



Peace Corps
Office of Inspector General
Semiannual Report to Congress

50

October 1, 2010 to March 31, 2011

PEACE CORPS

Office of Inspector General

Mission

To conduct audits, evaluations, and investigations that uphold the effectiveness, efficiency, and integrity of the agency in achieving the goals set forth in the Peace Corps Act that Peace Corps Volunteers help the people of the countries in which they serve in meeting their needs for trained manpower, and help to promote a better understanding of the American people on the part of the peoples served, and a better understanding of other peoples on the part of the American people.

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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 for the period of October 1, 2010–March 31, 2011. As the Peace Corps celebrates its 50th Anniversary this year, OIG remains committed to promoting and increasing the effectiveness and efficiency of Peace Corps programs and operations. During this reporting period we issued a follow-up program evaluation report of “the Volunteer Delivery System” the processes that enable the agency to recruit and place Volunteers in the field as well as eight post audit and evaluation reports. Our investigative staff closed 29 investigations and made referrals to the agency's suspension and debarment official, which resulted in the debarment of a former employee and a former personal services contractor.

The Audit Unit has continued its critical work in connection with the agency's Financial Statement Audit by assisting the agency in improving its overall financial health in accordance with the requirements of the Federal Managers Financial Integrity Act and the Federal Information Security Management Act (FISMA). During this reporting period, the Audit Unit completed reports for post audits conducted in Belize, Ethiopia, Mexico, Mozambique, Togo, and Ukraine. The Audit Unit initiated work on post audits of Rwanda and Albania. At headquarters the Audit Unit initiated work on the formulation and execution of Peace Corps' budget process, the tracking and monitoring of small grant funds, and the operations of regional recruitment offices.

The Evaluation Unit completed reports for program evaluations conducted in Ethiopia and Jamaica in addition to the report on the Volunteer Delivery System at headquarters. The Evaluation Unit initiated work on program evaluations of Cambodia, Fiji, the Kyrgyz Republic, Liberia, Romania, and Swaziland, and initiated an evaluation of the impact of the rule limiting staff terms, “The Five-year Rule,” both domestically and in the field. In addition, it launched a review of the agency's implementation of protocols and procedures in response to Volunteers who have been victims of sexual assault. This review was initiated as a result of media reports that highlighted returned Peace Corps Volunteers concerns about the agency's responsiveness to such assaults.

Our investigative efforts, in collaboration with the Assistant U.S. Attorney for the District of Columbia, led to the conviction of a former Peace Corps country director. In December 2010, the former country director pled guilty in U.S. District Court to one count of engaging in unauthorized activities in a matter affecting the U.S. government. In February 2011, he was sentenced to two years probation and ordered to pay \$33,000 in restitution to the Peace Corps. This case also resulted in a historical first for Peace Corps. Peace Corps' Suspension/Debarment Official debarred the former country director discussed above and another individual who

embezzled funds from Peace Corps from participation in the federal government contracting process.

The Investigation Unit has also achieved significant gains in its Federal Employees' Compensation Act (FECA) investigations, uncovering numerous examples of abuse in the system, resulting in overall savings to the agency of \$300,000. In addition, the Investigation Unit investigated allegations of misconduct by staff and Volunteers including five Prosecutorial Remedies and Other Tools to end the Exploitation of Children Today Act (PROTECT Act) cases during this reporting period.

In 2009 the Peace Corps' Director issued a policy on how agency staff members handle confidential allegations made by Peace Corps trainees and Volunteers. The policy became a Peace Corps Manual section in January 2011. Since longstanding OIG and Peace Corps policy already provided Volunteers the ability to report allegations confidentially to OIG, my staff worked with the agency to develop a training module on complying with the policy on handling sensitive allegations.

Subsequently OIG participated in three training sessions for new overseas staff on the policy and has worked with the agency to ensure the policy is included in the Volunteer Handbook. I have also communicated directly to country directors the importance of reporting allegations to OIG and maintaining the confidentiality of those making allegations, and I have provided country directors with OIG materials and posters to distribute and display at posts overseas. In addition, OIG has initiated an outreach committee to inform staff and Volunteers of the role of OIG among other things, and we are looking for more ways to reach out to Volunteers throughout the Volunteer lifecycle.

During this reporting period the agency made substantial progress to address OIG recommendations, particularly in the areas of Volunteer safety and security, medical care, and contract management. We commend the efforts of the chief compliance officer in supporting the closure of 250 recommendations since the reporting period started on October 1, 2010. We appreciate the cooperation of the Director, management, staff, and Volunteers, and I am proud of OIG staff for their effort to promote efficiency and integrity in the Peace Corps.

DIVIDER PAGE MANAGEMENT AND ADMINISTRATION

Management and Administration

Agency Context

As of March 31, 2011, there were 8,780 Peace Corps Volunteers and trainees serving in 77 countries at 71 posts. This total includes 401 Volunteers and trainees funded by the President's Emergency Plan for AIDS Relief (PEPFAR) to work on HIV/AIDS projects at 15 posts and 151 Peace Corps Response Volunteers serving short-term assignments in 34 countries (32 posts).

The Volunteers and their programs are supported by 952 American direct-hire staff: 207 overseas; 133 in the regional recruiting offices; and the remaining 612 at headquarters. Approximately 2,045 locally hired personnel complete post staffing. The Peace Corps also has corporate contracts domestically and overseas, principally for guard services and training, and hires expert consultants, largely for training and financial management.

OIG Staffing

Jerry Black joined OIG as a senior evaluator in December 2010. Before coming back to the Peace Corps he worked in the Dominican Republic as a consultant to USAID, coordinating monitoring and evaluation activities for its agricultural development project (USAID/RED). From 2006--2008 Mr. Black acted as an evaluation specialist and expert consultant to the Peace Corps, focused on improving the agency's monitoring, reporting, and evaluation systems. Mr. Black has worked as an independent consultant for domestic and international development organizations on a range of economic growth and poverty reduction initiatives. Mr. Black served as a Peace Corps Volunteer from 1992—1994 in the Comoros Islands, where he worked as an English teacher. He holds a bachelor's degree in English Literature from Washington University and a Master of International Affairs from Columbia University.

Senior Auditor Bradley Grubb was promoted to Assistant Inspector General for Audits. Mr. Grubb has worked for Peace Corps OIG for two years conducting overseas audits and several headquarters audits. He previously worked for the Department of Defense OIG.

At the end of this reporting period, the position of senior auditor is vacant. OIG is expects to fill the position in the coming months.

