



Peace Corps Office of Inspector General



Semiannual Report to Congress
April 1, 2009 - September 30, 2009

A Peace Corps/Burkina Faso Volunteer teaching French to her students.

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

APRIL 1, 2009 – SEPTEMBER 30, 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 April 1, 2009 through September 30, 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 issued reports on post audits in Morocco and Nicaragua, and performed a follow-up audit in Senegal. In addition, our auditors conducted field work and/or issued preliminary reports for post audits of Burkina Faso, Mongolia, Cape Verde, Tanzania, Ecuador, and Vanuatu, and headquarters audits of the Office of Chief Information Officer Budget Process, the Office of Acquisition and Contract Management, and the Office of Safety and Security. The details concerning these audits will be included in the next reporting period.

During this reporting period, the Evaluation Unit issued reports for program evaluations conducted in the Ghana, Jordan, and Belize. In addition, our evaluators conducted field work in Turkmenistan and Morocco and assisted the Audit Unit in performing work associated with the Office of Safety and Security and Office of Acquisition and Contract Management headquarters audits. The details concerning these activities will be included in the next reporting period.

The OIG Investigative Unit continued to coordinate investigative efforts for those violent crime cases occurring before the transfer. This reporting period the OIG met

with representatives from the Federal Bureau of Investigation and the Department of State Regional Security Office to discuss efforts to reopen the investigation into the 1998 murder of a Peace Corps Volunteer in Africa. The OIG will continue to assist the Federal Bureau of Investigation Legal Attaché and the Department of State Regional Security Officer stationed in Africa in pursuing this initiative and coordinating investigative activities related to that case. In addition, the OIG continued to provide coordination for ongoing legacy cases involving crimes committed against Peace Corps Volunteers.

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 are investigations into allegations of significant misconduct are: a former high ranking agency employee who may have used his position for personal gain and caused false statements to be made to the U. S. Embassy and the host country government; the improper release of confidential information by a Peace Corps employee; theft of Peace Corps property; and sexual assault. The Investigation Unit also investigated a breach of the security of personally identifiable information involving approximately 490 applicant medical files; possible fraud involving Federal Employees' Compensation Act claims; and irregularities involved in the overseas disposal of agency-owned vehicles. In addition, as a member of the Council of Inspectors General on Integrity and Efficiency, the Unit conducted a peer review of the Library of Congress Office of Inspector General, Office of Investigations.

As a result of the response to the President's call to service and as more developing nations request Peace Corps programs, it is expected that the number of Volunteers serving will increase significantly over the next few years. The agency will face a management challenge to maintain the current level of effectiveness without additional resources to fund the accompanying increase in Volunteer support functions and operations. The OIG will look for ways through its audit and evaluation process, to assist the agency to ensure its programs are implemented effectively and efficiently and that Volunteers and staff are adequately supported.



Kathy A. Buller
Inspector General

MANAGEMENT AND ADMINISTRATION

AGENCY CONTEXT

At the beginning of FY 2010, 7,671 Peace Corps Volunteers and trainees were serving in 74 countries at 68 posts. This total includes 339 Volunteers and trainees funded by the President's Emergency Plan for AIDS Relief working on HIV/AIDS projects in 25 countries.

The Volunteers and their programs are supported by 853 American direct hire staff: 190 overseas; 114 in the regional recruiting offices; and the remaining 549 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

In May 2009, Joaquin Ferrao joined the OIG as Deputy Inspector General/Legal Counsel. Prior to Peace Corps, Joaquin was Senior Policy Advisor to the Under Secretary of State for Democracy and Global Affairs at the U.S. Department of State where his duties included representing the U.S. before the Community of Democracies process. From 2002 to 2005, Joaquin was Deputy Political Counselor and later Senior Advisor to the Assistant Secretary for the Bureau for Western Hemisphere Affairs for the U.S. Mission to the Organization of American States. From 1998 to 2002, Joaquin was an Attorney with the Office of Inspector General, and later an Attorney at the Office of the General Counsel at the U.S. Agency for International Development. Joaquin received his J.D. with honors from the University of Florida, Fredric G. Levin College of Law and a B.A. degree with a major in International Relations from Florida International University graduating cum laude in 1994.

Jeff Reichert joined the OIG in August 2009, after a law enforcement career of over 20 years with the Prince George's County Police Department in Maryland. Jeff has conducted investigations into homicides, sexual assaults, and employee misconduct. Jeff graduated from Edinboro University with a B.A. in Criminal Justice.

Joe Wagner joined the OIG in August 2009, and has 18 years of audit experience performing program, financial, contract, acquisition and investigative audits. Joe has conducted audits throughout the U.S. and in overseas locations. Joe graduated high school at the International School, Bangkok, Thailand, and has a Bachelor of Business Administration from the University of Memphis.

Criminal Research Specialist Roberta Raftovich transferred from the Peace Corps/OIG in April 2009, to a position with the Securities Exchange Commission/OIG. Assistant Inspector General for Evaluation Shelley Elbert transferred from the Peace Corps/OIG in May 2009, to a position with the Department of Homeland Security/OIG. Auditor Elizabeth Palmer transferred from the Peace Corps/OIG in June 2009, to a position with the Department of Justice/OIG.

