FINAL REPORT
on the Audit and Program Evaluation
Peace Corps/Ecuador
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TABLE OF CONTENTS

INTRODUCTION

The Office of Inspector General (OIG) conducted an audit and program evaluation of Peace Corps/Ecuador May 15 - June 2, 2006.[1] Senior Auditor, Letty J. Collins conducted the audit. The program evaluation was conducted by Assistant Inspector General for Evaluations and Inspections, Alice Bunker, and Senior Evaluator, Shelley Elbert.

BACKGROUND

Ecuador first welcomed Peace Corps Volunteers in 1962 and 132 Volunteers were serving in Ecuador at the time of our visit.

Ecuador, a country the size of Colorado, encompasses 283,560 square kilometers and includes four biologically diverse regions: the coastal plain, the highlands, the Galapagos, and the Amazon Basin. Travel in Ecuador is difficult due to poor road conditions.

AUDIT PRINCIPAL FINDINGS

We found the post's administrative operations well run by a qualified and experienced administrative officer and a highly motivated staff. There had been a restructuring of the office staff; three out of five key administrative staff had been serving in their present positions for less than a year, including the administrative officer. Administrative, program, medical, and training staff, as well as Volunteers reported that the administrative unit had improved in its performance and interaction with the other units under the current administrative officer. Staff particularly noted improved communication with the administrative unit in the budget process. The cashiering and accounting for obligations and liquidations and budget administration is commendable. We did find some administrative processes that need to be improved and corrected.

We also found that the country director had signed an agreement with the Ecuador Ministry of Agriculture by which the Ministry agreed to "assign" PL-480 funds for Volunteer projects ($250,000 for 2004-05 and prospectively $200,000 for 2006-07).[2] The country director was approving the Volunteers' applications for these funds before

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[1] Audit and program evaluation reports have been combined here for the convenience of Peace Corps.

[2] Public Law 480 (PL-480), also known as the Food for Peace Program, is a food aid program that provides agricultural commodities to countries. Title I of the PL-480 program is administered by the U.S. Department of Agriculture, and Titles II and III are administered by the Agency for International Development (AID). PL-480 programs are entered into to combat hunger and malnutrition; promote broad-based equitable and sustainable development, including agricultural development; expand international trade; develop and expand export markets for United States agricultural commodities; and to foster and encourage the development of private enterprise and democratic participation in developing countries. Under Title III, the donated commodities are sold on the domestic market, and revenue generated from the sale in the recipient countries is used to support programs of economic development. This appeared to be the Title under which funds were assigned for Peace Corps Volunteer projects.

the applications were forwarded to the Ministry. Although the funds went directly to the Volunteers from the Ministry, the Volunteers were reporting to the Peace Corps and submitting their receipts to the Peace Corps to account for their expenditures. The Peace Corps was therefore, involved with the award of these funds and was accepting a measure of accountability by having the Volunteers submit the receipts to the Peace Corps.

The management of this funding raised several issues: (1) The Peace Corps was controlling the process but disclaiming responsibility under the theory that the money did not pass through the Peace Corps office. (2) The Peace Corps was not adequately overseeing the expenditures and accounting for the funds. Receipts were not available to account for all the funds. (3) Some of the approved projects included in-service training (IST) costs that should be reported as host country contributions. (4) The earmarking of funds raised the question of whether this represented a potential violation of the spirit of Peace Corps Manual section 721.5.3(e), which limits to $5,000 the amount country directors are authorized to accept.

AUDIT SCOPE AND METHODOLOGY

Our objective in auditing overseas posts is to determine whether the financial and administrative operations comply with Peace Corps policies and federal regulations. Our audit conclusions are based on information from three sources: (1) document and data analysis, (2) interviews, and (3) direct observation. The audit is performed in accordance with generally accepted government auditing standards prescribed by the Comptroller General of the United States. The scope of our audit covered fiscal years 2004, 2005, and the first two quarters of 2006.

Our audit procedures included the following: we reviewed program documents at headquarters including the post's Integrated Planning and Budget System (IPBS) submissions and various reports obtained from the agency's financial management system. We met with the regional director, the chief administrative officer, the financial management officer (FMO), the cashier liaison, the country desk officer, and other headquarters staff.

While at the post, we interviewed the country director, administrative officer, all staff responsible for administration, some program support staff, and the medical staff. We met with the ambassador and the embassy security officer. We also interviewed Volunteers and visited some of them at their sites to obtain their perspective on the post's administrative support systems.

At the end of our review in country, we briefed the country director and other responsible staff. At headquarters, we conducted a general briefing for the regional staff.

AUDIT FINDINGS AND RECOMMENDATIONS

Volunteers' Use of PL-480 Grant Funds

The country director signed an agreement with the Ecuador Ministry of Agriculture to have PL-480 funds earmarked for Volunteer projects.

The country director signed an agreement with the Ecuador Ministry of Agriculture, under which the Ministry "assigned" specific allotments of PL-480 funds for Volunteer projects. Under the agreement, $250,000 was assigned for the two-year period 2004-5.

To access the PL-480 funds, Volunteers wrote proposals and submitted them to their Associate Peace Corps Director (APCD), who forwarded them to the APCD/Agriculture, who had been given the designation of "PL-480 Coordinator." In that capacity, the APCD/Agriculture reviewed the proposals and forwarded those he supported to the country director for his review, approval, and signature.

The country director-approved proposals were sent to the PL-480 Office in Ecuador's Ministry of Agriculture, which also reviewed the applications. If approved, the PL-480 Office released the amount of the award to a bank account set up by the Volunteer applicant. The account had to have the co-signature of a local participant in the project (a community leader or organization participant). PC/Ecuador was not involved with the transfer of funds and did not handle the funds.

When a project was completed, the Volunteer was to submit a completion report with receipts of the funds liquidated to PC/Ecuador where staff were to review the receipts to assure that the funds were accounted for. PC/Ecuador notified the PL-480 Office that the project was completed and the amount, if any, of unexpended funds. When a balance existed, the PL-480 Office credited the Peace Corps' assigned account with that amount, and the Volunteer was required to withdraw the balance from his/her project bank account and deposit the money in the Ecuador Department of Agriculture's PL-480 account. When the total funding Peace Corps was assigned for a specific period was expended or at the end of the grant fund fiscal year, whichever came first, the Peace Corps' PL-480 Coordinator submitted an annual report to the PL-480 Office.

Some of the Volunteers we interviewed had received PL-480 funding. We reviewed and analyzed all 2005 PL-480 grant files. The post's PL-480 activities consisted mainly of working with communities to develop business opportunities; some examples were shampoo preparation and sales, a hair salon project, chicken and pig projects, preparation and preservation of artisan traditions, and community banking as well as many other small business projects. Other projects centered on building the self-esteem of girls and women, farm planning, and conservation projects. One grant was for an IST for Volunteers and community members.

The country director stated that a total of $200,000 might be assigned for Peace Corps Volunteer projects for the 2006-7 period.

<u>The post was not using a Small Project Assistance (SPA) or PL-480 committee to review grant applications.</u>

The Volunteers submitted applications to their own APCD, for use of the PL-480 funds. Only the APCD/Agriculture, who was designated as the PL-480 Coordinator, substantively reviewed the applications for PL-480 grant funds and made recommendations to the country director. The responsibility to review Volunteers' applications for project funds had previously been conducted by a grant committee, but the country director disbanded the committee. There were also no written criteria against which applications were reviewed. The country director approved, signed, and forwarded applications to the Ministry of Agriculture.

The current SPA handbook[3] states that, "Program guidelines require each post to establish a SPA Committee, to review and recommend projects for approval." A description of the participants of review committees is also included in the SPA handbook. A grant review committee would promote transparency in decision-making.

<u>Volunteers were not trained in grant accountability.</u>

Most Volunteers interviewed stated that they did not have training in how to account for their SPA and PL-480 funds. In 2004, SPA grants totaled $17,420.00, and in 2005 they totaled $12,328.00. PL-480 grants for 2005 totaled $134,800.03.

Our review of the SPA files maintained by the post reflected poor grant accountability. Receipts were placed loosely in the files and most had limited descriptions; also, not all the grant files included a detailed expenditure log.

A review of the PL-480 grants for 2005 showed 34 grants issued to Volunteers totaling $134,800.03. The post did submit reports to the PL-480 office in Ecuador's Ministry of Agriculture on the amount spent by project name, number, and Volunteer who completed the project. Our review found $118,210.18 of the funding accounted for by receipts, but there was no documentation to account for the remaining $16,589.85 of the funds awarded.

Volunteers advised us that they did receive a copy of the SPA handbook, and they were told to read the handbook and use the SPA reporting method for both SPA and PL-480 grants. Overseas Financial Management Handbook (OFMH) section 38.4.5 describes with more detail than the SPA handbook how Volunteers should handle and report their grant fund expenditures, but Volunteers do not use the OFMH. Grants need to be audited to assure that all the funds are accounted for and are spent for approved purposes.

<u>PC/Ecuador had some measure of accountability for the PL-480 funds.</u>

The agreement signed with the Ecuador Ministry of Agriculture does not address Peace Corps' liability for funds that are not accounted for or that are determined to have been

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[3] Pages 30 and 31 of the SPA Handbook.

misused or lost. However, the Peace Corps reviewed the Volunteers' final project reports and the receipts Volunteers submitted before transferring this documentation to the Ministry of Agriculture. In so doing, the country director was effectively certifying that the funds were expended for the purposes awarded and had been accounted for.

The Peace Corps had complete control over what was funded; it was responsible for the program and the funds. The fact that the funds were not transferred to a Peace Corps bank account should not necessarily absolve the Peace Corps and the country director of some measure of accountability.

<u>PC/Ecuador made no accounting to PC/Washington[4] for the PL-480 grant program</u>.

The post had not notified the regional office, the Office of Private Sector Initiatives (OPSI), or the Office of the Chief Financial Officer (OCFO) in headquarters of the agreement with the Ecuador Ministry of Agriculture, and PL-480 funds were not included in the post's Integrated Planning and Budget Strategy (IPBS) report. The country director's justification for not reporting this activity was that the funds did not literally pass through the Peace Corps. He described the funding as "completely 'off the books.'" The post's administrative officer and his staff were not involved in any of the accounting for these funds.

The majority of the grants were for community projects, but some grants were used to fund ISTs. PL-480 grant funds used for ISTs become a host country contribution that needs to be reflected in the post's IPBS.

Peace Corps Manual (PCM) section 722.4.0 states:

> In order to qualify as a host-government or local contribution, the contribution must defray an expense which the Peace Corps otherwise would have to pay from appropriated funds, or which advances purposes authorized by the Peace Corps Act. These contributions may be received from the host country government or from local non-government sources such as churches, schools, public organizations, commercial concerns, or private individuals.

Another area of concern is the $5,000 limitation on funds country directors are authorized to accept under PCM section 721.5.3(e). The country director's position is that this limitation is not applicable to the PL-480 funds, because the funds do not pass through the Peace Corps. However, the country director personally approves and signs off on every award, establishing at least the appearance of control. If the country director has control over the money, he retains some measure of accountability for the funds, as if they were in the Peace Corps' bank accounts or the country director's safe. At the very least, the intent of PCM section 721.5.3(e) may apply, and the liability and responsibility of the agency and of the country director needs to be clarified.

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[4] This included the region, the Office of the Chief Financial Officer, and the Office of Private Sector Initiatives.

We recommend:

1. **That the Office of General Counsel review the PL-480 agreement and PC/Ecuador's role in the award of PL-480 funds for Volunteer projects for violations of the intent of PCM section 721.5.3(e) and the liability of the Peace Corps for the funds.**

2. **That the post develop, in consultation with the Center and OPSI, a handout for Volunteers describing the approval guidelines and criteria for PL-480 grants, the award process, and the reporting and accounting requirements.**

3. **That the post train Volunteers in accounting for SPA and PL-480 funds in pre-service training and in-service training.**

4. **That the country director re-establish a grant committee to review all grant applications.**

5. **That the post staff responsible for reviewing completed SPA and PL-480 projects verify that all grant funds are accounted for with receipts or signed documentation, when receipts are unavailable.**

6. **That the post issue bills of collection to Volunteers when funds are not fully accounted for.**

7. **That the post review the grants for 2004-05 that have been closed and attempt to account for the $16,589.85 for which there are no receipts.**

8. **That the Office of General Counsel and the OCFO review for compliance with appropriation law and agency policy how the post uses PL-480 funds for IST.**

9. **That the post report PL-480 grant funds used for ISTs or any other purpose that offsets appropriated funds as host country contributions.**

Accounting for Obligations and Liquidations

The post had outstanding travel advances.

As of May 12, 2006, PC/Ecuador had six outstanding travel advance balances totaling $446. These advances date back to 2003, when Peace Corps converted to the ForPost system. The post's documentation showed that they had advised a project manager in the Office of the Chief Financial Officer on November 25, 2003, of problems stemming from the conversion and asked for assistance in clearing the advances, which the post advised were actually errors. We found some changes to some balances, but the majority of the problems had not been corrected.

On September 1, 2005, regional senior management sent the post an email reprimanding the post for not providing information on the status of collections on these outstanding travel advances. The post's records indicate that staff submitted their travel vouchers promptly and that collections were made on all travel advances in a reasonable period.

Internal control standards established by the Government Accountability Office (GAO) require that timely action be taken on exceptions, implementation problems, or information that requires follow-up.

> **We recommend:**
>
> **10. That the Office of Financial Policy and Cash Management work with the post to clear the 2003 outstanding travel advance balances.**

Billings and Collections

The post did not maintain a standard billing log.

The billing officer maintained a billing log that is printed out from the ForPost system. However, this log does not reflect payments made on bills of collection. Without this information, the log is incomplete.

PCM section 777.5.0 requires that a Control of Billings and Settlement Transactions be maintained using Peace Corps Form No. PC-1565 (Attachment E). A control log maintained by the billing officer should be used to monitor outstanding bills of collection and to coordinate with the collection officer to assure that the billing officer has been notified of all collections made.

Bills of collection were not completed on a monthly basis.

The authorized personal mileage for the new programming and training officer (PTO) had accumulated for three months before being billed. Vehicle logs were maintained, and monthly personal mileage was reported to the billing officer, but the billing officer chose to do one billing for the three months of personal travel.

PCM section 777.9 requires prompt billing for debts and recommends that billings be completed by the end of each month that a debt is incurred. In addition to complying with the PCM requirements, monthly billings help avoid a large bill of collection that might be more difficult for the staff member to pay and for the post to collect. The PTO did pay his bill promptly when he received it.

We recommend:

11. That the post set up and maintain a Bill of Collection Log.

12. That the billing officer complete bills of collection every 30 days.

International Cooperative Administrative Support Services (ICASS)

<u>The post could not locate a signed, negotiated ICASS agreement with the embassy.</u>

The administrative officer had reviewed ICASS files that were maintained in his office by the prior administrative officer and could not locate any signed ICASS agreement that the post had with the U.S. embassy. The administrative officer and the country director were questioning several of the charges on the current billing by the embassy.

