



# Peace Corps Office of Inspector General



Semiannual Report to Congress  
April 1, 2008 - September 30, 2008



# 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, 2008 – SEPTEMBER 30, 2008



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# HIGHLIGHTS FROM THIS REPORT

## MESSAGE FROM THE INSPECTOR GENERAL



I am honored to have been appointed to the position of Inspector General for the Peace Corps on May 25, 2008 and given the opportunity to work in an Agency devoted to world peace and friendship. I am pleased to present the first Peace Corps Office of Inspector General (OIG) Semiannual Report to Congress since my appointment. This report summarizes the accomplishments of the OIG from April 1, 2008 to September 30, 2008.

Our auditors have continued their critical work in connection with the Agency Financial Statement 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 the Federal Financial Management Improvement Act. During this reporting period, our auditors also issued audit reports of Azerbaijan, Botswana, El Salvador, and the Philippines, and follow-up audit reports of posts in South Africa and Vanuatu. In addition, the auditors provided valuable advice and assistance regarding: internal controls in Guatemala; performance of cashiering and accounting for host country contributions in Malawi; remediation of a deficiency related to the accountability for medical supplies at Peace Corps posts; development of a coordinated audit approach for the Global HIV/AIDS Initiative; and the suspension of posts in Solomon Islands and Kiribati.

During this reporting period, the Evaluation Unit began to implement the new evaluation process that they developed during the prior reporting cycle. Utilizing the new approach, the evaluators performed fieldwork and issued preliminary reports for post evaluations in the Dominican Republic and Nicaragua. In addition, the evaluators issued two final program evaluations: Volunteer Safety and Security, and Peace Corps/Albania.

Our criminal investigators have been pursuing a variety of investigative initiatives this reporting period. Investigations conducted at Peace Corps posts uncovered an embezzlement of \$55,146 by the cashier at a Peace Corps post in Africa and inappropriate conduct on the part of a senior overseas Peace Corps official resulting in his resignation. Investigations conducted domestically include a review of the Agency's Metro Transit Benefit (MTB) program and investigation into possible fraudulent activity associated with Federal Employees' Compensation Act

(FECA). The MTB review did not disclose any fraudulent activity and the FECA investigations are ongoing.

During the reporting period, the Investigation Unit closed six cases involving violent crimes committed against Peace Corps Volunteers, and has seven active cases. On September 1, 2008, the Peace Corps Director transferred the responsibility for coordinating the investigation of violent crimes committed against Peace Corps Volunteers to the Office of Safety and Security. The OIG will continue to provide assistance in those cases that occurred prior to that date and will assist the Office of Safety and Security in making the transfer of the function as seamless as possible. While we take pride in our accomplishments coordinating the investigation of violent crimes committed against Peace Corps Volunteers, we look forward to turning our full investigative attention to the traditional mission of Inspectors General to look for waste, fraud, and abuse in Peace Corps programs and operations.

Finally, the Investigation Unit has partnered with the Office of the Chief Information Officer to provide advice and assistance on a continual basis in the areas of unauthorized and inappropriate computer and system use by Agency employees.

The OIG identified three significant Management Challenges that the Agency will face going into fiscal year 2009. First, post management of imprest funds and other cashing operations continues to be a challenge. Second, issues related to information system certification and accreditation; systems configuration management; and contingency planning have not been resolved. Third, the budget shortfall that the Agency is experiencing due to the increase in operating costs abroad because of the weak U.S. dollar. The OIG is ready to assist the Agency overcome these and other challenges it faces by working to ensure that Peace Corps programs and operations are free of waste, fraud, and abuse.



Kathy A. Buller  
Inspector General

# MANAGEMENT AND ADMINISTRATION

## AGENCY CONTEXT

At the end of FY 2008, 7,876 Peace Corps Volunteers and Trainees were serving in 76 countries at 70 posts. This total includes 241 Volunteers and Trainees funded by the President's Emergency Plan for AIDS Relief (PEPFAR) working on HIV/AIDS projects in 11 countries. Thirty-six Peace Corps Response Volunteers were serving overseas in short-term assignments in nine countries; thirteen of the Peace Corps Response Volunteers were funded by PEPFAR.

The Volunteers and their programs are supported by 843 American direct hire staff: 205 overseas; 101 in the regional recruiting offices; and the remaining 537 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, the agency filled the position of Inspector General. The new Inspector General, Kathy A. Buller, brings a great deal of government experience and knowledge to this position. From August 1998 until accepting her position at the Peace Corps, Ms. Buller had been the Chief Counsel to the Inspector General for the Social Security Administration. She began her career as a civil servant with the U.S. Agency for International Development as an attorney in the Office of the General Counsel in 1983. Ms. Buller later became a project officer with the Office of Administration of Justice and Democratic Development working to improve the justice systems of the countries in Latin America and the Caribbean. From there she transferred to the Office of the Inspector General where she became the Deputy Legal Counsel and ultimately the Assistant Inspector General for Resource Management. Ms. Buller received her Bachelor of Arts Degree and Juris Doctorate from Creighton University where she was a member of the Law Review and Jessup International Law Moot Court Team. She continued her legal education and received an LLM in International and Comparative Law from Georgetown University.

Heather Robinson joined the OIG in June 2008 as an evaluator. Previously, Heather was a manager at a local management and IT consulting firm where she focused on assessing and improving performance through business process re-engineering and project management. She also developed and led the company's first corporate giving program. Heather has also provided volunteer consulting services to

numerous nonprofit organizations. Heather earned a bachelor's degree in business administration and organizational behavior from Boston University and a Master of Business Administration from Yale University.

Bradley Grubb joined the OIG in October 2008 as a senior auditor. Previously, Brad was an audit team leader in the Department of Defense OIG. During that time he worked on financial and performance audits of the Army Working Capital Fund, United States Army Corps of Engineers, American Forces Information Service, and the Defense Information Systems Agency. Brad is a Certified Public Accountant and a Certified Defense Financial Manager. He obtained his bachelor's degree from Anderson University and a Master of Business Administration from Ball State University.

Criminal investigator Julie de Mello transferred from the Peace Corps' OIG in June 2008, to a position with the Department of State's OIG. Criminal investigator Kevin Dougherty left the OIG in August 2008. In addition, Technical Audit Manager Camilla Barror left the OIG in July 2008, for a position at the Nuclear Regulatory Commission.

At the end of this reporting period, the positions of Deputy Inspector General and Inspector General Counsel are vacant. The OIG has selected two criminal investigators to fill the staff vacancies and expects to have them onboard shortly.

# ADVICE AND ASSISTANCE PROVIDED TO THE AGENCY AND OTHERS

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.

## AUDIT AND INVESTIGATIVE ACTIVITIES AT PEACE CORPS/MALAWI

We conducted a joint audit and investigation at the office of Peace Corps/Malawi at the request of the Africa Region's chief administrative officer and the regional director. The request resulted from concerns that the circumventing of internal control over cashing operations and accounting for host country contributions received from the Government of Malawi may have resulted in an embezzlement of funds. Our investigation concluded that internal controls and procedures which might have prevented improper activity were lacking, ineffective, or not followed.

At the post, we reviewed the post's system of internal control over host country contributions and interviewed the cashier and relevant management and staff. We examined documents maintained at the post and headquarters related to our inquiry. We also requested and examined additional documents from the post's bank. Our audit and investigation identified \$55,146 (U.S. dollar equivalent) of suspect transactions. As a result, we concluded that there was strong evidence that fraud had occurred.