At the end of this reporting period, the position of Assistant Inspector General for Evaluation is vacant. In addition, two criminal investigator positions and one auditor position remain 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.

INVESTIGATIONS OF INAPPROPRIATE COMPUTER USE

In September 2009, we informed the new agency Director of our investigative efforts to deter unauthorized and inappropriate computer use by agency employees and contractors. As noted in a prior Semiannual Report to Congress, over the past two years the OIG has conducted several investigations at overseas posts where work stations had accessed and/or were linked to pornographic websites and sex chat rooms. While conducting these investigations, the OIG has seized hard-drives and interviewed U.S. direct hire and host country national staff to verify misconduct associated with computer usage. We coordinated our efforts with the U.S. Department of State Diplomatic Security Service and the National Center for Missing and Exploited Children and confirmed that several Peace Corps-issued hard drives contained sexually explicit material. These investigations resulted in 16 personal services contracts not being renewed and/or staff members received disciplinary action(s).

Our investigations affirmed troubling trends associated with the loss of productivity resulting from unauthorized and inappropriate computer use by agency employees and contractors. These patterns emerged despite new employee orientation and annual information security awareness training that informs users that visiting pornographic and sexually explicit websites is not permitted on government computers. This activity appears to continue with sufficient frequency to warrant additional action.

With only a few investigative staff members, the OIG has limited resources to monitor computer and internet activity at headquarters and 74 overseas posts in 68 countries. We advised management to consider the following:

- conduct analyses of the productivity and cost impact associated with unauthorized internet browsing activities;
- devote resources to block or limit user access to unauthorized websites;
- continue to impose disciplinary actions, including dismissal or contract termination where warranted, for unauthorized use of agency computers and information systems

The OIG will continue to investigate allegations of inappropriate and unlawful use of government computers and refer the results to the agency for appropriate action.

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 and performance 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.

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CHALLENGE CAPACITY OF PEACE CORPS BUSINESS OPERATIONS TO SUPPORT GROWTH AND EXPANSION

As a result of the response to the President's "call to service," and as more developing nations request Peace Corps programs it is anticipated the agency will experience significant growth. Such growth will necessitate increased funding levels. Efficient and effective management of the resulting rapid growth and larger budgets will present challenges for agency management.

Peace Corps' current business operations appear to be sufficient for supporting present levels. However, without enhancements to its business processes it will be difficult for the agency to continue providing the same level of Volunteer support based on projected growth. Significant increases in the number of Peace Corps Volunteers will have a major impact across overall operations and cause considerable stress in service delivery capabilities of several key business operations. Operations most impacted include:

- Volunteer Recruitment & Selection
- Volunteer Support Services
- Financial Management
- Information Technology
- Acquisitions & Contracting
- Safety & Security
- Human Resources
- Administrative Services

As a result, we believe it is a management challenge for the Peace Corps to ensure that business operations can respond with an effective level of support in an era of increased volunteerism and resulting rapid expansion of agency programs and/or operations around the world.

CHALLENGE INFORMATION TECHNOLOGY MANAGEMENT

Peace Corps has not established an adequate information technology (IT) strategy and an effective IT governance process as required by the Clinger-Cohen Act of 1996 and OMB Circular A-130. Also, overall budgeting for IT resources is not effective

and has placed the agency at risk. The most significant risks are associated with ensuring that: limited resources will be put to use where most needed; funds spent on contracts consistently meet requirements; and the IT infrastructure effectively supports the Peace Corps mission. Achieving full compliance with federal laws and regulations that apply to managing the Peace Corps IT infrastructure and improving the IT budget process are critical management challenges.

Management continues to make progress in strengthening the Peace Corps' IT architecture and security management. However, there are some issues regarding information security and risk management of system architecture that remain a management challenge. Further, several issues disclosed in prior year audits relating to compliance with the Federal Information Security Management Act have not been fully remediated. The most significant issues follow:

- Five 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
- Contingency plans were not in place for four of twelve information systems and only one of the eight systems having a contingency plan had been tested in accordance with National Institute of Standards and Technology policy to ensure full recovery following a major disruption of service

CHALLENGE ACQUISITIONS AND CONTRACT MANAGEMENT

Operations relating to Peace Corps' acquisitions and contracting are worldwide in scope adding complexities that are not common to most federal agencies. In FY 2009 the agency expended nearly \$80 million for goods and services, or approximately 23 percent of the Peace Corps budget. This figure includes expenditures of about \$48.7 million for personal services contracts and just over \$31 million for other contracts. Recent White House initiatives implemented through OMB have directed federal agencies to undertake a number of initiatives relating to acquisitions and contract management. One of these initiatives requires agencies to develop a plan to save 3.5 percent of baseline contract spending in FY 2010, and an additional 3.5 percent in FY 2011. It is unclear at the present time whether agencies not subject to the Chief Financial Officers Act will be required to implement all of the OMB initiatives. However, if the requirement for cost savings of 7 percent through the end of FY 2011 is imposed on the Peace Corps it would pose a significant challenge to the agency since personal services contracts currently represent over 60 percent of overall contract expenditures. Also, as a part of the new initiatives, OMB has directed that federal agencies make improvements in their contracting processes, including reducing the use of high risk contracts such as noncompetitive and cost-reimbursement.

