

DECISION



**THE COMPTROLLER GENERAL
OF THE UNITED STATES**
WASHINGTON, D. C. 20548

FILE: B-213598

DATE: March 28, 1984

MATTER OF: Peace Corps - Volunteer Payments

DIGEST: GAO does not object to proposed system of paying Peace Corps volunteers at overseas posts using in-country postal facilities and money orders.

The Associate Director for Management of the Peace Corps has requested our approval of a system to pay Peace Corps volunteers at overseas posts using in-country postal facilities and money orders. We have no objection to the proposed system, and accordingly approve its implementation.

According to the submission, two systems are currently used to pay allowances to Peace Corps volunteers. In countries in which banking or other financial institutions with branches in remote locations are capable of processing composite checks, a check, accompanied by a list of volunteers, account numbers, and amounts to be deposited, is made payable to the bank. If a volunteer terminates between the time a check is requested and the time the composite check is received, the Country Director notifies the institution of the change and requests an adjustment of the amount paid and a refund of the amount overpaid. Where in-country banking or financial institutions are not available or able to process a composite check or do not have branches in remote locations, checks are made payable to the individual volunteers, who cash them in local stores. If a volunteer terminates between the time a check is requested and the time it is received from the State Department Finance Center, the check is returned to the disbursing officer for cancellation.

The new system is intended to overcome the difficulties encountered by Country Directors at posts where adequate banking or other financial institutions are unavailable or incapable of implementing the composite check system and where local stores will not cash U.S. Treasury checks for volunteers. The Peace Corps has concluded that the only way to get funds to volunteers in these countries is by postal money order through the in-country postal facilities.

The Peace Corps accordingly proposes to institute a system similar to the first alternative described above using in-country postal facilities. A composite check, accompanied by a list of volunteers, amounts to be paid, and locations, would be

made payable to the postal facility or Postmaster General. In the event that a volunteer terminates between the time a check is requested and the time the single check is received, the Country Director would notify the Postmaster of the change and request a check or money order payable to the U.S. Treasury for the amount of the overpayment. A determination by the Country Director that this system is the only practical one for the country in which he serves would be required before the proposed system could be implemented. In addition, the Country Director would be required to retain copies of all postal money orders and related documents to assist in locating any missing money orders and to provide an audit trail.

The Peace Corps states that if the proposed system were approved, it would amend its manual to require Country Directors to implement the same procedures now used where composite checks are made payable to financial institutions. A written agreement would have to be executed between the Country Director and the Postal Service and each volunteer would be required to assign a power of attorney to the Postal Service to accept payments in his behalf. A voucher and multiple payment list would need to be prepared before a check could be issued. If no changes occurred between the time the voucher and supporting lists were prepared and the time the check was received from the disbursing officer, the Country Director would deliver the check and the list to the Postal Service. If a name were omitted from the list or a new volunteer arrived during the intervening period, a separate voucher requesting an individual check would have to be prepared, unless the amount due was within the disbursement limits for imprest funds. If the amount of the composite check exceeded the amount to be credited to the volunteers' accounts, the Country Director would prepare and deliver a change memorandum to the Postal Service along with the check and a copy of the original list. The Postal Service would prepare a check payable to the U.S. Treasury for the excess amount, and would send the check directly to the U.S. Embassy cashier for credit to the account of the Peace Corps. The Country Director would also deliver copies of the change memorandum to the U.S. Embassy cashier, the local or regional U.S. Embassy budget and fiscal officer, the Peace Corps post collections officer, and the Peace Corps volunteer living allowance file.

We have no objection to the proposed system. Subsection 5(a) of the Peace Corps Act, as amended, 22 U.S.C. § 2504(a) (1982), empowers the President to prescribe the "terms and conditions of the enrollment, training, compensation, hours of work, benefits, leave, termination, and other terms and conditions of the service of volunteers * * *", while

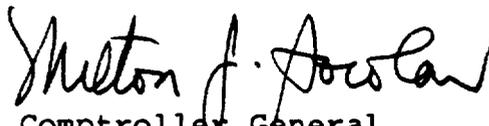
subsection 5(b), as amended, 22 U.S.C. § 2504(b), authorizes the President to determine what living, travel, and leave allowances, and housing, transportation, supplies, equipment, subsistence, and clothing are necessary to insure the well-being of the volunteers. These functions are delegated to the Director of the Peace Corps by Executive Order No. 12137, May 16, 1979, as amended. We think that the authority to prescribe benefits and to determine the level of living allowances encompasses the authority to implement an appropriate system of payment, so long as such system incorporates sufficient safeguards to protect the interest of both the Government and the volunteers in those funds.

We note by way of analogy that 31 U.S.C.'s 3332 provides for the issuance of checks payable to financial organizations which have been designated by Federal employees to receive their pay. The Treasury Fiscal Requirements Manual indicates:

"Deposit of a check for an employee's net pay in a foreign financial institution may be accomplished pursuant to agreements (1) between the employee and the agency, whereby the employee agrees to accept a check drawn to the foreign financial organization as payment, and (2) between the employee and the foreign financial organization, whereby the latter agrees to credit the employee's account on receipt of such a check." Section 3-8070.40.

Similarly, under the system proposed by the Peace Corps the volunteer would agree to accept payment of his living allowance in the form of a money order and would assign a power of attorney to the Postal Service to receive payments in his behalf.

We also note that in our decision B-141025, May 20, 1964, we certified for payment a voucher in favor of the First National City Bank of New York representing the aggregate amount due Peace Corps volunteers for living allowances for the month of May 1964. As previously mentioned, the Peace Corps has since implemented this system of payment at many overseas posts. We do not view the proposed system as a significant departure from that system, and accordingly approve its implementation.

for 
Comptroller General
of the United States