



# Peace Corps Office of Inspector General



Semiannual Report to Congress  
October 1, 2008 - March 31, 2009

The cover photo was taken in front of the Peace Corps/Kiribati office. The post was closed in fiscal year 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 peoples served, and a better understanding of other peoples on the part of the American people.

SEMIANNUAL REPORT TO CONGRESS

OCTOBER 1, 2008 – MARCH 31, 2009



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# HIGHLIGHTS FROM THIS REPORT

## MESSAGE FROM THE INSPECTOR GENERAL



It is my pleasure to present the Peace Corps Office of Inspector General's (OIG) Semiannual Report to Congress for the period of October 1, 2008 through March 31, 2009. This report is required by the Inspector General Act of 1978, as amended, and covers the work performed by the OIG during the period indicated. OIG activities during this reporting period demonstrate our continued commitment to promote and increase the effectiveness and efficiencies of Peace Corps programs and operations, as well as maintain standards established by the Council of Inspectors General on Integrity and Efficiency (CIGIE) formerly the President's Council on Integrity and Efficiency (PCIE) and the Executive Council on Integrity and Efficiency (ECIE) and other federal agencies.

The Audit Unit has continued its 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 completed audits on the Agency's Purchase Card Program, and post audits in Guatemala, Guinea, Samoa, Swaziland, and performed a follow-up audit in Uganda. In addition, our auditors provided advice and assistance to the Agency in the areas of donations received by Peace Corps to fund entertainment expenses and imprest fund imbalances in the Solomon Islands.

During this reporting period, the Evaluation Unit issued reports for program evaluations conducted in the Dominican Republic, Guyana, and Nicaragua. In addition, program evaluation visits were conducted in Jordan, Ghana, Suriname, and Belize. The reports detailing these evaluations will be issued in the next reporting period. The Evaluation Unit also began a process of conducting a survey of stakeholders after the issuance of a final evaluation report to determine the value of the evaluation process and reports. To date, the feedback received has been favorable.

This reporting period was a time of transition for the Investigation Unit. On September 1, 2008, the coordination of investigative activities involving violent crimes committed against Peace Corps Volunteers was transferred from the OIG to the Office of Safety and Security. However, the OIG continues to coordinate

investigative efforts for those violent crime cases occurring before the transfer. This reporting period the OIG continued to assist the Federal Bureau of Investigation Legal Attaché located in Dakar, Senegal, and the Department of State Regional Security Officer located in Libreville, Gabon, in coordinating investigative activities related to a Peace Corps Volunteer murdered in Gabon in 1998. The OIG will continue to provide coordination for 20 active cases and 100 preliminary inquiries of ongoing legacy cases involving violent crimes committed against Peace Corps Volunteers. During this reporting period, we closed 206 preliminary inquiries and/or investigative cases.

During this reporting period, the Investigation Unit also conducted investigations into allegations of fraud, bribery, and other misconduct committed by Peace Corps employees, contractors and Volunteers. Included in these investigations are an investigation into allegations of significant misconduct, some possibly criminal in nature, committed by a high ranking Agency employee; solicitation of a bribe and theft of government funds involving an employee at a post in East Africa; and fraudulent vouchers being submitted by a third country national contractor at a post in the South Pacific. In addition, the Investigation Unit provided advice and assistance to Agency management in the form of a Management Implication Report concerning the reoccurring breaches of personal identifiable information and a Fraud Alert to the Agency and the public that detailed an internet scam involving the adoption of a pet purportedly owned by a Peace Corps Volunteer.

The OIG continues to search for ways to assist the Agency in improving its programs and operations. In an effort to maximize the impact of our Audit and Evaluation reports, the OIG will begin to include more headquarter components in our annual plan. If internal controls and efficiencies of Peace Corps policies and systems can be improved in headquarters, the results should be reflected in the operations of the overseas posts. In addition, the OIG is beginning to track findings in post evaluations and audits in an effort to detect trends that may highlight policies or systems that need to be strengthened Agency wide.

At the end of the reporting period, Peace Corps management remains in transition, and the OIG continues its work to ensure that Peace Corps programs and operations are free of waste, fraud, abuse, and mismanagement.



Kathy A. Buller  
Inspector General

# MANAGEMENT AND ADMINISTRATION

## AGENCY CONTEXT

At the beginning of FY 2009, 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 two vacant criminal investigator positions. In addition, Executive Manager Roberta Raftovich transferred to the Investigation Unit as a Criminal Research Specialist.

Joyce Shores joined the OIG in November 2008, after an 18 year law enforcement career with the U.S. Customs Service. Joyce has conducted multiple international investigations of major criminal organizations for smuggling, fraud, money laundering, narcotics, and child exploitation. Joyce is a recipient of the Drug Enforcement Agency Administrator's Award and several Commissioner's Unit Citations for investigative excellence. A Syracuse University graduate, Joyce also holds Masters degrees in Industrial Psychology and Public Administration from California State University.

Mark Supple joined the OIG in January 2009, and has 17 years of federal law enforcement experience, investigating white collar and financial crimes with U.S. Customs, the Nuclear Regulatory Commission, and the Food and Drug Administration. Mark has worked a variety of investigations, including undercover money laundering investigations of drug smuggling organizations; the illegal export of U.S. nuclear equipment to Middle-Eastern countries; and pharmaceutical/medical device fraud by multi-national corporations. Mark graduated from the Florida State University with a B.S. in International Business and is fluent in Spanish.

Criminal investigator David Berry transferred from the Peace Corps/OIG in November 2008, to a position with the National Archives/OIG.

At the end of this reporting period, the position of Deputy Inspector General/Legal Counsel is vacant.

# 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.

## BREACHES IN PERSONAL IDENTIFIABLE INFORMATION

We issued a Management Implication Report to the Agency concerning the reoccurring breaches in personal identifiable information on March 9, 2009. Specifically, in 2008, staff in the Office of Medical Services pre-service assessment unit forwarded medical forms with personal identifiable information, including social security numbers, to the wrong applicant on three separate occasions. In addition, a medical lab report was attached to the wrong authorization form and was then forwarded to the wrong individual. Based upon the lab report, this individual scheduled an unnecessary evaluation with her physician.

On June 18 2007, the Office of Personnel Management issued federal guidance on protecting social security numbers and combating identity theft by eliminating the unnecessary use of social security numbers. Peace Corps and other agencies were tasked with reviewing their processes to identify instances in which the collection or use of the social security number is superfluous. In addition, the Office of Management and Budget (OMB) mandated that agencies reduce the volume of information they possess, the risks to the information, and the burden of safeguarding it by collecting only necessary information and managing it properly. Under current federal requirements issued by OMB, the OIG is tasked with independently evaluating the effectiveness of its agency's programs.