Recent OIG audit work has disclosed that although progress is being made to improve the agency's overall contracting processes; resourcing issues have impacted

the ability to quickly implement plans for strengthening contract surveillance; compliance with applicable laws and regulations; and customer support services. Additional requirements imposed upon the Peace Corps' acquisition workforce could potentially challenge already strained resources.

CHALLENGE PROPERTY MANAGEMENT

The FY 2009 (3rd Quarter) Balance Sheet indicates the Peace Corps' general property, plant, and equipment (PP&E) has a net book value of about \$31.5 million. Peace Corps' general PP&E includes vehicles, computer equipment, office furniture, software, other equipment, etc. Property management involves organizational activities related to acquiring, tracking, controlling, and disposing these items. Audits and investigations performed over the last 12-months have disclosed that not all Peace Corps property is adequately safeguarded or disposed in accordance with applicable federal and Peace Corps requirements. Significant problems have been noted with accountability of certain assets, managing excess property, and following policies and procedures related to property disposal. For example, during FY 2009 external auditors reported that the agency was not able to accurately track assignment of laptop computers. Other examples of deficient property management includes not disposing of property identified as excess to needs in a timely manner and failing to follow applicable guidance when disposing property through public sales. Ineffective property management unnecessarily exposes the agency to risks associated with fraud, waste, and abuse and drives operating costs up. As a result, improving overall property management and strengthening the system for internal control related to property is a management challenge.

CHALLENGE PROTECTION OF PERSONALLY IDENTIFIABLE INFORMATION

The Peace Corps routinely receives, processes, and maintains significant amounts of Personally Identifiable Information (PII). PII includes information that can be used to distinguish or trace an individual's identity, such as name, Social Security Number, or biometric records. Such information can be used to link to other data such as bank accounts and other financial or personal information that can assist perpetrators in committing crimes associated with identity theft. During FY 2009 a number of cases of PII security breaches involving social security numbers, medical data, and other PII data have been brought to our investigators' attention. For example, an unsecured container with over 500 pieces of sensitive information, including individual medical records and other PII data, was left unattended for about three days in a public area. Other instances include recurring problems involving various breaches in personal medical data. Investigations into these security lapses disclosed numerous internal control weaknesses and failure to follow federal laws and regulations and Peace Corps policy on protecting PII. As a result it is a challenge for management to improve its system for internal control over PII and ensure Peace Corps personnel consistently comply with applicable federal and agency guidance.

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 OIG 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 federal laws, regulations, and applicable Peace Corps policies. 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 that are 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 an annual 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 (FISMA). 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 2009 FINANCIAL STATEMENT AUDIT

During this reporting period we engaged an independent public accounting firm to conduct the audit of the Peace Corps' fiscal year 2009 financial statements. This audit is required by the Accountability of Tax Dollars Act of 2002. As of September 30, 2009, the audit was ongoing. We intend to issue the related independent auditor's reports by the OMB-mandated reporting date of November 16, 2009. Details regarding the audit will be included in the next Semiannual Report.

ANNUAL REVIEW OF PEACE CORPS' INFORMATION SECURITY PROGRAM

The Federal Information Security Management Act 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. However, OMB has extended this year's reporting deadline to November 18, 2009, due to significant changes impacting the method used for reporting. To meet this requirement, OMB has developed an online data collection system for FISMA reporting from federal agencies and their respective OIGs.

The data reported to OMB is designed to measure the progress of developing and institutionalizing federal agencies information security program. Preliminary results of the OIG review of the Peace Corps' fiscal year 2009 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/MOROCCO: AUDIT

We issued our report on the audit of Peace Corps/Morocco on July 13, 2009. The Peace Corps/Morocco program was established in 1963. Since the first Volunteers arrived, over 3,800 Volunteers have served in Morocco. Currently there are 192 Volunteers working in four projects: environment, health, small business development, and youth development.

We found that Peace Corps/Morocco's financial and administrative operations were in compliance with agency policy and federal regulations. In addition, internal control over post operations were in place and effective. As a result, we did not make any recommendations in this report.

PC/NICARAGUA: AUDIT

The Peace Corps began its program in Nicaragua in 1968. However, operations were suspended in 1979. In May 1991, Peace Corps returned to Nicaragua. At the time of our visit, 169 Volunteers were working in the areas of public health, small business, education, environment, and agriculture. The country director has worked for Peace Corps/Nicaragua for over five years and the administrative officer for over eight years.

During the audit, we found that post's compliance with Peace Corps policies and federal regulations in some areas required improvement and internal control over certain operations were not effective.

