



Peace Corps Office of Inspector General



Peace Corps/Moldova Office in Chisinau



Flag of Moldova

Final Audit Report: Peace Corps/Moldova IG-10-11-A

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Acting Assistant Inspector General for Audit

August 2010

EXECUTIVE SUMMARY

The Office of Inspector General (OIG) conducted an audit of PC/Moldova April 13 – April 29, 2010. 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.

We determined that, in general, Peace Corps/Moldova's financial and administrative operations were functioning effectively and complied with agency policies and federal regulations. We also found that post had established the necessary separation of duties over financial responsibilities, implemented a communication system that provided cost savings by routing office calls through a cell phone number, maintained complete files for personal services contractors, and proactively reviewed its own internal control through the Administrative Management Control Survey.

However, there were several areas in need of improvement. The more important findings are summarized below.

Receipt of Collections

The cashier did not provide copies of paid general receipts to the payee and ensure they were fully aware of the need to keep the receipt as proof of payment.

Imprest Fund

Recent reviews indicate that the imprest fund level should be reduced by approximately \$25,000.

Foreign Service Nationals Files

The post had not requested that the regional security officer validate the security certification of one foreign service national (FSN) and did not maintain a copy of the most recent recertification for the other FSN. Further, the *Peace Corps Manual* (PCM) sections 403, 602, and 691 do not discuss the need for recertification even though it is required by the *U.S. Department of State Foreign Affairs Manual* (FAM).

Personally Identifiable Information

The medical unit used Volunteers' Social Security Numbers (SSNs) on medical file folders and maintained the folders in a file cabinet that was not bar-locked.

Our report contains 12 recommendations, which if implemented should strengthen internal controls and correct the deficiencies detailed in the accompanying report. Management concurred with all 12 recommendations and began implementing corrective actions. As a result, we closed 6 recommendations and await documentation supporting corrective actions for the remaining 6 recommendations. See Appendices B and C for management's response and OIG comments.

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INTRODUCTION

OIG conducted an audit of PC/Moldova April 13 – April 29, 2010. We conducted our last audit of the post from August – September 2003 (IG-03-08-AE).

In 1993, the government of Moldova invited Volunteers to come to Moldova. The government representatives believed that well-developed English language skills would help Moldovans participate in the international community and global economy by helping them gain access to a wealth of information, resources, and markets. Current English education Volunteers also incorporate environmental issues into the curriculum. Recently, PC/Moldova added projects in organizational development, as well as agriculture and agrobusiness to assist the Moldovan government in addressing the country's economic and social development needs. Volunteers work in 97 towns and villages throughout the country. Since the program's inception, more than 400 Volunteers have served in Moldova.

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

AUDIT RESULTS

We determined that, in general, PC/Moldova's financial and administrative operations were functioning effectively and complied with agency policies and federal regulations. We also found that post had established the necessary separation of duties over financial responsibilities, implemented a telephone system that provide cost savings by routing office calls through a cell phone number, and proactively reviewed its own internal control through the Administrative Management Control Survey. However, we identified the following areas in need of improvement:

- A. The cashier did not post a copy of the general receipt outside the cashier cage. The cashier also did not return receipts of paid advances to the payee to ensure the payee has verification of payment and to help prevent the potential embezzlement of collections. Further, the cashier did not use the official interim advance form, instead post used a form it developed but it lacked key information regarding personal accountability of funds and the need to receive a voided receipt after completion. During the site visit, the administrative officer issued an updated form with all the required information.

- B. A recent review of the imprest fund level revealed that the post's imprest fund should be lowered by \$25,000.

- C. The post had not requested that the regional security officer validate the security certification that expired in October 2009 for one of the two foreign service nationals and had not obtained the most current recertification for the second foreign service national at post. In addition, the PCM sections 403, 602, and 691 do not discuss the need for recertification although it is required by the FAM.
- D. The country director and the medical unit had not established an adequate process to update non-controlled medical supply inventory levels as supplies were received, dispensed, and disposed.
- E. The general services officer did not have an adequate process to ensure the property records were up-to-date and the post had not established policies on what items were considered pilferable and non-expendable.
- F. The post did not have a process to properly safeguard Volunteer personal property kept at the post.
- G. The medical unit used Volunteers' SSNs on medical file folders and maintained the folders in a file cabinet that was not bar-locked.
- H. The post had not obtained the additional procurement authority necessary to execute an option year for a personal services contractor that exceeded the country director's authority as a result of currency fluctuations.

