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From: Kathy A. Buller, Inspector General 

Date: June 6, 2019

Subject: Final Report on the Audit of Peace Corps/eSwatini (IG-19-02-A)

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

Management concurred with all 30 recommendations. In its response, management described actions it is taking or intends to take to address the issues that prompted each of our recommendations. We closed 4 recommendations based on review of corrective actions and supporting documentation. The remaining 26 (recommendations 1-16, 18-24, and 26-29) will remain open pending confirmation from the chief compliance officer that the documentation identified in management's response has been received. 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 E, address these matters. Please respond with documentation to close the remaining open recommendation within 90 days of receipt of this memorandum.

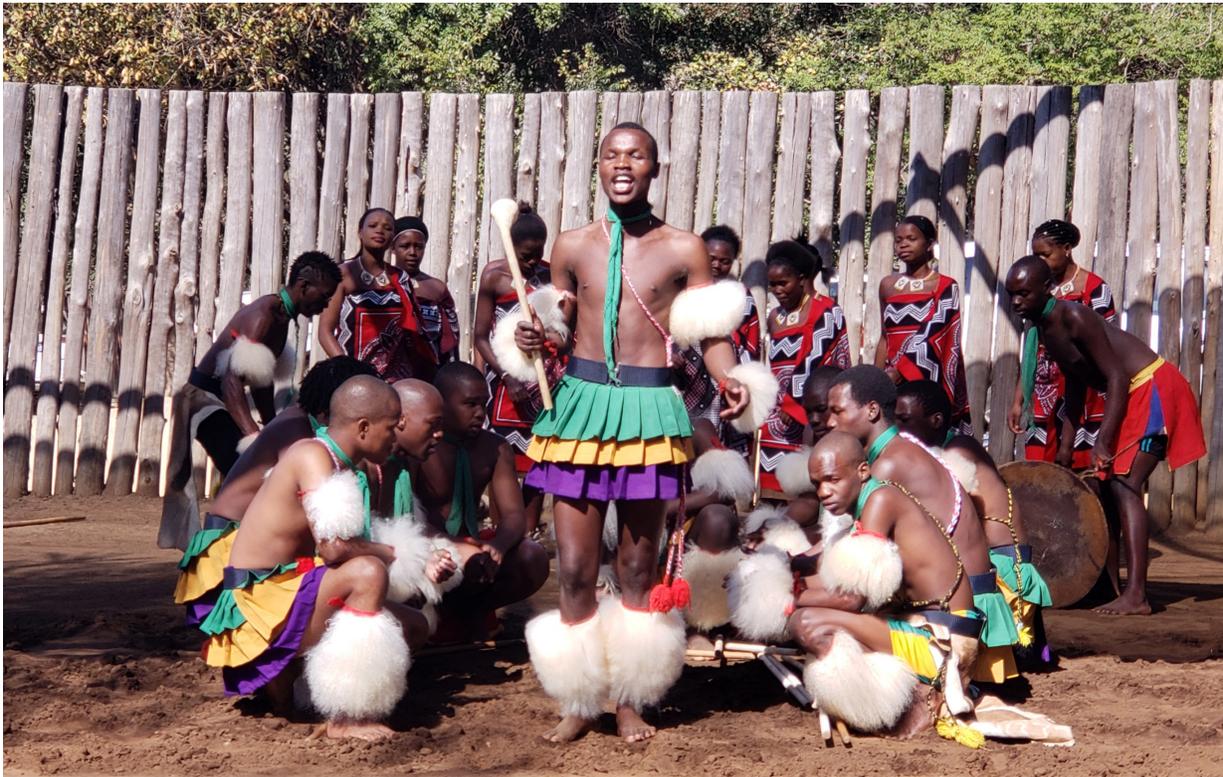
You may address questions regarding follow-up or documentation to Assistant Inspector General for Audit Judy Leonhardt at 202.692.2914 or to Senior Auditor Maritza Padilla Vega at 202.692.2940.

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

cc: Michelle Brooks, Chief of Staff
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Peace Corps
Office of
**INSPECTOR
GENERAL**



Swazi Cultural Village, Mantenga Nature Reserve

Final Audit Report

Peace Corps/eSwatini

IG-19-02-A

June 2019



EXECUTIVE SUMMARY

BACKGROUND

The Office of Inspector General (OIG) conducted an audit of Peace Corps/eSwatini (hereafter referred to as “the post”) from July 23 through August 10, 2018.

Staff:

U.S. direct hires (USDHs): 3

Foreign service nationals (FSNs): 2

Full-time personal services contractors (PSCs): 24

Spending (approx.):

Fiscal Year (FY) 2017 post spending: \$1,043,101

Average regional overhead: \$536,042



Figure 1: Map of eSwatini

WHAT WE FOUND

The post’s financial and administrative operations required improvement to comply with agency policies and applicable Federal laws and regulations. Specifically, the post did not:

- understand the medical inventory accountability process.
- adequately account for all properties in Sunflower.
- provide the alternate cashier with control over imprest funds in the absence of the cashier.
- issue and collect timely bills of collections.
- properly document leases and performance appraisals
- allocate PEPFAR properly.
- track or monitor generator fuel.
- provide the necessary security for its information technology software and hardware.

RECOMMENDATIONS IN BRIEF

Our report contains 30 recommendations directed to the post and headquarters. Specifically, the post needs to gain an understanding of the medical inventory process; improve its imprest operations; issue and collect timely bills of collections; and strengthen controls over property, generator fuel, and information technology.

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BACKGROUND

OIG conducted the audit of Peace Corps/eSwatini¹ from July 23, 2018 to August 10, 2018. We previously performed an audit of the post and issued our report (IG-09-01-A) in 2008.

The first group of Peace Corps Volunteers arrived in eSwatini in 1969. The program closed in 1996 due to budgetary constraints, resuming in 2003. Approximately 1,700 Volunteers have served in eSwatini since the post was first established. At the time of our audit, 74 Volunteers were working in the following project sectors: Community Health, Youth Development, and Global Health Service Partnership. The post had 3 USDHs, 2 FSNs, and 24 full-time PSCs. In FY 2017, the post's budget was approximately \$1.04 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.

¹ On April 19, 2018, King Mswati III of Swaziland announced a change of his country's name from Swaziland to eSwatini. The U.S. Board on Geographic Names approved the name change on May 25, 2018. On June 25, 2018, the Peace Corps sent an internal communication to all staff to start using eSwatini on its official documents.

² The agency does not determine a total cost per post beyond directly attributable post expenses, as certain costs are centrally budgeted and managed by headquarters offices including the salaries and benefits of U.S. direct hires. The Peace Corps Office of Budget and Analysis provided the total cost of approximately \$58 million incurred by the Africa region in direct support of its 26 overseas posts in FY 2017, which is an average of \$536,042 per post.

AUDIT RESULTS

MEDICAL

The Overall Control Environment

Our review of the medical operations at post disclosed multiple instances of non-compliance with the Technical Guideline (TG) 240 and Peace Corps manual section (MS) 734 requirements. Specifically, the post's process of receiving, inventorying, and disposing of medical supplies was inadequate. The CD is responsible for maintaining an effective internal control system and ensuring that all staff understand the importance of their assigned duties and the detailed performance requirements for those duties. We determined that the CD was not always sufficiently involved in these critical functions of the medical operations and did not have sufficient knowledge of the process. We identified problems with three management and control protocols for medical inventory.

The acceptance point clerk only receives controlled and specially designated medication.

The acceptance point clerk (APC), with the assistance of the medical secretary, documents both controlled substances and specially designated drugs on form PC-734B. However, the APC does not receive other medical supplies as required.

MS 734.5.4 describes APC duties as follows:

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 to ensure that medical supplies are properly delivered and inventoried.

According to MS 734.4, "Medical supplies include all medicines, dressing material, laboratory reagents, test kits, birth control products, vaccines, and small consumable medical equipment, as well as controlled substances." While controlled substances and specially designated drugs are properly received, all other medical supplies invoices are stamped as received by the medical secretary but not by the APC.

Based on the post's operating procedures, we believe that the staff were not fully aware of the receiving duties. The medical secretary was responsible for sorting all medical supplies received in a shipment and separating out the ones she believed that the APC needed to receive. By not requiring the APC to inspect all contents of the shipment, there is the potential that supplies received could be misused or stolen.

We recommend:

- 1. That the country director ensure that the acceptance point clerk is receiving all medical supplies at post in accordance with Peace Corps guidance.**

The inventory reconciliation clerk did not conduct the inventory of the controlled substance medications.

While the inventory reconciliation clerk (IRC) conducts the inventory of the specially designated medication in accordance with Peace Corps policy, the post was not following policy for inventory of controlled substances.

TG 240.20.1 states in part:

The IRC conducts a physical inventory of all controlled substances and specially designated items quarterly. The IRC must conduct quarterly reconciliation and report results to the CD.

At the post, the PCMO and the CD routinely conduct the inventory of controlled substances without the IRC present. While, Peace Corps policy states that the CD is responsible for assuring that effective controls for medical supply management are in place, it requires the IRC to be present and to report the results to the CD. However, the rules do not preclude the CD from attending these inventories.

Both the CD and IRC were not fully aware that the IRC was responsible for conducting the physical inventory of all controlled substances. Segregation of duties in the inventory process is critical. Since the CD is responsible for safeguarding the medical supplies, the CD should not be the individual verifying their existence. The IRC should conduct inventory of all required medical supplies to provide adequate segregation of duties. Segregation of duties in the inventory process provides reasonable assurance of the medical supplies' existence and prevents the misappropriation of items.

We recommend:

- 2. That the country director ensure that the inventory reconciliation clerk performs quarterly physical inventory of all specially designated drugs and controlled substances, in accordance with Peace Corps guidance.**

The country director did not witness the destruction of all medical supplies and did not always sign the disposal document.

MS 734.9.1 describes the disposal process as follows:

Medical supplies (medicines, dressing material, laboratory reagents, test kits, birth control products, and vaccines, etc.) with expired shelf life or medications that have been returned to the Health Unit by [Volunteers/Trainees] must be destroyed in the presence of the PCMO and the CD, in accordance with local waste disposal and air and water pollution control standards.

The CD was only present during two of nine disposals conducted at post during the period under review. The CD witnessed the destruction of controlled-substances, but not specially designated drugs or other medical supplies as required by the policy.

The IRC and the medical secretary conducted the specially designated drug disposal. These specially designated medicines were not destroyed prior to being disposed in a red hazard bin. Rather, the PCMO took the bin in a Peace Corps vehicle and delivered the drugs to a local hospital for destruction. However, the CD did not accompany the PCMO to the hospital.

Peace Corps policy, TG 240 also states that the PCMO and CD must document the disposal on the PC-7343E form. However, the CD did not always sign the disposal form (PC-734E). From October 2016 to April 2018, only three of the ten destruction forms were signed by the CD. Additionally, five forms were inappropriately signed by the IRC, one form was inappropriately signed by the former DMO, and one form did not have a signature.

The CD was not fully aware of each staff member's responsibilities in the medical supply disposal process. An effective medical supply disposal system at post is of extreme importance to minimize the risk of theft and misuse of medicines and to maintain accountability for proper disposal.

