

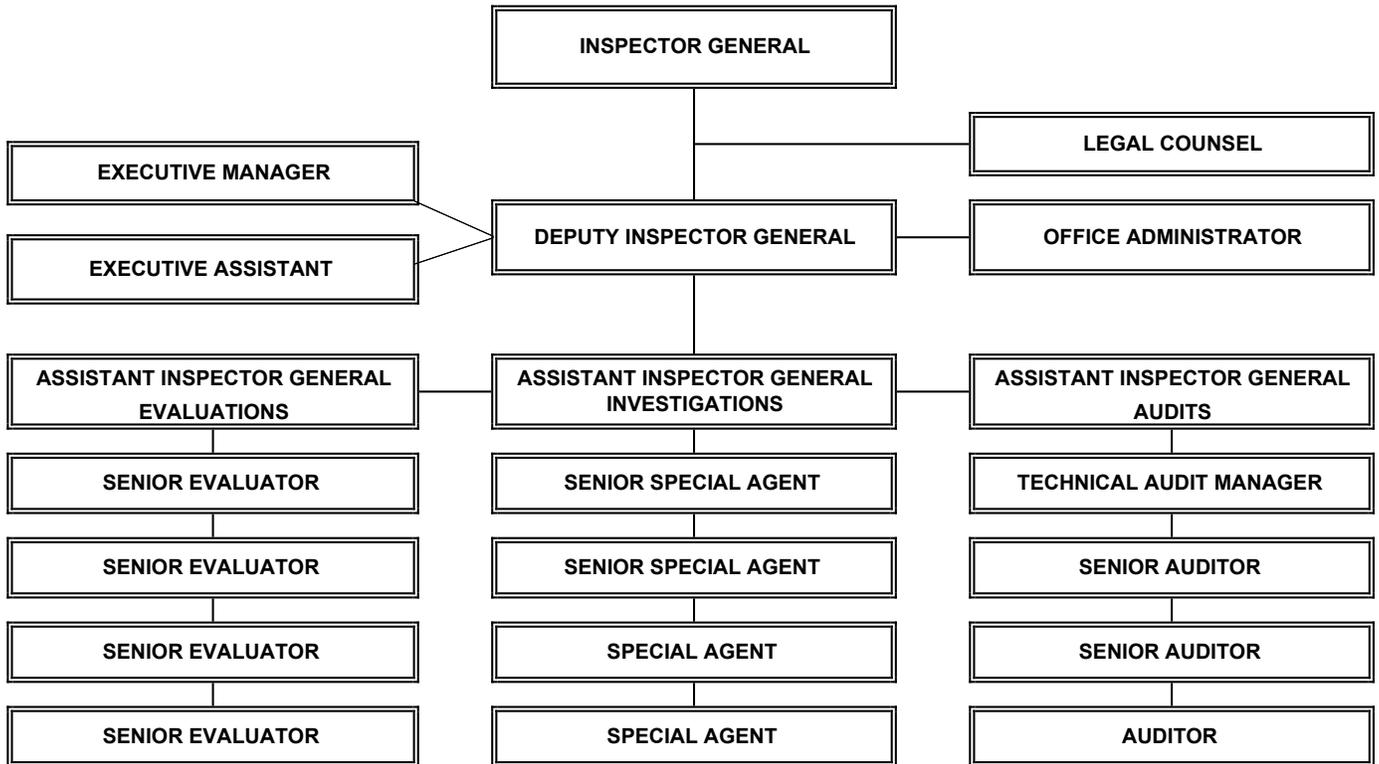


Peace Corps Office of Inspector General



Semiannual Report to Congress
April 1 - September 30, 2007

**PEACE CORPS
OFFICE OF INSPECTOR GENERAL
ORGANIZATIONAL CHART**



PEACE CORPS

OFFICE OF INSPECTOR GENERAL

Vision

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

SEMIANNUAL REPORT TO CONGRESS

APRIL 1 – SEPTEMBER 30, 2007

TABLE OF CONTENTS

HIGHLIGHTS FROM THIS REPORT	1
MESSAGE FROM THE INSPECTOR GENERAL	1
MANAGEMENT AND ADMINISTRATION	4
AGENCY CONTEXT	4
OIG STAFFING	4
ADVICE AND ASSISTANCE PROVIDED TO THE AGENCY AND OTHERS	6
INVESTIGATION OF FRAUD AT PEACE CORPS/NIGER	6
ONLINE COLLABORATION TOOLS	6
ADVICE ON ESTABLISHING INTERNAL CONTROLS	7
CLARIFICATIONS TO RECRUITMENT CATALOG	7
REVISION OF MANUAL SECTION REGARDING INTERNAL CONTROLS	8
MANAGEMENT AND PERFORMANCE CHALLENGES	9
AUDITS AND PROGRAM EVALUATIONS	13
OVERVIEW	13
SUMMARY OF AUDITS AND EVALUATIONS	14
Peace Corps Fiscal Year 2007 Financial Statement Audit	14
Review of the Agency's Federal Information Security Program	14
Peace Corps/Cameroon: Audit	14
Peace Corps/Jordan: Audit	15
Peace Corps/Niger: Audit	16
Peace Corps/Senegal: Audit	17
Peace Corps/Thailand: Audit	18
Peace Corps/Zambia: Audit	18
Peace Corps/Honduras: Follow-up Audit	19
Peace Corps/Panama: Follow-up Audit	19
Safeguarding of Social Security Numbers: Follow-up Audit	20
Peace Corps/Azerbaijan: Program Evaluation	20
Peace Corps/Eastern Caribbean: Program Evaluation	21
Peace Corps/Guinea: Program Evaluation	22
INVESTIGATIONS	23
OVERVIEW	23
Missing Peace Corps Volunteer Investigation	24
Investigation of a Murder of a Volunteer	25
Investigation into Abuse of Computer Usage	26
OIG Investigations of Federal Employees' Compensation Act Recipients	27

VIOLENT CRIMES AGAINST VOLUNTEERS	29
Closed Cases of Violent Crime Against Volunteers	30
Active Investigations of Violent Crime Cases	31
TITLE 18 CRIMINAL AND OTHER INVESTIGATIONS CONDUCTED	34
Investigations Leading to Disposition	34
Active Investigations	35
TABLE 1: List of Reports: Audits, Evaluations, and Inspections	37
TABLE 2: Reports Issued with Questioned Costs or Funds Put to Better Use	38
TABLE 3: Status of Reports Issued by OIG with Costs Questioned	39
TABLE 4: Status of Reports Issued by OIG with Funds Put to Better Use	40
TABLE 5: Reports with Recommendations on which Corrective Action has not been completed	41
TABLE 6: Summary of Investigative Activity	42
TABLE 7: Summary of Hotline and Other Complaints	43
TABLE 8: References to Reporting Requirements of the Inspector General Act	44

HIGHLIGHTS FROM THIS REPORT

MESSAGE FROM THE INSPECTOR GENERAL



I am proud to present this Semiannual Report on the activities and accomplishments of the Peace Corps Office of Inspector General (OIG) for the period of April 1, 2007 through September 30, 2007. The audits, evaluations, and investigations described in this report demonstrate the continued commitment of the Peace Corps OIG to promote and increase efficiencies in the Peace Corps.

During this reporting period, on July 25, 2007, I had occasion to testify before the U.S. Senate Committee on Foreign Relations (Subcommittee on Western Hemisphere, Peace Corps and Narcotics Affairs) regarding S. 732, the Peace Corps Volunteer Empowerment Act. The Peace Corps Volunteer Empowerment Act, *inter alia*, suggests a variety of changes and improvements to the Peace Corps Medical Clearance System in an attempt to create more transparency in the medical screening and appeals process that the Peace Corps utilizes to medically clear prospective Volunteers for service.

In my testimony, I noted that the OIG was undertaking a comprehensive eight-month study of the Peace Corps Medical Clearance System and shared several of the preliminary findings. This study is the first of its kind, and also marks the first time that the Peace Corps has received Office of Management and Budget (OMB) approval to reach out to a subsection of the general public, former applicants who entered the Medical Screening Process but did not become Peace Corps Volunteers, to survey them about their experiences.

One of the goals of our study is to determine whether frustrations with the Medical Clearance System have become a barrier to service in the Peace Corps or have otherwise contributed to applicants' decision to discontinue their Peace Corps applications. As I stated in testimony before the Committee, our preliminary findings indicate that there are several aspects of the Peace Corps Medical Clearance System that can be enhanced, such as in the areas of quality improvement, the instructions and guidance given to prospective applicants, customer service, levels of reimbursement to applicants for medical costs as well as technological resources that may be implemented to streamline the Medical Clearance System. These findings are even more critical in light of Peace Corps Director Ronald Tschetter's "50 plus" initiative that encourages individuals over the age of 50 years to apply for Peace

Corps service. We have preliminarily found that applicants 50 years of age and older take longer and cost significantly more to screen than applicants under 50 years of age.

We applaud the Committee's interest in the Peace Corps and believe there are several provisions in the proposed Volunteer Empowerment Act (S. 732) which will enhance the operations of the Peace Corps and the medical clearance process. We plan to finalize our Medical Clearance System study early in the next reporting period and continue to provide feedback to the Committee with respect to our findings and suggestions.

A second comprehensive study that our office is working on involves an evaluation of the overall safety and security procedures that are in place in the Agency. After trips to 17 overseas posts and hundreds of interviews, our evaluators are finalizing an analysis of whether: (a) adequate safety and security information is being provided to Peace Corps Volunteers; (b) the Peace Corps has provided Volunteers with adequate and relevant training on safety and security; (c) Volunteers have been placed in sites that are inspected and monitored appropriately; (d) there have been accurate reporting of violent and other crimes; and (e) the Agency has adequately planned for emergencies at overseas posts. This study is in the final stages and should be presented to the Agency and Congressional officials during the beginning of the next reporting period.

In addition to considerable work on these two overarching and comprehensive studies, during this reporting period, OIG evaluators completed program evaluations at Peace Corps posts in Azerbaijan, Eastern Caribbean, and Guinea.

There have also been significant developments and initiatives on the investigative side during this reporting period. We continued to achieve tangible gains in our Federal Employees' Compensation Act (FECA) investigative work, uncovering further examples of abuse in the system. During the reporting period, our investigators found evidence of overpayments, unauthorized family members illegally receiving death benefits, and unreported income.

In the area of the violent crime coordination, during the reporting period, the OIG's investigative unit achieved numerous successes in obtaining convictions in rape and sexual assault cases such as a 10-year conviction for a rapist in Bolivia and a four-year conviction for an attempted rape in Paraguay. In addition, in September 2007, I led a 28-person team consisting of eight specially trained National Park Service Search and Rescue personnel, four dog handlers and four cadaver dogs, a veterinarian, four OIG agents, a Bolivian search and rescue team, personnel from the United States Embassy Regional Security Office, Bolivian National Police, Federal Bureau of Investigation officials, and other personnel on a search mission to locate a Volunteer that has been missing for several years.

