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OFFICE OF INSPECTOR GENERAL

To: Aaron Williams, Director
Dick Day, Regional Director, AF
Daljit Bains, Chief Compliance Officer

From: Kathy A. Buller, Inspector General 

Date: March 3, 2011

Subject: Final Report on the Audit of Peace Corps/Togo
(IG-11-03-A)

Transmitted for your information is our final report on the audit of Peace Corps/Togo.

Management concurred with all 10 recommendations. We closed all 10 recommendations. Our comments, which appear in Appendix D of this report, address these matters.

Please accept my thanks for the cooperation and assistance during the audit.

Attachment

cc: Stacy Rhodes, Chief of Staff/Operations
Elisa Montoya, White House Liaison/Senior Advisor to the Director
Bill Rubin, General Counsel
Esther Benjamin, Associate Director of Global Operations
Joseph Hepp, Chief Financial Officer
Lisa Bilder, Chief Acquisitions Officer
Ed Hobson, Director, Safety and Security
Lynn Foden, Chief of Operations, AF
Carolina Cardona, Country Director, PC/Togo
Ryan Dorni, Country Desk Officer, Togo



Peace Corps Office of Inspector General



Source: CIA World Factbook



Final Audit Report: Peace Corps/Togo IG-11-03-A

March 2011

EXECUTIVE SUMMARY

Peace Corps/Togo's (hereafter referred to as "the post") financial and administrative operations were functioning effectively and in overall compliance with agency policy and federal regulations. We identified certain operations requiring management action to ensure efficient and effective use of Peace Corps' resources. In addition, internal controls over certain operations needed strengthening. The following provides a summary of our audit findings and conclusions.

Property Management

The post inventory could not be verified to existing inventory records because the inventory records had not been kept current. We were unable to determine when the last inventory verification was performed. Some items did not have numbered property tags and many items with numbered tags could not be linked to the existing inventory records. In addition, the post did not submit its financial asset certification report for fiscal year (FY) 2009.

Security Certifications

The contract files for 13 personal services contracts did not contain the staff member's security certifications (clearances). During the audit, the administrative officer (AO)¹ requested and received eight of the 13 missing certifications from the regional security officer (RSO).

Personal Services Contracts

Most of the 36 security guard contracts did not include documentation as to the basis of award or a completed intelligence background information certification.

Purchase Card

The post's internal controls/segregation of duties over purchase cards was inadequate. The primary purchase card holder was the AO and the approving official was the general services officer (GSO). The GSO reports to and works for the AO. The post took immediate corrective action by submitting applications to assign the financial assistant as primary card holder and the AO as the approving official.

Vehicle Records

The post did not maintain adequate vehicle files to include individual vehicle maintenance records/logs documenting services performed, the cost of the services, and scheduled maintenance dates.

Our report contains 10 recommendations, which, if implemented, should strengthen internal controls and improve the efficiency and effectiveness of the post.

¹ Subsequent to issuance of the preliminary report, Peace Corps updated the administrative officer's working title to the director of management and operations.

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BACKGROUND

Peace Corps entered Togo in 1962 at the request of the Ministry of Education. Since that time, over 2,400 Volunteers have served in Togo. At the time of the Office of Inspector General (OIG) audit, approximately 115 Volunteers were working in business development, education, environment, and health. All Volunteers, regardless of sector, are trained in promoting HIV/AIDS awareness and prevention. The programming and training officer position was vacant at the time of the audit and the AO left the Peace Corps shortly after the audit was completed.

OIG conducted an audit of Peace Corps/Togo from July 27, 2010 to August 13, 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's objective, scope, and methodology.

AUDIT RESULTS

The post's financial and administrative functions were functioning effectively and in overall compliance with agency policy and federal regulations.

We identified certain areas requiring management action to ensure continued efficient and effective use of agency resources, strengthen internal controls, and comply with agency policy and federal regulations. The details of our findings and recommendations are presented on the following pages.

PROPERTY MANAGEMENT

1. *The post's inventory could not be verified.*

The post's inventory could not be verified to existing inventory records because the inventory records had not been kept current. We were unable to determine when the last inventory verification was performed.

Peace Corps Manual section (MS) 511.5.2 states, "Each office must take an inventory at least once a year, physically counting each item to verify that all property is on hand and properly recorded in the property management database." MS section 511.5.1 states, "The following items should be inventoried: Non-expendable items with a value of \$500 US or more; Items costing less than \$500 US that are highly pilferable; and Items costing less than \$500 that have been assigned a manufacturer's serial number." MS section 511 requires:

- the post to certify and submit inventory reports by October 15th of each year:

- each piece of capitalized property to have a Peace Corps property tag attached;
- the post to maintain property records for three years.