We recommend:

- 3. That the country director and the Peace Corps medical officer both witness the destruction of all medical supplies in accordance with Peace Corps guidance.**
- 4. That the country director and the Peace Corps medical officer sign the required disposal form in accordance with Peace Corps guidance.**
- 5. That the country director ensures all staff involved in the medical inventory process receive additional training on the roles and responsibilities of medical inventory.**

PROPERTY MANAGEMENT

The post was unable to physically locate two property items that were listed in the asset management system.

During a physical inventory of a sample of 14 personal property items listed in Sunflower,³ the post was not able to locate 2 assets totaling approximately \$9,886. According to MS 711, the post “shall maintain complete and accurate records for all active assets.” Furthermore, MS 511.5.2 (d)(3)(4) states that the DMO plans and certifies that the annual inventory is complete, and assets are accurately recorded.

Specifically, the post could not find the following assets:

- A desk valued at \$4,937.54.
- A “network: monitoring” valued at \$4,947.95.

Both of these items were validated on April 30, 2018 during the post’s annual inventory process. However, at the post exit conference, the GSM claimed that during the annual inventory campaign, only the barcodes on the physical items were scanned. The GSM did not provide documentation that the scanned item matched the item description in Sunflower. The GSM provided a variety of conflicting reasons why the two assets could not be located, as explained below.

Missing Desk

First, the GSM provided a cellphone with the same Peace Corps asset tag number as the desk. The GSM stated that this was really the asset we should be looking for and that this error occurred when the post converted data into Sunflower from the previous property tracking system.⁴ However, the GSM noted the value recorded is not the standard value for the type of cellphone with the matching asset tag number. When we asked for the invoice on the cell phone, we did not get information to support this statement.

Upon returning to headquarters, we worked with the inventory management specialist (IMS) to identify all purchases made with the obligation number to help identify what was the correct asset for this tag number. Using this obligation number, we were able to identify 12 furniture purchases made between May 13, 2014 and August 26, 2016.

³ Sunflower is the asset management web-based software application used at the Peace Corps. It enables staff to monitor, control, report, and account for Peace Corps property. This system includes an interface with FORPost to track purchased assets.

⁴ BarTracks was the previous system used to track, manage and record personal property. The Peace Corps replaced BarTracks with Sunflower at post in 2016.

We then asked the GSM about these 12 invoices, and the GSM identified one of these 12 invoices as belonging to the missing desk. The GSM stated that the value should have been in local currency rather than USD. However, the receipt attached to the invoice shows a local currency value of approximately 9,500 and not the 4,937.54 listed in Sunflower.

The GSM further elaborated that the asset tag number was accidentally placed on the cell phone because the GSM had taken the asset tag to Sunflower training in South Africa. Upon returning from training the asset tag was then misapplied to the cellphone instead of the desk in question.

Missing “Networking: Monitoring”

First, the IT specialist stated that the item name was inaccurate. However, the IT specialist could not provide the correct item name. At headquarters, the IMS was able to confirm that the post had recorded this item as observed during the March 2017 physical inventory and again in April 2018. Following our fieldwork, the post’s final response to our inquiry was that the item is a satellite dish located on the main office grounds, and that the Peace Corps barcode was washed off. However, a bill of material was not in Sunflower to compare the purchase order information, and the invoice was not provided to substantiate the dollar value of the satellite dish.

The DMO was not involved in or aware of the inventory process. Maintaining an accurate and complete property inventory database, updating the database with applicable changes on an ongoing basis, performing periodic reconciliations during the year, conducting careful and complete physical inventory verifications, and investigating discrepancies are important steps in preventing waste, fraud, and abuse of post property. Because the post did not properly perform these steps, the post could not account for property valued at almost \$10,000, resulting in unsupported questioned costs.

We recommend:

- 6. That the director of management and operations and appropriate staff conduct annual physical inventory counts and reconcile all discrepancies to ensure data in the Sunflower system is accurate and complete.**

Post did not always enter the bills of material in the Sunflower system.

Contrary to policy, the GSM entered most of the post’s personal property into Sunflower without a bill of material.⁵ Out of 243 items that were required to be inventoried, only 40 were received with an associated bill of material in Sunflower. MS 511.5.2 and the Sunflower User Guide state that the financial assistant must enter the bills of material in Sunflower after ensuring that the

⁵ Bill of materials provides obligation details in Sunflower.

purchase orders are properly entered in FORPost. The post is required to maintain the bills of material to support the acquisition of assets.

The financial assistant did not provide an explanation for not ensuring the bills of material were entered timely. According to the GSM, the Sunflower system operated too slowly at the post, so the financial assistant did not always enter the bills of material. As a result, the post entered the received property into Sunflower without a bill of material once the items were delivered. Without having acquisition records that correspond with inventory records, there is no audit trail to determine if property was a valid purchase and if Federal funds were properly expended.

We recommend:

- 7. That the director of management and operation ensure that the financial assistant and the general service manager follow the required property management process.**

The post did not add required items in the Sunflower system.

MS 511.6 specifically states that any property asset authorized to contain personally identifiable information (PII) must be accounted for in the Sunflower system. During fieldwork, though, we identified that the post purchased a piece of hardware equipment capable of holding 600 GB of PII but did not add this item into Sunflower.

This item was not added into Sunflower because the IT specialist considered it part of another asset, a server, rather than a unique asset. However, the inventory management specialist at Peace Corps headquarters confirmed that this hardware should be inventoried separately because it can hold PII. The post should take every precaution to protect this item from loss, unauthorized access, or theft. By not maintaining accountability of sensitive property the post risks the compromise of sensitive stored data.

We recommend:

- 8. That the director of management and operations ensure that assets authorized to contain personally identifiable information are entered in the Sunflower system.**

IMPREST

The alternate cashier did not take full accountability in the absence of the principal cashier.

The post's alternate cashier, who should become responsible for the imprest fund during an absence of the principal cashier, had never taken full accountability of the cashiering operations since being appointed to the position in 2010.

The Department of State's Cashier User Guide (CUG)⁶ Section 3.3.5.2.2 states "During a planned absence of a principal cashier of more than 4 days, an unofficial transfer of accountability must take place." Transferring accountability means taking full possession of the cash, being delegated the appropriate FORPost⁷ capabilities, and working in the cashier office. Furthermore, CUG section 3.3.5 states "the alternate cashiers should act as the principal cashier at minimum two to three times per quarter to gain and retain the required knowledge and proficiency to sustain the cashiering operations in the absence of the principal cashier."

Post staff was unaware of the requirements to transfer full accountability to the alternate cashier. Instead, the principal cashier advanced the alternate cashier an additional \$3,185⁸ in emergency funds to perform cashier duties during a 1-week absence in June 2018. The alternate cashier normally retained \$245 in USD and \$372⁹ in local currency equivalent as an emergency fund. Once the principal cashier returned from leave, the alternate cashier's advance was reduced to the usual amount.

The current cashiering operations at the post were at risk because only the principal cashier had the required knowledge and proficiency to perform post cashiering duties. In the 8 years since being designated as alternate cashier, the alternate cashier has never been afforded the opportunity to perform the principal duties. Without practicing the skills that were trained on 8 years ago, the alternate cashier might not be able to perform the duties required of them when the need arises, such as an unplanned absence by the principal cashier. Furthermore, rotating the cashiering duties can provide effective internal controls and be a valuable part of training.

⁶ Cashier User Guide is published by the U.S. Department of State, describes the responsibilities and detailed instructions for personnel involved in implementation and use of a cash imprest fund.

⁷ Peace Corps overseas financial system.

⁸ The additional amount was E40,000 but we used the June 6, 2018 monthly cash verification within the same month as closest equivalent for an exchange rate of 1 USD per E12.56.

⁹ The alternate cashier's actual local currency unit (LCU) advance is E5,000 Swazi lilangeni. The currency has been converted into U.S. Dollars using an exchange rate of 1 USD per E13.45 as of July 25, 2018 (date of auditor's cash count).

We recommend:

9. That the director of management and operations monitor and document that the accountability of funds is transferred to the alternate cashier when required, in accordance with policy.

10. That the director of management and operations establish a schedule that allows for the alternate cashier to work as acting principal cashier to ensure the necessary skill levels are maintained.

The cashier did not perform imprest fund reconciliations after handling cash.

During our unannounced cash verification, the alternate cashier could not substantiate that daily cash counts were performed during the 1-week period when she was acting as the primary cashier in June 2018. The CUG [4.5.3.4] requires that reconciliations be performed after any cashier transactions are performed. Additionally, CUG, Section 3.3.5.2.2 (2) (7) states in part:

During a planned absence of a principal cashier of more than 4 days, an unofficial transfer of accountability must take place.

* * * * *

2. A reconciliation of funds must be completed by the outgoing cashier and in the presence of the incoming cashier. The reconciliation must be identified specifically for the purpose of transfer of accountability.

* * * * *

7. The outgoing cashier and incoming cashier receive copies of the signed reconciliation report to maintain in their cashier folders.

Neither the principal nor the alternate cashier knew that they had to retain these documents. While they stated that they performed the required reconciliations, there was no documentation to support this. Further, these documents should have been maintained for 60 days, as required by the policy.

Cash counts are critical for ensuring that all funds are accounted for. By performing these tasks after transactions have occurred, errors can be identified, investigated, and remediated quickly. In June 2017, the alternate cashier had a shortage of \$100 USDE, and the CD determined that the alternate cashier had not performed a cash count after performing multiple transactions. This loss possibly could have been prevented if the alternate cashier understood the requirements as a

cashier and the importance of accountability of cash.¹⁰ Cashiers (principal cashiers, alternate cashiers, and sub-cashiers) are accountable officers and are personally responsible (legally responsible) for managing and safeguarding the imprest fund.

We recommend:

11. That the country director and the director of management and operations ensure that the alternate cashier performs cash counts after transactions have occurred.

12. That the country director and the director of management and operations ensure that all cashiers (principal cashiers, alternate cashiers, and sub-cashiers) retain all reconciliation records for at least 60 days.

The post did not ensure that cash funds were only collected by the cashier.

Cashiers [principal, alternate, and sub cashiers] are the only individuals authorized by the Department of State to collect funds.¹¹ However, the DMO, rather than the cashier, collected excess grant funds from Volunteers. Upon completion of grant projects, the Volunteers placed any remaining money in envelopes and provided them to the DMO. The DMO then held these funds in a safe in the DMO's office until bills of collection (BOC) for unused grant funds were created. According to the current DMO, the previous DMO established this process because Volunteers were leaving unused grant funds in the staff mailboxes, and the previous DMO felt this was a better way to handle the funds.

The requirement that only cashiers handle funds protects the post from inappropriate accusations or charges of mishandling Federal funds. Although we did not identify any instances of misused funds, allowing other individuals to collect funds was not consistent with the cashier's guidelines and exposed the Peace Corps to unnecessary risks of fraud and abuse.

We recommend:

13. That the director of management and operations ensure a bill of collection is generated before funds are accepted from Volunteers and cash collection is only performed by the cashiers.

¹⁰ The CD recommended in a memorandum to Peace Corps headquarters that the alternate cashier repay the \$100 USDE, since the alternate cashier had several opportunities to discover the error but did not because of the lack of due diligence. The alternate cashier subsequently reimbursed the Peace Corps.

¹¹ Per Cashier User Guide 6.1.

The post issued interim advances for disbursements over the limit without receiving proper authorization and to a staff member not having an occasional money holder designation.