This extraordinary effort amid very difficult weather conditions and treacherous terrain involved the meticulous search of a targeted five-mile square area in the Zongo Valley of Bolivia. This targeted area was designated as the area with the highest probability of a successful search effort after a several month re-investigation of the Volunteer's disappearance, which included the analyzing of hundreds of pages of newly located documents and the re-interviewing of local citizens in Bolivia by OIG investigators with the assistance of expert search managers from the National Park Service.

This was also a very busy and successful reporting period for our audit unit. OIG auditors completed audits of Peace Corps posts in Cameroon, Jordan, Niger, Senegal, Thailand, and Zambia and follow-up audits in Honduras, Panama, and at Peace Corps headquarters on the Safeguarding of Social Security Numbers. Our auditors continued their critical work in connection with the financial audit by assisting the Agency in improving the overall financial health of the Peace Corps in accordance with the requirements of the Federal Managers Financial Integrity Act and Federal Financial Management Improvement Act.

During the next reporting period, we will continue our commitment to work with the Peace Corps to address its management challenges and to ensure the efficiency, effectiveness, and integrity of agency operations. We take pride in our past accomplishments and anticipate future achievements of even greater significance.



H. David Kotz
Inspector General

AGENCY CONTEXT

At the end of FY 2007, 8,079 Peace Corps Volunteers and Trainees were serving in 74 countries at 68 posts. This total includes: 184 Volunteers and Trainees funded by the President's Emergency Plan for AIDS Relief (PEPFAR) working on HIV/AIDS projects in nine countries and 33 Crisis Corps Volunteers serving in short-term assignments in 10 countries. Eleven Crisis Corps Volunteers were funded by PEPFAR.

The Volunteers and their programs are supported by 895 American direct hire staff: 194 overseas; 123 in the regional recruiting offices; and the remaining 578 in headquarters. Approximately 2,000 locally hired personnel complete post staffing. The Peace Corps also has corporate contracts domestically and overseas, principally for guard services and training, and hires expert consultants, largely for training and financial management.

OIG STAFFING

During the reporting period, several long-time members of our office retired or left the Peace Corps. On August 31, 2007, Alice Bunker, Assistant Inspector General for Evaluations, retired after more than 10 years of federal service, all with the Peace Corps. Her positive impact on the Agency and the OIG will be felt for years to come. J. David Zielinski, the OIG Legal Counsel and former Assistant Inspector General for Investigations, retired on September 15, 2007 after four years of illustrious service. One of our senior evaluators, Carlos Torres also left the Peace Corps after five years of distinguished service with the Office of Inspector General.

The OIG has moved quickly to fill these vacant positions and expects to have staff onboard shortly.

The OIG also brought on board in June 2007 as an expert consultant, Jeffrey Lee, to assist with a variety of audit-related matters, including the Fiscal Year 2007 Financial Statement Audit. Mr. Lee has over 32 years of federal service. He began his professional career as an evaluator with the Government Accountability Office (GAO) where he was assigned to GAO's headquarters and later their Far East Branch office in Honolulu, Hawaii. He also served as an audit manager with the Air Force Audit Agency. He finished his federal career as a project manager with the Department of Defense Office of Inspector General (DOD/OIG). During his time in federal service, he managed and directed diverse performance and financial audits and other projects related to improving government performance. He is a recipient of Vice President Gore's National Performance Review "Hammer" Award and the American Society of Military Comptrollers' Team Achievement Award for his work in overhauling DOD's

travel process. After retiring from federal service, Mr. Lee worked as a manager at the accounting firm of PricewaterhouseCoopers where he managed major segments of federal audit engagements and assisted with other consulting services. Mr. Lee has a B.S. degree in Business Administration from Lake Superior State University and is a Certified Internal Auditor and a Certified Defense Financial Auditor.

During this reporting period, we provided advice to management on a number of serious issues that were brought to our attention. This advice was conveyed in written form and through briefings and meetings with the Director of the Agency and other senior-level Peace Corps officials.

INVESTIGATION OF FRAUD AT PEACE CORPS/NIGER

In May 2007, we investigated a reported theft of approximately \$22,000 in cash taken from the Peace Corps/Niger cashier's safe. The OIG assigned an auditor and an investigator to respond to the reported incident. The theft was noticed by Peace Corps/Niger staff after the cashier did not report to work and could not be reached. The investigation was conducted on-site at the Peace Corps/Niger post. Our investigation confirmed that approximately \$4,400 was taken from the cashier's safe and an additional \$39,246 was embezzled from the post's imprest fund through various methods over a 40-month period. The former Peace Corps/Niger cashier is being sought for the crime.

The investigation disclosed that a significant contributing factor to the cause of the embezzlement was lack of effective supervision. The perpetrator was allowed to circumvent internal controls in place by ignoring Peace Corps policies and procedures related to imprest fund management and operations. During the time of the incident's occurrence, the cashier's supervisor was cited for poor performance and placed on a Performance Improvement Plan (PIP). The supervisor was eventually removed from the position for failing to meet minimum performance standards. However, the removal was not timely because a second PIP had to be initiated after it was determined that the first one had not been adequately administered. Both PIPs were administered over an approximate 11-month period.

We recommended that Peace Corps management take immediate corrective actions, including ensuring that there is: (a) effective supervision over cashier operations; (b) strong internal controls in place; and (c) full compliance with Peace Corps and other applicable policies and procedures.

ONLINE COLLABORATION TOOLS

We issued a memorandum to call management's attention to significant vulnerabilities that exist with respect to the lack of internal controls in connection with two online collaboration tools that the Peace Corps intends to deploy.

We stated our concerns about the Agency going forward with deployment of these tools before ensuring that appropriate controls are put into place. We also related

our concerns about the possible duplication of efforts with respect to these tools with very similar objectives and users.

We also expressed our concern that both tools rely principally upon “self-policing.” We were informed that regional management has also raised questions about how content will be monitored in both tools, for, in particular, non-project-focused entries, and inaccuracies.

We articulated our concerns about the lack of internal content controls currently in place for each system, particularly as they relate to potential Volunteer use and recommended that meaningful, reliable and substantive mechanisms of content control and review be established prior to deployment of these systems.

ADVICE ON ESTABLISHING INTERNAL CONTROLS

In August 2007, we were notified by Peace Corps/Burkina Faso of suspicious charges for fuel purchases. The post uses fuel charge cards to purchase fuel for Peace Corps vehicles. Each vehicle has an oil company fuel charge card assigned to it. Anytime a vehicle needed to be fueled, an employee took the fuel charge card to a specified gas station and the card was used like a credit card to purchase fuel without cash. The post identified numerous fraudulent charges and requested assistance in investigating the fraudulent charges and advice on implementing controls to prevent further fraudulent charges. We assisted in the investigation and recommended improvements in internal controls to prevent further fraudulent activities. These controls included:

- Canceling fuel cards used for fraudulent activity.
- Eliminating free access to the fuel cards by unauthorized personnel.
- Requiring employees to sign for the card each time they use it, to strengthen individual accountability.
- Closer monitoring of fuel card activities.
- Improved recordkeeping on fuel use.

The post has taken steps to implement our recommendations. The investigation is continuing and two suspects have been identified.

CLARIFICATIONS TO RECRUITMENT CATALOG

In September 2006, the Director of Peace Corps announced the creation of a Volunteer Delivery Steering (VDS) committee to improve the process by which Peace Corps recruits, screens, places and prepares potential candidates for Peace Corps service. In May and June 2007, the Office of Communications and the VDS committee convened to discuss how to improve the Peace Corps Recruitment Catalog in order to better communicate the application process to potential candidates and to better prepare potential candidates for the realities of life as a Peace Corps Volunteer. During this period, the OIG was conducting a program review of the Peace Corps Medical Clearance System and had

identified inconsistencies between how parts of the Medical Clearance System were described online and in the Peace Corps Medical Kit (a set of instructions and medical screening examination forms sent to applicants) and how they were described in the Peace Corps Recruitment Catalog. We were made aware of the project to improve the Recruitment Catalog and shared our observations with the Recruitment Catalog working group to ensure that the inconsistencies in messaging between different Peace Corps publications did not persist. The working group incorporated the OIG's suggested improvements into the new Recruitment Catalog which was published in October of 2007 and will be distributed to Peace Corps applicants starting in November 2007.

OIG ADVICE ON REVISION OF MANUAL SECTION REGARDING INTERNAL CONTROLS

The OIG audit team reviewed and provided suggestions to the Office of the Chief Financial Officer during its revision of the Peace Corps Manual Section regarding internal controls established to ensure effective and efficient operations, reliable financial reporting, compliance with applicable laws and regulations, and the safeguarding of assets.

Based upon their extensive post auditing experiences, the OIG audit team provided substantive suggestions regarding appropriate definitions of critical terms, elaboration of internal control procedures as well as the roles and responsibilities of various senior staff members in the preparation of risk assessments and the continuous monitoring and improving of the effectiveness of the internal controls put into place.

THE INSPECTOR GENERAL'S STATEMENT ON THE PEACE CORPS' MANAGEMENT AND PERFORMANCE CHALLENGES

As required by the Reports Consolidation Act of 2000 and Office of Management and Budget guidance, I am pleased to submit the following summarizing what I consider to be the most serious management challenges facing the Peace Corps. This statement has been compiled based on Office of Inspector General (OIG) audits, investigations, evaluations, and the general knowledge of the agency's operations.

CHALLENGE SAFETY AND SECURITY OF PEACE CORPS VOLUNTEERS

Violent crime against Volunteers continues to be a management challenge. We are preparing a comprehensive report on our evaluation of the major components of Peace Corps' safety and security strategy. The report will discuss the agency's progress in ensuring that the Volunteers are working and living in a safe and secure environment and make recommendations for improving safety and security. Our work in this area has disclosed that the agency's crime statistics have an unacceptably high error rate and that the agency's safety and security training for Volunteers is based upon these inaccurate figures. In addition, all Country Welcome Books that are sent to prospective Volunteers reviewed by the OIG included outdated and incorrect data and information. Finally, we have some concerns about the efficacy of the posts' Emergency Action Plan tests.

CHALLENGE PEACE CORPS' MEDICAL CLEARANCE SYSTEM

Several aspects of the agency's Medical Clearance System (MCS), including the length of the process, the lack of transparency and communication, and insufficient reimbursement costs present significant management challenges to the Peace Corps. Furthermore, the Director's initiative to recruit a greater number of Volunteers in the 50+ age range will place an increased burden on the capacity of the Volunteer Delivery System (VDS) in general and the MCS in particular.

