



Peace Corps Office of Inspector General



PC/ Cape Verde office in Praia



Mountain vista, Santo Antao island



Flag of Cape Verde

Final Audit Report: Peace Corps/Cape Verde

December 2009



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Peace Corps/Cape Verde
IG-10-03-A**

A handwritten signature in blue ink, reading "Gerald P. Montoya". The signature is fluid and cursive, with a horizontal line extending from the end of the name.

Gerald P. Montoya
Assistant Inspector General for Audit

December 2009

EXECUTIVE SUMMARY

We found that Peace Corps/Cape Verde's financial and administrative operations and its compliance with agency policies and federal regulations required improvement in a number of areas. Some of the more important findings are summarized below.

Imprest Fund Management

The cashier did not change the combination to the imprest fund safe at least annually, in order to safeguard the fund's assets.

Volunteer Allowances

The post did not compile and evaluate the Volunteer responses to the fiscal year (FY) 2009 living allowance survey, which is used to determine the adequacy of the Volunteers' allowance, and did not perform a related independent market basket survey. In addition, the FY 2008 living allowance survey sent to Volunteers in September 2007 with a November 30, 2007 response cut-off date, was not compiled until June 2008, thus reducing the survey's usefulness. Further, the survey results showed economic variations among different islands, indicating that a review of survey results by location would be more effective.

Additionally, the FY 2009 settling-in allowance survey, used to determine the adequacy of the settling-in allowance when Volunteers first arrive at their sites, was not compiled and independent price survey was not performed. Finally, the post did not have on file a memorandum of agreement with the bank handling Volunteer allowances, establishing and documenting the bank's requirements and responsibilities for the funds.

Billings and Collections

The billing officer did not record billings and prepare bills of collection for host country contributions (HCCs) for Volunteer housing until the HCC checks were received by the post. Further, the billing officer received the checks rather than the collection officer, a violation of segregation of duties requirements. Finally, some billings for personal phone usage were issued late.

Host Country Contributions

All in-kind host country contributions were not included on budgetary reports to headquarters.

Volunteer Property Held for Safekeeping

The inventory lists of maintained Volunteer property were kept with the property in the safe, rather than in a separate location. In the event of the loss of the safe's contents, the post would have no record of the Volunteer property held for safekeeping. Also, the information on the inventory list, which was given to Volunteers as a receipt, contained

an incorrect agency liability amount. In addition, one list had an inaccurate description of the property held.

Property Management

The property inventory records contained discrepancies. Further, the property control officer did not reconcile the records with changes before the annual physical inventory was conducted. The reconciliation might well have identified the discrepancies. Accurate inventory records are essential in controlling the related property.

Vehicles Management

The vehicle usage logs were incomplete and were not reviewed, initialed, and dated by all required individuals, in order to ensure that the post's vehicles were being properly used. In addition, the post's auction process for the sale of used vehicles contained internal control deficiencies. Further, while the post obtained the chief of mission's approval for temporary usage by the country director of post vehicles, the post did not obtain the required regional director approval.

Personnel Management

The post had a discrepancy in payments that it was required to make to Cape Verde's social security agency. The issue, if left unresolved, could lead to future problems. Additionally, during our review, we found deficiencies in time attendance procedures including errors and inconsistencies in the staff's recording of sick leave, annual leave, and compensatory time on the timesheets, and discrepancies in the official time and attendance records.

Procurement

In several cases involving personal services contractors (PSC), the post's contract files lacked essential documentation including security clearances, intelligence background information certification forms, and in the case of the Peace Corps Medical Officer (PCMO), approval from the Office of Medical Services. Further, the post's PSC contract stated that annual sick leave may be carried over, which differed from post policy and the local compensation plan.

Purchase Card

The administrative unit did not use its purchase card to the maximum extent practicable, in accordance with agency policy, to maximize procurement efficiency and effectiveness.

Medical Supplies

Physical inventories of medical supplies were performed annually; agency policy requires that inventories be performed quarterly to ensure proper control. Moreover, the person who kept the inventory records also conducted a part of the physical inventory, a violation of segregation of duties requirements. Additionally, during our review, we found discrepancies between the medical supplies records and the actual inventory.

Appendix B includes comments from post staff and Volunteers interviewed. Our report contains 41 recommendations, which, if implemented, should strengthen internal controls and correct the deficiencies detailed in the accompanying report.

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INTRODUCTION

The Office of Inspector General conducted an audit of Peace Corps/Cape Verde May 7 – 29, 2009. We previously performed an audit of the post in September 1999 (IG-99-14-2 issued March 2000) and a follow-up audit in January – February 2002 (IG-02-08-FA issued July 2002).

The Peace Corps commenced its program in Cape Verde in 1988, 13 years after the country achieved its independence from Portugal. Since then, approximately 450 Volunteers have served there. At the time of our audit, 52 Volunteers were engaged in two project areas: education and small enterprise development. The country director arrived at the post in August 2007. The administrative officer, a foreign service national, has served in this capacity since 2000.

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

AUDIT RESULTS

We found that Peace Corps/Cape Verde's financial and administrative operations required improvement in a number of areas and did not fully comply with agency policies and federal regulations.

For example, we found that the post did not:

- Change the imprest fund safe's combination at least annually.
- Conduct complete and timely Volunteer living and settling-in allowance surveys.
- Record billings for host country contributions when the post requests the funds.
- Maintain accurate property inventory records.
- Keep complete vehicle usage logs and perform weekly reviews by all required persons.
- Establish adequate controls over auctions of post vehicles.
- Prepare accurate and timely time sheets and have them approved by supervisors.
- Maintain complete personal services contractor files.
- Perform quarterly inventories of medical supplies and segregate the responsibilities for inventory recordkeeping and verification.

A. IMPREST FUND MANAGEMENT

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

Peace Corps Manual (PCM) section 760.5.2 states: “The cashier must personally set the combination to the safe. The Embassy Regional Security Officer (RSO) or technician assisting with the changing of the combination is not authorized to set or know the combination of the safe.”

The cashier informed us that the engineering support specialist from the office of the Regional Security Officer (RSO) at the U.S. Embassy in Dakar changed the combination. He last changed it on October 20, 2008. The cashier further told us that she was not trained on how to do it.

Changing the safe combination as required reflects the cashier’s responsibility for safeguarding the imprest fund and her personal accountability for its contents.

We recommend:

- A.1.1 That the country director ensure that the cashier be trained so that she may change the imprest fund safe combination.
- A.1.2 That the cashier change the imprest fund safe combination annually, when there is a change in cashiers, or whenever the combination becomes known to a person other than the cashier.

2. The cashier incorrectly reported cash advances made to the alternate cashier.

PCM section 760.13.1 states: “All advances must be properly documented and accounted for in the imprest reconciliation.”

The cashier made advances to the alternate cashier but incorrectly reported these on the imprest fund’s cashier reconciliation statement in the “subcashier” section. The post had no subcashiers.

Properly reporting cash advances permits an appropriate accounting for the advances and an adequate review of their nature.

We recommend:

- A.2.1 That the post properly report cash advances to the alternate cashier on the imprest fund's cashier reconciliation statement.

B. VOLUNTEER ALLOWANCES

1. The post did not perform adequate and timely Volunteer living allowance surveys.

PCM section 221.5.1 states: "Volunteers are entitled to a living allowance in order that they may serve effectively and safely overseas."

PCM section 221.5.7.3 states: "Increases or decreases to the base living allowance must be based on the findings of the Volunteer living allowance survey, as supported by the market basket survey."

PCM section 221.5.7.2 states, "The market basket survey is to be used as a guide to validate the cost data on the living allowance survey submissions....If there are locality supplements being paid to some Volunteers, it is recommended that a separate market basket survey be conducted in each locality."

