



Peace Corps  
Office of Inspector General  
Semiannual Report to Congress



April 1 to September 30, 2011

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# PEACE CORPS

## OFFICE OF INSPECTOR GENERAL

### *Vision:*

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

### *Mission:*

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

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

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

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## Highlights from this Report

### Message from the Inspector General



I am pleased to present the Peace Corps Office of Inspector General's (OIG) Semiannual Report to Congress (SARC) for the period of April 1–September 30, 2011. On May 11, I testified before the U.S. House Committee on Foreign Affairs at a hearing titled, “Peace Corps at 50,” which focused on Volunteer safety and security. My testimony outlined OIG’s role in providing oversight of the safety and security function, and the work we have done in this area. Despite agency progress in implementing recommendations, our audits and evaluations continue to highlight instances of weak management oversight and inconsistent implementation of the agency’s safety and security program. My complete testimony before the committee is included in Appendix C

and is also available on our [website](#).

In August, I received an invitation to testify before the U.S. Senate Committee on Foreign Relations, Subcommittee on Western Hemisphere, Peace Corps, and Global Narcotics Affairs at a hearing titled, “Peace Corps: The Next 50 Years” scheduled for October. I will provide my perspectives on the management challenges confronting the Peace Corps and strategies and recommendations to address them. The full testimony will be available on our [website](#).

As the result of an OIG investigation, returned Peace Corps Volunteer Jesse Osmun, who served in South Africa, was arrested on August 4 in Connecticut for allegedly violating the Prosecuting Remedies and Tools against the Exploitation of Children Today (PROTECT) Act. Osmun is charged in a federal criminal complaint with traveling from the United States to South Africa to engage in illicit sexual conduct with multiple children who were all younger than 6 years of age. A Peace Corps OIG criminal investigator, in cooperation with agents from the Department of Homeland Security, executed search and arrest warrants for Mr. Osmun, who remains in custody while the investigation continues.

Although the Peace Corps continues to streamline operations and improve the technology that supports key business processes and critical Volunteer support functions, it is constrained by limited resources and inadequate planning. Given its new fiscal realities, the Peace Corps’ prospects for continued growth and expansion are uncertain. However, the number of Volunteers serving increased from 8,780 at the end of FY 2010 to nearly 9,100 at the end of FY 2011. This figure represents the highest Volunteer strength in 40 years. As a result, the agency still requires improvements in critical mission areas such as: Volunteer medical care; safety and security; the processes that enable the agency to deliver Volunteers to the field, internally referred to as the “Volunteer Delivery System”; document management; and the accessibility of useful and accurate data, which is discussed in detail in the “Management and Performance Challenges” section.

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During this reporting period we issued three post audit and four post evaluation reports and our investigative staff closed nine investigations.

The Audit Unit completed reports on the post audits of Albania, Panama, and Rwanda. At headquarters, the Audit Unit continued work on the agency's process for formulating and executing its budget, and on the review of the agency's management of external funds and grants for Volunteer projects. A final audit report on the Mid-Atlantic recruiting office is due out in November. In addition, the Audit Unit initiated an audit of the management of the 50<sup>th</sup> anniversary program and post audits of Costa Rica, Lesotho, and Mali.

The Evaluation Unit completed reports on program evaluations conducted in Cambodia, Liberia, Romania, and Swaziland. Final reports on program evaluations of Fiji and the Kyrgyz Republic are due soon and post evaluations of Uganda, China, and Peru are underway. The Evaluation Unit continued work on evaluating the rule that limits staff terms known as the "Five-Year Rule" and a review on the agency's implementation of guidelines and protocols related to Volunteer victims of sexual assaults. Both reports have garnered significant interest from Congress and I expect to be able to issue preliminary reports in the early part of FY 2012.

The Investigation Unit has also achieved significant gains in its Federal Employees' Compensation Act (FECA) investigations. The Department of Labor Office of Workers Compensation in Jacksonville, Florida, finalized a settlement involving an overpayment of benefits for a Volunteer's spouse. The settlement included the repayment of approximately \$15,000 to the U.S. government. In addition, two OIG FECA cases await Assistant United States Attorney prosecutorial consideration.

