



*The Peace Corps Office  
of Inspector General  
contracted accounting  
and management  
consulting firm Williams  
Adley & Company-DC LLP  
to perform the audit of  
the Peace Corps' financial  
statements.*



# Peace Corps Office of Inspector General

## Executive Summary of the Audit of the Peace Corps' Financial Statements

FISCAL YEAR 2025

### Results

The audit concluded that the Peace Corps' financial statements were fairly presented, in all material respects, in accordance with Generally Accepted Accounting Principles (GAAP), and noted two significant deficiencies in the agency's internal control over financial reporting, as well as one instance of reportable noncompliance related to provisions of applicable laws, regulations, contracts, and grant agreements.

Williams Adley made seven recommendations to address the significant deficiencies and made two additional recommendations in a management letter to address deficiencies that did not rise to the level of a material weakness or significant deficiency but still warrant management's attention. The Peace Corps concurred with all findings and recommendations and committed to implementing corrective actions in fiscal year 2026.

# Findings

The Peace Corps' leaders have demonstrated a longstanding commitment to financial management, as evidenced by nearly 20 consecutive years of clean financial statement audit opinions. However, the two significant deficiencies reported in this year's audit are repeat findings from prior years that have been highlighted for the agency's attention and action but have yet to be fully realized.

- *Inadequate internal controls over Property, Plant, and Equipment.* Williams Adley cited that the Peace Corps does not have effective internal controls in place to ensure Property, Plant, and Equipment (PP&E) is completely and accurately recorded after the new property system was deployed in April 2025. As described in this audit report, challenges encountered during the new system (Maximo) deployment and data conversion process resulted in significant variances between Maximo and Odyssey, the agency's financial system. These discrepancies reflect weaknesses in data accuracy and consistency, data integrity concerns, and the reconciliation process. As a result, the reconciliation process could not be relied upon as a control by the Office of the Chief Financial Officer to record fixed assets at year end. The agency continues to rely on manual processes by staff rather than automated tools or built-in system controls resulting in a variety of challenges, including untimely, inconsistent, and incomplete PP&E data.
- *Lack of effective information technology security.* Williams Adley cited a lack of compliance with requirements, including risk management; establishing formal policies and procedures to develop and maintain a comprehensive inventory of its data; identity, credential, and access management strategy; and the agency-level Business Impact Assessment.

The Peace Corps did strengthen its processes for implementation of requirements for reporting on leases by improving its methodology in fiscal year 2025, reducing the risk of material misstatement. While it remains a repeat finding, it was modified due to other concerns and downgraded from a significant deficiency in fiscal year 2024 to a deficiency in fiscal year 2025 and has been communicated to the Peace Corps in the management letter.

## Background

This audit was conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 24-02, Audit Requirements for Federal Financial Statements. In connection with the contract, OIG reviewed Williams Adley's report and related documentation and conducted follow-up meetings with its representatives. The OIG review, as differentiated from an audit in accordance with GAGAS, was not intended to enable OIG to express, and OIG does not express, opinions on the Peace Corps' financial statements or conclusions about the effectiveness of internal control or compliance with laws, regulations, contracts, and grant agreements. Williams Adley is responsible for the attached auditor's report and management letter dated December 15, 2025, and the auditor's conclusions expressed in the report. However, OIG's review disclosed no instances where Williams Adley did not comply in all material respects with GAGAS.



## Independent Auditor's Report

Mr. Paul Shea  
Chief Executive Officer  
United States Peace Corps

Mr. Joaquin Ferrao  
Inspector General  
United States Peace Corps

In our audit of the fiscal year 2025 financial statements of the Peace Corps, we found:

- the Peace Corps' financial statements as of and for the fiscal year ended September 30, 2025, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles (GAAP);
- there were no material weaknesses in internal control over financial reporting based on the limited procedures we performed;<sup>1</sup> and
- one reportable instance of noncompliance for fiscal year 2025 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections detail (1) our report on the financial statements, which includes an emphasis-of-matter paragraph related to the single year presentation, a section on required supplementary information (RSI)<sup>2</sup> and a section on other information included with the financial statements<sup>3</sup>; (2) our report on internal control over financial reporting; (3) our report on compliance with laws, regulations, contracts, and grant agreements; and (4) agency comments.