According to Peace Corps policy [OFMH 13], imprest funds may be authorized for small miscellaneous purchases and disbursements of \$500 or less for normal operations. For disbursements to vendors in excess of \$500, the country director or their designee needs to sign off on the disbursement cover sheet. Staff members who receive interim advances for disbursements are required to be designated as occasional money holders.

The general services assistant (GSA) received four interim advances between June 2017 and November 2017 for the purchase of pre-service training goods and services, but the GSA was not designated as an occasional money holder. The four interim advances were approximately \$2,098 in June, \$9,588 in July, \$3,675 in August, and \$2,001 in November. Additionally, the advance of July 2017 included three disbursements that were higher than \$500.

These disbursements occurred because the DMO was not aware of the dollar limitation and the staff requirement for occasional money holder designation to receive interim advances. Without proper authorization, there is a high risk of theft and misappropriation of Peace Corps funds.

We recommend:

14. That the director of management and operations ensure that disbursements for greater than \$500 receive the required additional authorization.

15. That that director of management and operations designate staff who receive interim advances as occasional money holders.

The post kept cash replenishments longer than required in its local currency pass-through bank account.

The post is authorized a pass-through bank account to obtain cash replenishment from the Department of State. Pass-through accounts are set-up as an internal control mechanism to help maintain control over cash resources.

CUG 11.3.2.1 states that a pass-through account is only to be used for the receipt of replenishments and must maintain a zero balance. The only amount that can remain is a small minimum balance to prevent the bank from closing the account. The replenishment is required to be withdrawn from the account either the same day or no later than the following business day.

Out of the 13 bank statements reviewed, a total of 12 statements showed that the post kept the funds longer than 2 business days. In some instances, the replenishment remained in the account for more than a week.

The Office of the Chief Financial Officer (OCFO) allows posts to maintain a balance in the pass-through account for longer than two days provided that a waiver was approved, or justification is given during the cash verification. However, the post did not have a waiver or justification for maintaining the balances in the account.

The delays in collecting funds from the pass-through account occurred because the post did not have web-based access to the account, which made it difficult to know when the money was available in the account. Additionally, since the cashier had to travel to the bank to receive the funds, they were dependent on the availability of the drivers. Due to security reasons the drivers cannot be notified of the need to travel to the bank, so there were times when a driver was not available to take the cashier to the bank.

By keeping funds in the pass-through account, the cashier has less money to provide to Volunteers and staff through their imprest fund. Further, when funds are held in the pass-through account, OCFO is not aware of the full available accountability of the cashier.

We recommend:

- 16. That the director of management and operations implement procedures to ensure that the funds received for replenishments are withdrawn from the pass-through account no later than two business days after the funds are received or that the appropriate waiver is obtained in accordance with Peace Corps policy.**

The alternate cashier's funds were at risk because of inadequate security.

The alternate cashier secured imprest funds—up to \$3,430 during periods when the cashier was absent—in a key-locked safe in a cabinet opposite the alternate cashier's desk. The alternate cashier locked the office cabinet along with the door when exiting at the end of the day and carried the keys in a personal bag.

During the cash count, we observed an instance when the alternate cashier could not immediately locate the key to the safe. The key was eventually found on the floor, having fallen from the alternate cashier's personal bag. If the bag is left in the office unattended, it provides an opportunity for someone to obtain the key and access the safe. Although, the post and headquarters didn't have criteria for properly securing the alternate cashier's key, we believe the post should develop a key control system.

We recommend:

- 17. That the cashier supervisor implement a key control system to ensure the key is safe guarded from theft and loss.**

BILLS OF COLLECTION

Collections were not made in the presence of the cashier supervisor when the bill of collection was issued to the cashier.

Between October 1, 2013 and August 10, 2018, 16 BOCs were issued to the principal cashier for personal use of cell phones and travel advances. During our review we determined that 14 out of 16 general receipts were not signed by the cashier's supervisor as required by policy. The policy, OFMH 7.3 states in part:

If a Cashier is issued a Bill of Collection, the collection must be made in the presence of the Cashier Supervisor. The Cashier Supervisor must also sign the General Receipt as witnessing the transaction.

The CD, DMO, and principal cashier were unfamiliar with the supervision requirements when a BOC is issued to the cashier. Supervision provides a level of oversight necessary for ensuring that cash transactions are properly conducted, and Peace Corps resources are protected. Since the cashier has access to the post's imprest fund, it is critical that supervision is provided to ensure that these funds are not misused.

We recommend:

- 18. That the cashier supervisor witness the payments of the principal cashier bills of collection in compliance with agency policy.**

The post did not have appropriate segregation of duties around billing.

The billing officer was not performing duties required of the position and had taken on additional roles that created a conflict of interest.

Billing Files

OFMH 7.2.2 states that the billing officer must maintain the billing files while collections are outstanding. However, we observed that the cashier maintained all the documents pertaining to all BOCs relevant to our fieldwork. The post's current practice for creating a BOC is that the billing officer enters the information in FORPost and gives the printout to the DMO. After the

DMO signs the BOC, the cashier collects the document and makes copies for the cashier's file. The billing officer was not involved in the process after providing the BOC to the DMO and did not retain a signed copy of the BOC from the cashier.

The billing officer was not aware of the requirement for maintaining billing files. However, this is a critical part of the billing officer's responsibilities. Allowing the cashier, who is already responsible for collecting funds, to maintain these files prevents proper separation of duties. This could lead to fraud or misuse of government funds. Furthermore, without readily available access to outstanding BOCs, the billing officer might not be able to do the necessary follow-up to ensure that the outstanding debts are collected in a timely manner so collected funds can be put to better use.

Travel Voucher Preparation and Review

OFMH 55.6.1 states in part:

It is the responsibility of the traveler to personally prepare vouchers (this is not the role of the Administrative Unit), within 5 days of return from travel.

However, the billing officer was preparing and reviewing all travel vouchers for staff. After completion of travel, the traveler provided supporting documents, such as receipts, to the billing officer. The billing officer then created the travel voucher. The traveler then signed the completed form, and the billing officer submitted it to the DMO for signature. The completion of the travel vouchers was sometimes delayed because the billing officer waited for the submission of the supporting documents to recreate the traveler's itinerary.

The DMO stated that the staff may not be capable of completing their own vouchers since some staff have never prepared a travel voucher. However, having the billing officer both complete and review the vouchers enhanced the risk of misappropriations of Federal funds. Travel vouchers must be completed by the travelers to ensure accountability of their activities and abide by policy. Having the reviewer complete the vouchers creates a risk that travel vouchers will not reflect the actual travel expenditures.

We recommend:

- 19. That the director of management and operations require the billing officer to perform all aspects of bills of collection duties, including maintaining documentation of the BOCs.**
- 20. That the director of management and operations direct the staff to prepare their own travel vouchers and ensure staff are trained on all aspects of travel voucher submission.**

The post did not initiate timely collection for BOCs exceeding 30 days.

Peace Corps policy specifies that the billing officer must conduct a monthly BOC review of outstanding BOCs over 30 days. The billing officer and DMO should perform the following tasks in accordance with OFMH 7.2.2, if the debtor is a staff member:

- After 30 days — Prepare a letter to be signed by DMO, stating that the bill is now overdue....
- After 60 days — Notify the debtor’s supervisor (only for staff). Prepare a stronger letter to be signed by CD....
- After 90 days — The Billing Officer and DMO should review. If Post determines that they should keep the debt longer, they should contact their [Global Accounts Payable Financial Management Officer], providing details and estimated time needed to collect.

The billing officer did not follow-up on collecting approximately 230 BOCs consisting mostly of personal cell phone usage and travel advances from FYs 2013 to 2018. Out of the 23 sampled BOCs, 4 were overdue by at least 6 months, and 3 of those never had any follow-up performed. The fourth long outstanding BOC, which was approximately 1-year overdue, only had one email sent as follow-up.

The DMO acknowledged that the collection of personal phone call debts from staff had been a challenge. We also noted a lack of follow-up on travel-related BOCs. The DMO stated that there was a lack of responsiveness and understanding at the post regarding travel-related BOCs.

Conducting monthly reviews and following-up on outstanding BOCs strengthens the internal controls, allowing the post to better manage debt and detect any misuse of government funds.

We recommend:

- 21. That the director of management and operations ensure that all outstanding bills of collection are followed up in a timely manner and in accordance with Peace Corps policy.**

The post did not record BOCs in a timely manner.

OFMH 7.2.1 specifies that BOCs must be entered as soon as the debt is known, even if the exact amount is not known. We found that 3 out of 10 BOCs reviewed were not issued when the post became aware of the debt. Specifically, one BOC, for the sale of a piece of IT equipment, was delayed for 1 month; and two others, for property rental reimbursements, were delayed for approximately 2 months.

The delay in creating the BOCs existed because the post lacked adequate coordination with the billing officer regarding outstanding debts to the Peace Corps. Creating BOCs in a timely manner is essential because it is an internal control procedure that safeguards assets, maintains accurate records, and establishes a system of checks and balances. Without a timely BOC, money that the post receives could be easily diverted because there is no record of the debt.

We recommend:

- 22. That the director of management and operations ensure compliance with policy to issue bills of collection as soon as the debt is known to the Peace Corps.**
- 23. That the director of management and operations provide training to all administrative and financial staff on the importance of BOCs, who to notify when a debt is known, and examples of these debts.**

PERSONAL SERVICE CONTRACTOR

The post was not conducting annual performance appraisals.

MS 743.18 states in part, “It is U.S. Government policy that a PSC's performance be evaluated during and at the completion of each contract.” This policy also provides an outline for what the PSC evaluation should look like. In this guidance it states that all contractors should be evaluated at least 45 days prior to the completion of each year of the contract.

The post’s personal services contractor (PSC) files did not include the performance appraisals, as required. Of the five long-term PSCs contracts we reviewed, three did not contain evaluations for performance years 2013 and 2017. One PSC, the former PCMO who had worked at the post for 5 years, did not have any performance appraisals on file. The CD could not confirm if the evaluations had been performed for this individual. According to the FA, evaluations are only prepared when a staff member is getting a salary increase.

Performance appraisals are vehicles for evaluating, recognizing, and rewarding a staff member’s accomplishments. It is also a useful tool during the acquisition process to assess the PSC's past performance. Without a contractor’s evaluation, the contract file does not show that the staff member is performing based on the agreed scope of work, that the cost incurred was necessary for the government, and that a renewal of the contract is justified.

We recommend:

- 24. That the country director ensure annual performance appraisals are prepared, discussed with staff members, and copies are placed in their files.**

LEASES

The post prepared lease documents with local and USD currency.

MS 733.4.8 states in part:

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.

We reviewed all three leases related to USDH residence rentals and found that two of the leases were completed in both local currency and USD.

The DMO stated that the post pays its leases in local currency and was not aware of the currency restriction policy. It is important that when the post is obligating the government via long term contracts that it protects government resources from the potential risk of inflation derived from a volatile currency market.

We recommend:

- 25. That the director of management and operations ensure that all active leases are modified to reflect only one currency and all future leases are prepared in one currency.**

VOUCHERS

The post awarded a contract without following Peace Corps policies.