In addition, PCM section 221.4.2 states: "A survey response rate of a minimum of 75% is required to support an increase greater than 10%."

The post's conduct of the living allowance surveys for fiscal years 2009 and 2008 was inadequate as follows:

- The post sent the survey forms to Volunteers in September 2008 but did not compile and evaluate the responses. Further, the post did not perform a market basket survey.
- The post sent the FY 2008 survey form to Volunteers in September 2007 with a November 30, 2007 response cut-off date. However, it did not compile the results until June 2008, which reduced their usefulness. The administrative officer told us that he misunderstood agency policy and prolonged the response cut-off date in order to obtain a 75% response rate; a 75% response rate is not required by agency policy for a living allowance increase of 10% or less.
- The post performed the FY 2008 market basket survey at one mini-market in the capital, Praia. However, a market basket survey conducted at one location in an urban area was not useful as most Volunteers live in rural areas.
- The post did not compare the FY 2008 market basket and Volunteer survey data in evaluating the results.

The Volunteer survey responses showed variances among the different islands, indicating that stratification would be appropriate to ensure that the allowances reflect the Volunteers' living needs.

Volunteers depend on the living allowance for their support and well-being. Complete and timely living allowance surveys are critical in ensuring the allowance's adequacy.

We recommend:

- B.1.1 That the post compile and evaluate Volunteer living allowance surveys in a timely manner.
- B.1.2 That the post conduct market basket surveys and use them in evaluating the results of the Volunteer living allowance surveys to determine whether the allowance is adequate to support the Volunteers' living needs.
- B.1.3 That the post conduct its market basket surveys in locations that are representative of where Volunteers live.
- B.1.4 That the post correctly apply the 75% response rate policy for living allowances increases.
- B.1.5 That the post review its Volunteer living allowance survey responses for variations to determine if the allowance should be stratified by location.

2. The post did not compile and analyze the settling-in allowance survey responses nor perform an independent price survey.

At the conclusion of pre-service training, newly sworn-in Volunteers are given a settling-in allowance to provide for their needs when arriving at their sites. PCM section 221.3.1 states that the allowance is for the purchase of "necessary housing supplies and equipment."

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

The post did not complete its settling-in survey for the Volunteer group that swore in September 2008. The post distributed the survey forms to the new Volunteers but did not compile the results. Further, the post did not perform an independent price survey.

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

We recommend:

- B.2.1 That the post conduct Volunteer settling-in allowance surveys and related independent price surveys to determine whether the allowance is adequate to support the Volunteers' settling-in needs.

3. The post did not have a memorandum of agreement with the bank handling Volunteer allowances.

PCM section 221.6.1 requires that the post execute a memorandum of agreement (MOA) with the bank handling Volunteer living allowances, in the form specified by Attachment D to the policy.

The post had not obtained an MOA from its bank for the new pass-through account for Volunteer allowances. The administrative officer told us that he intended to request it from the bank.

The MOA clarifies the requirements and responsibilities of the bank in its relationship with the Peace Corps and helps the post make certain that it is obtaining all the services agreed upon.

We recommend:

- B.3.1 That the post execute a memorandum of agreement with the bank handling Volunteer living allowances.

C. BILLINGS AND COLLECTIONS

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

PCM section 777.16.4 states: "An employee indebtedness should be settled promptly." This is clarified by Overseas Financial Management Handbook (OFMH) section 7.3, which states: "Payment is required within 30 days of the receipt of the billing document (issued by the Billing Officer)." For staff members to settle their debts promptly, bills of collection must be issued in a timely manner.

The post did not always bill timely for personal phone calls by staff on post-issued cell phones. For example, telephone charges incurred by one staff member between January and July 2008 were not billed and collected until September 2008. This and other examples of a lack of billing timeliness to staff are presented in the table below.

Period of Phone Usage	Amount (in Cape Verde escudos)	Amount (in U.S. dollar equivalents*)	Date Billed per Bill of Collection	Date Collected
Aug - Oct 2007	9,485	118.56	12/13/07	12/13/07
Jan - June 2008	15,257	190.71	9/3/08	9/4/08
Jan - June 2008	5,086	63.58	8/14/08	9/2/08
January 2009	9,012	112.65	4/6/09	4/8/09

* \$1 = approximately 80 Cape Verde escudos at the audit date.

The administrative officer told us that some delays were due to staff members' not promptly identifying their personal charges on the phone bills and to ineffective oversight.

Timely billing, along with effective oversight, is essential to the management of post assets.

We recommend:

- C.1.1 That the billing officer bill staff for personal phone charges in a timely manner after receipt of the phone bills.

2. The post's bills of collection log had gaps in numerical sequence.

PCM section 777.22.1 states: "To facilitate and assure prompt deposit and credit, it is imperative that the accounting data necessary to identify the transaction in the Agency financial records be shown on billing and collection documents."

The bills of collection (BOC) log had several gaps in sequence. The administrative officer, who served as the billing officer, did not know why these discrepancies had occurred and told us that he would follow up and take action as required.

Administrative review of the transactions in the BOC log is an important control in detecting and preventing errors and irregularities.

We recommend:

- C.2.1 That the administrative officer determine the reasons for the gaps in numerical sequence in the bills of collection log and take corrective action as needed.

3. The billing officer did not record billings for host country contributions (HCCs) until the funds were received. Additionally, the billing officer directly received the HCC checks upon their arrival at the post.

PCM section 777.4.1.2 states: “A letter may be used for a billing in those instances where deemed the best method by the billing officer or official. When a letter is used, Form PC-1566 [bill of collection] is also prepared for internal control purposes; however, it is not issued to the debtor.”

PCM section 777.3.4 states: “Peace Corps procedures require that all remittances and collections be sent or delivered to the collection officer...”

The billing officer sent letters, generally monthly, to the Ministry of Education to request the HCCs for education Volunteers’ housing. However, he did not prepare the bills of collection and record the billings in the ForPost system until the amounts were collected. The billing officer told us that the Ministry often took one or two months to remit the checks, and he did not want to show such a large time lag in the accounting records.

In addition, the billing officer, rather than the collection officer, received the checks from the Ministry, violating segregation of duties requirements. This was a significant breach in internal control given that there was no record in ForPost until the time of collection.

Proper internal control over billings and collections requires that the billing officer record all billings at the time they are made and that the collection officer receive all remittances.

We recommend:

- C.3.1 That the billing officer record host country contribution billings in the ForPost system and prepare the related bills of collection at the time the amounts are billed.
- C.3.2 That the collection officer rather than the billing officer receive the host country contribution checks.

D. HOST COUNTRY CONTRIBUTIONS

1. The post did not list all host country contributions in its reporting to headquarters.

PCM section 722.5.2 indicates that “residential furnishings provided [to] Volunteers” should be considered a host country contribution.

In addition, PCM section 722.7.2.1 states: “The recorded value of in-kind contributions shall be based on a rational estimate of the cost of the contributed supplies or services to the Peace Corps.”

The post received furniture and equipment for the housing of small enterprise development Volunteers as HCCs from sponsoring organizations. While the post properly reflected the furniture and equipment’s estimated value (100,000 Cape Verde escudos, equivalent to approximately \$1,250) as an in-kind HCC in its 2009 operating plan, it did not reflect the value in its HCC quarterly reports.

In addition, the post did not estimate and record in either the operating plan or in the quarterly report the value of two in-kind HCCs. These consisted of a reduced cost for the pre-service training facility and the free use of a school for in-service and mid-service trainings.

