Over the last few years, the post experienced high turnover within the medical office. During FY 2011, the country director (CD) and PCMO began implementing the revised (November 26, 2008)⁴ medical supplies policies and procedures. However, at the time of our audit we identified several key controls that required strengthening including securing and storing of medical supplies, maintaining accurate and complete medical supply records, separating duties, and properly disposing of certain medical supplies.

Securing Medical Supplies. The post did not adequately secure the medical supply room and restrict its accessibility. The post placed two printers, one copier and a shredder in the medical supply room that could be accessed by staff not assigned to the medical unit and Volunteers during business hours. Further, stored medical supplies were not well organized, making it difficult to identify lost or otherwise unaccounted for supplies.



Medical Supply Room

Separation of Duties. The post had neither formally designated an acceptance point clerk (APC) to verify receipt of medical supplies nor a medical supply inventory control (MSIC) clerk to maintain the medical inventory control log and to track the inventory status of all medical supplies. On November 7, 2011, the CD formally appointed the APC and MSIC clerk. However, the post appointed the medical secretary as the APC, which is an inadequate separation of duties and does not comply with MS 734 because the medical secretary works within the medical office and has a role in managing the supplies.

Medical Supply Forms and Inventories. The post did not maintain accurate and complete inventory records and had not submitted the required records to the Office of Medical Services

⁴ Peace Corps MS 734 was substantially revised in 2008. Key changes to this policy related to separation of duties in the receipting, tracking, and inventorying of medical supplies. In December 2011 further revision was made to MS 734 adding Medical Technical Guideline 240 for further detailed implementing guidance.

(OMS) for oversight. The post did not use most of the required medical supply forms and the MSIC clerk did not maintain a separate medical supply inventory record. Instead, the medical office maintained internal handwritten dispensing records, making it difficult to determine what medical supplies were used during a given period; how many medical supplies were on hand; and which supplies may be reaching expiration dates. Reliable medical supply inventory records are critical in making accurate and cost-effective inventory ordering decisions. Further it greatly assists in ensuring that the medical unit has the appropriate items and quantities of medical supplies on hand to effectively treat Volunteers. Accurate and complete records also minimize the potential for theft and misuse of medical supplies.

Disposal of Medical Supplies. The post did not dispose of expired drugs in a timely manner. We reviewed two lists of expired medical supplies one dated January 1, 2011 and the other on July 8, 2011. We identified seven expired pharmaceuticals that had remained in the post's medical supply inventory for two to five years beyond their expiration date. When pharmaceuticals expire it is important to dispose of them properly to avoid harm to patients.

We recommend:

7. That the post designate a secured room for storing medical supplies and restrict its access to designated staff only.
8. That the post conduct a complete physical inventory of medical supplies in accordance with agency policy and update the inventory records accordingly.
9. That the country director assign someone who is not assigned to the medical office as the acceptance point clerk to receive medical supplies delivered to the post.
10. That the country director and the Peace Corps medical officer dispose of expired medical supplies in a timely manner in accordance with Peace Corps policy.

LEASES

The post informally exchanged leased housing with the U.S. Embassy without entering into a new lease or subleasing for the U.S. Embassy property.

MS 733 states:

Peace Corps does not rely on or award leases under the authority of other agencies, such as the Department of State and USAID, which have their own similar but distinctly different authorities.

Contracting Officers (CO) may enter into subleases for specific properties with the Embassy if warranted by special circumstances. Such circumstances might include an offer of rent-free or reduced rent use of a property, limited property availability, or properties uniquely suited to Peace Corps' mission. In these circumstances the CO must still determine that the lease is in the best interest of the government.

When she arrived at the post in February 2010, the current CD moved into a U.S. Embassy leased house instead of a Peace Corps leased house that had been used by her predecessor. The CD emailed the Office of Acquisitions and Contract Management (OACM), requesting to switch leased residences with the U.S. Embassy in Lesotho based on the proximity to the post and her estimate that costs of the U.S. Embassy lease would be less. OACM advised the post to terminate the lease for the Peace Corps house, conduct an independent market research, and, if it is the best value to the Peace Corps, issue a new lease for the U.S. Embassy house.

The post prepared the required selection memorandum for the property but did not terminate the leases nor enter into subleases. Instead, the CD proceeded to exchange residences with the U.S. Embassy without properly terminating of the leases and entering into new agreements. Exchanging leased houses without formal legal and administrative documentation bypasses necessary controls and increases the risk that the post may violate contracting and financial regulations imposed to minimize the potential for fraud, waste, and abuse of government resources. However, we are not making a recommendation at this time because the post and OACM have taken corrective action and properly executed a new lease.

The post did not document all of the lease information required to report to the headquarters and the General Services Agency.