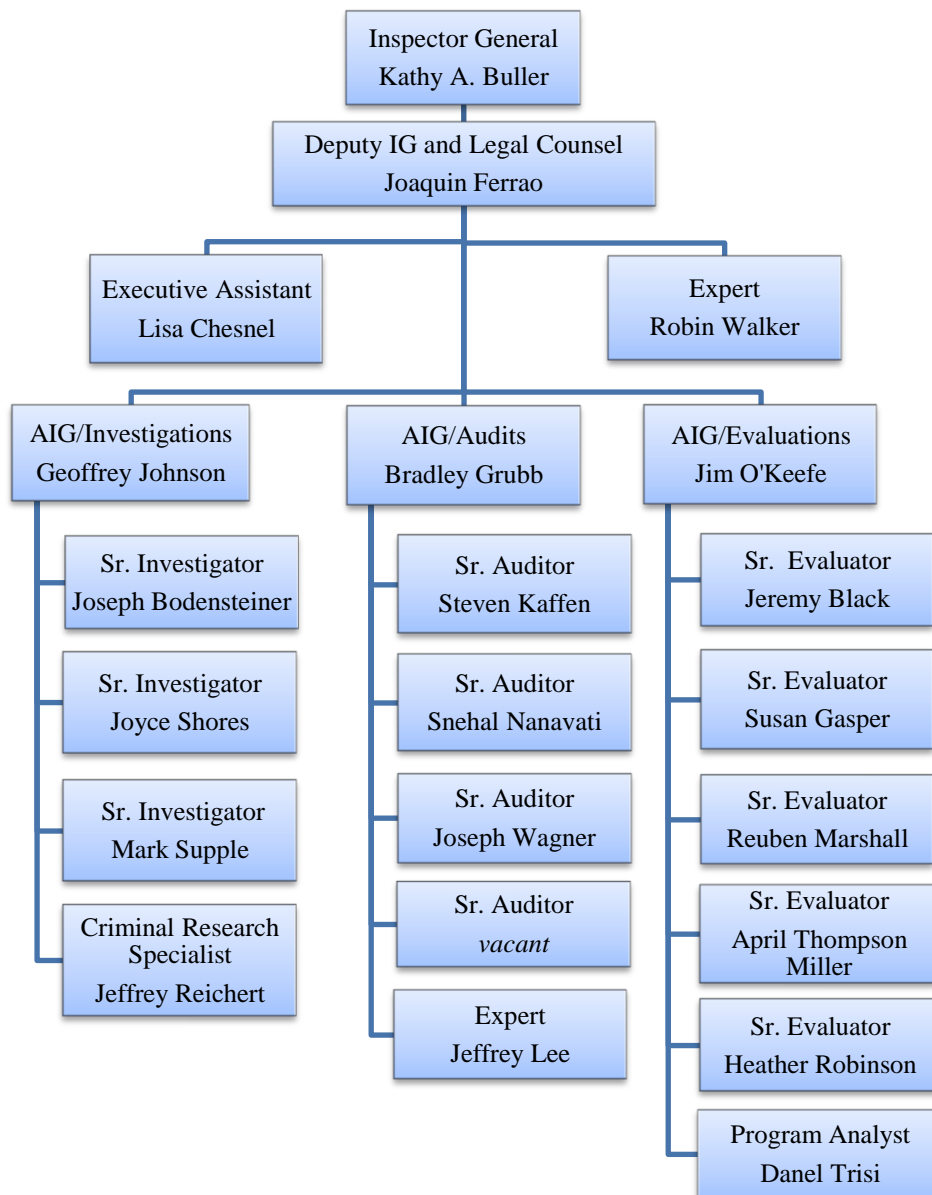
Awards

The Council of Inspectors General on Integrity and Efficiency (CIGIE) presented OIG with two awards of excellence on October 19, 2010. Assistant Inspector General for Investigations Geoffrey Johnson, Senior Evaluator Susan Gasper, and Special Agent Mark Supple received a Special Act Award for the multidisciplinary inquiry into the death of a Volunteer and accompanying assessment of health care in Morocco. Expert Jeffrey Lee, Former Assistant Inspector General for Audits Gerald Montoya, and Senior Evaluator April Miller received an award for OIG's performance audit of the agency's process for soliciting, awarding, and administering contracts that combined the talents of our audit and evaluations staff.



Pictured from l--r: AIG/I Geoffrey Johnson, Senior Evaluator Susan Gasper, Special Agent Mark Supple, Senior Evaluator April Miller, and Expert Jeffrey Lee

OIG Organizational Chart



DIVIDER PAGE ADVICE AND ASSISTANCE

Advice and Assistance Provided to the Agency and Others

Fraud Alert

In March 2011, OIG issued a fraud alert to Peace Corps Volunteers, their families and their friends, cautioning them to be aware of telephone and Internet scams seeking money based upon an overseas traveler's unforeseen financial emergency. Because Peace Corps Volunteers frequently travel throughout the world, their families and friends in the U.S. may readily fall victim to these types of scams.

Policies and Procedures

OIG provided advice and assistance to the Peace Corps Senior Policy Committee by commenting on drafts of new or updated policies and procedures. The agency is engaged in a robust effort to update, and where appropriate, to develop policies and procedures. OIG's proactive engagement is intended to help support efforts to improve the effectiveness and efficiency of Peace Corps programs and operations. Some of the proposed revisions are in response to earlier OIG recommendations.

Best Practices

OIG auditors and evaluators presented best practices and common deficiencies noted by OIG to overseas personnel. The auditors and evaluators led sessions during overseas staff training for country directors, directors of programming and training, and directors of management and operations. The presentations focus on how overseas personnel can improve the efficiency and effectiveness of their roles, enhance overall compliance with policies and procedures, and avoid common mistakes.

Status of PC/Morocco: Assessment of Medical Care and Death Inquiry

OIG continues to follow-up and report on the agency's progress related to the Morocco assessment and death inquiry. All recommendations are now closed.

DIVIDER PAGE AUDITS

Audits



PC/Mozambique Health Volunteer Megan Nelson displays clothing sewn by young women in her community with her guidance.

Audits

Overview

The Audit Unit conducts audits of agency operations that support the Peace Corps' mission including field activities at overseas posts, regional recruitment offices, and headquarters functions. Audits are conducted in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States.

The objective of OIG audits is to independently examine the financial and administrative operations of the Peace Corps; to promote economy and efficiency; and ensure compliance with federal and Peace Corps regulations. Audits cover agency activities carried out at overseas posts and among interrelated offices. Auditors provide conclusions based on document and data analysis, interviews, and direct observation.

The Audit Unit oversees audits of the agency's financial statements and information system security and conducts audits of agency-wide programs managed by headquarters. OIG utilizes contracts with an independent public accountant (IPA) for legislatively mandated audit work.

The Accountability of Tax Dollars Act of 2002 mandates an annual audit of Peace Corps' financial statements. OIG oversees and serves as the contracting officer's technical representative for contracts with the IPA to perform the agency's annual audit. To fulfill its responsibilities, the Audit Unit monitors the IPA's work to ensure that it is of acceptable quality, in compliance with federal law and professional standards, and is completed within guidelines established by the Office of Management and Budget (OMB).

The Audit Unit contracts with an IPA in connection with OIG's responsibility for meeting specific requirements set by the Federal Information Security Management Act. These requirements include performing annual reviews of the Peace Corps' information security program and reporting related selected data to OMB.

The Audit Unit is currently conducting audits of Peace Corps' budget formulation and execution and of the regional recruitment offices. With the assistance of the Evaluation Unit, an audit is being conducted on small grants management.

The Audit Unit uses a risk-based assessment to select overseas posts to review for operational efficiency and effectiveness, financial stewardship, and compliance with agency policy and federal regulations. At overseas operations auditors review various operations including imprest fund management and cashiering, acquisitions and contracts, personal property management, medical supply control, and personnel management. During this period, auditors completed audits of Belize, Ethiopia, Mexico, Mozambique, Togo, and Ukraine. Post audits of Albania and Rwanda are underway.

During our overseas post audits, OIG identifies reoccurring issues and trends. Our reports frequently contain recommendations to headquarters for strengthening controls to detect and prevent the systematic weaknesses noted. During this reporting period OIG continued to report on posts' difficulty in complying with the agency's medical supplies policies and procedures. OIG recommended improved property management systems and procedures to safeguard personal property and prevent loss or theft. In addition, OIG repeatedly identified the lack of initial security certifications and recertification for personal services contractors'. Posts are required to request that embassy regional security officers conduct a background investigation of personal service contractors prior to contracting and to obtain the security certifications verifying that the individual is eligible to work for Peace Corps. OIG communicated these concerns in previous audits and continue to monitor the agency's progress in correcting these deficiencies.