According to Acquisition and Contract Management all purchases between \$3,001 - \$10,000 should use the selection memo service contract.¹² This requires the post to obtain oral quotes and document the selection decisions in a memorandum. Additionally, the Peace Corps has specific requirements on how PEPFAR funding can be used for staff development. Specifically, PEPFAR guidance states:

¹² Overseas Contracting Handbook Selection Memo-Supply and Service Procurements \$3001-\$10K

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Staff development opportunities are provided in an equitable manner regardless of funding source. However, staff-specific development can be covered using PEPFAR based on the following criteria:

- PEPFAR-funded staff: All staff development is covered by PEPFAR.
- Non-PEPFAR-funded staff: Training can be covered by PEPFAR if the content is more than 50% HIV-related. This includes the incremental costs associated with supporting PEPFAR: travel, communications, and general administrative support.

In August 2017, the post awarded a staff development contract valued at approximately \$5000 without following multiple Peace Corps policies. The post did not have any supporting documentation for this contract and could not demonstrate it secured the mandatory quotes for the contract. Furthermore, the post used the wrong methodology to allocate costs to PEPFAR funds. The post charged \$2,550 to PEPFAR funds.¹³ The post allocated the funds using the Volunteer indirect cost split of 50 percent even though the staff development contract did not indicate any PEPFAR related activities. The allocation should have been based on the proportion of PEPFAR staff. Since 38 percent of the staffing at post is PEPFAR funded, and the staff development training was not HIV-related, then only \$1,900 (38 percent of the costs) should have been obligated to PEPFAR. Nonetheless, the post charged half of the costs to PEPFAR because they used the methodology associated with allocating costs for Volunteer training instead.

Purchasing without proper use of service contracts violates the agency's procurement policy and may be considered an unauthorized commitment. These purchases add up to approximately \$4,500 in unsupported questioned costs.

Furthermore, \$910 of PEPFAR funds were inappropriately spent on non-PEPFAR activities which takes away from the post achieving the PEPFAR mission.

We recommend:

26. That the country director and director of management and operations consult with the Office of the Chief Financial Officer on the corrections necessary regarding this purchase and follow their guidance, as necessary.

27. That the director of management and operations follow the PEPFAR guidance for allocating funds.

¹³ Due to currency fluctuation between the USD and local funds, we used an average number to demonstrate the amount in USD. The actual amount obligated in local currency was 37,500 SZL per funds.

FUEL

Post management did not have procedures to manage the purchase and use of generator fuel.

Standards for Internal Control in the Federal Government provides general guidance on assessing and minimizing risk through control activities. The publication states that agencies should design transaction control activities for operational processes, including verifications, reconciliations, authorizations and approvals, physical control activities, and supervisory control activities.¹⁴ However, the Peace Corps does not have any guidance for managing generator fuel in its policies. This has been a reoccurring issue in several of our recent post audits.

The post did not have a process to record and track the purchase and use of fuel for generators. According to the GSM, generator fuel was purchased with cash; but the post did not maintain any tracking system to monitor the amount purchased or frequency of refueling. Without strong controls, irregularities can be difficult to detect, the potential for fraud to occur is increased, and it is more difficult to account for spending and usage.

We recommend:

- 28. That the director of management and operations implement post specific controls to record and track the use of fuel for generators.**

INFORMATION TECHNOLOGY

The DMO provided unauthorized access to Peace Corps information technology systems.

Interim Policy Statement 1-17 Rules of Behavior Section D states:

Users shall work within the confines of the access allowed to them and shall not attempt to access systems or applications . . . to which access has not been authorized.

Additionally, OFMH 24 requires FORPost users to complete a FORPost user form before receiving access, and the user manual provides instructions for reviewing the FORPost/OdyWeb form.

The user administrator (the DMO) is responsible for managing user roles, access status, and access forms. The DMO incorrectly gave staff members access to OdyWeb and FORPost systems without proper authorization as follows:

¹⁴ *Standards for Internal Control in the Federal Government*, September 2014 “Principle 10.10 Design of Control Activities at Various Levels”

- One staff member was granted access to perform two approval functions in FORPost without documented approval.
- One staff member was granted both Security and Volunteer in-country allowance systems access within OdyWeb but was not approved on the access form.
- One staff member's access form did not have the approver's signature. Also, this staff member had access to sensitive data in the personal service contractor payment system that was not approved on the access form.

Despite awareness of the policy, the DMO had not fully implemented his responsibilities. Appropriate documentation is an integral part of internal controls which are essential to protect government resources. The lack of documented access could enable unauthorized individuals to compromise the system.

We recommend:

29. That the director of management operations reviews all users of the OdyWeb and FORPost systems to verify that they have documented approval and proper access to the IT system.

The post did not secure the server room.

Peace Corps policy¹⁵ states that data maintained electronically on network servers must be in a locked room with physical access limited to authorized personnel. However, during our fieldwork, we witnessed two incidents in which the server room was exposed to unauthorized staff present at the post.

The post's server room is accessed through the IT specialist's office and has its own lockable door. According to the IT specialist, the server room is never locked but the door to the IT specialist's office is locked when the IT specialist is out of the office. However, during the physical inventory conducted on August 8, 2018 we found the IT specialist's office door open and the server room door unlocked, without the IT specialist being present. The second incident of the IT specialist's office and server room not being secured happened after the exit conference on August 10, 2018, prior to the auditors exiting the post.

The IT specialist was aware of the IT physical controls but did not take the necessary steps to enforce these physical controls to safeguard the information stored in the server. Controlled

¹⁵ MS 897, Attachment B - Policies and practices for storing, retrieving, accessing, retaining, and disposing of records in the system.

access helps to protect the server against events that might damage it. Damage to the server could result in losses of critical private data and staff productivity.

We recommend:

- 30. That the country director instruct the information technology specialist to secure the post network server location as required.**

OTHER MATTERS OF CONCERN

The principal cashier may have too many duties.

In addition to the cashiering responsibilities, the principal cashier assumes a preponderance of duties typically conducted by other staff. The cashier assigned duties were maintenance of medical inventory records, volunteer payments, and travel and purchase cardholder duties. During our fieldwork, we observed that the principal cashier also followed up on outstanding BOCs and reconciled small grants.

The cashier monitor from the Department of State's Financial Support and Training Office expressed concern regarding this workload during its evaluation of the cashier cage. Although the cashier monitor cited possible separation of duties issues, we did not identify any violation of policy to render a finding. However, we suggest that the post monitor both assigned and other duties to determine if they will stagnate the performance of the principal cashier.

QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE

We identified unsupported, questioned cost.

Recommendation number	Description	Amount
6	Missing property assets	\$9,886
26	Inappropriate procurement policies.	\$4,500

Consistent with the Inspector General Act of 1978, as amended, **questioned costs** and **funds to be put to better use** are defined as follows:

- **Questioned costs** are costs that are questioned because of an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement or document governing expenditure of funds; a finding that, at the time of the audit, such cost is not supported by adequate documentation; or a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.
- **Funds to be put to better use** are funds that could be used more efficiently if management took actions to implement and complete the recommendation.

LIST OF RECOMMENDATIONS

We recommend:

1. That the country director ensure that the acceptance point clerk is receiving all medical supplies at post in accordance with Peace Corps guidance.
2. That the country director ensure that the inventory reconciliation clerk performs quarterly physical inventory of all specially designated drugs and controlled substances, in accordance with Peace Corps guidance.
3. That the country director and the Peace Corps medical officer both witness the destruction of all medical supplies in accordance with Peace Corps guidance.
4. That the country director and the Peace Corps medical officer sign the required disposal form in accordance with Peace Corps guidance.
5. That the country director ensures all staff involved in the medical inventory process receive additional training on the roles and responsibilities of medical inventory.
6. That the director of management and operations and appropriate staff conduct annual physical inventory counts and reconcile all discrepancies to ensure data in the Sunflower system is accurate and complete.
7. That the director of management and operation ensure that the financial assistant and the general service manager follow the required property management process.
8. That the director of management and operations ensure that assets authorized to contain personally identifiable information are entered in the Sunflower system.
9. That the director of management and operations monitor and document that the accountability of funds is transferred to the alternate cashier when required, in accordance with policy.
10. That the director of management and operations establish a schedule that allows for the alternate cashier to work as acting principal cashier to ensure the necessary skill levels are maintained.

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11. That the country director and the director of management and operations ensure that the alternate cashier performs cash counts after transactions have occurred.
12. That the country director and the director of management and operations ensure that all cashiers (principal cashiers, alternate cashiers, and sub-cashiers) retain all reconciliation records for at least 60 days.
13. That the director of management and operations ensure a bill of collection is generated before funds are accepted from Volunteers and cash collection is only performed by the cashiers.
14. That the director of management and operations ensure that disbursements for greater than \$500 receive the required additional authorization.
15. That that director of management and operations designate staff who receive interim advances as occasional money holders.
16. That the director of management and operations implement procedures to ensure that the funds received for replenishments are withdrawn from the pass-through account no later than two business days after the funds are received or that the appropriate waiver is obtained in accordance with Peace Corps policy.
17. That the cashier supervisor implement a key control system to ensure the key is safe guarded from theft and loss.
18. That the cashier supervisor witness the payments of the principal cashier bills of collection in compliance with agency policy.
19. That the director of management and operations require the billing officer to perform all aspects of bills of collection duties, including maintaining documentation of the BOCs.
20. That the director of management and operations direct the staff to prepare their own travel vouchers and ensure staff are trained on all aspects of travel voucher submission.
21. That the director of management and operations ensure that all outstanding bills of collection are followed up in a timely manner and in accordance with Peace Corps policy.

22. That the director of management and operations ensure compliance with policy to issue bills of collection as soon as the debt is known to the Peace Corps.
23. That the director of management and operations provide training to all administrative and financial staff on the importance of BOCs, who to notify when a debt is known, and examples of these debts.
24. That the country director ensure annual performance appraisals are prepared, discussed with staff members, and copies are placed in their files.
25. That the director of management and operations ensure that all active leases are modified to reflect only one currency and all future leases are prepared in one currency.
26. That the country director and director of management and operations consult with the Office of the Chief Financial Officer on the corrections necessary regarding this purchase and follow their guidance, as necessary.
27. That the director of management and operations follow the PEPFAR guidance for allocating funds.
28. That the director of management and operations implement post specific controls to record and track the use of fuel for generators.
29. That the director of management operations reviews all users of the OdyWeb and FORPost systems to verify that they have documented approval and proper access to the IT system.
30. That the country director instruct the information technology specialist to secure the post network server location as required.

APPENDIX A: OBJECTIVE, SCOPE, AND METHODOLOGY

OBJECTIVES

We conducted this audit to determine whether the financial and administrative operations at Peace Corps/eSwatini are functioning effectively and complying with Peace Corps policies and Federal regulations.

SCOPE

This audit was conducted between May and November 2018 at the Peace Corps headquarters in Washington, D.C. and at the overseas post location in Mbabane, eSwatini. The scope period under review was October 1, 2013 through August 10, 2018.

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.

Throughout the audit, auditors were aware of the possibility or existence of fraud, waste, or misuse significant to the audit objectives and conducted procedures designed to obtain reasonable assurance of detecting any such fraud as deemed appropriate.

METHODOLOGY

To obtain background information, we reviewed Federal laws and regulations as well as policies relating to the Peace Corps' financial and administrative operations, such as the Federal Acquisition Regulations, Peace Corps Manual, Overseas Financial Management Handbook, and Department of State's Cashier User Guide. Further, we provided questionnaires to Peace Corps headquarters and post managers to learn about post specific processes and risk areas.