MS 733 procedures state:

Posts must budget in USD [U.S. dollars], obligate in USD and then request payment in 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.

One copy 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

An estimate of the square footage and/or acreage. If lease is for a building, indicate total square footage of the building (all floors). If the lease is for building(s) and ground, indicate total square footage and primary use of each building as well as size of ground.

In the event a lease is terminated before its expiration date, notice must be sent to OACM and M/AS prior to the termination including the lease number, termination date and reason for the early termination.

We determined that the post listed both USD and local currency in its leases. The procedure guide was issued on November 28, 2011; therefore the leases were signed before the requirement. However, the post should list only local currency in new or renewal leases in the future. Listing both currency types creates a risk that Peace Corps could potentially have to pay higher rate due to currency exchange fluctuations.

Further, three out of four leases reviewed did not have the square footage and/or acreage and two out of the four did not contain a signed certificate of acceptance. The square footage is reported to the General Service Administration to account for all federal real property. The certificate of acceptance indicates the exact date of occupancy and rental due date that both the post and lessor mutually agreed on to minimize the risk of legal dispute.

We also found that the post terminated one leased property without sending prior notice to OACM including the lease number, termination date and reason for the early termination. The post sent a termination notice to the lessor on January 19, 2011 and subsequently notified OACM on January 28, 2011. Further, the post did not use MS 733 Termination Notice and Release of Claim. Instead the post drafted a letter that was missing the following required elements:

- Lease number
- Lessor’s acknowledgement that the premise was returned by Peace Corps to the Lessor
- Statement that the lessor released and discharged the U.S. Government, and any agency, agent, officers or employees thereof, from any and all liabilities, obligations, claims, and demands of any kind or nature arising from any facts or actions, whether now known or unknown, with respect to any of the facts and circumstances associated with the lease or its termination by the parties.

We Recommend:

11. That the post notify the Office of Acquisitions and Contract Management prior to terminating leases and use the required termination notice and release of claim.
12. That the director of management and operations include square footage, a signed certificate of acceptance and list only one currency in new and renewal leases.

VALUE ADDED TAX

The post could improve its VAT refund process by pursuing elimination of VAT at the point of sale, strengthening controls over preparing the VAT refund requests, and requesting refunds more frequently.

The country agreement between the United States and Lesotho signed on September 22, 1967 states:

The Government of the Kingdom of Lesotho will exempt from all taxes, customs duties and other charges, all equipment and supplies introduced into or acquired in the Kingdom of Lesotho by the Government of the United States, or any contractor financed by it.

OFMH section 7.1.1, states, “Posts should pursue eliminating VAT (Value Added Tax) at Point of Sale, so the refunds do not need to be processed....Posts should submit refund requests at least quarterly.”

The registered vendors⁵ in Lesotho add 14 percent VAT for purchases categorized as “other supplies and services” (utility vendors add 5-percent). Beginning in FY 2007, the cashier recorded details of VAT refund amounts and respective obligation numbers on an Excel

⁵ Only registered vendors with the Revenue Authority in Lesotho are allowed to charge VAT.

spreadsheet. Between FYs 2007-2011, post collected \$172,978 in VAT refunds from the Lesotho Revenue Authority (LRA).

The post could gain efficiency and reduce the effort of preparing VAT refunds by eliminating VAT at the point of sale. Lesotho law grants exemptions for supplies to diplomatic missions. The post had not fully evaluated the feasibility of eliminating VAT charges at point of sale. If the post eliminated VAT charges before invoicing, it could reduce the amount of time and effort it takes to prepare VAT refunds. For example, one vendor for security services accounted for approximately 47 percent (\$81,392 out of \$172,978) of the total VAT refund collected by the post during the period FYs 2007-2011. Further, eliminating VAT at the point of sale minimizes the risk of fraud and unintentional errors.

The post's process for identifying VAT charges and preparing the VAT refund requests did not ensure all VAT charges were collected. We compared VAT collections with an estimate of VAT charges for FYs 2007 and 2011. Based on our analysis, we estimate that the amount of potential unclaimed VAT exceeded the amount of VAT collected by approximately \$64,670. We developed the following methodology for our analysis:

- a) We identified the actual VAT refunds collected between FYs 2007-2011 that had been paid by the post to the registered vendor names using the information post recorded in the VAT tracking worksheet.
- b) We combined the FYs 2007-2011 disbursements made to these registered vendors based on disbursements data provided by headquarters.
- c) We determined the potential amount of VAT that the post paid by applying the relevant VAT rate to the disbursements.
- d) We compared the amount of VAT collected by the post with the estimated VAT charged by the vendors to determine an approximate amount of VAT that was estimated to be unclaimed.