We pinpointed the control deficiencies and enumerated corrective actions to be taken in a detailed report to senior management. Subsequent to the report's issuance, we have provided ongoing advice and assistance to Africa regional management in their efforts to strengthen the post's internal controls to minimize the opportunity for recurrence of cashing and accounting improprieties over host country contributions.

## INVESTIGATION OF MISSING FUNDS AT PEACE CORPS/GUATEMALA

We previously reported on the initiation of an investigation of a potential loss of funds from Peace Corps/Guatemala. During a routine post audit, we had found a lack of effective internal control over the billings and collections process. The purpose of our subsequent investigation was to:

- Determine whether funds were diverted by staff members for personal use.
- Determine to what extent the loss of funds was the result of errors and could be recovered.

- Examine the post's policies and procedures in order to recommend improvements in the post's internal control over the billings and collections function.

As a result of our investigation, we determined that refunds due the Peace Corps totaling \$6,911.61 were unaccountable. Our inquiry did not confirm that funds had been diverted by staff members for personal use or that funds could be recovered.

We have provided guidance and detailed recommendations to the post to help strengthen its accountability over Peace Corps funds. We continue to provide advice and assistance as the post works towards improving accountability over Peace Corps funds.

### INVESTIGATION OF INAPPROPRIATE INTERNET USE

With input from the Office of the Chief Information Office (OCIO), the Office of Inspector General (OIG) investigated reoccurring findings of unauthorized and inappropriate computer use by Agency employees and contractors, including visiting pornographic websites. In 2006, the OCIO hired a contractor to assess and identify potential risks, vulnerabilities, breeches, brute force attacks, hacking attempts, and any other illegal or unauthorized activity occurring on the servers at 53 overseas posts. After the preliminary analysis, the same contractor conducted a more in-depth analysis of the data from nine Peace Corps posts to identify potential pornographic website browsing activity and the user names associated with such activity. This supplementary analysis triggered OIG investigations at each of the nine posts.

The OIG Investigation Unit investigated the high volume of images and suspect traffic on the post server to pornographic websites and sex chat rooms. We seized computer hard drives at three overseas posts. We interviewed U.S. direct hire and host country national staff to assess misconduct associated with computer usage. Our coordinated effort with Diplomatic Security Service confirmed that several government-issued hard drives contained sexually explicit material. Fifteen host country nationals were identified with accessing these unauthorized and inappropriate websites. As a result of the OIG investigation, their contracts were not renewed or they received other disciplinary action.

During the 2007 and 2008 assessments of overseas posts information system logs, OCIO noted similar patterns of inappropriate activity. In an effort to thwart unauthorized computer usage, the OIG and OCIO are collaborating to address this matter. Additionally, the OIG has recently seized computer hard drives at a fourth overseas post, which is under investigation for both adult and child pornography.

The OIG and OCIO are preparing a Management Implication Report that will address these findings of unauthorized and inappropriate computer system usage. Employees, contractors, and Volunteers must follow Agency policies (Peace Corps

Manual sections 643.5.0 and 542.7.1) that prohibit visiting pornographic websites and viewing sexually explicit images on their government-issued computer. Our report will emphasize the cost to the Agency associated with the abuse of official work time (Title 5 CFR Subpart G 2635.705) and the misuse of government property (Title 5 CFR Subpart G 2635.704). The report will also stress the importance of upholding ethical standards of conduct for federal employees, which are addressed in annual computer security training. In addition, the OCIO will provide cost analysis associated with losses in productivity because of these inappropriate internet browsing activities.

## OFFICE OF THE U.S. GLOBAL AIDS COORDINATOR

We responded to a request from the U.S. Global AIDS Coordinator (OGAC) in a letter dated March 31, 2008 and a subsequent correspondence from the Department of State OIG dated July 17, 2008. They requested that Inspectors General for agencies that receive President's Emergency Plan for AIDS Relief (PEPFAR) funds prepare a joint audit plan for conducting a collective, independent financial audit of U.S. government-wide PEPFAR funds. Accordingly, the Inspectors General for the Departments of State, Health and Human Services, Defense, Labor, U.S. Agency for International Development, and Peace Corps have agreed on a coordinated approach to conducting this audit.

We participated in the coordination meetings that provided advice and assistance regarding the audit coverage of the PEPFAR program as implemented within the Peace Corps and assisted in developing the coordinated audit approach. Additionally, we provided our proposed PEPFAR audit coverage for FY 2009.

As a result of the coordinated effort, the OIGs proposed that OGAC contract with an independent public accounting firm to perform a consolidated "sources and uses" audit with the primary objective to track the flow of FY 2004 through FY 2008 PEPFAR funds from initial appropriations to their ultimate expenditures by award recipients. This entails identifying, by recipient program and benefiting country, funds received and expended at successive levels for: (1) implementing agencies; (2) the implementing bureaus and operating divisions/offices of each agency; and (3) U.S. and non-U.S. partners and non-government organizations (i.e., the award recipients).

Important additional aspects of the proposed audit include: (1) comparing the flow of funds with the annual PEPFAR Operational Plan and related summary data to determine consistency with reported funding allocations and/or uses, and (2) identifying the type and frequency of current oversight used by federal agencies receiving PEPFAR funding, including annual financial audits of PEPFAR recipient entities based on the dollar threshold of expenditures, performance audits, and other reviews. The proposed audit plan would report relevant information in a consistent, usable format for all PEPFAR implementing agencies.

## SUSPENSION OF PEACE CORPS PROGRAMS IN THE SOLOMON ISLANDS AND THE REPUBLIC OF KIRIBATI

We provided on-site advice and assistance during the closure of Peace Corps offices in the Solomon Islands and the Republic of Kiribati. The Peace Corps program in the Solomon Islands was suspended in June 2000 due to safety concerns; Peace Corps' presence in the Solomon Islands was terminated September 30, 2008. As of November 1, 2008, Peace Corps will suspend its program in Kiribati, including terminating any presence in the island country.

Although the Peace Corps/Solomon Islands program has remained in a suspended status since 2000, the Peace Corps continued to maintain a limited staff presence in the capital of Honiara. However, continuation of the limited staff presence and associated expenditures was determined to be no longer deemed an effective and efficient use of Peace Corps' limited resources.

Operations at Peace Corps/Kiribati were suspended due to the lack of dependable air transportation and the inadequate medical infrastructure. Domestic air transportation in the Republic of Kiribati has been unreliable for many years. Since April 2008, only one airplane was available to provide services to the outer islands where Volunteers had been placed. Medical facilities on outer islands are extremely limited, requiring the Peace Corps to rely on charter services to evacuate a Volunteer in the event of a medical emergency. The infrequency of flights could result in a life threatening delay in providing professional medical care to a critically ill Volunteer. When planes were not available, staff and Volunteers depended upon boat travel.

During the closure of a Peace Corps office, all assets such as cash, property, plant, and equipment require special management attention to ensure that they are not subjected to fraud, waste, abuse, or mismanagement resulting from the closure process. Our oversight activities included, but were not limited to:

- Verifying that all assets were properly accounted for prior to sale, transfer, or disposal.
- Overseeing the safeguarding of records for retention and proper destruction of sensitive records no longer needed.
- Verifying and reconciling all outstanding debts, obligations, and payments and their disposition.
- Observing the sale of property by public auction to ensure that Peace Corps and federal policies and procedures were followed.
- Verifying that all proceeds from the sale of Peace Corps assets were collected, accounted for, and returned to the U.S. Government.
- Reviewing personnel actions related to the closure, including the calculation and payment of severance, vacation leave, and other payments.
- Observing the protection, transfer, or disposal of electronic media such as computer hard drives, compact discs, and other electronic media storage.

