



Peace Corps
Office of Inspector General
Semiannual Report to Congress

April 1-September 30, 2013

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PEACE CORPS

OFFICE OF INSPECTOR GENERAL

Vision:

Provide high impact work products that agency management acts upon to increase the Peace Corps' efficiency and effectiveness.

Mission:

Through audits, evaluations, and investigations, the Office of Inspector General (OIG) provides independent oversight of agency programs and operations in support of the goals set forth in the Peace Corps Act while making the best use of taxpayer dollars.

OIG:

- Promotes integrity, efficiency, effectiveness, and economy
- Prevents and detects waste, fraud, abuse, and mismanagement
- Identifies risk and vulnerabilities and offers expert assistance to improve Peace Corps programs and operations

Established in February 1989, OIG receives its legal authority from the Inspector General Act of 1978, as amended. The law requires that OIG fully and currently inform the Peace Corps Director and the Congress about problems and deficiencies identified by OIG relating to the administration of agency programs and operations.

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Highlights from this Report

Message from the Inspector General



I am pleased to present the Peace Corps Office of Inspector General's (OIG) Semiannual Report to Congress (SARC) for the period of April 1 to September 30, 2013. In addition to performing our general oversight activities under the Inspector General Act of 1978, as amended (IG Act), a significant portion of OIG resources were devoted to monitoring the agency's progress in implementing the requirements of the Kate Puzey Peace Corps Volunteer Protection Act of 2011 (P.L. 112-57) (Kate Puzey Act), which enhances Volunteer safety and security.

The Evaluation and Audit units continued work on three separate reports mandated by the Kate Puzey Act due to Congress by November 21, 2013. The Evaluation Unit's reports focus on the effectiveness and implementation of the Peace Corps' sexual assault policy and on the Peace Corps' sexual assault risk-reduction and response (SARRR) training. The focus of the Audit Unit's report is on the Peace Corps' overseas staffing. In addition, we provided advice and assistance to the agency and Congress on the policies implementing the Kate Puzey Act. As part of this advice and assistance, we expressed serious concerns with the agency's decision to issue policies and procedures that impede our broad right of access to all agency records, documents, and information under Section 6 of the IG Act. As a result, the agency is denying OIG critical information and documents to conduct our oversight work, particularly the work required by the Kate Puzey Act. These concerns have been communicated to the acting Director and relevant congressional committees. Our concerns are detailed in the Advice and Assistance section of this report.

During this reporting period, OIG issued a management advisory report (MAR) to the acting Director, which determined that the Peace Corps was out of compliance with the laws and regulations governing the certification of claims and disbursement of government funds. As a result, payments totaling \$2.8 million were made to Volunteers during fiscal years (FY) 2010–13 that were not properly certified.

The Audit Unit issued final reports for post audits of Jamaica and Zambia and an agency-wide capstone report on the Peace Corps' medical inventory issues. The capstone report summarizes the work we conducted on this subject at nine Peace Corps posts in FY 2012. Our work demonstrated that agency management needs to place stronger emphasis on improving accountability of medical supplies. In addition, we reported medical inventory as a management and performance challenge in the agency's FY 2012 Performance and Accountability Report (PAR). The Audit Unit announced post audits of Senegal and The Gambia.

The Evaluation Unit issued final reports on post evaluations of Colombia and Moldova. The Evaluation Unit also completed fieldwork and is preparing a preliminary report for a post

evaluation of Ecuador, announced post evaluations of Mexico and Armenia, and has started work on a review of the new country entry/reentry process based on data collected during prior evaluations and audits.

The Investigation Unit closed seven investigations and 82 preliminary inquiries. The Investigation Unit also made significant progress on an unsolved homicide that occurred in 1998. In addition, as a result of an OIG debarment referral made during the previous reporting period, a former Peace Corps medical officer was debarred for misuse of government property and resources and is prohibited from conducting business with the government for three years.

Because of the government shutdown, the Office of Management and Budget (OMB) and the Department of Treasury revised the year-end financial reporting calendar, which includes the PAR. Therefore we will provide our statement on the Management and Performance Challenges facing the agency in the subsequent SARC.

Finally, I am pleased to announce the Council of Inspectors General on Integrity and Efficiency (CIGIE) recognized OIG for excellence for the international team who investigated and successfully prosecuted former Peace Corps/South Africa Volunteer Jesse Osmun, and for our audit of Peace Corps/Tonga, which lead to changes in controls to deter cashiers from embezzling funds. The awards ceremony is scheduled for November.



Kathy A. Buller
Inspector General

Management and Administration



New OIG staff and interns (l-r): Renita Davis, Kaitlyn Large (RPCV Ecuador), Ben Simasek (RPCV Dominican Republic), Anastasia Merinova, Katie Welsh, and José Vega.

Management and Administration

Agency Context

As of September 30, 2013, 7,209 Peace Corps Volunteers and trainees were serving in 65 countries at 61 posts. This total includes 801 Volunteers and trainees funded by the President's Emergency Plan for AIDS Relief (PEPFAR) to work on HIV/AIDS projects at 18 posts and 184 Peace Corps Response Volunteers serving in short-term assignments in 32 posts.

The Volunteers and their programs are supported by 896 American direct-hire staff: 175 abroad, 105 in regional recruiting offices, and the remaining 616 at headquarters. Approximately 2,000 locally hired personnel complete post staffing. The Peace Corps also has corporate contracts domestically and abroad, principally for guard services and training, and hires expert consultants, largely for training and financial management.