The OIG investigation of breaches of personal identifiable information that occurred in 2008 found that a Volunteer applicant's telephone number and social security number appeared at the bottom of several routinely used medical application forms, e.g., follow-up letters requesting additional medical information from applicants, as well as instructions and reimbursement information for the examining physician.

Human error was attributed to each of these four breaches of personable identifiable information. In each of these instances, applicants were informed that their social security numbers and/or other personable identifiable information had been sent to external parties. Due to the potential exposure and/or loss of personal identifiable information, the aforementioned breaches were reported to the United States Computer Emergency Readiness Team, Office of Homeland Security.

These breaches in personal identifiable information necessitate that the Agency make changes in how such information is handled by the Peace Corps. In the Agency's response to the Management Implication Report, management officials cited the past closure of audit findings and actions they are taking or intend to take to address prior OIG audit recommendations. It should be noted that in closing recommendations, the OIG does not certify that the actions have been implemented/taken or that we have reviewed their effect. Certifying compliance and verifying effectiveness are management's responsibilities. However, we noted that the breaches in OMS may require a follow-up audit/investigation to confirm that action has been taken and evaluate the impact.

### REVIEW OF DONATIONS TO FUND ENTERTAINMENT EXPENSES

The Peace Corps OIG reviewed the Agency's legal basis for using donations to fund entertainment expenses. During the audit of the government purchase card, OIG identified \$9,012.50 in expenses for food, beverages, flowers, and the set up of a banquet to celebrate the Peace Corps' 45th Anniversary. Peace Corps paid for these expenses using donations. The Peace Corps Act provided Peace Corps gift authority. However, the OIG questioned whether the Peace Corps exceeded the \$5,000 and \$4,000 statutory limitations on entertainment expense established in the Peace Corps Act and the annual appropriations act, respectively. This concern is especially important because in 2011, Peace Corps will celebrate its 50th Anniversary with many events meeting the entertainment definition established by the Government Accountability Office. As of December 2008, Peace Corps already received donations exceeding \$110,000 for the 50th Anniversary events.

At the time of the OIG review, the Peace Corps Office of General Counsel (OGC) had not issued a specific legal opinion on the use of donations for entertainment expenses, but relied on various legal decisions and interpretations from the Comptroller General the Government Accountability Office Principles of Federal Appropriations Law. Subsequently, OGC provided the OIG with a written defense for the use of donations for entertainment related expenses. The OGC stated that the entertainment expenses planned for anniversary events are in furtherance of a legitimate purpose under the Peace Corps Act and that donations may augment entertainment funds in excess of appropriated fund usage limitations. The OIG accepted the opinion of the OGC, but advised the Peace Corps to inform Congress that a special "50th Anniversary" fund has been established using donated monies and request that the Congress specifically authorize the fund's use for entertainment expenses associated with anniversary events and activities.

## PEACE CORPS/SOLOMON ISLANDS IMPREST FUND

In conjunction with the closure of PC/Solomon Islands, we reviewed an imbalance of the PC/Solomon Islands' imprest fund that had existed over several years.

Volunteers and U.S direct hire staff departed the Solomon Islands in June of 2000. During this period until the final closure of the post in August 2008, the post was maintained in an operationally suspended state by two host country staff members. Since 2004, PC/Solomon Islands had been reporting several imbalances in its imprest fund. Although most of the imbalances were subsequently resolved, an imbalance of Solomon Islands Dollars 12,900 (approximately US\$1,901.53) had remained on the cashier's ACS 365 report since April 2007. This imbalance was researched by headquarters staff in an attempt to resolve it but it continued to remain unexplained.

We reviewed imprest fund activity and transactions for the period June 2003 - August 28, 2008. Our audit work disclosed that the imbalances were the result of numerous errors related to the preparation of the cashier monthly reconciliations, processing of transactions by headquarters, and processing of transactions and reporting by the U.S. Treasury. Further, some imbalances were compounded when efforts to correct the errors resulted in additional errors. There were also several contributing factors that lead to the imbalances in the PC/Solomon Islands imprest fund including:

- No access to automated systems for maintaining accurate accountability.
- Inadequate staff training.
- Long delays in the posting of transactions and consolidation of transactional data in the accounting system.
- Elimination of transactions in efforts to force monthly reconciliation.
- Misreporting of transactions.

Our review of the longstanding imbalances in the imprest fund did not disclose that the imbalances were the result of fraud. Using the available data we were able to accurately reconcile the imprest fund prior to closure of the post and disestablishment of the imprest fund.

## INVESTIGATION OF ALLEGATIONS OF FRAUD AND MISMANAGEMENT

In February 2009, we sent an auditor and an investigator to look into several serious allegations related to fraud, waste, abuse and mismanagement at a Peace Corps post in South America. As a result, an investigation was opened and an extensive audit conducted. The OIG was able to substantiate several of the allegations. At the end of the reporting period, the results of the investigation and audit are pending.

## INTERNET SCAM ALERT

On November 24, 2008, we issued a news release warning the American public to be vigilant against internet scams involving pet adoptions from Africa by a person or persons claiming to be affiliated with the agency. For example, one victim responded to an Internet ad about a Yorkshire Terrier puppy allegedly being given away by a Peace Corps Volunteer in Cameroon. The victim made a wire transfer to acquire the puppy before realizing something was potentially wrong. The fraud alert noted that names used are often fictitious. The general public can contact the OIG to confirm the authenticity of individuals affiliated with the Peace Corps.

## REFERRALS TO THE OIG

As a result of the transfer of the violent crimes function and the continued turnover of personnel in Peace Corps, the Inspector General, in coordination with the Acting Regional Directors, issued guidance concerning the types of misconduct or wrongdoing that Agency employees, contractors, expert consultants, Volunteers, and Trainees should report to the OIG.

# 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. OIG also utilizes contracts with independent auditing firms and engages individual experts for some highly technical audits. 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.

Additionally, auditors may assist with the review of allegations of fraud, waste, abuse, and mismanagement related to Peace Corps programs and operations. Allegations may include potential improper charging of the government for goods and services either not provided or provided at inflated rates. Audit assignments involve extensive problem solving, and planning and coordination, often at overseas locations and covering a large variety of work processes carried out in several interrelated organizations.