- Reviewing lease and contract termination procedures.
- Observing or verifying the destruction of pharmaceuticals and medical supplies.
- Ensuring the return of property provided by the host government.
- Performing a final audit verification of the imprest fund prior to the final closure to ensure accuracy prior to the final accountability.

We concluded that applicable policies and procedures related to closing the two Peace Corps posts were sufficiently followed to minimize mismanagement of assets and the potential for fraud, waste, and abuse.

### ACCOUNTABILITY OF MEDICAL SUPPLIES

During the reporting period, we continued to provide assistance to management by advising on audit remediation of a deficiency related to accountability of medical supplies at Peace Corps overseas posts. Each of the Peace Corps' 70 posts maintains a medical supplies inventory consisting of pharmaceuticals, controlled substances, and associated items. The supplies are used in providing medical care for over 7,800 Volunteers who are posted overseas in countries served by the Peace Corps.

OIG audit staff members have actively participated in audit remediation meetings chaired by Peace Corps management. We have provided expert advice on establishing more effective internal control and improving accountability of medical supplies. As a result, Peace Corps management has revised its guidance, including adding a requirement that all posts use a standardized system for maintaining medical supply inventory records. Further, based on OIG advice, management has realigned and segregated its duties and responsibilities related to medical supply ordering, receipting, and inventory control. We anticipate implementation of the revised guidance within the next 30 days.

### TRANSFER OF VIOLENT CRIME FUNCTION

On July 14, 2008, the Peace Corps Director announced that the responsibilities under the October 22, 2003 Protocol for Violent Crimes would be transferred from the Office of Inspector General to the Office of Safety and Security. This was effective as of September 1, 2008.

Since this announcement, the Investigation Unit has provided briefings and information to the Office of Safety and Security to facilitate a successful and seamless transition. The Peace Corps Manual and other directives are being revised to reflect these new duties and responsibilities. With this transfer, the OIG looks forward to new partnerships with the Office of Safety and Security.

# 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                      POST IMPREST FUND MANAGEMENT AND OTHER CASHIER OPERATIONS**

Peace Corps manages cash accounts maintained as imprest funds at 68 posts in the countries served.<sup>1</sup> The total value of funds flowing through the imprest funds is projected to be approximately \$19.1 million for FY 2008. The fund's purpose is to manage the numerous day-to-day business activities carried on at Peace Corps posts. In FY 2007, we reported that the Peace Corps incurred over \$85,000 in losses due to embezzlement and theft of funds managed at posts. Incidence of imprest fund-related embezzlement and theft leading to cash losses continues to be a management challenge. We investigated and confirmed that an embezzlement in excess of \$55,000 occurred at a post in Africa. The embezzlement resulted from failing to follow policy and circumventing internal controls related to separation of duties. Also, routine Inspector General post audits during this fiscal year continue to disclose problems involving management of the imprest fund and other cashier operations. For example, at a post in Central America our audit disclosed a total breakdown in internal control over the billings and collections processes resulting in unaccounted funds amounting to nearly \$7,000. These losses have resulted from ineffective oversight and a lack of internal control over the imprest fund and other cashier operations. The Agency recently revised and strengthened its policies related to imprest fund management. However, many of the problems stem from post staff failing to follow policies and provide effective supervisory oversight.

## **CHALLENGE                      INFORMATION TECHNOLOGY MANAGEMENT**

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

<sup>1</sup> The number of overseas posts increased to 70 subsequent to the issuance of this Statement.

- Eight of twelve of the agency's information systems have not received final certifications and accreditations indicating that they are acceptable to use.
- Processes for systems configuration management have not been fully or consistently implemented.
- Eleven of the twelve Peace Corps systems' contingency plans have not been tested in accordance with National Institute of Standards and Technology policy to ensure full recovery following a major disruption of service.

## **CHALLENGE                      BUDGET SHORTFALL**

Peace Corps' overall FY 2008 budget derived from appropriated funds is \$330.8 million. Approximately 80 percent of the budget is used to directly fund Volunteer operations at the overseas posts with the balance of the budgetary resources funding support services. This year's budget shortfall is estimated to be about \$18 million. The combination of a weak U.S. Dollar and higher energy costs have resulted in significant increases in operating costs abroad. A large percentage of the overall annual expenditure to operate 68 overseas Peace Corps posts is made using local currencies. Losses attributed to foreign currency exchange alone are anticipated at almost \$9 million. Peace Corps managers have been asked to make significant cuts in their budgets to cover the shortfall and to place a hold on many planned projects slated to enhance performance in anticipation that the Agency could be operating at the current budget level well into FY 2009 as a result of a continuing resolution. Increased inflationary pressures and foreign currency losses will continue to impact the Peace Corps' operating budget. As a result, we believe it will be a management challenge for the Peace Corps to sustain its operations at current levels.

# AUDITS

## OVERVIEW

The Peace Corps' OIG Audit Unit focuses primarily on the Agency's programs, financial and administrative operations, and personnel that support the Peace Corps' mission and its Volunteers serving around the world. We accomplish this through audits of the Agency's field activities at overseas posts and its administrative support functions at headquarters and domestic recruiting offices. Although certain audits may require a team effort, most audit engagements are conducted by a single auditor under the direction and guidance of the Assistant Inspector General for Audit. For some highly technical audits, we also contract with independent auditing firms and engage individual experts. Further, we are charged with the responsibility of assisting with Peace Corps Hotline investigations requiring audit expertise and specific skill sets.

Our audit work typically examines Agency operational effectiveness and financial management. Audit objectives are designed to assess whether good management practices are being followed, assets are adequately safeguarded, managers are properly accounting for assigned resources, and operations are being carried out in compliance with applicable Peace Corps policy and federal laws and regulations. The audits are performed in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States.

The Accountability of Tax Dollars Act of 2002 mandates that the Peace Corps subject their financial statements for audit. OIG contracts with an independent public accounting (IPA) firm to perform the annual audit of the Agency's financial statements. To fulfill our responsibilities we monitor the IPA's work to ensure that it is of acceptable quality, in compliance with Federal law and applicable industry standards, and is completed within the Office of Management and Budget (OMB) established milestones. We are also responsible for meeting specific requirements set out by the Federal Information Security Management Act. These requirements include performing reviews of the Peace Corps' information systems security program and reporting related selected data to the OMB annually.

## SUMMARY OF AUDITS

### PEACE CORPS FISCAL YEAR 2008 FINANCIAL STATEMENT AUDIT

During this reporting period, we engaged an independent public accounting firm to conduct the audit of the Peace Corps' fiscal year 2008 financial statements. This

audit is required by the Accountability of Tax Dollars Act of 2002. At the end of this reporting period, the audit is ongoing. We intend to issue the audit report by the mandated reporting date of November 15, 2008, as established by OMB. Details on this audit will be included in the next Semiannual Report.

### **ANNUAL REVIEW OF PEACE CORPS' INFORMATION SECURITY PROGRAM**

The Federal Information Security Management Act (FISMA) requires federal agencies to establish security protections and a program to secure their information systems from unauthorized access, use, disclosure, modification, and other harmful impacts. This is governed through National Institute of Standards and Technology guidelines. In addition, FISMA requires that OIGs review their agency's information security program and report results to OMB annually on October 1. To meet this requirement, OMB has developed data collection instruments for reporting from federal agencies and their respective OIGs.