PCM section 708.3 requires the country director to be responsible for obtaining a signed ICASS agreement with the embassy if the post will be provided ICASS by the embassy.[5]

<u>The post did not obtain approval from the OCFO for additional services under ICASS</u>.

The post had been charged for several additional services that were not standard to all Peace Corps posts. The embassy had recently reviewed what the Peace Corps office had been paying for services and stated that additional services needed to be included in the ICASS billing.

PCM section 708.4.2 requires that only those services be used that are standard for all Peace Corps posts. If additional services are required, a waiver must be requested from the Chief Financial Officer (CFO) for these services.

We recommend:

13. That the country director obtain a written agreement with the embassy for their ICASS.

14. That the post review the need for and provide the regional director and the CFO justification for the additional, non-standard services being provided by the embassy.

15. That the post obtain authorization from the CFO for ICASS items that are not standard for all Peace Corps posts.

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[5] The International Cooperative Administrative Support Services system replaced the Foreign Affairs Administrative Support referenced in the PCM. See 6 FAH-5 H-100.

Safekeeping of Volunteer Property

Volunteer property was being maintained for safekeeping without the country director's approval.

The current country director had not given written authorization to maintain Trainee or Volunteer property and had not appointed a staff member as the safekeeper. A staff person had been maintaining the Volunteer property for a number of years and had authorization from prior country directors. She did provide the Volunteers with receipts for their property and maintained a log of the property, but she was unaware of the Peace Corps $750 liability limit, and Volunteers had received no notice of this limit.

PCM section 235.3 - 4 states:

> Peace Corps employees and contractors may not take custody of V/T property without Country Director (CD) authorization and absent such authorization, may be personally liable for the loss of any property for which they have assumed custody.

> *Peace Corps Custody of V/T Cash* A country director may take custody of V/Ts' living allowances, other allowances, personal cash, credit cards, traveler's checks, or other cash equivalent if he/she determines that Peace Corps custody is justified due, for example, to the lack of secure banking facilities or a high rate of theft in the host country. If custody is justified, written policies and procedures must be in place at Post.

We recommend:

16. That the country director give written authorization to the safekeeper to hold Volunteer and Trainee property.

17. That the post give notice to Volunteers of the $750 liability limit for property.

Property: Furniture and Equipment

There was no separation of duties between the person maintaining the inventory records and conducting physical inventories.

The general services officer's (GSO) responsibilities included maintaining inventory records and conducting physical inventories. PCM section 511.5.6 states, "Individuals other than the Property Officer check database property reports against physical inventory of property to confirm the existence of property listed on the inventory record." Having one person responsible for the inventory controls of property and equipment and the annual physical inventory constitutes a conflict of interest and puts the person and Peace Corps property at risk.

Inventory records were incomplete.

The current inventory records were incomplete based on a check of the physical inventory on randomly-selected offices and one of the residences. The GSO had recently been hired (two months previous to our visit) and was updating the inventory records. She had not had time to correct conditions she inherited.

PCM section 511.5.2 requires each post to take an annual physical inventory and update their records so that all inventory is accurately recorded.

The post did not dispose of excess property.

The post stored an extensive inventory of unused expendable and non-expendable inventory in a separate building. The GSO and her staff had recently organized property and files that were in storage. The GSO stated that she had been authorized to dispose of property that was no longer in use and would do so when it was decided where to have an auction for the property. She also stated that the removal of unused property would be beneficial since the post was short of storage space.

PCM section 511.8.0 states:

> Worn out or excess property must be disposed of in a timely fashion. The practice of storing and accounting for property in excess of requirements is uneconomical and an unnecessary administrative burden. Accordingly, the Property Account Holder or designee shall inspect property on a routine basis. If property is not used or under-used, immediate action must be taken to dispose of such property either through transfer, sale or redistribution to other offices.

PCM section 511.8.7 gives guidance for disposal of obsolete property or property with no value.

We recommend:

18. That the post conduct a complete physical inventory and update its inventory records to agree with the physical inventory.

19. That the post dispose of obsolete property following PCM guidance.

Medical Supplies

The country director did not oversee the monthly inventory of controlled medical substances.

The Peace Corps Medical Officers (PCMOs) conducted a monthly controlled substance

10

inventory without the country director in attendance. PCM section 734.2.1.6 states, "A general inventory of supplies must be taken at least every month by the Country Director or designee. The PCMO/PCMC must inventory controlled medical substances monthly." The PCMOs had received an email from the Office of Medical Services (OMS) stating that it was not necessary to have another person other than the two PCMOs conduct the inventory.

Since both PCMOs purchase, receive, and disburse the controlled medical substances, it is important that there is a separation between those duties and the monthly inventory of the controlled substances. This can be accomplished by having the country director or his designee witness the inventory.

GAO-01-1008G section 7, Segregation of Duties, states that, "Key duties and responsibilities are divided or segregated among different people to reduce the risk of error, waste, or fraud." By following these guidelines, Peace Corps property is protected, as well as staff, by having a third party confirm that property under their control has been accounted for.

We recommend:

20. That the PCMO and the country director, or the country director's designee, conduct a monthly inventory of controlled medical substances.

21. That OMS review its guidance to posts on the inventory of controlled medical substances and correct advisories that contradict the PCM.

Vehicle Management

The post had two vehicles in excess of their vehicle ceiling limit.

The post's authorized vehicle ceiling limit was fourteen; the post vehicle fleet had sixteen vehicles. One vehicle in the fleet had been totaled and was waiting to be sold. Administrative services had authorized the disposal of two other vehicles. The post plans to auction three vehicles and purchase one replacement. The post had been waiting to auction the vehicles until the ICASS agreement was settled.

Vehicle maintenance documents were inconsistently filed.

The post maintained files for each vehicle, but the contents of the individual files did not contain the same documentation. Some files had copies of vouchers for maintenance work and others did not. Older files had a maintenance record for each vehicle, but the new files did not have a maintenance record. Annual vehicle inspection documentation was maintained in a separate binder for some but not all vehicles. The basic concept of the filing system was good; however, it needs to be updated and be consistent and

maintained properly. Prior staff had maintained these files. The new GSO was waiting to receive directions on how to update the files.

> **We recommend:**
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> **22. That the post comply with their vehicle ceiling limit.**
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> **23. That the GSO update and maintain consistent vehicle maintenance files.**

Contracts

<u>A lease file did not have a signed certificate of acceptance</u>.

The lease for the PTO residence did not have a signed Certificate of Acceptance. The lease had been signed by both parties. All other lease requirements were met.

<u>The contract requirements for personal services contractors (PSCs) were not completed or filed</u>.

Essential contract requirements were not found in the post's PSC files.

- Not all individual PSC files had copies of security clearances.
- Copies of evaluations were not in the active permanent PSC files. Interviews with staff confirmed that annual evaluations were conducted.
- Contract releases were not signed at the end of each contracting period.
- The files did not contain the Office of Medical Services approval for PCMOs hired in country.

The PSC files had been recently updated by a new staff person. They were in good order with the exception of the above mentioned items.

We recommend:

24. That the post obtain signatures on the Certificate of Acceptance on the lease for the residence of the PTO.

25. That the post file security clearances for all PSCs in their individual files.

26. That the post include written annual evaluations in staff personnel files.

27. That the post obtain contractor signatures on the contractor release form at the end of each contract period.

28. That the post place a copy of the Office of Medical Services approval for the PCMOs hired in country in their PSC files.

Credit Card Management

A purchase card holder did not maintain a purchase card log.

The executive secretary did not maintain a log for her purchase card. The cashier maintained a log for her purchase card but it did not include the signature of the approving official or the signature of the cardholder.

Recently, the Office of Acquisitions and Contract Management (OACM) issued a new purchase card log that did not include a column for the signature of the approving official and the date signed.

OFMH section 34.4 states, "Prior to placing the order, the cardholder must make the following entries in the Purchase Card Log: Order Date, Obligation Number and Line Number, Description/Vendor, Dollar Amount, Signature of Approving Official." It is important that this information be maintained in a purchase card log so that it can be verified that the approving official did make an approval prior to a purchase.

We recommend:

29. That the executive secretary maintain a purchase card log based on OFMH section 34.4.

30. That the Office of Acquisitions and Contract Management redesign its new purchase card log to include the date and the signature of the approving official.

IT Security

<u>The IT specialist does not have a record of the annual training given to staff</u>.

The IT specialist stated that he gave employees their annual security training, but did not use a sign-in sheet to confirm the employees had taken it. The agency security policy require all staff to receive IT security training annually. The training is mandated by 5 Code of Federal Regulations (CFR) Part 930 and headquarters IT policy. Without a sign-in sheet, the post does not have a record that staff have taken the training.

We recommend:

31. That the IT specialist maintain a sign-in sheet and obtain staff signatures for all IT training sessions.

Personnel

<u>Staff time cards did not reflect actual time worked</u>.

Staff completed their time cards for actual hours worked up to 40 hours, but did not record hours in excess of 40. The staff would certify that their time cards were accurate without showing any additional hours worked. Senior staff stated that they had been advised by the Office of Human Resource Management not to have their staff record any hours in excess of 40. Staff were allowed by the post to earn up to 24 hours in credit hours, but this was done informally. Without accurate time cards, there is no supporting documentation for the credit hours.

PCM section 742.5.3 states:

> All employees are responsible for the following activities: 1) Signing in and out daily on their Flex Attendance Form (FAF) except for absences of full days and authorized lunch period. 2) Recording appropriate entries daily on their Individual Time Certification Sheet and certifying it for submission to their supervisors and timekeepers at the end of each pay period.

We recommend:

32. That staff record actual hours worked on their time cards.

PROGRAM EVALUATION BACKGROUND

Ecuador's democratically elected government is focused on poverty alleviation, economic reform, and anticorruption. The government faces an array of challenges, including the need for serious fiscal and government reforms and the impact of Columbia's civil war on its northern border. The Ecuadorian economy is based on petroleum production and exports of bananas, shrimp, cut flowers, and agricultural products. A severe economic and financial crisis in 1999 and the resulting dollarization of Ecuador's economy exacerbated chronic problems of underdevelopment. Large sectors of the population suffer from nutritional deficiencies and a high infant mortality rate. An estimated 88% of the rural population lives at or below the poverty level. There is a growing need to address mass emigration from Ecuador to the United States, Spain, and Germany which is having substantial negative effects on the family structure in many communities in Ecuador.

In response to the economic crisis facing the majority of Ecuadorians and the government of Ecuador's request, the Peace Corps has redoubled its efforts in the four project areas of sustainable agriculture, rural health, youth and families, and habitat conservation and has integrated income generation and business-development activities into all projects.

The demographic profile of Volunteers in Ecuador differs slightly from the global demographic profile (see Table 1). There are more men, as a ratio of men to women, in Ecuador than the global average. There are more Volunteers in their 20s serving in Ecuador than the global average.

Table 1: Volunteer Demographics

Project	ECUADOR Volunteers Number and Percent (%)	GLOBAL Volunteers Number and Percent (%)
Rural Health	27 (18%)	1570 (20%)
Youth and Families	27 (18%)	No Category Equates
Agriculture	53 (36%)	467 (6%)
Habitat Conservation	38 (26%)	1126 (14%)
Non-Project (PCVC or CCV)	4 (3%)	No Category Equates
Gender	**ECUADOR Volunteers**	**GLOBAL Volunteers**
Male	70 (47%)	3275 (42%)
Female	79 (53%)	4535 (58%)
Age	**ECUADOR Volunteers**	**GLOBAL Volunteers**
20-29	135 (91%)	6473 (83%)
30-39	11 (7%)	734 (9%)
40 and over	3 (2%)	603 (7%)

*Source: Office of Planning, Policy, and Analysis, as of May 2, 2006.
*Due to rounding, totals may not equal 100%.

PROGRAM EVALUATION PRINCIPAL FINDINGS

Staffing

The country director had been in-country 21 months at the time of our visit. During that time, he reorganized the staff, replacing 15 full-time personnel. While the administrative staff indicated improved effectiveness and efficiency, the program staff had not fully adjusted their roles, responsibilities, and procedures to address the changes.

Many responsibilities previously performed by the safety and security coordinator had been assigned to the program staff. We also found the new safety and security coordinator to have inadequate English language skills to perform the duties of the position.

Programming

Volunteers in the rural health and sustainable agriculture projects indicated they are placed in insufficiently prepared sites and are unclear about their assignments. The post had not developed a program plan in which to incorporate the country director's emphasis on the use of PL-480 funds for Volunteer income-generating projects. In some cases Volunteers told us their projects and assignments were not compatible with the income-generating purpose of the funding. Currently, much of the PL-480 grant training and conceptual guidance are provided by Peace Corps Volunteer Coordinators (PCVCs).[6] Despite concerns about their assignments, Volunteers are not unhappy. They enjoy the attractions of Ecuador, and some appreciate the freedom to structure their experience according to their interests.

Safety and Security

The country director's priority on Volunteer safety and security is clear to staff and Volunteers. This appears to have positively impacted Volunteers; Volunteers feel safe, informed about security issues, and well-supported by the post.

However, violations of confidence have made some Volunteers distrust the country director and staff to maintain confidentiality. To stress "lessons learned," the country director used examples of Volunteer incidents with revealing details in email communications to Volunteers. In addition, the post's duty officer roster rotates eleven staff, including some whose position descriptions do not require them to know personal information about Volunteers, such as the IT specialist and the cashier. This may further contribute to the Volunteers' concerns about confidentiality. These conditions may dissuade Volunteers from reporting incidents.

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[6] PC/Ecuador Peace Corps Volunteer Coordinators (PCVC) are the equivalent of Volunteer Leaders in other posts.

Training

The biodiversity and cultural diversity of Ecuador posed unique training challenges. Volunteers were, however, satisfied with the training they received. Eighty-three percent of Volunteers in Ecuador felt PST prepared them to perform the technical aspects of their job, although Volunteers in the rural health project were less satisfied with their PST and their IST technical training than Volunteers in the other three projects.

The majority of the Volunteers felt PST prepared them to use the local language to perform Peace Corps work. However, during interviews, Volunteers reported language learning opportunities were not sufficient for the advanced Spanish speakers and Trainees requiring an indigenous language.

Volunteer Support

PC/Ecuador's support indicators have improved according to comparisons between the worldwide survey results from 2004 and the OIG questionnaire results from 2006. The country director required his staff to respond to all Volunteer requests within 24 hours. The staff is meeting this requirement, and Volunteers feel very well supported by post.

PROGRAM EVALUATION SCOPE AND METHODOLOGY

In preparation for this visit, the team distributed the OIG Volunteer Questionnaire to all 132 Peace Corps Volunteers who were in Ecuador at that time. One hundred and twenty-eight (97%) questionnaires were completed and returned to us.[7] In addition to the questionnaire, we interviewed 63 Volunteers (48% of the Volunteers in country at the time) at their sites.