During the reporting period, I was elected co-chair of Inspections and Evaluations of the Council of Inspectors General on Integrity and Efficiency (CIGIE). In addition, CIGIE announced that we will receive an award of excellence for our April 2010 Audit of the Volunteer Safety and Security Program.

## Management and Administration



OIG Returned Peace Corps Volunteers *Left to right*: Lisa Chesnel (Panama), Reuben Marshall (Côte d'Ivoire), Danel Trisi (Niger), Jim O'Keefe (Cameroon, Chad, and Rwanda), Steve Kaffen (Russia), Susan Gasper (Russia Far East), and Jerry Black (Comoros Islands). Not pictured: Sarah Gerwin (Romania).

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# Management and Administration

## Agency Context

As of September 30, 2011, 9,095 Peace Corps Volunteers and trainees were serving in 76 countries at 70 posts. This total includes 635 Volunteers and trainees funded by the President's Emergency Plan for AIDS Relief (PEPFAR) to work on HIV/AIDS projects at 17 posts and 138 Peace Corps Response Volunteers serving in short-term assignments in 38 countries (35 posts).

The Volunteers and their programs are supported by 900 American direct-hire staff: 200 overseas; 114 in the regional recruiting offices; and the remaining 586 at headquarters. Approximately 2,200 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.

## Congressional Testimonies

On May 11, 2011, Inspector General Kathy A. Buller testified before the U.S. House Committee on Foreign Affairs at a hearing titled "Peace Corps at 50," which focused on Volunteer safety and security. The full testimony is included in Appendix C and is also available on the IG website:

[http://multimedia.peacecorps.gov/multimedia/pdf/about/leadership/ig/Kathy\\_A\\_Buller\\_Inspector\\_General\\_Testimony.pdf](http://multimedia.peacecorps.gov/multimedia/pdf/about/leadership/ig/Kathy_A_Buller_Inspector_General_Testimony.pdf)

## OIG Staffing

Sarah Gerwin joined OIG as chief administrative officer in July 2011. She transferred from the Office of the Chief Financial Officer/Global Accounts Payable (OCFO/GAP) where she had served since 2008. In OCFO/GAP she was the financial management officer responsible for all headquarters payments and travel reimbursement certifications. She was also responsible for drafting, implementing, and training staff on policy and procedural changes related to contract management, transportation, travel, and shipping. Prior to becoming a Peace Corps employee, Gerwin was a vice president with JP Morgan Chase in London, England, and Bucharest, Romania. She was a global client relationship manager at Global Investor Services, a credit and portfolio officer for the Global Investment Bank/Transaction and Portfolio Management Group, and corporate finance manager for the Bucharest, Romania, branch office. Gerwin served as a Peace Corps Volunteer in the first group of small business development Volunteers sent to Romania (1993-1995). Her secondary activity as a Volunteer was to establish the Special Olympics in Romania. She holds a bachelor's degree in management from Fairfield University and a Master of Theology (Christian Spirituality) from the University of London, Heythrop College.

Waheed Nasser joined OIG as an auditor in June 2011. He previously worked as an auditor with the Special Inspector General for Iraq Reconstruction and the Special Inspector General for Afghanistan Reconstruction, where he conducted audits to ensure contract recipients had adequate controls to ensure that federal funds were accurately used. Nasser received an Award for Excellence from the Executive Council on Integrity & Efficiency in recognition of providing the U.S. Congress, the Secretary of State, the Secretary of Defense, and the American people with sustained oversight of the U.S. Embassy's anticorruption efforts in Iraq. Furthermore, he received the Secretary of Defense Medal for the Global War on Terrorism. From 2001 to 2006, Nasser served as an auditor with Peace Corps OIG, conducting performance audits that involved examining administrative and financial operations of Peace Corps posts in more than 17 countries. He also developed and trained designated staff to use a tracking system that tracked the status of recommendations, including questioned costs and funds to be put to better use. Nasser is a certified public accountant and earned a bachelor's degree in accounting in Egypt and a certificate in accounting from University of California, Los Angeles. He is fluent in Arabic.