We recommend:

- D.1.1 That the post record all host country contributions in its operating plan and its host country contributions quarterly report.

E. VOLUNTEER PROPERTY HELD FOR SAFEKEEPING

1. The lists of Volunteer property were maintained together with the property.

To effectively safeguard Volunteer property held for safekeeping in accordance with PCM section 235, proper internal control requires that the lists or log of Volunteer property be maintained in a different location than the property itself.

The post kept the lists of Volunteer property held for safekeeping together with the property in the safe. Maintaining the lists in a separate location ensures that there is a record of property held in the event of loss.

We recommend:

- E.1.1 That the post keep the lists of Volunteer property held for safekeeping in a different location than the actual property.

2. The Volunteer property lists contained discrepancies.

PCM section 235 provides guidance on the proper handling of Volunteer property held for safekeeping. The policy states: “The CD may authorize reimbursement of these items [lost, damaged, or stolen while in Peace Corps custody] at the purchase price, without regard to depreciation, up to an aggregate amount of \$1,000.”

The Volunteer property lists, copies of which were provided to Volunteers as their receipt, contained excerpts from a portion of PCM section 235, which was revised in 2007. The lists incorrectly stated that the maximum liability was \$300, which was not in accordance with current Peace Corps policy.

We also noted that one listing was signed only by the Volunteer and not by the custodian in the space provided, to acknowledge receipt of the property. Another listing stated “Put in no-fee passport.” This was out of compliance with Interim Policy Statement 4-4, referenced in PCM section 213 “Volunteer No-Fee Passports.” Interim Policy Statement 4-4 provides that Volunteers are responsible for the safeguarding their no-fee passports and visas “by keeping them in their possession or easily accessible in a safe place at their sites.” However, the description on the listing was incorrect. The Volunteer confirmed to us that he provided his personal, not his no-fee, passport for safekeeping.

We recommend:

- E.2.1 That the post provide current and accurate written information to Volunteers regarding property held for safekeeping.
- E.2.2 That the custodian of Volunteer property ensure that the property listings are accurate and are signed by both the custodian and the Volunteer.

F. PROPERTY MANAGEMENT

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

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

The post's property inventory listing included a number of discrepancies, principally relating to computer equipment and cell phones, as follows:

- A Motorola cell phone listed in the property inventory records as located in the storage room, was not found.
- Two Nokia cell phones, a monitor in the Volunteer work room, and the docking station and laptop in the country director's office had incorrect locations noted on the listing.
- A printer in the financial assistant's office had a tag number different than on the listing.
- A laptop listed as “auction” was in use in the IT office.
- A laptop's tag number was not included on the inventory listing.

An accurate inventory listing is essential for effective accountability and control over post property.

We recommend:

- F.1.1 That the post immediately conduct a physical inventory of its computer equipment and cell phones and ensure that the inventory listing reflects the current status and location of the equipment.
- F.1.2 That the post institute a control procedure to track the locations of laptops and cell phones.

2. The property officer did not verify that property changes were posted to the property records.

PCM section 511.5.5 states: “Before beginning inventory, the Property Officer should check the property management records against written documentation of property/equipment changes to ensure that all changes have been entered in the property management database.”

The post's property officer told us that he did not compare the inventory records against documentation of additions and disposals to make certain that all changes had been recorded before starting the physical inventory.

Comparing the inventory records against documentation of changes is an important step in verifying that the records are complete before conducting the physical inventory.

We recommend:

F.2.1 That prior to beginning the physical inventory, the property officer compare the property inventory records against written documentation of changes and verify that all changes have been recorded.

3. The administrative officer did not perform a quarterly reconciliation of the property inventory with documentation of changes.

PCM section 511.6.1 requires that “the Administrative Officer reconcile the inventory against receiving reports and requisition forms at least once a quarter.”

The administrative officer did not perform the quarterly reconciliations. He told us that he did not know that these were required.

Periodically reconciling the inventory and supporting documentation ensures that all inventory activity has been posted to the inventory records.

We recommend:

F.3.1 That the administrative officer reconcile the property inventory with receiving reports and requisition documentation quarterly.

G. VEHICLES MANAGEMENT

1. All required personnel did not review, initial, and date the vehicle usage logs weekly; further, some logs had incorrect and incomplete postings.

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

We found that the person responsible for vehicle maintenance did not review, initial, and date the vehicle usage logs. In addition, descriptions of vehicle trips were sometimes missing or inadequate. We noted entries that contained starting and ending kilometers but no description. Moreover, some destinations were not specific: “Various” or “Praia” (the capital city), for example. In addition, the purpose of numerous trips was stated only as “Service.” Three entries, totalling 435 kilometers, showed no destination and identified the purpose of the trip as “transfer.” The above descriptions thus gave no indication of the official usage of the vehicles.

Complete and fully reviewed vehicle usage logs are important in ensuring that the post’s vehicles are being used appropriately.

We recommend:

- G.1.1 That required staff members review, initial, and date the vehicle usage logs weekly.
- G.1.2 That staff record all usage of post vehicles in the vehicle usage logs and that the descriptions be sufficiently detailed to permit review.

2. The post’s auction process contained deficiencies.

PCM section 527.5.6 states: “The Agency’s Vehicle Fleet Management Guide [hereafter, the Guide] sets out in-depth the procedures and requirements for use of the Agency’s vehicle fleet.” The Guide includes a section on vehicle disposal procedures.

The process and procedures used in two auctions conducted by the post for the sale of its vehicles were deficient as follows:

- In its newspaper announcement, the post asked bidders to include with their bid their name, address, and contact phone number. However, the post did not provide a standard form to ensure that this key information was provided.
- We were told that bidders brought their sealed envelopes to the receptionist inside the Peace Corps office, bypassing building security controls.
- Control at the initial point of receipt of the bids, by the use of a locked box, a log, a “date received” stamp, and sequential numbering on the envelopes containing the bids, did not exist. Rather, the receptionist brought the envelopes containing the bids to the administrative officer or the country director for holding.
- There was inadequate documentation of the process for notifying the winner. The winner’s name, along with instructions for completing the transaction, was posted

outside the Peace Corps office. For transparency and to ensure that all bids had been considered, the amount of the winning bid should also have been posted and would have permitted a higher bidder, if one existed, to challenge the determination. According to the administrative officer, the winner was also telephoned, but this was not documented. Such transparency was particularly important given that one of the two vehicles was sold to a staff member.

It is essential that the post perform and clearly and completely document its auction determinations, controls, and procedures to maximize the returns to the Peace Corps and to minimize the opportunity for, and detect and prevent, waste, fraud, and abuse during the auction process.

We recommend:

- G.2.1 That the post establish adequate controls over its auctions in accordance with agency policy.

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

PCM section 522.4.3.3 states that use of a Peace Corps vehicle may be authorized if “exceptional circumstances make alternate transportation unsafe or unavailable.” In this case, regional authorization and chief of mission concurrence are required.

The country director used a Peace Corps vehicle during a one-month period that the road between his home and the Peace Corps office was passable only by a four-wheel drive vehicle. The country director’s personal vehicle was two-wheel drive. While the post obtained the written approval of the chief of mission, it did not have on file regional director authorization.

We recommend:

- G.2.2 That, in the future, the post obtain all approvals required for the authorized use of Peace Corps vehicles and maintain these in the post’s files.

H. PERSONNEL MANAGEMENT

1. The post staff's social security contributions were not being accurately recorded.

The post is required to make regular, periodic payments to the local social security agency, Instituto Nacional de Previdencia Social (INPS). The payment amount is 23% of the salary amount; the post contributes 15% and the staff member contributes 8%.