In the area of administrative operations, we found that the post did not sufficiently document the receipt of goods and services and did not properly safeguard the imprest fund. We also found that personal services contract folders were incomplete and some staff did not sign the intelligence background information certification. In addition, the post did not ensure supervisory review of time and attendance records.

In the area of internal controls, we found that the post lacked separation of duties between maintaining property inventories and conducting the inventory count as well as failed to dispose of excess property timely. Further, the post did not implement an effective process for tracking and taking inventory of medical supplies. Finally, the post was deficient in its ability to ensure that post vehicles were adequately managed.

In the area of Volunteer support, we found that the post did not conduct a market basket survey in fiscal years 2007 and 2008 to verify the accuracy of Volunteer allowances surveys.

Management concurred with 17 recommendations. At the end of the reporting period, two recommendations remain open.

PC/SENEGAL FOLLOW-UP AUDIT

During the period April 27 – May 6, 2009, we conducted a follow-up audit to verify the status of the 21 audit recommendations included in our September 2007 report. Management concurred with 18 of the 21 audit recommendations in the 2007 audit report, partially concurred with two recommendations, and did not concur with one recommendation. Based on management's responses, we closed three recommendations with the report's issuance. Eighteen audit recommendations were left open pending action to be taken. Subsequent to our visit, the post took the required action and we closed them.

During our follow-up audit, we verified that appropriate action had been taken on 14 of the 21 audit recommendations. We determined that seven recommendations required additional action, and we reopened them. Following our visit, the post provided us with documentation showing that it had subsequently taken the appropriate additional actions on six recommendations, and accordingly, we have closed them. The recommendation related to the completeness of personal services contractor files remains open pending the completion of the required action and confirmation from the chief compliance officer. We found several personal services contractor files with missing, incomplete information or inaccurate, including missing security updates, inaccurate contracts, and missing personnel appraisals.

At the end of the reporting period, one recommendation remains open.

PROGRAM EVALUATIONS

OVERVIEW

The Evaluation Unit provides the agency with independent evaluations of management and operations of the Peace Corps, including overseas posts and domestic offices. The Evaluation Unit identifies best management practices and recommends program improvements and means by which to comply with Peace Corps policies and federal regulations. Our focus in fiscal year 2009 has been 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 Evaluation and in accordance with the Quality Standards for Inspections published by the Council of the Inspectors General on Integrity and Efficiency.

Each post evaluation includes interviews, review of relevant documents, physical observations, and analysis by the evaluation team. The evaluation team interviews headquarters and post staff, key officials, and Volunteers. We visit 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 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 President's Emergency Plan for AIDS Relief (PEPFAR) program, support Volunteers, and meet its PEPFAR objectives? (Only applicable to posts receiving PEPFAR funds.)

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/BELIZE: PROGRAM EVALUATION

We issued our program evaluation of Peace Corps/Belize August 10, 2009. Nearly 1,800 Volunteers have served in Belize since the program began in 1962. At the time of our evaluation, there were 67 Volunteers serving in the following four projects: youth development, education, business and organizational management, and Healthy Communities.

The OIG evaluation determined that the post has an experienced and dedicated staff and strong and effective leadership. The Peace Corps has an excellent reputation in Belize and the post has developed positive working relationships with a large number of project partners. PC/Belize has established effective operational systems related to programming and training and most aspects of Volunteer support.

However, we also identified the following areas that inhibit the efficiency and effectiveness of PC/Belize:

- Fewer than half the Volunteers interviewed for this evaluation were working successfully with their assigned counterparts. In large measure, this was the result of a gap between Volunteer and counterpart expectations.
- The community integration of many rural Volunteers was limited by their poor local language skills.
- Volunteers reported dissatisfaction with the quality of site visits and with the quality of biannual report feedback.
- The medical support of Volunteers has been negatively impacted by the Peace Corps Medical Officer's obligation to conduct training sessions.

Management concurred with all 15 recommendations. At the end of the reporting period, seven recommendations remain open.

PEACE CORPS/GHANA: PROGRAM EVALUATION

We issued our program evaluation of Peace Corps/Ghana July 29, 2009. Ghana was the first nation to accept Peace Corps Volunteers and will celebrate its fiftieth anniversary in 2011. At the time of our review, there were 134 Volunteers serving in four projects: education, environment; health/water and sanitation; and small enterprise development.

The OIG evaluation determined that PC/Ghana has a knowledgeable and competent staff. The post has effective working relationships with project partners and Peace

Corps headquarters and has established effective operational systems related to programming.

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

- Although most Volunteers reported that they were satisfied with their site placement, the evaluation identified concerns that could be solved with more thorough, in-person site development, including verifying that housing is ready for Volunteers when they arrive at their site and identifying the appropriate language for a Volunteer to learn during training.
- Language training and the in-service training curriculum could be adapted to better meet Volunteers' needs.
- Although Volunteers stated that they were well-supported on average, support by their program manager varied and alternate means of support were either undefined, not being implemented, or were not well understood by Volunteers.
- The post provided conflicting priorities to Peace Corps Volunteer Leaders did not ensure that they had substantive involvement with a Volunteer program or activity with an assigned counterpart, as required by Peace Corps policy.
- Volunteers were not regularly submitting performance reports.