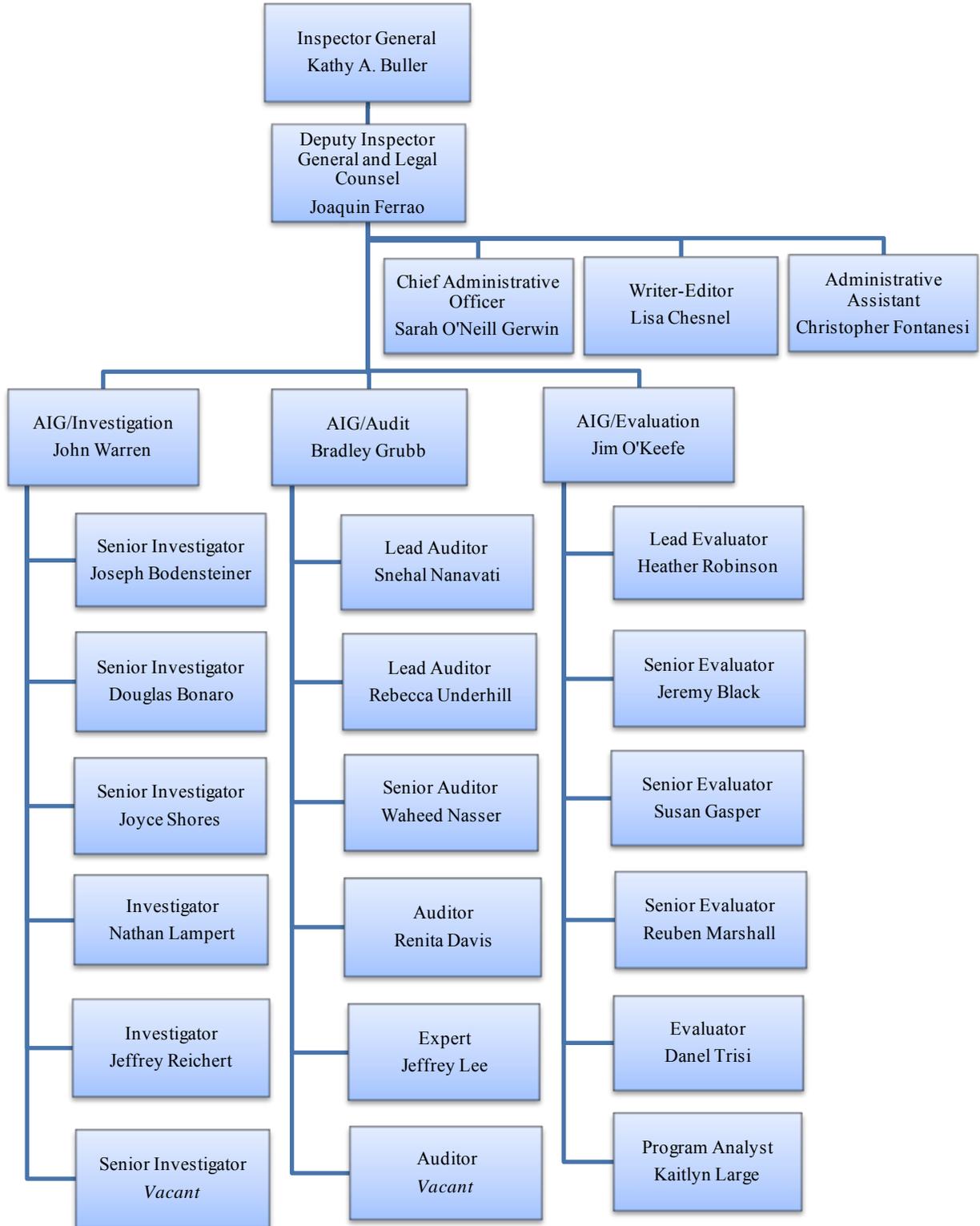
OIG Staffing

Renita Davis joined OIG as an auditor in May 2013. Davis previously worked as an auditor with the Department of Health and Human Services OIG, conducting performance attestation reviews, audits, and audit resolution relating to Head Start programs, health-care centers and OIG hotline complaints. Davis holds a bachelor's degree in accounting from Carlson School of Management at the University of Minnesota and is a certified public accountant.

Kaitlyn Large joined OIG as a program analyst in July 2013. Large previously worked as an account manager at The Washington Post and a monitoring and evaluation specialist for Kaya Children International. Large served as a youth and families Volunteer in Ecuador from 2008–10. She holds a bachelor's degree in international studies from the University of North Carolina at Chapel Hill and a master's degree in sustainable international development from Brandeis University.

José Vega joined OIG as a law clerk in August 2013. Vega graduated from the Columbus School of Law at the Catholic University of America in May 2013. While in law school, Vega was a legal fellow at the World Bank Integrity Vice Presidency, and clerked for the Department of Justice and for Patton Boggs LLP. Prior to law school, Vega served three years as chief of protocol for the city of San Antonio. Vega holds a bachelor's degree in international affairs from Trinity University in San Antonio.

OIG Organizational Chart



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Advice and Assistance Provided to the Agency and Others



Graphic illustrating the Peace Corps' medical supply workflow from the OIG Capstone Report: 2012 Medical Inventory Issues.

Advice and Assistance Provided to the Agency and Others

Management Advisory Report: Certification of Volunteer Payments

On September 24, 2013, OIG issued a MAR that the Peace Corps was out of compliance with the laws and regulations governing the certification of claims and disbursement of government funds, specifically Title 31 U.S. Code Section 3521(b)(1). The Peace Corps' certifying official did not have a systematic methodology to select and examine non-recurring payments to Volunteers to ensure payments were proper, legal, and correct. Although the certifying official occasionally selected non-recurring payments for further examination and obtained supporting documentation from the posts, the certifying official did not maintain a record of the items selected for examination and did not maintain the vouchers obtained from the post.

As a result, payments totaling \$2.8 million were made to Volunteers during FYs 2010–13 that were not properly certified. Until the agency changes the process for financial management officers in the Office of Volunteer and Personal Services Contractor Financial Services (VPS) to review non-recurring payments, it will continue to be out of compliance with laws and regulations concerning certification of claims and disbursement of funds.

Update on Management Advisory Report: Peace Corps Drug-Free Workplace Plan

As reported in the last two SARCs, OIG issued a MAR on August 16, 2012, about the agency's non-compliance with Executive Order (EO) 12564, which mandates a drug-free federal workplace. The agency remains out of compliance.

Implementing procedures¹ issued to agencies by the U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration² (SAMSHA) provide that all employees serving in "presumptive" and "preferred"³ positions be included in a pool of testing designated positions (TDP) and randomly tested for drug use. Federal employees occupying positions in those categories require written justification to be excluded from the TDP list contained in the agency's drug-free workplace plan (DFWP).

In April 2013, the agency's Office of General Counsel (OGC) told representatives from SAMSHA that given limited resources, and a number of higher priority it might be "some time" before the agency would be able to update the DFWP and the TDP pool. The GC did however

¹ Guidance for Selection of Testing Designated Positions (TDP) was issued on May 6, 2013.

² SAMSHA is responsible for agency DFWP certification under a delegation from the Interagency Coordinating Group Executive Committee convened by the Office of National Drug Control Policy.

³ Positions requiring access to national security classified information and PAS positions are "preferred" positions. Agencies desiring to exclude any of these positions from the pool of TDPs must provide a "clear justification" for doing so.

agree to move toward compliance via the initiation of random testing for the agency's two presidential appointee-senate confirmed (PAS) positions. The GC reiterated this arrangement to SAMSHA in August 2013, but to date no PAS random drug testing has occurred. In addition, neither a timeline for establishing an updated TDP pool nor an update to the agency's DFWP has been completed. OIG remains concerned about the agency's continued lack of compliance with EO 12564, its inability to establish a timeline to achieve compliance, and any potential resulting impact on both agency operations and national security.

Developed a Briefing about Stalking with the Office of Safety and Security

In response to concerns raised by recent incidents and investigations, the Investigation Unit worked with the Peace Corps Office of Safety and Security (SS) to develop a briefing about stalking, which that office will use to alert and train all Volunteers.

Supported the Implementation of Presidential Policy Directive 19

On October 10, 2012, the President issued Presidential Policy Directive (PPD) 19, which requires government agencies to develop policies and procedures to protect whistleblowers eligible for access to classified information. PPD 19 prohibits reprisal action(s) affecting an employee's eligibility for access to classified information in response to making a protected disclosure such as reporting fraud, waste, or abuse. The directive calls for a review process of such action by the agency's OIG as well the ability to appeal to an external review panel. OIG collaborated with SS to incorporate PPD 19 into existing agency policy.

Provided Advice on Conference Reporting

During FY 2013, the agency worked to comply with federal laws and regulations regarding the monitoring and reporting of conference spending.⁴ The requirements mandate annual reporting for conferences costing more than \$100,000 and regular reporting (within 15 days of the conference) to OIG of conferences in excess of \$20,000. OIG provided advice on the agency's conference reporting policy and implementing procedures.

In July 2013, the acting Director approved an internal memorandum outlining agency policy on the new requirement. However, the implementing guidance was not issued until August 2013 and the training was not delivered until September 2013. The guidance included some elements that appear not to have been approved by the acting Director as it had been changed subsequent to her approval and there is no documentation suggesting that the guidance had been resubmitted to the acting Director. This guidance further clarified the definition of a conference provided in OMB's Circular M-12-12 and developed a mechanism for reporting conference costs to OIG. The guidance expressly excludes "...routine operational meeting, technical assistance visit, new country entry visit, or a Peace Corps core activity" from the agency conference definition. OIG will utilize the reporting mechanism to monitor costs spent on agency conferences.

⁴ See Section 3003 of the Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6), March 26, 2013, and OMB Circular M-12-12, Promoting Efficient Spending to Support Agency Operations, May 11, 2012.

Participated in Overseas Staff Trainings and Country Director Conferences

OIG participated in an overseas staff training in June where it briefed 35 staff members on best practices and common deficiencies noted by OIG. Participants included programming and training officers, directors of management operations, and financial assistants. An OIG overview presentation was delivered to four country directors (CDs). OIG also attended three regional CD meetings and made presentations about OIG and its oversight function.

Conducted Investigative Outreach

OIG investigators continued an outreach initiative started during FY 2012. During the current reporting period, the initiative reached 137 Peace Corps staff members and Volunteers, educating them about the role of OIG investigators, the mission of OIG, the types of allegations typically referred, and OIG's readiness to respond to allegations. Additionally, discussions included ways to detect potential fraud, waste, and abuse of Peace Corps resources. Briefings were followed by an open forum to address concerns and answer questions.

