



Peace Corps  
**Office of Inspector General**  
Semiannual Report to Congress

October 1, 2013 to March 31, 2014

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# PEACE CORPS

## OFFICE OF INSPECTOR GENERAL

### *Vision:*

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

### *Mission:*

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

### OIG:

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

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

## Semiannual Report to Congress

*October 1, 2013 to March 31, 2014*

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## Highlights from this Report

### Message from the Inspector General



I am pleased to present the Peace Corps OIG's Semiannual Report to Congress (SARC) for the period of October 1 to March 31, 2014. Peace Corps OIG was founded in 1989 when Congress amended the Inspector General Act of 1978 (IG Act) to include smaller agencies. On the 25th anniversary of our office, I am proud of the work we have accomplished to make the Peace Corps a better, more efficient agency and look forward to continuing this important work in the future.

During this reporting period, my office helped solve a cold homicide case. Since the murder of Peace Corps/Gabon Volunteer Karen Phillips in 1998, my office has worked with an investigative team led by the Gabonese judicial police to pursue justice in the case. The team consisted of OIG, the FBI, the U.S. Department of State's Diplomatic Security Service (DOS/DS), and the U.S. Embassy in Libreville, Gabon. On November 18, 2013, a Gabonese criminal court convicted Thierry "Rambo" Ntoutoume Nzue to life in prison for the murder. Phillips served in Oyem, an agricultural city of about 40,000 where she worked as an agro-forestry Volunteer.

In mid-March, I travelled to Benin with acting Director Carrie Hessler-Radelet and U.S. Sen. Johnny Isakson to attend events observing the fifth anniversary of the death of Peace Corps/Benin Volunteer Kate Puzey. We were accompanied by members of the Puzey family. My office, in coordination with the government of Benin, the FBI, the Department of Justice, the DOS/DS, and the U.S. Embassy in Benin, continues to seek justice for Puzey.

On November 21, 2013, we issued three reports mandated by the Kate Puzey Peace Corps Volunteer Protection Act of 2011 (Pub. L. No. 112-57) (Kate Puzey Act), which enhances Volunteer safety and security. The Evaluation Unit's reports focus on implementation of the Peace Corps' sexual assault policy, and on the Peace Corps' sexual assault risk-reduction and response training. The extent to which we could evaluate implementation and effectiveness was limited by the statutory deadline of the reports and the agency's implementation of key policies and provisions issued September 1, 2013. The focus of the Audit Unit's report is on the Peace Corps' overseas staffing.

In our previous SARC (April 1 to September 30, 2013), we expressed serious concerns with the agency's decision to issue policies and procedures that impede our broad right of access to all agency records, documents, and information under section 6 of the IG Act. In particular, the agency is denying my office critical information and documents needed to conduct our oversight work, particularly the work required by the Kate Puzey Act. On January 15, 2014, I testified before the House Committee on Oversight and Government Reform, at a hearing titled "Strengthening Agency Oversight: Empowering the Inspectors General Community," where I

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echoed this concern. My office continues to voice its concerns to acting Director Hessler-Radelet and relevant congressional committees. My testimony is included as Appendix D to this report.

Due to time constraints caused by the partial government shutdown in October 2013, the Office of Management and Budget and the Department of Treasury revised the year-end financial reporting calendar, which includes the Performance and Accountability Report. Therefore, our statement on the Management and Performance Challenges facing the agency are included in this SARC. We identified six challenge areas, all of which we have previously identified and one, Information Technology Security Management, dates back to 2009.

During the reporting period, we also launched a webpage focused on whistleblower protections. The webpage serves as a resource to staff, contractors, and Volunteers.

In addition to the reports required by the Kate Puzey Act mentioned above, the Audit and Evaluation units also completed the following work: The Audit Unit issued final reports for post audits of Armenia and Macedonia, initiated a follow-up audit of the Peace Corps' safety and security program, conducted an audit of the Peace Corps' administration of health services contracts, and conducted post audits of the Dominican Republic, Cameroon, and Nepal. The Evaluation Unit issued preliminary reports on post evaluations of Ecuador and Mexico, initiated a post evaluation of the Philippines, continued work on an evaluation of Armenia, completed a multi-year assessment and trends report regarding the agency's process for new county entry or re-entry, and conducted an evaluation of the Peace Corps' overseas staff training programs. Finally, the Investigation Unit closed 12 investigations and 108 preliminary inquiries.



Kathy A. Buller  
Inspector General



# Management and Administration



**Graphic illustrating all three reports mandated by the Kate Puzey Act.**



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## Management and Administration

### Agency Context

As of March 31, 2014, 6,984 Peace Corps Volunteers and trainees were serving in 65 countries at 61 posts. This total includes 805 Volunteers and trainees funded by the President's Emergency Plan for AIDS Relief to work on HIV/AIDS projects at 18 posts and 200 Peace Corps Response Volunteers serving in short-term assignments in 38 countries (37 posts).

The Volunteers and their programs are supported by 943 U.S. direct hire staff: 182 overseas, 119 in the regional recruiting offices, and the remaining 642 at headquarters. Approximately 2,041 locally hired personnel complete post staffing. The Peace Corps also has corporate contracts domestically and overseas, principally for guard services and training, and hires expert consultants, largely for training and financial management.

### Awards

The Council of Inspectors General on Integrity and Efficiency (CIGIE) presented OIG with two awards of excellence on November 15, 2013. Assistant Inspector General for Audit Bradley Grubb and Lead Auditor Hal Nanavati received an Audit Award for Excellence for the audit of Peace Corps/Tonga. CIGIE recognized the audit for its significant impact on how the agency processes collections at overseas posts, which led to major changes in system controls to prevent cashiers from embezzling funds.

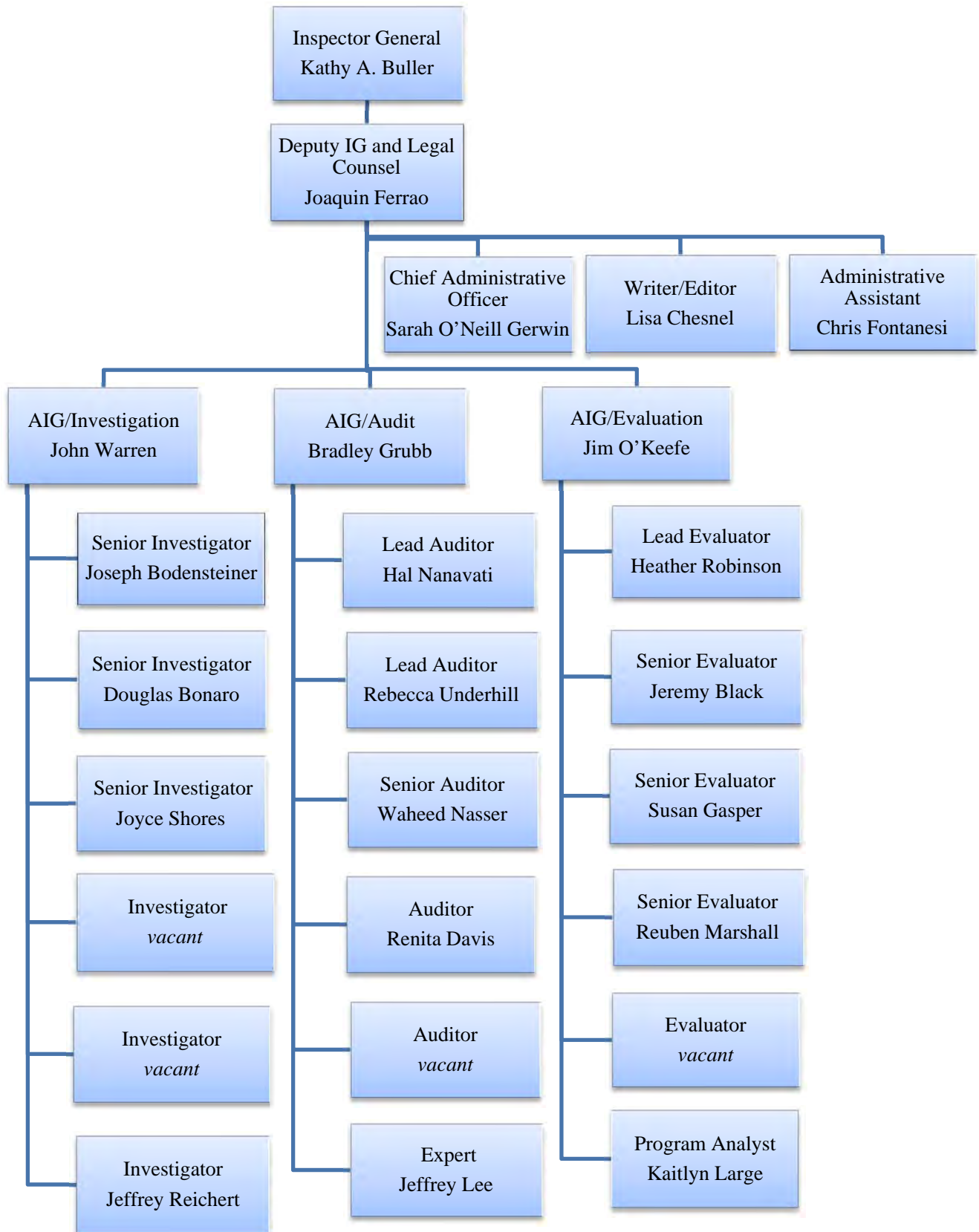
Senior Special Agent Joyce Shores and an investigative team received the Investigation Award for Excellence for the U.S. vs. Jesse Osmun investigation. The U.S. vs. Jesse Osmun team included the Department of Homeland Security's Assistant Attaché Toshua Williams, Child Forensic Interviewer Amy Allen, National Program Manager Kimberly Foy, and Special Agent Rod Khattabi; the Department of Justice's Assistant U.S. Attorney Krishna Patel and Trial Attorney Bonnie Kane; and South African Police Service Detective Captain Adéle Sonnekus.

The investigation team was acknowledged for excellence in conducting a complex international investigation of serial child sexual abuse by former Peace Corps Volunteer Jesse Osmun in South Africa. After a lengthy investigation, Osmun pleaded guilty in 2012 and was sentenced to 15 years in prison followed by 10 years of supervised release and was ordered to pay restitution.



*Special Agent Joyce Shores (left) and Assistant Inspector General for Audit Bradley Grubb*

## OIG Organizational Chart



# Management and Performance Challenges



**Peace Corps/Armenia Volunteer Lorraine Moore (right) and an Armenian teacher (left) interact with students.**





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# Management and Performance Challenges

## Inspector General's Statement

In accordance with the Reports Consolidation Act of 2000, OIG is submitting what it has determined to be the most significant management and performance challenges facing the Peace Corps. The challenges discussed in this report are to be included in the agency's Performance Accountability Report for fiscal year (FY) 2013. OIG has concluded that the following six areas present significant challenges at the Peace Corps.

This year's challenge areas are:

- IT Security Management (first reported in FY 2009)
- Business Processes and Information Systems (FY 2011)
- Volunteer Safety and Security (reported under Business Processes and Information Systems in FY 2011)
- Excessive Personnel Turnover (FY 2012)
- Programming and Volunteer Training (FY 2012)
- Accountability of Medical Supplies (FY 2012)

These challenges illustrate the most significant areas OIG believes need improvement for the Peace Corps to effectively manage its resources and minimize the potential for fraud, waste, and abuse occurring in its operations. Addressing the issues related to these challenge areas would enable the agency to increase operational efficiencies and improve mission effectiveness.

## FY 2013 Challenges

### **Challenge** Information Technology Security Management

#### **Why This is a Challenge**

An effective information technology (IT) security program helps protect an agency's data from being misused by both internal and external sources and minimizes the potential of having its most sensitive data compromised. The federal laws and regulations governing IT security are specifically designed to strengthen an agency's management of its programs and provides for significant enhancements in the capability to prevent serious information security incidents from occurring. A cornerstone of IT security in the federal environment is the Federal Information Security Management Act (FISMA).<sup>1</sup> Its overall goals include the development of a comprehensive framework to protect the government's information, operations, and assets. Since FY 2009, OIG has reported in its management and performance challenges that the Peace Corps

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<sup>1</sup> Pub. L. No. 107-347. The law was passed by Congress and signed by the President as part of the E-Government Act of 2002.

has not achieved full compliance with FISMA. OIG has again found that FISMA compliance is a management and performance challenge for the Peace Corps.