While the post sent checks to INPS on a biweekly basis, the INPS appeared to have recorded the checks as monthly contributions. In January 2009, the INPS returned to the post a valid check (held at the time of the audit by the administrative officer in his safe), stating that INPS had already received the required monthly payment. At the time of the audit, the post was uncertain how far back the issue extended.

A deficiency in the INPS' recording of post payments could lead to a potential liability for the Peace Corps and problems for staff in obtaining the benefits to which they are entitled.

We recommend:

- H.1.1 That the post verify with the Cape Verde social security agency that all periodic payments made on behalf of staff have been received and properly recorded.
- H.1.2 That, on an ongoing basis, the post determine if it needs to adjust the timing of its payments to the local social security agency to ensure their proper recording by the agency.

2. The post's time and attendance records and related control procedures were deficient.

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

We found deficiencies in the post's biweekly timesheets, the official time and attendance records, and related procedures, as follows:

- Supervisors did not always sign the time sheets prepared by staff members. In addition, one staff member submitted all her timesheets for calendar year 2008 on November 18, 2008.

- The timesheets of some staff showed errors and inconsistencies in recording leave, holidays, and compensatory time. We noted such discrepancies on eight timesheets we reviewed.
- The post had no compensatory time approval form even though advance approval to earn compensatory time was required by post policy. The administrative officer developed and instituted an approval form during the audit.
- Our review of the official time and attendance records (maintained by the timekeeper on Form PC-57) identified discrepancies between the official records and the timesheets.

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

We recommend:

- H.2.1 That the timekeeper ensure that the biweekly timesheets are submitted in a timely manner and reviewed by supervisors.
- H.2.2 That the timekeeper verify that the timesheets are submitted timely and prepared accurately, and follow up with staff members as needed.
- H.2.3 That the administrative officer instruct staff on the proper recording of leave, holidays, and compensatory time on the timesheets.
- H.2.4 That the timekeeper review the official time and attendance records for the last two years and verify that they reflect the actual hours worked and actual leave taken as indicated on the timesheets.

I. FILE MANAGEMENT

1. The Volunteer folders in the medical unit files contained the Volunteers' social security numbers.

“Peace Corps Plan to Reduce Use of Personally Identifiable Information and Social Security Numbers,” dated September 7, 2007, states: “Peace Corps’ policy is to eliminate the unnecessary collection and use of SSNs [social security numbers]There are only a few instances where SSNs are required, and none of these is overseas.”

The tabs on the Volunteer folders in the medical unit contained the Volunteers' social security numbers. The PCMO told us that she kept them available in the event she was required to complete medical forms or refer Volunteers for consultation with the area PCMO.

To minimize the risk of identify theft and strengthen the protection of personal information, the medical unit should not maintain the Volunteers' social security numbers.

We recommend:

- I.1.1 That the PCMO immediately remove the Volunteers' social security numbers from the medical unit folders.

J. PROCUREMENT

1. The post signed the leases for Volunteer housing with the landlords and paid the rent.

OFMH section 30.9 states: "Volunteer housing should be negotiated (lease signed) by and paid directly by the Volunteer, through the Volunteer living allowance. Posts should not sign leases nor process lease payments directly due to reasons of liability."

The post paid for housing for its education Volunteers using host country contributions designated for this purpose. The post located the housing, negotiated with the landlords, signed the leases, and payed the monthly rent. The administrative officer told us that although he was aware of OFMH policy, extenuating circumstances in Cape Verde required that the post handle these responsibilities. He stated that because of limited available housing, the post was required to sign the leases prior to the new Volunteers' arrival at the sites, in order to place a hold on the housing. He also stated that some landlords would be reluctant to lease to a Volunteer. He told us additionally that many landlords did not live near the Volunteer, on the same island, or in Cape Verde.

The country director, regional director, and chief administrative officer for the Africa region corroborated the situation described by the administrative officer and confirmed that, in their opinion, the post's handling was the most effective and efficient given the particular circumstances.

Subsequent to our visit, the post obtained a waiver from the Director of Global Accounts Payable, Office of the Chief Financial Officer. The waiver stated:

Based on your explanation that local landlords would be reluctant to lease to Volunteers and the needs of post to have safe, appropriate residences

available to PCVs, and consistent with the Region’s recommendation, I concur with post’s request that PCV housing be paid directly by post to the landlord, based on a lease signed by PC, rather than by the PCV.

Accordingly, no recommendation is being made.

2. The post’s personal services contractor (PSC) files were missing some required documents.

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

- Several PSC files did not contain security clearances and intelligence background information certification forms
- Office of Medical Service’s approval of the Peace Corps Medical Officer’s (PCMO) contract was not on file.

As a result, documentation was not readily available for proper contract administration.

We recommend:

- J.2.1 That the post obtain the needed security clearances and intelligence background information certification forms and place them in the PSCs’ files.
- J.2.2 That the post obtain the written approval of the Office of Medical Services for the PCMO’s contract and place the approval in her file.

K. PURCHASE CARD

1. The post’s administrative unit did not utilize the purchase card to the maximum extent practicable in accordance with agency policy.

PCM section 731.3.1 states: “It is the policy of the Peace Corps to use the Purchase Card to the maximum extent practicable in accordance with the guidance in this manual section.”

The post’s administrative administrative officer held the purchase card. However, he did not use the card to the maximum extent practicable in order to maximize procurement efficiency and effectiveness. He identified several areas – vendor purchases in the capital

Praia, monthly phone charges, and utilities – where the purchase card could be used, and stated that he would explore others.

Use of the purchase card creates payment efficiencies for the post and may permit a reduction in the cashier’s imprest fund accountability.

We recommend:

- K.1.1 That the administrative unit maximize the use of its purchase card.
- K.1.2 That the administrative officer determine if the increased use of the purchase card permits a reduction in the amount of the post’s imprest fund accountability.

L. MEDICAL SUPPLIES

1. The medical secretary maintained the medical supplies inventory records and performed the verifications.

PCM section 734.3.5 states: “The CD and PCMO share the responsibility to maintain effective control over medical supplies....Assurance that effective controls are in place is achieved through maintaining appropriate segregation of duties....”

The medical officer maintained the medical supplies inventory records and conducted part of the inventory verification. Segregation of duties requires that these functions be performed by different individuals.

We recommend:

- L.1.1 That country director ensure that different individuals maintain the medical supplies inventory records and perform the inventory verification.

2. The post did not perform a physical inventory quarterly.

PCM section 734.3.5.3 states: “Inventories of medical supplies must be completed on a quarterly basis.”

The PCMO told us that the post conducted annual rather than quarterly physical inventories. She told us that there was not sufficient time to conduct these on other than an annual basis.

We recommend:

- L.2.1 That the post conduct physical inventories of medical supplies quarterly in accordance with PCM section 734.

3. Discrepancies existed between the medical supplies inventory and the related records.

PCM section 734.3.5 states: “Assurance that effective controls are in place is achieved through...accurate record keeping....”

We noted discrepancies between the medical supplies on hand and the related records. For example, for one drug, the shelves had three units, but the inventory records showed seven. For another drug, the shelves had three units, but the records showed four. For a third drug, the shelves had six units, but the records showed four. Another drug had 26 units on the shelves, but 24 units in the inventory records.

The PCMO told us that she informed the medical secretary of dispensed items either verbally or by post-it notes. Several discrepancies were due to dispensed items not deducted from the medical supplies records.

Accuracy in the recording of medical supplies and care in the updating of the inventory records are essential in detecting and preventing waste, fraud, and abuse.

We recommend:

- L.3.1 That the post conduct a complete physical inventory of medical supplies in accordance with PCM section 734 and update the inventory records accordingly.

QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE

We identified certain questioned costs and funds to be put to better use during the course of the audit. They are discussed in the accompanying audit report and enumerated below along with the recommendation number in the report. (Amounts are in U.S. dollars or U.S. dollar equivalents of Cape Verde escudos at the rate of \$1 equals 80 Cape Verde escudos.)

Questioned Costs

Recommendation number	Description	Amount
	None.	

Funds to be Put to Better Use

Recommendation number	Description	Amount
E.1.1	Prompt billing and collection of personal phone calls made by staff.	\$485.50

POST STAFFING

At the time of our visit, the post had 15 staff positions: two U.S. direct hires, three foreign service nationals, and 10 personal services contractors.

We interviewed nine staff members, including the two U.S. direct hire employees and the three foreign service national employees. All staff interviewed told us that they very much enjoyed working at the Peace Corps. They stated that, in particular, they enjoyed supporting and interacting with the Volunteers.

Volunteers told us that they appreciated the welcoming attitude of the Peace Corps staff when the Volunteers visited the office, and the interest shown by the staff in their success and well-being, as demonstrated by the numerous site visits by staff members. Volunteers also stated that they had received effective ongoing support from the administrative unit and praised the availability, responsiveness, and helpful attitude of the administrative officer and the administrative staff.

PC/Cape Verde Positions

Position	Status
Country Director	USDH
APCD/Education	USDH
APCD/Small Enterprise Development	PSC
APCD/Administration	FSN
Training Manager/CD Assistant	PSC
Program Assistant/Resource Center Manager	PSC
Safety and Security Coordinator	PSC
IT Specialist/Alternate Cashier	FSN
Administrative Assistant/Cashier	FSN
Financial Assistant	PSC
General Services Coordinator/PST Logistician	PSC
Peace Corps Medical Contractor	PSC
Medical Secretary/Receptionist	PSC
Building and Maintenance/Driver	PSC
Receptionist/Secretary	PSC

LIST OF RECOMMENDATIONS

We recommend:

- A.1.1 That the country director ensure that the cashier be trained so that she may change the imprest fund safe combination.
- A.1.2 That the cashier change the imprest fund safe combination annually, when there is a change in cashiers, or whenever the combination becomes known to a person other than the cashier.
- A.2.1 That the post properly report cash advances to the alternate cashier on the imprest fund's cashier reconciliation statement.
- B.1.1 That the post compile and evaluate Volunteer living allowance surveys in a timely manner.
- B.1.2 That the post conduct market basket surveys and use them in evaluating the results of the Volunteer living allowance surveys to determine whether the allowance is adequate to support the Volunteers' living needs.
- B.1.3 That the post conduct its market basket surveys in locations that are representative of where Volunteers live.
- B.1.4 That the post correctly apply the 75% response rate policy for living allowances increases.
- B.1.5 That the post review its Volunteer living allowance survey responses for variations to determine if the allowance should be stratified by location.
- B.2.1 That the post conduct Volunteer settling-in allowance surveys and related independent price surveys to determine whether the allowance is adequate to support the Volunteers' settling-in needs.
- B.3.1 That the post execute a memorandum of agreement with the bank handling Volunteer living allowances.
- C.1.1 That the billing officer bill staff for personal phone charges in a timely manner after receipt of the phone bills.
- C.2.1 That the administrative officer determine the reasons for the gaps in numerical sequence in the bills of collection log and take corrective action as needed.

- C.3.1 That the billing officer record host country contribution billings in the ForPost system and prepare the related bills of collection at the time the amounts are billed.
- C.3.2 That the collection officer rather than the billing officer receive the host country contribution checks.
- D.1.1 That the post record all host country contributions in its operating plan and its host country contributions quarterly report.
- E.1.1 That the post keep the lists of Volunteer property held for safekeeping in a different location than the actual property.
- E.2.1 That the post provide current and accurate written information to Volunteers regarding property held for safekeeping.
- E.2.2 That the custodian of Volunteer property ensure that the property listings are accurate and are signed by both the custodian and the Volunteer.
- F.1.1 That the post immediately conduct a physical inventory of its computer equipment and cell phones and ensure that the inventory listing reflects the current status and location of the equipment.
- F.1.2 That the post institute a control procedure to track the locations of laptops and cell phones.
- F.2.1 That prior to beginning the physical inventory, the property officer compare the property inventory records against written documentation of changes and verify that all changes have been recorded.
- F.3.1 That the administrative officer reconcile the property inventory with receiving reports and requisition documentation quarterly.
- G.1.1 That required staff members review, initial, and date the vehicle usage logs weekly.
- G.1.2 That staff record all usage of post vehicles in the vehicle usage logs and that the descriptions be sufficiently detailed to permit review.
- G.2.1 That the post establish adequate controls over its auctions in accordance with agency policy.
- G.2.2 That, in the future, the post obtain all approvals required for the authorized use of Peace Corps vehicles and maintain these in the post's files.

- H.1.1 That the post verify with the Cape Verde social security agency that all periodic payments made on behalf of staff have been received and properly recorded.
- H.1.2 That, on an ongoing basis, the post determine if it needs to adjust the timing of its payments to the local social security agency to ensure their proper recording by the agency.
- H.2.1 That the timekeeper ensure that the biweekly timesheets are submitted in a timely manner and reviewed by supervisors.
- H.2.2 That the timekeeper verify that the timesheets are submitted timely and prepared accurately, and follow up with staff members as needed.
- H.2.3 That the administrative officer instruct staff on the proper recording of leave, holidays, and compensatory time on the timesheets.
- H.2.4 That the timekeeper review the official time and attendance records for the last two years and verify that they reflect the actual hours worked and actual leave taken as indicated on the timesheets.
- I.1.1 That the PCMO immediately remove the Volunteers' social security numbers from the medical unit folders.
- J.2.1 That the post obtain the needed security clearances and intelligency background information certification forms and place them in the PSCs' files.
- J.2.2 That the post obtain the written approval of the Office of Medical Services for the PCMO's contract and place the approval in her file.
- J.2.3 That the PCMO sign her performance appraisal.
- K.1.1 That the administrative unit maximize the use of its purchase card.
- K.1.2 That the administrative officer determine if the increased use of the purchase card permits a reduction in the amount of the post's imprest fund accountability.
- L.1.1 That country director ensure that different individuals maintain the medical supplies inventory records and perform the inventory verification.
- L.2.1 That the post conduct physical inventories of medical supplies quarterly in accordance with PCM section 734.
- L.3.1 That the post conduct a complete physical inventory of medical supplies in accordance with PCM section 734 and update the inventory records accordingly.

APPENDIX A

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective in auditing overseas posts is to determine whether the financial and administrative operations are functioning effectively and comply with Peace Corps policies and federal regulations. Our audit conclusions are based on information from three sources: (1) document and data analysis, (2) interviews, and (3) direct observation. Our audits are conducted in accordance with the government auditing standards prescribed by the Comptroller General of the United States.

The audit of Peace Corps/Cape Verde covered fiscal years 2008 and 2009 through April 30, 2009. While at the post, we interviewed key staff including the country director, the administrative officer, both program APCDs, the safety and security coordinator, staff responsible for administrative support, and the medical officer. We also interviewed 16 Volunteers to obtain their views on the effectiveness of the post's administrative and financial systems in supporting them. During the audit, we briefed the country director and administrative officer, and at the end of the audit, we briefed the acting country director and the administrative officer. At headquarters, we conducted a general briefing for regional staff.

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

Our audit criteria were derived from the following sources: federal regulations, the Peace Corps manual, Overseas Financial Management Handbook, and current Peace Corps initiatives and policies.