The estimated unclaimed amount could include refund claims rejected by LRA due to delays in filing the refund application. According to the staff, the LRA had rejected invoices due to delays in filing. However, the post did not document any discrepancies between amounts claimed and amounts collected. During the audit the post began submitting VAT refund requests on a monthly basis.

We recommend:

13. That the country director, in coordination with the U.S. Embassy, pursue eliminating value added tax at point of sale by obtaining a value added tax exempted permit.
14. That the post establish a formal procedure to ensure that all expenditures subject to value added tax are claimed and collected from the Lesotho Revenue Authority in a timely manner.

15. That the post compare the claimed value added tax amount to the actual amount collected and analyze the differences to determine whether post can provide additional details or improve its process to reduce the amount of rejected claims.

PROPERTY MANAGEMENT

The post did not maintain accurate and up-to-date inventory records.

“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 our audit we attempted to locate property listed on the personal property inventory. However, we determined that the inventory was not up-to-date and the status of assets was incorrectly stated. The list did not contain accurate locations making it difficult to verify the existence of property.

In October 2011, the post began implementing the Peace Corps’ new BarTrax software for management of personal property records and inventory process. When this software is fully implemented it is expected to enhance controls by automating property records and annual inventory processes.

We recommend:

16. That the director of management and operations reconcile the physical inventory taken with the property inventory database and research any discrepancies.

The post did not maintain segregation of duties between the staff who are purchasing property, updating the database, and taking physical inventory.

The Peace Corps’ *Personal Property Management Handbook* requires posts to separate responsibilities for purchasing property, maintaining the property database, and conducting the physical inventory of property. The handbook states:

The one requirement is that these duties must be assigned to separate people, in order to ensure separation of duties and appropriate internal controls. If the same person is purchasing an item, entering it into the database, and inventorying it, there are increased chances of both mistakes and actual fraud. Having multiple people involved in the life of the asset reduce the opportunities for mistakes or fraud.

We determined that the same individual entered purchased property into the database and conducted the physical inventory. Separating the duties regarding property management is an important control to help prevent waste, fraud, and abuse. Once the post has reassigned the responsibilities and fully implemented the new BarTrax software, the property database should facilitate helping enforce the separation of duties through defined user roles.

We recommend:

17. The country director assign separate individuals to conduct the physical inventory and maintain the records documenting the property database.

IMPREST FUNDS MANAGEMENT

Staff did not clear their travel vouchers in a timely manner.

OFMH 57.60, states, “It is the responsibility of the traveler to personally prepare the travel voucher within 5 days of completion of the travel. The administrative unit reviews and approves the travel voucher.” The staff did not consistently submit their travel vouchers in a timely manner. Our review of seven sampled travel vouchers between November 2010 and September 2011 disclosed that none of the seven had been completed in a timely manner. The delays spanned between seven and 60 days with average delay of 21 days. Further, we found three out of the seven travel authorizations were not signed by the traveler and the approving official.

Clearing interim advances in a timely manner ensures a prompt return of unused funds and helps to minimize imprest fund cash required to be on hand.

We recommend:

18. That the director of management and operations remind post staff of the requirement to submit their travel vouchers within five working days and monitor the status to ensure that advances, if any, are cleared in a timely manner.

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

MS 760.5.2, states:

The cashier must personally set the combination to the safe.... provide a copy of the combination in a sealed envelope to the Embassy RSO. The combination should be changed at least annually, whenever there is a change in cashiers, or whenever the combination becomes known to a person other than the cashier.

The cashier did not change the combination annually and did not provide a copy of the combination in a sealed envelope to the U.S. Embassy regional security officer. Routinely changing the combination reduces the risk of unauthorized access to the cash and associated potential for fraud and abuse.

We recommend:

19. That the cashier change the combination and provide a copy of the combination in a sealed envelope to the U.S. Embassy regional security officer.

The cashier did not adequately control access to the cashier cage.

The cashier's cage was not always secured during business hours. We observed that the cashier frequently left the secured area to pick up printed general receipts or make photocopies on the copy machine outside of her secured room without ensuring the door was closed and locked. This could potentially compromise the safeguarding of valuable documents and cash.

We recommend:

20. That the director of management and operations install a printer inside the cashier cage so the cashier doesn't leave her cage frequently.

FISCAL CODING MISCLASSIFICATION

The post misclassified \$38,471 expenditures to inaccurate object class codes.

Fiscal Code 2012 states:

The Object Class Code (OCC) is used to classify expenditures according to types of goods and services, such as personnel, travel, rent, and supplies. In Odyssey, Peace Corps has established its object class codes to comply with the Office of Management and Budget (OMB) reporting requirements.