The Accountability of Tax Dollars Act of 2002 mandates that the Peace Corps subject their financial statements for audit. OIG oversees and serves as the technical representative for 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

The OIG utilized a contract with Urbach Kahn and Werlin LLP (UKW), an independent certified public accounting firm, to audit the Agency's financial statements as of September 30, 2008 and 2007. The contract required that the audit be done in accordance with generally accepted government auditing standards; the OMB's Bulletin 07-04, Audit Requirements for Federal Financial Statements; and the Government Accountability Office/President's Council on Integrity and Efficiency Financial Audit Manual. UKW's audit reports for FY 2008 included: (1) an opinion on the financial statements, (2) a report on internal control, and (3) a report on compliance with laws and regulations.

In the audit of the Peace Corps, UKW found that the financial statements presented fairly, in all material respects, the financial position of the Agency as of September 30, 2008 and 2007, and further, its net cost, changes in net position, and budgetary resources conformed with generally accepted accounting principles. In addition, UKW reported that there were no material weaknesses related to internal control. OMB Bulletin 07-04 defines a material weakness as a significant deficiency, or combination of significant deficiencies, that results in a more than remote likelihood that a material misstatement of the financial statements will not be prevented or detected. However, UKW's report on internal control did identify some significant deficiencies:

- Certain controls associated with property, plant, and equipment were inadequate and require improvement.
- Internal control over the business processes relating to undelivered orders and accounts payable need further enhancement.
- The Office of the Chief Financial Officer's policy on reporting host country contributions (HCC) in the financial statements is not consistent with generally accepted accounting principles. Additionally, internal control over receipting and recording HCC cash donations needs strengthening.
- Recording of recoveries is not consistent with U.S. Standard General Ledger guidance.
- Full certification and accreditation of all of Peace Corps' information systems has not been achieved.
- Contingency planning related to the information system environment is deficient and requires certain measures for improving the process.
- Access control, application software development, and change control weaknesses related to the financial reporting system need to be remedied.

OMB Bulletin 07-04 defines a significant deficiency as a deficiency in internal control, or a combination of deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected. UKW found no instances of reportable noncompliance with laws and regulations it tested.

In connection with the contract, we reviewed UKW's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, opinions on Peace Corps' financial statements or internal control or conclusions on compliance with laws and regulations. UKW is responsible for the auditor's reports dated November 12, 2008, and the conclusions expressed in the reports. However, our review disclosed no instances where UKW did not comply, in all material respects, with U.S. generally accepted government auditing standards.

As required by OMB Circular A-136, Financial Reporting Requirements, this audit report has been published within the Peace Corps' FY 2008 Performance and Accountability Report. In addition, a separate letter describing internal control weaknesses which do not meet the definition of a significant deficiency, was issued directly to Peace Corps management.

#### **FISCAL YEAR 2008 FEDERAL INFORMATION SECURITY MANAGEMENT ACT REVIEW**

The Federal Information Security Management Act (FISMA) mandates that federal agencies establish effective information security protections and a program to secure its information systems from unauthorized access, use, disclosure, modification, and other harmful impacts. These requirements must be met through adherence to specific guidelines established by the National Institute of Standards and Technology (NIST). FISMA also requires OIGs to review their agency's information security programs annually. The Office of Management and Budget (OMB) is responsible for reporting to Congress on the overall progress of the federal government in meeting FISMA requirements. This is accomplished through a data collection tool that OMB requires each agency to complete and provide to them annually. Both the agency and their respective OIG are required to submit their responses on an OMB template by October 1 of each year. The response data collected is designed to measure an agency's progress.

The OIG utilized a contract with UKW to perform the annual review of the Peace Corps information security program. UKW assisted the OIG in preparing the OMB reporting template for FISMA and provided three reports associated with

reviewing a representative sample of Peace Corps information systems. Overall, the review concluded that Peace Corps has made positive strides over the last few years in addressing its information security weaknesses and there has been significant progress toward becoming fully compliant with FISMA. The Agency is maintaining a comprehensive system inventory. Further, the Office of the Chief Information Officer continues to implement Information Technology Security Requirements based on NIST Special Publication 800-53, Recommended Security Controls for Federal Information Systems; and has refined its Certification and Accreditation process guide. During FY 2008, Peace Corps issued three Authorizations to Operate and two Interim Authorizations to Operate for its information systems. However, Peace Corps still faces some important challenges in becoming fully FISMA compliant. For example, although four Peace Corps' information systems have received their initial Authorizations to Operate and two other systems have received an Interim Authorizations to Operate, it is critical that the remaining eight systems become fully certified and accredited to meet FISMA requirements. Other challenges noted include: risk assessments and system security plans had not been completed for some of the Agency's systems; contingency planning controls were inadequate; updated information security policies and procedures lacked timely approval and issuance; and controls over the Plan of Action and Milestone's Process were not up to date.

### **PEACE CORPS PURCHASE CARD PROGRAM: AUDIT**

The Office of Acquisitions and Contract Management (OACM) manages the Peace Corps Purchase Card Program. The OACM agency program coordinator and three contract specialists develop purchase card policies, provide training, oversee purchase card use, and report program information to management. The Office of Global Accounts Payable is the designated billing office, responsible for payment of the purchase card invoices. At the end of FY 2007, Peace Corps was responsible for 148 active purchase card accounts both domestically and overseas. The aggregate monthly credit authorized for all Peace Corps purchase card accounts was approximately \$6.4 million.

The Peace Corps did not manage its Government Purchase Card Program effectively and in accordance with the Office of Management and Budget Circular A-123 Appendix B. This occurred because Peace Corps did not ensure adequate internal controls over its Government Purchase Card Program. Specifically, the Peace Corps:

- Did not implement policies and procedures for the use of convenience checks, purchase of "Do Not Buy" items, and reoccurring training requirements.
- Lacked controls over the account setup, maintenance, and closure processes necessary to ensure proper authorization, timely processing, and segregation of duties.
- Did not conduct adequate monitoring of cardholder accounts and transactions and sufficient risk assessments.

As a result, Peace Corps employees purchased \$3,033 of unauthorized items, did not always use the most efficient means of payment, and did not fully comply with federal purchase card and contracting regulations.

Peace Corps made significant improvements during FY 2008 and corrected deficiencies identified during the audit. However, the Office of Acquisitions and Contract Management could further strengthen controls over its Government Purchase Card Program by:

- Updating Peace Corps Manual section 731, "Purchase Card Program" to include convenience check guidance and a continual training process.
- Developing a policy that defines the process a cardholder must use and the approvals necessary to purchase an item on the "Do Not Buy" list, including the purchase of refreshments and furniture for personal use.
- Developing a process to verify the direct hire status of all new cardholders before issuing a purchase card.
- Issuing a policy memorandum reminding cardholders and approving officials to notify the agency program coordinator immediately when transferring offices or leaving the Peace Corps.
- Aligning the risk assessments with internal control standards to include all elements required by the Office of Management and Budget.