APPENDIX B

MANAGEMENT'S RESPONSE TO THE PRELIMINARY REPORT



Since 1961.

To: Kathy Buller, Inspector General
From: Lynn Foden, Acting Regional Director, Africa Region
Date: November 6, 2009
Subject: Region Response to the Preliminary Audit Report of PC/Cape Verde

The Africa Region would like to thank the Office of the Inspector General for the Preliminary Audit Report of Peace Corps/Cape Verde. Post is very appreciative of the feedback presented through this financial audit.

Attached, please find our response to the OIG report. Due to the size of the file, please find an electronic copy of the response as well as supporting documentation saved here: [S:\@Agency All\IG\Cape Verde - Africa Region Response](#) . Post's responses have been reviewed and integrated into this response. The Africa Region will continue to work with Peace Corps/Cape Verde to ensure full implementation of the OIG recommendations.

Please let me know if you have any questions or comments on any of our responses. The Region greatly appreciates your guidance and support.

cc: Stacy Rhodes, Chief of Staff/Operations
Larry Blake, Chief Administrative Officer, AF Region
Henry Weiss, Country Director, PC/Cape Verde
Luis Goncalves, Administrative Officer, PC/Cape Verde
Thomas Bellamy, Chief Financial Officer
Cape Verde Country Desk Unit

REGIONAL RESPONSE TO THE PRELIMINARY REPORT ON THE AUDIT OF PEACE CORPS/ CAPE VERDE

The OIG conducted an audit of PC/Cape Verde in May of 2009. As outlined in the September 2009 report, Auditor Steve Kaffen examined Post's financial and administrative operations.

Please find attached the responses to a preliminary report on the audit of Peace Corps/ Cape Verde. The PC/ Cape Verde senior staff and administrative team, Africa Region, as well as auditor Steven Kaffen and Gerry Montoya from the OIG were consulted in developing the responses. Post is grateful for the helpful and professional manner in which our region and the auditors have worked with us and is confident this response represents a practical approach to close and comply with the recommendations.

Post appreciates the quality with which Mr. Kaffen worked with Post's team as well as the clarity of the report and explanations of the recommendations. Post's senior staff and administrative team will use the results of this work to continue to improve the post, program and operations to strive to better support its Volunteers.

Executive Summary

The Post and Region fully concurs with 39 of the 41 recommendations provided by the OIG. The Post and the Region partially concur with two recommendations and the explanations for the partial concurrences are given in the commentary. In both cases, Post consulted with Mr. Montoya or Mr. Kaffen and AF Region as suggested in the OIG cover memo of September 18, 2009. Post has already implemented actions responding to all 41 of the recommendations directed to Post, and anticipates closure on open items under its authority.

The PC/Cape Verde staff and the Africa Region place a high priority on continually improving financial and administrative operations and appreciate the insight and information provided by the Peace Corps Office of the Inspector General.

Recommendations and Responses

A.1.1 That the Country Director ensure that the cashier be trained so that she may change the Imprest fund safe combination.

Response: Concur

The Country Director met on this item with the DCM; the Cashier will be trained during the next visit of the Regional Security Engineers (who are based in Dakar) planned for Dec. 2009.

Completion Date: The completion date will be determined by the Regional Security Engineer's visit to Post planned with the DCM for Dec. 2009.

A.1.2 That the Cashier change the Imprest fund safe combination annually, when there is a change in cashiers, or whenever the combination becomes known to a person other than the cashier.

Response: Concur

Principal and Alternate cashiers will be trained to change the safe combination in Dec. 2009. After that they will be able to change their own safe combination, to be in full compliance with 4 FAH-317.3-1; *Knowledge of Combination* and 4 FAH-317-2 *Changing Combination*.

Completion Date: The completion date will be done during the next Regional Security Engineer's visit to Post – planned for a date in Dec. 2009.

A.2.1 That the post properly report cash advances to the alternate cashier on the Imprest fund's cashier reconciliation statement.

Response: Concur

Action already taken as per PCM section 760.13.1 right after the finding. The finding was reported based on 365 & 99 reports from the previous year. Please see attached cashier's forms 365 & 99 dated 07/27/09 sent to FSC ([Attachment A.2.1_2](#)).

Completion Date: July 27, 2009

B.1.1 That the post compile and evaluate Volunteer living allowance survey in a timely manner.

Response: Concur

Post sent the Living Allowance Survey forms C & D to all PCVs on September 15th, with a return date of November 30th, 2009 (see cover memo, [Attachment B.1.1_2](#)). During the next IST post will reinforce the need for returning the completed surveys by the due date. Staff will follow up with Volunteers to support the process. By mid-December the surveys will be compiled and evaluated as per the revised MS 221, Volunteer Allowances, dated 07/25/08.

Completion Date: Mid-December 2009

B.1.2 That post conduct market basket surveys and use them in evaluating the results of the Volunteer living allowance surveys to determine whether the allowance is adequate to support the Volunteers.

Response: Concur

The AO and VAC representatives, led by PCV , met on October 1, 2009 to determine the items and locations where the survey will be performed. Staff on travel/site visits have already started gathering information on the market basket worksheet – Form A (see [Attachment B.1.2_2](#)). By November 30th, 2009 post will have the market basket survey data ready to help on determining the adequacy of PCVs living allowance results.

Completion date: By November 30th

B.1.3 That post conduct its market basket surveys in locations that are representative of where Volunteers live.

Response: Concur

As per above, during the site visits post will conduct the market basket surveys in all volunteer locations to evaluate the possibility of different rates for living allowance amounts (seven islands with up to five different locations) (see market basket worksheet – Form B, [Attachment B.1.3_2](#)).

Completion date: Before November 30th 2009

B.1.4 That the post correctly apply the 75% response rate policy for living allowances increases.

Response: Concur

The living allowance memo sent on 09/15/09 to PCVs states that a survey response rate of a minimum of 75% is required to support an increase greater than 10%. Post will apply the 75% response rate policy if needed depending on the surveys results and as per PCM section 221.4.2. (see cover memo, [Attachment B.1.1_2](#))

Completion date: By mid-December 2009

B.1.5 That the post reviews its Volunteer living allowance survey responses for variations to determine if the allowance should be stratified by location.

Response: Concur

The current updated forms will facilitate data collection, taking into consideration all Volunteer sites and cost of living variations through the country and by island.

Completion date: By mid-December 2009

B.2.1 That the post conduct Volunteer settling-in allowance surveys and related independent price surveys to determine whether the allowance is adequate to support the Volunteer's settling-in need.

Response: Concur

A settling-in survey form was sent to all 1st year PCVs (sworn-in 09/15/09), to be completed and returned by November 30th, 2009 (see [Attachment B.2.1_2](#)). Also, staff is completing independent surveys for PCVs locations. By mid-December the results will be compiled (volunteer surveys and staff independent surveys) and evaluated for adequacy on the settling-in allowance amount.

Completion date: By mid-December 2009

B.3.1 That the post execute a memorandum of agreement with the bank handling Volunteer living allowances.

Response: Concur

The existing memo was updated on September 30th as per the sample in the MS 221, Attachment D, dated July 2008, in order to reflect post's needs. The memorandum of agreement between PC/CV and BCA has already been sent to the bank for signature. (See [Attachment B.3.1_3](#))

Completion date: Estimated mid-November

C.1.1 That the billing officer bill staff for personal phone charges in a timely manner after receipt of the phone bills.

Response: Concur

BOCs for personal authorized calls are issued timely. Action has already been taken and is in place. Please see BOC dated Oct. 16, 2009 for the phone bills received on Oct. 12, 2009 ([Attachment C.1.1_3](#)).