Steve Kaffen, former senior auditor, left OIG in July. He was with OIG for almost eight years. He is now working in a similar capacity at the Securities and Exchange Commission.

Robin Walker, office administrator, left OIG in July. She was with OIG for over nine years.

## OIG Organizational Chart



## **Advice and Assistance Provided to the Agency and Others**



PC/Ukraine staff members Valya Pyrozhenko and Oleksiy Yegorov present traditional greeting bread.

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# Advice and Assistance Provided to the Agency and Others

## Management Advisory Report: Mitigating a Potential Electrical Safety Hazard

While conducting an investigative inquiry at an overseas post, an OIG review at a Volunteer's residence disclosed faulty substandard electrical wiring that is common in West Africa. Volunteers informed OIG that when electrical appliances were used, "sparks would fly." To alleviate potential problems, Consumer Protection Safety Commission electrical engineers recommended that the Peace Corps provide Volunteers worldwide with portable ground fault circuit interrupters (GFCIs). OIG subsequently issued a management advisory report concerning this matter to the Peace Corps Director.

## Status of PC/Morocco: Assessment of Medical Care

In its October 2010-March 2011 SARC, OIG reported that all recommendations related to this assessment had been closed. However, OIG has continued to follow these remediation actions and has concerns that corrective actions related to the oversight of the Volunteer Health System have not been implemented or have been delayed. For instance, due to resource constraints during FY 2011, the agency did not hire the required number of medical staff at headquarters to perform oversight and quality assurance functions; implement systems that could provide more effective medical screening; increase clinical oversight through its more rigorous medical chart review process (currently only a small fraction of charts are being submitted by the posts and reviewed by clinical staff at headquarters). Nor did it implement an electronic health record system, which would facilitate clinical oversight and case management by headquarters clinical staff and provide data to inform management decisions and policies.

## OIG Participation in MS 271 Training

OIG actively participated in the agency's overseas staff training for country directors, directors of management and operations, and directors of programming and training. It outlined agency policy in the *Peace Corps Manual*, section 271, concerning the confidential handling of Volunteer allegations. The training explored common scenarios that staff might encounter. In addition, it focused on ensuring the safety of Volunteers when making an allegation, keeping information confidential, and on how and under what circumstances staff should report allegations to OIG, agency management, and other individuals, such as U.S. Embassy regional security officers.

## **The Peace Corps Senior Policy Committee**

OIG continued to provide advice and assistance to the Peace Corps Senior Policy Committee by commenting on drafts of new or updated policies and procedures. The agency has been engaged in a robust effort to update and, where appropriate, develop policies and procedures. OIG's proactive engagement is intended to help support efforts to improve the effectiveness and efficiency of Peace Corps programs and operations. Some of the proposed revisions to policies are in response to earlier OIG recommendations.

## **Inquiry and Assistance with a Volunteer Death at a Post in West Africa**

As reported during a previous SARC reporting period, an Armed Forces Institute of Pathology (AFIP) medical examiner requested OIG's assistance in uncovering circumstances surrounding the unexplained death of a Volunteer in Africa. The Volunteer was found dead at her residence, with no indication of malfeasance or foul play, per the police report. An OIG investigator traveled to the deceased Volunteer's site location, coordinated with the U.S. Embassy and local authorities, conducted interviews, reviewed records, and developed a timeline of activities. The OIG inquiry was able to assist the AFIP by ruling out several possible scenarios and documenting the circumstances surrounding the death of the Volunteer.

## **OIG Participation in Overseas Staff Training**

OIG auditors and evaluators presented best practices and common deficiencies noted by OIG to overseas personnel. The auditors and evaluators led sessions during overseas staff training for country directors, directors of programming and training, and directors of management and operations. The presentations focused on how overseas personnel can improve efficiency and effectiveness of their roles and enhance overall compliance with policies and procedures while avoiding common mistakes.