### Report on the Financial Statements

#### Opinion

In accordance with the U.S. Government Accountability Office's (GAO) Generally Accepted Government Auditing Standards (GAGAS) and the Office of Management and Budget (OMB) Bulletin No. 24-02, Audit Requirements for Federal Financial Statements, we have audited the Peace Corps' financial statements. The Peace Corps' financial statements include the balance sheet as of September 30, 2025; the related statements of net cost, changes in net position, and budgetary resources for the fiscal year then ended; and the related notes to the financial statements

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<sup>1</sup> A material weakness is a deficiency, or combination of deficiencies, in internal controls over financial reporting, 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. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

<sup>2</sup> The RSI consists of "Management's Discussion and Analysis", which is included with the financial statements.

<sup>3</sup> Other information includes all information included in the Annual Financial Report (AFR), other than the RSI, financial statements and footnotes, and the auditor's report.

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(hereinafter referred to as the “financial statements”). In our opinion, the Peace Corps’ financial statements present fairly, in all material respects, the Peace Corps’ financial position as of September 30, 2025, and its net cost of operations, changes in net position, and budgetary resources for the fiscal year then ended in accordance with GAAP.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the U.S. and the U.S. GAGAS. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Peace Corps and meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Emphasis-of-Matter

As discussed in Note 1 – Summary of Significant Accounting Policies to the financial statements, the Peace Corps implemented the revised financial reporting framework as required by OMB Circular A-136, Financial Reporting Requirements, for fiscal year 2025. The revised framework required a single year financial statements presentation of current fiscal year financial data, rather than comparative financial statements as presented in the prior fiscal year. Our opinion is not modified with respect to this matter.

#### Responsibilities of Management for the Financial Statements

The Peace Corps management is responsible for:

- preparing and fairly presenting these financial statements in accordance with U.S. GAAP;
- preparing, measuring, and presenting the RSI in accordance with U.S. GAAP;
- preparing and presenting other information included in the Peace Corps’ AFR, and ensuring that information is consistent with the audited financial statements and the RSI; and
- designing, implementing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives were to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and (2) issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance, however, it is not absolute assurance, and therefore is not a guarantee that an audit of the financial statements conducted in accordance with U.S. GAGAS will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered to be material if there is a substantial likelihood that, individually or in aggregate, they would influence a reasonable user based on the financial statements.

In performing this audit in accordance with U.S. GAGAS, we:

- Exercised professional judgment and maintained professional skepticism throughout the audit.
- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, and designed and performed audit procedures responsive to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures listed in the financial statements in order to obtain audit evidence that provided a sufficient and appropriate basis for our opinion.
- Obtained an understanding of internal controls relevant to our audit of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Peace Corps' internal control over financial reporting. Accordingly, no such opinion is expressed.
- Evaluated the appropriateness of the accounting policies used, the reasonableness of significant accounting estimates made by management, and the overall presentation of the financial statements.
- Performed other procedures we considered necessary under the circumstances.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the financial statement audit.

#### Required Supplementary Information

The U.S. GAAP, issued by the Federal Accounting Standards Advisory Board (FASAB), require the RSI to be presented as a supplement to the financial statements. The Peace Corps management is responsible for such information and, although not a part of the financial statements, is required by FASAB, which considers it to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context.

We have applied certain limited procedures to the RSI in accordance with U.S. GAGAS. These procedures consisted of (1) inquiring of the Peace Corps management about their methods for preparing the RSI and (2) comparing the RSI for consistency with the Peace Corps management's responses to the auditor's inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit, and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

#### Other Information

The Peace Corps' other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for the purposes of additional analysis and is not a required part of the financial statements or the RSI. The Peace Corps management is responsible for the other information included in the Peace Corps' Agency Financial Report. The other information consists of information included within the Agency Financial Report that are not RSI, the financial statements and footnotes, and our report. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## **Report on Internal Control over Financial Reporting**

In connection with our audit of the Peace Corps' financial statements, we considered the Peace Corps' internal control over financial reporting, consistent with our auditor's responsibilities discussed below.

### Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described below and was not designed to identify all deficiencies in the Peace Corps' internal control that might be material weaknesses or significant deficiencies,<sup>4</sup> or to express an opinion on the effectiveness of the Peace Corps' internal control over financial reporting. Given these limitations, during our fiscal year 2025 audit, we did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

As discussed in *Appendix I*, our audit identified two significant deficiencies in the Peace Corps' internal control over financial reporting pertaining to (1) property, plant, and equipment (PP&E) and (2) information security.