The OIG is currently conducting an evaluation of the Medical Clearance System. The MCS evaluation will make recommendations on the following specific areas: screening review systems and procedures; the screening review timeframe and costs; medical screening guidelines, communicated guidance, system transparency, interoffice communication and customer service; staff training; and the reimbursement fee schedule. In the next fiscal year it will be critical for the agency to allocate the financial and technical resources that enable its Office of Medical Services to implement recommendations for needed improvements that are key to ensuring the success of the 50+ initiative and the overall VDS program.

CHALLENGE INFORMATION TECHNOLOGY MANAGEMENT

Management has made improvements in strengthening the Peace Corps' information technology architecture and security management. However, several issues related to information security and risk management of system architecture remain a management challenge. The most significant issues follow:

- Eleven of 12 of the agency's information systems have not received final certifications and accreditations indicating that they are acceptable to use.
- Processes for systems development life cycle and change management have not been fully or consistently implemented.
- Although significant progress has been made, some systems' contingency plans need to be further tested and refined to ensure full recovery following a major disruption of service.

In addition, the agency is planning to deploy two on-line collaboration tools without the appropriate and necessary internal controls in place to limit the agency's vulnerabilities.

CHALLENGE PERFORMANCE MANAGEMENT AND DISCIPLINARY ACTIONS

A broad management challenge that exists within the agency involves the reluctance of management to undertake the necessary disciplinary actions against employees where there is evidence of unsatisfactory performance and/or inappropriate conduct.

In the past fiscal year, the OIG investigative unit brought five cases of criminal conflict-of-interest on the part of Peace Corps staff members, including country directors, and additional cases involving allegations of improper transfer of Government property, falsification of official Government forms and violations of Peace Corps rules and regulations on the part of both staff members and Volunteers to management's attention. Notwithstanding these findings, agency management has been often unwilling to impose disciplinary actions, deciding in these cases to take either no action or engage in a settlement with the offending party in which the agency agrees to expunge any adverse documentation from the employee's personnel file.

In addition, failures on the part of Peace Corps posts to follow-up appropriately with employees who had significant performance deficiencies has led to significant losses and mismanagement of agency resources.

The Office of Inspector General has engaged in discussions with senior-level officials at the Peace Corps, including the Director and Chief of Staff about the above, and Peace Corps management has stated that it is committed to taking the appropriate steps to rectify this challenge in the future.

CHALLENGE FINANCIAL MANAGEMENT

Financial management and compilation of accurate and complete financial statements in accordance with generally accepted accounting principles continues to be a management challenge. A qualified opinion was received on the balance sheet for FY 2006 and further improvements in financial reporting have been achieved this year.

CHALLENGE POST IMPREST FUND MANAGEMENT AND OTHER CASHIER OPERATIONS

Peace Corps manages cash accounts maintained as imprest funds in 68 posts in the countries served by the Peace Corps. The value of funds flowing through the imprest fund was approximately \$21 million during FY 2007. The fund's purpose is to manage the numerous day-to-day business activities carried on at Peace Corps posts. Incidents of imprest fund-related embezzlement and theft leading to cash losses continue to be a management challenge. Significant losses have resulted from ineffective oversight and internal control over the imprest fund and other cashier operations. We are currently investigating two cases involving an armed robbery and embezzlement of money associated with the imprest fund and other cashier operations. Resulting estimated losses were over \$85,000. Our auditors have also noted problems involving management of the imprest fund in nearly every audit of a Peace Corps post that they have conducted within the past fiscal year. This area requires increased management focus in improving policies, procedures, supervisory oversight, and internal control at the overseas posts.

**CHALLENGE MANAGING RESOURCES FROM OTHER AGENCIES:
THE PRESIDENT'S EMERGENCY PLAN FOR AIDS
RELIEF**

Accountability for Federal funds provided to the Peace Corps through the President's Emergency Plan for AIDS Relief (PEPFAR) is a significant management challenge. This funding is managed by the State Department Global Aids Coordinator and is specifically limited to support AIDS-related programs. Greater emphasis on program guidance is critical to effectively managing the funds and ensuring the funds are delivered as legislatively intended.

The OIG intends to conduct a comprehensive combined audit and evaluation of the agency's PEPFAR program in the coming fiscal year to assess how the agency is dealing with this challenge.

**CHALLENGE SUPPORT FOR VOLUNTEERS WORKING IN HIV/AIDS
PROJECTS**

While the agency has begun to take steps to increase the amount and quality of support to Volunteers working in HIV-prevalent countries, the challenge to management remains to mobilize resources sufficient to the task. To date, the burden of responding to Volunteers' mental health needs has fallen largely on the Peace Corps Medical Officers at post and the staff in the Office of Special Services, who provide mental health counseling to Volunteers. The Office of Special Services, in conjunction with the Center for Field Assistance and Applied Research, has also provided training to staff and Volunteers on special issues. However, the effort to support Volunteers' mental health needs should be multi-faceted and agency-wide. According to the 2006 Peace Corps Volunteer Survey, when asked to rate factors that create stress or emotional health issues, 24 percent of the Volunteers rated their primary work assignments as considerably to exceptionally problematic and 30 percent rated their work assignments as moderately stressful.

AUDITS AND PROGRAM EVALUATIONS

OVERVIEW

The Peace Corps' OIG focuses principally on the programs, financial and administrative operations, and staff support that sustain Peace Corps Volunteers serving around the world. We accomplish this through audits and evaluations of the agency's posts overseas and its functions in headquarters and domestic recruiting offices.

Both individual staff members and multi-disciplined teams carry out these reviews. For some highly technical audits, we also contract with firms and individual experts.

Audits examine operations and financial transactions to ensure that good management practices are being followed and that resources are adequately protected in accordance with laws and regulations. Our audits are conducted in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States.

Most of our audits focus on the operations and management of Peace Corps' overseas posts, which include a review of financial and administrative practices and the safety and security of persons and property. We also conduct audits of specific headquarters and regional activities, as well as contract and follow-up audits, as needed. In addition, the Accountability of Tax Dollars Act provides the OIG with the responsibility for the annual audit of Peace Corps' financial statements. Furthermore, the Federal Information Security Management Act specifies that the OIG annually review the information security program of the agency, which is part of our auditors' responsibilities.

Program Evaluations review the operation and administration of a specific unit of the Peace Corps or may involve a limited review of a particular problem, issue, or function.

Most evaluations are of overseas posts and provide management with a comprehensive assessment of how overseas programs are functioning. This includes a review of the Volunteers' sites and assignments, their safety and security, the quality of their training, the quality of the support provided to them, and the adequacy of the post's administrative infrastructure to manage the program. Evaluations focus particularly on the effectiveness, satisfaction, and well-being of the Volunteers, including their housing, health care, and safety. Evaluators interview a representative sample of 20% or more of the Volunteers at their sites, and interview appropriate Peace Corps staff and some of the Volunteers' co-workers and supervisors.

SUMMARY OF AUDITS AND EVALUATIONS

PEACE CORPS FISCAL YEAR 2007 FINANCIAL STATEMENT AUDIT

During this reporting period, we exercised our contract option with an independent public accounting firm to conduct the audit of the Peace Corps' fiscal year 2007 financial statements. This audit is required by the Accountability of Tax Dollars Act of 2002. At this time, the audit is ongoing. We intend to issue the audit report by the mandated reporting date of November 15, 2007, as established by the Office of Management and Budget (OMB). Details on this audit will be included in the next Semiannual Report.

REVIEW OF THE AGENCY'S FEDERAL INFORMATION SECURITY MANAGEMENT PROGRAM

The Federal Information Security Management Act (FISMA) requires Federal agencies to establish security protections and a program to secure its information systems from unauthorized access, use, disclosure, modification and other harmful impacts. This is governed through specific guidelines established by the National Institute of Standards and Technology. In addition, FISMA requires the OIG to review their agency's security program annually. OMB is mandated to report to Congress on the overall progress made by Federal agencies. To meet this mandate, OMB has developed a data collection process which combines reporting from each Federal agency and their respective OIGs to measure the progress of developing and institutionalizing the agency's security program. OMB submission is due annually on October 1. Preliminary results of the review of the security program indicate that the agency has made progress in becoming fully compliant with FISMA. Comments on final review results will be covered in the next Semiannual Report.

In March 2007, as an extension of the FISMA review effort, the OIG engaged a contractor to perform a privacy and vulnerability assessment of the Peace Corps' external website and intranet site. The assessment disclosed six areas of concern and proposed recommendations for corrective action. We are currently facilitating the process of audit resolution with Peace Corps management. Once implemented, these corrective actions will improve overall security and minimize vulnerabilities associated with the agency's external website and intranet site.

PEACE CORPS/CAMEROON: AUDIT

We conducted an audit of Peace Corps/Cameroon January 8 - 26, 2007. The Peace Corps began its program in Cameroon in 1962. At the time of our visit, 102 Volunteers were working in four project areas: education, health, agroforestry, and small enterprise development. At the time of our audit, the country director was completing his five year tour of duty. The new country director arrived at the post in early February 2007.

Our audit disclosed that Peace Corps/Cameroon's financial and administrative operations and its compliance with the agency's policies and procedures and federal regulations required improvement. Some of the more significant findings are summarized below:

- Policies and procedures related to operation and management of the imprest fund were not being followed.
- Recording of billing and collection transactions was not in accordance with policies and procedures and related records were not adequately monitored by post management to ensure accuracy and timely collections.
- Volunteer settling-in surveys were not always performed and termination notifications related to Volunteer tour completions were not sent to Peace Corps headquarters in a timely manner.
- Safeguarding of Volunteer personal data was deficient.
- Accountability over funds related to operation of the Volunteer hostel was lacking.
- Duties related to inventorying of Peace Corps property were not properly segregated and the inventory records were inaccurate.
- An inventory of medical supplies was not maintained as mandated by policy.
- Policies and procedures related to vehicle use and associated recordkeeping were not being followed.
- Timely submission of travel vouchers was not being accomplished and in-country per diem rates were out of date.
- Policies and procedures related to approval for two leases were not being followed.
- Maintenance of contract files was inadequate.
- Timely payment to personal services contractors was not being accomplished.
- Control over staff time and attendance was inadequate.
- Documentation for IT security training was deficient.

Management concurred with 57 of 60 recommendations and did not concur with three recommendations. At the end of the reporting period, 56 recommendations are closed and four remain open.

PEACE CORPS/JORDAN: AUDIT

We conducted an audit of Peace Corps/Jordan May 6 - 24, 2007. Over 300 Volunteers have served in Jordan since Peace Corps/Jordan began its program in 1997. The program was suspended in November 2002 and resumed with the arrival of Volunteers in February 2004. Volunteers currently work in three project areas: English education, special education, and youth development.