Developed Prosecutorial Options for Victims of Crime

During the reporting period, OIG issued guidance to assist Volunteers who are victims of crime. The document, "Prosecutorial Options for Volunteers When the Alleged Perpetrators are Other Volunteers, Trainees, or Staff Members," provides Volunteers with an explanation of prosecutorial options based on the circumstances of the assault, and focuses on how U.S. criminal laws can apply when they are a victim of crimes committed overseas. The guidance also outlines OIG's role in responding to and supporting Volunteers. OIG coordinated with the Office of Victim Advocacy to develop the guidance and the agency agreed to include it in its procedures for responding to sexual assault.

Reviewed Agency Regulations, Policies, and Procedures

OIG continues to provide advice and assistance to the Peace Corps Senior Policy Committee by commenting on drafts of new or updated policies and procedures. During this reporting period, OIG reviewed 34 Peace Corps Manual sections (MS), corresponding procedures, and interim policy statements (IPS). The following are some of the key issues from the reviews.

Comments to IPS 1-12 (Sexual Misconduct)

OIG expressed concerns that the agency's sexual misconduct policy limits the acting Director's broad discretion under the Peace Corps Act to terminate Volunteers, and that the agency did not take into account the cost of establishing a hearing panel⁵ and its impact on overall agency efficiency and effectiveness. Specifically, OIG expressed concern about the following:

⁵ The Hearing Panel is selected by each regional director and is a standing panel of three members from headquarters staff (at least two must be returned Peace Corps Volunteers) empowered to hear allegations made by

- Providing enhanced procedural rights to Volunteers accused of sexual assault, including the right to have cases heard by a hearing panel and to appeal the hearing panel's decision, rights not afforded to Volunteers accused of other types of misconduct.
- Allowing the hearing panel to consider mitigating factors without clarifying that no mitigating factors would prevent terminating a Volunteer who is found to have committed a rape or an aggravated sexual assault.
- Limiting the deputy director's ability to overturn a hearing panel's decision if the hearing panel finds the Volunteer did not commit the act.
- Allowing a Volunteer to resign, without a notation to the Volunteer's file indicating that the resignation occurred "in lieu of administrative separation," despite the fact that the report of investigation may have contained sufficient facts substantiating an allegation of rape or sexual assault.

OIG also expressed concerns about the policy's impact on OIG's ongoing criminal investigations. In response, the agency made changes to ensure that the administrative process does not interfere with criminal investigations.

Comments to IPS 2-13 (Sexual Assault Response Liaisons)

OIG raised concerns about the agency's intent to allow non-Peace Corps staff members to be designated as sexual assault response liaisons (SARLs). Specifically, OIG expressed concerns about whether the agency can ensure non-Peace Corps staff members will meet performance standards and whether they could be trusted with sensitive information relating to a sexual assault when there is no employer-employee relationship to keep them accountable. OIG also questioned how the agency would compensate non-Peace Corps staff SARLs for costs incurred while assisting victims. Finally, OIG noted that the procedures fail to define how much autonomy should be given to SARLs and how SARLs should communicate problems with the response, performance, or support provided by a country director or a victim advocate.

Comments to IPS 3-13 (Responding to Sexual Assaults)

OIG strongly objected to provisions related to restricted reporting⁶ denying OIG's right of access to agency documents and information as provided under section six of the Inspector General's Act of 1978, as amended. OIG repeatedly emphasized the requirement in the Kate Puzey Act mandating OIG to conduct a series of oversight activities related to the implementation and effectiveness of how the agency responds to sexual assaults, including the requirement for a case review of a statistically significant number of cases. By establishing restricted reporting as the default reporting avenue for Volunteers—and denying OIG access to any information from such reports—the agency is establishing a process that impedes effective oversight or accountability

Volunteers of sexual misconduct against another Volunteer. The panel makes findings and recommendations on disciplinary or other action to the regional director.

⁶ Restricted reporting as mandated by the Kate Puzey Act allows a Volunteer who is the victim of sexual assault to confidentially disclose the details of his or her assault to specified individuals and receive services without the dissemination of his or her personally identifiable information and without triggering an official investigation. Restricted reporting provides for four exceptions including an exception in cases where state or federal courts order disclosure, or if disclosure is required by federal or state statute.

making the agency’s response to Volunteer allegations of sexual assault susceptible to mismanagement and impunity.⁷ OIG also raised concerns about the following:

- The language in the procedures lack a clear and consistent message mandating that sexual assaults be reported to OIG when the Volunteer elects standard reporting and the perpetrator is another Peace Corps staff member or Volunteer.
- The blanket prohibition on reporting sexual assaults to OIG when a Volunteer elects restricted reporting. The KPA only prohibits the dissemination of personally identifying information, not the reporting of sexual assaults.
- The conditions outlined in the procedures that would prompt the agency to offer a Volunteer a sexual assault forensic examination. The imposition of these conditions is not victim-centered and will unnecessarily prevent OIG investigators from accessing physical evidence, which would be needed in a criminal case against the perpetrator should it be brought in the United States.
- The language in a Volunteer form that states a restricted report will be converted into a standard report if the Volunteer reports the assault to OIG. OIG asserts that a Volunteer should not lose the ability to keep the report restricted if the Volunteer chooses to report mismanagement of the sexual assault to OIG. Such a policy discourages whistleblowing and goes against one of the primary purposes of the KPA.
- Deviations in the policy and procedures for restricted reporting from the statutory language in the Kate Puzey Act. On this issue the agency responded by making some changes to the policies but not the procedures.

Comments to MS 202 (Volunteer Leaders)

OIG expressed concern that the policy will likely result in Volunteer leaders being treated as office staff. OIG is concerned that if Volunteer leaders are treated as “no cost” human resource staff, they risk becoming disengaged with the culture, people, and volunteer work in their host country. OIG also expressed concern about revising existing policy to assign Volunteer leaders duties and tasks normally reserved for staff without assigning them the same governmental ethical obligations. OIG asserts the agency ought to subject Volunteer leaders to ethical obligations similar to that of a staff member through some type of agreement, commitment, or policy. Finally, OIG recommends the policy be revised to subject Volunteer leaders to MS 522 “Motor Vehicles Use and Insurance,” including its provisions on the personal use of vehicles.

Comments to MS 271 (Confidentiality Protection)

OIG raised objections to revising existing policy to provide for agency management investigations of Volunteer whistleblower allegations related to reporting or cooperating with OIG. Currently such investigations are conducted by OIG.

OIG asserts the allegeders are likely to perceive such investigations as self-serving, retaliatory, and as lacking credibility and independence. Such investigations would be duplicative and could interfere with the integrity of an existing OIG investigation. OIG also expressed concerns about management assigning such investigations to the Office of Civil Rights and Diversity. This

⁷ See section below on “OIG Advises Congress on Denial of Access to Agency Information” for additional information on this matter.

collateral assignment is outside the scope of Management Directive 110 and the U.S. Equal Employment Opportunity Commission guidance provided to all federal Equal Employment Opportunity Offices (EEOs). OIG has been unable to identify a single precedent in the federal government for an EEO office handling retaliation cases outside of employment discrimination. OIG also expressed concerns with the lack of training and specific guidance to the Office of Civil Rights and Diversity contract investigators on matters unrelated to employment discrimination. Finally, OIG noted in its comments that OIG was specifically excluded from the working group developing the procedures for this policy even though the decisions of the group directly impacted OIG investigations.