Management concurred with all 17 recommendations. At the end of this reporting period all 17 are closed.

PEACE CORPS/JORDAN: PROGRAM EVALUATION

We issued our program evaluation report of Peace Corps/Jordan September 10, 2009. The first group of Volunteers to Jordan arrived in 1997 to assist with community development projects. At the onset of our review, the post had 56 Volunteers serving in the following three projects: English language teaching, special education, and youth development.

The OIG evaluation determined that PC/Jordan has a competent staff working in a politically-charged cultural context. The post has had difficulty identifying and retaining appropriate counterparts but Volunteers reported that they were generally satisfied with site placements. PC/Jordan works well with host country stakeholders and operates effectively in programming, training, and most aspects of Volunteer support. We found that the safety and security of Volunteers was integrated into all aspects of the post's operations.

Our evaluation also found areas to improve the effectiveness of the post's operations, and we made recommendations addressing the following concerns reported to us:

- Project partners believe that they would be better served by Volunteers with more relevant expertise and experience.

- The post has the second highest early termination rate in the Europe, Mediterrean, and Asia region – likely influenced by cultural integration issues and unclear Volunteer expectations of support.
- In interviews, Volunteers cited technical training deficiencies in all sectors.
- Agency budget cuts have had a negative impact on the post's programming, training, and Volunteer support activities.

Management concurred with all 14 recommendations. At the end of the reporting period, nine recommendations remain 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 violations of Peace Corps and U.S. government standards of conduct. 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 OIG through various means, including: OIG audits and evaluations, hotline complaints, Volunteers, trainees, staff, other federal entities, as well as the general public.

Prior to 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 oversight of cases in which the OIG was involved prior to the transfer. In addition, because the OIG has responsibility to investigate allegations of wrongdoing by Peace Corps employees, contractors, and Volunteers, the OIG continues its jurisdiction of violent crimes committed by an employee, contractor, or Volunteer. As of September 30, 2009, the OIG closed 48 preliminary inquiries and investigations involving violent crimes. The following table demonstrates the areas of our closed violent crime cases.

TYPE OF INVESTIGATION	NUMBER OF CASES*
Aggravated Assault	2
Attempted Rape	2
Burglary with Volunteer Present	4
Intimidation	14
Major and Other Physical Assault	6
Major Sexual Assault	1
PROTECT Act	1
Rape	6
Robbery	12

* Cases opened prior to the transfer of violent crimes to Office of Safety and Security.

OIG criminal investigators continue to maintain firearm qualification proficiency and have successfully completed quarterly the practical pistol qualification course at the Federal Law Enforcement Training Center/Cheltenham. Additionally, OIG criminal investigators have participated in financial investigations familiarization training sponsored by the Third Circuit U.S. Attorney; grant fraud training sponsored by the National Science Foundation; workers compensation program training sponsored by the U.S. Department of Labor; emergency security preparedness training provided by the Department of Homeland Security; and Peace Corps Computer Security Awareness Training.

ONGOING INVESTIGATION OF A MURDERED VOLUNTEER

The investigation of a Peace Corps Volunteer murdered in West Africa in 1998 is ongoing. During this reporting period, U.S. law enforcement officials met at the Peace Corps headquarters office to brief the incoming Federal Bureau of Investigations (FBI) Legal Attache and Regional Security Officer (RSO) on the case. In September 2009, the FBI Legal Attache and RSO met with the lawyer representing Peace Corps interests, the former lead prosecutor for the case, and one of the lead investigators on the case. All the meetings were described as being productive. The U.S. Ambassador is scheduled to meet with the new president of the country in November 2009. The RSO has scheduled several meetings with the Ambassador to update her on the murder investigation, which will be a topic of discussion with the incoming president.

INVESTIGATION OF FEDERAL EMPLOYEES' COMPENSATION ACT RECIPIENTS

The Investigation Unit monitors Federal Employees' Compensation Act (FECA) claims. At the end of FY 2009, the Peace Corps had approximately 1,386 open FECA claims. The agency spent roughly \$12.2 million on claims to individuals who were injured or became ill on the job or during their Peace Corps service.

During this reporting period, we visited Office of Workers' Compensation Program (OWCP) district offices in New York, Philadelphia, Cleveland, and Denver with personnel from the Office of Medical Services (OMS). We reviewed the files of approximately 50 FECA claimants for updated information. We also examined recipient medical records and reports for employment implications to identify possible changes. During these reviews, we identified questionable claims at each district office that will require further review/investigation. Of special interest were claims with high compensation benefits and comparatively low medical bills. Criminal investigators visited 15 recipients for alive and wellness checks and to verify their work status. No direct fraud was identified during the visits to OWCP district offices, but information was developed for follow-up consultations. We also performed vital statistic queries on 59 individuals receiving FECA benefits. Four individuals had died and we verified that their status had been properly reported to OWCP and their FECA benefits had ceased.