Our audit disclosed that Peace Corps/Jordan's financial and administrative operations required improvement. Some of the more significant findings are summarized below:

- Imprest fund policy on funding ceilings and use of the emergency payment process was not followed.
- Required settling-in Volunteer allowance surveys were not being performed.
- Some policies and procedures on managing billings and collections were not followed.
- The government purchase card was not being utilized.
- Record management of contract files was inadequate.
- Internal controls related to vehicle use were breached.
- The travel authorization and voucher process was not being managed in accordance with Peace Corps and federal travel guidance.
- Policies and procedures related to time and attendance practices and records maintenance were not being followed.
- Inventory of medical supplies was inaccurate and not maintained in accordance with policy.

Management concurred with all 31 recommendations. At the end of the reporting period, 30 recommendations are closed and one remains open.

PEACE CORPS/NIGER: AUDIT

We conducted an audit of Peace Corps/Niger October 25 - November 10, 2006. The Peace Corps began its program in Niger in 1962 with seven Volunteers teaching English as a foreign language. At the time of our visit, there were 90 Volunteers working in Niger. Peace Corps/Niger's current project areas are natural resources management, health, agriculture, community and youth education, and community development.

We found that several of the post's financial and administrative operations were not functioning effectively and did not comply with Peace Corps' policies, procedures, and other applicable guidance. Some of the more significant findings are summarized below:

- Funds were being diverted from Volunteer allowance checks for other purposes, accountability over the diverted funds was inadequate, and surveys of the allowance activity were not being conducted.
- Billings and collections activities were not being conducted in accordance with Peace Corps policies and procedures.
- Interim advances were not being cleared promptly or before a staff person received additional advances.
- Alternate cashier and sub-cashier advances were not in balance and accountability over advances to sub-cashiers was inadequate.
- Policy on the administration of Volunteer grant funds was not being followed.
- Policies and procedures on the use and cost accounting for post vehicles were not being followed.

- Lease agreements were inaccurate and did not include essential information.
- Personal services contractor files did not contain required information in accordance with Peace Corps policy.
- Government purchase card users did not obtain pre-approvals or obligate funds prior to using the card.
- Timekeeping records for compensation time were not adequately maintained and related policy was lacking.
- Receipting for accountable property was inadequate.
- Documentation on computer use was not being executed in accordance with policy.

Management concurred with all 57 recommendations. At the end of the reporting period, 37 recommendations are closed and 20 remain open.

PEACE CORPS/SENEGAL: AUDIT

We conducted an audit of Peace Corps/Senegal October 25 - November 10, 2006. The Peace Corps began its program in Senegal in 1963. More than 130 Volunteers currently serve in Senegal in four project areas: health education, agricultural, business development, and environmental technology.

The post has made progress since our last visit in 2001. In general, the post's financial and administrative operations were functioning effectively and complied with Peace Corps policies and federal regulations. However, we did find certain areas in need of improvement. Some of the more significant findings are summarized below:

- Volunteer termination notifications related to tour completion were not being sent to Peace Corps headquarters in a timely manner.
- Resolution of outstanding debts was not timely.
- Some policies and procedures related to the operation and management of the imprest fund were not being followed, impacting on the overall effectiveness of internal controls.
- Management of host country contributions was not in accordance with policy.
- Inventories were not accurate and complete.
- Policies and procedures related to recordkeeping on vehicle use and maintenance were not being followed.
- The policy on an award of a lease was not followed.
- Personal services contractor files were not maintained in accordance with policy.
- Purchases made with the government purchase card were not always approved or obligated in advance as required by policy.
- Accountability for Peace Corps' property was inadequate.
- Records were not maintained on compensation time earned or used.
- International Cooperative Administrative Support Services outside the pre-approved list were used without obtaining the required waivers.

Management concurred with 18 of 21 recommendations. Two recommendations were partially concurred with, and management did not concur with one recommendation. At the end of the reporting period, three recommendations are closed and 18 remain open.

PEACE CORPS/THAILAND: AUDIT

We conducted an audit of Peace Corps/Thailand May 8 - 24, 2007. The Peace Corps began its program in Thailand in 1962. At the time of our visit, there were 106 Volunteers working in education and community development. This post is also used as a regional site for Volunteer/staff medical evacuations and Peace Corps conferences. Additionally, the post provides administrative support to the regional Peace Corps Safety and Security Officer located in Thailand. In recent years, the post received emergency funding and hosted Crisis Corps Volunteers in support of tsunami recovery activities.

Our audit found that generally the post's financial and administrative functions were operating effectively and efficiently. However, as summarized below, we noted some problems in selected administrative areas:

- Recording of billing and collection transactions and issuance of receipts for payments were not in accordance with policies and procedures.
- Segregation of duties for receipting and issuing property was lacking and there was an internal control gap resulting from insufficient Peace Corps guidance.
- Physical security over medical supplies was generally inadequate and the required periodic inventories of controlled substances were not being performed.
- Peace Corps policies and procedures on vehicle management were insufficient, and in some cases, conflicting.

Management concurred with 12 recommendations and partially concurred with two of the 14 recommendations made. At the end of the reporting period, 10 recommendations are closed and four remain open.

PEACE CORPS/ZAMBIA: AUDIT

We conducted a partial audit of Peace Corps/Zambia September 8 – 15, 2006 during our visit to perform a follow-up audit at the post. Coverage was limited to items that were previously not included in the audit scope during our August 2005 visit.

A country agreement inviting the Peace Corps to work in Zambia was signed by the United States and Zambia on September 14, 1993. The first group of Volunteers was sworn in on April 7, 1994. At the time of our visit, approximately 160 Volunteers were promoting sustainable development through activities in agricultural and natural resource management, health and sanitation, education, and humanitarian assistance.

Peace Corps/Zambia's financial and administrative operations, in general, were not routinely complying with established internal controls. A contributing factor to this condition was related to a lack of post administrative personnel at the time of our audit. Some of the more significant findings are summarized below:

- Imprest fund policies and procedures were not being followed and as a result, the associated funds were not properly safeguarded.
- The imprest fund had a significant un-reconciled overage.
- Volunteer personal property was not being managed in accordance with Peace Corps policy.
- Cash advances were not properly cleared as required by Peace Corps policy.
- The property management inventory listing was not complete or accurate.
- Government purchase card purchases were not pre-approved or obligated prior to making a purchase.
- Control over staff time and attendance was inadequate.

Management concurred with 19 of the 20 recommendations and partially concurred with one recommendation. At the end of the reporting period eight recommendations are closed and 12 remain open.

PEACE CORPS/HONDURAS: FOLLOW-UP AUDIT

During the period March 26 – 30, 2007, we conducted a follow-up to our audit carried out March 14 – April 6, 2004. Management concurred with all 29 recommendations contained in our report issued in September 2004. We reviewed management's compliance with the actions agreed upon for the 29 recommendations. One recommendation was re-opened that had been previously closed.

We found that the combination to the cashier's safe had not been changed since September 2004. Peace Corps policies and procedures require that the safe combination be changed whenever a new cashier or country director is assigned, and at a minimum, once a year.

At the end of the reporting period, 28 recommendations are closed and one remains open.

PEACE CORPS/PANAMA: FOLLOW-UP AUDIT

During the period March 19 – 23, 2007, we conducted a follow-up to our audit carried out October 17 – November 5, 2004. Management concurred with all 24 recommendations contained in our report issued in September 2004. We reviewed management's compliance with the actions agreed upon for the 24 audit recommendations. As a result of our review, four recommendations were re-opened that had been previously closed.

The four re-opened findings related to the imprest fund, procurement, and Volunteer allowances. We found that Peace Corps/Panama was not in full compliance with those particular policies and procedures and required that additional steps be taken by management before the four findings could be closed.

At the end of the reporting period, 20 recommendations are closed and four remain open.

SAFEGUARDING OF SOCIAL SECURITY NUMBERS: FOLLOW-UP AUDIT

During the period January 11 – March 1, 2007, we conducted a follow-up to our audit carried out June through November 2004. Management had concurred with all six recommendations made in the related audit report.

Although management had concurred with all six of the recommendations in the original audit report, we closed none of the recommendations at that time. Subsequently, three of six recommendations were closed by the Peace Corps chief compliance officer. During our follow-up audit, we verified the status of all six recommendations and determined that the three closed recommendations needed to be re-opened, and therefore all six recommendations were in an open status awaiting additional management actions. Subsequent to our follow-up audit, management has taken action and we have closed two recommendations.

At the end of the reporting period, two recommendations are closed and four remain open.

PEACE CORPS/AZERBAIJAN: PROGRAM EVALUATION

During the period November 6 - 22, 2006, we conducted a program evaluation of Peace Corps/Azerbaijan. The Peace Corps began its program in 2003, beginning with a project in the education sector. The post launched its second project, the Community Economic Development project, in 2005. At the time of our review, 71 Volunteers were serving in the two projects.

We found that Peace Corps/Azerbaijan post was providing adequate training, site assignment, administrative support, and safety and security support to Volunteers. Volunteers told us they were satisfied with their language, cultural, health and safety and security training, but expressed some concerns regarding technical training in both projects.

Our review also disclosed weaknesses in internal controls at the post in the management of the Peace Corps Partnership Program; subsequent to our visit, the country director voluntarily disclosed further irregularities in the management of gifts and contributions at the post.

Management concurred with 12 of our 16 recommendations, partially concurred with one recommendation, and did not concur with three recommendations. We accepted their non-concurrence to one recommendation. At the end of the reporting period, 14 recommendations are closed and two remain open.

PEACE CORPS/EASTERN CARIBBEAN: PROGRAM EVALUATION

During the period November 6 - 22, 2006, we conducted a program evaluation of Peace Corps/Eastern Caribbean. The Peace Corps entered the Eastern Caribbean in 1961, when St. Lucia became one of three pilot Peace Corps posts worldwide. Since that time, Peace Corps has expanded its presence throughout the region. Volunteers are working on 10 islands in six nations: Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines. Over 4,300 Volunteers have served in the Eastern Caribbean. At the time of our visit, 123 Volunteers were living and working throughout the Eastern Caribbean.

A new country director had recently arrived at the post and had begun implementing positive changes. However, during our review, we noted several deficiencies in post management and Volunteer support in areas as diverse as safety and security and Small Project Assistance grant funding. Specifically, we found:

- Due to shortcomings in the post's Emergency Action Plan, the post might not be able to evacuate Volunteers in the event of a major hurricane.
- The post's annual safety and security Compliance Report contained inaccuracies in at least 10 major areas.
- Some Associate Peace Corps Directors did not conduct adequate and effective site visits, which risked Volunteer safety and security and threatened the successful implementation of the post's new project plan.
- Eleven percent of the Volunteers in our sample did not receive prescription medications and re-fills on time.
- The post's Peace Corps Medical Officers maintained expired medical supplies, made such supplies available to Volunteers, and did not ensure that pharmaceuticals were consistently stored in climate-controlled environments.
- The post's Small Projects Assistance Committee exercised weak fiscal oversight, resulting in a lost opportunity to fund at least six additional grants. Funds totaling \$8,547 were still outstanding or unaccounted for beyond the required grant completion dates.
- The post did not enforce the procedures it imposed upon community organizations regarding the use of the President's Emergency Plan for AIDS Relief funds.