Completion date: October 2009

C.2.1 That the administrative officer determine the reasons for the gaps in numerical sequence in the bills of collection log and take corrective action as needed.

Response: Concur

Weekly revisions to the BOC log have been implemented since the IG finding during the auditor visit on 05/18/09. Also, Post contacted ForPost Support for clarification on the BOC 's missing from the log: 655-08-C0038; 655-09-C0134; 655-09-C0140; 655-09-C0144; 655-09-C0145 and duplicated BOCs: 655-08-C0057; 655-08-C0100. The missing BOCs from the log: 655-09-C0140, and duplicated BOCs from the log 655-08-C0057; 655-08-C0100, have been resolved. Pending from ForPost Support are the BOCs missing from the log: 655-08-C0038; 655-09-C0134; 655-09-C0144; 655-09-C0145. (See [Attachment C.2.1_2](#))

As per the communications with ForPost Support, they discovered that if a user cancels (instead of saving) a Prepare BOC record that the number is skipped (see communication with ForPost Support, [Attachment C.2.1_3](#)).

Completion date: Initial action taken as of 05/18/09

C.3.1 That the billing officer record host country contribution billings in the ForPost system and prepare the related bills of collection at the time the amounts are billed.

Response: Concur

Beginning 10/1/09, BOCs are issued at the time post sends the letter to the MOE for the monthly HCC funds for rents. See [Attachment C.3.1_3](#).

Completion date: Implemented as of 10/01/2009

C.3.2 That the collection officer rather than the billing officer receive the host country contributions checks.

Response: Concur

The Country Director has issued a Delegation of Authority to the Financial Assistant to serve as the Billing Officer for Post (see [Attachment C.3.2_2](#)). The AO will review and oversee her role in billings and collections, including regular periodic reviews of the BOC log.

Completion date: Implemented as of 09/28/09

D.1.1 That the post record all host country contributions in its operating plan and its host country contributions quarterly reports.

Response: Concur

Post included all HCC in Cash and In-Kind in the FY10 Operating Plan and reported same in-kind to the OCFO in QTR 4 FY09 ([Attachment D.1.1_2](#)).

Completion date: Implemented as of 09/29/09

E.1.1 That the post keep the list of Volunteer property held for safekeeping in a different location than the actual property.

Response: Concur

The list of Volunteer property was transferred to the Administrative Officer for safekeeping on June 2, 2009 (see memo dated 6/2/09, [Attachment E.1.1_3](#)).

Completion date: June 2, 2009

E.2.1 That the post provide current and accurate written information to Volunteers regarding property held for safekeeping.

Response: Concur

The form, *Receipt for Volunteer/Trainee Cash Accepted for Safekeeping*, has been updated to add the written information as per MS 235 4.1.4 – Items in Peace Corps Custody. During the trainees' orientation days (last group arrived on 07/15/09), post collected PCVs' property, used the updated form, had the trainees sign the receipt and gave them a copy ([Attachment E.2.1_2](#)). Post communicated with all PCVs who had signed the previous version of the receipt, to ask them to stop in the office to sign the updated form (total of 20 still in process.)

Completion date: Implemented July 16th, 2009 for all 1st year PCVs.

E.2.2 That the custodian of Volunteer property ensure that the property listings are accurate and are signed by both the custodian and the volunteer.

Response: Concur

Updated receipt form has spaces for PCVs and custodian signatures (See [Attachment E.2.1_2](#)). Also, all the forms received for custody by the AO are checked and initialed to make sure all parties signed the form.

Completion date: Action started with the new training class that arrived on July 15th, 2009

F.1.1 That the post immediately conduct a physical inventory of its computer equipment and cell phones and ensure that the inventory listing reflects the current status and location of the equipment.

Response: Concur

The full physical inventory of computers and cell phones was completed by the AO and GSC on September 2, 2009 ([Attachment F.1.1_3](#)).

Completion date: September 2, 2009

F.1.2 That the post institute a control procedure to track the locations of laptops and cell phones.

Response: Concur

Post has implemented an updated control procedure using an Access database created by the ITS to easily track the location of items as well as print out a list of property in staff custody for signature. Also, a form was created to be used any time property is moved, and authorization for the movement is now in writing. ([Attachments F.1.2_2 & F.2.1_2](#))

Completion date: Implemented September 2, 2009

F.2.1 That prior to beginning the physical inventory, the property officer compare the property inventory records against written documentation of changes and verify that all changes have been recorded.

Response: Concur

The new Access database in place facilitates the recording of changes in the location of property at the time they occur, as well as for queries (see [Attachment F.2.1_2](#)).

Completion date: Implemented September 2, 2009

F.3.1 That the administrative officer reconciles the property inventory with receiving reports and requisition documentation quarterly.

Response: Concur

All new acquisitions documents and receiving reports must have a PC ID number prior to the AO approving the Purchase Order and verification in the database that the information is correct. This new procedure has been used with all equipment received since the time of the OIG visit to post (See [Attachment F.3.1_3](#)).

Completion date: Ongoing, begun May 2009

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

Response: Concur

Post updated the daily vehicle log; it is now signed every week by the GSC and AO ([Attachment G.1.1_3](#)).

Completion date: Implemented as of July 6, 2009

G.1.2 That staff record all usage of post vehicles in the vehicle usage logs and that the descriptions be sufficiently detailed to permit review.

Response: Concur

The daily vehicle log has been updated to allow enough space for detailed descriptions on the trips. Also, all staff using the vehicle now get prior authorization from his/ her supervisor, before receiving the vehicle keys from the GS section, whose responsibility it is to make sure the vehicle log is fully completed (see revised log, [Attachment G.1.1_3](#)).

Completion date: Implemented as of July 6, 2009

G.2.1 That the post establish adequate controls over its auctions in accordance with agency policy.

Response: Concur

Post has developed a standard bid form with fields for the bid amount, and bidder name, address and contact phone numbers. In the newspaper announcements, Post informed the bidders that a standard form should be used and it would be provided by PC. At the guard booth (the initial point of receipt of the bids), Post placed a sealed box, a log sheet, a date received stamp and instructed the guards both verbally and in writing on how to register and number the envelopes containing the bids. (See [Attachment G.2.1_2](#))

Completion date: Action to be fully implemented from the close date of the auction – 11/04/09

G.2.2 That, in the future, the post obtain all approvals required for the authorized use of Peace Corps vehicles and maintain these in the post's files.

Response: Concur

The procedure for the arrival USDH staff has been updated to reflect the Regional & Chief of Mission approval for vehicle use during the first and last 90 days at Post as per MS 522 - 4.3.1 (see [Attachment G.2.2_3](#)).

Completion date: To be implemented at the first USDH arrival to post.

H.1.1 That the post verify with the Cape Verde social security agency that all periodic payments made on behalf of staff have been received and properly recorded.

Response: Concur

Since July 1, 2006 the Cape Verde Social Security Agency (INPS), has counted the 2 pay periods (28 days) as one month of payment. This was because the PC/HQ issues a check to pay INPS every pay period and the payment is

made at post for every 2 pay periods (28 days). The local insurer considers the 2 pay periods (28 days) as a full month payment, and ignores that on the INPS form submitted for the corresponding 2 PPs, post mentions the coverage dates and number of days covered. After a meeting with the INPS officer, Post was informed that the system in place considers the 28 days as a month, and that as per their records it's accurate. The HR office at the Embassy informed Post that at the end of each FY they have to return to each staff the amount collected from the INPS for the 2 PPs and collect the Embassy contributions percentage.

Post will need authorization from PC/HQ to make the monthly payment directly to the vendor on a monthly basis or return the amount of the 2 pay periods to the PSCs at the end of the contracts/optional year. Post would prefer to order checks/EFT for a monthly payment, ensuring the full calendar year is covered.