BREACH IN MEDICAL FILES

During this reporting period, the OIG received information about a breach of security concerning personal identifiable information involving hundreds of Volunteer medical folders. The OIG investigation disclosed that a contracted facilities clerk took an unlocked disposal bin filled with medical records from Office of Medical services (OMS) to an unsecured area of the parking garage. Three days later, an employee discovered the unlocked disposal bin in a handicapped parking space just outside of the secured locked storage area in the garage.

The OIG subsequently inventoried the bin with the OMS Medical Records Manager. The inventory disclosed that the disposal bin had over 490 Peace Corps applicant medical files. These files included the applicant's name, social security number, address, date of birth, dental records, lab reports, and medical questionnaires. Also included in the bin were the names and date of births of 55 Volunteers. The investigation was not able to determine if any medical records were removed from the disposal bin. However, it disclosed numerous internal control vulnerabilities that contributed to this breach in confidential medical records and personal identifiable information.

For example:

- Facilities Management provided OMS with disposal bins that can not be locked.
- OMS and Facilities Management entrusted custody of sensitive medical records to staff who do not have authorization to access these records.
- The email communication used to request the pick-up and transfer of the medical records did not indicate the sensitivity level of the material or specifically instruct the mover(s) where the container should be taken, i.e., inside the locked storage area.
- Facility Management provided inadequate oversight of the staff who moved the disposal bin. From the information acquired during the investigation, it appears that the container sat in an unprotected area of the parking garage for approximately three days.
- Personnel who no longer work at Peace Corps were listed as having "authorized unaccompanied access" to the storage cages in the parking garage.
- Keys to access these storage areas were kept in a drawer in an unsecured area on the second floor.

VEHICLE DISPOSAL

The Investigation Unit has an ongoing investigation into potential fraud associated with Peace Corps vehicles at overseas posts sold below market value. Based upon the investigation of vehicle disposal practices at two posts, the Investigation Unit analyzed Peace Corps vehicle sales worldwide and identified over 70 vehicles that appear to have been sold below market value.

As part of this ongoing investigation, the OIG visited a Peace Corps post in eastern Asia to determine whether fraud or employee misconduct was associated with the sale of four vehicles. Post and embassy staff involved with the vehicle sales were interviewed by the OIG and pertinent documents were reviewed during this investigation. The investigation determined that there were external factors affecting the sales price of the vehicles. Specifically, the sales prices did not include the local duty tax that was due when the vehicles were sold to buyers outside of the diplomatic community. This additional cost to the buyer was not captured in vehicle sales data collected by the Peace Corps.

In addition, the OIG review of vehicle sale records at a Peace Corps post in the Pacific region disclosed that a Peace Corps staff member purchased a vehicle at a post auction for an amount substantially lower than its fair market value. During interviews, the investigation determined that the staff member had submitted two different bids. He failed to honor the higher bid and ultimately purchased the vehicle with the lower bid. Post records were deficient and there was no record of his higher bid. The staff member subsequently sold the vehicle for over twice the amount he paid the Peace Corps. The OIG made several operational improvement suggestions concerning this matter.

Recent practices noted by the OIG that may require further scrutiny include: Peace Corps employees or contracted staff entering the highest bid, numerous bids placed by the same source, no minimum bid levels established to ensure a fair market value; posts not keeping adequate records on auction procedures, bids, and awards; and little or no requirements for oversight by Peace Corps headquarters.

PEER REVIEW

During this reporting period we initiated a qualitative assessment review of the Library of Congress' (LOC) Office of Inspector General, Office of Investigations. This review is being conducted using the standards and guidance developed by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Investigations Committee. As noted in the objectives of the Quality Assessment Review (QAR) guidelines, the assessment is intended to be constructive rather than negative or punitive.

The overall objective of a CIGIE QAR, or peer review, is to determine whether internal control systems are in place and operating effectively to provide reasonable assurance that professional investigative standards are being followed. As such, the review attempted to: (1) determine the adequacy of management controls used for measuring, reporting, and monitoring operations, (2) determine whether investigations conducted during fiscal year (FY) 2009 were timely and efficient, (3) evaluate compliance with the quality standards as outlined by the President's Council on Integrity and Efficiency/Executive Council on Integrity and Efficiency (PCIE/ECIE) in the Quality Standards for Investigations, and (4) determine whether reports

of investigation thoroughly address all relevant aspects of investigations and are accurate, balanced, complete, objective, and free of opinion.