Management concurred with 29 of our 31 recommendations and did not concur with two recommendations. At the end of the reporting period, three recommendations are closed and 28 remain open.

PEACE CORPS/GUINEA: PROGRAM EVALUATION

During the period November 24 – December 17, 2006, we conducted a program evaluation of Peace Corps/Guinea. Peace Corps Volunteers have been in Guinea from 1962 - 1966, 1969 - 1971, and 1985 until an evacuation to Mali in January 2007. Volunteers returned in July 2007. At the time of the OIG evaluation, Peace Corps/Guinea had 114 Volunteers working in four projects: education, agroforestry/environment, health and HIV/AIDS, and small enterprise development.

While the post provided vital support to the Volunteers and mitigated Guinea's challenging transportation and communication infrastructure with its three regional houses, each staffed by a regional coordinator, we found that the regional coordinators were under-utilized.

We also found that pre-service technical training for Small Enterprise Development Volunteers and Agroforestry Volunteers did not provide the Volunteers with the hands-on training they needed to undertake their work assignments. The lack of applied, hands-on training impaired the credibility of the Volunteers with their target population and their effectiveness in transferring skills. Our review of the Peace Corps Partnership Program found areas for improvement in the project application process and oversight at both the post level and within the Office of Private Sector Initiatives. The post's process for approving project proposals did not ensure that proposals met agency standards prior to being submitted to Office of Private Sector Initiatives for funding.

We also identified the following four areas which would strengthen the post's ability to respond to emergencies in a timely manner:

- Ensuring that the post's electronic and paper records for Volunteer emergency contact information are up-to-date and complete. Paper versions of the site locator forms or emergency contact sheets for some Volunteers were missing or contained out-of-date information.
- Consistent enforcement of out-of-site policies and the submission of Volunteer leave slips.
- Testing of the Volunteer warden system after the arrival of every new group of Volunteers.
- The reinstatement of regular radio checks to ensure that the post can reach Volunteers stationed in rural areas in case of an emergency.

Management concurred with 38 recommendations and partially concurred with six recommendations. At the end of the reporting period, 34 recommendations are closed and 10 remain open.

INVESTIGATIONS

OVERVIEW

The investigative unit responds to allegations of criminal wrongdoing, fraud, and violent crimes that are forwarded to the Office of Inspector General through audits and evaluations, hotline complaints, and Volunteers, Trainees, staff, and the public. We also investigate ethics and conflicts of interest violations. The Office of Inspector General is charged by law with the conduct of criminal investigations. The Inspector General is authorized by statute to develop policy for the conduct of investigations, and to coordinate and supervise both domestic and overseas investigations. Investigators work with other offices within the Agency or with other agencies, including Immigration and Customs Enforcement (ICE), the State Department's Diplomatic Security Services (DSS), the Federal Bureau of Investigation (FBI), and the Department of Justice public prosecutors, as appropriate.

With over 8,000 Volunteers in more than 70 countries, incidents of crime against them are inevitable. Part of the Agency's support to Volunteers who become victims is a protocol under which country directors report incidents of violent crimes to the OIG. The OIG manages and coordinates the Agency's part of the investigative and prosecution process from the initial incident to the closing of the case. We coordinate the investigation of the crimes with the country director, headquarters offices, DSS, and the embassy's Regional Security Officer (RSO). We work with the RSO to develop the best evidence for local trial. This might include preparation of witness statements, developing photo spreads, or obtaining DNA analysis. As needed, we accompany witnesses back to the country where the crime occurred for lineups, depositions, and trial. We consult with the Department of Justice's Office of Foreign Litigation and receive assistance from the FBI, including the forensic laboratory at Quantico and the overseas legal attachés, the Armed Forces Institute of Pathology at the Walter Reed Army Medical Center, and the Secret Service Forensic Services Division. Our role in coordinating the investigation and assisting in the prosecution of violent crimes against Peace Corps Volunteers brings a high volume of work but also gives us the opportunity to help curb violence against Peace Corps Volunteers. We also work with host country justice officials to prosecute violent crimes against Volunteers.

The OIG operates a 24/7 duty officer system for country directors to make direct and immediate contact with criminal investigators in this office to coordinate the response to violent crimes against Volunteers and assist the victims of crime. Early intervention and coordinated support has enhanced the quality of overseas investigations. We may, in limited circumstances, also arrange for a local lawyer to be hired to help the prosecutor in making the case against the perpetrator of the crime.

The 2004 “Equal Access to Justice Act” and other Congressional enactments, as well as the Attorney General’s guidance, provide a prescriptive framework for the OIG’s victim advocacy responsibilities and authority.

MISSING PEACE CORPS VOLUNTEER INVESTIGATION

On March 4, 2001, the mother of a Volunteer reported that her son had not been in contact with his family for several weeks. The Volunteer had been assigned to the Zongo Valley (Bolivia) in late December 2000. The Zongo Valley is a large canyon located 2-3 hours outside of La Paz, Bolivia, on the other side of a 15,600-foot mountain peak. The area is anchored by the River Zongo, and the Bolivian Electric Authority operates multiple hydroelectric plants along its path.

On March 5, 2001, a search for the Volunteer was initiated in the Zongo Valley by his local supervisor and other Peace Corps personnel. The search continued through April 2001, and was conducted by a variety of teams, including a Bolivian search and rescue team, personnel from the U.S. Embassy Regional Security Office and Bolivian National Police, and Peace Corps personnel with trekking, mountaineering, and whitewater experience.

The FBI joined the investigation into the Volunteer’s disappearance in April 2001, and locations in the Zongo Valley were again searched in June 2001. An assessment team returned to the Zongo Valley in August 2002 to consider other potential sites to search. As recently as December 2005, a Bolivian search team returned to the Zongo Valley and searched a seven kilometer trail between two points that may have been traversed by the missing Volunteer.

The local investigation, in which several U.S. federal law enforcement agencies participated, revealed no evidence of foul play that could have contributed to the Volunteer’s disappearance. His personal effects, including wallet, ID, bank card, and cash were found undisturbed in the locked room he rented in the Zongo Valley.

Over the past several years, the U.S. Embassy and Peace Corps have conducted several publicity campaigns and media blitzes in Spanish and local Indian languages on local television, radio, and newspapers. There is a \$25,000 reward for any information regarding the Volunteer and/or his whereabouts. In 2004, the OIG contracted two highly qualified private investigators to review and re-investigate his disappearance. In 2005, we also established a non-U.S. tip line for anonymous callers to report any information as part of the publicity campaign and reward. Although the phone line received calls, none of the tips provided any useful or actionable information.

As a result of a review of the documentation surrounding the investigation and the multiple searches conducted in the Zongo Valley, the OIG determined that a mapped, grid search using global positioning system (GPS) coordinates to document all areas and locations that have been searched plus those that needed further review should be conducted.

In April 2007, an OIG agent accompanied two National Park Service Search and Rescue Managers to Bolivia to conduct an assessment of a potential search area. In addition, the OIG agent requested and obtained documents from other law enforcement agencies regarding this investigation. In July 2007, two OIG agents returned to Bolivia to conduct follow-up interviews with several host country nationals regarding the missing Volunteer. As a result of those interviews and the review of the documents, it was determined that the missing Volunteer was last seen in a village with an altitude of approximately 11,600 feet in the Zongo Valley. The Volunteer had presented his ecotourism project to the local community at a monthly assembly meeting. Our investigation disclosed that the Volunteer departed the meeting area alone during torrential rains and minimal visibility. He had to hike a winding trail with thousand-foot drop-offs for approximately four miles. The Volunteer was trying to reach a school where he had left a sleeping bag and clothing the night before his visit to the community for his presentation. School officials and local residents never saw the Volunteer return to the school.

In September 2007, the Inspector General led a 28-person search team comprised of eight specially trained National Park Service Search and Rescue personnel, four dog handlers and four cadaver dogs, a veterinarian, four OIG agents, a Bolivian search and rescue team, personnel from the United States Embassy Regional Security Office, Bolivian National Police, FBI officials, and other personnel to search the area where it is believed the Volunteer had the highest probability of an accident, based on the steep, vertical terrain and treacherous precipices between the community and the school. A thorough search was conducted amidst very difficult weather conditions. Several items of evidentiary value were collected and submitted to the Armed Forces Institute of Pathology for analysis.

INVESTIGATION OF THE MURDER OF A VOLUNTEER

During this reporting period, we were notified of a Volunteer who was overdue in returning to her site to attend graduation proceedings at the local school where she was serving as an English teacher. The Volunteer had been visiting a remote location popular with tourists and had told friends that she planned to hike in alone, stay for a short period of time, then return to her home site. When she failed to return as planned, numerous telephone calls were made to her cell phone, all of which went unanswered. A team from the United States Embassy was assembled and a search commenced in the area surrounding her last known location. Interviews conducted placed the Volunteer at a small café overlooking the valley of the search. The Volunteer allegedly purchased a soda, continued on her hike, failed to check in at the local tourist checkpoint, and was never seen again.

Within 72 hours of being notified, we dispatched an OIG agent specializing in search management to begin coordinating with the local police, military, local guide services, and U.S. Embassy to formalize a search of the area. On the second operational period of the formalized search, the Volunteer's remains were located in a remote, shallow grave. Foul play was immediately suspected.

The café owner's husband was immediately identified as the main suspect, having departed the valley for an extended period of time without explanation. An eye-witness identified him fleeing the scene of the crime on the time and date of the Volunteer's disappearance. The suspect was arrested after an extensive manhunt. The suspect submitted a voluntary statement to police in the presence of his defense attorney claiming that he mistook the Volunteer for a neighbor with whom he had been quarrelling. He claimed the Volunteer bumped into him while hiking on the trail and that he turned around and bludgeoned her multiple times with a rock and log. The Volunteer's death was caused by multiple blunt-force traumas to the head.

The suspect remains in custody while being tried for murder where it is believed his defense will attempt to assert the involuntary nature of the crime, in order to secure a lesser conviction. The OIG, on behalf of the Volunteer's family, has retained a local attorney with extensive experience in prosecuting murder suspects to assist in the prosecution of the case. In coordination with the Volunteer's family and their stated wishes, the local attorney and prosecutor filed charges of murder, the maximum allowable under host country law.

Hearings pertaining to this case began on August 21 and 22, 2007, during which time the defendant reconfirmed his admission of killing the Volunteer, though qualified his admission by asserting the homicide was "accidental." The witness who observed the defendant fleeing the crime scene testified, as did the Volunteer's mother, who traveled to the country to visit the Volunteer's home site and crime scene and to offer testimony in court. The next court proceeding has been scheduled for October 8, 2007, and the following dates, if necessary: November 5 and 6, 2007; December 3 and 4, 2007; January 7 and 8, 2008; February 4 and 5, 2008; March 3 and 4, 2008; April 7 and 8, 2008; and May 7 and 8, 2008.