Management fully concurred with two recommendations, partially concurred with two recommendations, nonconcurred with three recommendations and nonconcurred with parts of two recommendations. At the end of the reporting period, one recommendation is closed and eight remain open.

### **PC/GUATEMALA: AUDIT**

We issued our audit report of Peace Corps/Guatemala January 12, 2009. More than 4,500 Volunteers have served in Guatemala since the arrival of the first group in 1963, and they have provided community development assistance in rural and poor areas. At the time of our review, approximately 175 Volunteers were working with public and private institutions, providing assistance through projects in agriculture, environment, health, municipal development, and youth sectors.

We found that Peace Corps/Guatemala'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:

- Collections from Volunteer living allowance refunds were not recorded in the accounting system with a bill of collection. As a result, refunds of Volunteer allowances totaling \$6,911.61 are unaccounted for. Also, funds being kept outside of the imprest fund were vulnerable to loss and misappropriation.

- The post did not seek authority from the Chief Acquisition Officer to pay benefits in excess of what is required by the local compensation plan. As a result, the post was incurring unnecessary payroll costs of over \$50,000 annually.
- The post did not maintain adequate medical supply records for all pharmaceuticals including performing the necessary inventory verifications.

Management concurred with all 21 recommendations. At the end of the reporting period, all recommendations are closed.

### **PC/GUINEA: AUDIT**

We issued our audit report of Peace Corps/Guinea March 31, 2009. The Peace Corps began its program in Guinea in 1962. At the time of our visit, 65 Volunteers were working in the areas of public health, small enterprise development, education and agro-forestry. The country director and administrative officer arrived at the post in June 2008 and March 2008, respectively.

We found no reportable conditions in the areas of the post's imprest fund verification, grants and contributions, and travel. However, we found several functions of Peace Corps/Guinea's financial and administrative operations that were not in compliance with Agency policy and/or federal regulations, and internal control over certain operations was not effective. The more significant findings are summarized below:

- The post did not document the conduct of independent "market basket" surveys for Volunteer settling-in allowances. In addition, the post could not provide support for travel allowances. Deposits and disbursements made to a "package fund" used to pay customs fees for personal packages sent to Volunteers from outside the host country were not always tracked and some funds were unaccounted for. Also, specific guidance for managing the process for reimbursing the Agency for Volunteer package fees has not been addressed by Peace Corps.
- Sub-cashier funds were not periodically verified and personal services contractors were designated as sub-cashiers in violation of Peace Corps policy.
- Separation of duties between those who maintained the property inventory records and performed the physical inventory did not exist. Also, property inventory records were not properly maintained.
- Separation of duties between those who maintained the medical inventory records and performed the physical inventory did not exist. Also, the medical supplies inventory record was not accurate.
- Purchases made with the post's purchase card were not approved by the approving official before they were made.

The report contained 41 recommendations; management concurred with 40 recommendations and partially concurred with one recommendation. At the end of the reporting period, 37 recommendations are closed and four remain open.

### **PC/SAMOA: AUDIT**

We issued our audit report of Peace Corps/Samoa March 31, 2009. More than 1,600 Volunteers have served in Samoa since the arrival of the first group in 1967. At the time of our audit, 42 Volunteers, including 12 newly sworn-in Volunteers, were engaged in two project areas: capacity building and village-based development. At the time of our visit, the country director had been at the post approximately six months. The administrative officer has been in her position since 1993.

We found that Peace Corps/Samoa's financial and administrative operations and its compliance with Agency policies and federal regulations required improvement. We specifically found that internal control standards required strengthening. Some of the more important findings are summarized below:

- The safety and security coordinator received interim advances but was not on the country director's authorization list. In addition, the cashier did not return the liquidated interim advance form to the payee upon settlement.
- Payments made to the training village during pre-service training need to be reviewed for propriety and appropriate handling. We noted payments totaling approximately \$840 related to entertainment expenses. We found another payment of approximately \$400 for cooked meats, food baskets, and cans of corned beef that were brought to the Peace Corps office and distributed principally among the staff.
- The administrative unit was unable to locate the Volunteer living allowance surveys and related market basket surveys performed in fiscal years 2007 and 2008. Additionally, the post did not conduct settling-in allowance surveys for two of the four groups of new Volunteers in 2007 and 2008, and did not have these surveys on file for the other two groups. Also, the post did not always send e-mail notifications of departing Volunteers to headquarters within 24 hours.
- The post maintained a manual bills of collection log rather than using the ForPost-generated log; the post's manual log was incomplete. Further, the billings officer, who was also in charge of ForPost data entry, occasionally performed banking activities.
- The post's property inventory listing contained discrepancies. Further, some items had two tags affixed to them, and two items were missing tags. Also, three items on the inventory were not in operating condition. In addition, the same person maintained the inventory data base and performed the physical inventory.
- Staff did not always submit their international travel vouchers within five days of the trips' completion. Further, submission dates on the travel vouchers did not always correspond with the actual travel dates. Also, most international travel vouchers showed discrepancies, which were corrected by the headquarters

voucher examiner. In addition, the post did not comply with the Fly America Act requirement to purchase seats on U.S. flag air carrier service including code share flights. Finally, two travel vouchers raised questions about the appropriateness of an early arrival and an extended stopover en route home.

Management concurred with all 33 recommendations. At the end of the reporting period, 30 recommendations are closed and three remain open.

### **PC/SWAZILAND: AUDIT**

We issued our audit report of Peace Corps/Swaziland November 20, 2008. The Peace Corps began its program in Swaziland in 1969. Post operations were closed in 1996 due to budgetary constraints and reopened in 2003. At the time of our visit, 32 Volunteers were working in the health sector's HIV/AIDS Prevention and Mitigation project.

Peace Corps/Swaziland's financial and administrative operations were generally functioning effectively and complied with Agency policy and federal regulations. We found no reportable conditions in the areas of the post's filing system, imprest fund verification, International Cooperative Administrative Support Services, and communications and IT Security. However, we identified some areas that need improvement. The more significant findings are summarized below:

- The post approved and recorded travel-related obligations after the travel occurred. Purchases made with the post's purchase card were not approved before they were made.
- The cashier did not personally set the combination to her safe. Imprest funds were not kept in cash boxes within the safe in accordance with Peace Corps policy.
- The general services assistant maintained the inventory records and also performed the physical inventory. Receipting for issuing and returning loaned non-expendable property was inconsistent.
- Medical inventory was not accurately or consistently maintained and physical verifications were not performed monthly. Separation of duties was inadequate and disposals were not documented.