Our findings are presented in the original slide presentation format provided to the post and regional management during the exit conferences with minor updates and edit changes.

A. Receipt of Collections

Findings	Criteria	Effect
<p>1. The cashier did not post a copy of the general receipt outside the cashier cage.</p> <p>2. The cashier did not return the general receipts marked paid to staff returning interim advances.</p> <p>3. The post did not use the official Interim Advance form, instead the post used a form it created.</p> <p>During the site visit, the administrative officer issued an updated form with all the required information and posted a copy of the general receipt outside of the cashier cage.</p>	<p><i>Overseas Financial Management Handbook (OFMH) section 7.3 states, "The Cashier must post a copy of the FORPost General Receipt outside the cashier window so debtors know what the form looks like."</i></p> <p>OFMH section 13.18.2 states, "The cashier will then mark the interim receipt "Void" and return it to the person who received the advance."</p> <p>OFMH section 13.18 , states, "Each cash advance must be approved in writing by an authorized approving official, and an interim advance receipt, SF-1165, kept by the principal cashier. "</p>	<p>Posting a copy of the general receipt and providing a copy of paid general receipts to payees helps ensure that payees obtain verification of payments and increases the control of collections to prevent the potential embezzlement of funds.</p> <p>By not using the official Interim Advance form, the post could not ensure staff were fully informed of their personally accountable for the funds received and the need to receive a voided receipt after completion.</p>
Recommendation		
<p>We Recommend:</p> <p>A.1. That the cashier provide payees with a copy of the general receipt marked paid and instruct them to keep the copy for their records.</p>		

B. Imprest Fund

Finding	Criteria	Effect
<p>The post had not lowered the imprest funds to the minimum amount needed. The imprest fund level was \$40,000.</p> <p>In April 2010, a Department of State cashier monitor analyzed the imprest level and determined the amount necessary to be \$15,000. The administrative officer conducted an analysis of the imprest fund level using FORPost with similar results.</p> <p>However, with pre-service training in June, the post will need the increased imprest fund level to support trainees.</p>	<p>PCM section 760.20.0 states, "The country director must promptly discontinue or reduce the fund when it is no longer needed, or when fund activity is reduced..."</p>	<p>The post is able to reduce the imprest fund level because it uses alternative methods of payment that provide additional controls, such as electronic fund transfers and purchase cards.</p> <p>By lowering the amount of imprest funds at post by \$25,000 the post can reduce the risk of theft or other fraud.</p>
Recommendation		
<p>We Recommend:</p> <p>B.1. That the post reduce the imprest level to the recommended amount immediately following the current fiscal year's pre-service training.</p>		

C. Foreign Service Nationals' Files

Findings	Criteria	Effect
<p>1. The post had not requested that the regional security officer validate the security certification that expired in October 2009 for one of the two FSNs and had not obtained the most current recertification for the second FSN at post.</p> <p>2. PCM sections 403.6.7.4, 602.12.2.1, and 691.3.6.1 require investigations and pre-employment security certification for FSNs in accordance with the FAM. However, the PCM sections do not discuss the need for recertification.</p>	<p>FAM Volume 3, section 7222.1-5 states, "Recertification is required when: —The certification of a FSN employee, TCN employee, or contractor has not been revalidated within the past five years; or —A contractor's services have not been used for a period of one year."</p>	<p>Security certifications are necessary to ensure the safety and security of Volunteers, staff, and property.</p> <p>Post should obtain validation of security certifications from the regional security officer to ensure its staff have cleared the required investigations.</p>
Recommendations		
<p>We Recommend:</p> <p>C.1. That the administrative officer obtain a copy of the most recent validation of the foreign service nationals' security certifications from the regional security officer.</p> <p>C.2. That the Office of Management revise the <i>Peace Corps Manual</i> sections 403, 602, and 691 to require validation of foreign service nationals' security certifications every five years in accordance with the <i>Foreign Affairs Manual</i>.</p>		