Based on our analysis of disbursements for FY 2009 - FY 2011, we identified that the post misclassified expenditures, specifically:

- The post inappropriately allocated \$16,857 in conference lodging costs to staff and Volunteer travel instead of conference travel costs. The Peace Corps' Fiscal Coding Handbook explicitly states that conference travel costs includes "all travel costs associated with staff conferences including travel, per diem, and allowances.
- The post misclassified communication expenses of \$6,895 paid to a phone carrier as computer equipment and software.
- The post misclassified \$14,719 paid to auto service vendor as supplies other than those used for motor and vehicle.

It is crucial for the post to use the accurate object class codes in the financial system to control use of resources according to the purposes as provided for in the budget authority. Ensuring the accuracy and reliability of financial information is necessary to make informed decisions about agency resources.

We recommend:

21. That the director of management and operation establish and enforce formal procedures to ensure that all disbursements are allocated to appropriate object class codes.

GRANT MANAGEMENT

The post did not have an effective process to track Peace Corps Partnership Program (PCPP) grant projects.

MS 720, 5.1.10, states:

The Coordinator will monitor the status of the project and coordinate with the PCV during implementation. The PCV shall inform the Coordinator of any delays, problems, or other difficulties that could significantly alter the project's schedule or jeopardize its successful completion.

The post did not have a designated PCPP coordinator. Instead, the associate Peace Corps directors helped Volunteers identify, prepare, monitor, and budget the projects. The director of management and operations maintained the projects files. Based on our review of PCPP project files, we determined that:

- The projects files were not well organized.
- The post had no procedures in place to track the status of the projects.
- The post did not reconcile the budgeted cost with the actual cost for each project.

We recommend:

22. That the post establish formal procedures to track Peace Corps Partnership Program projects and to reconcile the actual expenditure with the budgeted expenditures.

OTHER AREAS OF CONCERN

COMMUNICATION BETWEEN THE POST AND HEADQUARTERS

Although posts are permitted to maintain leases in anticipation of U.S. staff, we believe that better communication between post and headquarters could have helped the post make informed decisions on leasing and furnishing a residence designated for a U.S. PCMO. Between September 16 and October 7, 2010, the post purchased and received new furniture of \$20,162 in preparation for setting up a newly-hired U.S. PCMO's residence. However, on September 14, 2010, the selected U.S. PCMO informed OMS that she decided not take the position. The post proceeded to purchase furniture because OMS was still considering hiring a U.S. PCMO. By November 2010, OMS decided to hire a third-country national PCMO instead who was neither entitled to a residence nor furniture.

Subsequently, the region instructed the post to use some of the furniture in other government-leased residences. As a result, the post transferred part of the furniture to other residences and the remaining part was kept unused in storage room. The post also discussed how to handle the residential lease with region. Finally, in January 2011, the post officially terminated the lease. We believe that better communication between OMS, region, and the post might have prevented unnecessary purchases for furniture and enabled post to terminate the lease sooner.

QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE

We did not identify any questioned costs. We identified \$67,044 in funds to be put to better use during the course of the audit. Funds to be put to better use includes funds that could be used more efficiently if management took actions to implement and complete the recommendations.

Although the post will not be able to recoup the value added tax on the FY 2007 – 2011 expenditures, we believe that implementing our recommendations will help post recognize similar savings in the future.

Funds to be Put to Better Use

Recommendation number	Description	Amount
5	Bills of Collection inappropriately voided	\$ 2,374
13	Estimated amount of potential value added tax refunds unclaimed from FY 2007 – 2011	\$64,670

LIST OF RECOMMENDATIONS

We recommend:

1. That the country director establish and enforce the “limited personal use” policy for all employees in compliance with *Peace Corps Manual* section 547.
2. That the collection officer initiate collection for all past due bills of collection and send routine reminders for outstanding amounts.
3. That the country director discontinue the practice of issuing multiple bills of collection to staff for the purpose of accepting installment payments and communicate this to staff through a memorandum or updated standard operating procedure.
4. That the country director develop and implement adequate segregation of duties between billing and collection functions.
5. That the director of management and operations re-issue bills of collection for previous bills of collection that were inappropriately voided or obtain appropriate waivers from the Peace Corps/Washington in accordance with the policy.
6. That the director of management and operations reconcile the phone usage spreadsheets with the bill of collection log to ensure that all outstanding balance of personal phone usage are billed properly.
7. That the post designate a secured room for storing medical supplies and restrict its access to designated staff only.
8. That the post conduct a complete physical inventory of medical supplies in accordance with agency policy and update the inventory records accordingly.
9. That the country director assign someone who is not assigned to the medical office as the acceptance point clerk to receive medical supplies delivered to the post.
10. That the country director and the Peace Corps medical officer dispose of expired medical supplies in a timely manner in accordance with Peace Corps policy.
11. That the post notify the Office of Acquisitions and Contract Management prior to terminating leases and use the required termination notice and release of claim.
12. That the director of management and operations include square footage, a signed certificate of acceptance and list only one currency in new and renewal leases.
13. That the country director, in coordination with the U.S. Embassy, pursue eliminating value added tax at point of sale by obtaining a value added tax exempted permit.