Our objective in the evaluation of overseas projects was to assess the extent to which Volunteers are productively engaged in satisfying work that meets the needs of the host country, are able to have an in-depth experience of another culture, and are healthy and safe in their communities. To make this assessment, we reviewed all aspects of the country project: internal organizational concerns, programming, safety and security, volunteer support, and training. Our recommendations are based on information gathered from interviews with Volunteers, staff and project partners, document analysis, OIG Volunteer questionnaires, direct observation, and data derived from compliance checklists.

We reviewed project documents at headquarters, including the post's IPBS submission; project plans and status reports; Volunteer assignment descriptions; the Office of Planning, Policy, and Analysis (PPA) Annual Surveys of Peace Corps Volunteers; Safety of the Volunteer Reports; and general reference materials. We met with the regional director, the chief administrative officer, the country desk officers and consulted with other headquarters staff. In advance of our visit, we distributed an OIG Volunteer

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[7] This response rate yields a margin of error ± 1.51% at a 95% confidence level.

Questionnaire to all Volunteers in country. The questionnaire addressed internal organizational concerns, programming, safety and security, Volunteer support, training, and their overall experience. The tabulation and analysis of the answers provide a quantitative supplement to qualitative interviews and observations.

While at the post, we interviewed key staff: the country director, the administrative officer, and staff responsible for programming, training, safety and security, Crisis Corps Volunteers, and Volunteer support, including medical staff. We also met with the U.S. ambassador, the U.S. embassy security officer, Volunteers' counterparts and supervisors, and host country government representatives.

At the end of our review, we briefed the country director and the program, training, and Volunteer support staff. At headquarters, we conducted a general briefing for the regional staff. We also briefed the Office of Safety and Security, and the American Diversity Program Office on findings pertaining to their areas of responsibility.

Our assessment criteria are derived from the following sources: the Peace Corps Manual, the Country Director Handbook, the Overseas Financial Management Handbook, guidance from the Center for Field Assistance and Applied Research, the 2004 Annual Survey of Peace Corps Volunteers and Early Termination (FY 2001-2005) and Extension Rate (FY 2005) statistics from the Office of Planning, Policy and Analysis (PPA), PCM section 270 documents, and the 2005 Annual Safety of the Volunteer from the Office of Safety and Security. We also reviewed compliance against other federal regulations and against agency policies and initiatives. The program evaluation was not conducted using generally accepted government auditing standards.

PROGRAM EVALUATION FINDINGS AND RECOMMENDATIONS

Staffing

The program staff are not adjusting to new roles and responsibilities created by staffing changes.

The country director arrived at PC/Ecuador in the fall of 2004. Previously, he served as country director, had 21 years of experience as a director and manager for U.S. Agency for International Development and served as a Peace Corps Volunteer. In the past 21 months at post, the country director implemented a number of staffing changes, established Volunteer safety and security as a clear staff priority, and identified important funding resources for enhancing Volunteer programs. Specific changes implemented by the country director included:

- Replacing an experienced PTO (due to routine U.S. direct hire term limitations).
- Replacing a retired senior program staff member.
- Eliminating three program assistant positions that provided clerical support to the APCDs.

- Creating three program specialists positions focusing on technical field support of Volunteers.
- Replacing and realigning the duties of the safety and security coordinator.
- Adding duties to the work of the APCDs.
- Modifying program goals and objectives in all four projects to accommodate the new PL-480 funding. [8]
- Changing the application and approval process for Volunteer project grants—both SPA and PL-480.
- Increasing the number of Trainees arriving for the subsequent PST.

At the time of our visit, we observed:

- Confusion about Volunteer program priorities.
- Ambiguity in staff roles and responsibilities.
- Inconsistencies in management of the grant process.

Management and staff had not clarified how responsibilities were to be re-allocated to adjust to lost positions and new positions. For example, we saw that the three program specialists supported multiple APCDs; but, the APCDs did not coordinate with each other to manage the program specialists' workload. Management had not determined the best way to delineate responsibilities among the APCDs and the program specialists. Tasks that might have been performed by the former program assistants or the former safety and security coordinator, such as updating of the Volunteer Information Database Application (VIDA), were now the responsibility of the APCDs, which, the APCDs reported, took time and effort away from their programming and Volunteer support tasks.

The country director's policy that all Volunteer requests were to be addressed within 24 hours was another example of confusion about program staff roles and responsibilities. Programming staff reported that the 24-hour response rule increased their workload substantially. While the Volunteers agreed they were well-supported by the staff, the APCDs reported they had lost their ability to prioritize tasks and manage their time. Simultaneously, the Trainee input for the coming PST increased and commensurately augmented the workloads of the APCDs and program specialists.

Another source of confusion resulted from the change in how Volunteer grant applications were handled. The grant review committee, which might have served as a forum for information exchange about creative and productive use of the grants, was dissolved. The approval, monitoring, and tracking of grants were placed with the APCD/Sustainable Agriculture. Thereafter, the staff was less informed and less capable of providing guidance to the Volunteers. During our visit, the process was being changed; however, it appeared that the Volunteer Coordinators, not the country director or the APCDs, were providing major programming direction to the Volunteers about the activities, the application process, and the monitoring of the PL-480 grants.

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[8] See the audit section of this report for further information on the use of PL-480 grant funds.

<u>Other staff members carried out many of the safety and security coordinator duties.</u>

Although safety and security is a high priority for PC/Ecuador, many of the safety and security coordinator's duties have been reassigned to other staff. According to both the post and the Office of Safety and Security, the safety and security coordinator's duties and responsibilities center on monitoring and maintaining documentation on the post's compliance with PCM section 270, providing safety and security support to post staff, and communicating safety and security information between post and the Volunteers, local authorities, the embassy, and Peace Corps headquarters personnel.[9]

The safety and security coordinator is not meeting the duties and responsibilities of her position description primarily because of her inability to communicate in English. The post's safety and security coordinator position description is identical to the Office of Safety and Security's recommended position description except that it has omitted the last sentence: "The incumbent must have sufficient English and local language skills to carry out the duties of the position." In a later section, the post's safety and security coordinator position description states: "Level IV English ability is required."[10] However, we observed:

- The safety and security coordinator required an interpreter during her three OIG interviews.
- The safety and security coordinator required an interpreter during the two post staff meetings we attended.
- During a recent telephone call from headquarters, the safety and security coordinator was unable to understand the questions being asked and required an interpreter.
- Crime incident narratives submitted by the safety and security coordinator to headquarters were sometimes unintelligible and required telephone calls to post to verify the incident details.

Insufficient command of English has hindered the safety and security coordinator's ability to make safety and security recommendations to Volunteers and staff. As a result, the staff and Volunteers do not seek her advice or support, and she may be uninformed of staff and Volunteer issues and unable to properly assess risks to Volunteers. The country director recognizes that the safety and security coordinator needs to improve her English and has supported and encouraged her to learn. However, after one year in the safety and security coordinator position, she continues to require an English translator for professional communications.

We found that the country director delegated to the APCDs or to the executive assistant many of the usual responsibilities listed under the safety and security coordinator position

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[9] See Appendix A: Safety and security coordinator position description provided by PC/Ecuador.

[10] According to the Peace Corps Language Training Reference Manual, Level IV appears to correspond to a Superior rating on the ACTFL scale and a Distinguished Proficiency 4-4+ (one level below 5 - native speaker) on the FSI/LR Scale.

description.[11] One staff member we talked to felt the executive assistant was performing all the traditional safety and security coordinator duties. According to PCM section 270, restructuring of position duties is within the country director's discretion and would not raise concern except that this reassignment of the safety and security coordinator's roles and responsibilities to the APCDs and the executive assistant has caused an imbalance in their workload.

Consequently, the APCDs and the executive assistant may not be able to perform all their duties and responsibilities adequately. This appears to be happening already. During our Volunteer visits, we found that site and housing safety and security were not being checked, monitored, and verified on a regular basis. We identified several post housing criteria[12] infractions. Some of the infractions included deadbolts missing from doors, Volunteer housing without multiple exits, inaccurate site locator forms, and an outdoor bathroom with a door that did not shut and was missing a lock. We verified that the site with a defective bathroom door had a completed housing criteria checklist, which was approved by the safety and security coordinator. Given that the house did not meet the post's own housing security standards, it is unclear why the housing checklist was approved.

Volunteers reported that staff did not maintain Volunteer confidentiality.

Complaints about gossip and Volunteer confidentiality are a common concern at posts, but at PC/Ecuador, our interviews with Volunteers indicated they believed breaches in confidentiality were frequent and pervasive. There may be two explanations for the Volunteers' concern. One reason is the approach to safety and security taken by the country director, and the second reason is the duty officer system we found in PC/Ecuador.

The Volunteers reported that actions of the country director are one major cause for their belief that staff are breaching confidentiality. In an interview, one Volunteer told us: "During PST safety and security training, the country director talked about specific incidents of sexual assaults and gave his judgments about what the Volunteer did wrong. I don't feel comfortable that every PCV [Peace Corps Volunteer] in Ecuador would know what happened to me. I don't need to be an example to a new training group and I don't need to be the subject of an email going out to all Volunteers." The Volunteers also reported that the country director's emails describing safety and security incidents and "lessons learned" risked Volunteer confidentiality. Volunteers reported that some of the emails regarding administrative separations and crimes gave so many details that the identity of the Volunteer was obvious, even though the actual name of the Volunteer was omitted from the email.

The post's duty officer system inadvertently may contribute to breaches of Volunteers' confidentiality. PC/Ecuador has not designated a point person whose main responsibility is interviewing and counseling Volunteers who were victims of a crime; instead,

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[11] Executive assistant employee position description provided by PC/Ecuador.
[12] See Appendix B: PC/Ecuador Housing Approval Checklist provided by the post during our OIG visit.

Volunteers are told they can contact the duty officer or any staff member to report a crime. PC/Ecuador's rotating duty officer system may explain the Volunteers' perception that staff openly discuss events involving Volunteers. Currently 11 staff members rotate as duty officer, and typically serve for one week. A duty roster provided by the post is shown in Table 2.

Table 2: PC/Ecuador Duty Officer Roster

Date	Position
20-Feb-06	APCD 1
27-Feb-06	Admin Assistant / Fiscal
06-Mar-06	APCD 2
13-Mar-06	APCD 3
20-Mar-06	APCD 4
27-Mar-06	Human Resources Specialist
03-Apr-06	IT Specialist
10-Apr-06	Administrative Officer
17-Apr-06	Program Specialist 1
24-Apr-06	Program Specialist 2
01-May-06	Cashier

Source: Documentation provided at post by safety and security coordinator and executive assistant, May 31, 2006.

PCM section 270, PCM section 897[13] and the Post Management Handbook[14] require that staff take measures to maintain Volunteer confidentiality. As a part of their responsibilities, each duty officer briefs the successive duty officer. However, some of the 11 staff serving as duty officer would not normally have access to personal information in the course of their duties. Their use as duty officers extends confidentiality well beyond the country director, the PCMO, and the safety and security coordinator. This system not only poses risks for violations of Volunteer confidentiality, but may contribute to lack of trust or confidence by the Volunteers.

The danger is that Volunteers will cease to report incidents to the post. As a result, post would be uninformed of important Volunteer concerns and issues, including crimes against Volunteers. Complete information on safety and security incidents is essential for the post to successfully implement the country director's top priority of safety and security.

<u>The post is newly requiring Peace Corps Volunteer Coordinators (PCVCs) to have their own projects</u>.

PCVCs in PC/Ecuador reported that prior to May 2006, PCVCs did not have their own Volunteer projects. The PC/ Ecuador PCVC position description was broad, too many

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[13] The PCM section 897 – Privacy Act Administration: 5.2 Maintenance of Privacy act Records.
[14] The Post Management Handbook – 4.7 Volunteer Communication with Staff.

hours were dedicated to Volunteer support,[15] and it did not designate that the PCVC was required to have his or her own Volunteer project.[16]

On May 31, 2006, Peace Corps revised PCM section 202 requiring Volunteer Leaders (PCVLs and PCVCs) to have their own projects. While the OIG team was at the post, the country director and the programming team acted quickly to comply with the manual revision. Several PCVCs reported that their APCD was helping them set up interviews to meet counterparts and begin work on their own Peace Corps projects.

We recommend:

33. That the country director clarify the roles and responsibilities of the program staff and balance the workload among staff.

34. That the country director hire a fully qualified safety and security coordinator and require the incumbent to perform all the duties in the position description.

35. That the country director reduce the duty officer roster to staff with a "need-to-know," based on the Privacy Act standard.

36. That the country director review and re-issue the duty officer description of duties, the Duty Officer handbook, and the Duty Officer training manual to include unequivocal language about the responsibility for confidentiality.

Programming

The PC/Ecuador programming team manages four projects: rural health, sustainable agriculture, youth and families, and habitat conservation. Below is a brief description of each project.

1. <u>Rural Health and HIV/AIDS</u>: Malnutrition affects 60% of Ecuadorian children under five. To respond to this critical problem, Volunteers provide training in nutrition and family gardening. They also provide HIV/AIDS education in their communities.

2. <u>Youth and Families</u>: Volunteers work with youth and families in marginalized neighborhoods to address secondary school dropout rates, illiteracy, drug abuse, gangs, and unemployment. They create and strengthen youth organizations and provide youth with employment and leadership training.

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[15] PCVC position description provided by the post.

[16] The PC/Ecuador PCVC position description outlined the basic function of the PCVC as follows: "PCVCs are an important component of Peace Corps/Ecuador's support system for Volunteers. PCVCs are generally third year Volunteers who provide support to the work of Volunteers in the planning and implementation of Peace Corps Programming and Training. They serve as a bridge between Volunteers and Peace Corps staff."

3. Sustainable Agriculture: Volunteers train farmers to adopt environmentally sound land-use practices. They also train farm families in small-animal husbandry practices (pigs, chicken, fish, sheep, goats, guinea pigs, and rabbits) to meet their nutritional and economic needs. To address the eroding incomes of rural families, Volunteers help farmers and cooperatives improve their business and marketing skills.

4. Habitat Conservation: To address the high rate of environmental degradation in Ecuador, Volunteers work in three areas: sustainable community management of trees and natural areas, environmental education, and income generation activities that address economic needs and promote the sustainable use of natural resources.

The income generation goals, included as a result of the PL-480 grant, were not integrated into the activities of the post's programs.

The country director had negotiated and signed an agreement with the Ecuador Ministry of Agriculture, under which some of its PL-480 funds were designated for Volunteer projects ($250,000 for the period 2004-5).[17] The Ecuadorian Ministry of Agriculture indicated that an additional $200,000 will be allotted for 2006-2007. One of the conditions for using the PL-480 funds was that funding had to be used for "income generation" projects. But not all the projects in which the Volunteers worked were inherently income generation projects. In order to facilitate the use of the money, all project plans, including the rural health and youth and families project plans, were modified to include a new or stronger "income generation" goal. A strong business development curriculum was added to the pre-service training schedule.