D. Medical Supplies

Finding	Criteria	Effect
<p>The post did not have an adequate process to update non-controlled medical supply inventory levels as supplies were received, dispensed, and disposed.</p> <p>The medical unit maintained records of all receiving, dispensing, and disposing of medical supplies; but did not use the documentation to update the inventory in real time. Instead, the medical unit updated the inventory during the physical verifications.</p> <p>In response to the audit, the post began tracking all prescription medications using the process defined in PCM section 734.</p>	<p>Currently, PCM section 734 only requires “an accurate and complete set of inventory records for all medical supply items that are specially designated or controlled substances.” It defines specially designated medical supplies as items that the Office of Medical Services deems to be high value, pilferable, or otherwise deserving of special attention.</p> <p>On March 2, 2010 the Office of Medical Services defined specially designated medical supplies as all prescription medications.</p>	<p>Without a process to track medical supplies in real-time, the inventory was not always accurate and was not useful in determining required stock levels, knowing when to order supplies, and identifying upcoming expiration dates to minimize disposals.</p> <p>A judgmental sample of the inventory record revealed that:</p> <ul style="list-style-type: none"> • One of the 12 controlled substances had an incorrect expiration date listed in the log. • Four of the 10 sampled non-controlled substances were not accurately recorded in the inventory. The medical staff provided records showing supplies were dispensed that accounted for the differences.
Recommendation		
<p>We Recommend:</p> <p>D.1. That the country director, in conjunction with the medical unit, develop a process to update the medical inventory in a timely manner for use in identifying procurement needs and reducing disposals.</p>		

E. Property Management

Finding	Criteria	Effect
<p>The general services officer did not have an adequate process to update property records.</p> <p>During the site visit, the post held an auction, which contributed to the inaccuracies on the inventory as items were moved and sold. Another contributing factor to the inaccuracies was that the post did not establish its own policies, about which items were considered pilferable and non-expendable.</p>	<p>PCM section 511.7.1 states, “The Property Record Card is used to maintain property data on individual items. It serves as a central listing for property description, procurement records, assignment data, and disposal information.”</p> <p>Although the Peace Corps does not have an agency-wide property management system, the concept of maintaining individual records for property and updating the records regularly is necessary to provide timely and accurate information related to Peace Corps property.</p>	<p>Accurate and complete property records are necessary to reduce the risk of theft or other loss.</p> <p>A review of 20 judgmentally sampled non-expendable property times identified the following discrepancies:</p> <ul style="list-style-type: none"> • Four items were not located. • Three items were not in the listed location. • Two items had old property tags that could not be read.
Recommendations		
<p>We Recommend:</p> <p>E.1. That the country director establish policy clarifying pilferable and non-expendable property items.</p> <p>E.2. That the property officer update and maintain a complete property database once the post policy is established.</p> <p>E.3. That the property officer conduct an inventory and update the property records since the auction.</p>		

F. Volunteer Personal Property

Finding	Criteria	Effect
<p>Post did not have a process to properly safeguard Volunteer personal property. Volunteers kept belongings in secured lockers in the Volunteer lounge, but left bags, a guitar, and other items outside of the lockers because they would not fit.</p>  <p>During the audit, the administrative officer posted a notice in the lounge stating that Volunteer were responsible for their own property.</p>	<p>PCM section 235.3.5 states, "Peace Corps employees and contractors are not permitted to take custody of Volunteer/ Trainee property without the country director's written approval. Absent the country director's approval, such employees and contractors may be personally liable for the loss of any V/T property for which they assumed custody."</p>	<p>Safeguarding personal property is essential to prevent theft and loss Volunteer belongings.</p> <p>Further, establishing a process for accepting and securing Volunteer property limits the potential cost to Peace Corps and its staff for reimbursement of items lost, damaged, or stolen while in Peace Corps custody.</p>
Recommendation		
<p>We Recommend:</p> <p>F.1. That the country director establish a process for accepting and securing Volunteer property that does not fit in the lockers or requires additional safeguarding.</p>		