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

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

During the period January 26 – February 6, 2009, we conducted a follow-up audit to verify the status of the 19 recommendations that remained open after our previous

follow-up audit conducted September 18 – 22, 2006. Management had concurred with all recommendations in our initial audit report conducted March 1 – 21, 2005.

As a result of this follow-up audit, we verified that the post had taken appropriate action on 15 of the 19 recommendations, and we determined that four recommendations required additional action. Subsequent to our visit, the post took the required action on two of the four reopened recommendations, and we closed them.

We reopened the recommendation related to outstanding debts over 90 days old. We found that bills of collection were sometimes prepared, and collections made, numerous months after the receipt of the related phone bills. We also reopened the recommendation related to the review of the vehicle logs. We found that the administrative officer and the staff member responsible for billing for personal use of post vehicles were not reviewing, initialing, and dating the logs as required.

At the end of the reporting period, two recommendations 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.

Posts evaluations include a review of Agency documents provided by headquarters and post staff and headquarters interviews with management staff representing the region, the Office of Overseas Programming and Training Support, and other stakeholders. Once in country, evaluators review the Volunteers' sites and assignments, Volunteer safety and security, the quality of Volunteer training, the quality of the support provided to Volunteers, 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 published by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). 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/DOMINICAN REPUBLIC: PROGRAM EVALUATION

We issued our evaluation of Peace Corps/Dominican Republic December 17, 2008. Since 1962, over 4,600 Volunteers have served in the Dominican Republic. At the time of our evaluation, 145 Volunteers were working in five projects: Health, Education, Youth, Economic Development, and Environment.

Our evaluation of Peace Corps/Dominican Republic covered fiscal years 2006 through 2008. We found that post's leadership and locally contracted training resources are strong. Volunteers reported that they were satisfied with their work and training received. In addition, they rated their perception of safety at their homes and work sites as "above average" to "very safe." However, we made recommendations in the following areas to improve the effectiveness of the Peace Corps program in Dominican Republic:

- Improve oversight to ensure both compliance with the post's new Volunteer work and home site selection procedures and that Volunteers' emergency location information is accurate and complete.
- Assess in-service training guidance to ensure counterpart participation during training.
- Include the training manager in senior staff meetings to maximize collaboration and improvements to training.
- Accurately evaluate Volunteer housing by revising the housing checklist to include all of post's housing policy standards.
- Ensure that performance data is consistently collected by training post staff using region's guidance, and by adequately training Volunteers how to complete trimester reports in their new format.

Management concurred with all seven recommendations. At the end of the reporting period, four recommendations are closed and three remain open.

## PEACE CORPS/GUYANA: PROGRAM EVALUATION

We issued our evaluation of Peace Corps/Guyana February 6, 2009. Peace Corps first received a formal invitation from Guyana in 1966, the year of its independence. From 1966 until 1971, more than 160 Volunteers served in Guyana with the Peace Corps. Peace Corps discontinued the Guyana program in 1971 after the Government of Guyana requested all overseas voluntary agencies to leave. After an absence of nearly a quarter-century, Peace Corps officially reopened a joint Peace Corps office for Suriname and Guyana in March 1995. During 1997, PC/Guyana and PC/Suriname split to form two separate programs. At the time of the OIG evaluation, Peace Corps/Guyana had 56 Volunteers working in two projects: (1) Community Health Education and (2) Education and Community Development.

Our evaluation of Peace Corps/Guyana covered fiscal years 2007 and 2008. We found that the post has made significant improvements addressing recent challenges, such as Volunteer satisfaction and staff performance. The post has benefited from the leadership of the current country director who has worked to improve programming, relationships between the staff and Volunteers, and the quality of the staff. As a result, Volunteers interviewed as part of this evaluation reported satisfactory levels of support from staff members and are integrating into their communities. The post also has good relationships with local Ministries and project partners. The post is executing its President's Emergency Plan for AIDS Relief implementation plan and is better integrating HIV/AIDS activities into current programming. In addition, PC/Guyana recently implemented a new site matching process that appears to be contributing to improved Volunteer site placement.

Despite these accomplishments, the OIG evaluation noted the following areas that need improvement:

- Volunteers noted some training deficiencies, and the post needs to complete its competencies and learning objectives and improve its Trainee assessment process.
- Medical access controls were not being fully implemented. The post did not maintain an inventory of medical supplies on a routine basis, and Volunteer medical files and medical supplies were not securely stored at all times. Also, Volunteers were not receiving their medications in a timely manner.
- The post's housing criteria was unclear, and several Volunteers had to be moved from the houses Peace Corps placed them in due to housing problems.
- Performance appraisals were not being done on a regular basis.
- The post has problems with staff turnover and morale, and there was a lack of clarity on roles and responsibilities for key programming activities, such as site development, that may undermine its recent successes if not resolved.
- The post needs to remain focused on improving current programming and operations before exploring expansion efforts.

Management concurred with all 20 recommendations. At the end of the reporting period, 11 recommendations are closed and nine remain open.

## PEACE CORPS/NICARAGUA: PROGRAM EVALUATION

We issued our evaluation of Peace Corps/Nicaragua December 10, 2008. At the time of our evaluation, there were 158 Volunteers working in five project sectors: (1) environment, (2) Small Business Development, (3) Agriculture/Rural Development, (4) Health, and (5) Teaching English as a Foreign Language (TEFL).

Our evaluation covered fiscal years 2006, 2007 and 2008. We found that PC/Nicaragua benefits from engaged leadership and a resourceful team committed to the success of the program in Nicaragua. PC/Nicaragua has developed and implemented projects which engage Volunteers in meaningful work and cross-cultural exchange. PC/Nicaragua had an active working relationship with multiple levels of the Nicaraguan government and stakeholders seemed informed, engaged and involved. Volunteers had a clear understanding of their projects' goals and objectives and were satisfied with their project sites. Volunteers rated their overall training as very effective. Training staff's institutional knowledge and integration into the PC/Nicaragua team are also factors in the program's success. PC/Nicaragua has had to address multiple emergency action planning events in the last year and has improved its time to report contact with Volunteers.

The OIG evaluation also noted the following areas for improvement:

- Volunteers could benefit from consolidation point addresses and street maps in the post's Emergency Action Plan.
- While the post also appears to be addressing and reporting crimes against Volunteers, there were discrepancies between the number of crime incidents recorded by the post and headquarters.
- Concerns about medical confidentiality due to the physical limitations of the medical office were raised.
- Volunteers described their living allowance as being inadequate, but ratings and living allowance survey response rates indicated that the post needs to collect additional information.