Headquarters Audits

Peace Corps Fiscal Year 2010 Financial Statement Audit

OIG contracted with Urbach Kahn & Werlin LLP (UKW), an independent certified public accounting firm, to audit the Peace Corps' financial statements. UKW's federal sector practice was acquired by Clifton Gunderson LLP (CG) by merger on March 22, 2010. The contract required the audit be done in accordance with U.S. generally accepted government auditing standards; OMB Bulletin 07-04, Audit Requirements for Federal Financial Statements; and the Government Accountability Office/President's Council on Integrity and Efficiency Financial Audit Manual. CG's audit reports for fiscal year (FY) 2010 included: (1) an opinion on the financial statements, (2) a report on internal control, and (3) a report on compliance with laws and regulations.

In the audit of the Peace Corps, CG found that the fiscal year 2010 financial statements presented fairly, in all material respects, the financial position of the agency as of September 30, 2010, and its net costs, changes in net position, and budgetary resources conformed with U.S. generally accepted accounting principles. In addition, the firm reported that there were no material weaknesses related to internal control. However, CG's report on internal control did identify two significant deficiencies:

- Business processes related to property, plant, and equipment accountability need to be improved. Improvements needed are related to recording, tracking, and physical verification of certain assets.
- Information system security controls need improvement. The auditor cited security management, contingency planning, access controls, and configuration management as areas needing improvement.

For the FY 2010 audit, a significant deficiency is defined as a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is defined as a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented

or detected and corrected on a timely basis. CG found no instances of reportable noncompliance with the laws and regulations it tested or other matters that are required to be reported under Government Auditing Standards or OMB guidance.

In connection with the contract, OIG reviewed CG's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and OIG did not express, opinions on Peace Corps' financial statements, internal control, or conclusions on compliance with laws and regulations. CG was responsible for the auditor's reports issued on November 9, 2010, and the conclusions expressed in the reports. However, our review disclosed no instances where CG did not comply, in all material respects, with U.S. generally accepted government auditing standards.

As required by OMB Circular A-136, Financial Reporting Requirements, the auditor's reports were published within the Peace Corps FY 2010 Performance and Accountability Report. In addition, a separate letter describing internal control weaknesses, which do not meet the definition of a significant deficiency, was issued directly to Peace Corps' management.

Annual Review of Peace Corps Fiscal Year 2010 Information Security Program

The Federal Information Security Management Act (FISMA) mandates that federal agencies establish effective information security protections and a program to secure its information systems from unauthorized access, use, disclosure, modification, and other harmful impacts. These requirements must be met through adherence to specific guidelines established by the National Institute of Standards and Technology. FISMA also requires OIGs to annually review their agency's information security programs. OMB is responsible for reporting to Congress on the overall progress of the federal government in meeting FISMA requirements. This is accomplished through an online data collection tool that is used by agencies to report to OMB annually. Federal agencies and their respective OIGs are required to submit their responses regarding FISMA compliance to OMB. The data collected in response to the OMB requirements are designed to measure an agency's progress.

OIG contracted with CG to perform the annual review of the Peace Corps' information security program. CG assisted OIG in preparing OMB responses for FISMA and provided reports associated with reviewing a representative sample of Peace Corps' information systems. Overall, the review concluded that the Peace Corps has made progress over the last few years in addressing its information security weaknesses and becoming fully compliant with FISMA. By the end of FY 2010 the Peace Corps had issued Authorizations to Operate (ATO) for 88 percent of its information systems. The agency continues to maintain an up-to-date comprehensive system inventory in accordance with Federal Information Processing Standards. However, the Peace Corps still faces some important challenges in becoming fully FISMA compliant. For example, the agency reported to OMB in FY 2010 that one of eight agency information systems needed to be fully certified and accredited to meet FISMA requirements, and OIG determined that for three of eight systems, contingency plans had not been tested in accordance with federal policy.

Although some progress was made during FY 2010, several security issues from previous FISMA annual reviews were brought to management's attention because they had not been fully remediated. The more significant issues include:

- Certification and accreditation of 100 percent of Peace Corps' information systems
- Implementation of adequate controls over the Plan of Action and Milestone process
- Completion of risk assessments and system security plans
- Implementation of adequate controls over the vulnerability assessment process
- Completion and implementation of adequate contingency planning controls over the agency's information system environment
- Completion of updates to information security policy
- Implementation of sufficient controls over change management procedures
- Establishment of effective internal control over portable and mobile devices

Achieving full FISMA compliance will require effective leadership in the Office of the Chief Information Officer (OCIO) in fostering a cooperative approach that serves to enhance opportunities for improving IT security. There are significant challenges ahead, so it is critical that Peace Corps managers understand their roles and responsibilities and take timely corrective actions to effectively remediate the issues associated with the IT security environment.

Audits of Overseas Operations

PC/Belize: Audit

IG-11-04-A

OIG issued its audit report of PC/Belize in March 2011. The Peace Corps began its program in Belize in 1962. Since then, over 1,878 Volunteers have served there. At the time of the audit, approximately 160 Volunteers were engaged in four project areas: education, youth development, rural community development, and environmental conservation.

OIG found the post's financial and administrative operations were functioning effectively and in overall compliance with agency policy and federal regulations. OIG did identify certain operations requiring management action to ensure continued efficient and effective use of Peace Corps' resources. OIG found that personal services contracts issued by the post, with performance period of less than one year, included amounts for statutory holiday pay that were significantly higher than required by statute. In addition, the post had not requested updated security certifications for 12 personal services contractors. During the audit, the post's director of management and operations requested and received from the embassy's regional security officer nine of the 12 security certifications, but had not received the remaining three prior to contracting.

OIG also found that the post did not retain in the government purchase card transaction files copies of purchase requests and/or documentation for the receipt of the goods and services purchased.

In addition, OIG found the post had not determined whether it had valid title to three houses given to the post by the government of Belize. Further, the post had not fully considered the impact of accepting and maintaining the houses; whether keeping the houses was economically advantageous to the Peace Corps; and additional ramifications of ownership.

Management concurred with all 10 recommendations. At the end of the reporting period, 6 recommendations are closed and 4 recommendations remain open.

Funds to be Put to Better Use

Recommendation: A.1 Corrections made to the holiday pay rate on short-term PSC contracts -- \$8,505

PC/Ethiopia: Audit

IG-11-02-A

OIG issued its audit report of PC/Ethiopia in February 2011. The Peace Corps began its program in Ethiopia in 1962. Since then, over 3,085 Volunteer have served there. The program was suspended between 1977 and 1995, and again in 2000 due to security concerns during the war between Ethiopia and Eritrea. The Peace Corps returned to Ethiopia in 2007. At the time of our audit, 76 Volunteers were engaged in one project area: health – HIV/AIDS.

OIG determined that the post's financial and administrative operations needed improvement and did not fully comply with agency policies and federal regulations. OIG identified weakness in imprest fund management, Volunteer living allowance procedures, personal property and vehicle management, and medical supply control.

The post inappropriately included USD equivalents in several post leases. Because of hyper-inflation and a significant devaluation of the Ethiopian birr, landlords requested option period payment increases using the U.S. dollar equivalents, resulting in substantially higher and unanticipated lease costs. Further, the country director signed the lease for her residence. Prior to signing the lease, the post sent it to OACM for review. OACM's response raised technical issues regarding the lease and delegated additional procurement authority but had no comment regarding the lease's signatory.

Controls over President's Emergency Plan for AIDS Relief (PEPFAR) funds were inadequate. Volunteers did not always submit receipts as required and the administrative unit did not compare the receipts submitted by Volunteers with the approved project budgets. At the time of the audit, the post's records showed \$4.2 million of PEPFAR funds authorized and unused from prior year requests.

Management concurred with 25 recommendations and did not concur with one recommendation. At the end of the reporting period, 18 recommendations are closed and 8 recommendations remain open.