### **Progress in Addressing the Challenge**

Management has not progressed in strengthening the Peace Corps' IT security management programs through greater FISMA compliance and, in some cases, has regressed since FY 2012. Several issue areas associated with FISMA compliance that were discussed in prior year challenge statements have not been fully resolved. For example, some processes for configuration management have not been completely implemented, various contingency plan testing weaknesses still exist at both overseas posts and headquarters, performance of required risk assessments is not being consistently accomplished, and systems security planning documentation has not been completely updated. Further, the Peace Corps is lacking an effective plan of action and milestones process. Absent an effective plan of action and milestones process it cannot efficiently track and remediate known security weaknesses or cross-reference them to the agency's budget system as required by the Office of Management and Budget (OMB). Other identified high-risk deficiencies include an ineffective information security risk management framework and lack of a program for performing continuous monitoring of agency systems.

### **What Needs To Be Done**

Achieving full compliance with FISMA and other federal laws and regulations that apply to managing the Peace Corps' IT security infrastructure is critical to establishing a program that ensures the agency's information, operations, and assets are adequately protected. The Peace Corps needs to place greater emphasis on improving FISMA compliance and timely remediation of IT security weaknesses that have been identified through internal, OIG FISMA, and other reviews. This will require sufficiently prioritizing agency time and resources to eliminate weaknesses and improve its IT security program.

### **Key OIG Resources**

[Peace Corps FY 2012 Performance and Accountability Report](#)  
[OIG Semiannual Report to Congress, October 1, 2012 to March 31, 2013](#)

## **Challenge** Business Processes and Information Systems

### **Why This Is a Challenge**

Although the Peace Corps continues to streamline operations and improve the technology that supports key business and Volunteer support processes, it is constrained by limited resources and inadequate planning. A responsive management team that provides quality support services to Volunteers will require enhanced business processes and modern information systems. Agency business processes must also support effective internal controls and access to reliable data. OIG's work disclosed some common problems related to maintaining effective internal controls. According to OMB Circular A-123, "Management is responsible for establishing and maintaining internal control to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations." It is imperative that agency management implements the necessary automated and manual controls throughout its processes to ensure the desired results are achieved.

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### *Property Management*

The Peace Corps reported having property valued at \$35.2 million in FY 2012. Accountability over Peace Corps property, such as vehicles, furniture, and computer equipment, continues to present challenges for management. The agency implemented a new property accountability system in FY 2012. However, OIG audits found problems with the implementation, including incorrect information loaded into the system from the start. In addition, OIG's external auditor continues to report internal control gaps over property, plant, and equipment.

### *Data Management*

As the agency automates business processes, proper data management is essential to ensure the accessibility, usefulness, and accuracy of data. OIG audits and evaluations have identified several essential functions that remain largely paper-based, such as travel, medical supply management, payment vouchers, and several human resource functions (for example, leave approval, performance appraisals, and travel compensation time). As a result, data is more prone to human error and less easily analyzed for management decisions, and data management processes are less efficient than an automated workflow.

In addition, offices should carefully consider what controls are automated and how to gain efficiency as they automate more functions. For example, the agency implemented an automated system for posts to request Volunteer payments. When the system was implemented, the process for making non-recurring payments to Volunteers no longer required the full review of a financial management officer. Although the financial management officer examined a selection of the payments, it was not a sufficient number or statistical sample as required by federal regulation. As a result, payments totaling \$2.8 million were made to Volunteers from FY 2010–13 that were not properly certified.

### **Progress in Addressing the Challenge**

This challenge relates to various agency functions that are managed by different offices. Progress in improving processes or systems is dependent on the managing offices' priorities and resources. Several offices have placed high importance on reviewing their processes, identifying key controls, and developing sustainable procedures and system solutions to ensure efficient and effective operations. For example, the agency realigned several offices that manage small grants into one office, the Office of Strategic Partnerships. In doing so, the agency aligned processes, re-evaluated controls, and implemented new procedures to ensure posts and Volunteers received clear and consistent guidance on using small grants to further their work. The agency is also developing a grants management enterprise system to automate workflow and maintain data. Another example is the Volunteer Delivery System, which automated and modernized the recruitment, placement, and medical clearance processes. As a result, the applicant processing time was shortened, paperwork was significantly reduced, and staffing resources were saved by adding automated controls and reviews. In addition, by automating many of the paper files containing personally identifiable information, the agency has reduced the risk of personal and medical information being lost or stolen.



In FY 2014, the agency plans to continue streamlining operations and improving the technology that supports key business processes, including a customer relationship management database that supports several offices and functions and a medical supply management system.

### **What Needs To Be Done**

The agency must continue to assess its operations and identify ways to streamline and improve its business processes. Competing agency priorities requires that senior management must prioritize initiatives and coordinate efforts. Proper prioritization and coordination will help management to allocate the appropriate resources and manage the changes in an efficient and effective manner.

### **Key OIG Resources**

[OIG FY 2014 Annual Plan](#)

[Management Advisory Report: Certification of Volunteer Payments](#)

[Recurring Issues: OIG Post Audits and Evaluations FYs 2009-2011](#)

## **Challenge** Volunteer Safety and Security

### **Why This Is a Challenge**

While Peace Corps service is often a fulfilling, life-defining opportunity, there are inherent safety risks, including the risk of sexual assault or other serious crime incidents. The agency has identified Volunteer safety and security as a primary objective and a responsibility of staff, Volunteers, and trainees. In 2011, sexual assault victims, agency officials, and subject matter experts testified before Congress, and victims called on the agency to adopt the highest standards for response and care. During the past two years, the agency has developed policies, response protocols, and Volunteer safety and security training programs mandated by Congress under the Kate Puzey Volunteer Protection Act of 2011 (Kate Puzey Act).<sup>2</sup>

The Kate Puzey Act required that the agency enter into a memorandum of understanding (MOU) specifying the duties and obligations of the Peace Corps and the Department of State Bureau of Diplomatic Security (DOS/DS) with respect to the protection of Volunteers and staff members, including investigations of safety and security incidents and crimes committed against Volunteers and staff. The need for formal agreement between the agency and DOS/DS to clarify roles and responsibilities when crimes are committed against Volunteers was cited by OIG in its 2010 Audit of the Volunteer Safety and Security Program and in testimony by the inspector general before Congress as an important element to ensure that a thorough response effort is carried out. While the execution of the MOU in 2012 was an important milestone, how the agreement is implemented will determine whether it enhances Volunteer safety and security.

Additionally, despite improvements, posts continue to struggle to fully and consistently implement agency safety and security policies and procedures. Further, the agency has not developed a system to ensure safety and security recommendations are implemented by posts. During FY 2014, OIG will perform a follow-up review of OIG's FY 2010 audit to determine if progress has been made.

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<sup>2</sup> Pub. L. No. 112-57.

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Many of the policies and Volunteer training modules mandated by the Kate Puzey Act were developed, issued, and implemented during FY 2013, along with staff training on roles and responsibilities related to Volunteer sexual assault and serious crime. Some significant elements of the policy went into effect on September 1, 2013, such as a process for victims to make restricted reports and assigning a sexual assault response liaison at every post. Given the considerable changes made to these policies, the decentralized nature of the Volunteer safety and security program, and the number of headquarters and overseas personnel with safety and security roles, it will be a management challenge to adequately train and oversee staff to ensure compliance with agency policies and delivery of required services to victims of crime.

### **Progress in Addressing the Challenge**

In 2011, the agency issued a seven-point Commitment to Sexual Assault Victims statement to Volunteers and staff that spelled out a framework for response to sexual assault victims predicated on compassion, safety, open communication, and respect for privacy. A victim advocate was hired and an office established to work with Volunteers, posts, and headquarters staff to enhance response and care. As noted, the agency made progress by entering into an MOU with DOS/DS, defining roles and responsibilities for responding to staff and Volunteer safety and security incidents overseas. Additionally, as required by the Kate Puzey Act, Volunteer sexual assault risk-reduction and response (SARRR) training was developed, incorporating best practices in the field and in consultation with subject matter experts. Initial Volunteer survey results indicated that it was effective. The agency has trained some, but not all, overseas staff on the sexual assault policies, and intends to train all relevant staff once the comprehensive sexual assault policies have been finalized.

The agency developed the Coordinated Agency Response System (CARS) to assist in the coordination of appropriate services to Volunteers who are victims of crime. CARS is also intended to enhance post and headquarters-level compliance and implementation of sexual assault policies and procedures in support of Volunteers who are victims of crime.

The agency has addressed high crime environments in Latin America by making significant programmatic and support changes in the field. For example, in 2011 the agency identified posts in Latin America at greater risk for serious crime incidents. The agency used that data to initiate programming changes in key areas, including transportation, geographic distribution of Volunteers and, in some cases, post closures. The agency reported that their actions resulted in a 30 percent decrease in serious crimes against Volunteers in the region.

### **What Needs To Be Done**

The majority of the 60 posts OIG visited from 2009–13 struggled to fully implement agency safety and security policies and procedures. While the agency continues to improve aspects of its safety and security program, it has not yet established some critical processes. One such process is a system to ensure safety and security recommendations are implemented by posts, specifically with regards to emergency action plans and consolidation points, Volunteer housing, and site locator forms. The agency has established instructions to assist in these areas; however, additional training and monitoring would ensure more consistent implementation at posts. Volunteer SARRR training was implemented in 2011 and all Volunteers who received pre-

service training (PST) received SARRR training. However, SARRR training is not provided consistently to Peace Corps Response Volunteers, who do not receive PST.<sup>3</sup> The agency will need to update its written guidelines and provide applicants and Volunteers with the required information and training once the comprehensive sexual assault policies have been finalized. The agency will need to ensure that all overseas staff has been trained on its sexual assault policies and carefully track completion of online training.

Additionally, the agency does not use a centralized case management system to verify that sexual assault response requirements have been fulfilled, assess performance, and make process improvements. In addition to providing training and guidance on implementation of the MOU to agency staff, the agency should ensure that country directors engage with U.S. Embassy regional security officers to review field implementation of the MOU, including support services available under the agreement.

### **Key OIG Resources**

[OIG FY 2014 Annual Plan](#)

[Final Evaluation Report: Peace Corps Sexual Assault Risk Reduction and Response Training](#)

[Final Evaluation Report: Peace Corps Volunteer Sexual Assault Policy](#)

[Final Report: Review of the Peace Corps' Implementation of Guidelines Related to Volunteer Victims of Rape and Sexual Assault](#)

[Recurring Issues: OIG Post Audits and Evaluations FYs 2009-2011](#)

[IG's Congressional Testimony House Committee on Foreign Affairs](#)

[IG's Congressional Testimony Senate Foreign Relations Subcommittee](#)

[Final Audit Report: Peace Corps Volunteer Safety and Security Program](#)

[Final Program Evaluation Report: Volunteer Safety and Security](#)

### **Challenge Excessive Personnel Turnover**

#### **Why This Is a Challenge**

In June 2012, OIG issued its final report on the impacts of the “five-year rule” (FYR) on operations of the Peace Corps. Peace Corps management concurred with the report’s five recommendations. The FYR became law in 1965 and limited employment of Peace Corps U.S. direct hire personnel to five consecutive years worked over two separate “tours” of two and a half years each. OIG’s evaluation found that the FYR, as intended, enabled the agency to create a constant flow of new employees including returned Peace Corps Volunteers, avoid the inflexibility associated with the civil service system, and prevent employees from working their entire career at the Peace Corps. However, the FYR accelerated the annual pace of employee turnover to between 25–38 percent, quadruple the average turnover rate in the federal government: The average tenure of agency employees over the past 10 years was just under three years. Excessive personnel turnover at the Peace Corps exacerbated a range of common management challenges. Excessive turnover has undermined the agency’s ability to retain employees on the basis of performance; conduct succession planning; manage the continuity and

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<sup>3</sup> Peace Corps Response provides qualified professionals the opportunity to undertake short-term assignments in various programs around the world.

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transfer of essential knowledge, skills, and abilities; provide training and professional development to staff; and deploy its workforce efficiently.