Advised Congress on Denial of Access to Agency Information

On July 12, 2013, OIG responded to an inquiry⁸ from Sen. Tom Coburn, ranking member of the Senate Committee on Homeland Security and Government Affairs, and Sen. Chuck Grassley, ranking member of the Senate Committee on Finance,⁹ requesting a list of any instances when the agency resisted or objected to oversight activities or restricted OIG's access to information or where the agency caused temporary delays to information access.¹⁰ OIG's response informed the senators that the agency has denied OIG information and documents that are critical for it to conduct the oversight work required by the Kate Puzey Act. More specifically, OIG informed the senators that the agency's GC has determined that the Kate Puzey Act overrides OIG's broad right of access to agency documents and information provided by the IG Act, even though the Kate Puzey Act provides exceptions that allow OIG to obtain such documents and information when another federal statute, such as the IG Act, requires disclosure. OIG's response also informed the senators that the agency has used the Kate Puzey Act to deny OIG information that is not covered by the statute, and has instructed its CDs to not provide OIG with third-party complaints or allegations, even though such information is not covered by the Kate Puzey Act. In short, OIG advised Congress that without this information OIG will be unable to fulfill the Kate Puzey Act's mandates and, as a result, Congress will be unable to determine whether the agency is adequately implementing the Kate Puzey Act.

Since responding, OIG has also briefed staffers for the House committees on Government Reform (HOCR) and Foreign Affairs and the Senate committees on Foreign Relations and Homeland Security and Governmental Affairs. On September 16, the acting Director made a commitment to the IG and the chairman of the HOCR to provide OIG with access to three pieces of non-personally identifying information not covered by the statute. The agency has yet to provide such information but asserts that it will do so. OIG remains concerned that the agency is denying OIG access to information it is entitled to receive under the IG Act. If such denial continues, it is likely to impact OIG's ability to comply with the Kate Puzey Act and perform its statutory mission.

⁸ The inquiry was sent to all OIGs on April 8, 2010, requesting updates on a biannual basis.

⁹ Sen. Grassley was the ranking member from 2001–10, he remains a senior member of the committee.

¹⁰ The letter also requested information on closed investigations and any nonpublic audits, evaluations, or other reviews.

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Audits



OIG staff during the Peace Corps/Jamaica audit, pictured (l-r): Auditor Waheed Nasser, Volunteer Wanda Eddy, Peace Corps staff Frank Yanicheck, Auditor Hal Nanavati, and Peace Corps/Jamaica staff Trevor Chance.

Audits

Overview

The Audit Unit conducts audits of agency programs and operations that support the Peace Corps mission. These include overseas posts, regional recruitment offices, and headquarters functions. Audits are conducted in accordance with U.S. *Generally Accepted Government Auditing Standards* (GAGAS) issued by the comptroller general of the United States. In addition, the unit oversees the annual audit of the agency's financial statements and review of information system security performed by an independent public accounting firm.

The objective of OIG audits is to independently examine the financial and administrative operations of the Peace Corps, promote economy and efficiency, and ensure compliance with federal law, regulations, and Peace Corps policy. Audits are wide ranging, covering agency activities carried out at overseas posts, as well as agency-wide operations that affect multiple offices. Auditors report their conclusions and recommendations based on data and document analysis, interviews, and direct observation.

At overseas posts auditors review the financial and administrative operations for operational efficiency and effectiveness, financial stewardship, and compliance with agency policies and federal regulations. OIG's overseas post audits frequently identify reoccurring issues and trends. Its reports contain recommendations to posts and headquarters for strengthening controls to prevent and detect systemic weaknesses. OIG also monitors the agency's progress in correcting systemic weaknesses identified in audit reports by obtaining and assessing evidence of corrective actions, reviewing the implementation of policy and procedural revisions, and conducting follow-up audits when necessary. For example, in response to OIG's work the Peace Corps revised and strengthened policies and procedures on imprest fund management and medical supply accountability.

Along with the final reports described below, the Audit Unit issued a preliminary report on Macedonia and initiated work on audits of Armenia, Senegal, and The Gambia. The Audit Unit is finalizing its review of the Peace Corps' overseas staffing, mandated by the Kate Puzey Act, and is continuing to work on an audit of agency eligibility and suitability determinations for Peace Corps Volunteer applicants.

Agency-wide Reports

The Peace Corps FY 2013 Financial Statement Audit

During this reporting period, OIG engaged accounting firm Kearney & Company to conduct an audit of the Peace Corps FY 2013 financial statements. As of September 30, 2013, the audit was

ongoing. Due to the government shutdown, the Office of Management and Budget (OMB) and the Department of Treasury revised the year-end financial reporting calendar. OIG intends to issue the accounting firm's reports through a transmittal memorandum by the revised OMB-mandated reporting date of December 16, 2013. Details regarding the audit results will be included in the next SARC.

Annual Review of the Peace Corps FY 2013 Information Security Program

The Federal Information Security Management Act (FISMA) requires federal agencies to establish security protections and a program to secure information systems from unauthorized access, use, disclosure, modification, and other harmful impacts. In addition, FISMA requires that each OIG review its agency's information security program and report results to OMB annually. To meet this requirement, OMB has developed an online data collection system for FISMA reporting from federal agencies and their respective OIGs. During this reporting period, OIG engaged accounting firm Williams, Adley & Company to conduct the FY 2013 FISMA review. The review was ongoing as of September 30, 2013. Comments on final review results will be covered in the next SARC.

Capstone Report: 2012 Medical Inventory Issues

OIG issued a capstone report on medical supply accountability. The report summarizes the results of eight audits and one review of Peace Corps posts during FY 2012. At those posts, auditors evaluated the implementation of Peace Corps policies and procedures, determined compliance with laws and regulations, and identified improvements to controls. It is essential that posts implement the required controls over medical accountability to ensure Volunteers' medical needs are met in a timely manner, that medical supplies are not expired and are authentic, and that medical supply inventory records are accurate and complete. Failure to fully implement medical supply policies creates opportunities for theft, diversions, waste, or other abuses at the posts that could have a serious negative impact on Volunteers' health.

OIG found that the posts' medical inventory systems required improvement in a number of areas and did not fully comply with agency policy. Additionally, OIG noted recurring issues with inadequate separation of duties, lack of physical security over medical supplies, undocumented medical supply transfers, insufficient inventory reconciliations, and inaccurate medical supply inventories. The Office of Health Services has made improvements through its policy and guidance, training, and oversight. However, Health Services needs to provide more training on the various roles in medical supply management and regional management must hold CDs accountable for poor medical supply management.

At the end of the reporting period, four recommendations remain open.

Audits of Overseas Operations

PC/Jamaica: Audit

IG-13-05-A

OIG issued its final audit of PC/Jamaica in July 2013. More than 3,370 Peace Corps Volunteers have served in Jamaica since the program began in 1962. At the time of the audit, the post had two U.S. direct hires (USDHs), three foreign service nationals, one U.S. personal services contractor, and 17 full-time personal services contractors. The post's FY 2012 budget was \$2.6 million to support 65 Volunteers working in the following project sectors: Education, Environment, and Health and HIV/AIDS. Furthermore, at Peace Corps headquarters the Inter-America and Pacific region incurred an average of \$414,000 per overseas post.¹¹

OIG found that the post did not have the appropriate supporting documents to disburse approximately \$373,000 in lease costs to the Ministry of Foreign Affairs and Foreign Trade. In addition, the post did not consistently present a tax exemption certificate at point of sale and did not claim refunds for value added tax (VAT) of approximately \$1,500. The post did not have a consistent and verifiable methodology for allocating indirect costs to PEPFAR funds. OIG also identified approximately \$21,000 in cost savings if the post reduced its total number of vehicles.

Management concurred with all 10 recommendations. At the end of the reporting period, four recommendations remain open.

Questioned Costs – Unsupported Costs

Recommendation Number 1: Lease expenses paid without sufficient obligating documents -- \$373,000

Funds to be Put to Better Use

Recommendation Number 6: Estimated sale price of the excess vehicle and annual maintenance costs -- \$21,055

Recommendation Number 9: Potential unclaimed VAT -- \$1,500

¹¹ The agency was unable to provide the total cost per post as certain costs are centrally budgeted and managed by headquarters offices including USDH salaries and benefits. The Office of Budget and Analysis provided the total cost of \$8.689 million incurred by the Inter-America and Pacific region in direct support of its 21 overseas posts in FY 2011, with an average of \$414,000 per post.