Although the significant deficiencies in internal control did not affect our opinion on the Peace Corps' fiscal year 2025 financial statements, misstatements may occur in unaudited financial information reported internally and externally by the Peace Corps because of these deficiencies.

Our assessment of the current status of the prior year significant deficiencies and noncompliance matter is presented in *Appendix III*.

In addition to the significant deficiencies, we also identified two deficiencies in the Peace Corps' internal control over financial reporting that we do not consider to be a material weakness or significant deficiency. However, these deficiencies warrant the Peace Corps management's attention. We have communicated these matters to the Peace Corps in a separate management letter.

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<sup>4</sup> A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

## Basis for Results of Our Consideration of Internal Control over Financial Reporting

We performed our procedures related to the Peace Corps' internal control over financial reporting in accordance with U.S. GAGAS and OMB audit guidance<sup>5</sup>.

## Responsibilities of Management for Internal Control over Financial Reporting

The Peace Corps management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibilities for Internal Control over Financial Reporting

In planning and performing our audit of the Peace Corps' financial statements as of and for the fiscal year ended September 30, 2025, in accordance with U.S. GAGAS, we considered the Peace Corps' internal control relevant to the financial statement audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Peace Corps' internal control over financial reporting. Accordingly, we do not express an opinion on the Peace Corps' internal control over financial reporting. We are required to report all deficiencies that are considered significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

## Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that:

- transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. GAAP, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and
- transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

## Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of the Peace Corps' internal control over financial reporting and the results of our procedures. This report is not intended to provide an opinion on the effectiveness of the Peace Corps' internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S.

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<sup>5</sup> OMB Bulletin No. 24-02, Audit Requirements for Federal Financial Statements, issued on July 29, 2024. According to the guidance, for those controls that have been suitably designed and implemented, the auditor should perform sufficient tests of such controls to conclude on whether the controls are operating effectively (i.e., sufficient tests of controls to support a low level of assessed control risk). OMB audit guidance does not require the auditor to express an opinion on the effectiveness of internal control.

GAGAS in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

## **Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements**

In connection with our audit of the Peace Corps' financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibilities discussed below.

### Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed one instance of noncompliance for fiscal year 2025 that would be reportable under U.S. GAGAS. As discussed in *Appendix II*, this instance of noncompliance is related to the Federal Information Security Modernization Act of 2014 (FISMA). However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to the Peace Corps. Accordingly, we do not express such an opinion.

### Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

We performed our tests of compliance in accordance with U.S. GAGAS.

### Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements

The Peace Corps management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the Peace Corps.

### Auditor's Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our responsibility is to test compliance with selected provisions of laws, regulations, contracts, and grant agreements applicable to the Peace Corps that have a direct effect on the determination of material amounts and disclosures in the Peace Corps' financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all provisions of laws, regulations, contracts, and grant agreements applicable to the Peace Corps. We caution that noncompliance may have occurred and not be detected by these tests.

### Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. GAGAS in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.



## Agency Comments

In commenting on a draft of this report, the Peace Corps' management provided a written response which is presented in *Appendix IV*. We did not audit the Peace Corps' response and, accordingly, we express no opinion on the response.

*Williams, Adley & Company-DC, LLP*

Washington, District of Columbia

December 15, 2025

### A. Improper Internal Controls over Property, Plant, and Equipment (Updated, Repeat Finding)

The Peace Corps management is responsible for the design and operation of its PP&E internal control framework. The PP&E control framework should include policies, procedures, reviews, and approvals to ensure that long-lived assets are properly identified, tracked, and reported. A comprehensive internal control framework is critical for preventing financial statement errors, theft, waste, fraud, abuse, as well as lack of accountability and responsiveness to changing risk and threats.

The Peace Corps Office of Management maintains two inventory tracking systems for various categories of PP&E. For vehicles, the agency maintains a detailed vehicle tracking system (called the Vehicle Management Information System [VMIS]), and information technology (IT) hardware, equipment, and furniture is maintained in the property management software system (PMSS) (called Maximo). Maximo went live in April 2025 following the decommissioning of the prior PMSS, Sunflower. Data from each of these property systems are reconciled with data in the financial management system (Odyssey Fixed Asset module) on a monthly basis, specifically for assets that meet the capitalization threshold<sup>6</sup>. Following the implementation of Maximo, the first reconciliation between Odyssey and Maximo was performed in June 2025. Although the Peace Corps deployed Maximo in April 2025 and initiated steps to strengthen internal controls over PP&E, including a global inventory campaign, the Agency does not yet have effective internal controls in place to ensure PP&E is completely and accurately recorded.