In addition, the FYR weakened the agency's ability to attract and retain highly qualified professionals in the areas of contracting, financial management, IT, human resources management, and medical support. It led to frequent staffing gaps in mission-critical positions overseas. Further, the practice of employing staff on 30-month tours compromised performance management by allowing supervisors to avoid actively managing underperforming employees. OPM recently characterized this unintended effect of the FYR as "a threat to effective performance management and mission accomplishment, and a risk to effective [human capital] management in accordance with the merit system principles and in compliance with federal laws, rules, and regulations." OIG estimated that over the five-year period from 2005–09, excessive turnover driven by the FYR accounted for approximately 60 percent of \$20.7 million in total turnover management costs.<sup>4</sup>

### **Progress in Addressing the Challenge**

In March 2013, the agency revised certain policies related to the administration of its personnel system. These changes included appointing new hires for a period of five years rather than 30 months, adjusting probationary periods relative to the longer appointments (with a goal of generally converting current employees to five-year appointments), and clarifying procedures for separating employees during their probationary period.

These recent policy and procedural changes will need to be assessed against their intended purposes, i.e., reduced turnover and enhanced recruitment.

### **What Needs To Be Done**

Although the Peace Corps concurred with the five recommendations OIG made to reduce the negative effects the FYR has had on agency operations, all five remain open. The open recommendations are: (1) that the Director carry out the necessary reforms to the FYR to reduce the rate of employee turnover and increase the average length of employment of the agency's direct hire employees; (2) that the Director identify which functions should be subject to periodic turnover to meet the needs of the agency, and implement a process to manage turnover so that the agency retains qualified personnel on the basis of merit and performance; (3) that the Director identify the agency's core business functions and positions that currently suffer from frequent staff turnover and lack of continuity, and determine and implement a process for acquiring and retaining qualified personnel to perform those functions on the basis of merit and performance; (4) that the agency raise expectations among supervisors to actively address employee performance issues and provide supervisors with the training and support to correct inadequate performance and separate employees who do not improve; and (5) that the agency put in place more robust processes and systems to gather and analyze data on the causes of unwanted, early employee resignations, and develop data-driven solutions to curb the pace at which employees resign early.

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<sup>4</sup> This estimate only included direct costs and did not take into account costs that were more difficult to quantify, including the loss of expertise when high-performing staff appointments ended, reductions in productivity, or gaps in institutional memory and knowledge.

**Key OIG Resources**

[Final Evaluation Report: Impacts of the Five Year Rule on Agency Operations](#)

**Challenge** Programming and Volunteer Training**Why This Is a Challenge**

Programming and Volunteer training are at the heart of the Peace Corps' operations and enable the agency to achieve its primary mission. In 2012, OIG issued a report, *Recurring Issues: OIG Post Audits and Evaluations Fiscal Years 2009–2011*, which identified recurring management and performance challenges associated with the agency's ability to effectively place, train, and support Volunteers. OIG has continued to identify and report challenges related to programming and Volunteer training in its country program evaluation reports issued in FYs 2012 and 2013, with common problem areas being site development, the adequacy and applicability of Volunteer training, and coordination with host country ministries and project partners.

*Site Development*

Placing Volunteers in sites where they are safe, healthy, and productive is essential to their success. Insufficient site development can result in inappropriate sites where Volunteers struggle to achieve programming goals. Seventy-three percent of OIG evaluation reports issued in FYs 2009–13 contained recommendations related to site development. Posts frequently had not established or documented clear site development processes, nor ensured that staff had been sufficiently trained to carry out their site development responsibilities. Many posts also failed to ensure that Volunteer housing had been thoroughly inspected and adhered to housing criteria.

*Volunteer Training*

Training provides Volunteers with important knowledge and skills needed for productive and fulfilling service. Seventy-three percent of the posts OIG evaluated in FYs 2009–13 had training deficiencies. Language and technical training were two areas commonly in need of improvement. In some posts, technical training lacked relevance to Volunteers' sites or was not practical enough to prepare them to carry out primary assignments. Some posts needed to make improvements in language training, particularly in local language instruction or access to tutors or other self-directed language training methods during service. Posts frequently needed better methods to assess training effectiveness and take well-informed steps to improve training.

*Host Country/Project Partner Coordination*

Sixty-two percent of the posts OIG evaluated in FYs 2009–13 reported that post relationships with host country ministries and project partners needed improvement. Some posts have not adequately engaged key project partners in programming, including project design and implementation. Others have not sufficiently communicated project results and Volunteer achievements to host partner ministries and organizations. Not all posts had established formal communication methods that brought multiple parties together, such as project advisory committees. Furthermore, some posts had not developed and maintained memoranda of understanding with host country ministries and project partners. Without a structured way to work with project partners, posts were not able to take full advantage of their partners' expertise.

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## **Progress in Addressing the Challenge**

The agency has demonstrated an awareness of these issues and has taken several steps to increase its focus on them.

### *Site Development*

In 2012, the agency added an indicator in its annual performance plan that measures Volunteers' satisfaction with site selection and preparation. The performance plan stated that the agency was going to improve guidance to posts and set appropriate expectations with Volunteers regarding site selection and preparation. The Inter-America and the Pacific Region developed standardized site development and monitoring guidance in 2012 and in 2013 both the Europe, Mediterranean, and Asia and Africa regions issued versions of standardized site development and monitoring guidelines. As these guides are implemented the agency hopes to see improvements to site development and progress with Volunteer satisfaction regarding site selection and preparation.

### *Volunteer Training*

Since 2011, the agency has been implementing its Focus In/Train Up initiative, designed to improve programming and Volunteer training. The agency reports Focus In/Train Up is on track to reduce the number of total projects from 211 in FY 2009 to 161 in FY 2014, a 24 percent reduction. The agency has developed standardized learning objectives that are currently being piloted and are expected to be rolled out globally in FY 2014. The agency has also provided monitoring and evaluation training to overseas programming and training staff to better measure the effectiveness of programming and training. Although progress has been made, posts are still implementing important components of these initiatives designed to improve the delivery and assessment of Volunteer training.

### *Host Country/Project Partner Coordination*

The agency created the Office of Strategic Partnerships in February 2012 to assist posts in developing and implementing partnerships. In addition, the FY 2012–14 annual performance plans include an indicator that measures the percentage of project managers who meet with local partners as part of a project advisory committee. According to the 2012 Performance and Accountability Report, project advisory committee use increased from 33 percent of all projects in FY 2011 to 69 percent of projects in FY 2012. The agency reports that in FY 2013, the level of project advisory committee use increased to 85 percent.

## **What Needs To Be Done**

There are a variety of factors that contribute to issues with site development, Volunteer training, and host country/project partner coordination. In some cases, improved staff training would help make sure that staff is knowledgeable of important manual sections and guidance they need to follow. In other cases, headquarters needs to provide posts with the management tools, IT, and oversight that will help them carry out agency policy and procedures.

## **Key OIG Resources**

[Recurring Issues: OIG Post Audits and Evaluations FY 2009-2011](#)  
[Country Program Evaluation Reports FY 2009-13](#)



## **Challenge** Accountability of Medical Supplies

### **Why This Is a Challenge**

The Peace Corps maintains medical supplies to provide Volunteers with needed vaccinations, medications, and emergency medical support. Posts must maintain appropriate levels of medical supply inventory to provide quality Volunteer medical care. Peace Corps policy establishes the controls over the procurement, receipt, storage, dispensation, and disposal of medical supplies. The controls are designed to ensure Volunteers' medical needs are met in a timely manner, that medical supplies are not expired and are authentic, and that medical supply inventory records are accurate and complete. Failure to fully implement medical supply policies creates opportunities for theft, diversions, waste, or other abuses at the posts that could have a serious negative impact on Volunteers' health.

OIG first began reporting medical supply accountability as a systemic weakness in FY 2008. At that time, the Peace Corps substantially revised its medical supply policies and procedures to provide adequate separation of duties; track the purchasing, dispensing, and disposing of medical supplies; and mitigate the risk of loss or theft. However, consistent implementation of these medical supply policies across all posts has been a recurring issue. OIG post audits and investigative work repeatedly found that posts did not fully comply with agency policy and were not ensuring medical supplies were properly secured. Specifically, OIG found that posts were not consistently establishing proper separation of duties, physically safeguarding medical supplies, and implementing an effective process to track and record medical supplies as they were received, transferred, dispensed, and disposed.

### **Progress in Addressing the Challenge**

During FY 2013, the Office of Health Services (OHS) continued to provide training and support to posts that struggled to implement the policy. In addition, OHS enhanced its oversight and analyses of medical supply inventory submissions from posts by identifying posts with significant discrepancies and conducting follow-up. The agency reported its follow-up included 23 full-site assessments, seven site-assisted trainings, ongoing review of Special Designated Drugs inventory, individual country feedback on policy adherence, and overseas staff training for medical officers and country directors. Two of OIG's four post audits issued in FY 2013 found that post was generally in compliance with the Peace Corps' medical supply policies, an improvement over prior years.

OHS has contracted for an electronic medical record system. The requirements for this system includes an electronic medical inventory tracking component that will index and track medical inventory and provide reports for management to use in overseeing the supplies across the world. Management anticipates that this system will help improve medical supply accountability. The system is expected to be rolled out for FY 2015 and, in early 2016, OHS will begin tracking and analyzing baseline data.

### **What Needs to Be Done**

Because of the limited number of staff at posts, several key medical supply responsibilities are assigned to staff that have other primary duties. As a result, these responsibilities may not receive the priority and attention to detail necessary to identify errors and stop theft or fraud.

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Headquarters and post management must provide sufficient training and oversight of staff to ensure policy is followed.

When the Peace Corps implements an automated medical supply inventory system, it must develop a work process that maintains the necessary separation of duties, tracks the supplies at a transaction level, and reports on lost or stolen supplies. The agency must clearly communicate the roles and responsibilities regarding the information system and train staff on its use. In the meantime, the agency must continue to train post staff on the various roles and responsibilities, emphasize to posts the importance of following policy, and hold posts accountable when controls are not in place and operating effectively.

**Key OIG Resources**

[OIG FY 2014 Annual Plan](#)

[Capstone Report: 2012 Medical Inventory Issues](#)

[Management Advisory Report: Breakdown of Internal Controls of PC/Burkina Faso Medical Unit](#)

[Recurring Issues: OIG Post Audits and Evaluations FYs 2009-2011](#)



# Advice and Assistance Provided to the Agency and Others



**View of Lake Ohrid, Macedonia, a Volunteer site.**



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## Advice and Assistance Provided to the Agency and Others

### Participated in Interagency Active Shooter Tabletop Exercise

OIG investigators participated in an interagency “active shooter” tabletop exercise presented by the Department of Homeland Security and hosted by the Peace Corps Office of Safety and Security. Based on best practices and lessons learned, OIG is augmenting its contingency procedures, in coordination with the Office of Safety and Security and first responder agencies.

### Provided Investigative Training to Peace Corps Safety and Security Officers

OIG investigators trained Peace Corps safety and security officers on a variety of investigative topics. Safety and security officers are stationed overseas and are often among the first Americans to reach a Volunteer after a crime occurs. Topics presented included an overview of OIG, crime scene management, collection and preservation of evidence, sexual assault forensics, interviewing, and investigative note-taking.

### Participated in Overseas Staff Training

OIG participated in overseas staff training in February, briefing 47 staff on best practices and common deficiencies noted by OIG. Participants included programming and training officers, directors of management operations, and financial assistants. OIG staff delivered an overview presentation to nine country directors.

### Created a Whistleblower Webpage

As part of OIG’s commitment to inform staff, Volunteers, and contractors about whistleblower protections, OIG created internal and external webpages describing prohibitions on retaliation for protected disclosures. The webpages also include information about the rights and remedies for those who have made, or are contemplating making, a protected disclosure.

### Advised Congress on Denial of Access to Agency Information

On March 31, 2014, OIG responded to an inquiry<sup>5</sup> from Sen. Tom Coburn, ranking member of the Senate Committee on Homeland Security and Government Affairs, and Sen. Chuck Grassley, ranking member of the Senate Committee on the Judiciary,<sup>6</sup> requesting a list of any instances when the agency resisted or objected to oversight activities, restricted OIG’s access to information, or caused temporary delays to information access.<sup>7</sup> OIG’s response informed the

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<sup>5</sup> The inquiry was sent to all OIGs on April 8, 2010 and is a biannual standing request.

<sup>6</sup> Sen. Grassley was the ranking member from 2001–10; he remains a senior member of the committee.

<sup>7</sup> The letter also requested information on closed investigations and any nonpublic audits, evaluations, or other reviews.

senators that the agency has denied OIG information and documents that are critical for it to conduct the oversight work required by the Kate Puzey Act.