PC/Zambia: Audit

IG-13-06-A

OIG issued its final audit of PC/Zambia in August 2013. The first group of Volunteers arrived in 1993 and, since then, more than 1,435 Volunteers have served in Zambia. At the time of the audit, the post had two USDHs, two foreign service nationals, and 51 full-time personal services contractors. The post's FY 2012 budget was \$7.7 million to support 274 Volunteers working in the following project areas: education, community development, environment, agriculture, health, and business. This amount includes significant funding from PEPFAR: \$3.7 million with an additional \$745,000 available from prior years. In December 2012, the post had approximately 121 Volunteers funded by PEPFAR. At Peace Corps headquarters, the Africa region incurs an additional \$401,000 per overseas post.¹²

OIG found that the post made an overpayment of almost \$20,000 in living allowances to a Volunteer. The overpayment went undetected because of inadequate monitoring of Volunteer reimbursements by VPS. Further, VPS had not developed criteria or a systematic process for selecting and reviewing amounts paid/reimbursed to Volunteers.

In addition, the post did not fully utilize the point of sale exemption from VAT, lacked a process to allocate and track spending from PEPFAR and other funding sources, and allowed sub-cashiers in the provincial offices to maintain personal bank accounts for agency funds without complying with federal law and Peace Corps policy.

Management concurred with all 12 recommendations. At the end of the reporting period, 12 recommendations remain open.

Questioned Costs

Recommendation Number 4: Overpayment of rent allowance -- \$19,300

Funds to be Put to Better Use

Recommendation Number 1: Unclaimed VAT refunds -- \$140,000

¹² The agency was unable to provide the total cost per post as certain costs are centrally budgeted and managed by headquarters offices including USDH salaries and benefits. The Peace Corps Office of Budget and Analysis provided the total cost of \$11.2 million incurred by the Africa region in direct support of its 28 overseas posts in FY 2011, which is an average of \$401,000 per post.

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Evaluations



Peace Corps/Colombia staff Omar Munoz with Volunteers Mike Deloge and Victor Kasper in Cartagena.

Evaluations

Overview

The Evaluation Unit provides the agency with independent evaluations of Peace Corps programs, operations, and management at overseas posts and domestic offices and programs. It promotes greater efficiency and effectiveness by identifying best management practices and recommending program improvements and means by which to comply with Peace Corps policies and federal regulations.

Evaluations are conducted under the direction and guidance of the assistant inspector general for evaluations and in accordance with CIGIE's *Quality Standards for Inspection and Evaluation*. Country program evaluations include interviews, reviews of relevant documents and data, physical observations, and analyses by evaluators. OIG evaluators interview Volunteers, headquarters and post staff, and key host country and U.S. government officials. In effecting their interviews, the evaluators select a representative sample of currently serving Volunteers based on their length of service, site location, project focus, gender, age, marital status, and ethnicity. Evaluators conduct most of the Volunteer interviews at the Volunteers' homes and worksites; they inspect housing and assess Volunteer safety and health care using post and agency-defined criteria. The period of review for a country program evaluation is one full Volunteer cycle (typically 27 months).

For country program evaluations, OIG uses the following researchable questions to guide its work:

- Has the post developed and implemented programs intended to increase the capacity of host country communities?
- Does training prepare Volunteers for Peace Corps service?
- Has the post provided adequate support and oversight to Volunteers, including health care and personal safety?
- Are post resources and agency support effectively aligned with the post's mission and agency priorities? For posts receiving PEPFAR funding: Is the post able to adequately administer the PEPFAR program, support Volunteers, and meet its PEPFAR objectives?

During this reporting period, OIG continued to conduct and provide management with comprehensive assessments of how effectively overseas country programs and headquarters operations are functioning. Along with the reports described on the following pages, country program evaluations of Armenia, Ecuador, and Mexico were initiated. OIG also issued two preliminary reports required by the Kate Puzey Act, one of which evaluated the effectiveness and implementation of the Peace Corps' sexual assault policy and the other evaluated the Peace Corps' sexual assault risk-reduction and response training required under the act.

Country Program Evaluations

PC/Colombia: Country Program Evaluation

IG-13-03-E

OIG issued its final country program evaluation of PC/Colombia in April 2013. In 1961, Colombia was one of the first countries to welcome Peace Corps Volunteers. More than 4,600 Volunteers served in Colombia until the program closed in 1981 for security reasons. Since re-opening in 2010, more than 80 Volunteers have served in Colombia. Volunteers in Colombia work in the Teaching English for Livelihoods (TEL) project. Peace Corps Response Volunteers are involved in youth development as well as disaster relief and recovery efforts. At the time of OIG's visit, 19 staff were supporting 24 Volunteers. The post's FY 2012 budget was \$1.26 million.

The Peace Corps carefully managed the re-opening of operations in Colombia. The agency closely followed assessment team recommendations concerning programmatic opportunities, geographic boundaries for operations, and safety and security precautions. Programming is anchored in the Colombian government's initiative to make public schools bilingual, and has been well received. The most significant challenge facing the post is the concentration of Volunteers in three major urban areas along the Caribbean coast. Due to security concerns, the post has been unable to place a sufficient number of Volunteers in smaller communities outside these major urban areas. Volunteers in densely populated urban neighborhoods had difficulty integrating, faced frequent sexual harassment, experienced high levels of stress, and were exposed to a greater risk of urban crime. Post leadership has made some progress in obtaining U.S. embassy approval to place a few Volunteers in smaller communities along the Caribbean coast. The Peace Corps should collaborate with the U.S. embassy's security personnel to re-assess security conditions along Colombia's Caribbean coast and define the geographic boundary within which it can develop new Volunteer sites and safely operate outside of major urban areas.

Volunteers also struggled to adjust to living with a host family, and managing host family changes had become a source of frustration for both Volunteers and staff. Some Volunteers lacked the necessary Spanish and cross-cultural skills and attitudes that would make a host family stay viable. Also, the TEL program manager had not been providing Volunteers with timely feedback on their quarterly reports, the post lacked sufficient office space, and its medical evacuation plan had incomplete components.

Management concurred with all 10 recommendations. At the end of the reporting period, one recommendation remains open.

PC/Moldova: Country Program Evaluation

IG-13-04-E

OIG issued its final country program evaluation of PC/Moldova in September 2013. More than 1,100 Peace Corps Volunteers have served in Moldova since the program began in 1993. At the time of OIG's visit, 37 staff were supporting 104 Volunteers serving in the following project areas: English education, health education, community and organizational development, and small enterprise development. The post's FY 2013 budget was \$1.93 million.

The post was performing well in many areas as result of a qualified and dedicated staff. The staff developed a strong programming and training foundation that effectively prepared trainees for service. All Moldovan government ministry partners interviewed expressed appreciation for the Volunteers' work and looked forward to future collaborations. The post's comprehensive site selection process placed Volunteers with meaningful assignments, strong counterparts, and good host families. However, Volunteers placed in urban sites faced challenges integrating into their communities. While training was tailored to the Volunteer's site placement and was effective at helping trainees prepare for service, the post could improve its use of trainee assessment tools.

Volunteers felt well-supported by staff and found them to be responsive to their concerns. However, the evaluation uncovered some areas for improvement related to Volunteer safety and emergency preparedness. Some Volunteers were unaware of their emergency consolidation points, and many Volunteers' site locator forms were missing important information that might be needed to locate them in an emergency. While the post adequately responded to recent security incidents at Volunteer sites, staff had not properly documented the incidents in their site history files. The evaluation also uncovered some inconsistencies in the Volunteer housing review and approval process.

Management concurred with all 11 recommendations. At the end of the reporting period, 11 recommendations remain open.

Investigations



Mountain pass, Kyrgyz Republic.

Investigations

Overview

The OIG Investigation Unit is authorized to conduct investigations of waste, fraud, abuse, and mismanagement in Peace Corps programs and operations both domestically and overseas. OIG investigators have full law enforcement authority, which provides OIG with additional law enforcement tools including the authority to, upon probable cause, seek and execute warrants for arrest, search premises or seize evidence, make arrests without a warrant while engaged in official duties, and carry firearms. The unit investigates allegations of both criminal wrongdoing and administrative misconduct involving Peace Corps staff, contractors, Volunteers, and other individuals conducting transactions with the Peace Corps. Allegations are forwarded to OIG through various means, including OIG audits, evaluations, and hotline complaints, and come from Peace Corps stakeholders, including Volunteers, trainees, staff, contractors, other federal entities, and the general public.