14. That the post establish a formal procedure to ensure that all expenditures subject to value added tax are claimed and collected from the Lesotho Revenue Authority in a timely manner.
15. That the post compare the claimed value added tax amount to the actual amount reimbursed and analyze the differences to determine whether post can provide additional details or improve its process to reduce the amount of rejected claims.
16. That the director of management and operations reconcile the physical inventory taken with the property inventory database and research any discrepancies.
17. That the country director assign separate individuals to conduct the physical inventory and maintain the records documenting the property database.
18. That the director of management and operations remind post staff of the requirement to submit their travel vouchers within five working days and monitor the status to ensure that advances, if any, are cleared in a timely manner.
19. That the cashier change the combination and provide a copy of the combination in a sealed envelope to the U.S. Embassy regional security officer.
20. That the director of management and operations install a printer inside the cashier cage so the cashier doesn't leave her cage frequently.
21. That the director of management and operation establish and enforce formal procedures to ensure that all disbursements are allocated to appropriate object class codes.
22. That the post establish formal procedures to track Peace Corps Partnership Program projects and to reconcile the actual expenditure with the budgeted expenditures.

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.

Our audit covered fiscal years 2009, 2010 and 2011, except for the BOCs and VAT. Based on our professional judgment, we expanded our audit scope of VAT and BOCs for an additional two years (FYs 2007 and 2008.) We also contacted the LRA to obtain a statement of VAT payments since 2007. We compared the post's records with the LRA's statement to assess the reasonableness of the VAT claimed and collected. We performed analysis of VAT refunds to quantify the potential unclaimed VAT.

While at the post, we interviewed key staff including the CD, the DMO, administrative support staff, and the PCMO. A number of local staff requested that the post initiate a training and development program to strengthen their current job skills and to learn new skills. 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 in collaboration with documentation such as invoices, contracts, and receipts. 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*, the *Overseas Financial Management Handbook* and current Peace Corps policies.

LIST OF ACRONYMS

APC	Acceptance Point Clerk
AO	Administrative Officer
BOC	Bill of Collection
CD	Country Director
CO	Contracting Officer
DMO	Director of Management and Operations
FY	Fiscal Year
GAO	Government Accountability Office
LRA	Lesotho Revenue Authority
MS	Peace Corps Manual Section
MSIC	Medical Supply Inventory Control
OACM	Office of Acquisitions and Contract Management
OFMH	Overseas Financial Management Handbook
OIG	Office of Inspector General
OMB	Office of Management and Budget
OMS	Office of Medical Service
PCMO	Peace Corps Medical Officer
PCPP	Peace Corps Partnership Program
PSC	Personal Services Contractor
USD	U.S. Dollar
USDE	U.S. Dollar equivalent
VAT	Value Added Tax

MANAGEMENT'S RESPONSE TO THE PRELIMINARY REPORT



Since 1961.

MEMORANDUM

To: Kathy Buller, Inspector General

Through: Daljit K. Bains, Chief Compliance Officer 

From: Dick Day, Africa Regional Director 
Kathy Jacquart, Lesotho Country Director

Date: May 25, 2012

CC: Carrie Hessler-Radelet, Deputy Director
Stacy Rhodes, Chief of Staff
Joaquin Ferrao, Deputy Inspector General
Bradley Grubb, Assistant IG/Audits
Esther Benjamin, Associate Director, Global Operations
Lynn Foden, Africa Region Chief of Operations
Alyssa Karp, Africa Region Chief Administrative Officer
Jim McCormick, Lesotho Director of Management & Operations
Heidi Broekemeier, Lesotho Country Desk Officer

Subject: Agency Response to the Preliminary Report of Peace Corps/Lesotho, April 2012

Enclosed please find the agency's response to the recommendations made by the Inspector General for Peace Corps/Lesotho, as outlined in the Preliminary Report of the Audit of the IG Audit sent to the Agency on April 12, 2012.

The Region concurs with 22 recommendations provided by the OIG in its Preliminary Audit Report: Peace Corps/Lesotho. Post has addressed and provided supporting documentation for all 22 of 22 recommendations.