More specifically, OIG informed the senators that the agency's general counsel has determined that the Kate Puzey Act overrides OIG's broad right of access to agency documents and information provided by the IG Act, even though the Kate Puzey Act provides exceptions that allow OIG to obtain such documents and information when another federal statute, such as the IG Act, requires disclosure. OIG's response also informed the senators that the agency has used the Kate Puzey Act to deny OIG information that is not covered by the statute, specifically, any details of the sexual assault. In short, OIG advised the senators that, without this information, OIG will be unable to fulfill its obligations under the Kate Puzey Act and, as a result, Congress will be unable to determine whether the agency is adequately implementing the law.

OIG also informed the senators about the agency's delay in granting OIG access to the agency's Consolidated Incident Reporting System database (CIRS), a crime incident database for all crimes committed against Volunteers. OIG had access to CIRS, but prior to launching its restricted reporting system on September 1, 2013, the agency curtailed OIG's access to the standard CIRS system. Limiting OIG's access to standard unrestricted crime data had no relationship with the Kate Puzey Act and was contrary to the IG Act. On September 30, 2013, OIG sent a letter to the acting Director making her aware of this impediment and asking her assistance to obtain immediate access for specific investigators and evaluators. On November 5, 2013, the acting Director intervened and provided OIG with access to this critical information.

In addition to responding to the senators' request, OIG has continued meeting with members of the House Committee on Oversight and Government Reform and the Senate Committee on Homeland Security and Government Affairs, as well as the committees with primary oversight responsibilities for the Peace Corps, the Senate Foreign Relations Committee, and the House Committee on Foreign Affairs, regarding the Peace Corps' policies and procedures denying OIG access to agency records.

## Reviewed Agency Regulations, Policies, and Procedures

OIG continues to provide advice and assistance to the Peace Corps Senior Policy Committee by commenting on drafts of new or updated policies and procedures. During this reporting period, OIG reviewed 20 Peace Corps Manual sections (MS), corresponding procedures, and interim policy statements (IPS). The following are some of the key issues from the reviews.

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

OIG continued its strong objection to the agency's policy on restricted reporting.<sup>8</sup> The policy impedes OIG oversight by denying OIG access to agency records relating to the majority of

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<sup>8</sup> Restricted reporting allows a Volunteer who is the victim of sexual assault to confidentially disclose the details of his or her assault to specified individuals and receive services without the dissemination of his or her personally identifiable information and without triggering an official investigation. Restricted reporting provides for four exceptions, including an exception in cases where state or federal courts order disclosure or if disclosure is required by federal or state statute.

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sexual assault cases. OIG has repeatedly informed the agency that its denial of information is contrary to the IG Act, which grants OIG access to all agency records and related materials.

Specifically, OIG opposed the creation of a new category of information called “restricted information,” which the agency defines as including personally identifiable information and any details of a sexual assault. OIG noted that the prohibition on disseminating “restricted information” to OIG has no basis in law and that the agency cannot override OIG’s statutory right of access through policy. OIG noted that this policy revision did nothing to clarify or resolve the continuing denial of records that OIG must access to fulfill its obligations under the IG Act and the Kate Puzey Act. OIG further noted that the change is counterproductive and makes any resolution of these issues more difficult.

OIG also objected to the policy’s expansive definition of personally identifiable information, but noted it would not oppose an expansive definition as long as it does not affect OIG’s statutory right of access. To simplify matters, OIG suggested that the agency incorporate the Kate Puzey Act’s definition of personally identifiable information into the policy.

OIG also objected to certain procedures implementing IPS 3-13. In particular, OIG objected to new procedures preventing OIG from evaluating a case reported through a restricted report unless the agency obtains the victim’s consent on OIG’s behalf. OIG advised that the agency could not require OIG to seek prior authorization to conduct evaluations because the IG Act prohibits the agency from directing the methodology of OIG evaluations.

Furthermore, OIG expressed concern about new procedures that warn victims that having a Sexual Assault Forensic Examination (SAFE) according to U.S. law could jeopardize the prosecution of their case in the host country. OIG suggested that such language could be interpreted as discouraging victims from having a SAFE. Instead, OIG suggested the agency complete its legal environment survey of each post so it can provide the victim with more accurate advice on the consequences of having a SAFE under U.S. law.

Regarding SAFEs, OIG also objected to new procedures requiring the Peace Corps medical officer to ship SAFE kits that are the subject of a restricted report to the Office of Victim Advocate rather than OIG. OIG noted that it was unnecessary to add an extra person to the chain of custody and that the process was ill advised, increasing the risk of chain of custody errors and exposing the Office of Victim Advocate to the possibility of having to testify or provide statements in a criminal case. OIG further noted that the procedure would improperly interfere with OIG investigations, in contravention to Section 3(a) of the IG Act.

*Comments to MS 123 (Office of the Director)*

OIG raised concerns about policy revisions expanding the role of the Office of General Counsel in policymaking as well as in providing legal advice to Volunteers. OIG suggested the agency adopt the model used by other government agencies in which there is a separate entity conducting policy planning and coordination. Regarding general counsel providing legal counsel to Volunteers, OIG noted that Volunteers are not federal government employees for most purposes, the agency is generally not liable for Volunteer actions, and MS 774 already authorizes the agency to retain counsel for Volunteers and trainees in appropriate cases. In response to OIG

concerns, the agency modified the policy so that general counsel is no longer tasked with providing legal advice to Volunteers.

*Comments to MS 218 (Trainee and Volunteer Travel and Use of Transit)*

OIG advised the agency that the current policy prohibiting Volunteers from using their Peace Corps-issued, no-fee passport after 90 days of completing service is unenforceable unless it obligates them to return the passports. OIG noted it is important to enforce the policy as problems may arise if a Volunteer engages in inappropriate activities after leaving the Peace Corps while using a Peace Corps-issued passport.

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# Audits



**Peace Corps/Macedonia Volunteer Lori Weaver at the elementary school where she teaches.**



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# Audits

## Overview

The Audit Unit conducts audits of the Peace Corps' programs and operations that support the agency's mission. These include overseas posts, regional recruitment offices, and headquarters functions. Audits are conducted in accordance with U.S. *Generally Accepted Government Auditing Standards* (GAGAS) issued by the Comptroller General of the United States. In addition, the unit oversees the annual audit of the agency's financial statements and review of information system security performed by an independent public accounting firm. During this reporting period, the National Endowment of the Humanities performed a peer review of the Peace Corps OIG's audit unit. A peer review is required by GAGAS every three years. Peace Corps OIG's audit unit received a rating of pass, concluding that the system of quality control has been suitably designed to provide OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.

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

At overseas posts, auditors review the financial and administrative operations for efficiency and effectiveness, financial stewardship, and compliance with agency policies and federal regulations. OIG's overseas post audits frequently identify recurring issues and trends, and contain recommendations to posts and headquarters for strengthening controls to prevent and detect systemic weaknesses. OIG also monitors the agency's progress in correcting systemic weaknesses identified in audit reports by obtaining and assessing evidence of corrective actions, reviewing the implementation of policy and procedural revisions, and conducting follow-up audits when necessary.

Along with the final reports described below, the Audit Unit issued a preliminary report on the applicant screening process and initiated work on a follow-up audit of the Peace Corps' safety and security program, a contract audit of medical services, and audits of Peace Corps posts in the Dominican Republic, Cameroon, and Nepal.



## Agency-wide Audits

### Peace Corps FY 2013 Financial Statement Audit

The Accountability of Tax Dollars Act of 2002 mandates an annual audit of the Peace Corps' financial statements. OIG contracted with Kearney & Company, an independent accounting firm, to audit the Peace Corps' financial statements. The contract required the audit be done in accordance with GAGAS, Office of Management and Budget Bulletin 14-02, Audit Requirements for Federal Financial Statements, and the Government Accountability Office/President's Council on Integrity and Efficiency Financial Audit Manual. Kearney's independent auditor's reports for FY 2013 included an opinion on the financial statements and a report on internal control over financial reporting and compliance with applicable provisions of laws, regulations, contracts, and grant agreements.

In the audit of the Peace Corps, Kearney found that the FY 2013 financial statements presented fairly, in all material respects, the financial position of the agency as of September 30, 2013, and its net cost of operations, changes in net positions, and budgetary resources for the year then ended, in accordance with accounting principles generally accepted in the United States. In addition, the firm reported that there was one material weakness related to internal control:

- Internal controls over financial reporting failed to prevent or detect misstatements that resulted in a restatement of the FY 2012 financial statements.

Kearney's report on internal control also identified three significant deficiencies:

- Internal control weaknesses over property, plant, and equipment resulted in the inability to achieve accuracy, consistency, and timely reporting of its assets.
- The Peace Corps' information system control structure, for two critical systems, did not include a comprehensive risk analysis, evidence of effective monitoring of design and performance, and evidence of an ability to identify and respond to changing risk profiles.
- Internal controls in place were inadequate for ensuring that accounts payable accruals are reasonably estimated and validated.

Further, Kearney found three instances of reportable noncompliance with the laws and regulations it tested or other matters that are required to be reported under GAGAS:

- The Peace Corps failed to comply with OMB Circular A-11 for the reporting of the Peace Corps' reporting entity, the Statement of Budgetary Resources, and the SF-132.
- Internal control over financial reporting is not effective and, as a result, the agency is not in compliance with the Federal Managers' Financial Integrity Act of 1982.
- As noted in its Assurance Statement, the Peace Corps did not fully comply with the Federal Information Security Management Act of 2002.

In connection with the contract, OIG reviewed Kearney's report and related documentation and the review disclosed no instances where Kearney did not comply, in all material respects, with

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GAGAS. As required by OMB Circular A-136, Financial Reporting Requirements, the auditor's reports were published within the Peace Corps FY 2013 Performance and Accountability Report. In addition, a separate letter describing internal control weaknesses considered less severe than a significant deficiency was issued to Peace Corps management.

### **Review of Peace Corps FY 2013 Information Security Program**

The Federal Information Security Management Act (FISMA) mandates that each federal agency establish effective information security protections and a program to secure its information systems from unauthorized access, use, disclosure, modification, and other harmful impacts. These requirements must be met through adherence to specific guidelines established by the National Institute of Standards and Technology. FISMA also requires OIGs to annually review their respective agency's information security programs.

OIG contracted with Williams Adley LLP, an accounting and management consulting firm, to perform the annual FISMA review at the Peace Corps. Williams Adley LLP assisted OIG in preparing responses to the OMB regarding FISMA compliance and provided reports associated with reviewing a representative sample of the Peace Corps' major information systems. Overall, the review concluded that management has not progressed in strengthening the Peace Corps' IT security management programs through greater FISMA compliance and, in some cases, has regressed since FY 2012. Several issues related to compliance, which were discussed in prior year FISMA reviews, have not been fully resolved. Some of the more significant issues include the following:

- Processes for configuration management had not been completely implemented.
- Various contingency plan testing weaknesses remain at both overseas posts and headquarters.
- Required risk assessments were not being consistently done.
- Systems security planning documentation had not been adequately updated. Further, the Peace Corps is lacking an effective plan of action and milestones process.
- The agency did not have an effective information security risk management framework.
- The agency lacked a program for continuous monitoring of agency systems.

Achieving full compliance with FISMA and other federal laws and regulations that apply to managing the Peace Corps' IT security infrastructure is critical to establishing a program that ensures the agency's information, operations, and assets are adequately protected. As a result, Peace Corps management needs to place greater emphasis on improving IT security by efficiently using its available technical resources to find viable solutions and remediate issues.

## Peace Corps Overseas Staffing

IG-14-01-A

On November 21, 2011, the President signed into law the Kate Puzey Peace Corps Volunteer Protection Act of 2011 (Kate Puzey Act).<sup>9</sup> The Kate Puzey Act requires the agency to provide comprehensive sexual assault risk-reduction and response training to Volunteers and implement a comprehensive sexual assault policy. The Kate Puzey Act also requires the agency to undertake a series of reforms, including enhanced Volunteer feedback mechanisms, monitoring and evaluation, performance appraisal, and other efforts to improve Volunteer safety and security and the Peace Corps' response to victims of sexual assault. The Kate Puzey Act requires OIG to review how Peace Corps representatives are hired, terminated, and how Peace Corps representatives hire staff, including an assessment of the implementation of performance plans.