During this SARC period, OIG continued to deepen its engagement in the investigations of two Volunteer homicide cases in Africa. In one case from 1998, a suspect is expected to be brought to trial this calendar year. In another case from 2009, OIG is continuing to work with an interagency team investigating the matter. The resolution of such cases continues to be a top investigative priority for OIG.

The Peace Corps, in accordance with the Kate Puzey Act, implemented changes on September 1, 2013, that will impact OIG investigations. First, the agency issued a restricted reporting policy whereby Volunteers who are victims of sexual assault, including assaults by other Volunteers or staff, may obtain services without the matter being reported to OIG.¹³ Second, the Peace Corps created a mechanism for Volunteer allegations of Volunteer/trainee sexual misconduct to be administratively adjudicated by an agency hearing panel. In an effort to assist the agency's policy formulation process, OIG provided extensive briefings on investigative processes to the Sexual Assault Advisory Council, sexual misconduct hearing panel members, and other agency stakeholders. OIG is making an effort to inform Volunteers of their prosecutorial options in the event they are sexually assaulted by another Volunteer or a staff member and that they retain the option to report the matter directly to OIG.

In April 2013, the Investigation Unit underwent its first peer review, which focused on OIG's policies, procedures, and implementation of the standards that accompanied its receipt of statutory law enforcement authority. The review team from the U.S. Agency for International

¹³ OIG has serious concerns that implementation of agency policies and procedures related to standard and restricted reporting will hinder OIG's ability to perform its statutory mission and mandate. These concerns have been communicated to the acting Director and relevant congressional committees.

Development (USAID) OIG found the areas they examined to be compliant with CIGIE standards¹⁴ and the relevant Attorney General guidelines.

In FY 2013, the Investigation Unit handled 298 complaints and allegations, a 22 percent increase over the previous year. The agency made one debarment decision during this period based on a referral from OIG. In terms of the Investigation Unit's work regarding the Federal Employees' Compensation Act (FECA), the Office of Health Services advised OIG that as a result of OIG's work performed during a previous SARC period, \$50,567 in questionable FECA-related medical bills were denied by the Department of Labor.

Legacy Cases

Homicide Investigation at a Post in Central Africa

OIG made substantial progress in the investigation of a 1998 Volunteer homicide. At the request of the host government, two investigators (a forensic expert and a former homicide detective) traveled to the country to support and conduct further investigative activities. OIG, U.S. Embassy officials, and an FBI representative worked with host nation law enforcement and judicial officials to collect new evidence and conduct interviews. The investigative team identified a suspect, who is expected to be brought to trial in the host country later this calendar year.

Criminal and Misconduct Related Investigations

Homicide Investigation at a Post in West Africa

The investigation of a 2009 Volunteer homicide remains ongoing. OIG continued to engage with law enforcement partners in the field and the U.S. embassy to press the host country to conduct further investigation.

Fraternization Allegation at a Post in West Africa

OIG received several allegations that a CD was fraternizing with a host country national subordinate. Although the CD denied the allegation, other records uncovered by the investigation supported the allegations. The CD resigned from the Peace Corps.

¹⁴ The Quality Standards for Investigations guide the Inspector General investigative community in producing high-quality investigations. Section 11(c)(2) of the Inspector General Reform Act of 2008 provided that members of CIGIE "shall adhere to professional standards developed by the Council."

Fraternization Allegation at a Post in Central Asia

OIG received allegations that a CD was fraternizing with, sexually harassing, and retaliating against host country national subordinates. The CD was recalled from his/her post during the investigation. The investigation disclosed that the CD had disobeyed explicit instructions concerning communications with one of the staff with whom he/she was allegedly fraternizing. The investigation also disclosed prior instances of insubordination by the CD. The CD resigned from the Peace Corps.

Ethics Violations Allegation at a Post in West Africa

OIG received an allegation about a possible conflict of interest involving a CD serving as a member of the board of directors at a nonprofit organization. The CD introduced the organization's chief executive officer (CEO) to a senior Peace Corps official. The CD used his/her Peace Corps email account to communicate with the CEO, and the organization had posted material on its website clearly identifying the CD as a board member and a Peace Corps CD, both of which are in violation of ethics rules. The investigation uncovered that the CD failed to disclose his/her position as a board member on his/her confidential financial disclosure report (although the agency was aware of the position). The CD was also the treasurer of the same nonprofit, albeit without compensation, but failed to disclose the position to the designated agency ethics official and did not include it on his/her confidential financial disclosure report. The CD claimed it was an oversight. The U.S. Department of Justice declined to prosecute the CD. The agency is reviewing the matter for consideration of administrative action.

Employee Arrested for Theft at Headquarters

After repeated thefts of personal property at Peace Corps headquarters, OIG initiated an investigative operation and intercepted a headquarters employee who was absconding with two items. On June 18, 2013, the employee was placed on administrative leave. OIG executed a search warrant for the employee's workspace and recovered additional articles matching the descriptions of items stolen from other Peace Corps employees. The employee was arrested for one count of second degree theft under the District of Columbia Official Code, and subsequently pleaded guilty. The employee entered into a deferred sentencing agreement and performed 35 hours of community service. The agency is reviewing the matter for consideration of administrative action.

Embezzlement Allegation at a Post in Eastern Europe

OIG received an allegation that the driver at the post responsible for the maintenance of government-owned vehicles had used the vehicles for personal use, retained used automotive parts for resale, and accepted kickbacks from auto maintenance facilities. OIG also obtained evidence that the driver embezzled funds from the post. Records indicated that the driver received a cash advance for tire services 26 times from October 2010 through April 2013, and that the manager of an auto facility routinely provided the driver with inflated invoices for

services that overstated costs by approximately 20 percent. This practice allowed the driver to close out each cash advance by submitting the inflated invoices and retaining the amount of each unwritten discount. The Department of Justice declined to prosecute in lieu of administrative remedies, and the agency terminated the driver.

Abuse of Position Allegation at a Post in West Africa

OIG received an allegation that a Peace Corps driver repeatedly sent flirtatious and inappropriate messages to numerous Volunteers by cellphone and text message. One Volunteer reported that he/she denied the driver's request for his/her telephone number, and thought the driver had abused his/her position as a Peace Corps official by obtaining it through official records. Despite several demands by the same Volunteer that the driver stop contacting him/her, the driver persisted, and, in February 2013, entered the Volunteer's residence without authorization or an official need to do so. At the time of the investigation, the driver's temporary contract for services had expired. The post informed OIG that it did not intend to renew the driver's employment contract.

Abuse of Position Allegation at a Post in Eastern Europe

OIG received an allegation that a general services officer had received several personal loans during an 18-month period from the owner and lessor of the Peace Corps office building in country. The personal loans totaled approximately \$3,400. Upon questioning, the employee acknowledged having solicited six loans from Peace Corps vendors and three loans from subordinate employees. The employee also acknowledged that he/she received two loans from staff that he/she did not supervise. The employee's conduct violated federal ethics regulations and Peace Corps policy and the Peace Corps terminated his/her employment.

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Tables



Peace Corps headquarters staff Angela Glenn with friends during her Volunteer service in Peace Corps/Zambia.