CRIMES AGAINST VOLUNTEERS

JUDICIAL DISPOSITION OF LEGACY CASES INVOLVING CRIMES AGAINST VOLUNTEERS

- We previously reported that a Volunteer serving in Central Asia had advised the OIG that she been raped and robbed by multiple host country males over two nights. The male suspects were minors, as young as 15 years old, and alcohol was involved. The case was forwarded to the local prosecutor's office and charges were filed against the six host country national males. The charges were initially declined because the victim was not able to be physically present. However, a trial ensued, and the six subjects received various convictions. One subject was convicted of group rape and robbery and sentenced for five years and 10 days. A second subject was convicted of group rape and theft and sentenced for six years and one month. Three subjects were convicted of group theft; one received a sentence of four years and two received sentences of three years. The sixth subject was convicted of not reporting the crime and was fined approximately \$300.
- In Central America, an assailant attempted to rape a Volunteer. The Volunteer bit the assailant and he bled on her shirt. A host country national male was apprehended. Lab analysis subsequently determined with 99.99% certainty that the suspect in custody's blood was on the Volunteer's shirt. The OIG coordinated with host country law enforcement officials and provided an attorney to represent the Volunteer in local court. The suspect was found guilty and sentenced to four years in prison.
- In a Caribbean country, a Volunteer had his wallet stolen. The Volunteer ran after a host country male to recover his wallet. The police were called, and they arrested a suspect. The Volunteer was able to identify the suspect. The OIG coordinated with local law enforcement and assisted with the trial. The suspect was found guilty of attempted robbery and sentenced to nine months in jail.

ACTIVE CASE INVOLVING CRIMES AGAINST A VOLUNTEERS

- As previously reported, a Volunteer serving in the Caribbean was burglarized and brutally assaulted while her assailant attempted to rape her. A host country male was apprehended and placed in local custody. The OIG coordinated with the Regional Security Officer, host country police, and prosecutor. The OIG assisted with photo identification, physical line-up, and transporting evidence to the Federal Bureau of Investigation laboratory. The OIG accompanied the Volunteer victim to the pre-trial hearing. On Sept 22, 2009, the suspect pled guilty. Sentencing is scheduled for October 2009.

TITLE 18 CRIMINAL AND OTHER INVESTIGATIONS

ACTIVE TITLE 18 CRIMINAL AND OTHER INVESTIGATIONS

- The agency requested that the OIG investigate the improper release of confidential information by a Peace Corps staff member. A Volunteer had made a complaint against local Peace Corps personal services contractor. The OIG investigated the flow and dissemination of the complaint and interviewed staff at the post. The investigation confirmed that a Peace Corps staff member had released confidential information to another Peace Corps staff member and a contractor.

The OIG investigation disclosed that there was a direct link between the leaked information and a local criminal investigation. Three former Peace Corps staff members are currently in custody in connection with a crime. The OIG continues to aid ongoing investigative efforts with U.S. and local law enforcement agencies and is preparing search warrants to obtain additional evidence.

- The OIG received an allegation that the former country director at a Peace Corps post in a South American country improperly profited from his position and essentially received a new vehicle at a reduced rate via agency vehicle purchases with a local dealership. The former country director also caused the U.S. Embassy to unknowingly provide false statements to the host country government. This investigation is ongoing. The OIG has presented this case to the U.S. Attorney's office for consideration of prosecution.

CLOSED TITLE 18 CRIMINAL AND OTHER INVESTIGATIONS

The OIG opened an investigation upon receipt of information indicating that a former Peace Corps headquarters employee failed to return Peace Corps property prior to his departure from the agency. The investigation disclosed that the former employee failed to return his Peace Corps issued Blackberry, Peace Corps identification badge, and 24-hour building access key.

Prior to leaving the agency, an employee must check out with several offices and obtain signatures of staff indicating that he has received briefings, returned equipment, travel and phone cards, etc. The investigation disclosed that while the former employee had a completed check out form in his personnel file, several signatures on the form had been forged, including the signature of the Office of Chief Information Officer employee purporting to attest to the return of the former employee's Blackberry. T-Mobile records obtained during the course of the investigation indicated that over 141 text messages and calls were placed on the former employee's Blackberry after his departure.

This matter was reported to the Computer Emergency Readiness Team at the U.S. Department of Homeland Security. The OIG also referred it to the U.S. Attorney's Office for prosecution. Although the Assistant U.S. Attorney did not accept the case for prosecution, she did contact the former employee's attorney and reached an agreement in which the former employee would return all Peace Corps property. Subsequently, all the items were returned.

ADDITIONAL CLOSED TITLE 18 CRIMINAL AND OTHER INVESTIGATIONS

- A Volunteer serving in Eastern Europe reported that she had been sexually assaulted by a fellow Volunteer. The victim came to Washington, D.C. for medical care and consultation with the OIG. The OIG investigated the incident at the post and obtained witness statements which supported the victim's allegations; however, the victim declined to engage in legal action against her perpetrator. The perpetrator resigned from the Peace Corps in lieu of administrative separation. The Volunteer victim chose not to return to the post to complete her service.
- A Volunteer serving in Africa reported that she had been sexually assaulted by a fellow Volunteer. When questioned by the OIG, she declined to initiate legal action against the perpetrator. The OIG investigated the incident and obtained victim, perpetrator, and witness statements, which generally supported the victim's allegations. The alleged perpetrator resigned from the Peace Corps in lieu of administrative separation.
- The OIG received allegations that a Volunteer serving at a South American post may have violated the PROTECT Act, and been sexually involved with a host country minor. The Volunteer was brought to Washington, D.C. while the OIG conducted an investigation at the post. OIG agents obtained witness statements and coordinated investigated efforts with U.S. Immigration and Customs Enforcement. The investigation did not disclose any evidence that the Volunteer had sexually abused the minor. However, the OIG investigation did reveal multiple violations of Peace Corps policies and a situation that exposed the Volunteer and agency to potential risk. After questioning, the Volunteer resigned from the Peace Corps in lieu of administrative separation.
- The OIG previously reported that a Volunteer serving in the Caribbean was allowed to resign in lieu of termination for alleged improprieties with children under his care. During this reporting period, the OIG developed new information that the individual is currently teaching underprivileged children in the U.S. He also has become the foster parent of two children. The OIG is coordinating with local law enforcement and child protective services concerning this matter.