The first reconciliation of Maximo to Odyssey identified significant variances between the two systems. Specifically, 8,696 assets (of the 17,605 in-service assets) were recorded as fixed assets<sup>7</sup> in Maximo but not included in Odyssey's Fixed Asset Listing, while 1,380 assets were included in Odyssey's Fixed Asset Listing but not recorded at all in Maximo. These variances reflected weaknesses in data accuracy and consistency following the migration to Maximo, which may also indicate challenges encountered during the system deployment and data conversion process.

Because of the nature and volume of data discrepancies between Maximo and Odyssey, many involving non-fixed assets but collectively indicating significant data integrity concerns, the reconciliation process could not be relied upon as a control by the Office of the Chief Financial Officer (OCFO) to record fixed assets at year end, nor could it be relied upon by Williams Adley to determine the accuracy of the FY 2025 additions and disposals. Accordingly, the Peace Corps again relied on the Accounts Payable (AP) PP&E report as a compensating control. The AP PP&E report is a list of payable activity from Odyssey charged to property-related object classes that could represent potential property additions requiring capitalization. We obtained and tested the AP PP&E report as of September 30, 2025, and confirmed that all items meeting capitalization criteria were properly recorded and capitalized in Odyssey's Fixed Asset (F/A) module. Therefore, no unrecorded exposure remained as of year-end. Although our procedures focused on the

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<sup>6</sup> Peace Corps capitalization thresholds are summarized in Note 1K to the financial statements (generally \$100,000 for PP&E and \$10,000 for vehicles).

<sup>7</sup> A fixed asset, as referenced in this report, refers to property that meets Peace Corps' capitalization criteria. Peace Corps policy defines such items as capital assets (PP&E). Within the agency's financial system (Odyssey), these assets are recorded in the Fixed Asset Module; therefore, the terms *fixed asset* and *capital asset* are used interchangeably.

reconciliation as of June 30, 2025, management confirmed that similar variances will remain at year-end and that the reconciliation will not be fully remediated until June 2026.

Testing at a Post in the Africa region further identified exceptions that illustrated gaps in the consistent use of Maximo at the post level. Specifically:

- five assets that had been auctioned or disposed of prior to our site visit were still categorized as “in-service” in Maximo;
- four assets observed onsite were assigned inaccurate status designations in Maximo (e.g., marked as “in-service” when they had been “disposed”); and
- nine assets were not recorded in Maximo as of June 30, 2025, even though they should have been. After being notified of our upcoming site visit, the Post updated Maximo to include four of these assets prior to our arrival on September 8, 2025.

None of the missing or misclassified items were determined to be fixed assets, and therefore no financial statement impact was noted.

The Post completed its Annual Inventory Certification in February 2025<sup>8</sup>; however, the certification did not identify the missing or misclassified assets noted during our visit, indicating that the process was performed but not effective in detecting data inaccuracies. No discrepancies were identified at the other three Posts visited.

### Limitations in Maximo Configuration and Use

The Peace Corps has not fully leveraged Maximo’s capabilities to support accurate financial reporting of PP&E. Certain key processes, such as identifying fixed assets, are relying on manual selections by staff rather than automated logic or built-in system controls. This reliance on user input increases the risk of inconsistent application across Posts and limits the effectiveness of the system as a reliable control. In addition, data discrepancies identified during the first reconciliation to Odyssey suggest that configuration and data conversion challenges during Maximo’s deployment may also have contributed to current data quality issues. These weaknesses have contributed to reconciliation variances, which management attributed to:

- incorrect or inconsistent application of the capital asset designation;
- inconsistent use of status categories;
- inaccurate in-service dates;
- differences in the level of detail at which assets are tracked between Maximo and Odyssey; and
- inaccurate purchase order numbers.

### Limited Resources and Decentralized Oversight

The Peace Corps has limited headquarters resources dedicated to property management, with one

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<sup>8</sup> Because Sunflower had been decommissioned and Maximo had not yet been deployed at the time of the certification, the Post conducted its Annual Inventory Certification using spreadsheets, and the results were later incorporated into Maximo.

primary individual responsible for coordinating annual inventories and monitoring data quality. At the same time, responsibilities for managing fixed assets remain fragmented: the Office of Management division is responsible for recording and maintaining property data, while the OCFO is responsible for financial reporting. This combination of inadequate staffing and decentralized accountability reduces the Agency's ability to enforce consistent use of Maximo, resolve reconciliation variances, and monitor Post-level compliance, contributing to recurring weaknesses in the completeness and accuracy of PP&E records.