The reports to OMB are designed to measure the progress of developing and institutionalizing the agency's information security program. Preliminary results of the OIG review of the Peace Corps' fiscal year 2008 information security program indicate that the Agency is making progress in becoming fully compliant with FISMA. Comments on final review results will be covered in the next Semiannual Report.

### **PC/AZERBAIJAN: AUDIT**

We issued our audit report of Peace Corps/Azerbaijan in March 2008. The Peace Corps opened its program in Azerbaijan in 2003; this was the first audit of the post. At the time of our visit, 87 Volunteers were working in three projects: English Education (TEFL), Community Economic Development, and Youth Development.

We found that, in general, Peace Corps/Azerbaijan's financial and administrative operations were functioning effectively and complied with Agency policies and federal regulations. However, there were a few areas in need of improvement. Some of the more important findings are summarized below:

- Appropriated funds were used for host country national counterpart training contrary to Peace Corps legislative authority for such expenditures.
- Management oversight of the imprest fund was inadequate and required reconciliations of the fund were often untimely or not performed at all.
- The country director or designee did not inventory medical supplies monthly as required by Peace Corps policy.
- Host country contributions were not accounted for in the post's Operating Plan.

Management concurred with 28 recommendations. At the end of the reporting period, all 28 recommendations are closed.

### **PC/BOTSWANA: AUDIT**

We issued our audit report of Peace Corps/Botswana in September 2008. The Peace Corps entered the Republic of Botswana in 1966, shortly after it had achieved independence. In light of Botswana's economic success, the Peace Corps closed its program in 1997. The severity of the HIV/AIDS epidemic in Botswana resulted in the Agency's return in 2003; this was the first audit of the post since its reopening. At the time of our visit, 55 Volunteers were working in four HIV/AIDS-related projects: District AIDS Coordinator, Community Capacity Building, NGO Capacity Building, and Life Skills. An additional 54 Volunteers were sworn in June 18, 2008.

We found that generally Peace Corps/Botswana's financial and administrative operations were functioning effectively and complied with Agency policies and federal regulations. However, we noted areas that needed strengthening. Some of the more significant findings are summarized below:

- Cash management at the post was not in accordance with Peace Corps guidance. For example, local currency was not segregated in a separate locked container kept in the imprest fund safe, the U.S. dollar cash box was not locked, and the cashier did not change the safe's combination at least annually.
- The post did not complete its analysis of the required "market basket" survey for FY 2008 and did not perform the market basket and independent price surveys in FY 2007 to ensure that the related allowances paid to Volunteers were adequate and tied to current local market costs.
- The manual log maintained by the post through June 2007 to record and track billings was inaccurate.
- Weekly review of the post's vehicle usage logs were not consistently performed and related files did not contain written approvals for the non-official use of vehicles as required by Peace Corps policy.
- The post's 2008 official time and attendance records were inaccurate and incomplete and did not always match the information on the staff's time sheets.
- The medical unit's inventory listing of medical supplies had not been updated since December 2007 and the country director or designee did not perform monthly physical verifications of medical supplies inventories as required by Peace Corps policy.

Management concurred with all 22 recommendations. At the end of the reporting period, all recommendations are closed.

## PC/EL SALVADOR: AUDIT

We issued our audit report of Peace Corps/El Salvador in September 2008. We previously conducted an audit and evaluation of the post, and the report was issued March 2002. The Peace Corps began its program in El Salvador in 1962; operations were suspended in 1979 due to security considerations and reopened in 1993. At the time of our visit, 141 Volunteers were working in four projects: Agroforestry/ Environmental Education, Rural Health and Sanitation, Youth Development, and Municipal Development.

We found that Peace Corps/El Salvador's financial and administrative operations were not functioning effectively and did not fully comply with Agency policy and federal regulations. We identified several areas that need improvement. Some of the more important findings are summarized below:

- Contrary to federal budgetary accounting policy, the post approved and recorded obligations after the related expenditure occurred. In addition, the post lacked supporting documentation for deobligations reviewed.
- The post had not conducted settling-in and living allowance surveys annually to ensure that the related allowances paid to Volunteers were reasonable and tied to current local market costs.
- The post lacked proper segregation of duties between billing and collection activities, and bills and receipts were not always issued to individual debtors. Further, the cashier was inappropriately handling cash related to living allowance payments.
- The post's cashier circumvented certain internal controls and overall operations were not in accordance with Peace Corps policy and guidance.
- Although personal property belonging to Volunteers was being stored at the post, approval had not been granted by the country director. Additionally, records for such property were not being kept in accordance with Peace Corps policy.
- The post lacked proper segregation of duties between maintaining inventory records and performing the annual physical inventory count.
- The post's purchase card records were incomplete.
- Official time and attendance records for U.S. direct hires did not include supervisory approval.
- Market surveys to ensure that Volunteer living allowances are reasonable and tied to current market costs were not documented for new leases.
- The post did not properly issue contracts during periods of Agency operations under a continuing resolution. In addition, official contracting files were incomplete and contractor release forms were not always signed.

Management concurred with 62 of 63 recommendations and did not concur with one recommendation. At the end of the reporting period, 29 recommendations are closed and 34 remain open.

### **PC/PHILIPPINES: AUDIT**

We issued our audit report of Peace Corps/Philippines in July 2008. We previously performed a combined audit and safety and security assessment of the post in fiscal year 2002 and a follow-up audit in fiscal year 2004. The Peace Corps commenced operations in the Philippines in 1961. Since then, over 8,000 Volunteers have served there. At the time of our visit, 122 Volunteers and three Peace Corps Response Volunteers were working in three projects: Education; Youth, Children, and Family Services; and the Environment.

We found that, in general, Peace Corps/Philippines' financial and administrative operations were functioning effectively and complied with Agency policies and federal regulations. However, we found areas which required improvement. Some of the more significant findings are summarized below:

- The post did not have signatures on file of staff authorized to approve payments.
- The post did not review the adequacy of the Volunteers' settling-in allowance and did not complete an independent survey of the living allowance in FY 2006 to ensure that the allowances were reasonable and based on current local market costs. In addition, the post had not reviewed Volunteer travel per diem rates in over four years and they were outdated.
- The post's property inventory listing included items that had been disposed.
- Staff did not always submit their travel vouchers within five workdays of a trip's completion as required by Peace Corps guidance. In addition, we noted errors in some staff's international travel vouchers that were not identified during the post's review process.
- The medical unit's inventory listing of supplies did not include expiration dates. Further, the listing contained incorrect data related to pharmaceuticals on hand.

Management concurred with 13 recommendations. At the end of the reporting period, all 13 recommendations are closed.

### **PC/SOUTH AFRICA: FOLLOW-UP AUDIT**

As part of our continuing oversight responsibilities, we conducted a follow-up audit in May 2008 to our audit performed in February – March 2006.

During our follow-up audit, we verified that appropriate action had been taken on 18 of the 29 audit recommendations in our October 2006 report. We determined that 11 recommendations required additional action, and we reopened them. The post subsequently provided us with documentation showing that it had taken appropriate action on all of the reopened recommendations, as a result, we closed them.

At the end of the reporting period, all 29 recommendations are closed.

### **PC/VANUATU: FOLLOW-UP AUDIT**

As part of our continuing oversight responsibilities, we conducted a follow-up audit in September 2008 to our audit performed in August 2005.

During our follow-up audit, we verified that appropriate action had been taken on 17 of the 28 audit recommendations included in our December 2005 report. We determined that 11 recommendations required additional action, and we reopened them. The post subsequently provided us with documentation prior to the issuance of the follow-up report showing that it had taken appropriate action on two recommendations, and as a result, we closed them.