Consequently, some Volunteers told us they felt pressured to develop income-generating projects; the projects did not always have a program context, and the financial resource was not always being leveraged programmatically in partnership with local sponsoring agencies. Volunteers expressed concern about being seen by their communities as sources of large amounts of money and about the impact on their communities from PL-480 money being made available. Some Volunteers felt uncomfortable with this responsibility and stated that their training and on-going oversight did not address the complex long-term impact on a community particularly when a project failed or when community members exploited the opportunities.

Volunteers did not understand the role of project plans in their assignments.

Reviewing the four project plans, we found that they had overlapping goals, objectives, and Volunteer projects. This lack of focus in each project had several causes:

- PC/Ecuador merged the former small animal production project with the habitat conservation and sustainable agriculture projects during the most recent PST,

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[17] See audit section of this report for specifics on the PL-480 project funding.

abruptly changing the focus of training for the Trainees. This change was not fully integrated into the new projects' operations.

- Other projects were in flux as staff reviewed project plans. The APCD/Youth and Families noted in the FY2005 Project Status Review: "Program goals and objectives need to be revised as some objectives are repetitive and confusing for PCVs to document their work."

- Some project plans appeared unrelated to the Volunteers' assignments. Our interviews revealed that few Volunteers consider the project plans to be relevant to PC/Ecuador or their own goals, objectives, and tasks. In this context, their completion of quarterly reports seemed a particularly "empty exercise" to them.

<u>Site selection and preparation procedures were not uniform and were inadequate in some projects</u>.

Volunteers' responses in the OIG questionnaire indicated less satisfaction with site selection for the rural health project as compared to Volunteers' satisfaction in the other three projects. When asked if their site was selected with adequate care, 27% of the Rural Health Volunteers responded "not at all" or "poorly." See Table 3.

Table 3. Volunteers' Assessment of Site Selection

My site was selected with adequate care, "not at all" or "poorly."	Percentage (%)
Habitat Conservation	12%
Sustainable Agriculture	6%
Youth and Families	4%
Health	27%

Source: OIG Volunteer Questionnaire, 2006.

Additionally, Volunteers and staff commented that there had been more site changes than they expected. Site changes may be one indicator of poor site selection and preparation. Some Volunteers told us they were placed in communities in which a single community member may have requested a Volunteer. In such a circumstance, it would hardly be surprising that the community was not commited to the Volunteer and the Peace Corps project.

Even if a site is well selected, the host agencies and the communities need to be prepared for the Volunteer's arrival and be ready to work with the Volunteer. About one-fourth (24%) of the Volunteers say they were not clear about the role of their host organizations, indicating that the host agencies may not be clear about the role of the Volunteer. The lack of clarity about host agency responsibilities was most evident with the rural health Volunteers; only 4% responded that the role of the host agency was "very clear" compared to almost 40% of the habitat conservation Volunteers who reported the role of the host agencies was "very clear."

Further, according to the OIG questionnaire results, 23% of the rural health Volunteers and 21% of the sustainable agriculture Volunteers indicated the people with whom they worked were "not at all" prepared for their arrival. By comparison, 14% of youth and families Volunteers and 13% of habitat conservation Volunteers felt the host country nationals were "not at all" prepared for their arrival. See Table 4.

Table 4. Volunteers' Assessment of Community Preparation

The people with whom I work were "not at all" prepared for my arrival.	Percentage (%)
Habitat Conservation	13%
Sustainable Agriculture	21%
Youth and Families	14%
Health	23%

Source: OIG Volunteer Questionnaire, 2006.

We learned that the majority of sustainable agriculture sites and a significant number of sites in the other projects are replacement sites. The APCD/Agriculture states in the FY 2005 Project Status Report that: "Replacing Volunteers in the same sites has been a very good strategy to achieve sustainable projects. This year we have replaced 85% of the Program Volunteers." However replacing 85% of the Volunteers in existing sites did not guarantee that the host agencies and communities were clear about the role of the Volunteer or their own responsibility when sponsoring Volunteers; one-third of the sustainable agriculture Volunteers reported the role of the host agency was "not at all clear."

Housing, another indicator of site preparation, was available immediately for 65% of the rural health Volunteers, compared to 80% or more of the Volunteers in the other projects (see Table 5).

Table 5. Volunteers' Assessment of Housing Availability

Adequate housing was available "immediately" upon arriving at site.	Percentage (%)
Habitat Conservation	85%
Sustainable Agriculture	80%
Youth and Families	86%
Health	65%

Source: OIG Volunteer Questionnaire, 2006.

Inadequate site selection and host agency preparedness delays Volunteers' integration and their ability to work. If site selection and host agency preparedness are not performed prior to Volunteers' arrival, they must take additional time to establish relationships and explain their role to community groups in order to find meaningful work on their own initiative.

Site histories are not used to enhance Volunteer productivity.

Volunteers commented that they learned by coincidence that Volunteers had served in their community previously and found little information available about the earlier Volunteers' activities or achievements. As a result, Volunteers believe they "re-invent the wheel." On the other hand, staff told us that previous Volunteers' Close of Service reports were available for review. Our interviews suggest that the value of site histories are superficially addressed in training but not meaningfully used. The high percentage of replacement sites presents an opportunity for Volunteers to develop continuity of projects and activities for the replacement Volunteer.

As data from the 2004 Volunteer survey and the OIG questionnaire indicate, PC/Ecuador Volunteers are not particularly occupied in their primary assignments. The combined effect of inadequate site selection, insufficient host country preparation in some projects, and ineffective use of site histories may contribute to Volunteers' overall lack of productivity. On average, more than half of the PC/Ecuador Volunteers self-reported working less than 20 hours a week on their primary project. The 2004 Volunteer survey shows that more than half of the Volunteers worked less than 20 hours a week on their primary assignments. Except for habitat conservation Volunteers, the proportion of Volunteers working fewer than 20 hours a week increased from 2004 to 2006. Our interviews also indicated that Volunteers in the youth and families and habitat conservation programs perceived working more hours compared to their colleagues in the other projects. Volunteers in rural locations such as the sustainable agriculture and rural health Volunteers, in particular, reported working fewer hours as shown in Table 6.

Table 6. Hours worked on Primary Assignment

Project	PC/Ecuador 2004* n=86 %	PC/Ecuador 2006** n=125 %
Health	63%	64%
Youth	41%	57%
Agriculture	61%	77%
Habitat Conservation	60%	59%

*Source: 2004 Volunteer Survey, Office of Policy, Planning, and Analysis.
**Source: OIG Volunteer Questionnaire, 2006.

Our interviews indicated that Volunteers were confused regarding which of their activities constituted their primary assignment. Volunteers told us that during the PST site assignment process, program staff presented a list of projects and activities requested by the agency; we learned that the activities were often only a suggested list of activities written down by the APCD. The Volunteers, however, appeared to believe that these projects encompassed the community's goals and reported often being confused when the community showed little interest in the initiatives. Other Volunteers told us they considered the "job" assigned to them by their recruiter or placement officer to be their primary assignment. Regardless of how they defined their primary assignment, from the 2004 Volunteer Survey, the OIG questionnaire, and interviews, we concluded that

PC/Ecuador Volunteers are not adequately engaged in assignments requested by and supported by host agencies and communities.

As indicated earlier in this report, the country director's highest priority was the safety and security of the Volunteers. Volunteers told us that they heard mixed messages from staff about the value of their work and, therefore, of how they met the first goal of the Peace Corps. A quote from one Volunteer sums up a common refrain in our interviews: "[The country director] has said ...'I don't care if you work a day. Your APCD does, but I don't.'" Another Volunteer commented: "He [the country director] doesn't care about the three goals. He stresses safety and security."

<u>PC/Ecuador Volunteers are satisfied with their Peace Corps experience</u>.

PC/Ecuador Volunteers are not unhappy. In the 2004 Volunteer survey, 80% of the PC/Ecuador Volunteers responded that they were "considerably" or "exceptionally" satisfied with their service, compared to 71% of the Volunteers worldwide. In the OIG questionnaire fielded during our visit, 68% of the Volunteers responded they found their service "very" rewarding or "exceptionally" rewarding, indicating a slight decline in the proportion of Volunteers reporting a high level of satisfaction. PC/Ecuador enjoys a high rate of Volunteer extensions. The early termination rate is approximately the same as the worldwide averages and slightly higher than Inter-America and Pacific (IAP) region averages. See Table 7.

Table 7. Annualized Volunteer Early Termination Rates

Year	PC/Ecuador (%)	IAP Region (%)	Worldwide (%)
2001	12.2	11.2	12.3
2002	9.2	11.5	11.7
2003	10.6	10.1	10.5
2004	12.0	10.8	11.3
2005	11.7	10.5	11.7

Source: Office of Policy, Planning, and Analysis, Peace Corps, 2005.

Volunteers enjoy the attractions of Ecuador and some appreciate the freedom to structure their experience according to their interests. A few highly motivated Volunteers we interviewed reported they were highly productive; youth and families Volunteers consistently reported they were well-utilized by their host agencies.

The programming weaknesses in this post are imminently fixable. The fact that the Volunteers enjoy being in Ecuador presents Peace Corps management with an opportunity to improve their programs, policies, and procedures in a receptive atmosphere. The political and security situation in Ecuador is stable and does not drain post's energy and resources to address safety and security issues. The staff has unusual access to resources that, if well-designed and managed, can further enrich the Volunteers' work and productivity.

We recommend:

37. That the post develop and implement standardized procedures for site selection and site preparation that ensure assignments with committed host agencies in prepared communities.

38. That the post systematically collect site histories and provide them to the Volunteers.

39. That the post establish review approval, oversight, and accounting processes for Volunteer grants that are transparent, clear, and effective in assuring accountability for funds and outcomes for projects.

40. That the post develop income generating project models as examples of what Volunteers are expected to do in each program sector.

41. That the post provide training for Volunteers in project design and management and in accounting for grant funds.

Safety and Security

<u>Volunteers reported feeling safe and secure and were satisfied with the training, communication, and support they receive regarding safety and security</u>.

Seventy-seven percent of Volunteers felt that safety communication was "good" to "excellent", which appears to be an increase from the 2004 worldwide survey, which reported that 43% of Volunteers in Ecuador stated they were "well-informed" on safety and security. There was a major decrease in the number of property crimes reported by Volunteers in 2005 compared with the previous year. The number of assaults reported in 2004 and 2005 remained relatively unchanged.[18]

The Volunteers' confidence in communications on safety and security was substantiated by the recent successful Emergency Action Plan (EAP) test. In reaction to a nationwide indigenous ethnic minority strike, the post initiated a country-wide EAP Phase 1 (Stand Fast) on March 15, 2006. The twelve designated Emergency Cluster Coordinators (ECCs) contacted 90% of Volunteers within eight hours and the remaining 10% within 48 hours.[19] ECCs received a quicker response rate from the Volunteers with cell phones. As a result, the country director implemented a policy to provide all Volunteers with cell phones upon swearing-in.

Table 8 lists safety and security statistics from the OIG questionnaire that further corroborate the Volunteers' satisfaction with the post's efforts in safety and security.

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[18] Office of Safety and Security Report on FY 2005 Ecuador Crime Statistics.
[19] Ecuador's EAP Report on the March 2006 Standfast.

Table 8. Volunteer Satisfaction with Safety and Security

OIG Questionnaire	Ecuador 2006 Response
Safety Training adequate?	100% YES
System for Reporting Crimes?	100% YES
Know who to Report Crimes to?	98% YES
Access to a phone?	97% YES
Copy of EAP?	97% YES
Stable Political/Social	96% YES
Safe Living Quarters?	65% Very Safe
Safe Community?	62% Very Safe
Safe Where you work?	64% Very Safe
Safe Where you Travel?	41% Usually Safe
Safe at PC Office?	49% Usually Safe

Source: OIG Volunteer Questionnaire, 2006.

Training

PC/Ecuador receives two Trainee Inputs each year of approximately 60 to 70 Volunteers each. Prior to the Trainees' departure, the Trainees receive a CD Rom that prepares them for the training activities. PST is 10 weeks long and, according to the post, uses a "100% community-based training (CBT) approach." Trainees live with Ecuadorian families during the training period and sign a written "Learning Agreement," which defines the training competencies and the criteria against which their progress will be assessed. PC/Ecuador considers language learning as the highest PST priority.

According to the OIG questionnaire and our interviews with Volunteers, the majority of the Volunteers found the PST experience satisfying and effective. Volunteers considered the training for safety and security and maintaining their health the most effective components of PST.[20] They also reported that the homestay families were well-prepared and provided an excellent cross-cultural experience; Volunteers reported that the relationship with their homestay family was the best part of their training and that the friendships they formed continued throughout their Volunteer experience.

The staff conducts an IST approximately six months after Volunteers arrive at site, and Volunteers reported satisfaction with these events. IST typically consists of 2.5 days of language training and 2.5 days of joint technical training with the coordinators. More than 90% of the Volunteers reported that the IST events were "effective" or "very effective." Volunteers told us the IST sessions are productive and informative, although they considered some information repetitive of that covered in PST.

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[20] OIG Volunteer Questionnaire, 2006.

<u>Rural health Volunteers reported that technical training did not prepare them for their assignment</u>.

During our interviews and in responses to the OIG questionnaire, all Volunteers commented on the need for more technical sessions, with greater depth of information, and more 'hands-on' training experiences. However, as demonstrated in Table 9, rural health Volunteers were more likely to rate their technical training as "not effective" and were significantly less satisfied compared to the youth and families, the sustainable agriculture, and habitat conservation Volunteers. Forty-two percent of the rural health Volunteers rated the technical training as "poor," the lowest rating.

Table 9. Effectiveness of PST Technical Training

PST was "poor" in effectively preparing me to perform the technical aspects of my work.	Percentage (%)
Habitat Conservation	13%
Sustainable Agriculture	6%
Youth and Families	11%
Health	42%

Source: OIG Volunteer Questionnaire, 2006.

According to the rural health Volunteers, their technical training focused on their ability to deliver pre-prepared educational health presentations in Spanish. Volunteers reported the following weaknesses in their technical training:

- Trainees were not provided with sufficient technical background information to provide depth to their understanding of the information regarding nutrition, HIV/AIDS, etc.
- Trainees were not provided any background on the health system in Ecuador, such as the structure of and relationship between hospitals and clinics.
- For the most recently trained group of Volunteers (Omnibus 95), the technical trainer left during week five to take another position.
- The Volunteers stated that the technical sessions were too few, seemed disorganized, and were scheduled at random times.
- Schools were not in session during the time of the PST, so the Volunteers were not able to observe or practice in the Ecuadorian school system.[21]
- Finally, the rural health Volunteers felt that the presentations and emphasis on income generation detracted from the training they needed to prepare for their role as health educators.