## **Review of Legislation and Regulations**

During the reporting period, OIG monitored and reviewed four separate pieces of legislation that affect the programs and operations of the Peace Corps. The bills, introduced in the House and the Senate, center on issues related to Volunteer safety and security and agency response to Volunteer allegations of sexual assault. Other important areas of focus include agency portfolio reviews, hiring practices, management oversight, performance reporting, and strengthening of IG independence.

- H.R. 2337 - Kate Puzey Peace Corps Volunteer Protection Act of 2011 (introduced 6/23/2011)
- S. 1280 - Kate Puzey Peace Corps Volunteer Protection Act of 2011 (introduced 6/27/2011)
- H.R. 2583 - Foreign Relations Authorization Act, Fiscal Year 2012 (introduced 7/19/2011)
- H.R. 2699 - Peace Corps Volunteer Service Improvement Act of 2011 (introduced 7/29/2011)

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## Management and Performance Challenges



PC/Swaziland Volunteer Leader Matthew Krugh demonstrating an alternative to coal made from shredded paper and water.

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# Management and Performance Challenges

## Inspector General's Statement

In accordance with the Reports Consolidation Act of 2000, OIG submitted five challenge areas for inclusion in the agency's *Performance and Accountability Report* for fiscal year 2011. It was determined that these five areas present the most significant management and performance challenges facing the Peace Corps.

Four of the five challenges OIG had previously identified; three in the FY 2009 challenges and one in the FY 2010 challenges. Those same areas continue to present significant management and performance challenges at the Peace Corps so they are presented again this year. In addition, OIG has identified one new challenge that crosses a number of important functional areas.

In the FY 2010 challenges, OIG identified the need to improve the agency's business operations, at both agency headquarters and field locations, in order to accommodate growth and expansion. While Volunteer growth has not matched expectations, there is still a need for the agency to modernize and enhance its business tools and processes. Therefore, many of the same elements related to that specific challenge are included in the new challenge on streamlining business processes and modernization of information systems.

The five challenge areas are described below:

### **Challenge** Information Technology Management

In last year's Challenges, OIG indicated that the agency's most significant risks have been, and continue to be, associated with ensuring that the agency places limited resources where they are most needed; that funds spent on contracts consistently meet requirements; and that the information technology (IT) infrastructure effectively supports the Peace Corps' mission. The Office of the Chief Information Officer (OCIO) has made progress in strengthening IT management through significantly improving its investment review board process, developing an IT strategic plan, and updating its systems development lifecycle process. Further, management has performed significant IT upgrades at overseas locations and made a number of other operational improvements. However, the agency lacks a documented comprehensive enterprise architecture to assist in guiding and making decisions impacting IT.

Although management continues to also make progress in strengthening Peace Corps' IT security management, some issues associated with Federal Information Security Management Act compliance that were discussed in prior IG Challenges have not been fully resolved. For example, the processes for configuration management have not been fully implemented and contingency plan testing is not being accomplished at overseas posts. Achieving full compliance with federal laws and regulations that apply to managing the Peace Corps' IT infrastructure are critical management challenges. OCIO is further challenged by high personnel turnover in key

technical areas resulting, at least, in part from term limit assignments imposed by law and the availability of qualified resources. It is also having difficulty filling vacancies due to budget constraints. As a result, OCIO is presently down to 80 percent of its authorized full-time equivalent personnel strength and is projected to be at about 71 percent by fiscal year end 2012.

### **Challenge**    Property Management

Accountability over Peace Corps property continues to present challenges for management. The agency's FY 2011 (Third Quarter) balance sheet indicates the agency's general property, plant, and equipment (PP&E) has a net book value of about \$41.3 million. The Peace Corps' general PP&E includes primarily vehicles, office furniture, computer equipment, and software. Property management involves organizational activities related to acquiring, tracking, controlling, and disposing of these items. In last year's Challenges, OIG reported that issues with overall property accountability have continued to impact operations.