Funds to be Put to Better Use

Recommendation: C.1 Five leases improperly included payment terms in U.S. dollar amounts resulting in the post paying significantly higher amounts due to the hyper-inflation and the devaluation of local currency - \$82,000

PC/Mexico: Audit

IG-11-01-A

OIG issued its audit report on PC/Mexico in February 2011. The Peace Corps began its program in Mexico by signing agreements with Mexico's National Council for Science and Technology in November 2003. A partnership agreement with the Ministry of the Environment and Natural Resources was signed in June 2006. In accordance with these agreements, the post places skilled Volunteers in working relationships with partner organizations. Since 2003, over 160 Volunteers have served there.

In general, the post's financial and administrative operations were functioning effectively and complied with agency policies and federal regulations. However, OIG identified several financial and administrative operations not in compliance with agency policy and guidance. The post had not properly implemented the policies and procedures necessary to control and safeguard medical supply inventory. The post also did not have an adequate process to oversee grant projects and did not perform the required surveys to ensure Volunteer allowances were sufficient.

Management concurred with all 27 recommendations. At the end of the reporting period, 23 recommendations are closed and 4 recommendations remain open.

PC/Mozambique: Audit

IG-11-05-A

OIG issued its audit report on PC/Mozambique in March 2011. The Peace Corps began its program in Mozambique in 1998. Since then, over 633 Volunteers have served there. At the time of the audit, 125 Volunteers were engaged in two project areas: education and health – HIV/AIDS.

OIG determined that the post's financial and administrative operations and its compliance with agency policies and federal regulations required improvement in several key areas. The post lacked adequate control of personal property and vehicles. Specifically, the post had not established proper separation of duties over property management, required periodic inventory reconciliations were not performed, and the property database contained numerous discrepancies. Further, vehicle usage logs were not reviewed by management to ensure vehicles were used for official business.

Security certifications or updates had not been obtained for 15 of 28 personal services contractors, and intelligence background certifications had not been obtained from staff.

In addition, the imprest fund safe was not properly secured, interim cash advances were not cleared in a timely manner, medical supply inventory records were not kept current, and not all staff received an annual evaluation.

Management concurred with all 24 recommendations. At the end of the reporting period, 19 recommendations are closed and 5 recommendations remain open.

PC/Togo: Audit

IG-11-03-A

OIG issued its audit report on PC/Togo in March 2011. The Peace Corps began its program in Togo in 1962. Since then, over 2,400 Volunteers have served in Togo. At the time of the audit, approximately 115 Volunteers were engaged four project areas: business development, education, environment, and health—HIV/AIDS.

OIG found the post's financial and administrative operations were functioning effectively and in overall compliance with agency policy and federal regulations. OIG did identify certain operations requiring management action to ensure continued efficient and effective use of Peace Corps' resources. OIG found the post's inventory could not be verified to existing inventory records because the inventory records had not been kept current. In addition, the post had not submitted its financial asset certification report for FY 2009 to the Office of the Chief Financial Officer. The post's contract files for 13 personal services contractors did not contain current security certifications. During the audit, the post's director of management and operations (DMO) requested and received from the embassy's regional security officer eight of the 13 security certifications. In addition, most of the 36 security guard contracts did not include documentation as to the basis of award or a completed intelligence background information certification.

OIG also found the post had not maintained adequate vehicle files to include individual vehicle maintenance records/logs documenting services performed, or the cost of the services and scheduled maintenance dates. The post's internal controls/segregation of duties over purchase cards was inadequate. The primary purchase card holder was the post's DMO and the approving official was the general services officer (GSO). The GSO reported to, and worked for, the DMO.

Management concurred with all 10 recommendations. At the end of the reporting period all 10 recommendations are closed.

PC/Ukraine: Audit

IG-11-06-A

OIG issued its audit report on PC/Ukraine in March 2011. The Peace Corps began its program in Ukraine in 1992. Since then, over 2,297 Volunteers have served there. At the time of the audit, 466 Volunteers were engaged in three project areas: community economic development, English language education, and youth development.

In general, the post's financial and administrative operations were functioning satisfactorily and complied with agency policies and federal regulations. However, OIG identified several financial and administrative operations not in compliance with agency policy and guidance.

The post had not properly separated duties between preparing the bill for collection and collecting and recording the cash proceeds for the value added tax (VAT) refund. In addition, the billing officer prepared the bills for collection after the cashier collected the funds. The post did not document the billing procedure or provide adequate training to the back-up billing officer to issue bills for collection in the billing officer's absence.

The post's medical supply inventory control clerk did not independently track medical supplies and instead relied on the medical assistant's records. The post lacked a formal process and controls for distributing medical supplies to Volunteers, and it could not ensure proper internal control for potentially sensitive medication. The general services officer did not retain the records supporting annual property inventory verification and did not identify and provide explanations of overages/shortages resulting from the annual property inventory verification.

Management concurred with 26 recommendations and did not concur with 1 recommendation. At the end of the reporting period, 14 recommendations are closed and 13 recommendations remain open.

DIVIDER PAGE EVALUATIONS

Evaluations



HIV/AIDS Volunteer Frease Belay, a Niger Volunteer who extended his Peace Corps service in Ethiopia, with kids from his village in Ethiopia.

Evaluations

Overview

The Evaluation Unit provides the agency with independent evaluations of Peace Corps programs, operations, and management including 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.

During this reporting period, OIG continued to provide management with a comprehensive assessment of how effectively overseas country programs and headquarters operations are functioning. OIG completed a follow-up evaluation of the Volunteer Delivery System, which includes the overseas programming, domestic recruitment, and applicant medical clearance and assessment processes that enable the agency to deliver Volunteers to the field. Along with the reports included below, evaluations of Peace Corps programs in Romania, Swaziland, Liberia, Fiji, and the Kyrgyz Republic are underway, and OIG issued a preliminary report on the Peace Corps Cambodia program. OIG also initiated an evaluation of the impact of the rule that caps staff tenure (“The Five-year Rule”) and launched a review of the agency’s implementation of protocols and procedures in response to Volunteer victims of sexual assault.

Evaluations are conducted under the direction and guidance of the assistant inspector general for evaluations and in accordance with the Quality Standards for Inspections published by the Council of the Inspectors General on Integrity and Efficiency. Our country program evaluations include extensive interviews, reviews of relevant documents, physical observations, and analysis by evaluators. The evaluators interview Volunteers, and headquarters and post staff, as well as key host country and U.S. government officials. In effecting their interviews, the evaluators select a stratified judgmental sample of at least 20 percent of currently serving Volunteers based on their length of service, site location, project focus, gender, age, marital status, and ethnicity. Evaluators conduct the bulk of the Volunteer interviews at their homes and worksites and inspect their housing using post-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:

- To what extent has the post developed and implemented programs intended to increase the capacity of host country communities to meet their own technical needs?
- To what extent has the post implemented programs to promote cross-cultural understanding?
- To what extent does training provide Volunteers the necessary knowledge, skills, and attitudes to integrate into the community and perform their jobs?
- To what extent has the post provided adequate programmatic, health, and personal safety support and oversight to Volunteers?

-
- To what extent are post resources and agency support and oversight effectively aligned with the post's mission and program and agency priorities?
 - Is the post able to adequately administer the President's Emergency Plan for AIDS Relief (PEPFAR) program, support Volunteers, and meet its PEPFAR objectives? (Only applicable to posts receiving PEPFAR funds.)

The findings and recommendations provided in OIG's evaluation reports are reviewed by agency stakeholders affected by the review to ensure: (1) that OIGs recommendations are feasible and (2) that OIGs reports are useful to the agency in its effort to strengthen internal controls and correct deficiencies.