At the end of the reporting period, 19 recommendations are closed and nine remain open.

# PROGRAM EVALUATIONS

## OVERVIEW

The Peace Corps' OIG Evaluation Unit provides senior management with independent evaluations of all management and operations of the Peace Corps, including overseas posts and domestic offices. OIG evaluators identify best practices and recommend program improvements to comply with Peace Corps policies.

Our current focus strives to provide management with a comprehensive assessment of how overseas posts and programs are functioning. Evaluations are conducted under the direction and guidance of the Assistant Inspector General for Evaluations. While one evaluator will conduct an evaluation overseas at a post where less than 100 Volunteers serve, a team of two or more evaluators will conduct evaluations for larger posts or multi-post evaluations.

Posts evaluations include a review of Agency documents provided by headquarters and post staff and headquarters interviews with management staff representing the region and the Center for Field Support and Applied Research. Once in-country, evaluators review 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. Evaluators interview appropriate embassy and host country representatives, Peace Corps staff, and Volunteers at their sites. The Volunteers we visit are determined by a stratified judgmental sample of 20% of currently serving Volunteers based on their length of service, site location, project focus, gender, age, marital status and ethnicity. Evaluators conduct Volunteer interviews at the Volunteers' homes and inspect the homes using post-defined site selection criteria. The period of review for a post evaluation is one full Volunteer cycle (typically 27 months). For post evaluations, we use the following researchable questions to guide our work:

- To what extent has the post developed and implemented programs intended to increase the capacity of host country communities to meet their own technical needs?
- To what extent has the post implemented programs to promote cross-cultural understanding?
- To what extent does training provide Volunteers the necessary knowledge, skills, and attitudes to integrate into the community and perform their jobs?
- To what extent has the post provided adequate support and oversight to Volunteers?
- To what extent are post resources and agency support and oversight effectively aligned with the post's mission and program, and agency priorities?

- Is the post able to adequately administer the PEPFAR program, support Volunteers, and meet its PEPFAR objectives? (Only applicable to posts receiving PEPFAR funds)

Peace Corps' OIG evaluations are conducted in accordance with the Quality Standards for Inspections, issued by the President's Council on Integrity and Efficiency. The findings and recommendations provided in our evaluation reports are reviewed by agency stakeholders affected by the review to ensure: (1) that our recommendations are feasible and (2) that our reports are useful to the Agency in its effort to strengthen internal controls and correct deficiencies.

## SUMMARY OF PROGRAM EVALUATIONS

### PEACE CORPS/ALBANIA: PROGRAM EVALUATION

We issued our evaluation of Peace Corps/Albania in August 2008. Peace Corps's program in Albania began in 1992. In 1997, the Peace Corps/Albania program was suspended and Volunteers returned in 2003. During fiscal year 2007, 67 Volunteers worked in three projects: English Education, Health Education, and Community and Organization Development.

Our evaluation of Peace Corps/Albania covered fiscal years 2006 and 2007. We found that the post's site selection system and documentation were comprehensive and had potential merit for other Peace Corps posts. However, we believe that the system could be supplemented with more effective control procedures to preclude situations where Volunteers arrive at their sites without clear, workable roles. Our evaluation also identified the following opportunities to improve the effectiveness of the Peace Corps program in Albania:

- Establish quality control procedures to better assure that Volunteers are assigned to clear, workable roles, and better monitor Volunteer "secondary" activities.
- Establish a system to formally evaluate individual trainers.
- Explore ways to increase Volunteers' sense of staff support. Specific issues where Volunteers expressed concern about insufficient staff support related to: "homestay" policies, reporting of "incidents"; and replacement of cell phones.
- Perform consolidation tests of the Emergency Action Plan.
- Determine the feasibility of an additional medical facility.
- Assess the adequacy of per diem rates for staff travel outside of Tirana.

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

## VOLUNTEER SAFETY AND SECURITY: PROGRAM EVALUATION

We issued our evaluation of the Agency's safety and security system following a year long review in August 2008. Our evaluation reviewed the policies and procedures that address the following five tenets that the Agency has identified as enhancing the safety and security of its Volunteers:

- Responding to crimes and reporting and analyzing crime statistics
- Monitoring, assessing, and disseminating information on the security environment
- Safety and security training
- Development, monitoring, and inspection of Volunteer sites
- Planning for emergencies through Emergency Action Plans

We found that the Agency had successfully conducted 39 evacuations of approximately 2,600 Volunteers from 1997 to 2007. Additionally, the 2004 and 2006 biennial Volunteer surveys conducted by Peace Corps reported that over 90% of Volunteers rated the efficacy of safety and security training during pre-service training as "adequate," "effective," or "very effective." Results from the 2007 Close of Service Survey, which Volunteers complete just prior to returning to the U.S., reflected similar results. In addition, 87% of the Volunteers we interviewed echoed the survey results by expressing satisfaction with safety and security training. However, we also noted that the following areas could be improved:

- Agency crime data was unreliable. In our sample of data from 10 posts, we found that 56% of incident reports between February 2006 and June 2007 contained at least one error in a critical data field. Additionally, six of the ten posts in our sample did not timely report violent crimes to headquarters; one post took an average of 58 days to report violent crimes via the Crime Incident Reporting Form.
- Welcome Books provided information on global safety and security risk factors but they did not provide country-specific risk factors. This could be misleading to potential Volunteers as global safety and security risk factors may be very different than the country where they are assigned.
- At the time of the OIG visits, 40% of the Volunteers' houses did not meet the posts' own criteria for safe housing and were often incomplete.
- Emergency Action Plans (EAPs) did not always contain essential information to facilitate Volunteers' speedy and safe consolidation or evacuation from their country of service; 95% of EAPs worldwide did not contain contact information for ground transportation, and 35% did not include information on charter flight options. In addition, not all EAPs were tested in accordance with Agency policy or under realistic conditions.

- Peace Corps Safety and Security Officers recommendations were not systematically tracked and were often not implemented due to budgetary considerations or lack of consensus between field and headquarters management.

Management concurred with 10 of the 20 recommendations, partially concurred with eight recommendations, and did not concur with two recommendations. At the end of the reporting period, six recommendations are closed and 14 remain open.

# INVESTIGATIONS

## OVERVIEW

The Office of Inspector General is charged by law with the conduct of criminal investigations. Specifically, 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. The Investigation Unit responds to allegations of administrative and criminal wrongdoing, and fraud. The OIG also investigate ethics and conflicts of interest violations. In the conduct of these investigations, criminal investigators work with other offices within the Peace Corps and/or with other agencies, including Immigration and Customs Enforcement (ICE), the State Department's Diplomatic Security Services (DSS), the Federal Bureau of Investigation (FBI), the Department of Labor, and the Department of Justice public prosecutors, as appropriate.

Allegations are forwarded to the Office of Inspector General through various means, including: OIG audits and evaluations, hotline complaints, Volunteers, Trainees, staff, other federal entities, and the general public.

Until September 1, 2008, the Investigation Unit also responded to violent crimes against Volunteers. The OIG managed and coordinated the Agency's part of the investigative and prosecution process of violent crimes against Volunteers from the reported initial incident to the closing of the case. To ensure our effectiveness in the area of violent crimes, the OIG operated a 24 hours a day, seven days a week, duty officer system whereby country directors could make direct and immediate contact with criminal investigators in this office to coordinate responses to violent crimes against Volunteers and assist the victims of crime. The function of responding to violent crime has been transferred to the Peace Corps Office of Safety and Security.