TABLE 1: LIST OF REPORTS : AUDITS AND EVALUATIONS

OVERSEAS POST AUDITS

PEACE CORPS/MOROCCO	AUDIT
PEACE CORPS/NICARAGUA	AUDIT
PEACE CORPS/SENEGAL	FOLLOW-UP AUDIT

OVERSEAS POST PROGRAM EVALUATIONS

PEACE CORPS/BELIZE	PROGRAM EVALUATION
PEACE CORPS/GHANA	PROGRAM EVALUATION
PEACE CORPS/JORDAN	PROGRAM EVALUATION

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

	VALUE	NOTE
AUDIT OF PEACE CORPS/NICARAGUA	\$ 15,226.21	1
TOTAL OF REPORTS ISSUED WITH COSTS QUESTIONED OR FUNDS PUT TO BETTER USE	\$ 15,226.21	

NOTE:

1. Sale of excess property.

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	0	
TOTAL OF CATEGORIES A AND B	0	
C. FOR WHICH FINAL MANAGEMENT DECISIONS WERE MADE DURING THIS PERIOD	0	
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	0	

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	1	\$15,226.21
TOTAL OF CATEGORIES A AND B	1	\$15,226.21
C. FOR WHICH FINAL MANAGEMENT DECISIONS WERE MADE DURING THIS PERIOD	1	\$15,226.21
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	1	\$15,226.21

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/Senegal: Audit	7/24/2009	1
PC/Nicaragua: Audit	7/29/2009	2

RECOMMENDATIONS OPEN 120 DAYS OR MORE

REPORT	DATE ISSUED	NUMBER OF OPEN RECOMMENDATIONS
NONE		

RECOMMENDATIONS OPEN 180 DAYS OR MORE

REPORT	DATE ISSUED	NUMBER OF OPEN RECOMMENDATIONS
Travel Policies and Procedures: Audit	6/27/2006	3
PC/Eastern Caribbean: Audit	12/20/2007	4
Medical Clearance System: Evaluation	3/31/2008	9
Volunteer Safety and Security: Evaluation	8/28/2008	6
PC/El Salvador: Audit	9/22/2008	3
FY 08 Financial Statement Audit	11/13/2008	17
Federal Information Security Management Act	11/15/2008	12
PC/Dominican Republic: Evaluation	12/17/2008	1
PC/Guyana: Evaluation	1/29/2009	4
PC/Uganda: Audit	3/31/2009	2
Peace Corps Purchase Card Program: Audit	3/31/2009	8
PC/Guinea: Audit	3/31/2009	2

TABLE 6: SUMMARY OF INVESTIGATIVE ACTIVITY

CASES	NUMBER	
Cases opened as of 4/1/2009	57	
Cases opened during 4/1/2009 - 9/30/2009	6	
Cases closed that were previously opened	53	
Cases opened and closed during 4/1/2009 - 9/30/2009	3	
Total open cases as of 9/30/2009	34	
Referrals for Department of Justice Prosecution	2	
Referrals for Agency Administration Action	3	
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	4	
Convictions	9	
Acquittals	0	
Judgments	0	
Fines/Restitutions	0	
MONETARY RESULTS	NUMBER	
Annual Savings	0	
Recoveries/Restitution	1	\$300
Cost Avoidance	0	
ADMINISTRATIVE ACTIONS	NUMBER	
Employees (Resignations and Terminations)	4	
Other Employee Actions	0	
Other Persons/Businesses	0	

TABLE 7: SUMMARY OF HOTLINE AND OTHER COMPLAINTS

Complaints Received	32
Complaints Closed	28
Preliminary Inquiry	10
Resulted in Investigations	4
Resulted in Audits	0
Resulted in Evaluations	0
Referred to Agency Management	0
Referred to Other Agency	0
No Action Needed	18

**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	5 – 16
Section 5(a)(2)	Significant recommendations for corrective actions	5 – 16
Section 5(a)(3)	Prior significant recommendations on which corrective action has not been completed	28
Section 5(a)(4)	Matters referred to prosecuting authorities	21 – 24
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	25
Section 5(a)(7)	Summary of significant reports	9 – 16
Section 5(a)(8)	Statistical table - questioned costs	26
Section 5(a)(9)	Statistical table - funds put to better use	27
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:

Main Office	202. 692.2900
Hotline	800.233.5874

Write:

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

Or

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

Email Hotline:

OIG@peacecorps.gov

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

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