G. Personally Identifiable Information

Finding	Criteria	Effect
<p>The Volunteer folders in the medical unit files contained the Volunteers' SSNs. The folders were in a key locked file cabinet within the medical office.</p> <p>The Peace Corps medical contractor explained that the Office of Medical Services sends the SSNs on stickers for the Volunteer files and requires the numbers be on any medical results sent to them. The Office of Medical Services responded to the issue concerning the use of SSNs on medical records in report IG-10-07-A.</p>	<p>The Privacy Act of 1974 requires agencies to only obtain information on individuals necessary to accomplish the mission and to establish necessary safeguards of records with personal information.</p> <p>PCM section 267.2.1.2 states that, "Medical records are medically confidential and are to be stored in a file secured with a manipulation-proof combination lock."</p>	<p>Peace Corps' Performance and Accountability Report continues to cite safeguarding personally identifiable information as a management challenge.</p> <p>Because of the sensitivity of personally identifiable information, post should take all necessary precaution to minimize the potential for loss, theft, or abuse of personally identifiable information.</p>
Recommendations		
<p>We Recommend:</p> <p>G.1. That the medical unit remove Volunteers' Social Security Numbers from the file folders.</p> <p>G.2. That the medical unit store Volunteer medical records in a safe or bar-locked cabinet in accordance with <i>Peace Corps Manual</i> section 267.</p>		

H. Personal Services Contractor

Finding	Criteria	Effect
<p>A contract for a personal service contractor was for an amount that exceeded the country director's delegated authority.</p> <p>Post received authority from the Office of Acquisitions and Contract Management for \$81,634 in March 2007 to execute the contract for a Peace Corps medical contractor. In December 2009, post executed option year three, but currency fluctuation resulted in the total contract value of \$101,672.</p> <p>To avoid this issue, the Office of Acquisitions and Contract Management now includes a statement discussing potential increases when granting additional procurement authority.</p>	<p>PCM section 114 attachment B provides country directors with the authority to contract up to \$100,000 for procurements in their country of assignment.*</p> <p>PCM section 743.6.2 states, "If the price of the total amount of the base plus all option periods exceeds the country director's delegated procurement authority, a delegation of additional procurement authority is required from the [Head of the Contracting Activity] prior to awarding the contract."</p> <p>The country director's contract authority was \$50,000 during the time of the original contract for the Peace Corps Medical Contractor.</p>	<p>Executing contracts exceeding contract authority results in noncompliance with Peace Corps policies and the Federal Acquisition Regulation. Further, if the request for additional contract authority is not approved, the post contracting staff may be held personally liable.</p> <p>Because the delegations specified the amount, any amount above the delegation would require additional authority.</p>
Recommendation		
<p>We Recommend:</p> <p>H.1. That the country director request additional contract authority from the Office of Acquisitions and Contract Management for the Peace Corps medical contractor's contract.</p>		

*Although the Peace Corps Director provides procurement authority to country directors, PCM section 743 requires the chief acquisitions officer to provide any additional procurement authority. This discrepancy was addressed in report [IG-10-06-A](#).

QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE

We did not identify any questioned costs or funds to be put to better use during the course of the audit.

POST STAFFING

At the time of our visit, the post had 36 staff positions: three U.S. direct hire employees, two foreign service nationals, and 31 personal services contractor positions. We interviewed staff members, including the three U.S. direct hire employees and the two FSNs. The staff was cooperative and provided the necessary documentation.

Volunteers expressed their appreciation for the post management team, the program and training staffs, and the Peace Corps medical contractors for their availability and their demonstrated interest in the Volunteers' well-being and success. Volunteers also told us that they had received effective ongoing support from the administrative unit.