Consequently, Volunteers stated they were not prepared to enter the schools to teach health education classes. In particular, they did not feel competent to respond to audience questions that probe the background, rationale, or statistical basis of the information

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[21] According to the Project Status Review, "this is a lost opportunity as the majority of health Volunteers are working in the schools."

presented. These issues have inhibited the Volunteers' ability to effectively present health education topics such as HIV/AIDS to high school students.

<u>The language learning opportunities were not sufficient for the advanced Spanish speakers and the Trainees requiring an indigenous language</u>.

The majority of Volunteers found the language training effective. However, during interviews with the Volunteers, two specific sub-groups were not similarly satisfied—the advanced Spanish learners and Trainees requiring one of the local indigenous languages. In the OIG questionnaire, approximately 13% of Volunteers reported that they could communicate "poorly" or "not at all" in the language used by most local people.

Advanced Spanish language learners arrive at PST with a working knowledge of Spanish and are able to meet the minimum language level competency. According to the training staff, these Trainees need to adjust their speaking capabilities to the particular accents, speech patterns, and local Spanish language idioms. The advanced language learners are integrated with the other Trainees and scattered across all the different CBT communities. They are not clustered for mutual support or group lessons with similarly qualified Spanish speakers.

According to the language coordinator, language facilitators are reluctant to reduce the level of instruction and support for the less capable language learners in order to make time available for the advanced learners. Learning a second language, usually Quechua, is another option for the advanced speakers and normally begins after site assignments are made at about week six of the PST. As one Volunteer stated, "We are sort of left to our own devices." When viewed by project, the Volunteers in the rural health project felt least prepared to use the local language to perform their work.

According to the Training Status Report, the PC/Ecuador training staff tested several strategies during the most recent PST to help address the language needs of the advanced Spanish speakers. For instance:

- From the first week of training, advanced speakers were required to develop their own Action Plan, including independent learning activities using the resources within the community. Technical trainers monitored and evaluated the results.
- Advanced speakers had the option of going to their work site early or making an extended site visit. Only two out of 13 advanced speakers extended their site visit.
- The post started Quechua classes in the second week of training, earlier than in other training cycles. [22]

<u>Volunteers did not receive adequate training to cope with cultural differences in Ecuador</u>.

The PST is conducted north of Quito, in a predominately rural area in the central highlands known as the sierra, and uses several surrounding communities where

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[22] FY2005 Training Status Report, PC/Ecuador, October 2005, p. 7.

homestay families are located. The sierra represents only one of several unique cultural and biological settings experienced by the Volunteers. Other areas where Volunteers serve include the coastal regions, the southern oriente, the tropical regions, as well as the island communities of the Galapagos.

Not only do the agricultural practices, living conditions, and climates differ in each of these regions, but they display a range of cultural and economic disparity that Volunteers need to understand in order to live and work in these communities. Additionally, youth and families Volunteers are assigned predominately to urban areas, which can differ significantly from the PST training environment. The sustainable agriculture, youth and families, and habitat conservation PST technical training introduces the Trainees to the technical issues of these various environments by conducting field trips to observe the differences in culture and geography.

While the Volunteers cited the homestay experience as an adequate introduction to the general Ecuadorian culture and community integration, some Volunteers did not sufficiently understand the more subtle community dynamics to make progress in their work. For example, Volunteers working in the Afro-Ecuadorian regions of the coastal north told us they found an unexpectedly relaxed cultural work environment. Volunteers placed in these areas noted difficulties integrating into the community and engaging the community in work projects.

Volunteers working with community women's groups or small enterprise projects in several coastal and sierra regions found that local disputes or jealousies pitted them against other members of the community, and work on projects came to a virtual standstill. Culturally, the community members did not address these issues openly and often ceased communicating with the Volunteer entirely. Consequently, the Volunteers endured long periods of inactivity and isolation until the situation was resolved, the Volunteer identified other activities or community members to partner with, or the Volunteer requested a site change and left the community.

We recommend:

42. That the post improve the Rural Health project's technical training to address the concerns included in this report.

43. That the post monitor and evaluate the effectiveness of the advanced language speakers' training and adopt successful strategies.

44. That the post implement identified successful advanced language learning strategies during PST.

45. That the post identify and improve cross-cultural training to address the cultural issues that impact Volunteers' work assignments such as differing cultural work expectations, differing communication styles among ethnic groups, and culturally appropriate conflict resolution skills.

Volunteer Support

In general, Volunteers are satisfied with staff support.

Interviews and questionnaire results shown in Figure 10 indicate Volunteers feel well supported by staff. PC/Ecuador's support indicators have improved in all areas except support for language learning according to comparisons between the worldwide survey results from 2004 and the OIG questionnaire results from 2006. Ninety-six percent of the Volunteers reported they were either "satisfied" or "very satisfied" with the administrative support from the PC/Ecuador office, and many Volunteers verbalized that they were particularly impressed with the Peace Corps medical staff. Volunteers appreciated site visits from the medical staff and felt that the PCMOs provided a level of support and service beyond their job description. One Volunteer stated, "The PCMOs handled the situation and provided the extra care I needed. They were great." The following is a typical Volunteer response when asked about safety and security, "He [the country director] is big on safety and security. Everyone knows it. Anything to do with safety and security he moves right away."

Volunteers in the rural health project are less satisfied with post-PST language learning and technical training support than Volunteers in the other three projects.

Both the OIG questionnaire statistics and Volunteer interviews indicated that youth and families Volunteers felt most satisfied with the technical advice and feedback they received. Volunteers reported that the APCD for this project is engaged and provides extensive individual support to her Volunteers. Of the four projects, rural health Volunteers indicated the least satisfaction with the technical advice and feedback they received (see Table 10).

Table 10: Volunteer Satisfaction with Technical Support by Project

"Satisfied" to "very satisfied" with technical support	Percentage (%)
Habitat Conservation	68%
Sustainable Agriculture	82%
Youth and Families	93%
Health	58%

Source: OIG Volunteer Questionnaire, 2006

According to the OIG questionnaire responses and field interviews, Volunteers indicated that they feel less satisfied with support in the areas of language learning and technical advice. Of the four projects, rural health Volunteers indicated the least satisfaction of any project with language learning support (see Table 11). These responses may be due to the fact that many rural health Volunteers are placed in rural, indigenous-speaking communities and work with women and children who do not speak Spanish. Alternatively, these results may indicate that rural health Volunteers are dissatisfied with so many aspects of their program that they assigned low scores to every aspect of their Peace Corps experience relative to the other Volunteers.

Table 11. Volunteer Satisfaction with Language Support by Project

"Satisfied" to "very satisfied" with language learning support	Percentage (%)
Habitat Conservation	92%
Sustainable Agriculture	94%
Youth and Families	86%
Health	73%

Source: OIG Volunteer Questionnaire, 2006

We recommend:

46. That the PTO and the APCD/Rural Health develop a technical support strategy to address the needs of the rural health Volunteers.

47. That the programming and training staff develop language learning resources for Volunteers who require indigenous language skills.

48. That the PTO integrate "best practices" for support from the Youth and Families project into the other projects.

POST STAFFING

At the time of our audit, the post had thirty full-time staff positions. It included two U.S. direct hires (USDH), five foreign service nationals (FSN), and 23 personal services contractors (PSC).

There had been a recent restructuring of the PC/Ecuador staff – 15 persons either were released or did not have their contracts renewed.

Interviews with staff indicated that although the restructuring was difficult, the staff felt that the functioning of the office had improved.

Staff Listing as of May 2006

Position	Status
Country Director	USDH
PTO	USDH
APCD/Rural Public Health	FSN
APCD/Sustainable Agriculture	FSN
APCD/Youth and Families	PSC
APCD/Habitat Conservation	PSC
Program Assistant	PSC
Program Assistant	PSC
Training Manager	PSC
Program Specialist Training	PSC
Program Specialist Training	PSC
Program Specialist Training	PSC
Administrative Assistant - Training	PSC
Language Coordinator	PSC
Administrative Officer	FSN
Financial Specialist	PSC
Program Specialist – Human Resources	PSC
Cashier	FSN
Executive Assistant	FSN
GSO	PSC
Receptionist	PSC
IT Specialist	PSC
GSA/Warehouse	PSC
GSA/Mechanic	PSC
GSA/Driver	PSC
Safety and Security Coordinator	PSC
Peace Corps Medical Officer	PSC
Peace Corps Medical Officer	PSC
Medical Assistant	PSC
Office Clerk	PSC

LIST OF AUDIT RECOMMENDATIONS

1. That the Office of General Counsel review the PL-480 agreement and PC/Ecuador's role in the award of PL-480 funds for Volunteer projects for violations of the intent of PCM section 721.5.3(e) and the liability of the Peace Corps for the funds.

2. That the post develop, in consultation with the Center and OPSI, a handout for Volunteers describing the approval guidelines and criteria for PL-480 grants, the award process, and the reporting and accounting requirements.

3. That the post train Volunteers in accounting for SPA and PL-480 funds in pre-service training and in-service training.

4. That the country director re-establish a grant committee to review all grant applications.

5. That the post staff responsible for reviewing completed SPA and PL-480 projects verify that all grant funds are accounted for with receipts or signed documentation, when receipts are unavailable.

6. That the post issue bills of collection to Volunteers when funds are not fully accounted for.

7. That the post review the grants for 2004-05 that have been closed and attempt to account for the $16,589.85 for which there are no receipts.

8. That the Office of General Counsel and the OCFO review for compliance with appropriation law and agency policy how the post uses PL-480 funds for IST.

9. That the post report PL-480 grant funds used for ISTs or any other purpose that offsets appropriated funds as host country contributions.

10. That the Office of Financial Policy and Cash Management work with the post to clear 2003 outstanding travel advances.

11. That the post set up and maintain a Bill of Collection Log.

12. That the billing officer complete bills of collection every 30 days.

13. That the country director obtain a written agreement with the embassy for their ICASS.

14. That the post review the need for and provide the regional director and the CFO justification for the additional, non-standard services being provided by the embassy.

15. That the post obtain authorization from the CFO for ICASS items that are not standard for all Peace Corps posts.

16. That the country director give written authorization to the safekeeper to hold Volunteer and Trainee property.

17. That the post give notice to Volunteers of the $750 liability limit for property.

18. That the post conduct a complete physical inventory and update their inventory records to agree with the physical inventory.

19. That the post dispose of obsolete property following PCM guidance.

20. That the PCMO and the country director, or the country director's designee, conduct a monthly inventory of controlled medical substances.

21. That OMS review its guidance to posts on the inventory of controlled medical substances and correct advisories that contradict the PCM.

22. That the post comply with their vehicle ceiling limit.

23. That the GSO update and maintain consistent vehicle maintenance files.

24. That the post obtain signatures on the Certificate of Acceptance on the lease for the residence of the PTO.

25. That the post file security clearances for all PSCs in their individual files.

26. That the post include written annual evaluations in staff personnel files.

27. That the post obtain contractor signatures on the contractor release form at the end of each contract period.

28. That the post place a copy of the Office of Medical Services approval for the PCMOs hired in-country in their PSC files.

29. That the executive secretary maintain a purchase card log based on OFMH section 34.4.

30. That the Office of Acquisitions and Contract Management redesign its new purchase card log to include the date and the signature of the approving official.

31. That the IT specialist maintain a sign-in sheet and obtain staff signatures for all IT training sessions.

32. That staff record actual hours worked on their time cards.

LIST OF PROGRAM EVALUATION RECOMMENDATIONS

33. That the country director clarify the roles and responsibilities of the program staff and balance the workload among staff.

34. That the country director hire a fully qualified safety and security coordinator and require the incumbent to perform all the duties in the position description.

35. That the country director reduce the duty officer roster to staff with a "need-to-know," based on the Privacy Act standard.

36. That the country director review and re-issue the duty officer description of duties, the Duty Officer handbook, and the Duty Officer training manual to include unequivocal language about the responsibility for confidentiality.

37. That the post develop and implement standardized procedures for site selection and site preparation that ensure assignments with committed host agencies in prepared communities.

38. That the post systematically collect site histories and provide them to the Volunteers.

39. That the post establish review, approval, oversight, and accounting processes for Volunteer grants that are transparent, clear, and effective in assuring accountability for funds and outcomes for projects.

40. That the post develop income generating project models as examples of what Volunteers are expected to do in each program sector.

41. That the post provide training for Volunteers in project design and management and in accounting for grant funds.

42. That the post improve the Rural Health project's technical training to address the concerns included in this report.

43. That the post monitor and evaluate the effectiveness of the advanced language speakers' training.

44. That the post implement identified successful advanced language learning strategies during PST.

45. That the post identify and improve cross-cultural training to address the cultural issues that impact Volunteers' work assignments such as differing cultural work expectations, differing communication styles among ethnic groups, and culturally appropriate conflict resolution skills.

46. That the PTO and the APCD/Rural Health develop a technical support strategy to address the needs of the rural health Volunteers.

47. That the programming and training staff develop language learning resources for Volunteers who require indigenous language skills.

48. That the PTO integrate "best practices" for support from the Youth and Families project into the other projects.

APPENDIX A
PC/Ecuador Safety and Security Coordinator Position Description

Peace Corps / Ecuador
Statement of Work
Safety and Security Coordinator

Updated : 12/14/05

Basic Function of Position

The Safety and Security Coordinator reports to the Country Director (CD) and provides safety and security support to post. The role of the incumbent is to augment and support, not assume responsibility for, senior staff security-related functions (i.e., site inspection and selection, Peace Corps Volunteer (PCV) site visits, revising the Emergency Action Plan). Overall the SSC has primary responsibility to monitor and maintain appropriate documentation regarding post compliance with MS 270. Also, under the direct supervision of the Country Director, the incumbent may be the contact point with the Peace Corps Safety and Security Officers (PCSSO), Safety and Security Desk Officers, Embassy security officials, and local law enforcement agencies in carrying out the responsibilities designated below or as directed by the Country Director.

Major Duties and Responsibilities:

I. MS 270 Compliance   (30%)
    A. Incident Reports
    Develops and maintains a legible and orderly system of compiling, reporting, and filing safety and security incident reports, local media reports with safety implications, safety and security directives from Peace Corps Headquarters, the US Embassy and post. This information must be made accessible to appropriate post staff as required.

    B. MS 270 verification
    Provides administrative support for MS 270 verification, ensuring that adequate systems are functioning to support Volunteer safety and security. This can include, but is not limited to:

- Ensuring that all site locator forms are recorded in the office, current, and PCV communication access is accurate. Updates as required.
- Ensuring that all site history forms are available, integrated and computerized, filed geographically, and up-to-date.
- Works with the training manager to ensure that all safety and security training competencies are integrated into Pre-Service Training/In-Service Training (PST/IST) and verified with a written report.
- Ensuring that all Volunteer site selection criteria and visits are documented and filed appropriately.
- Maintains PCV travel/out of site log.
- Regularly updates and monitors safety and security data in the VIDA d-base (i.e. Volunteers, Consolidation Points, EAP events, sites, reports, etc.)
- Participates in staff meetings (both general staff meetings and senior staff meetings at the discretion of the CD), discussions and activities and makes recommendations for changes in program policy and procedures as they relate to Volunteer safety and security.