### **INVESTIGATION OF EMBEZZLED FUNDS AT A SOUTHERN AFRICAN POST**

Suspicious financial records provided to the OIG resulted in an audit and investigation of a cashier in a southern African country. In June 2008, the post's administrative officer and an OIG auditor performed a cash count and reconciliation of the cashier's imprest fund. The cash count and reconciliation indicated that the fund was in balance; however, the cashier had not properly entered and documented two host country checks in the post's financial records.

The cashier was subsequently questioned about the integrity of the imprest fund by an OIG investigator when he failed to document required procedures and properly account for the two checks. The cashier, who is responsible for the imprest fund's

day-to-day activities, was reluctant to acknowledge ulterior motives in this matter. The value of the imprest fund account ranged between \$30,000 and \$60,000.

The cashier provided inadequate explanations to the OIG as how the imprest fund was seemingly in balance when he had not properly accounted for two checks. The investigation disclosed that at least seven transactions had been voided by the cashier and no collection entries were made in the accounting system. The value of the seven transactions was approximately \$17,299.22. Furthermore, the audit and analysis of post records found an additional \$37,847.18 in unrecorded host country contributions.

The cashier had over 18 years of accounting and cashiering experience with the Peace Corps and a local bank. Since he was in a position to alter and destroy financial documents that could be used as evidence of his crimes, he was removed from the cashier's office and the Peace Corps premises. He was subsequently detained by local police authorities on theft and embezzlement charges. He is currently being tried in a local court for fraudulent accounting.

#### **INVESTIGATION OF UNETHICAL BEHAVIOR AT AN EAST AFRICAN POST**

In May 2008, the Office of Inspector General received a letter from a Peace Corps staff member serving in East Africa regarding the misbehavior of a senior official at the post. In June 2008, the post's medical officer met with the OIG at Peace Corps headquarters. The post's medical officer brought evidence that the senior official had an inappropriate relationship with a Peace Corps Volunteer and information about illegal drug use by this official.

In June 2008, the OIG visited the East African post and began an intensive effort to determine whether these allegations were valid. In addition to electronic mail and document review, the OIG conducted over 24 interviews with post staff, Volunteers, and associates of the senior official. Although the senior official denied the allegations concerning the relationship with the Volunteer and the use of illegal drugs, our investigation revealed evidence that conflicted with his assertions. Furthermore, the investigation disclosed numerous additional irregularities associated with this official's tenure at the post. The senior official resigned prior to the conclusion of our investigation.

#### **INVESTIGATION OF METRO TRANSIT BENEFITS**

In April 2007, the Government Accountability Office issued a report on the fraud and abuse of the federal transit benefits program by federal workers. This report prompted the Peace Corps/OIG to review its own Agency employees who receive metro benefits for indicators of fraud and abuse of the Agency's transit benefits program.

The OIG has gathered data on the Agency's employees who are receiving benefits. The initial investigation did not disclose any fraudulent activity associated with individual's receiving both parking privileges and Metro benefits; the investigation continues.

### **INVESTIGATION OF FEDERAL EMPLOYEES' COMPENSATION ACT RECIPIENTS**

The Investigation Unit monitors Federal Employees' Compensation Act (FECA) claims. At present, the Peace Corps has approximately 1,300 open FECA claims and the Agency spends roughly \$11 million dollars for former Volunteers and staff who were injured or became ill on the job or during their service. Unlike other federal entities, per section 10.730 Workers 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 this reporting period, the OIG performed 23 death queries on individuals receiving FECA benefits. The OIG also traveled to the Office of Workers' Compensation Second District to review claimant files. Of special interest were claims deemed questionable due to the high compensation benefits received while the medical bills of the claimants were comparatively low. The OIG also made home visits to suspect claimants in order to check on their living/working status.

### **INVESTIGATION OF A MISSING VOLUNTEER**

The OIG continued its investigation of a missing Volunteer. In August 2008, the OIG forwarded two new leads concerning his whereabouts to the Regional Security Officer (RSO) in La Paz, Bolivia. Later that month, an OIG staff member was sent to the U.S. Embassy in Bolivia to copy FBI interviews and historical records from the numerous government agencies that have been involved in separate and joint investigations.

The OIG forwarded maps of the Zongo valley and a video copy of the multi-agency search that was conducted in September 2007, to the Volunteer's family. The OIG had organized experts from the National Park Service, State Department, FBI, Rhode Island State Police, Bolivian authorities, and search dogs, to locate the missing Volunteer.

As of September 15, 2008, Peace Corps operations in Bolivia were temporarily suspended to ensure the safety of Volunteers serving there. The OIG's investigative efforts have been suspended pending receipt of additional information.

## VIOLENT CRIME AGAINST VOLUNTEERS

Prior to September 1, 2008, overseas posts were required to immediately report any of the following violent crimes against Volunteers to the OIG and RSO:

- 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)

For overseas crimes, the OIG partnered with the Criminal Investigative Liaison Branch of the Bureau of Diplomatic Security to facilitate communications and support to the victim and to the Peace Corps post. We had 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.

During this reporting period, approximately 216 preliminary inquiries were opened, which resulted in the initiation of 12 investigations.

### CLOSED CASES

- Previously, we reported that a Volunteer serving in the Pacific was raped. A perpetrator was identified and DNA samples were obtained. This case was the first time that DNA evidence was presented in the country's court. Throughout this investigation, the OIG coordinated with the host country prosecutor, and assisted the former Volunteer with security, trial preparation, and logistics, to promote a successful outcome.

During this reporting period, the perpetrator was found guilty on five charges of rape and one charge of kidnapping. He was sentenced to 16 and one-half years in prison for the rape, assault, and abduction.

- Previously, we reported that a Volunteer serving in a Caribbean country was the victim of an attempted rape. Local police subsequently identified and apprehended a suspect.

During this reporting period, the OIG criminal investigator accompanied the Volunteer back to country for trial. The suspect was found guilty and sentenced to 10 years imprisonment.

- In 2006, a female Volunteer serving in West Africa was brutally beaten and raped by two men. The OIG coordinated with the local Peace Corps office and the U.S. Embassy, and worked to retain a local lawyer.

During this reporting period, the OIG learned that one of the men had been convicted and was serving time in prison. The second suspect was convicted in absentia, but he had not yet served any prison time. The OIG learned that the government had moved forward with an in-person prosecution against the second suspect. An OIG investigator traveled with the Volunteer back to the country on two occasions during this reporting period to assist with having documents translated, meet the local attorney to develop a trial strategy, provide evidentiary photographs, and advocate on behalf of the Volunteer. On several occasions, the Volunteer was required to meet with local trial judges to assert her accusation against the suspect in his presence. The second suspect was sentenced to two years in prison and fined approximately \$1,329.87. However, the OIG learned that the second suspect subsequently appealed the trial verdict and is out on bail while a judicial board reviews the conviction.

- During a previous reporting period, a female Volunteer serving in Asia was raped by a host country national in the foyer of an apartment building. The police questioned the suspect, and he admitted to the attack. However, he later recanted his confession and claimed the encounter was consensual.

During this reporting period, OIG retained an attorney experienced in sex crime cases who agreed to work pro bono with the local prosecutor's office to maximize chances of conviction. An OIG criminal investigator traveled to the country in anticipation of legal proceedings and met with the attorney, several Volunteer witnesses, the Volunteer victim, and members of the prosecutor's office. Although the trial commenced as scheduled, the judge delayed the case because the court-appointed translator did not have sufficient English language skills to effectively translate testimony.