Potentially, the Peace Corps' property may be lost, stolen or in an unusable condition, which could impede the Peace Corps ability to perform its mission in Togo. In addition, the Peace Corps may have to purchase replacements for items lost or stolen with funds originally intended for other purposes.

We recommend:

1. The post conduct a physical inventory count of post property and affix inventory tags to capitalized items in accordance with agency policy.
2. The post submit the results of the inventory to the Peace Corps Property and Supply Division in accordance with agency policy.
3. The post maintain all property records for three years as required in accordance with agency policy.

2. The post did not submit its financial asset certification for FY 2009.

The post did not submit its financial asset certification report for FY 2009 to the Office of the Chief Financial Officer (OCFO). MS 711.5.5 states that posts are responsible for verifying the presence of the items included on the financial asset reports provided by OCFO. Potentially capital assets may be lost, stolen or unusable which could impede the Peace Corps' ability to perform its mission in Togo.

We recommend:

4. The post verify the items in financial asset reports provided by Office of the Chief Financial Officer for fiscal year 2010 in accordance with agency policy.

SECURITY BACKGROUND CERTIFICATIONS

PSC files did not contain security background certifications.

The contract files for 13 PSCs did not contain a copy of current security certifications (clearances). The certifications had not been provided by the RSO.

MS 743.8.2 states:

For all host country resident PSCs contracted for 260 work days or more, the Country Director must ask the Regional Security Officer (RSO) or his or her designee to conduct a background investigation (as per 12 FAM 422.4, 19, 20) of the proposed PSC prior to executing the contract.... The CD must request re-

certification of a continuously employed PSC every five years in accordance with 12 FAM 420. Documentation of the security certification will be filed in the individual PSC's contract file at post.

Failure to obtain security background certifications prior to awarding personal services contracts increases the safety and security risk at the post because the post may inadvertently award a personal services contract to a high risk employee.

During the audit, the AO received the security certifications for eight of the 13 personal services contractors from the RSO. The RSO was requested to complete a background investigation for the remaining five personal services contractors.

We recommend:

5. The post obtain from the regional security officer the remaining five missing security certifications and place them in the personal services contractors' files.
6. The post obtain from the regional security officer permanent or temporary security certifications for proposed personal services contracts prior to executing personal services contracts.

PERSONAL SERVICES CONTRACTS

Personal Services Contract files were incomplete.

Most of the 36 security guard contracts did not include documentation as to the basis of award or a completed intelligence background information certification. MS 743.9.7 states, "The contract file shall include documentation as outlined in attachment F to include justification for selection of the contractor." Potentially, the post may have issued PSCs to persons less qualified than others for the position. The personal services contract file checklist (Attachment F) also includes the security clearance and intelligence background certification.

We recommend:

7. The post require personal services contractors to complete the missing back ground information certification and place the completed certifications in the personal services contractors' files.
8. The post ensure all personal services contractor files include all information required by *Peace Corps Manual* section 743, Attachment F, or document the reason those items are unavailable for inclusion in the personal services contractors' files.

VEHICLE RECORDS

The post did not maintain adequate vehicle files.

The post did not maintain adequate vehicle files to include individual vehicle maintenance records/logs, which documented services performed, the cost of the services, and scheduled maintenance dates. Consequently, the post lacks operating expense information, by vehicle, to make an informed decision to keep, sell, and/or repair a vehicle.

MS 527.6.1 requires the post to maintain a “Vehicle Maintenance Record (PC 1491).” Vehicle files for each vehicle and should include copies of records, reports, and other documentation related to that vehicle. A separate file should be maintained, as appropriate, for vehicle use authorizations and determinations.

We recommend:

9. The post create and maintain vehicle files and records as required by agency policy.

PURCHASE CARDS

The post's internal controls over purchase cards were inadequate.

The post's internal controls/segregation of duties over purchase cards was inadequate. The primary purchase card holder was the post's AO and the approving official was the GSO. The GSO reports to, and works for the AO.

MS 731.5.4 states:

An Approving Official is responsible for review and oversight of Cardholder activity and for ensuring that the Purchase Card is being used properly. An Approving Official should be at a higher level than a Cardholder, such as an immediate supervisor or a responsible person designated by the program office.

Consequently, oversight cannot be effective if the oversight is performed by a subordinate. This condition also facilitates purchase card abuse.

We recommend:

10. The post ensure the purchase card approving official has supervisory oversight over the purchase card holder in accordance with agency policy.

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.