A lack of complete and accurate financial information regarding PP&E could result in the following:

- Loss of asset accountability, which introduces operational risk related to the ability to execute the Peace Corps' mission.
- Decrease in the uniformity and standardization of procedures, resulting in inconsistent treatment of assets and increasing the difficulty in completing consolidated reports.
- Increased risk of misstatement to the financial statements due to weaknesses in the reconciliation between Maximo and Odyssey and the lack of effective controls around recording, capitalizing, and tracking property.
- Inefficient use of staff time and resources, which could be reduced through more effective use of Maximo's functionality and reconciliation processes.

According to the GAO's Standards for Internal Control in the Federal Government (September 2014):

- **Principle 10 – Design of Control Activities (Paragraph 10.02).** Management designs control activities in response to the entity's objectives and risks to achieve an effective internal control system. Control activities are the policies, procedures, techniques, and mechanisms that enforce management's directives to achieve the entity's objectives and address related risks.
- **Principle 11 – Design Activities for the Information Systems (Paragraphs 11.04-11.05).** Management designs the entity's information system and the use of information technology by considering the defined information requirements for each of the entity's operational processes. Information technology enables information related to operational processes to become available to the entity on a timelier basis... Management also evaluates information processing objectives to meet the defined information requirements. Information processing objectives may include the following:
  - Completeness – Transactions that occur are recorded and not understated.
  - Accuracy – Transactions are recorded at the correct amount in the right account (and on a timely basis) at each state of processing.
  - Validity – Recorded transactions represent economic events that actually occurred and were executed according to prescribed procedures.

Manual Section (MS) 511 Personal Property Management policy, section 7.0, published July 30, 2013, states:

- The Property Officer, with the support of an Information Technology Specialist, is responsible for overseeing the maintenance and use of the PMSS and records at Posts and at Regional Recruiting Offices (RRO). The Handbooks provide guidelines for what assets are accountable (tracked in the PMSS) and what associated information is required for each asset. Administrative Services (M/AS), in conjunction with the Office of the Chief Information Officer (OCIO), maintains the master database of PMSS, including the inventories for all Posts and RROs, at the Peace Corps Headquarters.

The Peace Corps' Domestic Financial Management Handbook (DFMH), Chapter 22, published July 27, 2023, sets the following criteria for property management.

*Note: Although DFMH Chapter 22 currently references Sunflower as the PMSS, the Peace Corps has since replaced Sunflower with Maximo. An updated policy reflecting this change is in draft form as of fiscal year 2025; however, the underlying requirements for property tracking, accountability, and reconciliation remain applicable under Maximo.*

- **22.5.C.3 IT Hardware and General PP&E.** Sunflower is a web-based property management software system used to track all personal property, with the exception of vehicles. All personal property, regardless of whether it meets the capitalization threshold or not, is tracked in Sunflower if it is considered an Accountable Asset or locally tracked. Assets tracked in Sunflower are overseen by the M/AS Facilities Management Division (FMD). The criteria and procedures for asset tracking are found in the Personal Property Management Handbook (PPMH). Sunflower interfaces with Odyssey's F/A module by sending information to F/A for capital assets. While Odyssey's F/A module is the system of record for all categories of capital assets, Sunflower is the system of record for inventoried personal property items.
- **22.5.F Internal Controls.** The management controls for the PP&E process include the following:
  - For items that are interfaced from Sunflower into Odyssey's F/A module, the OCFO/Accounting and Financial Reporting calculates the cost of the assets prior to officially adding the item as a capital asset in the financial system.
  - Periodic reconciliations performed between Sunflower [and the] Odyssey's F/A module.

**Recommendations:**

Although the Peace Corps did not remediate recommendations one and three from the prior year finding<sup>9</sup>, given that the Peace Corps deployed Maximo and is no longer relying on tracking spreadsheets, we have closed these recommendations as they are no longer applicable to the current Peace Corps environment.