During the interim time period, the suspect's family mounted a public attack against the Volunteer, including staging a protest outside of the Peace Corps office. The local press also ran several articles sympathetic to the suspect in which the Volunteer's name was identified. The Volunteer chose to terminate her Peace Corps service early and declined further participation in the criminal case, citing security concerns. The defendant was found not guilty.

- During a previous reporting period, a Volunteer serving in the Eastern Caribbean was the victim of an aggravated assault. A police prosecutor was assigned to the case and the trial was presented in the magistrates' court. However, the police prosecutor was not prepared for the trial and subsequently withdrew the charges against the defendant.

During this reporting period, the OIG worked with the U.S. Embassy, the local Peace Corps office, and the Volunteer to determine whether the case could be retried. While the local government acknowledged that that the trial had procedural errors, including being assigned to an incorrect trial court, the local government declined to retry the case. The Volunteer informed the OIG that he considered the matter closed as he had already returned to the United States.

- Previously, we reported that a female Volunteer serving in Central Asia had advised the OIG that she had been raped and robbed by multiple host country males over the course of two nights. The male suspects involved in the rape were as young as 15 years old. Complications in this case arose because the male suspects were minors. The case was forwarded to the local prosecutor's office where charges against the five host country national males were declined due to insufficient evidence.

### ACTIVE CASES

- Previously, we reported that the OIG was notified that a Volunteer serving in a southern Asian country was missing. Foul play had been suspected and an extensive investigation and search commenced. The Volunteer's remains were found in remote, shallow grave. A suspect was identified, arrested, and remained in custody while he was tried. The OIG retained a local attorney with extensive experience in prosecuting homicide cases.

In June 2008, the court convicted the defendant of murdering the Volunteer. The defendant was sentenced to life imprisonment without parole. The OIG continued to coordinate with the host country authorities and the U.S. Embassy to ensure that the convicted defendant was transferred to a penal facility. The OIG learned during this reporting period that the defendant and his defense team are appealing the conviction and life sentence. The OIG has retained an attorney to represent the family and deceased Volunteer's interests throughout the appeal process.

- Previously, we reported that a Volunteer serving in a South American country was fatally shot by a booby-trap gun. The OIG Investigations Unit responded by sending a team to investigate. The owner of the gun was placed in custody by local police for firearms violations. In a statement provided to police, the owner of the gun said that he had installed the gun in the vegetable garden to shoot wild animals.

During this reporting period, the local police completed their investigation; the suspect was charged with several crimes and detained for 45 days. The case has been turned over to the Attorney General for prosecution; the suspect has been released pending trial. To date, the local court has not ruled on this matter.

- During the previous reporting period, an attempted rape of a Volunteer occurred in a Central American country. The Volunteer fought back and her neighbors assisted her. The Volunteer reported the incident to the police. During the preliminary hearing the Volunteer positively identified the suspect and he was placed in police custody. The OIG and the post worked together to retain local counsel. The judge presiding over the case requested the results of the DNA tests in this case. The results are still pending.
- Previously, we reported that a Volunteer was raped at another Volunteer's home by an acquaintance in a South American country. The defendant's DNA was collected and the OIG transported the DNA samples to the FBI laboratory for analysis. During this reporting period, the FBI analysis concluded that the sample DNA from the rape kit and the defendant's DNA were a match. This case is ongoing.
- Previously, we reported that a Volunteer was raped in a South American country by host country nationals. One suspect, a local police officer, was apprehended. An OIG criminal investigator traveled to the country to coordinate investigative activities with the Department of State's Assistant Regional Security Officer, local police, and a prosecutor. During this reporting period, an OIG criminal investigator accompanied the Volunteer back to country to provide testimony at trial. The trial is ongoing.
- Previously, we reported that a Volunteer was the victim of an attempted rape in a South American country. An OIG criminal investigator coordinated a meeting with the Volunteer and a forensic sketch artist to prepare a composite sketch of the suspect.

During this reporting period, local police actively searched for the suspect using the composite sketch. They have forwarded photographs of potential suspects via email to the OIG for review with the Volunteer. The Volunteer has not confirmed the identity of the suspect from these images. The investigation is ongoing.

- In a South American country, a Volunteer was raped. An OIG criminal investigator met with a local attorney who had coordinated with local authorities to apprehend the suspect. The suspect was incarcerated pending trial; but during civil unrest and political protests, prison guards abandoned their posts and the suspect fled from jail with other escaping inmates. The suspect is still at large.

## TITLE 18 CRIMINAL AND OTHER INVESTIGATIONS

### INVESTIGATIONS LEADING TO DISPOSITION

- We previously reported that an OIG criminal investigator was assisting the Department of Homeland Security's investigation of a Peace Corps employee, from an African country, who had been apprehended at JFK International Airport for smuggling two kilograms of heroin. The employee was on annual leave when she was stopped by Immigration and Customs Enforcement (ICE) agents.

During this reporting period, the employee was tried, convicted, and sentenced by a federal judge to 27 months incarceration, three years probation, and was assessed a \$100 court fee. She will be deported to her home country once she completes the prison sentence. Our investigation determined that no Peace Corps resources or official cover were involved in the drug smuggling activity. The OIG assisted with ICE's investigative efforts and coordinated with the U.S. Embassy to ensure that details of the crime were shared with the employee's appropriate home country authorities.

- During a previous reporting period, an OIG criminal investigator was dispatched to investigate allegations against a Volunteer serving in West Africa. The Volunteer's landlord alleged that the Volunteer was engaging in inappropriate sexual contact with a 13-year-old host country national.

During this reporting period, the OIG concluded its investigation and determined that no wrongdoing occurred. Witness testimonies also failed to corroborate any allegations of misconduct by the Volunteer. Furthermore, the alleged victim denied the allegations. The Volunteer was moved to a new location and cautioned to be more sensitive to host country norms.

### ACTIVE INVESTIGATIONS

- The OIG was alerted of an image of possible child pornography found on a photocopier in a Pacific region Peace Corps office. Working with authorities from ICE and the National Center for Missing and Exploited Children, the image was determined to be consistent with adult erotica, not child pornography. With the assistance of Diplomatic Security Service's Computer Investigations and Forensics Unit, computer hard drives were seized from the post. These hard drives appeared to contain numerous pornographic images. To date, the investigation has found that these images were attached to only one Peace Corps employee user profile. The investigation is ongoing.

- An OIG criminal investigator assisted the U.S. Marshals Service with locating a Peace Corps applicant who was wanted in connection with a felony. Investigative activities are ongoing.
- Peace Corps management at a Caribbean post received complaints of a possible PROTECT Act violation involving a male Peace Corps Volunteer. The allegation surfaced when fellow Volunteers located an internet “blog” authored by the suspect Volunteer which made reference to his having had a sleepover with a ten-year-old host country national male. The suspect Volunteer’s blog also contained references to hugging and kissing local young males. The investigation is ongoing.
- During this reporting period, the OIG received an anonymous complaint alleging that local staff in a Peace Corps office abused their authority, allowed nepotism to occur, intimidated employees, profited from their government position, and abused their use of government vehicles. OIG staff members traveled to this South American country to investigate these allegations, which were subsequently determined to be unfounded.