Peace Corps Lesotho was diligent in reporting back to OIG and providing quick turnaround of the documentation requested by OIG Auditors. Therefore, of the 22 recommendations, only one

remained open upon issue of the Preliminary Report in April 2012 (Recommendation 5).
(Documentation for closure of Recommendation 5 has subsequently been provided)

Following are key dates in Peace Corps/Lesotho's reporting to OIG:

- March 23 – OIG provided a discussion draft for comments before issuing the preliminary report.
- April 4 – Peace Corps/Lesotho Country Director Kathy Jacquart provided feedback on the recommendations.
- April 10 – Peace Corps/Lesotho Director of Management and Operations Jim McCormick provide SFTP documents in response to the recommendations to show recent action taken.
- April 12 – OIG considered post's feedback and additional support and noted the following:
 - Before issuing the preliminary report, OIG provided management with a draft of our findings. Management took immediate action to remediate most of the recommendations. Based on a review of the corrective actions we closed 21 recommendations; as of the date the preliminary report was issued one recommendation remains open.

Recommendations

1. That the country director establish and enforce the "limited personal use" policy for all employees in compliance with *Peace Corps Manual* section 547.

Concur:

Comments:

For several years, post has had a policy for "limited personal use" of government assets (e.g., cell phones) and incorporated it into its Staff Handbook. To limit personal use and avoid abuse of cell phones, beginning in June 2010, post began requiring staff to identify any calls listed as "business" with the name of the person called and their organization and staff were reminded repeatedly that personal calls should be made only in emergencies. The cell phone policy was further updated in December 2011 to include the following:

1. Peace Corps staff members are responsible for reimbursing Peace Corps for any personal calls made on a Peace Corps cell or landline phone. Any staff member with unpaid landline or cell phone bills over 30 days old and in accordance with Lesotho Labor Law, may have up to one third of their monthly salary withheld each month and applied to their phone bills until the bills are paid off.
2. Monthly cell phone bills less than M400 do not have to be justified. All calls on bills exceeding M400 must be identified. Calls must be identified as "business" or "personal". If identified as business, the person called and their organization must be indicated. The Executive Secretary or another staff member designated by the Country Director spot checks phone numbers to confirm that calls are correctly marked. Discrepancies between findings of the spot checker and the staff member should be brought to the attention of the DMO for resolution.

3. All calls on landline phones must be justified in the same manner as for cell phone calls. Landline phones are not to be used for personal calls. No exceptions. If personal calls are made on a landline, they will be charged to the employee and a warning given. Repeated offenses may be grounds for sanction up to and including termination.

Documents Submitted:

Phone Usage Policy, Effective December 1, 2011, which was amplified (as per above) and incorporated in Peace Corps Lesotho Staff Handbook, updated April 2012

Status and Timeline for Completion: Completed, May 2012

2. That the collection officer initiates collection for all past due bills of collection and send routine reminders for outstanding amounts.

Concur:

Comments: As of December 2011, Peace Corps/Lesotho staff are presented with the BOC from the Billing Officer (Financial Assistant) within 30 days of receipt of bill from the vendor. BOCs are payable "in full" to the Collection Officer (Cashier) upon receipt. Any balance unpaid within 30 days of issuance will be collected through garnished wages. (Lesotho Labor Law allows an employer to garnish up to 30% of the employee's monthly wages to cover any money owed their employer). Post has implemented this policy to collect past due BOCs. Post is now current with their collections.

Documents Submitted:

Phone Usage Policy, Effective December 1, 2011, which was amplified (as per above) and incorporated in Peace Corps Lesotho Staff Handbook, updated April 2012

Status and Timeline for Completion: Completed, May 2012

3. That country director discontinue the practice of issuing multiple bills of collection to staff for the purpose of accepting installment payments and communicate this to staff through a memorandum or update d standard operating procedure.

Concur:

Comments: The policy of issuing multiple bills of collection was discontinued in the first quarter of FY 2012 based upon a preliminary recommendation from the IG Auditor. It was communicated to staff through an e-mail in December of 2011.

Documents Submitted: Phone Usage Policy, Effective December 1, 2011, which was amplified (as per above) and incorporated in Peace Corps Lesotho Staff Handbook, updated April 2012

Status and Timeline for Completion: Completed, May 2012

4. That the country director develops and implement adequate segregation of duties between billing and collection functions.

Concur:

Comments: Billing functions are the sole responsibility of the Financial Assistant (billing officer), while all collection functions are the responsibility of the Cashier (collection officer).

Documents Submitted:

Staff Handbook, Updated April 2012

Status and Timeline for Completion: Completed, May 2012

5. That the director of management and operations re-issue bills of collection for previous bills of collection that were inappropriately voided or obtain appropriate waivers from the Peace Corps/Washington in accordance with the policy.

Concur:

Comments: In February of 2012, two investigators from the Office of the Inspector General (OIG) arrived at post to review our past billing procedures. They identified cell phone bills from June to September of 2010 that the post made the decision to void. In April, upon receipt of the investigator's report, Africa Region Director Dick Day sent CD Jacquart decided that BOCs for personal calls made during the period June – August 2012 would be reissued to staff. It was mutually decided that it would be too difficult to reconstruct calls made in September 2010 in the aftermath of a PCV's murder, since extensive calls were made by Volunteers on staff phones during that emergency period. Post reissued those BOCs in April 2012.