We obtained Peace Corps/eSwatini's financial information from the disbursement and BOC reports for October 1, 2013 through June 1, 2018. We sorted the disbursement reports universe of 47,482 transactions and judgmentally selected samples by the following payment types:

- **Imprest Fund.** We reviewed 13 months of cash counts from June 2017 to June 2018. We also performed unannounced physical cash counts with the cashiers (primary and alternate), interviewed the cashiers, and reviewed supporting documentation related to the cash count on July 25, 2018.
- **Fuel.** We reviewed three monthly fuel logs of three vehicles. We conducted a completeness test by tracing the monthly invoices' entries/receipts from the three vehicle logs to the Vehicle Maintenance system

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(VMIS). In addition, we reviewed the sampled fuel coupons with the fuel vendor's monthly invoices. We also reviewed two fuel transactions out of 50 transactions for generators.

- **International Cooperative Administrative Support Services (ICASS).** We compared the FY 2017 ICASS invoice to the ICASS agreement to ensure that the agreement was in compliance with Peace Corps policy for allowable cost centers.
- **Lease Payments.** We reviewed 100 percent of the post's leases. The leases were for the three USDH residences. We compared lease payments with lease documents. We also reviewed lease files to ensure that they included the required information.
- **Personal Service Contractor:** We reviewed 5 of 33 long term contracts during the audit period. We reviewed 2 of 75 short term contracts. We reviewed contracts to determine if the payment made on the disbursement report matched the contracts. In addition, we reviewed documentation related to the contract files. We also reviewed PSC security certifications for 54 PSCs. The PSC contracts were chosen based on the position of the employee, dollar amount paid, and whether the employee contract allowed for overtime.
- **Medical Inventory and Transactions.** We conducted 100 percent of the controlled and special designated inventory. We also reviewed nine disposal records of the last two FYs. In addition, we conducted additions testing by tracing four medical transactions (purchases for controlled or specially designated substances) to the disbursement report, receiving report, and the medical inventory records. We conducted additional sampling for the medical transactions in our review of non-cash payments and cash/credit card transactions, as noted below. We also interviewed the APC, IRC, MISC, other medical office staff, and OHS staff.
- **Volunteer Payments.** We selected a small judgmental sample of 10 of 16,840 transactions to determine if the living allowances paid to Volunteers were consistent with the authorized amount. We reviewed living allowance payments for 30 of 145 Volunteers who early terminated between October 2013 and June 2018. We also reconciled the collections for possible overpayments for the early terminated Volunteers selected. We compared the Volunteer payments from the disbursement and calculated the collection amount based on the Volunteer's termination date. We reviewed the BOCs and readjustment allowance reports to determine if the collections were complete and accurate.
- **Grants.** We selected 15 of 143 grant projects (from October 2013 to May 2018) and reviewed the disbursement report, Peace Corps Grants Online report, project completion reports, and the project receipts. We also reviewed BOCs when the amount spent on the grant projects was less than the disbursed grant amount.
- **Personal Property and Vehicles.** We performed a physical existence test for 14 out of 243 personal property items inventoried in the Sunflower inventory tracking system in addition to the 7 vehicles listed in the VMIS system. We also examined six disposal and sale records of four vehicles, IT equipment, and non-IT equipment. In addition, we conducted additions testing by tracing three invoices from the last 12 months of disbursement to the sunflower records, and three items observed during physical inventory. We also interviewed the general service manager, the financial assistant, and HQ inventory management specialist regarding ordering and inventorying personal property.
- **Credit Card and Other Transactions.** We sampled 62 transactions that were not paid by credit cards and 20 credit card transactions. The 82 payments include transactions related to payroll, leases, medical, travel, trainings, conferences, maintenance, and general expenses. The transactions were selected because they were unusual, exceeded \$3,000 USDE, or had extensive use of vendors.

In addition, we reviewed the BOCs report that had a universe of 1,014 collections (1,055 transactions). Our BOCs review consisted of the following:

- **Long Outstanding.** Based on the BOCs report, 230 outstanding collections over 30 days were identified. We selected 23 transactions for further testing (10 percent of the long outstanding universe). At the post, we interviewed staff about collection steps they had taken and reviewed the support.
- **VOIDS.** We reviewed all six voided BOCs and the supporting documentation to determine if the voids were correctly voided and rebilled, if necessary.
- **General Testing.** We tested a sample of nine transactions. Our sample was based on large USDE amounts, unusual transactions, sales, Volunteer billings, and travel expenses. We reviewed the supporting documentation to determine if the BOCs were accurately recorded, created timely, properly obligated, and adequately collected.

As part of our information systems testing, we reviewed the user access forms for Post's OdyWeb and FOR Post systems to verify that the level of access matches the level of access granted. We also verified the physical controls of the server room to determine how the post is safeguarding the electronic data.

USE OF COMPUTER-PROCESSED DATA

The Government Accountability Office's "Assessing the Reliability of Computer-Processed Data" defines reliability to mean that the data is reasonably complete, accurate, meets its intended purpose, and is not subject to inappropriate alteration.

During our audit, we relied on data extracted from the Peace Corps' financial system. We conducted limited accuracy testing of this data. During our sample testing, outlined in the methodology section above, we compared the financial system data to underlying source documentation to ensure consistency. We did not identify any discrepancies between the financial system data and the source documents reviewed. We did not test to ensure that the universe of data provided to us was complete.

However, our office uses independent auditors to annually audit the agency's financial statements. These auditors have determined that the financial statements were free from material misstatements and our auditors did not identify any material weaknesses in internal controls surrounding the financial statements. Therefore, in our professional judgement, we determined that the data was sufficiently reliable for the purposes of this report.

REVIEW OF INTERNAL CONTROLS

Internal controls relate to management's plans, methods, and procedures used to meet their mission, goals, and objectives. We took steps to assess internal controls related to the Peace Corps' overseas financial and administrative operations. For example, we reviewed the Peace

Corps “Overseas Financial Management Handbook” and interviewed key individuals on roles and processes related to disbursements and collections. Further, we met with Peace Corps management overseas and at headquarters who were responsible for oversight of post operations. We noted any issues we identified during our fieldwork in the “Audit Results” section of this report. Our recommendations, if implemented, should improve the agency’s overseas financial and administrative operations.

APPENDIX B: LIST OF ACRONYMS

BOC	Bill of Collection
CD	Country Director
CO	Contracting Officer
COS	Close of Service
DMO	Director of Management and Operations
FA	Financial Assistant
MS	Peace Corps Manual Section
OFMH	Overseas Financial Management Handbook
GAP	Global Accounts Payable
OIG	Office of Inspector General
OHS	Office of Health Services
PCMO	Peace Corps Medical Officer
PSC	Personal Service Contractor
FSN	Foreign Service National
USDE	United States Dollar Equivalent
FY	Fiscal Year
USDH	United States Direct Hire
CUG	Cashier User Guide
TG	Technical Guidance
OCFO	Office of the Chief Financial Officer
ACM	Acquisitions and Contract Management
FAR	Federal Acquisition Regulation
VMIS	Vehicle Management Information System
GAO	Government Accountability Office
OMB	Office of Management and Budget
ICASS	International Cooperative Administrative Support Services

APPENDIX C: CRITERIA USED TO SUPPORT ISSUES IN THE REPORT

FEDERAL REQUIREMENTS

STANDARDS FOR INTERNAL CONTROL IN THE FEDERAL GOVERNMENT

The Government Accountability Office (GAO)'s Standards for Internal Control in the Federal Government (GAO-14-704G)

Design of Appropriate Types of Control Activities

10.03 Management designs appropriate types of control activities for the entity's internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system. The common control activity categories listed in figure 6 are meant only to illustrate the range and variety of control activities that may be useful to management. The list is not all inclusive and may not include particular control activities that an entity may need.

* * * * *

Physical control over vulnerable assets Management establishes physical control to secure and safeguard vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use. Management periodically counts and compares such assets to control records.

Design of Control Activities at Various Levels

10.10 Transaction control activities are actions built directly into operational processes to support the entity in achieving its objectives and addressing related risks. "Transactions" tends to be associated with financial processes (e.g., payables transactions), while "activities" is more generally applied to operational or compliance processes. For the purposes of this standard, "transactions" covers both definitions. Management may design a variety of transaction control activities for operational processes, which may include verifications, reconciliations, authorizations and approvals, physical control activities, and supervisory control activities.

PEACE CORPS REQUIREMENTS

OVERSEAS FINANCIAL MANAGEMENT HANDBOOK (OFMH)

OFMH 13.11 Disbursements

Imprest funds may be authorized for small, miscellaneous purchases that follow both Peace Corps and U.S. Government regulations.

* * * * *

Disbursements of USDE 500 or less, that meet the conditions of the waivers in 13.12, are allowable for normal operations.

OFMH 13.2.2 Cashier Supervision

When the cashiers first level supervisor is not a U.S. direct hire, the cashier must be supervised by a second level supervisor who is a U.S. direct hire. In most instances the cashiers first level supervisor will be the Post Director of Management and Operations and the second level supervisor will be the Country Director. It is important that the second level supervisors responsibilities for cashier purposes be spelled out in writing so that the first level supervisor understands the division of responsibilities.

The U.S. direct hire supervisor has full responsibility and may not re-delegate the following:

- Evaluating the cashiers performance
- Performing duties and responsibilities essential for the internal control of cashier funds advanced to the cashier
- Implementing United States Disbursing Officer (USDO) and Agency instructions on matters related to cashier accountability
- Ensuring that monthly PC-365s and P-99s are completed and submitted to Peace Corps Cashier Monitor

OFMH 7.2.1 Billing Steps

The Billing Officer performs the following tasks as soon as the debt is known, even if the exact amount isn't known*:

1. Enter the Bill of Collection (BOC) information into FOR Post.

- It must be in English.
- The bill must be in the currency of the obligation being credited and for the full amount owed.
- The information entered will appear on the FOR Post BOC Log.
- The information entered will create the BOC form.
- See OFMH 7.6, below, and FOR Post Help for how to determine the amount and how to enter the bill into FOR Post for activities such as VAT, Host Country Contribution, Proceeds of Sale, etc.

2. Save and print the BOC form from FOR Post.

- On the paper form, write the debtor's address and check the appropriate "Vendor Type" box.
- Attach a copy of any supporting documentation/letter to the BOC, if appropriate.

3. DMO signs.

4. Make two complete copies of the BOC (including any supporting documentation).

Distribute as follows:

- Person Billed Original
- Cashier Copy 1
- Billing Files Copy 2

* Note: For internal control reasons, BOCs are entered as soon as it is known that Peace Corps will be receiving funds, even if the exact amount is not known (for example, HCC or VAT). It is very important that this Bill be entered in FOR Post at the moment it is identified.

OFMH 7.2.2 Bill of Collection Review

As needed, the Billing Officer must:

- Coordinate with the Cashier (collections officer) to receive and file:
 - Copies of the General Receipt
 - Cashier Voids
- Review the FOR Post “Outstanding Collections” report when clearing staff whose contracts are terminating or when they are departing Post for another assignment
- Review the FOR Post “Outstanding Collections” report at the end of service for Volunteers . . .

Note: The Billing Officer must maintain the billing files while they are outstanding. Posts may choose to then move billing files to a central location when they are closed.