OIG noted, during the last 12 months, there were significant problems with accountability of certain assets, managing excess property, and recording and tracking. For example, OIG found at some Peace Corps posts that records were not being updated to reflect all property that had been disposed and/or added to inventory and periodic required physical counts were not being conducted. External auditors reported that the agency had not taken the necessary corrective actions that were recommended last year to ensure accurate tracking of assigned laptop computers at headquarters. As a result, there were still problems determining the location of these assets.

Other examples of deficient property management include failing to dispose of property identified as "excess to needs" in a timely manner and inadequate physical control. Ineffective property management unnecessarily exposes the agency to risks associated with fraud, waste, and abuse and drives up operating costs. The new property accountability software began pilot implementation in the Fourth Quarter of FY 2011 and is expected to be fully implemented and utilized in time for the annual property inventory in First Quarter of FY 2012. The capabilities for improving accountability will not be known until the new system has been fielded and an assessment of its effectiveness is made. As a result, improving overall property management and strengthening internal control related to property accountability continues to be a management challenge.

### **Challenge**    Protection of Personally Identifiable Information

OIG first identified this challenge during FY 2009 and continues to identify problems with the agency's management and control over Personally Identifiable Information (PII). The Peace Corps routinely receives, processes, and maintains significant amounts of 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. This 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. The Office of the Chief Information Office reported there were nine separate breaches in PII during FY 2011. The breaches were compromised of PII data associated with over 180 individuals.

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Since FY 2009, OIG has identified the protection of PII as a management challenge that called for enhanced management practices and more effective internal control. In June 2009, OIG investigated and issued investigative reports on the breach of more than 495 medical files that included applicant's names, Social Security Numbers, addresses, dates of birth, dental records, lab reports, and medical questionnaires. In FY 2010, a Peace Corps recruiter reported that her laptop and 10 applicant files was stolen during a visit to a university campus. Later that same year a country director reported that two Peace Corps USB drives containing PII for 52 trainees were stolen when a vehicle was broken into.

In last year's management response to this issue, the implementation of the Volunteer Life Cycle System and electronic medical records systems were mentioned as measures that should significantly reduce the risk of PII security breaches. However, neither system has been implemented. Until these improvements are made and the systems described are fully operational, OIG believes that PII will remain potentially vulnerable to breaches. As a result, it will continue to be a challenge for management to ensure Peace Corps personnel consistently comply with applicable federal and agency guidance governing managing PII data.

### **Challenge**     Remediation of OIG Findings and Recommendations

In FY 2010, OIG reported a challenge related to untimely remediation of OIG findings and recommendations, which continues to be a challenge. OIG reviewed some of the agency's key headquarters' level business processes and made a number of recommendations in three separate OIG audit reports issued in FY 2010. These recommendations would improve efficiencies and effectiveness associated with supporting Volunteers in the field; strengthening internal control; and ensuring compliance with applicable federal laws, regulations, and Peace Corps policy. The reports are listed below:

- Office of the Chief Information Officer Budget Formulation and Management
- Process for Soliciting, Awarding, and Administering Contracts
- Volunteer Safety and Security Program

Although management has made progress in remediating some of the associated findings and recommendations, it continues to not be effective or timely in taking corrective actions necessary to remediate the deficiencies noted in the related reports. Management was initially notified regarding the reports' findings and recommendations 17 to 20 months ago (two Preliminary Audit Reports were issued in January 2010 and one was issued in April 2010). As of the end of FY 2011, management had taken sufficient corrective actions to enable OIG to close 43 of the 68 recommendations included in the three reports.

In addition, OIG issued an evaluation report on the Volunteer Delivery System (VDS) in October 2010 (Follow-up Evaluation of the VDS). The VDS is mission critical because it is used as a repository for data on recruiting, selecting, and placing Volunteers in the field. The evaluation followed up on a prior OIG evaluation related to VDS that was performed in 2003. Based on our follow-up effort, OIG determined that many of the corrective actions agreed to by management in 2003 were either not initiated or were not fully carried out. To date, management has remediated only two of the 23 recommendations contained in the follow-up report.