INVESTIGATION INTO ABUSE OF COMPUTER USAGE

In 2006, the Office of the Chief Information Officer hired a contractor to conduct an analysis of computer firewall logs, proxy server logs, event viewer logs, email logs, antivirus logs, and physical device logs from approximately 53 overseas Peace Corps' posts. The purpose of the analysis was to assess and identify potential risks, vulnerabilities, breaches, brute force attacks, hacking attempts, and any other illegal or unauthorized activity occurring on the servers. Widespread pornography usage was disclosed during this review. As a follow-up, the same contractor conducted additional analysis of the data from nine of the 53 posts to identify potential pornographic browsing activity by staff and/or Volunteers at each location, and to identify the usernames associated with such activity.

During this reporting period, the OIG coordinated with the Diplomatic Security Service to analyze computer hard drives seized from several employees who were suspected of visiting websites which contained sexually explicit material. A post in the Inter-America and Pacific Region was one of the nine posts selected for supplemental analysis. The server logs revealed what appeared to be a high level

of internet traffic to pornographic websites and sex chat rooms. An OIG agent traveled to the post and seized four hard drives, which were then forwarded to the Department of State Diplomatic Security Service Computer Investigations and Forensic Unit (DSS-CIF) for analysis. DSS-CIF confirmed the usage of pornographic websites, on-line chat rooms, and pornographic images on these government-issued computers. Two OIG agents followed-up and conducted interviews of the four employees at the post. Three staff members have had their contracts terminated. The service of the fourth staff member will be terminated in December 2007. The OIG continues to investigate the abuse of internet usage.

OIG INVESTIGATIONS OF FEDERAL EMPLOYEES' COMPENSATION ACT RECIPIENTS

At present, the Peace Corps has approximately 1,300 open Federal Employees' Compensation Act (FECA) claims. The Agency spends approximately \$11 million in FECA claims for former Volunteers and staff who were injured or became ill on the job. Unlike other Federal entities, per Section 10.730 Worker's Compensation Programs, "[a]ny injury sustained by a volunteer or volunteer leader while he or she is located abroad shall be presumed to have been sustained in the performance of duty, and any illness contracted during such time shall be presumed to be proximately caused by the employment." This also includes any pre-existing condition that may have been aggravated by Peace Corps service. In addition, the Peace Corps' five-year rule and Volunteer special status under the FECA program limit the possibility that these individuals will return to work.

During the first quarter of fiscal year 2005, the OIG, in coordination with the Peace Corps Office of Medical Services (OMS) launched a fraud prevention initiative for claims paid under FECA. The OIG also developed a partnership with the Office of Inspector General of the U.S. Department of Labor.

Our joint review of FECA claims with OMS includes determination of medical status as it relates to the claimants ability to return to work. We also review the medical status with regard to potential costs of the claim to the Agency both in medical and disability costs. The OIG reviews claims with OMS staff to determine if further investigation is required to confirm the status of the claimant. Past reviews and investigations by the OIG have resulted in the identification of claimants who had not disclosed supplemental income, change of address, and disability overpayments. The OIG has also taken an active part in investigating physicians with questionable billing practices.

As a part of our efforts to monitor the FECA recipients, OIG agents continue to coordinate with the post service nurse of the Agency's Office of Medical Services to investigate claimants that are suspected of abusing and/or defrauding the FECA program. OIG agents regularly travel to FECA district offices to conduct record reviews. We also perform surveillances, interviews, and other investigative activities on individuals that have been flagged for unusual patterns of behavior or circumstances. The following are the highlights of FECA investigatory work during this reporting period.

- We concluded a two-year investigation which included target letters, surveillance, direct meetings, and other investigative activities regarding a FECA recipient who was ultimately found to be gainfully employed and teaching overseas. The recipient had been receiving benefits since 1992. We coordinated the investigation with OMS and the Office of Workers' Compensation Program (OWCP). The investigation resulted in the Department of Labor (DOL) terminating the claim. Annual savings to the Agency was \$18,996.00 and an actuarial savings on the claim was estimated to be \$607,872.00.
- We reviewed the FECA benefits of a former Volunteer who had been injured and institutionalized since 2003. DOL is resolving an OIG agent's finding that the attending hospital is in possession of overpayments of approximately \$58,000 dating back to calendar year 2003. Additionally, a review of records by the OIG divulged a payment error by DOL which may have resulted in \$10,596.00 in recipient benefits going to the wrong caregiver.
- In June 2007, two OIG agents traveled to Districts 9 and 3 to follow-up on FECA claimants. The two agents found the residence and place of employment of one individual. While interviewing the claimant at her place of employment, the agents obtained valuable information. The investigation is still pending.

Surveillance was conducted on another individual in District 9. The OIG is awaiting the results of a mail cover recently placed on the individual's mail. The investigation is still pending.

- We coordinated with the Department of Labor's OIG on an investigation of claimant that has been deceased for over 18 months. The joint investigation revealed that deposited FECA payments were accessed by a family member who failed to notify DOL/OWCP that the claimant was deceased. From our investigation and initiatives, DOL is negotiating full restitution in the amount of \$20,000 from the family member who fraudulently utilized the deceased claimant's funds. The information regarding this case was presented to the U.S. Attorney's Office for prosecution, but declined due to the low dollar threshold.
- Two OIG agents traveled to southern Paraguay to conduct investigative activities on a claimant that had been flagged for high compensation benefits and low medical benefits. This case is still pending.
- The OIG flagged two FECA claimants that had high compensation benefits and low medical costs. During interviews, OIG agents concluded that these individuals do have legitimate FECA claims. Therefore, no further investigative action is required at this time. These investigations have been closed.

VIOLENT CRIMES AGAINST VOLUNTEERS

Overseas posts are required to report immediately to the OIG and RSO any incident of a specified list of violent crimes against Volunteers. Early notification and response is critical to a successful investigation and prosecution, which may assist in a victim's recovery, serve as a protective deterrent, and remove violent persons from society.

Incidents and crimes to be reported to the OIG and RSO are:

- Volunteer Death (under any circumstances)
- Kidnapping
- Rape and Attempted Rape
- Major Sexual Assault
- Robbery
- Aggravated Assault
- Major Physical Assault
- Burglary with Volunteer/Trainee present (or attempted)
- Death Threat
- Intimidation/Stalking (also Domestic Violence)

Crimes are reported to the OIG through the telephone number 202-692-2911 or the crime hotline at violentcrimehotline@peacecorps.gov, from which the Inspector General and investigative personnel receive notification on a 24/7 basis to assure prompt assistance and coordination in their investigation. For overseas crimes, the OIG engages with the Criminal Investigative Liaison Branch (CIL) of the Bureau of Diplomatic Security to facilitate communications and support to the victim and to the Peace Corps post. During the reporting period, approximately 203 preliminary inquiries were opened, which resulted in the initiation of 25 investigations.

We have also established a dedicated law enforcement liaison line (911@peacecorps.gov) for other federal and foreign law enforcement agencies to access OIG investigative personnel on a 24/7 basis. This resource for coordination among law enforcement agencies may be the first of its kind.

We have three agents whose primary responsibility is to oversee the cases in one of the Agency's three geographic overseas regions: Africa; Inter-America and Pacific; and Europe, Mediterranean, and Asia. This allows them to develop closer coordination with overseas counterparts and a better understanding of the characteristics of each country and its criminal justice system. A fourth investigator is overseeing the Agency's FECA initiatives.

CLOSED CASES OF VIOLENT CRIME AGAINST VOLUNTEERS

- In a South American country, a Volunteer was raped by a host country national. The OIG took the Volunteer to a sketch artist when she was medically evacuated to Washington, D.C. after the rape. The sketch was provided to local authorities and a suspect was apprehended. The OIG assisted the Volunteer with filing a formal declaration against the suspect. The OIG also accompanied the Volunteer to the town where the incident occurred where she identified the suspect in a physical line-up. The case went to trial and the jury unanimously found the suspect guilty and he was convicted to 10 years in jail.
- A female Volunteer serving in a Central Asian country was raped by an acquaintance of her counterpart. The Volunteer reported the assault to the police, who immediately took the subject into custody. Through coordination with the U.S. Embassy and a local investigator, the subject was tried and convicted. He was sentenced to eight years in a maximum security prison facility.
- In a South American country, a former Volunteer who had been sexually assaulted in 2003 by a host country national returned for trial accompanied by an OIG agent. The former Volunteer testified and the defendant was convicted and sentenced to four years incarceration for his crime.
- In an East African country, a Volunteer was walking down a busy thoroughfare when she was grabbed from behind, dragged to the ground, and robbed of her handbag. An angry crowd gave chase to the perpetrator. Local police authorities arrived and shot and killed the perpetrator. The stolen property was recovered; the Volunteer was treated for minor injuries.
- In a Caribbean country, a Volunteer reported that she had been sexually assaulted by another Volunteer six months after the event. The OIG and the embassy's Regional Security Officer interviewed the suspect, the victim, and witnesses. The case was referred to the U.S. Attorneys Office in the alleged assailant's home of record. The case was declined due to the victim's reluctance to prosecute, the delay in reporting the incident, and the lack of physical evidence. The suspect resigned in lieu of administrative separation.
- In a South American country, a Volunteer reported that she had been sexually assaulted by another Volunteer. The OIG interviewed the alleged victim, suspect and other potential witnesses. During an interview with the country director, the suspect admitted to being so intoxicated that he could not remember the events clearly, but did recall that the victim had said no to his advances. The suspect resigned prior to initiation of administrative separation proceedings.
- An investigation of allegations that a Volunteer raped two other Volunteers while serving in an Eastern European country has concluded. This case was presented in the District Courts of two states but both venues declined prosecution. The OIG concluded investigative and prosecutorial efforts concerning these matters.