- Establishes and maintains open communication with both the regional PCSSO and the Safety and Security Desk Officer, informing them of both problems and progress in the country, such as major incidents, changes in crime data and other information on new policies or programs affecting safety and security.
- Develops and maintains contact with Embassy security staff and local law enforcement to obtain crime updates and information needed for assessing the security of existing and potential Volunteer sites.
- Under guidance from the CD, serves as post's primary safety and security contact/intermediary with other non-governmental organizations, volunteer sending organizations (i.e. VSO, JICA/JOCV, SNV, UNV, etc.) and other development agencies.

II. Information Sharing   (20%)
- Develops and organizes safety and security resources such as manuals, books, leaflets, pamphlets, slides, videos, and memos and makes their contents and Peace Corps policies known to staff and Volunteers.
- Maintains post crime statistics and reviews (analyzes) trends.

III. Training   (10%)
- Participates in the design, development and delivery of PST and IST sessions in the areas of personal safety and security. Participates in staff and guard safety and security training, as appropriate.
- With the training manager, participates in the selection and orientation of home-stay families for PST, as appropriate.

IV. Site Selection and Monitoring   (10%)
- Works with the Peace Corps Medical Officer (PCMO) and Associate Peace Corps Directors (APCDs) to develop and maintain Volunteer site and housing selection criteria and procedures. Participates in site visits as appropriate.
- Updates village and home-stay safety and security checklist, guidelines and policies.
- Provides advice to APCDs regarding site placements and/or Volunteer site changes.

V. Incident Reporting and Response   (10%)
- Works closely with the CD to develop reporting and follow-up procedures for incidents reported by Volunteers (housing inspection, police follow-up, property damage, etc.).
- Ensures that reportable incidents are communicated to the CD for coordination with the Office of Inspector General (OIG).   Coordinates follow-up activities as appropriate.
- Helps coordinate PCV and local Police contacts/communication in the incident reporting process as needed.

VI. EAP Planning and testing   (10%)
- Under the direction of the CD, coordinates the testing of the EAP with staff at least once per year. In collaboration with other staff, prepares a written report of the results of the EAP test and distributes it to all interested parties. Assists with EAP revisions as needed.

VII. Other Duties   (10%)
- In collaboration with the CD, follows-up on recommendations from PCSSO visits.
- In collaboration with the CD/PCSSO/General Services Officer (GSO), follows up on Regional Security Officer (RSO) security recommendations for the Peace Corps office and staff residences.
- Performs other safety and security duties as assigned by the Country Director.

QUALIFICATIONS REQUIRED FOR EFFECTIVE PERFORMANCE
a. **Education :** Formal security training from the military, police or other related organization. A university degree in safety and security is desirable ; otherwise an additional two years experience is required. Use of Excel and other PC-based software is required.
b. **Prior Work Experience** : From one to three years of progressively responsible prior experience in safety and security coordination. Experience is required in local law enforcement, customs and regulations of the host country.
c. **Post Entry Training** : On the job training on USG security regulations, PC safety and security guidelines and related administrative regulations and procedures.
d. **Language Proficiency** : Level IV English ability is required.
e. **Knowledge :** Must have a complete understanding of the philosophy and goals of the Peace Corps and the development needs and goals of the host country. Must know applicable USG laws, regulations, policies and procedures. Incumbent is responsible for updating his/her knowledge of federal and PC regulations and policies regarding safety and security.
f. **Skills and Abilities :** Must have skill in interpersonal relations and communications. Able to develop and maintain working level contacts with local law enforcment agencies, local service providers and US Embassy RSO personnel. Should be able to work overtime and travel within Ecuador as required by the job. Analysis and interpretation of data and the presentation of findings in written oral form.

POSITION ELEMENTS
a. **Supervision Received :** PSC is supervised by the Country Director
b. **Supervision Exercised :** This is not a supervisory position.
c. **Available Guidelines** : Peace Corps Manual, PCSSO guidelines and regulations, PC/E Volunteer Handbook, Emergeny Action Plan and various other applicable PC and State Department Guidelines.
d. **Exercise Judgment :** Incumbent utilizes available guidelines for most matters, but must rely on own judgement in all cases except those which are unusually complex.
e. **Authority to Make Commitments :** N/A
f. **Nature, Level, and Purpose of Contacts** : Local law enforcement agencies, Local Police, Fire Department, Civil Defense, Local Military, US Embassy RSO, PCSSO, PC/Ecuador staff and with other related personnnel.
g. **Time required to perform full range of duties after position entry :** One year.

APPENDIX B
PC/Ecuador's Housing Approval Checklist

PEACE CORPS ECUADOR
Housing Approval Checklist

Peace Corps Volunteer Name:_____

Date:_____

Program_____ **Omnibus**_____ **Site**_____

GPS Data for site	Latitude				Longitude				Elevation meters
	degs.	mins.	secs	N / S	degs.	mins.	secs	E / W	
Residence Location									
Helicopter Landing Zone									
describe HLZ									

Basic Elements:

(1)_____Windows (whether glass or wooden slats) have inside locks and burglar bars.

(2)_____There should be two entries / exits to the residence (i.e. a front and backdoor, side door or window).

(3)_____Entry / exit doors should be made of solid material with deadbolt locks on the inside.

(4) _____Bedroom doors should have inside locks.

(5)_____Residence is not next to or nearby to bars, nightclubs, or public "hang out / party" areas.

(6)_____Residence is within 50 meters of neighbors where calls for help are likely to be heard.

(7)_____You will be able to change the door locks (keys) when you move in.

(8)_____Residence has a bathroom, at least a latrine.

(9)_____Gas operated water heater is installed out of the house.

(10)_____Ventilation space between walls and roof is protected with a mesh.

Observations and recommendations (Please specify the works recommended and the deadline you

suggest all work should be done)_____

By signing below, the Peace Corps Volunteer accepts that the residence is safe and will take responsibility to perform all the recommendations within the time stipulated.

Peace Corps Volunteer: _____ **date:** _____

Housing reviewed by: _____ **date:** _____

APCD review / approval: _____ **date:** _____

Note: Please confirm Rental Amount for Administration files: US$ _____ **per month.**

Recommended Elements:

1. Some residences may require burglar bars over doors as added protection.
2. A yard with a fence and gate that locks is preferable but not required.
3. The cooking gas tank must be located outside of the building and should be locked with chain and padlock.
4. Choose an option in a residential area with neighbors whom you feel are likely to be respectable (local families, respectable individuals) and whom you think would come to your assistance in an emergency or keep an eye on your home while you are away.
5. A well-lighted area / neighborhood is better than dimly lit areas where it could be difficult to see at night.
6. Choose a residence with an inside bathroom rather than separate outside bathroom.
7. Choose a residence with telephone access if that is an option.
8. Choose a location that is reasonably convenient to your place of work and does not require long walks or bike rides down isolated streets to get home.
9. Avoid sites at risk from man-made or natural disasters (fire, flooding, landslides, earthquakes).
10. Bedroom doors should have inside locks.
11. Choose a residence close to a neighbor.
12. If the house is located in below 1.500 meters in elevation, all the windows should be protected by a mosquito net.

Process:
The revision and approval of the house can be performed by:

APCDs
PCMO
SSC (Safety and Security Coordinator)
Other staff members.

The person who revises will generate some recommendations and will also determine the deadline when these recommendations should be finished.

The APCD will be informed of the verification of the residence, the recommendations and the deadline.

The Volunteer is the responsible for execute the recommendations.

SSC is responsible for the follow-up of the recommendations.

Appendix C

**Region's Response to the Preliminary Report including the
Office of General Counsel's Response to Recommendation No. 1,
the Office of the Chief Financial Officer's Response to Recommendation
Nos. 8 and 10, the Office of Medical Services Response to Recommendation No. 21,
and the Office of Acquisitions and Contract Management's
Response to Recommendation No. 30**

MEMORANDUM

To: **David Kotz, Inspector General**
                Tyler Posey, General Counsel
                George Schutter, Chief Financial Officer
                Scott Saxman, Director, Office of Medical Services
                Carey Fountain, Chief Acquisition Officer

From: **Allene Zanger, Regional Director, Inter-America and Pacific Region**

CC: **David Liner, Chief of Staff/Operations**
                Ronald Ruybal, Ecuador Country Director
                A. Courtney Santonicola, Chief Compliance Officer

Date: **December 18, 2006**

Subject: **Preliminary Report on the Audit and Program Evaluation of Peace Corps/Ecuador**

Enclosed please find the Regional response to the recommendations made by the Inspector General for Peace Corps/Ecuador, as outlined in the Preliminary Report on the Audit and Program Evaluation of Peace Corps/Ecuador.

<u>**Recommendations**</u>

1. **That the Office of General Counsel review the PL-480 agreement and PC/Ecuador's role in the award of the PL-480 funds for Volunteer projects for violation of the intent of Peace Corps Manual section 721.5.3 (3) and the liability of Peace Corps for the funds.**

    Concur. In consultation with the Office of the General Counsel, the IAP Region has reviewed the agreements and Post's role and although there was no violation of Peace Corps Manual Section 721.5.3(e) and Peace Corps has no liability for the funds, the Region agrees that further action is desirable to ensure better accountability of funds.

    Section 721.5.3(e) was not violated because these funds from Ecuador were not gifts to Peace Corps. Moreover, Title III of P. L. 480 specifically provides for the use of proceeds of commodity sales to support activities of Peace Corps. Ecuador's disbursements and uses of monetized commodities, including disbursements to communities and Volunteers, are governed by its P. L. 480 agreement with the United States government, in this case U. S.D. A. Consequently, it is the Government of Ecuador that has fiduciary responsibilities and obligations, not Peace Corps, and those responsibilities and obligations flow to the U. S. Government under the P. L. 480 agreement. Peace Corps has no fiduciary responsibility to Ecuador.

    Completion Date: Completed. The Region will take actions as set forth in the response to Recommendation #2 below.

2. **That the Post develop, in consultation with the Center and OPSI, a handout for Volunteers describing the approved guidelines and criteria for PL-480 grants, the award process, and the reporting and accounting requirements.**

    Concur. Based on the General Counsel's determination in Recommendation number 1 (above), the IAP Region will review Peace Corps Ecuador's existing approval guidelines, criteria, award processes, and reporting and accounting requirements. The Region's preference is to explore having the funds go directly to community groups or entities, and not have the Volunteers participate with the communities in the release of the funds. If Volunteers are to continue to participate with their communities in the release of P. L. 480 funds, a Regional PL-480 Standard Policy will be established and documented for distribution to IAP Posts. Concurrence with the Office of General Counsel will be obtained prior to distribution of such a document.
    Completion Date: April 1, 2007

3. **That the Post train Volunteers in accounting for SPA and PL-480 funds in pre-service training and in-service training.**

> **Concur.** Post will review existing SPA and PL-480 training materials and develop an updated training module to be administered to all Volunteers before they are allowed to participate in any SPA or PL-480 activities. Although Region's preference is to have the funds go directly to community groups, these training materials will address the role of Volunteers if they are to continue to participate with their communities in the release of P. L. 480 funds.
> **Completion Date:** Volunteers will be trained in SPA and PL-480 procedures, grant proposal writing and basic accounting skills four months after they swear in but prior to applying for either grant. This will begin in January 2007 and is on-going.

4. **That the country director re-establishes a grant committee to review all grant applications.**

> **Concur.** The IAP Region understands that the intent of this recommendation is to continue to ensure transparent review processes in the PL-480 grant procedures. To achieve this end and maintain a rapid, responsive and technically adequate review process, PC/Ecuador will either reinstitute a review committee or modify the provisions of the PL-480 agreement to provide alternate transparent means of reviewing the small projects funded by PL-480.
> **Completion Date:** January 31, 2007

5. **That the Post staff responsible for reviewing completed SPA and PL-480 projects verify that all grant funds are accounted for with receipts or signed documentation, when receipts are unavailable.**

> **Concur.** If Volunteers are to continue to participate with their communities in the release of P.L. 480 funds, PC/Ecuador will provide additional training for the PL-480 Coordinator, as well as other Peace Corps managers and Volunteers, to assure that all activities are fully documented and accounted for per recommendations number 3 and 4 (above).
> **Completion Date:** January 31, 2007. Training for Volunteers will be ongoing.

6. **That the Post issue bills of collection to Volunteers when funds are not fully accounted for.**

> **Concur.** Post can not accept refunds on behalf of the PL-480 Secretariat as these funds are independently managed by the P. L. 480 Secretariat. Post can not issue Bills of Collections on these funds. However, procedures will be put in place to ensure that all Peace Corps managers and Volunteers are trained in the responsibility of the community to refund unused portions of grants to the PL-480

Secretariat. At the completion of each grant activity, the PL-480 Coordinator will provide the Country Director and the Volunteer with a project funding statement. This statement will advise the Volunteer (if they are to continue to participate with their communities in the release of P. L. 480 funds), and the beneficiary community of their responsibility to refund any residual funds. The Country Director will continue to report the financial status of all projects to the PL-480 Secretariat.
Completion Date: Procedures in place by January 31, 2007. Implementation is ongoing.

7. **That the Post reviews the grants for 2004-2005 that have been closed and attempt to account for the $16,589.85 for which there are no receipts.**

   Concur. Even though the PL-480 Secretariat has expressed satisfaction with accounting for all completed projects, Post will review the expenditures mentioned in this recommendation with the P. L. 480 Secretariat and will support the Secretariat with any follow up actions that the Secretariat may determine are necessary to comply with the P. L. 480 Committee fiduciary requirements.
   Completion Date: January 31, 2007

8. **That the Office of General Counsel and the OCFO review for compliance with appropriation law and agency policy how the Post uses PL-480 funds for IST.**

   This recommendation was made to the OFCO. The OCFO has addressed this recommendation in a letter submitted to the Inspector General's office.

   Completion Date: Completed

9. **That the Post report PL-480 grant funds used for ISTs or any other purpose that offsets appropriated funds as host country contributions.**

   Concur. OCFO has reviewed with General Counsel and has determined that the Peace Corps does not have fiduciary responsibility for the PL-480 funds from the Ecuadorian PL-480 Secretariat, as the Peace Corps does not take custody of the funds. And as discussed in the recommendation #1 above, P. L. 480 program funds may be used to support Peace Corps activities. Therefore, they are not Host Country Cash Contributions per MS 722.4.1. Moreover, Post reviewed past training activities, and determined that none of the training is of a sort that Peace Corps could fund, nor would they want to fund with their own appropriated funds. Therefore, Volunteer participation in PL-480 funded activities should not be construed as Host Country In-Kind Contributions as defined in MS 722.4 and 722.4.2, and do not offset our appropriation.
   Completion Date: Completed

Accounting for Obligations and Liquidations

10. That the Office of Financial Policy and Cash Management work with the Post to clear the 2003 outstanding travel advances.