Monthly, the Billing Officer must:

1. Reconcile the BOC Log (from FOR Post) with the Billing Files.

- Review outstanding BOCs in the FP BOC Log and compare to the Billing Files.
- Review outstanding BOCs in the Billing Files and compare to the FP BOC Log.
- Follow-up with the Cashier Supervisor if any discrepancies are found.

2. Review and follow-up on outstanding BOCs. Run the FOR Post “Outstanding Collections” report. Follow the steps below for BOCs outstanding 30, 60, or 90 days.

- After 30 days - Prepare a letter to be signed by DMO, stating that the bill is now overdue. If the debtor is staff, also state that if it is not cleared in another 30 days, the debtor’s supervisor will be notified. Debtor may not receive new interim or travel advances. Attach a copy of the original Bill of Collection to the letter and issue to the debtor. Attach a copy of the letter to the file copy of the Bill of Collection.
- After 60 days - Notify the debtor’s supervisor (only for staff). Prepare a stronger letter to be signed by CD saying that if it is not cleared in another 30 days, the Billing Officer and Director of Management and Operations will contact PC/HQ for further steps. Attach a copy of the original Bill of Collection to the letter and issue to the debtor. Attach a copy of the letter to the file copy of the Bill of Collection.
- After 90 days – The Billing Officer and DMO should review. If Post determines that they should keep the debt longer, they should contact their GAP FMO, providing details and estimated time needed to collect. If Post determines that they will not be able to collect the debt, they should:
 - Complete the Accounts Receivable Referral Coversheet ([/Libraries/OFMH/OFMHDocs/Accounts%20Receivable%20Referral%20Coversheet.docx?Web=1](#)), attaching all relevant documentation that supports the debt and the attempts to collect. Include any additional information that would be helpful in understanding the debt or circumstances. Send to the GAP FMO.
 - Attach a copy of the Accounts Receivable Referral Coversheet to the Post file-copy of the Bill of Collection.

- The FMO will review and forward to the Claims Officer in CFO/GAP. The Claims Officer will accept or reject the claim and notify the FMO, who will notify Post.
- If HQ accepts the debt, the DMO will instruct the Cashier to void the Bill of Collection in FOR Post. The cashier will enter the reason as "Referral to HQ Claims Officer" and also record the date of the confirmation email and the name of the FMO and Claims Officer. Attach the email from the FMO to the BOC file. (Acceptance means that HQ will either write-off the debt or try to collect.)
- If HQ rejects the debt, it will be referred back to Post and the FMO will provide guidance on Post action for collection.

OFMH 7.3 The Collection Process

The cashier must process the collection immediately upon receipt and provide the FOR Post General Receipt to the debtor. The General Receipt is the only evidence that the debtor has made the payment.

If a Cashier is issued a Bill of Collection, the collection must be made in the presence of the Cashier Supervisor. The Cashier Supervisor must also sign the General Receipt as witnessing the transaction.

OFMH 55.6.1 Travel Responsibility for Preparing Travel Vouchers

It is the responsibility of the traveler to personally prepare vouchers (this is not the role of the Administrative Unit), within 5 days of return from travel.

OFMH 24.1 User Information

FOR Post users must complete a FOR Post/OdyWeb Access Form before receiving access from the User Administrator.

PEACE CORPS MANUAL SECTION (MS)

MS 734.5.4 Acceptance Point Clerk

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 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. Further, the APC may not perform the quarterly inventory of medical supplies.

MS 734.9.1 Destruction of Medical Supplies

Medical supplies (medicines, dressing material, laboratory reagents, test kits, birth control products, and vaccines, etc.) with expired shelf life or medications that have been returned to the Health Unit by V/Ts must be destroyed in the presence of the PCMO and the CD, in accordance with local waste disposal and air and water pollution control standards. Disposal documentation must be retained in post files as per the Peace Corps records schedule, and a copy provided to the MSIC. Under no circumstances should returned medications be returned to inventory stock.

MS 511.5.2 (d) (3) (4) Overseas Posts

The DMO must:

- (3) Plan the annual Inventory campaign with the GSM and assign assistance, with support of the CD, to sight Assets when needed.
- (4) Certify that Inventory campaigns are completed, and Assets have been accurately recorded.

MS 711.5.4 (a) (c) (e) Posts

Posts:

- (a) Follows the guidelines provided by Headquarters to ensure that PP&E are properly accounted.
- (c) Certifies that PP&E data it must submit to the CFO is complete and includes the necessary supporting documentation for accurate recordation of the asset as PP&E in the financial system.
- (e) Maintains the necessary records to support the acquisition, transfer (to and from Post), and disposal of assets within the custody of the Post.

MS 511.5.2 (c) (1) (2) (3) Overseas Posts

The Financial Assistant must:

- (1) Ensure Purchase Orders (POs) in FORPost have valid catalog entries and are properly coded.
- (2) Enter the Bill of Materials (BOM) in Sunflower.
- (3) Ensure Assets purchased at post are in Sunflower when invoices are paid or when submitting the monthly Purchase Card Log for approval if a Purchase Card was the method of payment.

MS 511.8.2 Identify Newly Received Property:

Prior to the Primary Receipt of Personal Property Assets, the receiving official (such as GSM, AA, or their designated assistant) must coordinate with the procuring official (such as FA, DMO, AO) to collect the appropriate PO information. When the Assets are delivered, the receiving official must collect all of the asset identification information. The receiving official assigns and affixes an asset tag/barcode label and collects the description, manufacturer, model, serial number, and location of each Personal Property Asset listed on the PO.

MS 511.6.1 (a) (3) Accountable Asset Types:

- (3) Personally Identifiable Information (PII) Items: Any electronic asset authorized to contain PII. (See IPS 1-17 *Information Security Program*.)

MS 743.18 Evaluation of Contractor Performance

It is U.S. Government policy that a PSC's performance be evaluated during and at the completion of each contract. Only complete and objective written performance evaluations may be utilized in the acquisition process to assess the PSC's past performance and in considering the contractor for future awards.

MS 733.4.8 Payments:

Posts must budget in USD, 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. Exceptions to this must be approved by OACM.

MS 897 Attachment B-Policies and practices for storing, retrieving, accessing, retaining, and disposing of records in the system:

Data maintained electronically at the Peace Corps is on network servers and located in a locked room with physical access limited to authorized personnel.

TECHNICAL GUIDELINE 240 MEDICAL SUPPLIES AND EQUIPMENT

TG 20.1 Medical System Personnel

Section 4 of this TG outlines personnel roles and responsibilities regarding personnel to plan, implement, and maintain an inventory system for medical supplies. Inventory management at post requires staff who belong to the medical office and staff who specifically do not belong to the medical office. The PCMO is responsible for inventory management, while the CD must provide a secure environment, and oversee and participate in inventory accountability. The system at post must comply with the requirements for inventory tracking, ordering, receipt, dispensing, disposal, and transfer of controlled substances and specially designated items. OHS and the Director of the Office of Medical Services provide guidance on the inventory items necessary for a given post. All controlled substances and specially designated items must be managed by all posts with the requirements provided in MS 734 and TG 240. For purposes of managing the Medical Inventory System at post, below are the expanded roles and responsibilities:

Peace Corps Medical Officer (PCMO):

The PCMO creates orders and manages medical supplies and equipment in the medical office according to Agency policy as stated in Manual Section (MS) 734 "Medical Supplies and Equipment. "PCMOs must conduct an inventory of controlled substances and specially designated items identified at the post at the beginning and conclusion of their contract. This includes the DEA log (see Section 21).

The PCMO may be assisted by other members of the medical office to fulfill the requirements of inventorying non controlled substances and specially designated items. The ongoing physical receipt of controlled substances and specially designated items, maintenance of the Inventory Workbook, and the quarterly inventory **must be performed by three different staff members not assigned to the health unit and appointed by the CD**. The PCMO is responsible for the maintenance of effective control over medical supplies to ensure that items are properly received, dispensed, disposed, and transferred. In addition, the PCMO is responsible for record management of all attachment forms from TG240 (documentation for received, dispensed, disposed, and transfer of medical supplies).

Country Director (CD)

The CD provides oversight to the administration of the Medical Inventory System by supporting an accountable process of dispense, receipt, disposal, and transfer documentation of controlled substances and specially designated items.

- Manages operations at a post and is responsible for providing an appropriate working environment for the operation of the post medical office including security and operations that achieve an accountable inventory of medical supplies and equipment.
- Participates in the disposal of expired controlled substances/specially designated items and medications that have been returned by V/Ts
- Appoints the APC, MSICC, and IRC.
- Implements a minimum of quarterly inventory exercises and reports at post.
- Provides annual inventory report to OHS by October 15th, of each year, Submission to: medicalinventory@peacecorps.gov
- Ensures post is MS734 compliant

Acceptance Point Clerk (APC)

Appointed by the CD and is responsible for physically receiving all medical supplies and equipment at post and for verifying order documentation by using form PC734B. The APC must be a staff member who is not a member of the medical office staff and cannot serve in any other capacity related to the management, inventorying, or delivering of medical supplies and equipment.

Medical Supply Inventory Control Clerk (MSICC)

Appointed by the CD and is responsible for maintaining the office's official Inventory Workbook of the Medical Inventory System. The MSICC works with all staff to ensure proper use of inventory forms, that specially designated items and controlled substances are properly documented as dispensed, received, disposed, and transferred in the office's Inventory Workbook of the Medical Inventory System. The MSICC must not be a member of the medical office staff, and cannot serve in any other capacity related to the management, inventorying, or delivering of medical supplies and equipment.

Inventory Reconciliation Clerk (IRC)

Appointed by the CD and is responsible for the reconciliation of the recorded inventory in the health office and the recorded inventory in the office's Inventory Workbook. The IRC conducts a physical inventory of all controlled substances and specially designated items quarterly. The IRC must conduct quarterly reconciliation and report results to the CD. In addition, an annual inventory report addressing all controlled substances and specially designated items must be conducted to document the September 30th inventory level, and submitted to OHS no later than October 15th, of each year. The IRC must not be a member of the medical office staff, and cannot serve in any other capacity related to the management, inventorying, or delivering of medical supplies and equipment.

* * * * *

TG 20.2 Medical Inventory System Forms

The Medical Inventory System utilizes standard forms and practices including a log of controlled substances as required by the US Drug Enforcement Agency (DEA). The tools to manage the system are:

* * * * *

PC-734E- (Attachment E) Expired drugs must be disposed of or transferred properly. All Medications returned by Volunteers may not be returned to inventory and must be destroyed according to standard disposal policy. The CD and PCMO must together dispose of controlled substances, specially designated items, returned medications and any other medical supplies. The PCMO and CD must document the disposal of expired and returned drugs and items on the PC-7343E form.

CASHIER USER GUIDE

CUG 3.3.5 Advance to Alternate Cashier

Alternate cashiers should be well trained and competent in cashiering regulations, guidelines and the use of the ACP. Many accountability issues are related to the inexperience of the alternate cashier who assumes responsibility only in the absence of the principal cashier.

Allowing alternate cashiers to have more hands on experience with the entire cashier operation as well as the ACP helps establish better internal controls and improves overall cash management procedures. Alternate cashiers should act as the principal cashier at minimum two to three times per quarter to gain and retain the required knowledge and proficiency to sustain the cashiering operations in the absence of the principal cashier.