Tables

1: List of Reports: Audits and Evaluations

Agency-wide
Capstone Report: 2012 Medical Inventory Issues
MAR: Certification of Volunteer Payments
Post Audits
PC/Jamaica: Audit (IG-13-05-A)
PC/Zambia: Audit (IG-13-06-A)
Country Program Evaluations
PC/Columbia: Country Program Evaluation (IG-13-03-E)
PC/Moldova: Country Program Evaluation (IG-13-04-E)

2: Reports with Questioned Costs, Unsupported Costs, and Funds Put to Better Use

Report	Questioned Costs¹⁵	Unsupported Costs¹⁶	Funds Put to Better Use¹⁷
MAR: Certification of Volunteer Payments			
Non-recurring Volunteer payments made by the Peace Corps without proper certification		\$2,800,000	
PC/Zambia: Audit (IG-13-06-A)			
Unclaimed value-added tax refunds			\$140,000
Overpayment of rent allowance	\$19,300		
PC/Jamaica: Audit (IG-13-05-A)			
Estimated sale price of an excess vehicle and its annual maintenance cost			\$21,055
Potential unclaimed value-added tax			\$1,500
Payment made without valid obligating documents		\$373,000	
Subtotal	\$19,300	\$3,173,000	\$162,555
Total		\$3,354,855	

¹⁵ Questioned Costs – a cost that is an alleged violation of government or Peace Corps regulations. For example: prohibited purchases and expenditure of funds for purposes that do not relate to the Peace Corps mission.

¹⁶ Unsupported Costs – a cost that is not supported by adequate documentation.

¹⁷ Funds Put to Better Use – a cost that could be used more efficiently, such as costs for unnecessary goods or services.

3: Status of Reports Issued by OIG with Questioned and Unsupported Costs

	Number of Reports	Questioned Costs	Unsupported Costs
A. Reports issued prior to this period			
For which no management decision has been made on any issue	-	-	-
For which some decisions had been made on some issues	-	-	-
B. Reports issued during this period			
	3	1	2
Totals of Categories A and B			
	3	1	2
C. For which final management decisions were made during this period			
Dollar value of disallowed costs	1	\$19,300	-
Dollar value of costs not disallowed	2	-	\$3,173,000
D. For which no management decisions were made during this period			
	-	-	-
E. For which management decisions were made on some issues during this period			
	-	-	-
Totals of Categories C, D, and E			
	3	\$19,300	\$3,173,000
Total questioned costs and unsupported costs			
	3	\$3,192,300	

4: Status of Reports Issued by OIG with Funds to be Put to Better Use

	Number of Reports	Funds Put to Better Use
A. Reports issued prior to this period		
For which no management decision has been made on any issue	-	-
For which some decisions had been made on some issues	-	-
B. Reports issued during this period		
	2	\$162,555
Totals of Categories A and B		
	2	\$162,555
C. For which final management decisions were made during this period		
Dollar value of recommendations agreed to by management	2	\$162,555
Dollar value of recommendations not agreed to by management	-	-
D. For which no management decisions were made during this period		
	-	-
E. For which management decisions were made on some issues during this period		
	-	-
Totals of Categories C, D, and E		
	2	\$162,555

5: Recommendations on which Corrective Action has not been Completed

Audits and Evaluations

Open Recommendations 60 to 119 Days					
Report	Date Issued	Total Open Recommendations	Agency Concurrence ¹⁸		
			Concur	Non	Partial
PC/Jamaica: Audit (IG-13-05-A)	7/3/2013	4	4	-	-
	Total	4	4	-	-
Open Recommendations 120 to 179 Days					
Report	Date Issued	Total Open Recommendations			
PC/Colombia: Evaluation (IG-13-03-E)	4/29/2013	1	1	-	-
	Total	1	1	-	-
Open Recommendations More than 180 Days					
Report	Date Issued	Total Open Recommendations			
PC/HQ Medical Clearance System: Evaluation (IG-08-08-E)	3/31/2008	1	1	-	-
PC/HQ Office of Chief Information Officer Budget Formulation and Management: Audit (IG-10-05-A)	1/11/2010	1	1	-	-
PC/HQ Volunteer Delivery System: Evaluation (IG-11-01-E)	11/6/2010	9	9	-	-
PC/Ukraine: Audit (IG-11-06-A)	3/31/2011	1	-	1	-
PC/Liberia: Country Program Evaluation (IG-11-07-E)	9/8/2011	1	1	-	-
PC/Fiji: Country Program Evaluation (IG-12-01-E)	11/30/2011	1	1	-	-
PC/HQ The Process for Formulating and Executing Peace Corps' Budget: Audit (IG-12-02-A)	2/14/2012	1	-	1	-
PC/HQ The Impact of the FYR on Operations of the Peace Corps: Evaluation (IG-12-05-E)	6/20/2012	5	5	-	-
PC/Uganda: Evaluation (IG-12-06-E)	7/6/2012	5	5	-	-
PC/Indonesia: Evaluation (IG-12-07-E)	9/19/2012	2	2	-	-
PC/Jordan: Audit (IG-12-07-A)	9/25/2012	4	4	-	-
PC/HQ The Peace Corps' Implementation of Guidelines and Protocols Related to Volunteer Victims of Sexual Assault: Review (IG-12-08-E)	9/27/2012	10	10	-	-
PC/HQ The Peace Corps' 50th Anniversary Program: Audit (IG-13-01-A)	10/25/2012	3	3	-	-
PC/Malawi: Audit (IG-13-02-A)	2/27/2013	6	6	-	-
PC/Namibia: Evaluation (IG-13-01-E)	3/15/2013	7	7	-	-
PC/South Africa: Audit (IG-13-03-A)	3/18/2013	3	3	-	-
PC/Malawi: Evaluation (IG-13-02-E)	3/22/2013	14	14	-	-
PC/HQ Peace Corps' Grant Programs: Review (IG-13-04-A)	3/28/2013	8	8	-	-
	Total	82	80	2	-

¹⁸ The sum of open recommendations in the Agency Concurrence columns equals the number in the Total Open Recommendations column.

*Financial Statement and FISMA Recommendations*¹⁹

		Agency Concurrence		
Fiscal Year Issued	Open Recommendations	Concur	Non	Partial
PC/HQ FY 2012 Financial Statement Audit (IG-12-00-A)				
FY 2012	3	3	-	-
FY 2011	1	1	-	-
FY 2010	1	1	-	-
FY 2009	2	2	-	-
FY 2004	1	1	-	-
Total	8	8	-	-
PC/HQ FY 2012 Information Security Program Audit (IG-12-99-A)				
FY 2012	1	1	-	-
FY 2010	1	1	-	-
FY 2009	2	2	-	-
FY 2008	3	3	-	-
FY 2007	3	3	-	-
Total	10	10	-	-

¹⁹ All recommendations issued in conjunction with these two reports are part of a normal 12-month audit cycle. As a result, recommendations made during a given FY will remain in an open status during the entire subsequent FY. At the beginning of each new FY, the auditors will notify management whether sufficient corrective actions have been taken regarding the prior-year recommendations and issue current notifications of findings and recommendations. Prior-year findings and recommendations may be reissued if management has not taken sufficient corrective actions.

6: Summary of Investigative Activities and Outcomes²⁰

Investigative Activities

	Preliminary Inquiries²¹	Cases
Opened as of 4/1/2013	43	14
Opened during 4/1/2013–9/30/2013	97	13
Closed during 4/1/2013–9/30/2013	84	11
Total Open as of 10/1/2013	66	16

Referrals

Referrals to Department of Justice	7
Referrals to Agency for Administrative Action	8
Other Referrals to Agency Management	40
Referrals to Other Agencies	2

Court Actions

Trial(s) Pending	2
Ongoing Prosecution ²²	-
Convictions	1
Judgments	-
Fines/Restitution	-

Administrative Actions

Employees (Resignations and Terminations) ²³	5
Other Employee Actions	4
Suspension/Debarment Referrals	-

Monetary Results

Annual Savings	\$50,567
Recoveries/Restitution	-
Cost Avoidance	-

²⁰ Volunteers/trainees are included as Peace Corps staff for the purpose of reporting investigative activity.

²¹ Preliminary inquiries are initiated for complaints which either (1) are received from a Peace Corps source (e.g., staff, Volunteer, contractor) or (2) relate to a matter within the jurisdiction of OIG. A preliminary inquiry is limited in scope to the verification of information in a complaint or allegation and to confirm that it falls within the jurisdiction of OIG.

²² Includes arrests, indictments, information, and overseas criminal proceedings.

²³ Includes all Peace Corps staff.