We recommend the Peace Corps Office of Management:

1. In coordination with OCFO and the OCIO, develop and implement a plan with defined milestones and timelines to resolve data discrepancies between Maximo and Odyssey and ensure property data are complete, accurate, and properly reconciled with the F/A module. As part of this plan, clarify roles, responsibilities, and coordination mechanisms between offices to ensure sustained accountability for property management and reconciliation activities.
2. Assess and, where feasible, enhance Maximo's configuration to automate key property management controls. This assessment should include a cost-benefit analysis to determine viable improvements and identify compensating controls if system enhancements are not practical, to ensure consistent and accurate property data entry and reconciliation.
3. Finalize and issue updates to property management policies and procedures, including the DFMH, MS 511, and related guidance, to reflect the implementation of Maximo as the agency's property management system and ensure alignment with current processes and controls.
4. Ensure all Posts receive and acknowledge updated property management guidance and expectations for the use of Maximo. This could include providing refresher training or written instructions on key processes, such as asset capitalization, status updates, and disposals, and obtaining confirmation from Posts that the information was reviewed and understood.
5. Reinforce the Annual Inventory Certification process as a data-quality control by providing targeted guidance and verification procedures to ensure that certifications accurately reflect property records in Maximo.

We recommend the Peace Corps OCFO:

6. Continue performing monthly reconciliations between Maximo and Odyssey and enhance the reconciliation process, as appropriate, based on the results of the Maximo configuration assessment in Recommendation 2. Coordinate with the Compliance and Risk Office to ensure the reconciliation process is properly designed, consistently executed, and effective in identifying and resolving differences in a timely manner.

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<sup>9</sup> Recommendation one stated: "Establish a process for ensuring all Peace Corps offices record property on tracking spreadsheets and provide those spreadsheets to the Office of Management monthly, until Maximo is fully operational. Follow-up with any offices that are not adequately submitting information." Recommendation three stated: "Perform monthly reconciliations of information entered on the property tracking spreadsheets with payable data in Odyssey and research any discrepancies to ensure the completeness and accuracy of the property tracking spreadsheets."

**B. Information Technology Security (Modified, Repeat Finding)**

The Peace Corps financial system resides within the Peace Corps IT network and inherits general controls defined at the infrastructure level. Therefore, the confidentiality, availability, and integrity of financial data is dependent on the overall IT security posture at the Peace Corps.

According to the GAO Federal Information System Controls Audit Manual (FISCAM), the following are considered critical elements:

- Security Management (SM).04 Management identifies, analyzes, and responds to risks, including fraud risk, and significant changes related to the entity's information security management program.
- SM.06 Management establishes and performs monitoring activities to evaluate the effectiveness of the entity's information security management program.
- Access Controls (AC).05 Management designs and implements detective general controls to appropriately monitor logical and physical access in response to risks.
- Configuration Management (CM).01 Management designs and implements general controls to develop and maintain secure baseline configurations for information systems.
- Contingency Planning (CP).01 Management designs and implements general controls to achieve continuity of operations and prioritize the recovery and reconstitution of information systems that support critical or essential mission and business functions in the event of a system disruption, compromise, or failure.

The Peace Corps was not in compliance with the fiscal year 2025 FISMA requirements to implement an "effective" information security program. All six FISMA functions, inclusive of ten domains did not meet the Department of Homeland Security's required maturity level, "managed and measurable." Specifically, design and operational weaknesses within key FISMA domains are summarized below. The Peace Corps has not:

- developed component authenticity policies and procedures;
- defined a process for developing and maintaining its target cybersecurity profile(s);
- implemented processes to ensure that products, system components, systems, and services obtained from external providers meet its cybersecurity and supply chain risk management requirements;
- correctly categorized certain information systems by assigning system types in its security documentation;
- established formal policies and procedures to develop and maintain a comprehensive inventory of its data and corresponding metadata;
- identified and defined requirements for an automated solution that provides a centralized, enterprise-wide view of cybersecurity risks across the organization;
- procured and implemented a Data Loss Prevention solution;
- reviewed and updated baseline configurations and associated deviations on an annual basis;

## Appendix I – Significant Deficiencies

- fully finalized an enterprise-wide Identity, Credential, and Access Management (ICAM) strategy to guide the organization's ICAM program;
- met logging requirements at maturity Event Logging 2 (Intermediate); or
- fully developed an agency-level Business Impact Analysis and did not integrate the results into strategy and other plan development efforts.

The Peace Corps management has not implemented all aspects of an effective information security program throughout the Peace Corps at the organization, business, and information system levels.