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

# INVESTIGATIONS

## OVERVIEW

The Office of Inspector General is authorized to conduct investigations into waste, fraud, and abuse in Peace Corps programs and operations both domestically and overseas. In the performance of this mandate, the OIG investigates both criminal allegations and administrative misconduct such as ethics violations. The OIG develops policies to respond to criminal and administrative allegations and to coordinate and supervise such investigations. The OIG often works with other offices within the Peace Corps and/or law enforcement officials from other agencies. These include Immigration and Customs Enforcement, the State Department's Office of Diplomatic Security Services, the Federal Bureau of Investigation (FBI), the Department of Labor, and the Department of Justice, 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, as well as the general public.

Until September 1, 2008, the Investigation Unit managed and coordinated the Agency's participation in the investigation and prosecution process of cases involving violent crimes committed against Peace Corps Volunteers. This function was transferred to the Peace Corps Office of Safety and Security; however, the OIG has retained cases in which OIG was involved prior to the transfer. In addition, because the OIG has responsibility for investigating allegations of wrongdoing by Peace Corps employees, contractors, and Volunteers, the OIG has continued jurisdiction over violent crimes committed by an employee, contractor, or Volunteer.

## VIOLENT CRIME AGAINST VOLUNTEERS

This is the first reporting period since the Agency transferred violent crimes from the OIG to the Office of Safety and Security. 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. As agreed upon, the OIG continues to provide oversight of legacy cases that occurred prior to the transfer of responsibility.

As of the end of March 31, 2009, the OIG closed 193 preliminary inquiries and 13 investigative cases involving violent crimes. The following table demonstrates the areas of our closed cases.

TYPE OF INVESTIGATION	NUMBER OF CASES
Attempted Assault	16
Attempted Burglary	1
Attampted Rape	2
Burglary with Volunteer Present	48
Death	3
Intimidation	36
Kidnapping	3
Major and Other Physical Assault	12
Major Sexual Assault	5
PROTECT Act	2
Rape	14
Robbery	65
<b>TOTAL</b>	<b>206</b>

## VIOLENT CRIME CASES

### ON-GOING INVESTIGATION OF A MURDERED VOLUNTEER

The 1998 murder of a Peace Corps Volunteer remains unresolved; a FBI Legal Attache based in Dakar traveled to Libreville, Gabon and met with several U.S. Government (USG) and Government of Gabon (GOG) officials in November 2008, to determine the required actions to bring this case to closure. During the course of those meetings, all parties agreed that identifying and hiring a local attorney to represent the interests of the USG and the victim's family would be the best way to proceed. The Peace Corps/OIG agreed to assist in the search for legal representation and pay for the attorney's services. In February 2009, the Assistant Inspector General for Investigations met the FBI Legal Attache, and the Regional Security Officer (RSO) assigned to the U.S. Embassy in Libreville to interview potential attorneys. The selected attorney is researching the current status of the case. In preparation for the retrial in March 2009, the Ambassador sent a letter to the GOG revisiting the homicide case and discussing the feasibility of refileing the case in the Gabonese court system.

### ADDITIONAL ACTIVE VIOLENT CRIME INVESTIGATIONS

- Previously, we reported that a Volunteer serving in a Caribbean country was the victim of an attempted rape. During the attack, the Volunteer fought her assailant and her neighbors arrived and interrupted further injury to the victim. This matter was reported to the police and the suspect was apprehended and

placed into custody. In August 2008, the Volunteer identified her assailant via photo-identification which was jointly administered by host country police and the OIG. Host country police also transferred evidence to the OIG, which was taken to the FBI laboratory for analysis.

In December 2008, the OIG accompanied the Volunteer back to the host country. The Volunteer positively identified her assailant in a police lineup. The Volunteer also testified in court at a preliminary hearing. The suspect remains in police custody awaiting trial.

- Previously, we reported the alleged rape of a Volunteer serving in South America. The Volunteer identified her attacker; the alleged perpetrator was subsequently arrested and later identified as a police officer for the host country's national police. An OIG special agent accompanied the Volunteer back to the host country in September 2008 to testify against the suspect; however, no verdict was reached. The presiding judge requested additional evidence to corroborate the Volunteer's testimony. In the interim, the suspect, who had been held for six months, was released per local law. According to the attorney hired by the OIG, the case is pending until additional evidence is found to corroborate the Volunteer's testimony.

#### **JUDICIAL DISPOSITION OF CASES INVOLVING VIOLENT CRIMES AGAINST VOLUNTEERS**

- The OIG was informed that the Appeals Court for a Caribbean nation had upheld the attempted rape conviction and 10 year prison sentence of a host country national. The Appeals Court upheld a lower court's decision to convict the suspect in the attempted rape and sexual assault of the Peace Corps Volunteer.
- In a South Asian country, a Volunteer's residence was burglarized of currency. Local police identified a suspect after he began spending an unusual amount of money at local taverns. When questioned, the suspect confessed and was subsequently charged and convicted of the crime. For part of his judicial sentence, he was required to perform three months of community service.

### **TITLE 18 CRIMINAL AND OTHER INVESTIGATIONS**

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

During this reporting period, we reviewed past cost savings attributed to the two mass mailings and assessed the potential benefits of conducting another mailing. In fiscal years (FYs) 2006 and 2007, the OIG mailed letters to all 1,200 of the

Agency's FECA claimants reminding them of their obligations under FECA to report any changes regarding their health, employment or disability status to the Office of Workers' Compensation Program (OWCP). The purpose of the letters was to encourage those who no longer met disability status to voluntarily take themselves off the rolls or reduce their benefits without the need for OWCP and the Office of Medical services (OMS) to scrutinize claims or have Peace Corps OIG investigate them.

Using OWCP records of medical compensation recipients for FY 2006 through FY 2008, our analysis found:

- Thirty-five claimants ceased their compensation benefits by the end of FY 2006. Based on their compensation payments, the Agency saved at least \$293,675 annually because these individuals no longer received medical compensation payments.
- Thirty-one claimants ceased their compensation benefits by the end of FY 2007. Based on their compensation payments, the Agency saved at least \$232,702 annually because these individuals no longer received medical compensation payments.