ACTIVE INVESTIGATIONS OF VIOLENT CRIME CASES

- The OIG continued to work with local prosecuting attorneys in an Eastern European country to convict three suspects who brutally assaulted and raped a female Volunteer. As a result of intergovernmental cooperation, all three suspects were found guilty. Two received six-year prison sentences, and one suspect received probation. The U.S. Embassy and the OIG are seeking an appeal of the sentences because they do not reflect the grave nature of the crime. The results of the appeal are pending.
- In a Caribbean country, we are investigating the assault of a Volunteer with a machete. The Volunteer received a serious shoulder injury when he attempted to break up a fight. The Volunteer received medial attention and was medically separated from the Agency. The assailant was apprehended and is currently detained. An OIG agent will accompany the Volunteer to trial in December 2007.
- In a Pacific island country, a Volunteer was raped by a host country national. Local police identified and arrested a suspect after the Volunteer had left the country. An OIG agent traveled to post to coordinate with police and collect DNA evidence. Subsequent DNA analysis performed by the FBI laboratory confirmed that the subject in custody is the perpetrator of the crime. A trial is pending.
- A Volunteer was raped in a South American country by host country nationals. The Volunteer identified one of the suspects as a local police officer through both a photo and physical line-up. An OIG agent coordinated investigative activities with the Assistant Regional Security Officer, local police, and the prosecutor at the post. The OIG forwarded evidence to the FBI lab for DNA analysis, but it did not match the suspect. The Volunteer was subsequently able to identify a second suspect through a photo line-up and a physical line-up of the second suspect is pending.
- In a South American country, a Volunteer was raped by her host country national counterpart. The police apprehended the suspect and placed him in jail. An OIG agent coordinated evidence collection with the Peace Corps Medical Officer. The OIG is in the process of retaining counsel for the Volunteer.
- A Volunteer was raped in a South American country by a host country national. The Volunteer was medically evacuated to Washington, D.C. The OIG coordinated with the Fairfax County police department and via Volunteer description, an artist was able to compile a sketch of the suspect. The sketch was forwarded to the local police to assist with their search for the suspect. The OIG is attempting to obtain counsel for the assaulted Volunteer.
- In a West African country, a Volunteer was the victim of an attempted sexual assault by a co-worker. The subject has been identified and will be questioned by local police authorities.

- In an East African country, two Volunteers were accosted by an armed assailant. The Volunteers were robbed of cash, cell phone and other belongings. The assailant was apprehended, and the property was recovered. This case is awaiting trial.
- In a southern Africa country, an escaped felon attempted to sexually assault a Volunteer. The Volunteer victim's screams attracted villagers who apprehended the assailant for police authorities. The case is awaiting trial.
- As was previously reported, a Volunteer in a West African country was sexually assaulted and the assailant fled. Local police learned the identity of the attacker from villagers, and he was arrested and taken into custody. Working together with the post and local police authorities, an OIG agent forwarded DNA evidence to the FBI lab for analysis. An OIG agent went to post and testified in court about the chain of custody and the efficacy of DNA analysis. The perpetrator was convicted and sentenced to serve six years in prison.
- As was previously reported, the subject of a sexual assault case against a Volunteer in a central African country remains in custody awaiting trial. The Volunteer, who has subsequently left service, was accompanied back to the country by Agency staff for the preliminary hearing. A trial date is pending.
- As was previously reported, in a northern African country, local villagers thwarted an attempted rape of a Volunteer. The assailant was apprehended, incarcerated, and is awaiting trial.
- As was previously reported, a Volunteer in a northern African country suffered a fractured arm while being raped by two men. The suspects were apprehended, but one escaped after being in local police custody. He was subsequently recaptured. The Volunteer, who has left service, has expressed interest in returning to the post when a trial is convened.
- As was previously reported, a Volunteer was stabbed multiple times in an Eastern Asian country. Through immediate intervention and emergency surgery, the Volunteer survived. Host country police continue their investigation and one subject has been apprehended and remains in custody while a second subject is still at large. During this reporting period, the OIG continued to coordinate with the U.S. Embassy to ensure that the jailed subject is tried for the attack while the search continues for his accomplices.
- As was previously reported, a Volunteer homicide in a central African country that occurred in 1998 remains an open investigation with the OIG, the RSO, and the FBI. The Peace Corps program in the country has been closed, but the OIG continues to coordinate with both law enforcement agencies and the local authorities to seek justice. We met with the FBI during the reporting period to strategize on investigative efforts, including ongoing discussions with the local government.

- As was previously reported, a Volunteer in a sub-Saharan African country suffered a serious physical injury from a knife during a home invasion. The suspect was apprehended and is presently incarcerated. The Volunteer was medically separated from the Agency and has recovered. The Volunteer provided a written deposition to be submitted as evidence, which may preclude her appearance at an upcoming trial.
- As was previously reported, in a West African country, two Volunteers were robbed by a knife-wielding assailant on a motorcycle. Neither of the Volunteers sustained injuries. Local authorities arrested a subject and a trial is pending.

TITLE 18 CRIMINAL AND OTHER INVESTIGATIONS CONDUCTED

INVESTIGATIONS LEADING TO DISPOSITION

- During the previous reporting period, the OIG opened an investigation relating to a Volunteer serving in a Middle Eastern country engaging in public political statements in violation of Agency policy. A variety of Peace Corps Manual sections and Handbook procedures require Peace Corps Volunteers to maintain an apolitical posture in their country of service and refrain from becoming involved in the political affairs of their host country. Among the sentiments expressed in the Volunteer's internet-based journal ("blog") were political opinions about the country in which he was serving, favorable comments about groups classified by Executive Order as terrorist organizations, and comments concerning the foreign policy of a neighboring country in the region. The Volunteer's blog was publicly available and not password protected.

During this reporting period, OIG developed additional evidence that the Volunteer was provided with training regarding Agency prohibitions on political statements, including the requirement of clearing any political blog with the country director. The Volunteer acknowledged that his statements could pose a security risk to him in his country of service. The Volunteer further conceded that the portion of his blog in which he was critical of local governments could have become known to the host-country Government and undermine Peace Corps' credibility in his host country. The Volunteer also acknowledged associating with members of his host country's intelligence service. When representatives of the host government became aware of the Volunteer's statements and associations, they expressed concern to the U.S. Embassy about the safety of the Volunteer and the U.S. Ambassador recommended that the Volunteer be removed from the country within 24 hours.

The host country agency also conducted an investigation of the Volunteer's activity and found further evidence that he had discussed political issues with host country nationals.

The OIG also found that the country director failed in her responsibilities to monitor and oversee the Volunteer's blog entries and did not object to certain entries that were political in nature and violative of Agency's rules and guidelines.

During this reporting period, the Volunteer resigned in lieu of administrative separation. The country director, who had been slated to work in the Peace Corps Director's Office, retired in lieu of this assignment.

- As was previously reported, we received several complaints from U.S. citizens who had wired funds to pay for dogs to be purportedly shipped from West Africa. The dogs allegedly belonged to Peace Corps staff/Volunteers residing overseas. The complainants contacted the OIG when they became suspicious of requests to send additional funds to complete logistical transactions for dogs. The OIG investigated the allegations and discovered that a widespread internet dog adoption scheme was being perpetrated by local citizens operating in West Africa. The OIG collaborated with the West African country's embassy in Washington D.C., Interpol, the RSO in country, and local police authorities to gather information and investigate this matter. The investigation resulted in the arrest and incarceration of four individuals. The OIG also recovered \$2,300 in U.S. currency which was returned to the victims of this cyber crime.
- The OIG investigated a complaint of fraud and cyber crime. Several individuals had established a lending organization on the internet that included the Peace Corps logo and emblem in violation of 22 USC §1030, 18 USC § 712, and 22 USC § 2518. The matter was referred to the Office of the General Counsel and remediation actions have been initiated.
- The OIG investigated an allegation that an employee received medical treatment in the United States for cancer and returned to his post in an Eastern Africa country without properly notifying the Department of State's Medical Clearance Section. The investigation verified this and disclosed other irregularities concerning the employee's time and attendance practices and his supervision.
- In a southern African country, it was reported to us that a personal services contractor driver admitted to unauthorized use of fuel advances to purchase personal items. Additionally, the driver made false claims and provided false documents in furtherance of his thefts. The post is seeking reimbursement of funds. The driver's employment with the Agency has been terminated.
- In a southern Africa country, armed bandits car jacked a Peace Corps Land Cruiser and robbed the occupants of the vehicle. No Peace Corps staff or Volunteers were injured. The vehicle was recovered intact by local police authorities.

ACTIVE INVESTIGATIONS

- In July 2007, the cashier, two drivers, and a guard were robbed at gunpoint of approximately \$44,600 government funds while waiting for a traffic light to

change in a South American country. Three men on a motorcycle shot into two government vehicles being used to transport the local staff with the cash. Two OIG agents went to post to investigate the circumstances of the armed robbery. The agents conducted interviews with nine employees; met with police, embassy, and bank officials; and reviewed pertinent documents. The investigation revealed that three employees had conspired to divert Volunteer living allowance funds into the imprest fund to cover cash shortages without authorization or prior consultation with management. The plan evolved over the course of a week, and included multiple contacts and phone calls with the local bank supervisors, who were pressured into converting the Volunteer living allowance funds into a check in the cashier's name, which she was then directed to cash at another branch of the same bank. The cashier, administrative officer, and safety and security coordinator arranged for two identical government vehicles to travel in a convoy to and from the bank to conduct the illegal transaction. A uniformed, perimeter security guard accompanied the two drivers and cashier, but was placed in the vehicle that did not contain the money. The security guard was injured and lost his duty weapon and radio in the incident, and both he and a driver were nearly killed. While no evidence of direct employee participation in the robbery was uncovered, the investigation indicated a Title 31 U.S.C. §1301 purpose statute violation under the Anti-Deficiency Act. The investigation also disclosed numerous violations committed by the Safety and Security Coordinator related to the local guard force contract, and the mishandling and misappropriation of U.S. government funds.

- An ethics/criminal conflict of interest case was brought to the attention of the OIG from an anonymous complainant who alleged that the hiring process, including the particulars in the vacancy announcement, had been manipulated so that a specific employee would be selected for an internal position. The OIG initiated an investigation of these allegations and interviewed employees involved in the referenced job vacancy announcement. The OIG reviewed pertinent documents, electronic mail, and discussed the allegations with the Agency's Designated Agency Ethics Official. This investigation disclosed that the subject violated the Standards of Ethical Conduct as she had direct participation in the development of the subject vacancy announcement, including editing and modifying the job criteria for which she applied. Due to the results of the investigation, the subject's job offer was revoked and the position was re-advertised. The Agency is also considering disciplinary action against the employee who violated the Standards of Ethical Conduct.
- In a central African country, post staff reported that the cashier failed to report for work and funds were missing. The OIG dispatched a criminal investigator and an auditor to the post to determine the extent of the loss and investigate the circumstances of the crime. It was determined the cashier fled with approximately \$43,000. The OIG has issued a warrant for the arrest of the former employee.