LIST OF RECOMMENDATIONS

WE RECOMMEND:

1. The post conduct a physical inventory count of post property and affix inventory tags to capitalized items in accordance with agency policy.
2. The post submit the results of the inventory to the Peace Corps Property and Supply Division in accordance with agency policy.
3. The post maintain all property records for three years in accordance with agency policy.
4. The post verify the items in financial asset reports provided by Office of the Chief Financial Officer for fiscal year 2010 in accordance with agency policy.
5. The post obtain from the regional security officer the remaining five missing security certifications and place them in the personal services contractors' files.
6. The post obtain from the regional security officer permanent or temporary security certifications for proposed personal services contracts prior to executing personal services contracts.
7. The post require personal services contractors to complete the missing background information certification and place the completed certifications in the personal services contractors' files.
8. The post ensure all personal services contractor files include all information required by *Peace Corps Manual* section 743, Attachment F, or document the reason those items are unavailable for inclusion in the personal service contractors' files.
9. The post create and maintain vehicle files and records as required by agency policy.
10. The post ensure the purchase card approving official has supervisory oversight over the purchase card holder in accordance with agency policy.

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. Audit conclusions are based on information from three sources: 1) document and data analysis, (2) interviews, and (3) direct observation. Our audit was conducted 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit of Peace Corps/Togo covered fiscal years 2008, 2009, and 2010 through July 31, 2010. While at the post, we interviewed key staff including the country director, the AO, the safety and security coordinator, staff responsible for administrative support, and the medical officers. We also interviewed Volunteers to obtain their views on the effectiveness of the post's administrative and financial systems in supporting them. At the end of the audit, we briefed the newly appointed country director and post management personnel. At headquarters, we conducted a general briefing for the 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 laws and regulations, the *Peace Corps Manual*, the *Overseas Financial Management Handbook*, and current Peace Corps initiatives and policies.

APPENDIX B

LIST OF ACRONYMS

AO	Administrative Officer
CD	Country Director
FY	Fiscal Year
GSO	General Services Officer
OCFO	Office of the Chief Financial Officer
OIG	Office of Inspector General
MS	Peace Corps Manual Section
PSC	Personal Services Contractor
RSO	Regional Security Officer

APPENDIX C

MANAGEMENT'S RESPONSE TO THE PRELIMINARY REPORT



Since 1961.

MEMORANDUM

To: Kathy Buller, Inspector General

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

From: Dick Day, Africa Regional Director *Dick Day*
Carolina Cardona, Peace Corps Togo Country Director

Date: February 4, 2011

CC: Stacy Rhodes, Chief of Staff
Carrie Hessler-Radelet, Deputy Director
Joaquin Ferrao, Deputy Inspector General
Esther Benjamin, Director of Global Operations
Lynn Foden, Africa Region CHOPS
Joe Hepp, Chief Financial Officer
Lisa Bilder, Chief Acquisition Officer
Ed Hobson, Associate Director Safety and Security
Earl Yates, Associate Director for Management
Ryan Derni, Country Desk Officer

Subject: Response to the Preliminary Country Program Evaluation Report of Peace Corps/Togo - 2010

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

The Post concurs with all ten recommendations provided by the OIG in its Preliminary Audit Report: Peace Corps/Togo (December 2010).

As a result of this audit, Post has had the opportunity to improve upon some of their practices by implementing the ten recommendations presented in this report. Post continues to strengthen its administrative and financial operations by proactively reviewing its own internal control through the Administrative Management Control Survey.

Response to the December 2010 Preliminary Report of the Office of Inspector General Financial Audit of Peace Corps/Togo

1: The post conduct a physical inventory count of post property and affix inventory tags to capitalized items in accordance with agency policy.

Concur: At the time of the audit, Post had been waiting to receive property tags from Peace Corps HQ. Unfortunately, due to an error at HQ processing, the tags were not received in a timely manner. Peace Corps Togo received the tags in September and affixed them to all capitalized items according to agency policy. In late October, Post conducted a wall to wall inventory and ensured all property was tagged and recorded according to agency policy. General Services Staff was given training on January 12, 2011 on property management class by Roving Administrative Officer, Laura Perrone.

Documents Included: Copy of Post's master inventory, class handout and roster

Date of Completion: October 2010

2: The post submit the results of the inventory to the Peace Corps Property and Supply Division in accordance with agency policy.

Concur: Post submitted the results of their annual Post Property Inventory Report to Facilities Management with the required certification on November 19, 2010.

Documents included: Copy of post's PPIR submittal, email to Facilities Management

Date of Completion: November 2010

3: The post maintain all property records for three years in accordance with agency policy.

Concur: Post has issued a policy memo clearly outlining the roles and responsibilities of staff in regards to property management records. In addition, Post organized their shared drive to include a folder for storing all property reports according to fiscal year. Post created a shell folder under "Admin" named "Submitted Property Reports". Within that folder, additional subfolders were created according to fiscal year for the PPIR, FRPR and Assets Review containing the email with the attachment sent to HQ. This would ensure that Post maintained the files and could retrieve them as required.

Documents included: Property Management Records Policy Memo, Screen shot of shared drive

Date of Completion: February 2011 and continuous

4. The post verify the items in financial asset reports provided by Office of the Chief Financial Officer for fiscal year 2010 in accordance with agency policy.