OIG issued its audit of the Peace Corps' hiring of overseas staff in November 2013. The audit reviewed hiring for country director, director of management and operations, and director of programming and training positions (the top three senior staff positions at each post), as well as their performance plans and appraisals, and country director terminations. OIG found that while the agency has been able to staff post senior management positions, it struggled to maintain a robust pool of qualified applicants and ensure positions are filled in a timely manner. These issues occurred because the agency did not:

- Develop an overarching timeline for the hiring process and maintain a master calendar to manage when post senior staff positions will become available;
- Establish effective communications or coordination between the Office of Overseas Recruitment, Selection, and Support and the three regions to determine what specific qualifications are needed to fill the upcoming vacancies;
- Establish a feedback process on the quality of the pre-screening process;
- Utilize a set schedule for candidate roster development, issuance, and maintenance;
- Implement consistent procedures for the director of management and operations and director of programming and training interview hiring process; and
- Adequately plan for transfers and unexpected vacancies.

In terms of performance plans and appraisals, OIG found that CDs and other post senior staff are provided performance plans on an annual basis. However, the data provided by the agency concerning country director appraisals after the passage of the Kate Puzey Act was insufficient to conclude that all country directors had adequate appraisals conducted as required by law. OIG reviewed performance plans and appraisals for a sample of post senior staff and noted that

- Performance plans and appraisals did not clearly consider All Volunteer Survey data;
- Performance plans and appraisals were not conducted in timely manner; and
- Performance appraisals were inconsistent in format and scope.

In addition, the process for conducting performance appraisals lacked adequate oversight and specific direction for how to consider different levels of input. The current performance appraisal

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<sup>9</sup> Kate Puzey Peace Corps Volunteer Protection Act of 2011, Pub. L. No. 112-57, 125 Stat. 736 (2011).

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system lacks the ability to differentiate between mediocre and exceptional employees and does not provide specific guidance and training to rating officials.

Finally, the audit found that while termination is rarely pursued against country directors, there is no guidance on how regional directors should pursue this option or which offices should be involved in the decision-making process.

Management concurred with all 13 recommendations. At the end of the reporting period, all 13 recommendations remain open.

## Audits of Overseas Operations

### PC/Macedonia: Audit

*IG-14-02-A*

OIG issued its final audit of PC/Macedonia in December 2013. More than 500 Peace Corps Volunteers have served in Macedonia since the program began in 1996. At the time of the audit, the post had three U.S. direct hires, two foreign service nationals, and 16 full-time personal services contractors to support 73 Volunteers working in the following projects: education and community and municipal development. The post's FY 2012 budget was \$1.7 million. Furthermore, at Peace Corps headquarters, the Europe, Mediterranean, and Asia (EMA) Region incurred an average of \$418,000 per overseas post.

OIG found that the post's financial and administrative operations were effective and complied with agency policies and applicable federal laws and regulations. Overall, the post was well-managed, staff was highly qualified, and controls were in place and operating effectively. Staff was knowledgeable of Peace Corps policies and had developed procedures to ensure compliance. OIG did however note a few areas in need of improvement: The post allowed the medical assistant to maintain recurring interim advances, and the post neither separated duties for the management of grant projects nor complied with the agency's policy for disposal of expired medical supplies.

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

## **PC/Armenia: Audit**

*IG-14-03-A*

OIG issued its final audit of PC/Armenia in February 2014. More than 830 Peace Corps Volunteers have served in Armenia since the program began in 1992. At the time of the audit, there were three U.S. direct hires, one foreign service national, and 24 full-time personal services contractors supporting 86 Volunteers serving in the following projects: education and community/youth development. The post's FY 2012 spending was approximately \$1.8 million. In addition, at headquarters, the Europe, Mediterranean, and Asia Region incurred an average of approximately \$418,400 per overseas post.

OIG found that seven personal services contractors' salaries exceeded the maximum compensation of equivalent positions listed in the U.S. Embassy's Local Compensation Plan. The post did not provide justification for salary increases, such as a local market survey or positions with similarly required qualifications and skills sets. The excess compensation from January 2010 through December 2013 totaled \$41,600.

In addition, the post did not conduct sufficient analysis of vehicle usage to ensure it had the appropriate number of vehicles. Based on OIG's analysis, the post could operate effectively with five vehicles instead of six, thereby reducing its number of vehicles. In doing so, the post could avoid costs associated with replacing that vehicle, saving approximately \$50,000.

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

### **Questioned Costs**

Recommendation Number 2: Salary payment over maximum rate listed on the Local Compensation Plan -- \$41,600

### **Funds to be Put to Better Use**

Recommendation Number 1: Reduce the number of vehicles -- \$50,000

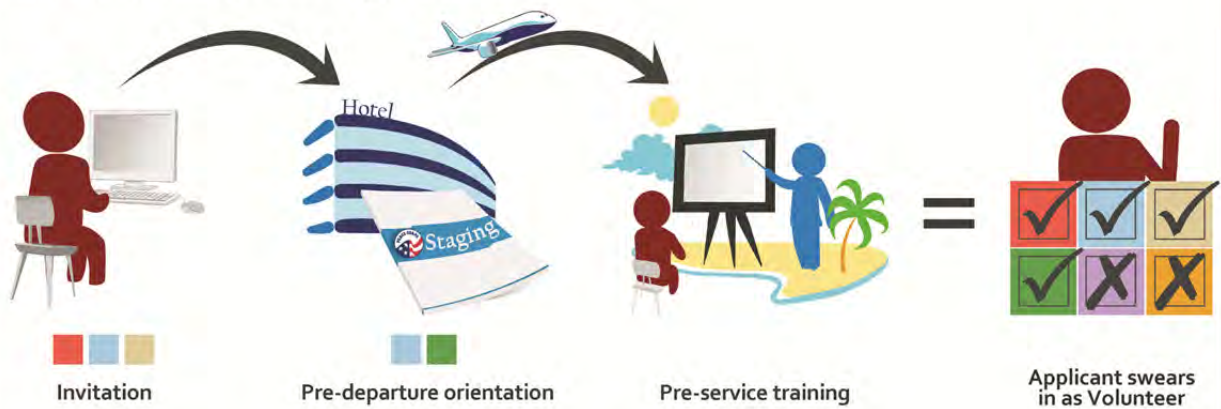
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# Evaluations

## Required information for applicants:

- Information regarding crimes against and risks to Volunteers
- OIG contact information
- Clear, written guidelines: whom to contact and what steps to take in the event of a sexual assault or other crime
- Office of Victim Advocacy telephone number
- Sexual Assault Response Liaison telephone number
- Contact information for a 24-hour sexual assault hotline

## Information currently provided to applicants:



**Graphic illustrating information required for Peace Corps applicants under the Kate Puzey Act.**





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# Evaluations

## Overview

The Evaluation Unit provides the agency with independent evaluations of Peace Corps programs, operations, and management at overseas posts and domestic offices and programs. Evaluations promote greater efficiency and effectiveness by identifying best management practices and recommending program improvements and means by which to comply with Peace Corps policies and federal regulations. Evaluators also participate in cross-functional reviews of agency operations undertaken with OIG auditors and/or investigators.

Evaluations are conducted under the direction and guidance of the assistant inspector general for evaluations and in accordance with the CIGIE Quality Standards for Inspection and Evaluation. These standards are instrumental in maintaining impartiality, reliability, and credibility, and they set the bar for competency, independence, professional judgment, and internal quality controls.

During country program evaluations, evaluators interview Volunteers and post and headquarters staff, as well as key host country and U.S. government officials. In conducting their interviews, the evaluators select a representative sample of currently serving Volunteers based on length of service, site location, project focus, gender, age, marital status, and ethnicity. Evaluators conduct most of the Volunteer interviews at the Volunteers' homes and worksites; they inspect housing and assess Volunteer training, safety, and health care using post and agency-defined criteria. The period of review for a country program evaluation is one full Volunteer cycle (typically 27 months).

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

- Has the post developed and implemented programs intended to increase the capacity of host country communities?
- Does training prepare Volunteers for Peace Corps service?
- Has the post provided adequate support and oversight to Volunteers, including health care and personal safety?
- Are post resources and management practices adequate for effective post operations?

Along with the final reports issued below, OIG issued preliminary reports on country program evaluations in Ecuador and Mexico, and continued work on a country program evaluation in Armenia and a multi-year assessment and trends report regarding the agency's process for new county entry or re-entry. OIG also initiated a country program evaluation of the Philippines and an evaluation of the Peace Corps' overseas staff training programs.



OIG issued the following two agency-wide final evaluation reports in November 2013 in compliance with the Kate Puzey Act. The Kate Puzey act requires the agency to provide comprehensive sexual assault risk-reduction and response training to Volunteers and implement a comprehensive sexual assault policy. The act also requires OIG to assess agency compliance with these changes and conduct a review of sexual assault cases.

At the time OIG conducted fieldwork for this project, the agency had not yet finalized all of its sexual assault policies, which limited the extent to which OIG could evaluate the policies' content and implementation. This impediment also limited the extent to which OIG could evaluate the Volunteer sexual assault risk-reduction and response training. Key aspects of the act had not been incorporated into the sexual assault policies or the standardized training for Volunteers; they went into effect on September 1, 2013.

During the evaluations, OIG noted its serious concern that the agency's policies and procedures related to restricted reporting, particularly OIG's access to information, will hinder OIG's ability to perform its mission and meet its statutory mandate. These concerns were communicated to the acting Director and relevant congressional committees outside the framework of the evaluation report.

### **Peace Corps Sexual Assault Risk-Reduction and Response Training**

*IG-14-01-E*

The evaluation determined that the agency provided much of the information required by the Kate Puzey Act, including OIG's contact information and sexual assault risk-reduction and response training to all 27-month Volunteers. Further, sexual assault training conformed to existing best practices in the field, and addressed each training topic specified under section 8A(c) of the Kate Puzey Act. However, this information was not provided to applicants because the agency had not issued its policies and procedures related to sexual assault response liaisons and restricted and unrestricted reporting of sexual assault, and was still piloting a 24-hour sexual assault hotline.

In addition, the Peace Corps did not provide applicants with crime and risk information specific to the country where the applicant had been invited to serve as a Volunteer that was current and consistent. The agency initiated a new process to distribute crime and risk information to applicants beginning in June 2013, after fieldwork for this evaluation had concluded. The agency also did not consistently provide sexual assault training to Peace Corps Response Volunteers, who complete shorter-term assignments and do not attend the same training as most 27-month Volunteers.

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

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## Peace Corps Volunteer Sexual Assault Policy

IG-14-02-E

The Kate Puzey Act establishes a standard set of services and activities the agency must carry out in sexual assault cases. The existing and draft policies in place at the time of the evaluation included most of the required elements mandated by the Kate Puzey Act; best practices were incorporated to the extent possible and experts were consulted in most circumstances. However, in some cases, required services were either not explicitly included in policy or not consistently communicated to staff. For example, the agency needs to clarify the provision of forensic exams in certain restricted reporting cases, provide more guidance on safety plans, and ensure that procedure documents related to medical evacuation are consistent.

Furthermore, the agency lacked a single point of contact responsible for managing the agency's development and revision of the policies to ensure they contain the elements required by the Kate Puzey Act. Additionally, instead of having one centralized sexual assault policy, the elements mandated by the Puzey Act were located in a number of policy and procedure documents. Without making these documents easily identifiable and accessible to staff, it will be difficult to guarantee that future victims of sexual assault will receive all the required services.

OIG determined that the Peace Corps has trained some, but not all, overseas staff on the sexual assault policies. Agency management stated that it could not meet this requirement until it had finalized its comprehensive sexual assault policy.

OIG analysis revealed that Volunteers who were victims of a sexual assault during the case review period were generally offered all applicable services that were available, although Volunteers frequently declined some of the support options available to them. Some services, specifically the creation of a safety plan and presenting legal and prosecutorial options to Volunteers, were hard to verify due to lack of documentation.

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

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# Investigations



**Road crossing in the southern Armenian mountains.**



## Investigations

### Overview

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

During this SARC period, OIG solved a cold case from 1998. Two OIG investigators (including a forensic expert and a retired homicide detective) worked with host government law enforcement, the FBI, the Department of State's Diplomatic Security Service, and the U.S. Embassy in Gabon to conduct a cold-case reinvestigation of the 1998 murder of Peace Corps/Gabon Volunteer Karen Phillips. On November 18, 2013, a Gabonese criminal court convicted Thierry "Rambo" Ntoutoume Nzue for the murder and sentenced him to life in prison.

OIG also conducted a supplemental review of a Volunteer death from previously undetermined causes. Although OIG investigated the Volunteer's death in 2011, the Armed Forces Medical Examiner Service (AFMES) was unable to determine a cause of death. OIG obtained new evidence, causing AFMES to revise the Volunteer's death certificate to reflect the cause of death.