Headquarters Evaluations

Volunteer Delivery System: Follow-up Program Evaluation

IG-11-01-E

Based on President Obama's call to service, the Peace Corps committed to substantially increase the number of Volunteers. Since that time, the agency has been identifying growth opportunities by expanding current programs and opening Peace Corps programs in new countries. To independently assess the agency's capacity to carry out world-wide program growth without decreasing Volunteer quality OIG evaluated the processes that enable the agency to deliver Volunteers to the field, which is internally referred to as the Volunteer Delivery System (VDS).

Throughout the past twenty years, numerous internal and external assessments, including a 2003 OIG evaluation, identified needed improvements to the VDS. OIG approached this current evaluation as a follow-up to the 2003 report to determine if progress had been made against the recommendations. OIG's follow-up review found that the Peace Corps did not fully address the recommendations in the 2003 OIG evaluation report. Many of the corrective actions agreed to by the agency in 2003 were either not initiated or were not fully carried out.

OIG found that the agency does not have a formalized definition of Volunteer quality and does not systematically measure Volunteer quality levels. Staff members expressed concerns that Volunteer quality and suitability for service is declining as they face pressure to meet growth targets. OIG also found that the agency does not accurately track and measure its ability to recruit and place Volunteers whose skills meet host country needs. Posts were encouraged to request generalist Volunteers because of the agency's difficulty recruiting applicants with deep technical experience. This practice could impact Volunteer quality and effectiveness, particularly in countries where specialized skills are needed to meet the project plan objectives. Furthermore, the Office of Volunteer Recruitment and Selection is not given adequate time and information to fill requests for Volunteers, particularly for new country entries. The shortened timeline constrained the entire VDS and could affect the thoroughness of applicant assessment.

Management concurred with all 23 recommendations. At the end of the reporting period, 22 recommendations remain open. In 2009, the agency launched an overall redesign of the VDS. The goal of the VDS redesign is to develop and upgrade the core business systems and associated business practices required to manage all stages of the Volunteer lifecycle. The redesign project is still underway. Its implementation, along with the implementation of the 23

recommendations in the OIG report, should strengthen internal controls, address the deficiencies identified in the VDS, and prepare the agency to maintain Volunteer quality during growth.

Country Program Evaluations

PC/Ethiopia: Country Program Evaluation

IG-11-02-E

OIG issued its final country program evaluation of PC/Ethiopia in January 2011. Over 3,000 Volunteers have served in Ethiopia since the program began in 1962. The program closed twice since then, and reopened in 2007. At the time of the evaluation there were 76 Volunteers serving in one project areas: health--HIV/AIDS. The post is building relationships with additional partners to establish new environment and education projects.

OIG found that PC/Ethiopia has achieved quality improvements to its Volunteer training programs and Volunteers are well supported by programming, training, and administrative staff members. It is also coordinating well with host country and project partners and Volunteer project goals are aligned with host country development priorities.

However, OIG's evaluation identified several areas that could be improved to increase the country program's overall effectiveness. OIG found that operating agreements did not clearly detail project partner and post responsibilities for providing Volunteer housing. In addition, the post has faced challenges effectively balancing the planning and budgeting of agency appropriated funds associated with its President's Emergency Plan for AIDS Relief (PEPFAR).

Additional findings relate directly to the safety and security of Volunteers:

- Some safety and security concerns cited in agency re-entry assessments, internal management assessment reports, and Peace Corps safety and security officer reports had not been fully addressed. For example, the post has not finalized procedures to gather forensic evidence following a Volunteer sexual assault.
- There are weaknesses in the post's communication systems that may impact its ability to send and receive emergency notifications to Volunteers.
- The post had not collected or tracked funds or developed appropriate Volunteer safety training to minimize risks to Volunteers and trainees.

Management concurred with 12 recommendations, partially concurred with 6 recommendations, and did not concur with the following recommendation: that the post pursue authorization from the government of Ethiopia to use high frequency radio units as part of its communications system. Management provided clarifications that were used to update information in the final report. At the end of the reporting period, 13 recommendations remain open.

PC/Jamaica: Country Program Evaluation

IG-11-03-E

OIG issued its final country program evaluation of PC/Jamaica in February 2011. The Peace Corps began its program in Jamaica in 1962. Since then, over 3,500 Volunteers have served there. At the time of the evaluation, 66 two-year Volunteers were serving in two project areas: green initiative, and youth as promise. In addition, 13 Peace Corps Response Volunteers (PCRVs) were assigned to youth-related work focusing on sexual and reproductive health, and to assignments related to youth and sports. The Peace Corps Response program provides opportunities for Returned Peace Corps Volunteers to undertake short-term assignments that average six months in duration.

Since 2009, leadership and programming changes significantly impacted the stability of the country program. During this period there was frequent turnover in the country director position, and morale declined when a country director implemented organizational and programming changes that were not supported by staff or Volunteers. A decision to close the post's health project was made without the input of project partners, staff, and Volunteers, and there is no data to support the project closure. The project plan changes were implemented before final approval by headquarters offices. This project was closed after Volunteers had received health-related pre-service training, which left some of them inadequately prepared to carry out the technical aspects of their new assignments.


The post received a significant increase in the amount of PEPFAR funding, from \$50,000 in FY 2008 to \$500,000 in FY 2010, but did not develop a feasible budget to support the increased funding level. The post did not integrate HIV/AIDS related activities into its programming, and most Volunteers interviewed as part of the evaluation were not involved in HIV/AIDS related activities. In addition, the post did not secure the staff resources necessary to implement PEPFAR, and the safety and security coordinator assumed programming responsibilities. This diverted important resources away from the Volunteer safety and security program in a country that has a high crime rate in the general population.

The Peace Corps Response (PCR) program was not well implemented in Jamaica. Many PCRVs were dissatisfied with their work sites due to unspecified job assignments. As a result, they frequently could not achieve measureable outcomes in a short timeframe, which is a basic element of PCR programming. The post has experienced a high number of Volunteer resignations due to frustration with program support, challenges with cultural integration, and difficulty securing meaningful and sustainable work. Some Volunteers believe they are doing jobs that should be done by Jamaicans, are unable to transfer skills to host country nationals, or feel that their roles as grant writers make partner organizations too dependent on Peace Corps.

One area where the post excels is providing safety and security support to Volunteers. The post has a high-performing SSC who is trusted by Volunteers. Volunteers and staff are well-prepared for emergencies, and the post is prepared to respond if a crime occurs against a Volunteer.

Management concurred with all 16 recommendations. At the end of the reporting period, 11 recommendations remain open.

Investigations

 *Office of Inspector General*
PROTECT ACT

HELP PROTECT CHILDREN

Sex with minors overseas by any American is a felony under federal law, punishable by up to 30 years in prison. Peace Corps staff or Volunteers who are aware of any such activity must report it immediately to the Peace Corps Office of Inspector General.

Contact OIG

Hotline:
202.692.2915


Toll-free in U.S.:
800.233.5874

Email:
oig@peacecorps.gov

Allegations

OIG will investigate reported allegations made of Protect Act violations by Peace Corps Volunteers and staff.

If you are aware of any illegal activity, report it immediately to the Office of Inspector General.



This poster explains the important role staff and Volunteers must play in reporting information regarding violations of the PROTECT Act. In this reporting period five allegations were reported.