- An OIG agent traveled to a Pacific island country in response to PROTECT Act violation allegations involving multiple male Volunteers. The investigation revealed that a small group of male Volunteers had been engaging in improper and inappropriate behavior on government property, including sexual activity with host country national females. Prior to the end of their original close of service date, all six Volunteers resigned in lieu of administrative separation.
- In April 2007, the OIG received an allegation that a Peace Corps employee had been previously arrested in a criminal case in Africa, but had fled the jurisdiction to avoid trial. An OIG agent contacted State Department counterparts and confirmed that the subject had been arrested and formal charges had been filed against the subject while living and working in the host country for a non-governmental organization. However, the subject got out of jail and fled the jurisdiction prior to trial. The charges, if proven in a court of law, were serious enough to impact the subject's suitability for employment with the Peace Corps. The subject had also failed to disclose the arrest or prior overseas employment on their employment application and security questionnaire. The OIG referred this matter to the Office of Safety and Security for immediate action.
- The OIG is awaiting the trial of three subjects, including one former Peace Corps employee, who are being detained for the theft of two Peace Corps Land Cruisers in a southern African country. One of the two vehicles was later recovered in a neighboring country.
- On July 26, 2007, the OIG received an anonymous complaint concerning the travel of a senior Peace Corps official. The complainant commented that the senior official routed his overseas trips through another state for personal reasons, including to accumulate frequent flier miles. The complainant also questioned whether the senior official could begin or end his official travel in a site other than Washington, D.C., even though his official duty station is Washington D.C.
- As was previously reported, the OIG and a Regional Security Officer participated in a joint investigation of a host country national employee in a southern African country who was implicated and subsequently arrested by local police authorities for the theft of more than \$9,000 of Peace Corps funds. The case is still in the trial stage.
- As was previously reported, in an East African country, the OIG continues to work with the Peace Corps Africa Region, U.S. Embassy, and a locally retained lawyer to prosecute a host country national for the theft of internet services from the local Peace Corps office. Peace Corps is also seeking restitution of approximately \$6,000 from the subject, who is a former Peace Corps employee. The subject is suspected of distributing Peace Corps' computer network password information and allowing unauthorized persons to access internet services at the agency's expense.

TABLE 1: LIST OF REPORTS : AUDITS, EVALUATIONS, AND INSPECTIONS

PEACE CORPS/CAMEROON	AUDIT
PEACE CORPS/JORDAN	AUDIT
PEACE CORPS/NIGER	AUDIT
PEACE CORPS/SENEGAL	AUDIT
PEACE CORPS/THAILAND	AUDIT
PEACE CORPS/ZAMBIA	AUDIT
PEACE CORPS/HONDURAS	FOLLOW-UP AUDIT
PEACE CORPS/PANAMA	FOLLOW-UP AUDIT
SAFEGUARDING OF SOCIAL SECURITY NUMBERS	FOLLOW-UP AUDIT
PEACE CORPS/AZERBAIJAN	PROGRAM EVALUATION
PEACE CORPS/EASTERN CARIBBEAN	PROGRAM EVALUATION
PEACE CORPS/GUINEA	PROGRAM EVALUATION

TABLE 2: REPORTS ISSUED WITH QUESTIONED COSTS OR FUNDS PUT TO BETTER USE

	VALUE	NOTE
AUDIT OF PEACE CORPS/NIGER	\$ 1,002.04	1
AUDIT OF PEACE CORPS/JORDAN	\$ 10,000.00	2
AUDIT OF PEACE CORPS/ECUADOR	\$ 109,807.94	3
PROGRAM EVALUATION OF PEACE CORPS/EASTERN CARIBBEAN	\$ 40,665.00	4
TOTAL OF REPORTS ISSUED WITH COSTS QUESTIONED OR FUNDS PUT TO BETTER USE	\$ 161,474.98	

NOTE:

1. Unaccounted for collections.
2. Unauthorized imprest fund holdings.
3. Sale of excess vehicle and obsolete equipment.
4. Bills of collections not completed for unexpended grant funds. Grant funds expended from improper source.

**TABLE 3: STATUS OF REPORTS ISSUED BY
OIG WITH COSTS QUESTIONED**

	NUMBER OF REPORTS	VALUE
A. REPORTS ISSUED PRIOR TO THIS PERIOD		
For which no management decision had been made on any issue	0	
For which some decisions had been made on some issues	0	
B. REPORTS ISSUED DURING THE PERIOD	2	\$22,706.04
TOTAL OF CATEGORIES A AND B	2	\$22,706.04
C. FOR WHICH FINAL MANAGEMENT DECISIONS WERE MADE DURING THIS PERIOD	2	\$22,706.04
D. FOR WHICH NO MANAGEMENT DECISIONS WERE MADE DURING THE PERIOD	0	
E. FOR WHICH MANAGEMENT DECISIONS WERE MADE ON SOME ISSUES DURING THE PERIOD	0	
TOTAL OF CATEGORIES C, D, AND E	2	\$22,706.04

**TABLE 4: STATUS OF REPORTS ISSUED BY
OIG WITH FUNDS PUT TO BETTER USE**

	NUMBER OF REPORTS	VALUE
A. REPORTS ISSUED PRIOR TO THIS PERIOD		
For which no management decision had been made on any issue	1	\$109,807.94
For which some decisions had been made on some issues	0	0
B. REPORTS ISSUED DURING THE PERIOD	2	\$28,961.00
TOTAL OF CATEGORIES A AND B	3	\$138,354.94
C. FOR WHICH FINAL MANAGEMENT DECISIONS WERE MADE DURING THIS PERIOD	3	\$138,354.94
D. FOR WHICH NO MANAGEMENT DECISIONS WERE MADE DURING THE PERIOD	0	0
E. FOR WHICH MANAGEMENT DECISIONS WERE MADE ON SOME ISSUES DURING THE PERIOD	0	0
TOTAL OF CATEGORIES C, D, AND E	3	\$138,354.94

TABLE 5: REPORTS WITH RECOMMENDATIONS ON WHICH CORRECTIVE ACTION HAS NOT BEEN COMPLETED

RECOMMENDATIONS OPEN 60 DAYS OR MORE

REPORT	DATE ISSUED	NUMBER OF OPEN RECOMMENDATIONS
PC/Honduras: Follow-up Audit	6/21/2007	1
PC/Panama: Audit and Evaluation	6/22/2007	4
PC/Eastern Caribbean	6/25/2007	28
Follow-up Audit of the Safeguarding of Social Security Numbers	6/25/2007	2
PC/Azerbaijan: Program Evaluation	7/26/2007	2
PC/Niger: Audit	7/27/2007	20

RECOMMENDATIONS OPEN 120 DAYS OR MORE

REPORT	DATE ISSUED	NUMBER OF OPEN RECOMMENDATIONS
None		

RECOMMENDATIONS OPEN 180 DAYS OR MORE

REPORT	DATE ISSUED	NUMBER OF OPEN RECOMMENDATIONS
Gap Analysis	10/15/2004	1
FY 04 Agency Financial Statements: Audit	11/15/2004	2
Audit of the Safeguarding of Social Security Numbers	3/4/2004	2
PC/Uganda: Audit	9/21/2005	1
FY 05 Agency Financial Statements: Audit	11/15/2005	3
PC/Namibia: Audit	12/9/2005	1
FISMA	5/22/2006	8
Travel Policies and Procedures: Audit	6/27/2006	9
Mid-Atlantic Recruiting Office	9/29/2006	2
PC/South Africa: Audit and Evaluation	10/23/2006	2
PC/Cameroon: Evaluation	10/23/2006	15
PC/Uganda: Follow-up Audit	12/14/2006	4
PC/Ecuador: Audit and Evaluation	1/25/2007	3
PC/China: Audit	3/30/2007	1

TABLE 6: SUMMARY OF INVESTIGATIVE ACTIVITY

CASES		NUMBER
Cases opened as of 4/1/2007		65
Cases opened during 4/1/2007 - 9/30/2007		18
Cases closed that were previously opened		17
Cases opened and closed during 4/1/2007 - 9/30/2007		0
Total open cases as of 9/30/2007		66
Referrals for Department of Justice Prosecution		11
Referrals for Agency Administration Action		7
Referrals to Other Agencies		1

DOMESTIC COURT ACTIONS		NUMBER
Trial(s) Pending		0
Convictions		0
Acquittals		0
Judgments		0
Fines/Restitutions		0

OVERSEAS COURT ACTIONS		NUMBER	VALUE
Trial(s) Pending		14	
Convictions		5	
Acquittals		0	
Judgments		0	
Fines/Restitutions		2	\$2,300

MONETARY RESULTS		NUMBER	VALUE
Annual Savings		1	\$58,538
Recoveries/Restitution		0	
Cost Avoidance		1	\$607,872

ADMINISTRATIVE ACTIONS		NUMBER
Employees (Resignations and Terminations)		7
Other Employee Actions		6
Other Persons/Businesses		9

TABLE 7: SUMMARY OF HOTLINE AND OTHER COMPLAINTS

Complaints Received	22
Complaints Closed	20
Awaiting OIG Action	2
Resulted in Investigations	4
Resulted in Audits	0
Resulted in Evaluations	0
Referred to Agency Management	0
Referred to Other Agency	0
No Action Needed*	17

** Nine of these complaints were regarding one issue.*

TABLE 8: REFERENCES TO REPORTING REQUIREMENTS OF THE INSPECTOR GENERAL ACT

The Inspector General Act of 1978, as amended, specifies reporting requirements for Semiannual Reports to Congress. The requirements are listed below and indexed to the applicable page.

ACT REFERENCE	REPORTING REQUIREMENTS	PAGE
Section 4(a)(2)	Review of legislation and regulations	None
Section 5(a)(1)	Significant problems, abuses, and deficiencies	6 – 22
Section 5(a)(2)	Significant recommendations for corrective actions	6 – 22
Section 5(a)(3)	Prior significant recommendations on which corrective action has not been completed	41
Section 5(a)(4)	Matters referred to prosecuting authorities	34 – 36
Section 5(a)(5)	Summary of instances where information was refused	None
Section 5(a)(6)	List of audit reports, including evaluations, inspections, and reviews	37
Section 5(a)(7)	Summary of significant reports	13 – 22
Section 5(a)(8)	Statistical table - questioned costs	39
Section 5(a)(9)	Statistical table - funds put to better use	40
Section 5(a)(10)	Summary of previous audit reports without management decisions	None
Section 5(a)(11)	Significant revised management decisions	None
Section 5(a)(12)	Significant management decisions with which the Inspector General disagrees	None
Section 5(a)(13)	Information under Federal Financial Management Improvement Act of 1996	None

Help promote the integrity, efficiency, and effectiveness of the Peace Corps. Anyone knowing of wasteful practices, abuse, mismanagement, fraud, or unlawful activity involving Peace Corps programs or personnel should call or write the Office of Inspector General.

Call:

Main Office	(202) 692-2900
Hotline	(800) 233-5874
Violent Crime Notifications	(202) 692-2911

Write:

Peace Corps
Attn: Inspector General
1111 20th Street, N.W.
Washington, DC 20526

Or

Peace Corps
Attn: Inspector General
P.O. Box 57129
Washington, DC 20037-7129

Email:

Hotline:	OIG@peacecorps.gov
Violent Crime Notifications:	violentcrimehotline@peacecorps.gov

Information received is held in confidence to the maximum feasible extent.

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