In July 2013, the agency implemented procedures for handling Volunteer allegations of sexual misconduct by another Volunteer. Under the procedures, after an investigation by OIG or the Office of Civil Rights and Diversity, the agency may convene a Sexual Misconduct Hearing Panel at Peace Corps headquarters to determine whether the actions of the accused Volunteer constitute sexual misconduct and, if so, recommend disciplinary action. Previously, such determinations were made by the country director. During this SARC period, OIG completed three investigations of alleged Volunteer sexual misconduct. Although the panel has yet to be convened, OIG's work resulted in one resignation and one termination. A decision on the third case is pending.

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## Legacy Cases

### Homicide Investigation at a Post in Central Africa

On December 17, 1998, the body of Peace Corps Volunteer Karen Phillips was discovered near her residence in Oyem, Gabon. An examination of her body revealed she had been sexually assaulted and murdered. Phillips served in Oyem, an agricultural city of about 40,000 in the coastal African nation of Gabon. She worked as an agro-forestry Volunteer, helping local farmers market their agricultural products.

Since her death, an investigative team led by the Gabonese judicial police, with the assistance of OIG, the Federal Bureau of Investigation, DSS, and the U.S. Embassy in Libreville have worked to pursue justice for Phillips. In late 2012, the government of Gabon formally requested, through the international police organization Interpol, that U.S. federal law enforcement assist in the investigation of the murder. The team revisited all aspects of the crime. On November 18, 2013, a Gabonese criminal court convicted Thierry “Rambo” Ntoutoume Nzue and sentenced him to life in prison.

## Criminal and Misconduct Investigations

### Homicide Investigation at a Post in West Africa

OIG continued to be engaged in the investigation of the 2009 homicide of Peace Corps/Benin Volunteer Kate Puzey. The inspector general traveled to Benin with acting Director Hessler-Radelet, U.S. Sen. Johnny Isakson and members of the Puzey family to attend events observing the fifth anniversary of Puzey’s death. OIG, in coordination with the government of Benin, FBI, Department of Justice, DOS/DS, and the U.S. Embassy in Benin, continues to seek justice for Puzey.

### Death Investigation at a Post in West Africa

Although OIG had previously investigated the death of a Volunteer in 2011, the Armed Forces Medical Examiner Service (AFMES) was unable to determine a cause of death. AFMES noted that the Volunteer suffered from a medical condition that could have been aggravated by certain medications to produce cardiac arrhythmias. OIG located additional evidence that the Volunteer had taken an antibiotic just prior to her death, which in conjunction with the anti-malarial medication she was taking, could have aggravated a prior medical condition. OIG provided the new information to AFMES, which conducted an autopsy review. As a result, AFMES revised the Volunteer’s death certificate to reflect the cause of death.



### **PROTECT Act<sup>10</sup> Allegation at a Post in East Africa**

OIG received an allegation that a male Volunteer may have had sexual relations with a host country national minor. OIG was unable to substantiate the allegation. The Volunteer was transferred to another site for safety concerns.

### **Volunteer on Volunteer Sexual Assault Allegation at a Post in the Caribbean**

OIG received an allegation that a female Volunteer was sexually assaulted by another female Volunteer in spite of the victim's repeated verbal objections. The subject of the allegation admitted to knowing that the victim was very intoxicated at the time of the sexual contact. The matter was referred to the U.S. Department of Justice, which declined to prosecute in lieu of administrative remedies. The subject resigned from the Peace Corps.

### **Volunteer on Volunteer Sexual Assault Allegation at a Post in the Pacific**

OIG received an allegation that a female Volunteer reported being sexually assaulted by a male Volunteer. OIG interviewed the subject of the allegation who acknowledged that he engaged in sexual contact with the victim without her consent. The subject resigned from the Peace Corps.

### **Volunteer on Volunteer Sexual Assault Allegation at a Post in Eastern Africa**

OIG received an allegation that a male Volunteer had sexual relations with a female Volunteer while she was intoxicated. When OIG interviewed the male Volunteer, he stated that he knew the victim was intoxicated, and conceded that he may not have had her consent. The agency is reviewing the matter for consideration of administrative action.

### **Financial Fraud Allegation at a Post in West Africa**

OIG received an allegation from the post that a former cashier failed to properly process a cash deposit of approximately \$1,400 as required, and did so only after the loss was discovered by post. There was no reported loss of funds and the cashier was terminated. Shortly thereafter, OIG received several anonymous allegations that the cashier had not acted alone and that others at the post knew or should have known about the cashier's mishandling of funds. An OIG audit identified numerous deficiencies related to financial management, but all the deficiencies related to performance failures and insufficient oversight. OIG investigations identified no criminal or administrative misconduct. The post committed to improving the training on and oversight of financial matters.

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<sup>10</sup> Prosecutorial Remedies and Other Tools to end the Exploitation of Children Today – Pub. L. No. 108-21, 117 Stat. 650, S. 151, enacted April 30, 2003.

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## **Fraternization and Stalking Allegations at a Post in South America**

OIG received a complaint that a male staff member at the post had a year-long romantic relationship with a female Volunteer, and subsequently stalked the Volunteer after their breakup. The investigation confirmed that the staff member had a one-year relationship with a Volunteer. The staff member admitted to OIG that he contacted the Volunteer via email and text message following their breakup, and that he sent the Volunteer a “love letter” several months after they had ended their relationship. While the staff member denied that he stalked the Volunteer, he acknowledged that he attempted to meet with her on several occasions to discuss personal matters about how their relationship had ended. The agency is reviewing the matter for consideration of administrative action.

## **Update: Employee Arrested for Theft at Peace Corps Headquarters**

In the previous SARC, OIG reported on the arrest of a headquarters employee for one count of theft under the District of Columbia Official Code. In accordance with the terms of a pretrial diversion, the employee pleaded guilty and completed 35 hours of community service, after which the case was dismissed when the prosecutor voluntarily discontinued the criminal charges. The agency returned the employee to duty status.



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# Tables



**Peace Corps/Armenia Volunteer Rosie Jeffrey at her work site.**



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# Tables

## 1: List of Reports: Audits and Evaluations

<b>Agency-wide</b>
Peace Corps Overseas Staffing (IG-14-01-A)
Peace Corps Sexual Assault Risk-Reduction and Response Training (IG-14-01-E)
Peace Corps Volunteer Sexual Assault Policy (IG-14-02-E)
<b>Post Audits</b>
PC/Macedonia: Audit (IG-14-02-A)
PC/Armenia: Audit (IG-14-03-A)

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

Report	Questioned Costs <sup>11</sup>	Unsupported Costs <sup>12</sup>	Funds Put to Better Use <sup>13</sup>
<b>PC/Armenia: Audit (IG-14-03-A)</b>	-	-	-
Reduce the number of vehicles	-	-	\$50,000
Salary payment over market rate	-	\$41,600	-
<b>Subtotal</b>	-	\$41,600	\$50,000
<b>Total</b>		<b>\$91,600</b>	

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<sup>11</sup> Questioned Costs – a cost that is an alleged violation of government or Peace Corps regulations. For example: prohibited purchases and expenditure of funds for purposes that do not relate to the Peace Corps mission.

<sup>12</sup> Unsupported Costs – a cost that is not supported by adequate documentation.

<sup>13</sup> Funds Put to Better Use – a cost that could be used more efficiently, such as costs for unnecessary goods or services.

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

	Number of Reports	Questioned Costs	Unsupported Costs
<b>A. Reports issued prior to this period</b>			
For which no management decision has been made on any issue	-	-	-
For which some decisions had been made on some issues	-	-	-
<b>B. Reports issued during this period</b>			
	1	-	1
<b>Totals of Categories A and B</b>			
	1	-	1
<b>C. For which final management decisions were made during this period</b>			
Dollar value of disallowed costs	-	-	-
Dollar value of costs not disallowed	1	-	\$41,600
<b>D. For which no management decisions were made during this period</b>			
	-	-	-
<b>E. For which management decisions were made on some issues during this period</b>			
	-	-	-
<b>Totals of Categories C, D, and E</b>			
	1	-	\$41,600
<b>Total questioned costs and unsupported costs</b>	<b>1</b>	<b>\$41,600</b>	

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

	<b>Number of Reports</b>	<b>Funds Put to Better Use</b>
<b>A. Reports issued prior to this period</b>		
For which no management decision has been made on any issue	-	-
For which some decisions had been made on some issues	-	-
<b>B. Reports issued during this period</b>		
	1	\$50,000
<b>Totals of Categories A and B</b>		
	<b>1</b>	<b>\$50,000</b>
<b>C. For which final management decisions were made during this period</b>		
Dollar value of recommendations agreed to by management	1	\$50,000
Dollar value of recommendations not agreed to by management	-	-
<b>D. For which no management decisions were made during this period</b>		
	-	-
<b>E. For which management decisions were made on some issues during this period</b>		
	-	-
<b>Totals of Categories C, D, and E</b>		
	<b>1</b>	<b>\$50,000</b>

## 5: Recommendations on which Corrective Action has not been Completed

### Audits and Evaluations

Open Recommendations 60 to 119 Days					
Report	Date Issued	Total Open Recommendations	Agency Concurrence <sup>14</sup>		
			Concur	Non	Partial
		-	-	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Open Recommendations 120 to 179 Days					
Report	Date Issued	Total Open Recommendations			
Peace Corps Sexual Assault Risk-Reduction and Response Training (IG-14-01-E)	11/21/2013	3	3	-	-
Peace Corps Volunteer Sexual Assault Policy Evaluation (IG-14-02-E)	11/21/2013	6	6	-	-
Peace Corps Overseas Staffing (IG-14-01-A)	11/21/2013	13	13	-	-
	<b>Total</b>	<b>22</b>	<b>22</b>	<b>-</b>	<b>-</b>
Open Recommendations More than 180 Days					
Report	Date Issued	Total Open Recommendations			
PC/HQ Medical Clearance System: Evaluation (IG-08-08-E)	3/31/2008	1	1	-	-
PC/HQ Office of Chief Information Officer Budget Formulation and Management: Audit (IG-10-05-A)	1/11/2010	1	1	-	-
PC/HQ Volunteer Delivery System: Evaluation (IG-11-01-E)	11/6/2010	9	9	-	-
PC/Ukraine: Audit (IG-11-06-A)	3/31/2011	1	-	1	-
PC/HQ The Process for Formulating and Executing Peace Corps' Budget: Audit (IG-12-02-A)	2/14/2012	1	-	1	-
PC/HQ The Impact of the Five-Year Rule on Operations of the Peace Corps: Evaluation (IG-12-05-E)	6/20/2012	5	5	-	-
PC/Uganda: Evaluation (IG-12-06-E)	7/6/2012	2	2	-	-
PC/Indonesia: Evaluation (IG-12-07-E)	9/19/2012	1	1	-	-
PC/Jordan: Audit (IG-12-07-A)	9/25/2012	1	1	-	-
PC/HQ The Peace Corps' Implementation of Guidelines and Protocols Related to Volunteer Victims of Sexual Assault: Review (IG-12-08-E)	9/27/2012	8	8	-	-
PC/HQ The Peace Corps' 50th Anniversary Program: Audit (IG-13-01-A)	10/25/2012	3	3	-	-
PC/Malawi: Audit (IG-13-02-A)	2/27/2013	1	1	-	-

<sup>14</sup> The sum of open recommendations in the Agency Concurrence columns equals the number in the Total Open Recommendations column.