Peace Corps/Moldova Positions

Position	Status
Administrative Officer	USDH
Country Director	USDH
Program and Training Officer	USDH
Cashier	FSN
Information Resource Coordinator	FSN
Budget and Finance Assistant	PSC
Cleaner (2)	PSC
Community Integration Coordinator	PSC
Driver (4)	PSC
Financial Assistant	PSC
General Services Assistant	PSC
General Services Manager	PSC
Information Technology Specialist	PSC
Language and Cultural Assistant	PSC
Medical Administrative Assistant	PSC
Peace Corps Medical Contractor	PSC
Program Manager/Agriculture and Agrobusiness	PSC
Program Manager/Community and Organizational Development	PSC
Program Manager/Health Education	PSC
Program Manager/TEFL	PSC
Program Specialist/Community and Organizational Development	PSC
Program Assistant/Health Education	PSC
Program Assistant/TEFL	PSC
Property Maintenance Specialist/Driver	PSC
Pre-service Training Administrative Assistant	PSC
Safety and Security Coordinator	PSC
Security Guard (4)	PSC
Training Manager	PSC

LIST OF RECOMMENDATIONS

We recommend:

A.1. That the cashier provide payees with a copy of the general receipt marked paid and instruct them to keep the copy for their records.

B.1. That the post reduce the imprest level to the recommended amount immediately following the current fiscal year's pre-service training.

C.1. That the administrative officer obtain a copy of the most recent recertification of the FSNs' security clearances from the regional security officer.

C.2. That the Office of Management revise the PCM sections 403, 602, and 691 to require recertification of FSNs' security clearances every five years in accordance with the FAM.

D.1. That the country director, in conjunction with the medical unit, develop a process to update the medical inventory in a timely manner for use in identifying procurement needs and reducing disposals.

E.1. That the country director establish policy clarifying pilferable and non-expendable property items.

E.2. That the property officer update and maintain a complete property database once the post policy is established.

E.3. That the property officer conduct an inventory and update the property records since the auction.

F.1. That the country director establish a process for accepting and securing Volunteer property that does not fit in the lockers or requires additional safeguarding.

G.1. That the medical unit remove Volunteers' SSNs from the file folders.

G.2. That the medical unit store Volunteer medical records in a safe or bar-locked cabinet in accordance with PCM section 267.

H.1. That the country director request additional contract authority from the Office of Acquisitions and Contract Management for the Peace Corps medical contractor's contract.

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.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit of PC/Moldova covered fiscal years 2009 and 2010 through April 29, 2010. While at the post, we interviewed key staff and Volunteers to obtain their views on the effectiveness of the post's administrative and financial systems. At the end of our audit, we briefed the country director and administrative officer. At Peace Corps 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 PCM, the *Overseas Financial Management Handbook*, the *U.S. Department of State's Foreign Affairs Manual*, as well as current Peace Corps initiatives and policies.

APPENDIX B

**MANAGEMENT'S RESPONSE TO
THE PRELIMINARY REPORT**

MEMORANDUM

To: Kathy Buller, Inspector General

From: Helen Lowman, Regional Director of Europe, Mediterranean & Asia

Date: July 21, 2010

CC: Elisa Montoya, Acting Chief Compliance Officer; Stacy Rhodes, Chief of Staff; Nicola A. P. Cullen Policy and Program Analyst; Ed Hobson, Associate Director for Safety and Security; Earl Yates, Associate Director for Management

Subject: Response to the Preliminary Report of the Office of Inspector General Financial and Administrative Audit of Peace Corps/Moldova

Enclosed please find the Region's response to the recommendations made by the Inspector General for Peace Corps/Moldova, as outlined in the Preliminary Report of the IG Audit.

The Region concurs with all recommendations.

The Europe, Mediterranean and Asia (EMA) Region concurs with all twelve recommendations provided by the OIG in its Preliminary Audit Report: Peace Corps/Moldova (June 2010).