Documents Submitted:

BOCs reissued for period June through August 2010

Phone Usage Policy, Effective December 1, 2011, which was amplified (as per above) and incorporated in Peace Corps Lesotho Staff Handbook, updated April 2012

Status and Timeline for Completion: Documents submitted in April and IG has acknowledged they are sufficient to close Recommendation – Completed, May 2012

6. That the director of management and operations reconcile the phone usage spreadsheets with the bill of collection log to ensure that all outstanding balance of personal phone usage are billed properly.

Concur:

Comments: This was done and reviewed by the two investigators from the OIG. With the exception of the above referenced bills (in Recommendation 5) from June to September 2010 that were voided, all other previous BOCs for phone usage have been properly billed and collected.

Documents Submitted:

Outstanding Bills of Collection, April 10, 2012

Status and Timeline for Completion: Completed, May 2012

7. That the post designates a secured room for storing medical supplies and restrict its access to designated staff only.

Concur:

Comments: A lock has been installed on the medical supply storage area in the medical office. The room is unlocked in the morning and locked (with the alarm armed) every day when the office closes. During the day access to the room is only allowed to the PCMO and Medical Secretary. Peace Corps/Lesotho has additional secured storage for medical supplies at the Training Center. The GSO controls access.

Documents Submitted: NA

Status and Timeline for Completion: Completed, May 2012

8. That the post conducts a complete physical inventory of medical supplies in accordance with agency policy and update the inventory records accordingly.

Concur:

Comments: Post conducted the required inventory of medical supplies in the 1st and 2nd quarters of FY2012 per agency policy. The annual inventory was conducted in early April and was submitted per policy by April 13, 2012.

Documents Submitted: FY 2012 Q1 – Medical Inventory Lesotho; FY 2012 Q1- IRC Report of Medical Inventory; FY 2012 Q2 - Medical Inventory Lesotho; FY 2012 Q2- IRC Report Medical Inventory

Status and Timeline for Completion: Completed, May 2012

9. That the country director assigns someone who is not assigned to the medical office as the acceptance point clerk to receive medical supplies delivered to the post.

Concur:

Comments: Effective December 5, 2011, the PEPFAR Administrative Assistant has been assigned as the Acceptance Point Clerk.

Documents Submitted:
APC Designation

Status and Timeline for Completion: Completed, May 2012

10. That the country director and the Peace Corps medical officer dispose of expired medical supplies in a timely manner in accordance with Peace Corps policy.

Post Response: Post has contracted with a medical disposal vendor (Classic Bin). On February 24, 2012, the vendor came to the Peace Corps/Lesotho office to dispose of expired medical supplies. The disposal was witnessed by the CD, PCMO, DMO and Medical Secretary. They are under contract to come on a "need to dispose" basis going forward.

Concur:

Documents Submitted:
Classic Bin Contract

Status and Timeline for Completion: Completed, May 2012

11. That the post notifies the Office of Acquisitions and Contract Management prior to terminating leases and use the required termination notice and release of claim.

Concur:

Comments: The last lease that post terminated was done in January of 2011. It was a residential lease. Per the terms of the lease proper termination and release of claim documentation were issued and our OCAM contact was consulted during the entire process. No leases have been terminated since then.

Documents Submitted:
Termination of Lease 632-08

Status and Timeline for Completion: Completed, May 2012

12. That the director of management and operations include square footage, a signed certificate of acceptance and list only one currency in new and renewal leases.

Concur:

Comments: Prior to the signing of the lease for our new office on March 1, 2012, Peace Corps/Lesotho asked OCAM to send them the proper lease form to use and they did so. All the information referenced above was provided in the lease and it was reviewed and approved by OCAM prior to all parties signing. This is the most recent lease that post has established or renewed.

Documents Submitted:
Copy of the Lease Form

Status and Timeline for Completion: Completed, May 2012

13. That the country director, in coordination with the U.S. Embassy, pursue eliminating value added tax at point of sale by obtaining a value added tax exempted permit.

Concur:

Comments: Discussions were held with the Management Officer at the U.S. Embassy regarding the possibility of eliminating the VAT at the point of sale; however, as of now the Lesotho Revenue Authority is not willing to accommodate us. On an exception basis they will eliminate it for the U.S. Embassy on "large ticket" items, but that is all.

Documents Submitted:
Eliminating VAT from POS email, 3/26/12

Status and Timeline for Completion: Completed, May 2012

14. That the post establish a formal procedure to ensure that all expenditures subject to value added tax are claimed and collected from the Lesotho Revenue Authority in a timely manner.