This recommendation was made to the OFCO. The OCFO has addressed this recommendation in a letter submitted to the Inspector General's office.

Completion Date: Completed

Billings and Collections

11. That the Post set up and maintain a Bill of Collection Log.

> **Concur.** A bill of collection log has been in use by Post. A Fiscal Year 2006 sample is attached.
> **Completion Date:** Completed

12. That the Billing Officer completes bills of collection every 30 days.

> **Concur.** Since June 5, 2006, all Bills of Collection are issued every 30 days.
> **Completion Date:** June 5, 2006.

International Cooperative Administrative Support Services (ICASS)

13. That the country director obtains a written agreement with the embassy for their ICASS.

> **Concur.** Post has a copy of the ICASS agreement on file which was completed on October 26, 2006.
> **Completion Date:** October 26, 2006

14. That the Post reviews the need for and provides the Regional Director and the CFO justification for the additional, non-standard services being provided by the embassy.

> **Concur.** Embassy letter, including the rationale and justification for billing Peace Corps these non-standard services, was sent to CFO/BA Mary Koskinen on June 16, 2006. The approval was signed from the CFO's office on November 17, 2006. Please see attached documentation.
> **Completion Date:** November 17, 2006

15. That the Post obtains authorization from the CFO for ICASS items that are not standard for all Peace Corps Posts.

Concur. Waiver received from Chief Financial Officer's Office.
Completion Date: November 17, 2006

Safekeeping of Volunteer Property

16. That the country director gives written authorization to the safe keeper to hold Volunteer and Trainee property.

> **Concur.** However, the Country Director has decided to not safe keep Volunteer/Trainee property. All property that was previously stored has been returned to the Volunteers. The PCV Handbook and Welcome Book were amended to reflect the recommended changes. There is no indication in the current manuals about the safekeeping of PCV/PCT property in the office as these paragraphs were deleted from each document.
> **Completion Date:** July 15, 2006

17. That the Post give notice to Volunteers of the $750.00 liability limit for property.

> **Concur.** However, Post is no longer holding cash for Volunteers.
> **Completion Date:** July 15, 2006

Property Furniture and Equipment

18. That the Post conducts a complete physical inventory and updates its inventory records to agree with the physical inventory.

> **Concur.** Complete physical inventory completed and records updated. Information was sent to Nicole Turner, M/AS/FMD, Inventory Management Specialist at PC/Washington on November 15, 2006. Please see attached documentation.
> **Completion Date:** November 15, 2006

19. That the Post disposes of obsolete property following Peace Corps Manual guidance.

> **Concur.** Post has completed inventory, and the disposal of obsolete property will take place in March 2007.
> **Completion Date:** March 2007

Medical Supplies

20. That the PCMO and the Country Director, or the Country Director's designee, conduct a monthly inventory of controlled medical substances.

Concur. Since May 30, 2006, Country Director and/or his designee have been doing the monthly inventory control.
Completion Date: May 30, 2006

21. That OMS review its guidance to Posts on the inventory of controlled medical substances and correct advisories that contradict the Peace Corps Manual.

This recommendation will be addressed by the Office of Medical Services.

Vehicle Management

22. That the Post complies with their vehicle ceiling limit.

Concur.   Post disposed of two vans on August 24, 2006, thereby bringing post in compliance.
Completion Date: August 24, 2006

23. That the GSO update and maintain consistent vehicle maintenance files.

Concur. Historical reports completed and on-going. Please see attached documentation.
Completion Date: August 1, 2006

Contracts

24. That the Post obtains signatures on the Certificate of Acceptance on the lease for the residence of the PTO.

Concur. Completed on October 21, 2006. Please see attached documentation.
Completion Date: October 21, 2006

25. That the Post files security clearances for all PSCs in their individual files.

Concur. Completed on May 5, 2006, and will continue into the future. An example is provided in the attached documentation.
Completion Date: May 5, 2006

26. That the Post includes written annual evaluation in staff personnel files.

Concur. Evaluations have been placed in each incumbent's file completed on May 31, 2006. This practice will continue into the future. The Human Resources Specialist is putting annual evaluations into each staff personnel file.
Completion Date: May 31, 2006

27. That Post obtain contractor signatures on the contractor release form as the end of each contract period.

Concur. First release form signed October 2006. All other release forms to be signed by January 2007 – Pay Period 26. The signed contractor release statement is required upon final termination of all contracts.
Completion Date: January 2007

28. That the Post places a copy of the Office of Medical Services approval for the PCMOs hired in country in their PSC files.

Concur. OMS has provided post with a copy of the PCMO approval which was placed in the files. Please see attached documentation.
Completion Date: October 29, 2006

Credit Card Management

29. That the executive secretary maintains a purchase card log based on OFMH section 34.4.

Concur. Starting October 1, 2006, Executive Secretary has maintained a purchase card log based on OFMH including date and signature of approving official. Please see attached documentation.
Completion Date: October 1, 2006

30. That the Office of Acquisitions and Contract Management redesign its new purchase card log to include the date and the signature of the approving official.

This recommendation will be addressed by the Office of Acquisitions and Contract Management.

IT Security

31. That the IT specialist maintains a sign-in sheet and obtain staff signatures for all IT training sessions.

Concur. Started in August 2006 and is on-going.
Completion Date: August 2006

Personnel

32. That staff record actual hours worked on their time cards.

Concur. The Region is working with other involved Peace Corps units to define the best method of addressing this issue.
Completion Date: April 1, 2007

33. That the Country Director clarifies the roles and responsibilities of the program staff and balance the workload among the staff.

> **Concur.** Post has hired three new APCDs and other staff since the program evaluation to improve programming. Roles and responsibilities have been discussed with all new staff and a three month staff orientation program for new employees is being implemented.
>
> As of September 2006, CD has assigned one Program Specialist per program. Beginning with Omnibus 97 in February 2007, Program Specialists will be working as Technical Trainers for their respective projects. For this, Post has reviewed their scope of work and clarified their role to support the APCD in programming issues outside of the pre-service training cycle.
> **Completion Date:** February 2007

34. That the country director hires a fully qualified Safety and Security Coordinator and requires the incumbent to perform all the duties in the position description.

> **Concur.** The post has hired a competent Safety and Security Coordinator (SSC) as evidenced by the following facts:
>
> It is important to realize the full spectrum of SSC responsibilities and that the post's SSC performs very well in several of the requirements including excellent relationships with local law enforcement and her ability to manage security incidents working with the Ecuadorian law enforcement system.
>
> The current SSC has also ensured that Post is in full compliance with MS-270, and that its site history records are well maintained. The post has had two visits from two different PCSSOs, whom have stated that Post's safety and security program is one of the Region's best. Additionally, two IG Special Investigations Agents have visited Post, witnessed first hand the SSC's work, and have stated to Post that PC/Ecuador has one of the best SSCs in the Region.
>
> The current SSC has the full support of the U.S. Embassy's Regional Security Officer, and they are pleased that she is a member of the Peace Corps team. The Chief FSN Security Advisor for the Quito US Embassy provided a strong recommendation to Peace Corps to hire the current SSC, and works closely with her on all Peace Corps security incidents.
>
> The SSC was hired despite her weak English language ability. Although this has impacted her ability to communicate with staff and Volunteers, she has been and is currently learning English, and making progress. At staff meetings, she speaks English and is making an effort to gain fluency. Before sending out the CIRF reports on security incidents, the CD clears them so he can sit down with her, and discuss the editorial changes to improve the English. She takes this constructive feedback well, as she wants to speak and write English at professional standards.

Post expects that the SSC will have improved her communications skills in English to an acceptable level by October 2007.
Completion Date: October 2007

35. That the Country Director reduces the Duty Officer to staff with a "need-to-know," based on the Privacy Act Standard.

Concur. Post believes that the current Duty Officer system is performing as envisioned, and complies with the Privacy Act standard. Post has eliminated the following positions from the Duty Roster Schedule to enhance the present system:
- Administrative Assistant
- Human Resources Specialist
- Information and Training Specialist
- Cashier

The remaining positions that will continue to perform duty officer functions compatible with privacy requirements are:
- APCDs
- Program Specialists
- Administrative Officer

Completion Date: November 30, 2006

36. That the Country Director review and re-issue the Duty Officer description of duties, the Duty Officer handbook, and the Duty Officer training manual to include unequivocal language about the responsibility for confidentiality.

Concur. Post has completed revisions. Post has provided training on confidentiality and explained the roles and duties of the Duty Officer to all staff that perform the Duty Officer function. Training will be on-going and emphasis on the privacy act compliance will be constantly reinforced. Please see attached documentation.
Completion Date: July 2006

37. That the Post develop and implement standardized procedures for site selection and site preparation that ensures assignments with committed host agencies in prepared communities.

Concur. The standardization procedure of site selection and site preparation (site development) has been in process under the leadership of the previous PTO and the currently acting PTO. A checklist of steps and forms for this process has been designed, completed, and discussed with all program staff to ensure consistency with the four programs. Programming and Training staff were trained on the new site development guidelines. The APCDs will implement validation process of four basic procedures (site development, site change, site visit, and SPA/PL-480) by December 2006. Other programming procedures are in the process of validation and will be standardized by February 2007.

Completion Date: February 2007

38. That the Post systematically collects site histories and provide them to the Volunteers.

> **Concur.** Electronic site histories of all four programs, which include COS questionnaires, site visit reports and security incidents, were relocated to a common electronic folder in office share in September 2006, which will in turn generate improved collaboration amongst APCDs and site development. In addition, during PST a site fair is organized where community counterparts are required (since July 2006) to participate in PST and share their projects, site and technical information. This fair was initiated in 2005 but was improved in 2006, where the format changed allowing PCTs and counterparts to share their expectations, ideas and histories on projects, activities in that specific site and region. Site visits are also arranged so PCTs meet with exiting PCVs in replacing sites to learn more about that specific site history. On the day of site assignment APCDs provide PCTs with specific information of the outgoing PCV. A new summary fact sheet of site history will be developed by February 2007 using work reports, COS questionnaires, DOS, Site Visit Reports and Security Incidents.
> **Completion Date:** February 2007

39. That the Post establish approval, oversight, and accounting processes for Volunteer grants that are transparent, clear, and effective in assuring accountability for funds and outcomes for projects.

> **Concur.** Post has completed the approval, oversight, and accounting process for Volunteer grants. Please see attached documentation.
> **Completion Date:** August 2006

40. That the Post develops income generating project models as examples of what Volunteers are expected to do in each program sector.

> **Concur.** Beginning with Reconnect Omnibus 96, January 22, 2007, the APCDs will present income generating project models for each program during pre-service training and in-service training.
> **Completion Date:** January 22, 2007 and on going

41. That the Post provides training for Volunteers in project design and management and in accounting for grant funds.

> **Concur.** A Project Design and Management Workshop will be given to the Volunteers at future in-service trainings. This workshop will cover in depth the entire project design and management process, including accounting for grant funds. Will begin with Reconnect Omnibus 96, January 22-24, 2007.
> **Completion Date:** January 22, 2007 and on going

42. That the Post improves the Rural Health project's technical training to address the concerns included in this report.

    Concur. Post has recently hired a new APCD for Health in October 2006 who is a training specialist with substantial public health education background. The evaluations received from Trainees from Omnibus 96 (June 21- August 25, 2006) indicated an improvement in technical training. Changes made during PST reflected the recommendations included in this report. Post has recruited a Program Specialist with a strong technical experience in community health and medical education. These actions will continue to improve this project's technical training.
    Completion Date: October 2006

43. That the Post monitor and evaluate the effectiveness of the advanced language speaker's training and adopt successful strategies.

    Concur. As stated in the 2006 Training Status Report, Post began to monitor and evaluate advanced language speaker training as described in the individual alternative learning opportunities plans. This was done by language facilitators in coordination with the Program Specialist/Language and Cross-Culture and Technical Trainers. Post plans to design an evaluation tool to measure the effectiveness of the advanced language training beginning with Omnibus 97, February 7 – April 20, 2007.
    Completion Date: April 2007

44. That the Post implement identified successful advanced language learning strategies during PST.

    Concur. During Omnibus 96, Post implemented the following best practices, which will be utilized in following training cycles:
- Individual plans were developed for each advanced language speaker Trainee (refer to # 43) which included technical, language and culture training.
- Training Team consults with other posts for strategies and best practices.

    Completion Date: June 2006 and on-going

45. That the Post identifies and improves cross-cultural training to address the cultural issues that impact Volunteers' work assignments such as differing cultural work expectations, differing communication styles among ethnic groups, and culturally appropriate conflict resolution skills.

    Concur. Beginning with Omnibus 96 (Youth and Families and Rural Health), the Program Specialist for Language and Culture implemented cross-cultural competencies to be completed by Trainees. Post sponsored short technical trips to various areas of the country where different cultures were represented. Language and culture consultants were invited to provide an orientation to the Trainees,

particularly for the Shuar communities, a challenging group to work with. This was initiated in June, 2006 and is an ongoing practice.

In Ecuador's pre-service training design for Omnibus 97, they are planning to implement the practice of sending training staff to indigenous sites during the Trainee site visit to facilitate the community entry process and cultural adaptation. The training team in coordination with programming staff is planning a more extended technical-cultural trip for Trainees to the various geographical cultural zones of the country in future training groups.
Completion Date: February 2007.

46. **That the PTO and the APCD/Rural Health develop a technical support strategy to address the needs of the rural health Volunteers.**

   Concur. A new APCD for Rural Public Health assumed duties as of October 2006, having been the technical trainer for Omnibus 96. The APCD/Rural Health is working to integrate "best practices" from the Youth and Families Project. A technical support strategy will be developed by December 2006 that addresses PCV needs.
   Completion Date: December 2006

47. **That the programming and training staff develop language learning resources for Volunteers who require indigenous language skills.**

   Concur. Current in-service training utilizes indigenous language facilitators to train Volunteers who are located in indigenous sites. Also, Post will identify in-site language tutors in the indigenous sites during site development which will support the Volunteer as needed. New language training resources will be obtained from specialized educational centers in the region.
   Completion Date: February 1, 2007

48. **That the PTO integrates "best practices" for support from the Youth and Families project into other projects.**

   Concur. Post has designed and implemented a three to six month competency based training/orientation program for Post's four programs which incorporate best practices from Youth and Families program. Best practices will be streamlined and fully implemented by April 2007.
   Completion Date: April 2007

Memorandum

To:	David Kotz
From:	Carey Fountain
Date:	December 15, 2006
Subject:	Preliminary Report on the Audit and Program Evaluation of Peace Corps/Ecuador October 2006

Below is OACM's response to the subject audit and program evaluation preliminary report. OACM concurs with the one IG recommendation for our office.