Our analysis also disclosed that we had underestimated the potential savings attributed to the mailings. Without interviewing each claimant to determine the reason they that dropped off the Agency's FECA rolls, we attributed the spike in voluntary removal from the FECA rolls partially to the mailings and reported the savings as approximately \$500,000. However, we did not calculate or report the actuarial savings, which reflects the lifetime savings of these claims. When these costs are extrapolated to reflect the actuarial savings over the life of these claims, which is officially computed as the life expectancy through 78 years of age, the cost savings are much higher than we reported. For example, three claimants that voluntarily dropped off the Peace Corps FECA rolls in 2006 saved the Agency \$2,226,428 over the lifetime of their claims. In comparison, the annual cost savings for these three claimants was \$46,670. This case in point demonstrates the importance and value to the Agency of eliminating fraudulent FECA claims.

Due to a complete turnover and a reduction in the number of special agents assigned to the Investigation Unit, the OIG did not have the opportunity to visit any OWCP district offices during this reporting period. In prior reporting periods, the OIG has partnered with OMS to visit OWCP district offices and review FECA claims to ensure that claimants have updated their status information and legitimately meet program requirements.

During the next reporting period, the OIG will continue to investigate potential FECA fraud. Our new special agents will respond to fraud indicators, such as those claimants with no or low medical costs but high compensatory benefits; death claimants who were young when their spouse died, but have no record of being

remarried; high medical costs involving potentially addictive drugs; recognized overpayments; and claimants that may have unreported terminations.

#### **ACTIVE TITLE 18 CRIMINAL AND OTHER INVESTIGATIONS**

- The OIG received allegations regarding improper personnel practices and irregularities in the acquisition of Peace Corps vehicles at a South American post. Our ongoing investigation validated several of the allegations. Other irregularities at this post are still being investigated.
- Previously, we reported the embezzlement of funds by a cashier at a southern African post. The former cashier was terminated from his position for suspicious financial transactions and questioned funds that exceeded \$55,146. The cashier is being tried for fraudulent accounting. During this reporting period, the Assistant Inspector General for Investigations returned to the post to testify in court about the embezzled funds and the cashier's criminal initiatives. As of the last date in this reporting period, the court has not ruled on this matter.
- A Volunteer in a Central Asian country was arrested for trespassing and criminal charges were filed. The OIG coordinated with headquarters offices and the Agency hired local legal counsel to represent the Volunteer. The criminal case against the Volunteer is pending.
- The Agency requested that the OIG investigate the alleged improper release of confidential information contained in a complaint made by a Volunteer against a part-time contract employee at a Peace Corps post in Africa. The OIG is currently investigating how this matter was handled by post management.

#### **CLOSED TITLE 18 CRIMINAL AND OTHER INVESTIGATIONS**

- A country director in a Pacific Island country sent electronic mail correspondence to Peace Corps headquarters with questions regarding a pornographic image found on a printer used by several contractors and staff at the post. An OIG investigation disclosed that the image potentially qualified as child pornography which is a violation of U.S. law and Peace Corps policy. Through coordination with the OIG, on August 12, 2008, the country director and the Office of the Chief Information Officer arranged for five hard drives attached to the subject printer to be disconnected and transferred to the U.S. State Department/ Diplomatic Security Service/Criminal Investigation Liaison Division (DSS/CIL) for analysis. DSS/CIL found additional pornographic images on the five hard drives.

The OIG arranged for the National Center for Missing and Exploited Children (NCMEC) to analyze the initial pornographic image found on the printer and four additional images deemed to be possible child pornography by the DSS/CIL. NCMEC concluded that the printed image was not child pornography. NCMEC analyses of the other four images could not establish with certainty that the additional images were of children.

DSS/CIL analysis of the five computer hard drives disclosed that ten current and former contractors and staff had inappropriate pornographic images and/or material on their hard drives. One individual had over 1,600 potentially pornographic images on his Peace Corps-issued computer hard drive, including several unconfirmed images of children. In addition, the investigation also found that two contractors had shared their user identifications (userid) and passwords with other contractors at post.

Of the nine contractors having possible pornographic images on their computer, six contractors had resigned prior to the conclusion of the OIG investigation. Of the three remaining contractors, one contractor was issued a letter of reprimand, placed on Leave Without Pay status, and was counseled about inappropriate computer usage.

- It was reported to the OIG by the Chief Administrative Officer, Office of Volunteer Recruitment and Selection, that a cell phone assigned to a regional recruitment office was unaccounted for and had unauthorized charges exceeding \$9,000. The OIG investigation confirmed that over \$10,000 in unauthorized charges were incurred on the subject cell phone between October 25, 2007 and April 6, 2008. The investigation also disclosed that the regional recruiting office's administrative officer submitted the fiscal year annual property inventory that included a statement alleging, "all thefts or damages to Peace Corps property assigned to office staff, Volunteers, and contracted personnel have been properly investigated and documented." The missing cell phone was erroneously accounted for in the regional office's inventory.

The investigation also found problems with Peace Corps' internal control and oversight of billing records. Specifically, the administrative liaison, who receives billing statements for domestic cell phones, did not properly review cell phone bills for the majority of period in question. As a result, billing statements with unauthorized charges for games, ringtones, wallpaper, and over 90 international calls went unchallenged until April 2008.

Senior managers in the responsible billing office were reluctant to recognize any lack of oversight and accounting of cell phone bills, though they are central repository for such records. While acknowledging that there should

be some accountability, they attributed the blame to the regional office stating that officials there needed to keep better track of their assigned property and equipment. The OIG is currently auditing internal controls in this business unit.

- An OIG special agent was dispatched to a Pacific Island post to investigate a complaint that a third country national contractor had submitted an invoice containing false information. The OIG verified that the invoice contained costs that were approximately \$1,000 more than the actual costs. The contractor confessed to submitting the fraudulent invoice and intentionally trying to deceive the Agency. The contractor's employment with the Agency has been terminated. Other irregularities at this post are still being investigated.
- The OIG deployed a special agent to a Peace Corps post in East Africa to investigate allegations of overpayments for goods and services. An OIG auditor was already at the post conducting a routine post audit. The OIG investigation confirmed that the post had overpaid vendors for certain goods and services. The investigation also verified that employees had solicited bribes from vendors, stolen government funds, and failed to report criminal acts by fellow employees in a timely manner. Three employees working in the post's General Services Office were placed on administrative leave pending their termination of employment.
- Previously, we reported that a Volunteer in a Caribbean post had posted inappropriate material in a "blog," including pictures of a young boy. The investigation disclosed that the Volunteer had already been admonished by the country director and the principal of a host country elementary school for inappropriate behavior. At the conclusion of the investigation, the Volunteer resigned service early with the Peace Corps in lieu of being administratively separated.

Subsequent information received about this Volunteer revealed that he is currently teaching at an elementary school in the United States. The OIG has made a referral to federal law enforcement agents assigned to the National Center for Missing and Exploited Children.