PEACE CORPS OFFICE OF INSPECTOR GENERAL

PC/Namibia: Evaluation (IG-13-01-E)	3/15/2013	2	2	-	-
PC/South Africa: Audit (IG-13-03-A)	3/18/2013	2	2	-	-
PC/Malawi: Evaluation (IG-13-02-E)	3/22/2013	8	8	-	-
PC/HQ Peace Corps' Grant Programs: Review (IG-13-04-A)	3/28/2013	7	7	-	-
PC/Colombia: Evaluation (IG-13-03-E)	4/29/2013	1	1	-	-
PC/Jamaica: Audit (IG-13-05-A)	7/3/2013	4	4	-	-
PC/HQ Capstone Report: 2012 Medical Supply Issues	8/26/2013	4	4	-	-
PC/Moldova: Evaluation (IG-13-04-E)	9/16/2013	3	3	-	-
PC/Zambia: Audit (IG-13-06-A)	9/24/2013	11	11		
	<b>Total</b>	<b>76</b>	<b>74</b>	<b>2</b>	<b>-</b>

*Financial Statement and FISMA Recommendations*<sup>15</sup>

Fiscal Year Issued	Open Recommendations	Agency Concurrence		
		Concur	Non	Partial
<b>PC/HQ FY 2013 Financial Statement Audit</b>				
FY 2013	5	5	-	-
FY 2010	1	1	-	-
FY 2009	1	1	-	-
FY 2004	2	2	-	-
<b>Total</b>	<b>9</b>	<b>9</b>	<b>-</b>	<b>-</b>
<b>PC/HQ FY 2013 Information Security Program Audit</b>				
FY 2013	9	9	-	-
FY 2009	1	1	-	-
FY 2008	2	2	-	-
FY 2007	1	1	-	-
<b>Total</b>	<b>13</b>	<b>13</b>	<b>-</b>	<b>-</b>

<sup>15</sup> All recommendations issued in conjunction with these two reports are part of a normal 12-month audit cycle. As a result, recommendations made during a given FY will remain in an open status during the entire subsequent FY. At the beginning of each new FY, the auditors will notify management whether sufficient corrective actions have been taken regarding the prior-year recommendations and issue current notifications of findings and recommendations. Prior-year findings and recommendations may be reissued if management has not taken sufficient corrective actions.



## 6: Summary of Investigative Activities and Outcomes<sup>16</sup>

### *Investigative Activities*

	<b>Preliminary Inquiries<sup>17</sup></b>	<b>Cases</b>
Opened as of 10/1/2013	66	16
Opened during 10/1/2013–3/30/2014	88	11
Closed during 10/1/2013–3/30/2014	108	12
<b>Total Open as of 4/1/2014</b>	<b>46</b>	<b>15</b>

### *Referrals*

Referrals to Department of Justice	3
Referrals to Agency for Administrative Action	13
Other Referrals to Agency Management	38
Referrals to Other Agencies	5

### *Court Actions*

Trial(s) Pending	-
Ongoing Prosecution <sup>18</sup>	1
Convictions	1
Judgments	-
Fines/Restitution	-

### *Administrative Actions*

Employees (Resignations and Terminations) <sup>19</sup>	5
Other Employee Actions	5
Suspension/Debarment Referrals	-

### *Monetary Results*

Annual Savings	-
Recoveries/Restitution	-
Cost Avoidance	-

<sup>16</sup> Volunteers/trainees are included as Peace Corps staff for the purpose of reporting investigative activity.

<sup>17</sup> Preliminary inquiries are initiated for complaints which either (1) are received from a Peace Corps source (e.g., staff, Volunteer, contractor) or (2) relate to a matter within the jurisdiction of OIG. A preliminary inquiry is limited in scope to the verification of information in a complaint or allegation and to confirm that it falls within the jurisdiction of OIG.

<sup>18</sup> Includes arrests, indictments, information, and overseas criminal proceedings.

<sup>19</sup> Includes all Peace Corps staff.

## 7: Summary of Hotline and Other Complaints

Hotline Complaints Received	94
Non-Hotline Complaints Received <sup>20</sup>	30
Total Complaints from All Sources <sup>21</sup>	124
Resulted in Investigations	8
Resulted in Preliminary Inquiries	80
Resulted in Audits or Evaluations	-
Referred to Agency Management	37
Referred to Another Agency	3
No Action Needed	13

<sup>20</sup> These complaints are largely a result of outreach by OIG staff and were received by email, phone calls, and conversations.

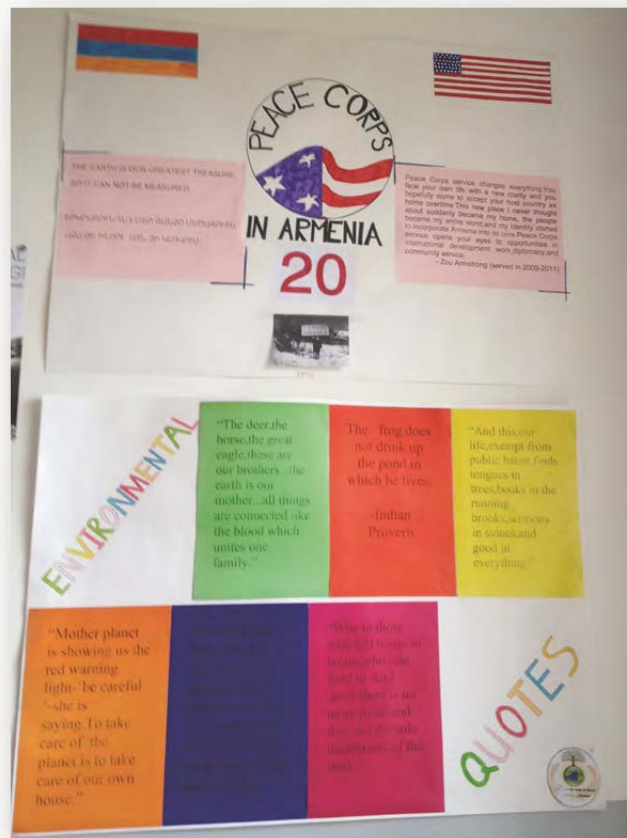
<sup>21</sup> In some instances, OIG received multiple complaints for the same issue, which resulted in fewer actions (investigations, preliminary inquiries, audits, evaluations, referrals, or no action) than complaints received.

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## 8: References to Reporting Requirements of the Inspector General Act

<b>Act Reference</b>	<b>Reporting Requirements</b>	<b>Page</b>
Section 4(a)(2)	Review of legislation and regulations	21–23
Section 5(a)(1)	Significant problems, abuses, and deficiencies	34–36
Section 5(a)(2)	Significant recommendations for corrective actions	20–36
Section 5(a)(3)	Prior significant recommendations on which corrective action has not been completed	48–49
Section 5(a)(4)	Matters referred to prosecuting authorities	39–42; 50–51
Section 5(a)(5)	Summary of instances where information was refused	20–21; 55–61
Section 5(a)(6)	List of audit reports, including evaluations, inspections, and reviews	44
Section 5(a)(7)	Summary of significant reports	26–36
Section 5(a)(8)	Statistical table - Questioned and Unsupported Costs	34
Section 5(a)(9)	Statistical table - Funds to Be Put to Better Use	35
Section 5(a)(10)	Summary of previous audit reports without management decisions	n/a
Section 5(a)(11)	Significant revised management decisions	n/a
Section 5(a)(12)	Significant management decisions with which the Inspector General disagrees	n/a
Section 5(a)(13)	Information under Federal Financial Management Improvement Act of 1996	n/a

# Appendices



**Peace Corps/Armenia celebrates 20 years of operations.**



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# Appendices

## A: Reporting of Peer Reviews

Pursuant to Section 989C of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. No. 111-203),<sup>22</sup> OIG reports the following peer review information: During the reporting period, the National Endowments of the Humanities OIG conducted a peer review of the Peace Corps OIG Audit Unit. The Audit and Investigation units are required to conduct, and be subject to, a peer review every three years.

### Audit Unit

In February 2014, the National Endowment of the Humanities OIG conducted a peer review of the OIG Audit Unit in effect for the period ending September 30, 2013. The Audit Unit received a rating of “pass,” concluding that the system of quality control has been suitably designed to provide OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.

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

### Investigation Unit

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

In the third quarter of FY 2014, the Peace Corps OIG is scheduled to conduct a peer review of the Investigative Unit of the National Science Foundation OIG.

## B: Contract Audit Reports

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

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<sup>22</sup> Section 989C of the Frank Wall Street Reform and Consumer Protection Act amends Section 5(a) of the Inspector General Act of 1978 (5 U.S.C. App.).

## C: IG Congressional Testimony

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

U.S. HOUSE OF REPRESENTATIVES

JANUARY 15, 2014, 9:30 A.M.

STRENGTHENING AGENCY OVERSIGHT: EMPOWERING THE INSPECTORS

GENERAL COMMUNITY

TESTIMONY OF KATHY A. BULLER

PEACE CORPS INSPECTOR GENERAL

Chairman Issa, Ranking Member Cummings, and distinguished Members of the Committee:

I thank you for inviting me to appear before you today to discuss opportunities to strengthen inspector general oversight. My testimony will provide a brief overview of the Peace Corps Office of Inspector General (OIG) and its impact on the Peace Corps, and will focus on ensuring effective OIG oversight of agency programs and operations. I will also address challenges we face when seeking access to agency information and tools that could enhance our oversight capabilities.

The Peace Corps is a unique agency. Its three goals are to help the people of interested countries in meeting their needs for trained men and women; to help promote a better understanding of Americans on the part of the peoples served; and to help promote a better understanding of other peoples on the part of Americans. The Peace Corps achieves these goals through volunteers, who serve abroad and are the agency's sole program. The majority of volunteers serve at the grassroots level in rural communities, often in remote areas far from large cities or the Peace Corps office.

The success and well-being of its volunteers depends in part on how effectively the Peace Corps supports their health, safety, and security needs. Everything from applicant selection, training, site selection, housing, and budget allocation has a direct impact on volunteers. The Peace Corps supports more than 7,200 volunteers in 65 countries. The volunteers and their programs are supported by 896 American direct-hire staff and approximately 2,000 locally hired personnel.

### **OIG and Its Impact on the Peace Corps**

OIG's purview includes all agency personnel, contractors, and volunteers. This year marks the 25th anniversary of the establishment of OIG, which was created in 1989 after Congress amended the Inspector General Act of 1978 (IG Act) to include smaller agencies. I was appointed Inspector General (IG) on May 25, 2008, and in my role as IG, I direct a small office of 26 auditors, evaluators, criminal investigators, legal counsel, and support staff.

Our mission is the same as all other federal offices of inspectors general: to provide independent oversight of agency programs and operations in support of the agency mission and goals, while making the best use of taxpayer dollars. As such, OIG promotes effectiveness and efficiency of agency programs and operations and prevents and detects fraud, waste, abuse, and mismanagement.

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I am very proud of what my office has been able to accomplish given its global responsibilities and few resources. Since the beginning of my tenure in 2008, we have issued 117 final audit and evaluation reports, management advisory or implication reports, and other reviews. Seven OIG work products have been awarded prestigious Awards for Excellence by the Council of the Inspectors General on Integrity and Efficiency. Many of these awards were given for work that identified substantial weakness in agency processes that significantly affected the support, health, and safety of volunteers.

In that same period of time, OIG investigations of criminal wrongdoing and administrative misconduct have resulted in 21 criminal convictions, 53 administrative separations of staff and volunteers, and 11 suspensions and debarment referrals. Increased visibility from our work and a robust OIG outreach effort has yielded more demand for our services. From FY 2011 to FY 2013 there has been a 159 percent increase in the number of allegations and complaints our office has received annually from staff, volunteers, and others. The activities we are engaged in everyday help ensure the safety and well-being of our volunteers and staff and routinely produce measureable benefits for the taxpayer.

#### *Examples of Recent OIG Oversight*

During my tenure, one of OIG's strategic priority areas has been to target critical volunteer support systems. Critical volunteer support systems, such as safety and security and healthcare, form the pillars of the volunteer program. Without efficient and effective support services, volunteers may be put in jeopardy and resources could be misdirected. Some of the more salient work we have done in this area includes:

- In 2008 and 2010, we conducted important reviews of the volunteer safety and security program. Our country program evaluations had identified a number of weaknesses in processes that the agency had in place to ensure volunteer safety at the post-level. The number and frequency of our findings indicated some systemic problems. Our reports highlighted significant inconsistencies in the safety and security program's implementation, and identified areas lacking management oversight and standard processes. As a result, the agency strengthened its program, improved the training and professionalism of its safety and security staff, and entered into the first ever memorandum of understanding with the Department of State Office of Diplomatic Security.
- In 2010, we conducted a review of the death of a volunteer in Morocco and made significant findings that both provided closure for the victim's family and pointed to the need to substantially improve clinical oversight of Peace Corps medical officers. The review led to an overhaul of the agency's volunteer medical care program.
- In 2012, we issued an evaluation report reviewing existing agency guidelines for responding to sexual assault. Among other areas for improvement, we recommended the agency create a case management system to manage how the agency responds to sexual assaults and provides services to victims.



- In 2013, we issued three legislatively mandated reports (two evaluations and one audit) addressing critical volunteer support areas mandated by the Kate Puzey Volunteer Protection Act of 2011 (Kate Puzey Act).<sup>23</sup>
- In October 2013, an OIG investigation conducted in collaboration with the Department of Homeland Security, Department of State, and host country law enforcement led to the conviction of a former volunteer for abusing children in South Africa. He was sentenced in October 2013 to 15 years in federal prison.
- In November 2013, OIG investigators working with U.S. and host country law enforcement solved a 15-year-old homicide of a Peace Corps volunteer in Gabon.