Concur:

Comments: The General Services Assistant (GSA) is responsible for tracking allowable VAT reimbursements from purchases in both Lesotho and South Africa. At the time of purchase, invoices are logged onto a spread sheet that details the purchase and amount of the VAT. We have been submitting them to the Lesotho Revenue Authority (LRA) quarterly but effective April 1, 2012 the log and invoices will be submitted to the Lesotho Revenue Authority (to recover allowable VAT reimbursements) on a monthly basis.

Documents Submitted:
PC Lesotho VAT claim process
VAT Process Guidance to Post 9/28/11

Status and Timeline for Completion: Completed, May 2012

15. That the post compare the claimed value added tax amount to the actual amount reimbursed and analyze the differences to determine whether post can provide additional details or improve its process to reduce the amount of rejected claims.

Concur:

Comments: As of December, 2011, post has established a new process for ensuring that we are maximizing VAT reimbursement. At different points in the process, both the Financial Assistant and the Executive Secretary are responsible for confirming that the VAT we have applied for is reimbursed and that we are making all eligible claims. If the refund and BOC differ, they are responsible for following up with the LRA to understand why and to work with them to get it resolved. (A flowchart of responsibilities has been established to outline their specific tasks).

Documents Submitted:

Established process for ensuring VAT Reimbursement
Flowchart of the responsibilities by position

Status and Timeline for Completion: Completed, May 2012

16. That the director of management and operations reconcile the physical inventory taken with the property inventory database and research any discrepancies.

Concur:

Comments: The post is now using the BarTracks system and in November of 2011 submitted the annual inventory (as required) to the Facilities Management Division. The report was "spot checked" by both the DMO and the IT Specialist. It is now being reviewed and updated monthly to ensure greater accuracy.

Documents Submitted:

Bar Tracks Asset Inventory
Bar Trax Implementation email, 4/9/12
IRC Designation

Status and Timeline for Completion: Completed, May 2012

17. The country director assigns separate individuals to conduct the physical inventory and maintain the records documenting the property database.

Concur:

Comments: The responsibility of conducting the physical inventory has been assigned to the GSA. The maintenance of the records documenting the property database has been assigned to the IT Specialist.

Documents Submitted:
MSIC Designation

Status and Timeline for Completion: Completed, May 2012

18. That the director of management and operations remind post staff of the requirement to submit their travel vouchers within five working days and monitor the status to ensure that advances, if any, are cleared in a timely manner.

Concur:

Comments: Great progress has been made in getting travel vouchers submitted within five working days. The staff is reminded frequently of the process and the Cashier and DMO meet weekly to review outstanding advances.

Documents Submitted:
Staff Handbook, Updated April 2012

Status and Timeline for Completion: Completed, May 2012

19. That the cashier changes the combination and provides a copy of the combination in a sealed envelope to the U.S. Embassy regional security officer.

Concur:

On November 18, 2011, the combination to the safe was changed by ESC Pretoria and was given in a sealed envelope to the RSO.

Documents Submitted:
Safe Combination change

Status and Timeline for Completion: Completed, May 2012

20. That the director of management and operations install a printer inside the cashier cage so the cashier doesn't leave her cage frequently.

Concur:

Comments: A suitable printer has been ordered and was delivered the first week of April 2012.

Documents Submitted:

Purchase Order for new printer, 3/20/12

Status and Timeline for Completion: Completed, May 2012

21. That the director of management and operation establish and enforce formal procedures to ensure that all disbursements are allocated to appropriate object class codes.

Concur:

Comments: The DMO works closely with the Financial Assistant and the Budget Analyst at PC HQ to make sure this is accomplished. Suggested changes to object class codes are done immediately when it has been determined that there was an incorrect coding.

Documents Submitted:

Final FY 12 Fiscal Coding Handbook, 11/7/11

Status and Timeline for Completion: Completed, May 2012

22. That the post establish formal procedures to track Peace Corps Partnership Program projects and to reconcile the actual expenditure with the budgeted expenditures.

Concur:

Comments: Per the IG Auditor's suggestion, we have created a spread sheet that now tracks PCPP projects as they are Approved/Funded/Completed/In Process/Cancelled. We have also added (in the same spread sheet) tracking for host country contributions and identified whether they were cash or in-kind.

Documents Submitted:

PCPP Project Tracking spreadsheet

Status and Timeline for Completion: Completed, May 2012

OIG COMMENTS

Management concurred with all 22 the recommendations. We closed 20 recommendations based on evidence of corrective actions that address the recommendations. The following two recommendations (numbers 12 and 13) will remain open pending confirmation from the chief compliance officer that the documentation below is received through the TeamCentral recommendation tracking system.

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

Waheed Nasser, Senior Auditor performed the audit of Peace Corps/Lesotho.



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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