The EMA Region is encouraged with the OIG's findings that PC/Moldova's financial and administrative operations were functioning effectively and complied with agency policies and federal regulations. OIG also found that post had established the necessary separation of duties over financial responsibilities, implemented a telephone system that provide cost savings by routing office calls through a cell phone number, and proactively reviewed its own internal control through the Administrative Management Control Survey.

The Region and PC/Moldova understand that there is still work to be done, and post staff members welcome the insights and information offered by the OIG Audit Report.

Response to the April 2010 Preliminary Report of the Office of Inspector General Financial Audit of Peace Corps/Moldova

A.1: That the cashier provides payees with a copy of the general receipt marked paid and instruct them to keep the copy for their records.

Concur: The cashier is currently providing payees with a copy of the general receipt with the instructions to keep a copy for their records and will continue to do so. Post now understand the requirement to mark those general receipts as 'paid' and have enclosed copies of general receipts to indicate compliance.

Documents Included: Examples of copies of receipts with the proper stamp.

Status and Timeline for Completion: completed and continuous

B.1: That the post reduce the Imprest level to the recommended amount immediately following the current fiscal year's pre-service training.

Concur: In April 2010, Department of State cashier monitor Conrad de Lima analyzed the Imprest level and determined the amount necessary to be \$20,000. This was his finding in his final report and action items contained therein. Post is complying with this recommendation and will do so at the end of post's PST cycle. Post agrees with the need to limit the amount of cash on hand, but will request that the Imprest fund amount be increased up to \$40,000 for the next Pre-Service Training cycle to accommodate cash needs at that time.

Documents included: Final Report from Conrad de Lima; E-mail from Mr. de Lima confirming and clarifying the \$20,000 Imprest amount.

Status and timeline for Completion: September 1, 2010

C.1: That the administrative officer obtain a copy of the most recent recertification of the FSNs' security clearances from the regional security officer.

Concur: The FSN has completed the recertification of the safety clearance. In addition, the Budget Analyst at post has included all PSCs in the tracking of proper security clearance recertification schedules to ensure there is no lag time and that all clearances are up to date.

Documents included: Copy of FSN recertification; Spreadsheet request by Office of Safety and Security outlining security recertification schedules for all PSCs.

Status and timeline for Completion: Completed

C.2: That the Office of Management revise the PCM sections 403, 602, and 691 to require recertification of FSNs' security clearances every five years in accordance with the FAM.

Concur: The Office of Management and the Office of Safety and Security are working with the Office of the General Counsel to revise manual sections 403, 602, and 691 to require recertification of FSNs' employment security certifications every five years in accordance with 3 FAM 7222 and 12 FAM 422.4.

Documents included: Updated PC/Moldova staff handbook to include information regarding security recertification schedules.

Status and timeline for Completion: Completed at post

D.1: That the country director, in conjunction with the medical unit, develops a process to update the medical inventory in a timely manner for use in identifying procurement needs and reducing disposals.

Concur: As recommended by the IG, Post's IT Specialist (ITS) has been working with PC/Paraguay to adopt the medical inventory reporting practices of that post. The new database will allow for more efficient management of medical supplies and inventory.

Documents included

Status and timeline for Completion: July 30, 2010

E.1: That the country director establish policy clarifying pilferable and non-expendable property items.

Concur: Post has developed a policy of pilferable and non-expendable property items that has now been incorporated into the staff handbook. Additionally, items on the list of pilferable non-expendable property that are not in use by a current staff member will be stored in a locked location.

Documents included: Post property inventory policy

Status and timeline for Completion: July 30, 2010

E.2: That the property officer update and maintain a complete property database once the post policy is established.

Concur: Once a new policy has been established, the GSO in collaboration with the ITS and Administrative team will update the electronic database, and do a physical count of the property belonging to PC/Moldova

Documents included:

Status and timeline for Completion: August 30, 2010

E.3: That the property officer conduct an inventory and update the property records since the auction.

Concur: The GSO will complete an update on the property since the auction, when the database has been completed and the new property policy, which requires an annual inventory update, is in place.

Documents included:

Status and timeline for Completion: August 30, 2010

F.1: That the country director establish a process for accepting and securing Volunteer property that does not fit in the lockers or requires additional safeguarding.