7: Summary of Hotline and Other Complaints

Hotline Complaints Received	93
Non-Hotline Complaints received ²⁴	32
Total Complaints from all Sources ²⁵	125
Resulted in Investigations	7
Resulted in Preliminary Inquiries	80
Resulted in Audits or Evaluations	-
Referred to Agency Management	25
Referred to Other Agency	3
No Action Needed	19

²⁴ These complaints are largely a result of outreach by OIG staff and were received by email, phone calls, and conversations.

²⁵ In some instances, OIG received multiple complaints for the same issue, which resulted in fewer actions (investigations, preliminary inquiries, audits, evaluations, referrals, or no action) than complaints received.

8: References to Reporting Requirements of the Inspector General Act

Act Reference	Reporting Requirements	Page
Section 4(a)(2)	Review of legislation and regulations	10–13; 43–44
Section 5(a)(1)	Significant problems, abuses, and deficiencies	26–29
Section 5(a)(2)	Significant recommendations for corrective actions	8–24
Section 5(a)(3)	Prior significant recommendations on which corrective action has not been completed	36–37
Section 5(a)(4)	Matters referred to prosecuting authorities	26–29; 38–39
Section 5(a)(5)	Summary of instances where information was refused	13
Section 5(a)(6)	List of audit reports, including evaluations, inspections, and reviews	32
Section 5(a)(7)	Summary of significant reports	16–24
Section 5(a)(8)	Statistical table - questioned and unsupported costs	33
Section 5(a)(9)	Statistical table - funds to be put to better use	35
Section 5(a)(10)	Summary of previous audit reports without management decisions	n/a
Section 5(a)(11)	Significant revised management decisions	n/a
Section 5(a)(12)	Significant management decisions with which the Inspector General disagrees	n/a
Section 5(a)(13)	Information under Federal Financial Management Improvement Act of 1996	n/a

Appendices



OIG Luggage tag distributed to new Volunteers during their pre-departure staging event.

Appendices

A: Reporting of Peer Reviews

Pursuant to Section 989C of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law No. 111-203),²⁶ OIG reports the following peer review information:

During the reporting period, a peer review of the Peace Corps OIG Investigation Unit was conducted. The Audit and Investigation units are required to conduct peer reviews and be subject of a peer review every three years.

Audit Unit

In June 2011, the U.S. Government Printing Office OIG conducted a peer review of the Audit Unit of the Peace Corps OIG in effect for the period ending September 30, 2010. In its comment letter, the U.S. Government Printing Office OIG issued findings that were not considered to be of sufficient significance to affect the opinion expressed in that report. The Peace Corps OIG initiated action to update its audit policies and procedures, enhance working paper documentation, and formalize the process for overseeing independent public auditors.

In February 2013, the Peace Corps OIG conducted a peer review of the audit organization of the National Credit Union Administration OIG in effect for the period ending September 30, 2012. There were no recommendations made.

Investigation Unit

In April 2013, the USAID OIG conducted a peer review of the Investigation Unit of the Peace Corps OIG in effect for the period ending April 8, 2013. In its Quality Assessment Review, USAID OIG gave an opinion that the system of internal safeguards and management procedures of the Peace Corps OIG's investigative function were in compliance with the quality standards established by the CIGIE, and the applicable Attorney General guidelines.

B: Contract Audit Reports

Pursuant to Section 845A of the National Defense Authorization Act for Fiscal Year 2008 (Public Law No. 110-181), the Peace Corps OIG reports final contract audit reports with significant audit findings. During this reporting period, OIG did not issue any audit reports meeting the "significant audit findings" criteria established in P.L. 110-181.

²⁶ Section 989C of the Frank Wall Street Reform and Consumer Protection Act amends Section 5(a) of the Inspector General Act of 1978 (5 U.S.C. App.).

C: Review of Legislation and Regulations

Implementation Highlights of the Kate Puzey Volunteer Protection Act²⁷

On August 30, 2013, the agency issued the following policies or policy revisions, including corresponding procedures key to implementing the SARRR program and associated training.²⁸

- IPS 3-13 “Responding to Sexual Assault”
- IPS 1-13 “Stalking”
- IPS 2-13 “Sexual Assault Response Liaisons”
- MS 270 “Volunteer/Trainee Safety and Security”
- MS 774 “Retention of Counsel and Payment of Expenses”

The agency also issued additional policy revisions related to implementation of the Kate Puzey Act during this reporting period.²⁹ Also on August 30, OIG issued two preliminary evaluation reports for agency comment relating to the agency’s Volunteer sexual assault policy and SARRR training; a third report, an audit of overseas staffing, remains ongoing. The three OIG reports are mandated by the Kate Puzey Act and must be submitted to Congress by November 21. In FY 2014, OIG intends to follow up on its audit and evaluation on the agency’s Volunteer safety and security program.³⁰ The follow-up audit will include how the agency has implemented the memorandum of understanding between the Peace Corps and the Department of State, Bureau of Diplomatic Security, mandated by the Kate Puzey Act and executed in May 2012.

In addition, the agency has reported to OIG the following progress in implementing the Kate Puzey Act. OIG has not independently verified or assessed all the information below.

In August 2013, the agency concluded a six-month pilot of the 24-hour sexual assault hotline program for Volunteers in seven countries. The agency will use survey results from the pilot program to design and phase-in the hotline for all Volunteers.

SARLs were selected for all Peace Corps posts, trained in their new role for supporting Volunteers who are victims of sexual assault, and certified according to a new internal

²⁷ As part of the Kate Puzey Act, OIG is required to report to Congress on (1) the effectiveness and implementation of the agency’s sexual assault risk-reduction and response training and policy, including a case review; (2) how the agency hires/terminates its CDs, including an assessment of the implementation of country director performance plans as well as how CDs hire post staff; and (3) allegations received from Volunteers relating to misconduct, mismanagement, or policy violations or Peace Corps staff, any breaches of the confidentiality of Volunteers, and any actions taken to assure the safety of Volunteers who provide such reports.

²⁸ The policies were issued on the August 30, 2013 but did not go into effect until September 1, 2013.

²⁹ Other policy revisions issued during this SARC reporting period related to implementation of the Kate Puzey Act include: MS 281 “Completion of Service Date Advancement and Extension of Service” (issued Aug. 2, 2013); MS 202 “Volunteer Leaders” (issued July 24, 2013); MS 271 “Confidentiality Protection” (issued July 22, 2013); IPS 1-12 “Anonymous Sexual Assault Hotline” (issued July 1, 2013); MS 221 “Volunteer Allowances” (issued May 30, 2013); MS 222 “Trainee Allowances” (issued May 30, 2013); MS 223 “Volunteer/Trainee Readjustment Allowances” (issued May 30, 2013); and MS 284 “Early Termination of Service” (issued May 3, 2013).

³⁰ See FY 2010 Audit of Peace Corps’ Volunteer Safety and Security Program and FY 2008 Evaluation of Volunteer Safety and Security.

competency test. The agency is currently training overseas and relevant headquarters staff on the agency's updated policies and procedures, including new reporting options and the role of SARLs. The agency also revised and implemented pre-service training for Volunteer trainees and online training for current Volunteers to include information on sexual assault reporting options, the role of SARLs, and policies and procedures related to reporting sexual assault.

The agency hired new personnel to implement the Kate Puzey Act. The Office of Victim Advocacy hired an associate victim advocate to support the work of the current victim advocate. The Counseling and Outreach Unit hired two mental health-care professionals to provide support to Volunteers who are victims of sexual assault. The agency hired a crime survey specialist to design the agency's first anonymous crime victimization survey.

The Office of General Counsel established an on-call duty lawyer program to assure uninterrupted availability for Volunteers who request to speak to local counsel regarding legal and prosecutorial options. Additionally, the Office of General Counsel gathered and screened host country lawyers to include on a pre-selected list. The host country lawyers would advise Volunteer victims who have questions regarding legal and prosecutorial options in the Volunteer's host country.

The agency modified its Consolidated Incident Reporting System, which is used to track and record incidents against Volunteers, to accommodate restricted sexual assault reports and the revised sexual assault classifications. Stalking was also added as a new category in the modified system.

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