This lack of effective and timely remediation of OIG findings and recommendations by senior management is a trend that has continued through FY 2011. Despite the best efforts made by the chief compliance officer over the last 12 months to facilitate remediation, a significant number of audit and evaluation findings and recommendations remain in an open status. As of September 30, 2011, there were 125 recommendations open for more than 180 days, including 42 that were issued two to seven years ago.<sup>1</sup> As mentioned in the FY 2010 Challenges, timely remediation of findings and recommendations is dependent on senior management's full attention and support in correcting known deficient conditions, as well as ensuring that there is a priority placed on compliance. OIG believes agency management needs to place greater emphasis on remediating findings and implementing recommendations.

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

Although the Peace Corps is continuing to streamline operations and improve the technology that supports key business processes and critical Volunteer support functions, it is constrained by limited resources and inadequate planning. Given new fiscal realities, the Peace Corps prospects for growth and expansion are uncertain. However, the number of Volunteers serving at the end of FY 2011 reached nearly 9,100. This figure represents the highest Volunteer strength in 40 years. The Peace Corps operates using a decentralized organizational structure, relying on country directors at overseas posts to implement the policies established by headquarters. A decentralized organizational structure requires clear and concise policies and procedures that are consistently applied; open lines of communication; effective planning and budgeting for needed resources; and strong management oversight to ensure that the agency's mission is effectively accomplished throughout the world. In addition, IT should facilitate the processes by automating workflow and controls to provide managers with the data necessary to efficiently monitor and manage operations. A responsive management team that provides quality support services to Volunteers will require enhanced business processes and modern IT systems.

In response to several OIG audits and evaluations, the Peace Corps has made improvements to its operations, including: IT governance, acquisition planning and contracting, safety and security support, and medical support. However, some important initiatives to improve business processes have been delayed or postponed. As a result, although progress has been made, the agency still requires improvements in critical mission areas such as:

- Medical Care – In response to an OIG special review, the Peace Corps Office of Volunteer Support/Office of Medical Services (OMS) developed a Quality Improvement Plan. The plan included a series of technical guidance intended to raise the standards of medical care for Volunteers, enhance the credentialing process, and reform the scope of practice policies for medical professionals. However, due to resource constraints, OMS could not move forward during FY 2011 on acquiring systems that better manage pharmaceutical supply inventory and

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<sup>1</sup> Outstanding recommendations include post audits, country program evaluations, financial statement audit, information security program audit, and special reviews. Recommendations issued in conjunction with the financial statement and the information security program audits are part of a normal 12-month audit cycle. As a result, recommendations made during a given fiscal year will remain in an open status during the entire subsequent fiscal year. Prior year findings and recommendations may be reissued if management has not taken sufficient corrective actions.

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enable electronic filing of health records. Further, although a medical chart review process intended to increase clinical oversight was made more rigorous and expanded, only a fraction of charts are being submitted by posts and reviewed by OMS because it presently lacks the capability to review the number deemed necessary to impact improvement. In addition, the agency is challenged to ensure medical officers are properly trained and fully comply with the large volume of new technical guidance that ranges from new or revised treatment options to mandatory medical documentation standards.