CUG 6.1 Overview

The term collection generally refers to payments of debt due to the U.S. Government, payment for services rendered by the U.S. Government, or funds received by the Department on behalf of a third party. Cashiers or officially designated collection agents are the only individuals authorized by the Department of State to collect funds. Under no circumstances is the cashier authorized to collect or hold personal funds, either cash or checks, for unofficial purposes. This chapter outlines the policies and procedures for accepting funds as collections for overseas operations.

CUG 3.3.5.2.2 (2) (7) Planned Absences of More than 4 Days – Outgoing Cashier Present

During a planned absence of a principal cashier of more than 4 days, an unofficial transfer of accountability must take place.

* * * * *

2. A reconciliation of funds must be completed by the outgoing cashier and in the presence of the incoming cashier. The reconciliation must be identified specifically for the purpose of transfer of accountability.

* * * * *

7. The outgoing cashier and incoming cashier receive copies of the signed reconciliation report to maintain in their cashier folders.

CUG 4.5.34 Cashier Reconciliations

Daily Cashier Reconciliations: Performed by principal cashiers 1.and alternate cashiers on a daily basis if any cashier transactions have been performed.

CUG 5.3.1 Goods and Services

With written approval from the approving officer, goods and services generally include small purchase payments to vendors or employee expenditures. Single payments for goods and services are limited to USDE \$500. Post management is authorized and encouraged to further reduce the maximum amount allowed for a cashier payment. This information should be documented and placed in the post cashing policy. Payments cannot be split to ensure that the amount is less than the cash payment limitation.

Interim Policy Statement 1-17 Rules of Behavior Section D

Users shall work within the confines of the access allowed to them and shall not attempt to access systems or applications . . . to which access has not been authorized.

Peace Corps PEPFAR Guidance 3.2.5

Staff development opportunities are provided in an equitable manner regardless of funding source. However, staff-specific development can be covered using PEPFAR based on the following criteria:

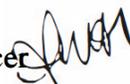
- PEPFAR-funded staff: All staff development is covered by PEPFAR.
- Non-PEPFAR-funded staff: Training can be covered by PEPFAR if the content is more than 50% HIV-related. This includes the incremental costs associated with supporting PEPFAR: travel, communications, and general administrative support.

APPENDIX D: AGENCY RESPONSE TO THE PRELIMINARY REPORT



MEMORANDUM

To: Kathy Buller, Inspector General

Through: Anne Hughes, Chief Compliance Officer 

From: Michelle Brooks, Chief of Staff
Jonathan Miller, Regional Director, Africa Region 
Glenda Green, Country Director, Peace Corps/eSwatini

Date: May 29, 2019

CC: Jody Olsen, Director
Patrick Young, Associate Director of Global Operations
Joaquin Ferrao, Deputy Inspector General
Judith Leonhardt, AIG/Audits
Adam Stalczynski, Chief Administrative Officer, Africa Region
Ted Peck, Director of Management and Operations, eSwatini

Subject: Preliminary Report on the Audit of Peace Corps/eSwatini (Project No. 18-AUD-03)

Enclosed please find the agency's response to the recommendations made by the Inspector General for Peace Corps/ eSwatini as outlined in the Preliminary Report on the Audit of Peace Corps/eSwatini (Project No. 18-AUD-03) given to the agency on April 12, 2019.

The Region and the Post have concurred with all 30 recommendations provided by the OIG in its Preliminary Report on the audit of Peace Corps/eSwatini and have provided documentation for four of the 30 recommendations. Post will work to address the remaining recommendations by the set target dates.

Recommendation 1

That the country director ensure that the acceptance point clerk is receiving all medical supplies at post in accordance with Peace Corps guidance.

Concur

Response: The PCMOs and CD will have a meeting with all staff involved in the medical inventory process of receiving, inventorying, destroying, and disposing of medical supplies, at which a training video supplied by OHS will be viewed, in order to ensure that everyone knows and fully understands their roles.

Documents to be Submitted:

- Email from PCMO confirming that PC Eswatini staff training has been done, and responses to that email from all involved staff confirming their understanding of their roles.
- A log sheet/signature page confirming involved staff attendance at the screening of the OHS training video.

Status and Timeline for Completion: July 2019

Recommendation 2

That the country director ensure that the inventory reconciliation clerk performs quarterly physical inventory of all specially designated drugs and controlled substances, in accordance with Peace Corps guidance.

Concur

Response: The PCMOs and CD will have a meeting with all staff involved in the medical inventory process of receiving, inventorying, destroying, and disposing of medical supplies, at which a training video supplied by OHS will be viewed, in order to ensure that everyone knows and fully understands their roles.

Documents Submitted:

- Email from PCMO confirming that PC Eswatini staff training has been done, and responses to that email from all involved staff confirming their understanding of their roles.
- A log sheet/signature page confirming involved staff attendance at the screening of the OHS training video.
- Copy of the quarterly inventory review.

Status and Timeline for Completion: July 2019

Recommendation 3

That the country director and the Peace Corps medical officer both witness the destruction of all medical supplies in accordance with Peace Corps guidance.

Concur

Response: PCMOs and CD will have a meeting with all staff involved in the medical inventory process of receiving, inventorying, destroying, and disposing of medical supplies, at which a training video supplied by OHS will be viewed, in order to ensure that everyone knows and fully understands their roles.

Documents to be Submitted:

- Email from PCMO confirming that PC Eswatini staff training has been done, and responses to that email from all involved staff confirming their understanding of their roles.
- A log sheet/signature page confirming involved staff attendance at the screening of the OHS training video.
- Copy of destruction confirmation with PCMO and CD signatures as proof that both the PCMO and CD were present at the last destruction.

Status and Timeline for Completion: July 2019

Recommendation 4

That the country director and the Peace Corps medical officer sign the required disposal form in accordance with Peace Corps guidance.

Concur

Response: The PCMOs and CD will have a meeting with all staff involved in the medical inventory process of receiving, inventorying, destroying, and disposing of medical supplies, at which a training video supplied by OHS will be viewed, in order to ensure that everyone knows and fully understands their roles.

Documents Submitted:

- Email from PCMO confirming that PC Eswatini staff training has been done, and responses to that email from all involved staff confirming their understanding of their roles.
- A log sheet/signature page confirming involved staff attendance at the screening of the OHS training video.
- Copy of destruction confirmation with the PCMO and CD signatures.

Status and Timeline for Completion: July 2019

Recommendation 5

That the country director ensures all staff involved in the medical inventory process receive additional training on the roles and responsibilities of medical inventory.

Concur

Response: The PCMOs and CD will have a meeting with all staff involved in the medical inventory process of receiving, inventorying, destroying, and disposing of medical supplies, at which a training video supplied by OHS will be viewed, in order to ensure that everyone knows and fully understands their roles.

Documents to be Submitted:

- Email from PCMO confirming that PC Eswatini staff training has been done, and responses to that email from all involved staff confirming their understanding of their roles.
- A log sheet/signature page confirming involved staff attendance at the screening of the OHS training video.

Status and Timeline for Completion: July 2019

Recommendation 6

That the director of management and operations and appropriate staff conduct annual physical inventory counts and reconcile all discrepancies to ensure data in the Sunflower system is accurate and complete.

Concur

Response: Post will complete conducting the 2019 Sunflower Annual Inventory Report, including reconciliation of all discrepancies.

Documents to be Submitted:

- Copy of completed Sunflower 2019 Annual Inventory Report.

Status and Timeline for Completion: June 2019

Recommendation 7

That the director of management and operation ensure that the financial assistant and the general service manager follow the required property management process.

Concur

Response: The DMO will discuss and review MS 511.5.2 and the Sunflower User Guide in detail with the GSM and the FA so that they understand that the FA must enter the bills of material in Sunflower after ensuring that the purchase orders are properly entered in FOR Post.

Documents to be Submitted:

- Copy of email communication between DMO, GSM and FA confirming that this matter has been discussed in detail and is understood by all parties.

Status and Timeline for Completion: September 2019

Recommendation 8

That the director of management and operations ensure that assets authorized to contain personally identifiable information are entered in the Sunflower system.

Concur

Response: The DMO will discuss and review MS 511.6 in detail with the GSM and ITS to ensure their understanding that assets authorized to contain personally identifiable information are entered in the Sunflower system, and will confirm during future Sunflower annual inventory reporting that this is being done.

Documents to be Submitted:

- Copy of email communication between DMO, GSM and ITS confirming that this matter has been discussed in detail and is understood by all parties.
- Copy of completed Sunflower 2019 Annual Inventory Report

Status and Timeline for Completion: September 2019

Recommendation 9

That the director of management and operations monitor and document that the accountability of funds is transferred to the alternate cashier when required, in accordance with policy.

Concur

Response: The Principal Cashier retrained the Alternate Cashier on how to fulfill the position's duties, and the Alternate Cashier has been successfully carrying out these duties for the past few months. The Alternate Cashier is now in a position to perform the principal duties, and the first planned unofficial transfer of accountability, i.e. taking full possession of the cash, being delegated the appropriate FOR Post capabilities, and working in the cashier office, will take place during early June.

Documents to be Submitted:

- Documentation of this transfer of accountability to the Alternate Cashier, including a correct completed reconciliation of funds at the beginning and end of the transfer of accountability.

Status and Timeline for Completion: June 2019

Recommendation 10

That the director of management and operations establish a schedule that allows for the alternate cashier to work as acting principal cashier to ensure the necessary skill levels are maintained.

Concur

Response: The DMO has discussed with the Principal Cashier and the Alternate Cashier the Cashier Users Guide section 3.3.5 requirement that the Alternate Cashier should act as the Principal Cashier at minimum two to three times per quarter to gain and retain the required knowledge and proficiency to sustain the cashiering operation in the absence of the Principal Cashier.

Documents to be Submitted:

- Documentation that this transfer of accountability to the Alternate Cashier has occurred at least twice during Q4 of FY19.

Status and Timeline for Completion: September 2019

Recommendation 11

That the country director and the director of management and operations ensure that the alternate cashier performs cash counts after transactions have occurred.

Concur

Response: The DMO will discuss in detail with the Principal Cashier and the Alternate Cashier the relevant Cashier Users Guide sections pertaining to proper reconciliation of funds, including requirement that reconciliations be performed after any cashier transactions are performed, and that during an unofficial transfer of accountability: 1) a reconciliation of funds must be completed by the outgoing cashier and in the presence of the incoming cashier, 2) the reconciliation must be identified specifically for the purpose of transfer of the accountability, and 3) the outgoing cashier and the incoming cashier receive copies of the signed reconciliation report to maintain in their cashier folders for 60 days, as required by the policy.

Documents to be Submitted:

- Copy of email communication between DMO, Principal Cashier and Alternate Cashier confirming that this matter has been discussed in detail and is understood by all parties.
- Copies of cash counts as proof of completion.

Status and Timeline for Completion: June 2019

Recommendation 12

That the country director and the director of management and operations ensure that all cashiers (principal cashiers, alternate cashiers, and subcashiers) retain all reconciliation records for at least 60 days.

Concur

Response: The DMO will discuss this in detail with the Principal Cashier and Alternate Cashier, as referenced above in Recommendation 11.

Documents to be Submitted:

- Copy of email communication between DMO, Principal Cashier and Alternate Cashier confirming that this matter has been discussed in detail and is understood by all parties.