Concur: Post conducted a Capital Assets Review in August and submitted a certified memo, verifying we had all the items listed in our possession.

Documents included: Email dated August 26, 2010 that was sent to the office of the Chief Financial Officer certifying the items in the financial assets report for fiscal year 2010 in accordance with agency policy. Post will continue to ensure it remains in compliance and submits these reports as required. In addition an electronic copy will be filed in the shared drive.

Date of Completion: August 2010 and continuous

5. The post obtain from the Regional Security Officer the remaining five missing security certifications and place them in the personal services contractors' files.

Concur: Post has worked with the RSO to ensure all security certifications have been completed and included in their PSC files. Post has recently hired an HR specialist who will ensure on a regular basis that all PSC files are complete and all documentation current.

Documents included: Security Certifications for five missing personnel: Kodjo Ametueku, Emmanuel Awuku, Mehessaa Ebia, Komi M. Gadigbe, and Atakouma Tsavo.

Date of Completion: December 2010

6. The post obtain from the Regional Security Officer permanent or temporary security certifications for proposed personal services contracts prior to executing personal services contracts.

Concur: Post has established procedures to ensure all individuals selected for hire complete the necessary paperwork to be issued a security clearance and are not contracted until the clearance is complete. Most recently, Peace Corps Togo has contracted a new HR Specialist who was granted an interim security clearance prior to being contracted. In addition, Post enjoys a positive working relationship with the embassy RSO section and is provided great support on these matters. Interim clearances are granted with a week and full clearances have been taking approximately 45 days.

Documents included: Security Clearance Matrix showing all clearances are up to date which was submitted to HQ on January 12, 2011

Date of Completion: December 2010 and continuous

7. The post require personal services contractors to complete the missing background information certification and place the completed certifications in the personal services contractors' files.

Concur: Post has reviewed all PSC files and identified the files with missing background information certifications. During the last all staff meeting, PSCs completed these forms and they were added to their files. An HR specialist has been hired that will continue to review the records on a regular basis.

Documents included: Sample MS 611 Form, Roster of personnel that completed the forms and those that already had an MS 611 form in their file.

Date of Completion: Completed January 2011 and continuous

8. The post ensure all personal services contractor files include all information required by Peace Corps Manual section 743, Attachment F, or document the reason those items are unavailable for inclusion in the personal service contractors' files.

Concur: Post has included a checklist on all PSC files to ensure all proper documentation is included or accounted for within the file. All 55 personnel records have been reviewed by the HR Assistant and AO. The PSC checklists were updated to accurately reflect all required documentation.

Documents included: Sample PSC Checklist.

Date of Completion: Completed December 2010

9. The post create and maintain vehicle files and records as required by agency policy.

Concur: Post has created both hard copy and electronic files to track vehicle maintenance as well as capture annual operating costs. Post has assigned the GSA to maintain these files with the GSM providing oversight. In addition, GSO staff has reviewed post policies regarding fleet vehicles to ensure they are in full compliance with Agency policy.

Documents included: Sample Vehicle maintenance file.

Date of Completion: Completed January 2011 and continuous

10. The post ensure the purchase card approving official has supervisory oversight over the purchase card holder in accordance with agency policy.

Concur: Post has made the FSN Cashier the cardholder and the Country Director the Approving Official.

Documents included: Appointment letter to card holder.

Date of Completion: October 2010

APPENDIX D

OIG COMMENTS

Management concurred with all 10 recommendations. We closed 10 recommendations.

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 or 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 E

AUDIT COMPLETION AND OIG CONTACT

AUDIT COMPLETION

Joseph Wagner, Forensic Auditor, performed the Peace Corps/Togo audit.



Bradley Grubb, CPA
Assistant Inspector General for Audit

OIG CONTACT

If you wish to comment on the quality or usefulness of this report to help us strengthen our product, please e-mail Bradley Grubb, Assistant Inspector General for Audit, at bgrubb@peacecorps.gov, or call him at (202) 692-2914.

REPORT FRAUD, WASTE, ABUSE, AND MISMANAGEMENT

Fraud, waste, abuse, and mismanagement in government affect everyone from Peace Corps Volunteers to agency employees to the general public. We actively solicit allegations of inefficient and wasteful practices, fraud, abuse, and wrongdoing related to Peace Corps operations domestically or abroad. Using the OIG contact resources below, you can report information or allegations confidentially or choose to remain anonymous.

Call:

Main Office: 202.692.2900
24-Hour Hotline: 800.233.5874 or 202.692.2915

Write:

Peace Corps
Attn: Inspector General
1111 20th St., NW
Washington, DC 20526

Or

Peace Corps
Attn: Inspector General
P.O. Box 57129
Washington, DC 20037-7129

Email:

OIG@peacecorps.gov

Website:

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