- **Safety and Security** – The agency took steps to improve the adequacy and consistency of Volunteer safety and security by increasing lines of communication between headquarters safety and security management and the safety and security coordinators overseas. The agency developed an agencywide plan, specific security procedures, and a Volunteer safety and security handbook. The agency continues to train overseas staff on the policies and procedures. Improving Volunteer safety and security will continue to be a challenge without the establishment and effective implementation of a Memorandum of Understanding with the Department of State on roles and responsibilities for responding to Volunteer safety and security incidents overseas. Further, to ensure it continues to make progress, the agency will need to monitor the success and pitfalls of the newly established process and make additional improvements, such as developing a system for ensuring safety and security recommendations are implemented.
- **Volunteer Delivery System** – In 2009, the Peace Corps began revising the Volunteer Delivery System (VDS) technology system. The goal of the redesign was to develop and upgrade the core business systems and associated business practices required to manage all stages of the Volunteer lifecycle. This redesign effort is ongoing. The agency’s commitment to implementing a new system, including modernizing the VDS and successfully completing related long-term projects that require both human and capital resources, will determine whether it can achieve its goals. Also critical to the effectiveness of the redesigned VDS is maintaining Volunteer quality and putting in place processes and data measurement systems to ensure the Peace Corps is selecting and placing Volunteers who can help the people of interested countries in meeting their need for trained men and women.
- **Document Management** – Several key functions, including travel authorizations, vouchering, contract management, and leave requests, remain largely paper-based. Streamlining and integrating these functions through an IT solution would reduce data entry error, improve efficiency, reduce paper dependency, and provide greater storing and retrieving capabilities. The Peace Corps recognizes the need for enhanced document management systems, but has not sufficiently prioritized and allocated resources to implement significant improvements. The agency is exploring options, such as Microsoft SharePoint, to provide greater automation and document control.
- **Accessibility of Useful and Accurate Data** – While conducting audits and evaluations, OIG continues to encounter problems obtaining significant data for key business processes. For example, OIG has had difficulty accessing summary data related to employee retention and turnover, as well as cost and cumulative impact of Volunteer medical accommodations. Moreover, up until this year, the Peace Corps did not maintain a central database to capture formal resource allocation requests submitted by its component offices to management for review and approval. As a result, prior year data was not readily available for review and analysis and any data assembled was potentially incomplete or inaccurate. Access to accurate data related to headquarters and international operations informs and guides program budgeting, strategic

planning, program development, and management, as well as responses to critical issues concerning program effectiveness, efficiency, and waste. Without timely access to relevant data, the agency cannot easily make informed management decisions and assess whether it is meeting its performance goals.

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## Audits



PC/Panama Volunteer Caroline Cates presents, with her counterpart and host family, their Small Project Assistance (SPA) funded cook stove project.

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# Audits

## Overview

The Audit Unit conducts audits of agency operations that support the Peace Corps' mission, including overseas post field activities, regional recruitment office activities, and headquarters functions. Audits are conducted in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. In addition, the Audit Unit oversees audits of the agency's financial statements and information system security and work contracted out to an independent public accountant (IPA).

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

The Accountability of Tax Dollars Act of 2002 mandates an annual audit of the Peace Corps' financial statements. During the reporting period, the Audit Unit monitors the IPA's work to ensure that it is of acceptable quality, in compliance with federal law and professional standards, and is completed within guidelines established by the Office of Management and Budget (OMB). In compliance with the requirements of the Federal Information Security Management Act (FISMA), the Audit Unit oversees the IPA annual reviews of the Peace Corps' information security program and the reporting of relevant data to OMB.

During this reporting period, the Audit Unit began work on audits of the agency's budget formulation process, grants management, and on the regional recruitment office in Rosslyn, Virginia. The audit of the Peace Corps' budget formulation process will focus on increasing transparency and aligning resources with goals and objectives. The review of Peace Corps' management of external funds and grants for Volunteer projects will identify areas to improve and streamline the processes used to request, receive, and report various grant funds distributed for Volunteer activities support and training. These including the Peace Corps Partnership Program, U.S. Agency for International Development Small Project Assistance, and the President's Emergency Plan for AIDS Relief (PEPFAR).

The Audit Unit uses a risk-based assessment to select overseas posts to review for operational efficiency and effectiveness, financial stewardship, and compliance with agency policies and federal regulations. At overseas posts, auditors review various operations, including imprest fund management and cashiering, acquisitions and contracts, personal property management, medical supply control, and personnel management. During the reporting period, auditors completed audits of Albania, Panama, and Rwanda.

OIG's overseas post audits identify reoccurring issues and trends. Its reports frequently contain recommendations to headquarters for strengthening controls to prevent and detect systemic

weaknesses. In response to OIG's work, the Peace Corps has revised policies and procedures on property management, vehicle fleet management, and on personal services contractors' security recertification. OIG continues to review the implementation of these policy revisions, in addition to other areas of concerns noted in previous audits, and to monitor the agency's progress in correcting systemic weaknesses.