- Previously, we reported an allegation that a Volunteer serving in an Eastern Europe had consensual sex with a minor. The OIG conducted a full investigation and obtained witness statements to corroborate the allegation; however, the minor declined to cooperate with the investigation and refused to file charges against the Volunteer. During this reporting period, the investigation was referred to Immigration and Customs Enforcement Cyber Crimes Center Child Exploitation Unit.

- A Volunteer serving in Central Asia reported that she had been sexually assaulted by a fellow Volunteer. The victim came to Washington, D.C. for medical care. When questioned by the OIG, she elected to decline participation in legal action against the perpetrator. The OIG investigated the incident at the post and obtained witness statements which supported some of the victim's allegations. Additionally, the OIG received information regarding additional sexual assaults and harassment conducted by the perpetrator. The perpetrator resigned from the Peace Corps in lieu of administrative separation. The Volunteer victim returned to the post to complete her service.

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

### HEADQUARTERS AUDITS

FY 2008 FINANCIAL STATEMENT AUDIT: AN OPINION ON THE FINANCIAL STATEMENTS  
FY 2008 FINANCIAL STATEMENT AUDIT: A REPORT ON INTERNAL CONTROL  
FY 2008 FINANCIAL STATEMENT AUDIT: A REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS  
FEDERAL INFORMATION SECURITY MANAGEMENT ACT REVIEW  
PEACE CORPS PURCHASE CARD PROGRAM AUDIT

### OVERSEAS POST AUDITS

PEACE CORPS/GUATEMALA AUDIT  
PEACE CORPS/GUINEA AUDIT  
PEACE CORPS/SAMOA AUDIT  
PEACE CORPS/SWAZILAND AUDIT  
PEACE CORPS/UGANDA FOLLOW-UP AUDIT

### OVERSEAS POST PROGRAM EVALUATIONS

PEACE CORPS/DOMINICAN REPUBLIC PROGRAM EVALUATION  
PEACE CORPS/GUYANA PROGRAM EVALUATION  
PEACE CORPS/NICARAGUA PROGRAM EVALUATION

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

	VALUE	NOTE
AUDIT OF PEACE CORPS/GUATEMALA	\$ 256,388.67	1
AUDIT OF PEACE CORPS/SWAZILAND	\$ 240.00	2
AUDIT OF PEACE CORPS/SAMOA	\$ 6,153.00	3
AUDIT OF PEACE CORPS/GUINEA	\$ 25,504.00	4
AUDIT OF PEACE CORPS PURCHASE CARD PROGRAM	\$ 3,083.00	5
TOTAL OF REPORTS ISSUED WITH COSTS QUESTIONED OR FUNDS PUT TO BETTER USE	\$ 291,368.67	

NOTE:

1. Missing collections. Untimely receipt of funds. Unnecessary personal services contractor benefits.
2. Overpaid Volunteer living allowance.
3. Unauthorized purchases of personal expenses. Untimely collection of funds. Untimely deobligation of funds. Unsold excess property. Inefficient travel routing.
4. Unsupported costs. Unauthorized service payments.
5. Unnecessary service charges. Unauthorized purchases.

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	5	\$233,639.21
TOTAL OF CATEGORIES A AND B	5	\$233,639.21
C. FOR WHICH FINAL MANAGEMENT DECISIONS WERE MADE DURING THIS PERIOD	5	\$233,639.21
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	5	\$233,639.21

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	0	
For which some decisions had been made on some issues	0	0
B. REPORTS ISSUED DURING THE PERIOD	2	\$57,729.46
TOTAL OF CATEGORIES A AND B	2	\$57,729.46
C. FOR WHICH FINAL MANAGEMENT DECISIONS WERE MADE DURING THIS PERIOD	2	\$57,729.46
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	2	\$57,729.46

**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/Nicaragua: Evaluation	12/10/2008	1
PC/Dominican Republic: Evaluation	12/17/2008	3
PC/Guyana: Evaluation	1/29/2009	9

**RECOMMENDATIONS OPEN 120 DAYS OR MORE**

REPORT	DATE ISSUED	NUMBER OF OPEN RECOMMENDATIONS
FY 08 Financial Statement Audit	11/13/2008	17
Federal Information Security Management Act	11/15/2008	12

**RECOMMENDATIONS OPEN 180 DAYS OR MORE**

REPORT	DATE ISSUED	NUMBER OF OPEN RECOMMENDATIONS
Travel Policies and Procedures: Audit	6/27/2006	3
PC/Eastern Caribbean: Evaluation	6/25/2007	3
PC/Eastern Caribbean: Audit	12/20/2007	7
Medical Clearance System: Evaluation	3/31/2008	9
Volunteer Safety and Security: Evaluation	8/28/2008	9
PC/El Salvador: Audit	9/22/2008	15

TABLE 6: SUMMARY OF INVESTIGATIVE ACTIVITY

CASES	NUMBER	
Cases opened as of 10/1/2008	57	
Cases opened during 10/1/2008 - 3/31/2009	8	
Cases closed that were previously opened	24	
Cases opened and closed during 10/1/2008 - 3/31/2009	4	
Total open cases as of 3/31/2009	37	
Referrals for Department of Justice Prosecution	1	
Referrals for Agency Administration Action	4	
Referrals to Others Agency	0	
DOMESTIC COURT ACTIONS	NUMBER	
Trial(s) Pending	0	
Convictions	0	
Acquittals	0	
Judgments	0	
Fines/Restitutions	0	
OVERSEAS COURT ACTIONS	NUMBER	VALUE
Ongoing Prosecutions	5	
Convictions	2	
Acquittals	0	
Judgments	0	
Fines/Restitutions	0	
MONETARY RESULTS	NUMBER	
Annual Savings	2	\$3,400
Recoveries/Restitution	1	\$1,000
Cost Avoidance	1	\$2,400
ADMINISTRATIVE ACTIONS	NUMBER	
Employees (Resignations and Terminations)	3	
Other Employee Actions	4	
Other Persons/Businesses	8	

## TABLE 7: SUMMARY OF HOTLINE AND OTHER COMPLAINTS

Complaints Received	21
Complaints Closed	21
Preliminary Inquiry	8
Resulted in Investigations	3
Resulted in Audits	0
Resulted in Evaluations	0
Referred to Agency Management	2
Referred to Other Agency	0
No Action Needed	8

**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

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 program or personnel should call or write the Office of Inspector General.

Call:

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Washington, DC 20526

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Peace Corps  
Attn: Inspector General  
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