Completion date: Pending PC/HQ authorization.

H.1.2 That, on an ongoing basis, the post determine if it needs to adjust the timing of its payments to the local social security agency to ensure their proper recording by the agency.

Response: Concur

A quarterly balance is performed at post and at the end of each calendar year a meeting will be done with the local Social Security Agency for year-end close outs.

Completion date: On-going. Pending the finding on H.1.1 and OIG advice.

H.2.1 That the timekeeper ensure that the biweekly timesheets are submitted in a timely manner and reviewed by supervisors.

Response: Concur

The timekeeper sends a reminder to all staff every pay period and collects timesheets on time. All timesheets are received on time by the supervisor, signed and submitted to the timekeeper as of pay period 12 (see [Attachment H.2.1_3](#)).

Completion date: Implemented as of pay period 12 (06/22/09)

H.2.2 That the timekeeper verifies that the timesheets are submitted timely and prepared accurately and follow up with staff members needed.

Response: Concur

In a staff training presentation on June 3, 2009, all staff were instructed on the timesheet procedure and how to complete timesheets. Also, all staff have been advised to see the timekeeper or AO for any questions related to the timesheets.

Completion date: Implemented June 22, 2009.

H.2.3 That the administrative officer instruct staff on the proper recording of leave, holidays, and compensatory time on the timesheets.

Response: Concur

An instruction note was added to all timesheets and an all-staff training was done on June 3, 2009 on the use and proper recording of leave, holidays, and compensatory time on the timesheets. The new form is also self-explanatory (see [Attachment H.2.3_2](#)).

Completion date: Implemented June 22, 2009

H.2.4 That the timekeeper review the official time and attendance records for the last two years and verify that they reflect the actual hours worked and actual leave taken as indicated on the timesheets.

Response: Concur

All timesheets for current staff have been reviewed by the timekeeper and corrected copies have been signed by the supervisors and staff members (see [Attachment H.2.4_3](#)).

Completion date: Oct. 21, 2009

I.1.1 That the PCMO immediately remove the Volunteers social security numbers from the medical unit folders.

Response: Concur

All social security numbers have been removed from volunteers' file folders in the locked medical cabinets as of October 6, 2009, but some records (received from OMS) with volunteer SSNs remain inside of each individual file. Also, the guidelines regarding protection of volunteer SSNs and personal information have been posted on all file cabinets containing volunteer files. (See communication with OMS, [Attachment I.1.1_3](#))

Completion date: Action taken on 10/06/09

J.2.1 That the post obtain the needed security clearances and intelligent background information certification forms and place them in the PSCs files.

Response: Concur

Post has already obtained all ID Badges for the staff missing security clearances as well as obtained from the Embassy a copy of the *Re-certification for Continued Employment* for PSC (see [Attachment J.2.1_3](#))

Completion date: September 8, 2009

J.2.2 That the post obtain the written approval of the Office of Medical Services for the PCMO's contract and place the approval in her file.

Response: Concur

Post has approval e-mails from PCMO Program Coordinator, and Chief of Quality Improvement, and copies have been placed in the PCMO's personnel file (see [Attachment J.2.2_2](#)).

Completion date: October 8, 2009

J.2.3 That the PCMO sign her performance appraisal.

Response: Concur

The PCMO has signed her performance appraisal and a copy has been placed in her personnel file ([Attachment J.2.3_3](#)).

Completion date: September 2, 2009

K.1.1 That the administrative unit maximize the use of its purchase card.

Response: Partially Concur

Only one airline company, TACV (the national government airline), accepts payments using VISA with fees of 4.00 euros (USD \$5.95) per transaction. Due to the unavailability of this government agency during the weekends, holidays and outside of regular business hours (08:00 – 17:00), post cannot use them for all travel on a regular basis. Several agencies PC does business with haven't yet begun accepting the VISA card and cannot say when VISA cards *will* be accepted. Nonetheless, by using the above mentioned airline company and a few others, post can reduce the number of vouchers sent to CFO for processing.

Completion date: Ongoing

K.1.2 That the Administrative officer determine if the increased use of the purchase card permits a reduction in the amount of the post's Imprest fund accountability.

Response: Partially Concur

The use of VISA cards is still a new process in the Cape Verdean economy. In the future, the use of the VISA card to make payments will reduce our imprest fund accountability at post. However, currently credit card and banking systems here do not yet have the IT networks and ATM support in place to allow nationwide purchase card use with all the different vendors post needs to use in all the regions and islands in the country. As of 10/10/09, VISA was

accepted by one airline company, TACV, that Post does not always use for the reasons mentioned in the response to Recommendation K.1.1.

Completion date: Evaluation and determination made 10/10/09

L.1.1 That the Country Director ensures that different individuals maintain the medical supplies inventory records and perform the inventory verification.

Response: Concur

Post has amended the SOWs of two staff members to include the duties of Acceptance Point Clerk (APC) and Medical Supply Inventory Control (MSIC) Clerk (see [Attachment L.1.1_2](#)). The Administrative Assistant/ Cashier acts as the APC and is responsible for receiving the medical supplies at post and coordinating the initial inventory and transfer of the supplies/equipment to the Medical Unit. The Information & Technology Specialist acts as the MSIC clerk and is responsible for maintaining the Medical Inventory Control Log, which houses the inventory status of all medical supplies that are specially designated or controlled substances purchased, received, and stocked at post.

Completion date: In process; action taken September 2, 2009

L.2.1 That the post conduct physical inventories of medical supplies quarterly in accordance with PCM section 734.

Response: Concur

The last quarterly (Q4) physical inventory was reviewed by the CD on October 4, 2009 ([Attachment L.2.1_3](#)).

Completion date: Oct. 4, 2009 and ongoing

L.3.1 That the post conducts a complete inventory of medical supplies in accordance with PCM section 734 and update the inventory records accordingly.

Response: Concur

The full yearly medical supplies inventory will take place in November 2009.

Completion date: Action and implementation by the end of November 2009.

APPENDIX C

OIG COMMENTS

Management concurred with all 41 recommendations. We closed recommendations A.2.1, C.1.1 – G.2.2, H.2.1 – L.2.1. Recommendations A.1.1, A.1.2, B.1.1 – B.3.1, H.1.1, H.1.2, and L.3.1 remain open pending confirmation from the chief compliance officer that the following has been received:

- For recommendations A.1.1 and A.1.2, documentation that the cashier has received training to change the imprest fund safe combination.
- For recommendation B.1.1, B.1.4, and B.1.5, a copy of the Volunteer living allowance survey analysis.
- For recommendation B.1.2 and B.1.3, a copy of the market basket survey analysis.
- For recommendation B.2.1, a copy of the post's analysis of the settling-in allowance survey and related independent price surveys.
- For recommendation B.3.1, a copy of the memorandum of agreement
- For recommendation H.1.1 and H.1.2, documentation that the post has instituted a process to ensure that payments are made appropriately and timely to the Cape Verde Social Security Agency.
- For recommendation L.3.1, a copy of the medical supplies inventory.

In their response, management described actions they are taking or intend to take to address the issues that prompted each of our recommendations. We wish to note that in closing recommendations, we are not certifying that 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 D

AUDIT COMPLETION AND OIG CONTACT

AUDIT COMPLETION

Senior auditor Steven Kaffen performed the audit.

OIG CONTACT

If you wish to comment on the quality or usefulness of this report to help us strengthen our product, please e-mail Gerald P. Montoya, Assistant Inspector General for Audits, at gmontoya@peacecorps.gov, or call him at (202) 692-2907.

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