Investigations

Overview

OIG conducts investigations on waste, fraud, abuse, and mismanagement in Peace Corps programs and operations, both domestically and overseas. OIG investigates allegations of criminal and administrative misconduct allegations involving Peace Corps staff, contractors, and Volunteers, including violations of Peace Corps and U.S. government standards of conduct. OIG utilizes various techniques to investigate allegations of wrongdoing it receives from several sources including: hotline complaints, the general public, Peace Corps Volunteers, trainees, staff, contractors, other federal entities, and OIG's own auditors and evaluators

Prior to September 1, 2008, the Investigation Unit managed and coordinated the agency's participation in the investigation and prosecution process of cases involving violent crimes committed against Peace Corps Volunteers. In September 2008 this function was transferred to the Peace Corps Office of Safety and Security; however, OIG has retained oversight of cases in which the OIG was involved prior to the transfer. The Investigation Unit remains responsible for investigating allegations of criminal wrongdoing, including violent crimes, committed by Peace Corps staff members, contractors, and Volunteers.

During this reporting period the Investigation Unit conducted investigations of criminal and administrative misconduct, allegations of sexual assault, and investigations of fraud associated with the Federal Employee's Compensation Act (FECA). Significantly, a multi-year investigation concluded with the guilty plea of a former country director in U.S. District Court on one count of engaging in unauthorized activities in a matter affecting the U.S. government. Additionally, a FECA investigation involving a former employee resulted in approximately \$300,000 in savings to the Peace Corps.

During the reporting period OIG placed increasing emphasis on investigating contract improprieties. Recent investigations have focused on the use of non-competitive contracting authorities and improper behavior by personal services contractors (PSCs) impacting their status as responsible government contractors. Previously, OIG referred cases involving the eligibility of contractors to the agency. During this reporting period the agency appointed the chief acquisition officer as the suspension/debarment official. Based on OIG referrals, this official subsequently suspended and debarred a former employee who pleaded guilty in U.S. District Court to one count of engaging in unauthorized activities in a matter affecting the U.S. government, as well as a PSC who admitted to embezzling funds from the Peace Corps. These are the first debarment actions ever undertaken by Peace Corps.

Legacy Cases

Homicide Investigation and Judicial Activities at a Post in Central Africa

A 1998 Volunteer homicide remains an open ongoing investigation. In February 2011, three suspects in the case were detained by local authorities. OIG is working with the regional security officer, the FBI, and a local attorney in support of efforts to properly secure additional evidence in the case.

Criminal and Misconduct Related Investigations

Former Country Director Pleads Guilty in U.S. Federal District Court

In a previous SARC, OIG reported that a former country director at a South American post had been involved in several financial irregularities whereby he abused his position and improperly sold Peace Corps vehicles. In December 2010, Former PC/Ecuador Country Director Ronald Ruybal pleaded guilty in U.S. District Court to one count of engaging in unauthorized activities in a matter affecting the U.S. government. In February 2011, he was sentenced to two years probation and ordered to pay \$33,000 in restitution to the Peace Corps. After an OIG referral, the agency debarred Ruybal and placed his name on the federal government suspension and debarment list.

Former Cashier Debarred at a Post in the South Pacific

OIG referred a previously reported case to the Peace Corps' Office of Acquisitions and Contract Management for possible debarment. During the investigation OIG obtained an admission from the cashier that she embezzled almost \$4,000 from the post. While the money was subsequently repaid, her actions were deemed a violation of the terms of her contract and Ethical Standards of Conduct. In March 2011, OIG was informed that the former cashier had received official notice of debarment and that her name will be placed in the US Government's Excluded Parties List System.

Misconduct Allegations

OIG opened an investigation into allegations of misconduct by a supervisory employee. The OIG received multiple complaints that the employee was unfit to perform work duties. Allegations included mismanagement and abuse of alcohol while on duty. Management was briefed on the investigative findings and took several administrative and organizational steps to address the situation.

Conflict of Interest Involving a COTR

OIG was provided information alleging that a contracting officer's technical representative (COTR) had arranged for future employment with the vendor and may have exceeded his/her authority by engaging in cost negotiations. The OIG investigation found no evidence to support any allegation of wrongdoing. OIG noted in its investigation that discretion to authorize or revoke COTR certifications is within the authority of the contracting officer.

PROTECT Act Allegation at a Post in Southern Africa

OIG investigated an allegation that a Volunteer had sexual contact with a 14-year-old host country minor, which is a violation of the PROTECT Act. The investigation established that the Volunteer intended to marry the minor and had taken several steps to fulfill U.S. immigration requirements to obtain a fiancé visa for him/her. Both the Volunteer and the alleged victim denied the allegation that sexual contact occurred between them. Peace Corps policy prohibits Volunteers from dating anyone under 18 and the Volunteer resigned in lieu of administrative separation.

PROTECT Act Allegation at a Post in the South Pacific

OIG investigated an allegation that a Volunteer solicited sexual contact with teenage host country minors. Allegations of sexual contact between the Volunteer and minors were not substantiated by the OIG investigation. To ensure the Volunteer's safety, he/she was reassigned to another area of the country.

PROTECT Act Allegation at a Post in Southern Africa

OIG investigated an allegation that a Volunteer may have violated the PROTECT Act. The allegation was investigated at the post by the U.S. Embassy's regional security officer. Although the allegations of sexual contact between the Volunteer and minors were not substantiated, the investigation uncovered other misconduct by the Volunteer. The Volunteer resigned in lieu of administrative separation.

Mishandling of Grant Funds and Other Misconduct at a Post in West Africa

A Peace Corps regional director informed OIG of financial irregularities involving Small Project Assistance (SPA) grants handled by a program manager at the post. It was alleged that during fiscal year 2010, the program manager significantly increased the budgets of four SPA project grants without the knowledge or approval of post senior management. SPA grant funding is provided to Peace Corps by the U.S. Agency for International Development (USAID). The scheme involved false statements, conversion of public monies, and wire fraud implicating federal law. The investigation however did not disclose evidence that the project manager personally benefited from these actions, rather the funds were used to purchase items for Peace

Corps activities unrelated to the SPA projects. Shortly after OIG investigative intervention the program manager decided to retire after 25 years of Peace Corps service. The U.S. Department of Justice declined to prosecute the case.

OIG also determined that the same program manager knowingly caused two Volunteers to be sexually harassed by a third party, the owner of a restaurant where two business lunches took place. Specifically, the program manager knowingly selected a restaurant whose owner routinely made sexually explicit comments to the Volunteers. On two occasions, the owner made lewd and sexually offensive remarks to Volunteers in front of the program manager. In both instances, the program manager neither intervened to ask the owner to stop making the harassing comments, nor did he attempt to move his subordinates from the harassing environment. OIG coordinated with Peace Corps' Office of American Diversity Program on this case.

Sexual Assault at a Post in West Africa

A Volunteer reported that a Peace Corps PSC made inappropriate sexual advances towards a Volunteer including groping parts of the Volunteer's body. OIG coordinated with the country director and regional security officer to address the issue. Ultimately the PSC was terminated.

Sexual Harassment at a Post in Central America

OIG was informed by a senior official that a PSC may have sexually harassed young female Volunteers. The allegation was reported when the PSC applied for a full-time staff position at the post. OIG identified several Volunteers who provided details of what they perceived as sexual harassment and unprofessional conduct by the PSC. The PSC had previously been counseled about similar conduct in 2009, however, the behavior continued in 2010. OIG's investigative findings were conveyed to the country director, who decided not to hire the PSC. OIG also coordinated with Peace Corps' Office of American Diversity Program concerning this complaint.

Staff Fraternization with a Volunteer at a Post in Central America

A Peace Corps country director forwarded OIG an allegation that a Peace Corps Medical Officer (PCMO) was having an improper relationship with a Volunteer. During interviews at the post, OIG obtained admissions from the PCMO and the Volunteer about their sexual relationship. The PCMO acknowledged his violation of agency policy concerning fraternization with Volunteers, as well as his unethical involvement with his patient. The PCMO was placed on administrative leave and then resigned shortly afterward.