Recommendation # 30: That the Office of Acquisitions and Contract Management redesign its new purchase card log to include the date and signature of the approving official. CONCUR.

Implementation:

OACM will update its purchase card log to include the date and signature of the approving official. The new log will be available for users no later than January 2, 2007.

Recommendation #8 and 10

December 18, 2006

MEMORANDUM:

To: David Kotz
            Inspector General

From: George Schutter
            Chief Financial Officer

Subject: Response to October 13, 2006 Preliminary Report on the Audit of Peace
            Corps/Ecuador

Below is the Office of the Chief Financial Officer's response to your Preliminary Report
on the Audit of Peace Corps/Ecuador.

Preliminary Report Recommendation #8:
That the Office of General Counsel and the OCFO review for compliance with
appropriation law and agency policy how the post uses PL-480 funds for IST.

Response to Preliminary Repost Recommendation #8
Concur. The OCFO has reviewed with General Counsel and determined that the Peace
Corps does not have fiduciary responsibility for the PL-480 funds from the Ecuadorian
PL-480 Secretariat. The Peace Corps does not take custody of the funds. Under the PL-
480 program, these funds are Ecuadorian funds provided directly to the community and
the Volunteer. The PL-480 funds are not Host Country Cash Contributions per Manual
Section (MS) 722.4.1.

In addition, in order to qualify as a host country government contribution under MS 722,
the contribution must defray an expense that Peace Corps would otherwise have to pay
from appropriated funds or which advances purposes authorized by the Peace Corps Act.
These funds are utilized to fund unique community projects and their training activities
under PL-480 and are not utilized to fund activities that Peace Corps would otherwise
have to fund from appropriated funds.
Completion Date: Completed

<u>Preliminary Report Recommendation #10</u>:
That the Office of Financial Policy and Cash Management work with the post to clear the 2003 outstanding travel advance balances.

<u>Response to Preliminary Repost Recommendation #10</u>:
Concur. All 2003 travel advances have been resolved.

Completion Date: Completed

If you have questions or need additional information, please contact Stephanie Mitchell at 692-1715.

cc: Allene Zanger, Regional Director, IAP
     David Liner, Deputy Chief of Staff/Operations
     Ronald Ruybal, Country Director
     George Saxman, Director, Medical Services
     Tyler Posey, General Counsel
     Carey Fountain, Chief Acquisition Officer
     A. Courtney Santonicola, Chief Compliance Officer
     Stephanie Mitchell, Director, Financial Policy and Compliance

Peace Corps

TO: David Kotz, Inspector General

FROM: George Schutter, Chief Financial Officer

DATE: 18 December 2006

SUBJECT: Response to October 13, 2006 Preliminary Report on the Audit of Peace Corps/Ecuador

---

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Preliminary Report Recommendation #8:
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Response to Preliminary Repost Recommendation #8
Concur. The OCFO has reviewed with General Counsel and determined that Peace Corps does not have fiduciary responsibility for the PL-480 funds from the Ecuadorian PL-480 Secretariat. Peace Corps does not take custody of the funds. Under the PL-480 program, these funds are Ecuadorian funds provided directly to the community and the Volunteer. The PL-480 funds are not Host Country Cash Contributions per Manual Section (MS) 722.4.1.

Additionally, in order to qualify as a host country government contribution under MS 722, the contribution must defray an expense that Peace Corps would otherwise have to pay from appropriated funds or which advances purposes authorized by the Peace Corps Act. These funds are utilized to fund unique community projects and their training activities under PL-480 and are not utilized to fund activities that Peace Corps would otherwise have to fund from appropriated funds.

Completion Date: Completed.

Preliminary Report Recommendation #10:
That the Office of Financial Policy and Cash Management (FPCM) work with the post to clear the 2003 outstanding travel advance balances.

Response to Preliminary Repost Recommendation #10:
Concur. All 2003 travel advances have been resolved.

Completion Date: Completed.

If you have questions or need additional information, please contact Stephanie Mitchell at 692-1715.

cc: Allene Zanger, Regional Director, IAP
David Liner, Chief of Staff
Ronald Ruybal, Country Director, Ecuador
Roger Conrad, Chief Administrative Officer, IAP
Scott Saxman, Director, Office of Medical Services
Tyler Posey, General Counsel
Carey Fountain, Chief Acquisition Officer
A. Courtney Santonicola, Chief Compliance Officer
Stephanie Mitchell, Director, Financial Policy and Compliance

TO: H. David Kotz, Inspector General

THRU: Verle Lanier, Associate Director Volunteer Support

FROM: Scott Saxman, M.D., FACP, Director, Office of Medical Services

SUBJECT: Ecuador Audit Report

DATE: December 18, 2006

Regarding recommendation number 20, currently the Peace Corps Manual requires that controlled medical substances inventory be conducted by two individuals, but does not specifically require that one of those individuals is non-medical. This inventory is often performed by two PCMO's in countries where that resource exists. While I do not see the need for changing this policy (as this is the way controlled substance inventories are routinely conducted in U.S. facilities), if there is a change I would recommend that this be stated clearly in the Manual so that there is no confusion in the future. I have spoken with the auditor (Letty Collins) who expressed agreement with this recommendation regarding clarification of the Manual Section.

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PAUL D. COVERDELL PEACE CORPS HEADQUARTERS | 1111 20TH STREET NW | WASHINGTON, DC 20526 | *www.peacecorps.gov* | *800.424.8580*

Memorandum

To:	David Kotz
From:	Carey Fountain
Date:	December 15, 2006
Subject:	Preliminary Report on the Audit and Program Evaluation of Peace Corps/Ecuador October 2006

Below is OACM's response to the subject audit and program evaluation preliminary report. OACM concurs with the one IG recommendation for our office.

Recommendation # 30: That the Office of Acquisitions and Contract Management redesign its new purchase card log to include the date and signature of the approving official. CONCUR.

Implementation:

OACM will update its purchase card log to include the date and signature of the approving official. The new log will be available for users no later than January 2, 2007.

Appendix D

OIG Comments

OIG Comments

Management concurred with all 48 of our recommendations. We closed recommendation nos. 1, 8, 11 – 18, 20, 23 – 26, 28, 29, 35, 41, and 42. Recommendation nos. 2 – 7, 9, 10, 19, 21, 22, 27, 30 - 34, 36 - 40, and 43 - 48 remain open pending confirmation from the chief compliance officer that the following has been received:

- For recommendation no. 2, a copy of the handout given to Volunteers.

- For recommendation no. 3, a copy of the training module and a list of Volunteers who have received funds and the date they received training.

- For recommendation no. 4, documentation showing that a review committee has been established or that a system is in place that provides approval transparency.

- For recommendation no. 5, documentation showing that staff has verified that all grant funds are accounted for with receipts or signed documentation. We note that verification is required to close the recommendation; training by itself would not solve the problem.

- For recommendation no. 6, documentation that Volunteers have been advised in writing that any unexpended PL-480 funds received are to be refunded to the PL-480 secretariat, and that a copy of the receipt of those refunded funds be included with the PL-480. That the post make a collection from Volunteers who do not account for the unexpended funds and forward the collection to the PL-480 secretariat. We note that recommendation no. 6 will be closed when the funds are collected; training alone would not solve the problem.

  Documentation that a collection is made by the post for SPA funds not expended.

- For recommendation no. 7, documentation that the post has made an attempt to account for the undocumented $16,589.85 including any refund to the PL-480 for unexpended funds. We note that nowhere in the region's response was there a commitment to attempt to account for the $16,589.85.

- For recommendation no. 9, documentation showing that PL-480 grant funds used for ISTs or any other purpose that offsets appropriated funds are reported as host country contributions. We note that our review found clear evidence that PL-480 funds were used for ISTs.

- For recommendation no. 10, documentation that the 2003 outstanding travel advances have been cleared.

- For recommendation no. 19, documentation showing that the post has disposed of obsolete property.

- For recommendation no. 21, a copy of the updated Peace Corps Manual section.

- For recommendation no. 22, documentation that the post has disposed of the two vans and a copy of the current vehicle inventory.

- For recommendation no. 27, copies of signed contractor release statements.

- For recommendation no. 30, a copy of the redesigned purchase card log.

- For recommendation no. 31, a copy of the sign-in sheet for the most recent IT training.

- For recommendation no. 32, documentation showing that the issue has been addressed and that the resulting decision is in place.

- For recommendation no. 33, documentation that that the country director has: 1) addressed the issue of the 24-hour Volunteer support response rule which caused a workload imbalance among the APCDs and 2) increased the transparency of the grant review process (also addressed in recommendation no. 4).

  The region stated that they concur with this recommendation and that the post has complied with this recommendation by hiring three new APCDs and assigning one Program Specialist to each program. However, the region's response to this recommendation is incomplete; it addresses only one of the three major issues addressed in this recommendation. Our narrative focused on three main changes made by the country director:

  1) management had not clarified how responsibilities were to be reallocated to lost positions and new positions such as the Program Specialists and APCDs;
  2) implementation of a 24 hour Volunteer support response rule; and
  3) dissolving of the grant review committee.

  In addition, the region's response does not address the recommendation itself which is to clarify the roles and responsibilities of the program staff; replacing staff does not automatically clarify duties and responsibilities. We note that replacing 15 staff members in a short period of time was part of the condition that led to staff's confusion over their roles and responsibilities.

- For recommendation no. 34, evidence that the post has a fully qualified Safety and Security Coordinator (SSC) in place and that the incumbent performs the duties of a Safety and Security Coordinator. We note that the region's response actually acknowledges that the post does not have a fully qualified Safety and Security Coordinator at post, particularly since the post's position description currently in place requires a "Level IV English ability" for language proficiency,

while the present incumbent of that position has in the region's own words "weak English language ability."

As our report indicated, the incumbent's language skills has greatly impacted her ability to perform this function. However, and as also expressed in our report, language ability is not the only area in which the Safety and Security Coordinator is not fulfilling the requirements of her position description. According to the SSC's position description, "[t]he role of the incumbent is to augment and support …senior staff security-related functions." Our evaluation has determined that while the SSC's position description duties and responsibilities center around supporting the staff in ensuring that Volunteers are living and working in safe conditions, the staff reported that they do not feel supported by the SSC. For example, according to the staff, the SSC did not:

- o perform or assist in site selection and monitoring on a regular basis;
- o serve as rotating Duty Officer, enabling the SSC to "coordinate the testing of the EAP with staff at least once per year" as stated in her position description (instead, EAP tests were managed by the Duty Officer); and
- o train the staff to conduct site and housing inspections to conform to criteria.

The post's SSC position description dedicates 30% of her duties to MS 270 compliance, however, all three of the IG team members' interviews with staff and Volunteers verified that the SSC did not insure MS270 compliance, as exemplified below:

- o as of May 2006, the SSC had not implemented the MS 270 recommendations made by the PCSSO in April 2005;
- o the SSC did not "monitor the accuracy of site locator forms";
- o the SSC did not help Volunteers identify local authorities and fill-out police reports;
- o the SSC did not "maintain, integrate, computerize or file site history forms";
- o the SSC did not inform Volunteers of security concerns at their site; and
- o the SSC did not participate regularly in site visits.

In addition, a sampling of other direct quotes that we heard from staff and Volunteers alike both at post and in Washington regarding the work product and responsibilities of the Safety and Security Coordinator were as follows:

- o "She has been useless since Day 1, everyone tried to tell [the country director] that and he just wouldn't hear it."
- o "I don't know what [the SSC] does."
- o In response to the question, what does the SSC do, "I don't know; that is a really good question."
- o "[The SSC] is not very active."
- o "[The Safety and Security Coordinator] is never a duty officer. . ."

- o "I don't know why the SCC doesn't head up the EAP."
- o "[The SSC] did not report [a rape] in a timely manner."
- o "[The SSC] didn't seem to be aware of the rape incident [at all.]"
- o "I have tried to speak with the SSC in Ecuador over the phone and found out that she does not speak English."

Therefore, as we indicated in our report, we recommend the country director realign the SSC's duties to meet the duties in her position description. We recommend that the country director determine a work schedule for the SSC that integrates these duties and responsibilities and then supervise the SSC to ensure that she is actively supporting the programming staff.

Accordingly, this recommendation will remain open until evidence is provided that the Safety and Security Coordinator is performing the duties that are listed in her own position description, is actively supporting the PC/Ecuador programming staff, and has achieved the language proficiency required by the position description.

- For recommendation no. 36, a copy of the revised and re-issued duty officer description of duties, the Duty Officer handbook, and the Duty Officer training manual that includes unequivocal language about the responsibility for confidentiality.

  The documentation attached to the region's response regarding the issue of confidentiality that is mentioned in two sentences on page 4 of the Duty Officer Handbook beginning with the sentence, "Please keep in mind, . . ." does not qualify as the unequivocal language indicated in the recommendation which would need to emphasize the importance management places on Volunteer's confidentiality by noting the consequences for breaches in confidentiality.

- For recommendation no. 37, a copy of the standardized procedures for site selection and site preparation.

- For recommendation no. 38, documentation that the Volunteers are systematically receiving useful site history information prior to arriving at site. The "new summary fact sheet of site history" referenced in the region's response may be sufficient to close this recommendation if the fact sheet clearly documents how Volunteers will be able to use this site history information at their site.

- For recommendation no. 39, documentation that the post has reinstituted a grant review committee for SPA and PL-480 grants as stated in their letter of August 28, 2006, subject: "Process for Volunteer Grants".

  We note that the region's response to recommendation no. 39 states that it concurs with our recommendation and that the post complied with this recommendation in

August 2006. However, the region's response to recommendation no. 4 indicated that the post *had not determined* whether to reestablish a grant review process.

- For recommendation no. 40, a copy of the income-generating model for each project.

- For recommendation no. 43, a copy of the evaluation tool to measure the effectiveness of Omnibus 97's advanced language training.

- For recommendation no. 44, a copy of the template of the individual plans developed for advanced language speaker Trainees which includes technical, language and culture training. The plans should include strategies and best practices received from other posts.

- For recommendation no. 45, a copy of the cross-cultural competencies implemented by the Language and Culture Program Specialist for Omnibus 96.

- For recommendation no. 46, a copy of site visit forms or guidelines that demonstrate how the post addresses the Rural Health Volunteers' support needs.

- For recommendation no. 47, a copy of the list of in-site language tutors in the indigenous sites.

- For recommendation no. 48, a copy of forms or guidelines for Volunteer support that incorporate best practices.

In closing recommendations, we are not certifying that the actions have, in fact, been taken nor that we have reviewed their effect. Certifying compliance and verifying effectiveness are management's responsibilities. We may perform a follow-up review to determine if actions were taken and if they were effective in improving performance.