Concur: Post understands the need to limit liability when it comes to being responsible for Volunteer's personal property left at the office. Post does realize, however, that occasional storage for no more than 24 hours is necessary for Volunteers who are ET-ing, COS-ing, or have obligations in the capital that require them to spend the night. As such, post has updated the Volunteer Handbook to include new language on Volunteer personal property being accepted at the office. In addition, it was determined that post should create additional secure storage space to permit Volunteers to temporarily store their belongings.

Documents included: Updated page 10 of Volunteer handbook with language relating to PC/Moldova's Volunteer personal storage policy; Drawing, cost, and timeline for the creation of storage space for Volunteer belongings; Photos of property policy notice as displayed in the PC/Moldova office.

Status and timeline for Completion: August 15, 2010

G.1: That the medical unit remove Volunteers' SSNs from the file folders.

Concur: Medical files currently arrive from PC/Washington with both Volunteer names and SSNs on the labels. Post will obliterate the SSN and only use the Volunteer name on the file folders.

Documents included: Photos of folders with blacked-out SSN; E-mail from IG Inspector Bradley Grubb indicating that blacking out the names was an acceptable measure to ensure closure of the recommendation.

Status and timeline for Completion: Completed and ongoing

G.2: That the medical unit store Volunteer medical records in a safe or bar-locked cabinet in accordance with PCM section 267.

Concur: Post recognizes and agrees that Volunteer medical records should be stored in a bar-locked cabinet in accordance with the Peace Corps' Manual. A locking bar has been installed to secure the filing cabinet in which Volunteer medical records are housed.

Documents included: Photos of the new bar lock after installation.

Status and timeline for Completion: July 30, 2010

H.1: That the country director request additional contract authority from the Office of Acquisitions and Contract Management for the Peace Corps medical contractor's contract.

Concur: When the contracts for Dr. Oprea and Ms. Potoraca were submitted in December 2009, OACM did indeed request a Delegation of Procurement Authority (DOPA). Post provided the DOPAs they had on file for the two contracts from 2007 and 2006. At that time, both contracts were under \$100,000. Due to currency fluctuations and the Agency-requested change of salaries from dollars into local currency at a favorable rate in late 2008, both of these contracts are now over \$100,000. As post submitted the 2006, 2007 DOPAs to OACM at the time of contract renewal with no response from OACM, post believed they were in compliance with agency regulations. Post has submitted Statements of Work, contract documents, and scanned copies of the 2006/2007

Delegation of Additional Procurement Authority to OACM and signed and submitted a ratification to obtain the necessary updated DOPA for both contractors.

Documents included: Delegations of Additional Procurement Authority ratification documents (2)

Status and timeline for Completion: July 15, 2010

APPENDIX C

OIG COMMENTS

Management concurred with all 12 recommendations made in our preliminary report. We closed 6 recommendations based on the Agency's response and supporting documentation. We request additional documentation to close recommendations B.1, C.2, D.1, E.1, E.2, and E.3. These recommendations remain open pending confirmation from the chief compliance officer that the following has been received:

- For recommendation B.1: A copy of the cable reducing the imprest fund level to \$20,000.
- For recommendation C.2: A copy of the updated Peace Corps manual or policy memorandum discussing the need for validation of FSN employment security certifications every five years.
- For recommendation D.1: A copy of the documentation depicting the new process for recording and updating the medical inventory on a timely basis. We acknowledge that the post is demonstrating good communication and information sharing by working with PC/Paraguay to learn from their process and implement best practices. We encourage posts and regions to continue to discuss practices that may benefit other locations.
- For recommendation E.1, E.2, and E.3: A copy of the post's updated property inventory policy and the current annual inventory.

APPENDIX D

AUDIT COMPLETION AND OIG CONTACT

AUDIT COMPLETION

Senior auditor Bradley Grubb 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 email Steven Kaffen, Acting Assistant Inspector General for Audits, at skaffen@peacecorps.gov, or call him at 202.692.2905.

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