Kickback Practices at a Post in East Africa

OIG received allegations that Peace Corps staff had received kickbacks from local vendors. OIG conducted an investigation and determined that the suspected staff members had received money through kickbacks from local hotels that were used by the Peace Corps for training purposes and conferences. Per OIG investigative findings, the post terminated the personal services contracts of the two staff members.

Embezzlement of Imprest Funds at a Post in Central America

In the previous SARC, OIG reported that a former PSC suspected of embezzling over \$40,000 from the post, had been arrested by local law enforcement. In December 2010, a host country judge requested OIG produce documentation supporting its case in order to keep the defendant under arrest, because the former cashier denied the charges of theft. In March 2011, OIG was notified that the judge decided to keep the former Peace Corps cashier incarcerated until the pending trial.

Allegation of Mismanagement and Retaliation against a Volunteer at a Post in the South Pacific

OIG investigated an allegation that a country director retaliated against a Volunteer after the Volunteer made complaints about age discrimination and mismanagement at the post. OIG conducted interviews and obtained witness statements. The investigation did not disclose any evidence of age discrimination or other wrongdoing, which would have impacted the Volunteer's service.

Misuse of a Military Postal Address at a Post in East Asia

OIG investigated an allegation that a Volunteer had solicited USAF Airmen to receive shipments for the Volunteer at their military postal addresses (APO) in violation of regulations prohibiting third party shipments to an APO and Peace Corps policy. The investigation determined that although the Volunteer had solicited the use of the APOs no improper shipments had been made. The Volunteer completed his/her Peace Corps service.

Investigation of Federal Employees' Compensation Act Recipients

The Investigation Unit continues to monitor Federal Employees' Compensation Act (FECA) claims. Last calendar year (2010), the Peace Corps paid \$13.5 million for 1,386 active claims for medical care and disability compensation for former staff members and Volunteers who were injured or became ill on the job or during their Peace Corps service. As of the end of this reporting period, Peace Corps has spent approximately \$6.9 million in FY 2011 on active FECA claims.

To maintain the integrity of FECA, the Peace Corps OIG continues to coordinate with the Peace Corps Office of Medical Services and the U.S. Department of Labor (DOL) OIG to investigate fraud. As part of our investigative actions we review the case files of beneficiaries, conduct background reviews, physician verifications, and site visits to ensure that recipients are properly paid and that payments are received by the intended parties. During this reporting period OIG investigations disclosed the following instances of overpayments and unreported income:

OIG coordinated directly with DOL to review the benefits of a former Peace Corps employee. This review disclosed that the former employee had unreported income. An OIG investigator obtained income statements and DOL subsequently reduced the benefits approximately \$1,100 dollars a month. This reduction resulted in an annual savings of approximately \$14,000. Based upon the RPCV's age and DOL's average life expectancy formula (through 78 years of age), this will result in a savings to the Peace Corps of approximately \$300,000.

Coordination with Other Law Enforcement and Federal Entities

Continued Support from Regional Security Officers World-wide

OIG continues to receive support and cooperation from other federal law enforcement agencies. Most significant support came from the U.S. Department of State regional security officers (RSOs) who routinely provide their time, cultural expertise, and investigative skills to assist the Peace Corps. Critical work has also been done by RSO Foreign Service National Investigators. The continued cooperation profoundly impacts the success of overseas OIG investigations.

Oversight Inquiry and Support

OIG initiated an oversight inquiry into the death of a Peace Corps Volunteer in Africa and the agency's response to the death. An Armed Forces Institute of Pathology medical examiner also requested OIG's investigative assistance in this matter. OIG worked with the medical examiner as he attempted to determine the manner and cause of death of the Volunteer, who was found dead at her residence with no apparent signs of foul play. An OIG investigator traveled to the location, coordinated with the U.S. Embassy and local authorities, conducted interviews, reviewed records, and developed a timeline of death. OIG collected and transported some evidence for further analysis in U.S. laboratories. This case is ongoing.

Homeland Security Assistance with PROTECT Act Investigations

During this reporting period OIG received assistance in several PROTECT Act and child exploitations investigations from the Department of Homeland Security, Immigration and Customs Enforcement's Cyber Crimes Center, and the Department of Justice's Child Exploitation and Obscenity Section.

Investigative Support from Treasury Inspector General for Tax Administration

During this reporting period, the OIG Investigative Unit received valuable law enforcement support from the Office of Investigations of the Treasury Inspector General for Tax Administration (TIGTA). Specifically, TIGTA outfitted all Peace Corps OIG investigators with body armor that was designated as excess law enforcement equipment at TIGTA. This support between Inspectors General resulted in a net savings for the government and exemplifies TIGTA's continued support to Federal law enforcement organizations throughout the country.

Investigative Assistance of FECA Cases

Peace Corps OIG received a request from the U.S. Architect of the Capitol OIG with regard to identifying and conducting FECA fraud cases. Peace Corps OIG has committed to providing contacts and lessons learned from recent FECA cases.

DIVIDER PAGE TABLES

Tables

1: List of Reports: Audits and Program Evaluations

Headquarter Audits	
Volunteer Delivery System Follow-up Program Evaluation (IG-11-01-E)	
Post Audits	
PC/Belize: Audit (IG-11-04-A)	
PC/Ethiopia: Audit (IG-11-02-A)	
PC/Mexico: Audit (IG-11-01-A)	
PC/Mozambique: Audit (IG-11-05-A)	
PC/Togo: Audit (IG-11-03-A)	
PC/Ukraine: Audit (IG-11-06-A)	
Country Program Evaluations	
PC/Ethiopia: Country Program Evaluation (IG-11-02-E)	
PC/Jamaica: Country Program Evaluation (IG-11-03-E)	

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

Report	Questioned Costs ¹	Unsupported Costs ²	Funds Put to Better Use ³
PC/Belize: Audit (IG-11-04-A)			
A.1 Incorrect holiday pay rate on short-term PSC contracts.	-	-	\$8,505
PC/Ethiopia: Audit (IG-11-02-A)			
C.1 Five leases improperly included payment terms in U.S. dollar amounts resulting in the post paying significantly higher amounts due to the hyper-inflation and the devaluation of local currency.	-	-	\$82,000
Sub-Totals			
	-	-	\$90,505
Total		\$ 90,505	

¹ 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.

² Unsupported Costs – a cost that is not supported by adequate documentation.

³ 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	-	-	-
Totals of Categories A and B	0	\$0	\$0
C. For which final management decisions were made during this period			
Dollar value of disallowed costs	-	-	-
Dollar value of costs not disallowed	-	-	-
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	-	-	-
Total questioned costs and unsupported costs	0	\$0	

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	\$90,505
Totals of Categories A and B	2	\$90,505
C. For which final management decisions were made during this period		
Dollar value of recommendations agreed to by management	2	\$90,505
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	\$90,505

Advice and Assistance Provided to the Agency and Others



Office of Inspector General

CONFIDENTIALITY

Handling of Volunteer/Trainee Allegations

On Jan. 14, 2011, the Director approved and issued Manual Section 271:

- ♦ V/Ts should report to OIG: mismanagement; misconduct; abuse of authority; gross waste of funds; violation of federal law, rule, or regulation; any substantial and specific danger to the public health and safety relating to the programs and operations of the Peace Corps.
- ♦ V/Ts must be informed about their right to report matters to OIG.
- ♦ V/Ts may also report allegations and concerns to senior staff at post and appropriate senior management at Headquarters. Staff have an obligation to report allegations to OIG when appropriate.
- ♦ Allegations and concerns expressed by V/Ts must be treated with the utmost confidentiality.
- ♦ Managers must take appropriate measures to ensure safety of V/Ts reporting allegations or concerns. Retaliation is prohibited against a V/T for bringing allegations to the attention of appropriate officials.