## TABLE 1: LIST OF REPORTS : AUDITS AND EVALUATIONS

### AUDITS

|                          |                 |
|--------------------------|-----------------|
| PEACE CORPS/AZERBAIJAN   | AUDIT           |
| PEACE CORPS/BOTSWANA     | AUDIT           |
| PEACE CORPS/EL SALVADOR  | AUDIT           |
| PEACE CORPS/PHILIPPINES  | AUDIT           |
| PEACE CORPS/SOUTH AFRICA | FOLLOW-UP AUDIT |
| PEACE CORPS/VANUATU      | FOLLOW-UP AUDIT |

### PROGRAM EVALUATIONS

|                               |                    |
|-------------------------------|--------------------|
| PEACE CORPS/ALBANIA           | PROGRAM EVALUATION |
| VOLUNTEER SAFETY AND SECURITY | PROGRAM EVALUATION |

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

|   | VALUE        | NOTE |
|---|--------------|------|
| AUDIT OF<br>PEACE CORPS/AZERBAIJAN  | \$ 7,060.00  | 1    |
| AUDIT OF<br>PEACE CORPS/EL SALVADOR   | \$ 30,165.65 | 2    |
| TOTAL OF REPORTS ISSUED WITH COSTS<br>QUESTIONED OR FUNDS PUT TO BETTER USE | \$ 37,225.65 |      |

NOTE:

1. Host country contributions.
2. Undeposited funds. Uncollected funds. Unapproved bonuses.

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

|   | NUMBER OF<br>REPORTS | VALUE       |
|---|----------------------|-------------|
| A. REPORTS ISSUED PRIOR TO THIS PERIOD  |                      |             |
| For which no management decision had been<br>made on any issue                  | 0                    |             |
| For which some decisions had been made<br>on some issues                        | 0                    |             |
| B. REPORTS ISSUED DURING THE PERIOD   | 1                    | \$12,000.00 |
| TOTAL OF CATEGORIES A AND B   | 1                    | \$12,000.00 |
| C. FOR WHICH FINAL MANAGEMENT DECISIONS WERE MADE<br>DURING THIS PERIOD         | 1                    | \$12,000.00 |
| D. FOR WHICH NO MANAGEMENT DECISIONS WERE MADE<br>DURING THE PERIOD             | 0                    |             |
| E. FOR WHICH MANAGEMENT DECISIONS WERE MADE<br>ON SOME ISSUES DURING THE PERIOD | 0                    |             |
| TOTAL OF CATEGORIES C, D, AND E   | 1                    | \$12,000.00 |

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

|   | NUMBER OF<br>REPORTS | VALUE       |
|---|----------------------|-------------|
| A. REPORTS ISSUED PRIOR TO THIS PERIOD  |                      |             |
| For which no management decision had been<br>made on any issue                  | 0                    |             |
| For which some decisions had been made<br>on some issues                        | 0                    | 0           |
| B. REPORTS ISSUED DURING THE PERIOD   | 2                    | \$25,225.65 |
| TOTAL OF CATEGORIES A AND B   | 2                    | \$25,225.65 |
| C. FOR WHICH FINAL MANAGEMENT DECISIONS WERE MADE<br>DURING THIS PERIOD         | 2                    | \$25,225.65 |
| D. FOR WHICH NO MANAGEMENT DECISIONS WERE MADE<br>DURING THE PERIOD             | 0                    | 0           |
| E. FOR WHICH MANAGEMENT DECISIONS WERE MADE<br>ON SOME ISSUES DURING THE PERIOD | 0                    | 0           |
| TOTAL OF CATEGORIES C, D, AND E   | 2                    | \$25,225.65 |

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

**RECOMMENDATIONS OPEN 60 DAYS OR MORE**

| <b>REPORT</b> | <b>DATE ISSUED</b> | <b>NUMBER OF OPEN RECOMMENDATIONS</b> |
|---------------|--------------------|---------------------------------------|
|---------------|--------------------|---------------------------------------|

NONE

**RECOMMENDATIONS OPEN 120 DAYS OR MORE**

| <b>REPORT</b> | <b>DATE ISSUED</b> | <b>NUMBER OF OPEN RECOMMENDATIONS</b> |
|---------------|--------------------|---------------------------------------|
|---------------|--------------------|---------------------------------------|

NONE

**RECOMMENDATIONS OPEN 180 DAYS OR MORE**

| <b>REPORT</b> | <b>DATE ISSUED</b> | <b>NUMBER OF OPEN RECOMMENDATIONS</b> |
|---------------|--------------------|---------------------------------------|
|---------------|--------------------|---------------------------------------|

|   |            |    |
|---|------------|----|
| Travel Policies and Procedures: Audit       | 6/27/2006  | 3  |
| PC/China: Audit                             | 3/30/2007  | 1  |
| PC/Panama: Audit                            | 6/22/2007  | 2  |
| PC/Eastern Caribbean: Evaluation            | 6/25/2007  | 4  |
| FY 07 Agency Financial Statements: Audit    | 11/13/2007 | 11 |
| PC/Eastern Caribbean: Audit                 | 12/20/2007 | 25 |
| Federal Information Security Management Act | 1/15/2008  | 5  |
| PC/Peru: Audit                              | 3/17/2008  | 1  |
| Medical Clearance System: Evaluation        | 3/31/2008  | 9  |

TABLE 6: SUMMARY OF INVESTIGATIVE ACTIVITY

| CASES   | NUMBER |
|---|--------|
| Cases opened as of 4/1/2008                         | 60     |
| Cases opened during 4/1/2008 - 9/30/2008            | 13     |
| Cases closed that were previously opened            | 6      |
| Cases opened and closed during 4/1/2008 - 3/31/2008 | 0      |
| Total open cases as of 3/31/2008                    | 57     |
| Referrals for Department of Justice Prosecution     | 0      |
| Referrals for Agency Administration Action          | 4      |
| Referrals to Others Agency                          | 1      |

  

| DOMESTIC COURT ACTIONS | NUMBER |
|------------------------|--------|
| Trial(s) Pending       | 0      |
| Convictions            | 1      |
| Acquittals             | 0      |
| Judgments              | 0      |
| Fines/Restitutions     | 1      |

  

| OVERSEAS COURT ACTIONS | NUMBER | VALUE   |
|------------------------|--------|---------|
| Trial(s) Pending       | 6      | \$1,330 |
| Convictions            | 4      |         |
| Acquittals             | 0      |         |
| Judgments              | 0      |         |
| Fines/Restitutions     | 1      |         |

  

| MONETARY RESULTS       | NUMBER |
|------------------------|--------|
| Annual Savings         | 0      |
| Recoveries/Restitution | 0      |
| Cost Avoidance         | 0      |

  

| ADMINISTRATIVE ACTIONS                    | NUMBER |
|---|--------|
| Employees (Resignations and Terminations) | 3      |
| Other Employee Actions                    | 0      |
| Other Persons/Businesses                  | 1      |

## TABLE 7: SUMMARY OF HOTLINE AND OTHER COMPLAINTS

|                               |    |
|-------------------------------|----|
| Complaints Received           | 10 |
| Complaints Closed             | 10 |
| Awaiting OIG Action           | 0  |
| Resulted in Investigations    | 4  |
| Resulted in Audits            | 1  |
| Resulted in Evaluations       | 0  |
| Referred to Agency Management | 0  |
| Referred to Other Agency      | 1  |
| No Action Needed              | 5  |

## 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 – 21  |
| Section 5(a)(2)  | Significant recommendations for corrective actions                                  | 6 – 21  |
| Section 5(a)(3)  | Prior significant recommendations on which corrective action has not been completed | 34      |
| Section 5(a)(4)  | Matters referred to prosecuting authorities   | 28 – 29 |
| 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              | 30      |
| Section 5(a)(7)  | Summary of significant reports  | 10 – 21 |
| Section 5(a)(8)  | Statistical table - questioned costs  | 32      |
| Section 5(a)(9)  | Statistical table - funds put to better use   | 33      |
| 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    |

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