### **Challenges to OIG’s Oversight**

#### *Access to Agency Documents and Information*

Because of the Peace Corps’ unique mission, if an agency program is not effective and/or efficient the result can be tragic for volunteers and their families. An effective IG must have prompt access to all relevant documents within the possession of the agency it oversees. This access is explicitly stated in Section 6 of the IG Act.<sup>24</sup> However, in a number of instances the agency has denied or delayed access to information OIG has requested. OIG has resolved these access issues through discussions with agency senior management. Unfortunately, the Peace Corps is impeding OIG’s right of access by creating policies and procedures that deny OIG information found in certain reports made by volunteers who are the victims of sexual assault. The agency’s general counsel bases his authority to deny OIG access on his interpretation of the Kate Puzey Act.

#### *The Kate Puzey Volunteer Protection Act of 2011*

Congress enacted the Kate Puzey Act following reports that volunteer victims of sexual assaults were being ignored, blamed for their assaults, and that their cases were being mismanaged. These allegations came to light after the ABC network’s “20/20” show aired a story on how the agency mishandled sexual assault complaints by former volunteers, as well as an allegation by former Peace Corps volunteer Kate Puzey, who was murdered in Benin in 2009 after a staff member allegedly failed to keep her complaint confidential. Even before the “20/20” broadcast, OIG had conducted two agency-wide reviews focused on the volunteer safety and security program. One of them was specifically prompted by the circumstances surrounding the Peace Corps’ handling of the Kate Puzey case.

Among other things, the Kate Puzey Act mandates an extensive oversight role to OIG and the creation of a restricted reporting mechanism that allows volunteer victims of sexual assault to confidentially disclose the details of their assault to specified individuals and receive services without the dissemination of their personally identifying information (PII) or triggering an official investigation.<sup>25</sup> The general counsel argues that the restricted reporting provisions in the Kate Puzey Act override any general obligation that the Peace Corps may have under the IG Act to provide OIG with agency records.

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<sup>23</sup> Kate Puzey Volunteer Protection Act of 2011, Pub.L. 112-57.

<sup>24</sup> 5 U.S.C. app. § 6(a)(1).

<sup>25</sup> Pub. L. 112-57 §§ 8A(e)(f), 8E(d).

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*Agency's Refusal to Give OIG Information Required by the Kate Puzey Act*

Congress created four exceptions to the restricted reporting requirement, including an exception in cases where state or federal courts order disclosure, or if disclosure is required by federal or state statute. Despite the exception for statutorily mandated disclosures, the Peace Corps' general counsel has authored a legal opinion asserting that the exception does not apply to Section 6 of the IG Act. OIG is mindful of the sensitive nature of the information and the need to protect the privacy and confidentiality of victims. OIG is committed to following the law and is ready to cooperate with the agency so that if the PII of the victim is disclosed pursuant to an exception, the victim is notified in accordance with the Kate Puzey Act. However, OIG does not accept that a legal opinion issued by the agency's general counsel can result in the preemptive denial of access to information we require to meet our mission.

The denial of access is all the more troubling considering the law provides OIG a central role in improving the Peace Corps' response to sexual assault victims. In particular, the law requires OIG oversee sexual assault mismanagement allegations and conduct a case review of a statistically significant number of sexual assault cases. It defies common sense to imagine that Congress intended to increase OIG's oversight duties over the Peace Corps' response to sexual assaults, while simultaneously curtailing its ability to access the information it needs to fulfill those new duties.<sup>26</sup>

Further frustrating our mission is the legal opinion's overly broad interpretation of PII and the resulting agency policy defining PII as including "...any details of the sexual assault incident" regardless of whether the details are tied to individually identifying information of the victim. The agency's interpretation of PII is broader than the definition stated in the Kate Puzey Act and definitions widely used in the federal government, resulting in a complete information blackout on restricted reports. I would like to thank you, Mr. Chairman, for the letter of inquiry you submitted to the agency in September expressing your concern on this matter. As a result of your letter, the agency began providing three data points from restricted reports that the agency previously classified as PII.<sup>27</sup> The data is neither tied to the identity of a victim of sexual assault nor to an incident date and is not covered by the prohibition on dissemination of information in section 8A(f) of the Kate Puzey Act.

Under the logic of the general counsel's legal position Peace Corps country directors would not have been authorized to receive these three data points. Yet, agency policy provided the country directors access while simultaneously denying it to OIG. In a letter dated September 16, 2013, acting Director Hessler-Radelet reversed the position of the agency and began providing the information to OIG on a weekly basis.<sup>28</sup> However, the letter reserved the right of the agency to withhold the information from OIG in the future if it becomes "clear" that the information is PII as asserted in the general counsel opinion.

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<sup>26</sup> To understand the importance of OIG's oversight role in this area it is appropriate to consider that the Kate Puzey Act was passed on the heels of two congressional hearings where sexual assault victims testified that their allegations were not taken seriously by Peace Corps managers, that in many cases they were blamed for the assaults, and that they were not provided with adequate services.

<sup>27</sup> The three data points are limited to the country where the incident took place, the type of incident (rape, aggravated sexual assault, sexual assault), and the location type (transportation, residence, etc.).

<sup>28</sup> The policy was changed on December 2, 2013. OIG began receiving the information on October 31, 2013.

It is important to note that restricted reports are not a narrow subset of allegations. In fact, new agency policy establishes that all reports are restricted, regardless of to whom they are made, until such time as a volunteer affirmatively changes his or her report to unrestricted; thus making restricted reporting the default reporting avenue for all sexual assault allegations. Lack of access to such information impedes my office's ability to comply with the law, provide proper oversight, and makes the agency's response to sexual assault allegations susceptible to mismanagement and impunity.

Moreover, we have offered to work with the agency to minimize the information needed to conduct our work; for example, by redacting names of victims and using identifying numbers. But because of the overly broad definition of PII contained in the general counsel's legal opinion it is impossible to get the information necessary to provide meaningful oversight. One practical obstacle is the lack of an agency sexual assault case management system, a finding we made in 2012. Although we understand the agency has made progress in developing such a system, the recommendation remains open.

Under the leadership of acting Director Hessler-Radelet and former Director Williams, the agency has taken substantial measure to improve the way it handles sexual assaults. The Peace Corps has spent the last two years focusing on implementing the Kate Puzey Act; though not all of its requirements are in place. Future OIG work will focus on the effectiveness and implementation of the sexual assault risk-reduction measures that have been established. Continued independent oversight by my office is essential to ensure that the agency does not undo improvements it has previously made while it fully implements the remaining requirements of the Kate Puzey Act.

### **Enhancing OIG's Oversight**

Access to information about a sexual assault is not only necessary to meet the reporting requirements of the Kate Puzey Act, it is critical for providing the type of effective oversight that IGs are required to perform. OIG may require access to this information for a variety of reasons. For example, in a 2008 review, we found that data included in the agency system to categorize and track crime incidents, including sexual assaults, was unreliable. Denial of access to restricted reports would prohibit a follow-up to such a review. In other cases OIG would be unable to review complaints from volunteers other than the victim, or employee whistleblowers that an allegation of sexual assault was mismanaged or ignored altogether. We are unable to predict all the potential future requirements for access, and it is clear that denying this information will prohibit OIG from performing key oversight functions. The denial of access is all the more remarkable considering OIG personnel has longstanding experience in protecting confidentiality and dealing with sensitive information, including information about victims.

We have experienced other recent access to information problems unrelated to restricted reporting, however they have been resolved.<sup>29</sup> Nonetheless, IGs should not have to seek the

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<sup>29</sup> In one case OIG personnel requested continued access to the unrestricted portion of the agency's Consolidated Incident Reporting System database (CIRS), a crime incident database for all crimes committed against volunteers. OIG had always had access to CIRS, but prior to launching its restricted reporting system on September 1, 2013, the

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intervention of the head of the agency to access information they already have the authority to obtain under the IG Act. IGs must independently determine whether a request for access to documents is relevant or appropriate. Independence is critical to effective oversight. If agency management or senior officials seek to approve the IG's access to information and documents, this compromises the IG's independence. Agency staff will receive the wrong messages about cooperation with OIG. Even if information is not denied, it might be delayed, which has an impact on our operations. My office relies on Peace Corps staff's cooperation to fulfill its mission. Without its help, we cannot do our jobs. In this regard, I would like to acknowledge that prior to this hearing the acting Director Hessler-Radelet sent an email message to all Peace Corps staff encouraging it to cooperate with OIG and reminding staff of its obligation to report fraud, waste, and abuse.

As Congress considers laws protecting the privacy and confidentiality of individuals vis-à-vis information held by federal agencies, it should consider any impact on the ability of OIGs to perform the type of oversight that is expected by Congress and the American people. Perhaps the committee can look at what could be done legislatively to make absolutely clear that OIG access to all agency documents and information is required under the IG Act regardless of provisions contained in other laws unless specifically stated otherwise. Hearings like this one send an important message to federal agencies that OIG oversight and unfettered access to agency information is essential.

#### *Paperwork Reduction Act*

I would like to highlight challenges we have faced in complying with the Paperwork Reduction Act of 1995<sup>30</sup> (PRA) and the Computer Matching and Privacy Protection Act of 1988 (Computer Matching Act).<sup>31</sup> We recognize the need to minimize the paperwork burden on the public that results from the collection of information by or for the federal government. However, as applied, the PRA restricts OIG's ability to ask questions of more than nine non-federal entities without participating in a collection review process and obtaining the approval of the Office of Management and Budget.<sup>32</sup> This process can often take up to a year or more. By that time, the program being evaluated may have changed and the proposed survey may need to be modified. Rather than going through this process, many IGs opt to interview nine or fewer entities. As a result, stakeholders such as agency management or Congress may not be getting the most effective recommendations and reports may not, for example, include all the best practices agencies could implement to become better stewards of taxpayers' funds.

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agency modified CIRS limiting OIG's access to the standard CIRS system. The limitation to standard unrestricted crime data had no relationship with the Kate Puzey Act and was incompatible with both the Kate Puzey Act and the IG Act. On September 30, 2013, I sent a letter to the acting Director making her aware of this impediment and asking her assistance pursuant to the IG Act. Thanks to her intervention, we now have access to this critical information. In another recent incident, OIG investigators requested access to a volunteer applicant database. The agency's general counsel suggested that the Privacy Act of 1974, Pub. L. No. 93-579, prohibited access unless OIG could provide a need to know. We discovered, however, this standard had not been applied to other users of the system. In fact there are hundreds of registered users in our relatively small agency have access to that database. When we presented these facts, the agency immediately committed to provide information on specific applicants when requested by my office.

<sup>30</sup> Pub. L. No. 104-13.

<sup>31</sup> Pub. L. No. 100-503.

<sup>32</sup> There is a limited exception for Inspectors General "during the conduct of an administrative action, investigation, or audit involving an agency against specific individuals." 44 U.S.C. § 3518(c)(1)(B)(ii).

*Computer Matching Act*

Changes to the Computer Matching Act so that offices of inspectors general can more easily detect and prevent fraud would also facilitate our work. Generally, the Computer Matching Act places restrictions on cross referencing information found in separate computer databases of different agencies. In the case of our office, we review staff and volunteer Federal Employees' Compensation Act claims for possible fraud. Being able to cross reference such claims with other government benefit databases would likely save taxpayer dollars as certain fraudulent benefits would be reduced.

**Conclusion**

In conclusion, I want to thank the committee for the opportunity to testify on the challenges facing my office. We have a proven track record of making meaningful findings and recommendations that improve agency effectiveness and support volunteers. To continue to provide effective oversight, we need unfettered access to agency documents and information. As the committee considers legislation to support the work of IGs, I ask that you consider further strengthening or clarifying IG Act access provisions as well as supporting OIG's in developing some of the oversight tools that I have outlined above.

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

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

## Contact OIG

### Reporting Hotline:

U.S./International: 202.692.2915

Toll-free (U.S. only): 800.233.5874

Email: [OIG@peacecorps.gov](mailto:OIG@peacecorps.gov)

Web Form: [peacecorps.gov/OIG/ContactOIG](http://peacecorps.gov/OIG/ContactOIG)

Mail: Peace Corps Office of Inspector General  
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