Status and Timeline for Completion: June 2019

Recommendation 13

That the director of management and operations ensure a bill of collection is generated before funds are accepted from Volunteers and cash collection is only performed by the cashiers.

Concur

Response: Since the audit field visit, the DMO has ceased collection of excess grant funds from Volunteers, and now cashiers are the only individuals collecting funds. The DMO is now ensuring that a bill of collection is generated before funds are accepted from Volunteers and cash collection is only performed by the cashiers.

Documents to be Submitted:

- Written outline of the process by which PCVs close out their grants and process repayment to Peace Corps of unused grant funds.
- Copies of previous financial documentation pertaining to Volunteer grant funds closure showing that the correct process is being followed.

Status and Timeline for Completion: June 2019

Recommendation 14

That the director of management and operations ensure that disbursements for greater than \$500 receive the required additional authorization.

Concur

Response: The DMO will send out a reminder to the appropriate staff regarding the need for additional authorization on all disbursements greater than \$500 USD.

Documents to be Submitted:

- Email reminder to appropriate staff
- Example disbursements over \$500 USD with the proper authorization

Status and Timeline for Completion: September 2019

Recommendation 15

That that director of management and operations designate staff that receive interim advances as occasional money holders.

Concur

Response: The DMO will designate necessary staff members as occasional money holders to ensure all interim advances are handled correctly moving forward.

Documents to be Submitted:

- List of staff members designated as occasional money holders
- Copy of completed designation form

Status and Timeline for Completion: June 2019

Recommendation 16

That the director of management and operations implement procedures to ensure that the funds received for replenishments are withdrawn from the pass-through account no later than two business days after the funds are received or that the appropriate waiver is obtained in accordance with Peace Corps policy.

Concur

Response: Post is currently getting web-based access to its pass-through bank account. This will enable the cashier to better ascertain when a replenishment check has been received at the bank and will speed the process of collecting those funds from the account.

Documents to be Submitted:

- Monthly pass-through bank account statements for the period of June-August 2019 indicating that replenishments remained in the account for no more than two days.

Status and Timeline for Completion: September 2019

Recommendation 17

That the cashier supervisor implement a key control system to ensure the key is safe guarded from theft and loss.

Concur

Response: Post has purchased and installed a combination lock safe where keys are kept in the Alternate Cashier's office to ensure the key is safe guarded from theft and loss.

Documents to be Submitted:

- Photo of the combination lock safe installed in the office of the Alternate Cashier.

Status and Timeline for Completion: Completed, May 2019

Recommendation 18

That the cashier supervisor witness the payments of the principal cashier bills of collection in compliance with agency policy.

Concur

Response: The DMO has discussed the collection process policy (OFMH 7.3) with the Principal Cashier and both will comply with agency policy on this moving forward.

Documents to be Submitted:

- Copy of email correspondence on this issue.
- Copies of upcoming General Receipts documenting adherence to policy.

Status and Timeline for Completion: September 2019

Recommendation 19

That the director of management and operations require the billing officer to perform all aspects of bills of collection duties, including maintaining documentation of the BOCs.

Concur

Response: The DMO will discuss this matter in detail with the billing officer to ensure that she understands that she, not the Principal Cashier, must maintain the billing files while collections are outstanding, including retaining a signed copy of the BOC from the Cashier.

Documents to be Submitted:

- Copy of email correspondence on this issue confirming that this matter has been discussed in detail and that the billing officer fully understands her responsibilities in this area.
- Copies of example BOCs.

Status and Timeline for Completion: September 2019

Recommendation 20

That the director of management and operations direct the staff to prepare their own travel vouchers and ensure staff are trained on all aspects of travel voucher submission.

Concur

Response: The DMO and FAA will prepare and conduct a training for all staff to ensure that they are trained on all aspects of travel voucher submission. After the training, the FAA will fully cease preparing TVs for other staff.

Documents to be Submitted:

- Copy of email communication pertaining to travel voucher training.
- Copy of PowerPoint training on travel voucher preparation.
- Signature sheet of those who attended training session.
- Copies of example travel vouchers prepared by staff members.

Status and Timeline for Completion: September 2019

Recommendation 21

That the director of management and operations ensure that all outstanding bills of collection are followed up in a timely manner and in accordance with Peace Corps policy.

Concur

Response: Post has been working with CFO/GAP, post's Supervisory Financial Management Officer, and FOR Post Support to clear old collections from the bill of collection log. Moving forward, on all current outstanding BOCs the billing officer will provide weekly reminders for each pending collection. Further follow-up by letter from the DMO (at 30 days) and the CD (at 60 days) will be conducted if necessary.

Documents to be Submitted:

- Eswatini Bill of Collection FOR Post Log Report for a 90-day period, July-September 2019.
- Weekly email template from billing officer.
- Letter template from DMO at 30-day deadline.
- Letter template from CD at 60-days.

Status and Timeline for Completion: October 2019

Recommendation 22

That the director of management and operations ensure compliance with policy to issue bills of collection as soon as the debt is known to the Peace Corps.

Concur

Response: The DMO will meet and conduct training with all administrative and financial staff to review and strengthen understanding of and compliance with all aspects of the billing and collection process, including the policy to issue BOCs as soon as the amount is due to the Peace Corps, even if the exact amount is unknown. Moving forward, BOCs will be created on the same day the debt is identified. Once the correct amount is identified and the corrected BOC is created, the initial BOC will be voided by the Cashier. The new BOC number will be referenced in the FOR Post Void Approval comment box. Posts has been following this procedure with regard to VAT collections, and this same procedure will be followed regarding auction sales, etc.

Documents to be Submitted:

- Example BOCs from FY19, if available.
- Communication identifying when BOC amount was due, if available.
- Copy of content of training on the billing and collection process.
- Subsequent email to admin and finance staff indicating those who attended the training and reinforcing understanding of BOC policy.

Status and Timeline for Completion: September 2019

Recommendation 23

That the director of management and operations provide training to all administrative and financial staff on the importance of BOCs, who to notify when a debt is known, and examples of these debts.

Concur

Response: The DMO will meet and conduct training with all administrative and financial staff to review and strengthen understanding of and compliance with all aspects of the billing and collection process, including who to notify when a debt is known, and examples of these debts.

Documents to be Submitted:

- Copy of content of training on the billing and collection process.
- Subsequent email to admin and finance staff indicating those who attended the training and reinforcing understanding of BOC policy.

Status and Timeline for Completion: September 2019

Recommendation 24

That the country director ensure annual performance appraisals are prepared, discussed with staff members, and copies are placed in their files.

Concur

Response: Post contends that it is currently complying with this practice, and the CD will ensure annual performance appraisals continue to be prepared, discussed with staff members, and copies placed in their files. Regarding the specific issue mentioned in the Preliminary Audit Report of the lack of performance appraisals for the former USPSC PCMO at post, the CD has recently submitted to HQ copies of those previously completed and submitted appraisals, in conjunction with OHS. Regarding the unspecific mention of two other long-term PSC contract files that lacked performance appraisals for performance years 2013 and 2017, post will ensure that performance appraisal documentation will be completed for all long-term PSCs. Post's HR Specialist will be advised to ensure that PSC performance appraisals have been completed at the end of each contract period before a PSC contract renewal will be processed.

Documents to be Submitted:

- Previously completed and submitted appraisals of former USPSC PCMO, in conjunction with OHS.
- Copy of email correspondence between DMO and HR Specialist regarding the need to ensure that a PSC performance appraisal has been completed at the end of each contract period before a PSC contract renewal will be processed.

Status and Timeline for Completion: June 2019

Recommendation 25

That the director of management and operations ensure that all active leases are modified to reflect only one currency and all future leases are prepared in one currency.

Concur

Response: Post has discontinued the practice of completing leases in both local currency and USD. Two of the three USD residence leases have been renewed since the audit visit, and those two leases reflect only the local currency amount. The one lease contract that is not yet up for renewal has been modified to reflect only the local currency amount.

Documents to be Submitted:

- Copies of the two USDH residence lease renewals, and a copy of the lease contract modification, which reflect only the local currency amount.

Status and Timeline for Completion: Completed, May 2019

Recommendation 26

That the country director and director of management and operations consult with the Office of the Chief Financial Officer on the corrections necessary regarding this purchase and follow their guidance, as necessary.

Concur

Response: Post will ensure that all procurement files are complete and that all relevant and required documentation is retained in the files moving forward.

Documents to be Submitted:

- Email from OCFO reminding post about action regarding complete files moving forward.

Status and Timeline for Completion: June 2019

Recommendation 27

That the director of management and operations follow the PEPFAR guidance for allocating funds.

Concur

Response: Post will ensure all PEPFAR guidance is followed for post activities.

Documents to be Submitted:

- Email to appropriate staff with PEPFAR spending guidance from OCFO
- Copy of annual cost allocation reconciliation data from OCFO

Status and Timeline for Completion: December 2019

Recommendation 28

That the director of management and operations implement post specific controls to record and track the use of fuel for generators.

Concur

Response: Post will prepare Standard Operating Procedures for recording and tracking the use of fuel for generators, addressing issues related to the purchase of fuel for generators, disbursement of the fuel, proper recording of generator fuel use, and the reconciliation of generator fuel purchases. A spreadsheet used for tracking generator and fuel usage will also be prepared.

Documents to be Submitted:

- A copy of the generator fuel SOP and generator fuel tracking spreadsheet for Mbabane office and USDH residences.

Status and Timeline for Completion: September 2019

Recommendation 29

That the director of management operations reviews all users of the OdyWeb and FORPost systems to verify that they have documented approval and proper access to the IT system.

Concur

Response: The DMO completed the 2019 Annual FOR Post/OdyWeb User Access Review, and all forms were copied to the shared folder at HQ. This verified that existing documentation of approval and proper access to the IT system was fully correct.

Documents to be Submitted:

- Copy of FOR Post - Eswatini Active Users, dated Feb. 12, 2019 verifying that FOR Post and OdyWeb users at post are current and have matching, signed forms on file.

Status and Timeline for Completion: Completed, May 2019

Recommendation 30

That the country director instruct the information technology specialist to secure the post network server location as required.

Concur

Response: The DMO has verbally discussed this with the ITS and has sent him an email further instructing him to adhere to MS 897, Attachment B - Policies and practices for storing, retrieving, accessing, retaining, and disposing of records in the system.

Documents to be Submitted:

- Copy of response from ITS to email sent to him regarding this matter acknowledging his adherence

Status and Timeline for Completion: Completed, May 2019

APPENDIX E: OIG COMMENTS

Management concurred with all 30 recommendations. We closed 4 recommendations (numbers 17, 25, 29 and 30) based on evidence of corrective actions that address the recommendations. The remaining 26 recommendations remain open pending a copy of documentation listed in the agency's response.

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

APPENDIX F: AUDIT COMPLETION AND OIG CONTACT

AUDIT COMPLETION

This audit was conducted under the direction of Assistant Inspector General for Audit Judy Leonhardt by Senior Auditor Ann Lawrence and Senior Auditor Maritza Padilla Vega. Additional contributions were made by Lead Auditor Rebecca Underhill.



OIG CONTACT

If you wish to comment on the quality or usefulness of this report to help us strengthen our product, please contact Assistant Inspector General for Audit Judy Leonhardt at jleonhardt@peacecorpsig.gov or 202.692.2914.

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