Monitoring Hotlines

Hotlines are reviewed daily and allegations received are passed to the corresponding OIG unit for follow-up. All allegations are carefully reviewed and given serious consideration.

OIG will not disclose the identity of any individual making a confidential complaint without their consent unless OIG determines, during the course of the investigation, that disclosure is unavoidable.

Help Promote the Integrity, Efficiency, and Effectiveness of Peace Corps

Hotline: 202.692.2915
Toll-free in U.S.: 800.233.5874
Email: oig@peacecorps.gov
Web: www.peacecorps.gov/OIG
Write: Peace Corps
Attn: Inspector General
P.O. Box 57129
Washington, DC 20037



This poster was developed to highlight the important changes in the *Peace Corps Manual*, section 271 and the role that OIG plays in protecting the confidentiality of Volunteers/trainees.

5: Recommendations on which Corrective Action has not been Completed

Audits and Evaluations

Recommendations Open 60 to 119 Days					
Report	Date Issued	Total Open Recommendations	Agency Concurrence		
			Concur	Non	Partial
PC/Ethiopia: Evaluation (IG-11-02-E)	1/14/2011	13	7	1	5
	Total	13	7	1	5
Recommendations Open 120 to 179 Days					
Report	Date Issued	Total Open Recommendations			
PC/HQ Volunteer Delivery System: Evaluation (IG-11-01-E)	11/6/2010	22	22	-	-
	Total	22	22	-	-
Recommendations Open More than 180 Days					
Report	Date Issued	Total Open Recommendations			
PC/HQ Medical Clearance System: Evaluation (IG-08-08-E)	3/31/2008	9	8	-	1
PC/HQ Volunteer Safety and Security: Evaluation (IG-08-13-E)	8/28/2008	6	2	1	3
PC/Guinea: Audit (IG-09-09-A)	3/31/2009	2	2	-	-
PC/HQ Purchase Card Program: Audit (IG-09-08-A)	3/31/2009	5	1	3	1
PC/Burkina Faso: Audit (IG-10-01-A)	10/27/2009	1	1	-	-
PC/Paraguay: Audit (IG-10-10-A)	8/3/2010	8	8	-	-
PC/Moldova: Audit (IG-10-11-A)	8/30/2010	1	1	-	-
PC/Kenya: Audit (IG-10-12-A)	9/28/2010	1	-	1	-
PC/HQ Office of Chief Information Officer: Budget Formulation and Management Audit (IG-10-05-A)	1/11/2010	21	16	4	1
PC/HQ Peace Corps's Process for Soliciting, Awarding, and Administering Contracts (IG-10-06-AA)	3/22/2010	9	8	1	-
PC/HQ Office of Safety and Security: Audit (IG-10-08-A)	4/1/2010	8	7	-	1
	Total	71	54	10	7

Financial Statement and FISMA Recommendations⁴

Recommendations Open					
			Agency Concurrence		
Report	Date Issued	Total Open Recommendations	Concur	Non	Partial
PC/HQ FY 2010 Financial Statement Audit (IG-11-00-A)	11/15/2010	14	-	-	-
PC/HQ FY 2010 Information Security Program Audit (IG-11-99-A)	11/18/2010	23	-	-	-
	Total	37	-	-	-

Special Reviews

Recommendations Open More than 180 Days					
			Agency Concurrence		
Report	Date Issued	Total Open Recommendations	Concur	Non	Partial
PC/Ecuador: Special Review (IG-10-05-SR)	9/2/2010	6	4	2	-
	Total	6	4	2	-

⁴ 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 fiscal year will remain in an open status during the entire subsequent fiscal year. At the beginning of each new fiscal year the auditors will notify management of whether sufficient corrective actions have been taken regarding the prior year recommendations and issue their current notification of findings and recommendations. Prior year findings and recommendations may be re-issued if management has not taken sufficient corrective actions.

6: Summary of Investigative Activity

Cases	Number	Value
Cases Opened as of 10/01/2010	38	
Cases Closed that were previously Opened	25	
Cases Opened during 10/1/2010 -3/31/2011	7	
Cases Opened and Closed during 10/1/2010 -3/31/2011	4	
Total Open Cases as of 4/1/2011	16	
Referrals for Department of Justice Prosecution	3	
Referrals for Agency Administrative Action	7	
Referrals to Other Agency	1	
Domestic Court Actions		
Trial (s) Pending	0	
Convictions	1	
Acquittals	0	
Judgments	1	
Fines/Restitution	1	\$33,000
Overseas Court Actions		
Ongoing Prosecutions	0	
Convictions	0	
Acquittals	0	
Judgments	0	
Fines/Restitution	0	
Monetary Results		
Annual Savings	1	\$14,364
Recoveries/Restitution	0	
Cost Avoidance	1	\$301,644
Administrative Actions⁵		
Employees (Resignations and Terminations)	6	
Other Employee Actions	0	
Other Persons/Businesses	0	
Suspension/Debarment Referrals	1	

⁵ For the purpose of reporting investigative activity, Peace Corps Volunteers/trainees are included under the categories of “Referrals for Agency Administrative Action” and “Administrative Actions.”

7: Summary of Hotline and Other Complaints

	Number
Complaints Received	28
Complaints Closed	28
Awaiting OIG Action	0
Resulted in Investigations	4
Resulted in Audits	0
Resulted in Evaluations	0
Referred to Agency Management	0
Referred to Other Agency	0
No Action Needed	0

8: References to Reporting Requirements of the Inspector General Act

Act Reference	Reporting Requirements	Page
Section 4(a)(2)	Review of legislation and regulations	n/a
Section 5(a)(1)	Significant problems, abuses, and deficiencies	8-32
Section 5(a)(2)	Significant recommendations for corrective actions	8-32
Section 5(a)(3)	Prior significant recommendations on which corrective action has not been completed	38
Section 5(a)(4)	Matters referred to prosecuting authorities	26-32
Section 5(a)(5)	Summary of instances where information was refused	n/a
Section 5(a)(6)	List of audit reports, including evaluations, inspections, and reviews	34
Section 5(a)(7)	Summary of significant reports	10-32
Section 5(a)(8)	Statistical table - questioned and unsupported costs	35
Section 5(a)(9)	Statistical table - funds to be put to better use	37
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

DIVIDER PAGE APPENDIX

Appendices



Peace Corps drivers are a critical part of post operations. Here, PC/Mozambique driver Pedro Lihahé chats with a village resident during a Volunteer visit.

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),⁶ the Peace Corps OIG reports the following peer review information:

During the reporting period, there were no peer reviews conducted of the Peace Corps OIG. The Audit and Investigation Units are required to conduct peer reviews and be subject of a peer review every three years.

Audit Unit

In March 2008, The National Endowment for the Arts OIG conducted a peer review of the Audit Unit of the Peace Corps OIG in effect for the year ending September 30, 2007. There were no recommendations made.

The Audit Unit has until June 30, 2011 to receive the next peer review report. The Government Printing Office is scheduled to conduct and report the next peer review by this date.

Investigation Unit

The Investigation Unit is expected to undergo a peer review in early 2013. The Investigation Unit was recently included in the CIGIE peer review schedule after having been granted authority from the Attorney General to exercise statutory law enforcement powers.

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 contract audit reports.

⁶ 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.)

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Anyone knowing of wasteful practices, abuse, mismanagement, fraud, or unlawful activity involving Peace Corps programs or personnel should call or write the Office of Inspector General. Reports or complaints can also be made anonymously.

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All information and complaints will be treated confidentially unless OIG determines, during the course of the investigation, that disclosure is unavoidable.



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