Without implementing an effective information security program, the Peace Corps may be unable to adequately manage information security risks, which could affect the financial system and potentially result in system downtime, unauthorized access, data alteration or loss, or operational disruptions. Because the financial system depends on the agency's IT general controls, any deficiencies or weaknesses in these controls could directly compromise the confidentiality, integrity, and availability of financial data, underscoring the critical importance of maintaining effective control environment.

### **Recommendation:**

We recommend that the Peace Corps:

1. Implement the recommendations outlined in the Peace Corps Office of Inspector General (OIG) fiscal year 2025 FISMA report to further mature and enhance the agency's information security program.



**C. Noncompliance with Laws, Regulations, Contracts, and Grant Agreements – Federal Information Security Modernization Act of 2014 (Updated, Repeat Finding)**

FISMA requires agencies to provide the appropriate information security controls corresponding with the risk and potential harm of not having those controls in place. The heads of agencies and OIGs are required to annually report on the effectiveness of the agencies' security programs. As noted in its Assurance Statement included in its Agency Financial Report, the Peace Corps disclosed an instance of noncompliance with FISMA that is required to be reported under U.S. GAGAS and OMB Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. By not complying with FISMA, the Peace Corps has potentially weakened security controls which could adversely affect the confidentiality, integrity, and availability of information and information systems.

The OIG has provided the Peace Corps' management with a separate report that further details the status of compliance with fiscal year 2025 FISMA requirements in the Peace Corps' systems and provides recommendations for improvement. Please refer to Finding B regarding Information Technology Security (Updated, Repeat Finding) for high-level details.

### Appendix III - Status of Prior Year Findings and Recommendations

Our assessment of the current status of the prior year findings is presented below.

Prior Year Finding	Current Status
2019-06: Improper Internal Controls over PP&E (Significant Deficiency)	<b>Open.</b> Finding has been updated and repeated as Finding A in <i>Appendix I</i> .
2024-02: The Peace Corps Needs to Strengthen its Process for Implementation of SSFAS 54 (Lease Reporting) (Significant Deficiency)	<b>Open.</b> Due to improvements made the finding has been downgraded to a deficiency and has been communicated to the Peace Corps management separately.
2018-05: Information Technology Security (Significant Deficiency)	<b>Open.</b> Finding has been updated and repeated as Finding B in <i>Appendix I</i> .
FISMA (Non-Compliance)	<b>Open.</b> Finding has been updated and repeated as Finding C in <i>Appendix II</i> .



## Appendix IV – Agency Comments

December 15, 2025

Mr. Kola A Isiaq, CPA  
Managing Partner  
Williams Adley & Company, LLP  
1016 16th Street, NW, Unit 400  
Washington, DC 20036

Dear Mr. Isiaq:

This letter represents the response of the Peace Corps to your draft *Independent Auditor's Report*, received December 9, 2025. We are pleased with your issuance of an unmodified (clean) audit opinion. Peace Corps management reviewed the *Notice of Findings and Recommendations* for two significant deficiencies issued by Williams Adley, in connection with the audit of our financial statements for Fiscal Year (FY) 2025. We concur with the conditions, criteria, and levels of control deficiency identified. We have established corrective action plans to address the root cause of these audit findings. The agency is dedicated to resolving these issues in FY 2026, as we continuously strive to improve our internal control environment.

### **Improper Internal Controls over Property, Plant, and Equipment** (Modified Repeat Finding)

**Response:** Concur

In FY 2026, the Peace Corps will continue to improve data quality and enhance the reconciliation process between Maximo and Odyssey. The Peace Corps will update property management policy and procedures to reflect current systems. The Peace Corps will also evaluate opportunities to automate property management controls. Estimated Completion Date: September 2026.

### **Information Technology Security** (Modified Repeat Finding)

**Response:** Concur

In FY 2026, the Peace Corps will continue to mature and enhance the agency's information security program in alignment with the recommendations in the *Peace Corps Federal Information Security Management Act (FISMA) Report*. Estimated Completion Date: September 2026.

Thank you for the opportunity to respond to the draft *Independent Auditor's Report* pertaining to the *FY 2025 Financial Statements Audit*.

Sincerely,

**PAUL SHEA**  
Digitally signed by PAUL  
SHEA  
Date: 2025.12.15  
15:27:17 -05'00'

Paul Shea  
Chief Executive Officer

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

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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Mail: Peace Corps Office of Inspector General  
1275 First Street NE  
Washington, DC 20526

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Main Office: 202.692.2900

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