During this reporting period, the U.S. Government Printing Office (GPO) OIG reviewed the system of internal control for the Peace Corps OIG Audit Unit for the period ending September 30, 2010. This review was conducted in conformity with the Council of Inspectors General on Integrity and Efficiency's (CIGIE) *Guide for Conducting External Quality Control Reviews of the Audit Operations of Offices of Inspector General*. The Peace Corps OIG received a peer review rating of pass. The results of the review are included in Appendix A.

## Agencywide Audits

### Peace Corps Fiscal Year 2011 Financial Statement Audit

During this reporting period, OIG engaged an IPA firm to conduct an audit of the Peace Corps' fiscal year 2011 financial statements. As of September 30, 2011, the audit was ongoing. OIG intends to issue IPA's reports through a transmittal memorandum under the Inspector General's signature by the OMB-mandated reporting date of November 15, 2011. Details regarding the audit results will be included in the next Semiannual Report to Congress (SARC).

### Annual Review of Peace Corps Fiscal Year 2011 Information Security Program

The Federal Information Security Management Act (FISMA) requires federal agencies to establish security protections and a program to secure information systems from unauthorized access, use, disclosure, modification, and other harmful impacts. In addition, FISMA requires that each OIG review its agency's information security program and report results to OMB annually. To meet this requirement, OMB has developed an online data collection system for FISMA reporting from federal agencies and their respective OIGs. As of September 30, 2011, a review was ongoing. Comments on final review results will be covered in the next SARC.

## Post Audits

### PC/Albania: Audit

IG-11-07-A

OIG issued its audit report of PC/Albania in June 2011. The Peace Corps began operating in Albania in 1992, left in 1997 because of civil unrest, and returned in 2003. Since 1992, over 441 Volunteers have served in Albania. At the time of the audit, 78 Volunteers were working in the project areas of community development, health, and teaching English as a foreign language.

PC/Albania's financial and administrative operations were functioning effectively and in overall compliance with agency policy and federal regulations. The post had effective processes and

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controls in place over most of its administrative operations, including imprest fund management, vehicle management, and medical supplies. However, OIG determined that the post had not requested and obtained security recertifications for 13 personal services contracts (PSCs). Security recertifications, essential elements of Peace Corps' safety and security program, are required every five years to help ensure staff members are trustworthy.

In addition, the post did not have proper control over property and did not promptly report reoccurring thefts of Peace Corps property to OIG. By failing to prepare property loss reports, the post had difficulty determining the timing and amount of property stolen over the last three years. The post estimated almost \$5,000 worth of personal and Peace Corps property and cash was missing or stolen. With assistance from the U.S. Embassy's regional security officer, the post was able to identify the PSC responsible for stealing the property. Proper filing of loss reports and prompt reporting to headquarters may have led to earlier detection and prevention of losses.

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

### **PC/Rwanda: Audit**

*IG-11-08-A*

OIG issued its audit report of PC/Rwanda in June 2011. The first group of Volunteers arrived in Rwanda in 1975. The program was closed in 1993 due to political instability and reopened in 2008. At the time of the audit, 91 Volunteers were working in the project areas of health and education. PC/Rwanda's fiscal year 2010 budget was \$1,318,000.

The post required improvement in its financial and administrative operations and its compliance with agency policies and federal regulations. Specifically, the post lacked sufficient internal control over imprest fund management, property management, PSC contracts, and medical supplies.

Several key controls over the imprest fund were missing or not always followed. For example, monthly verifications did not always include a complete review of supporting documentation and the cashier did not effectively monitor interim cash advances. The post did not have adequate separation of duties over information technology (IT) property because the IT specialist maintained the inventory and performed the physical verification. PSC contract files were incomplete and disorganized. Further, the post received temporary security certifications for PSCs after reopening in 2008, but had not followed up with the regional security officer to ensure staff had the final security certifications.

OIG also noted deficiencies in post compliance with several agency policies, including the requirements to: complete and analyze Volunteer living allowances, separate medical supply responsibilities, review and approve time and attendance records, record vehicle usage to prevent and detect improper use of government equipment, and evaluate staff performance annually.

Management concurred with all 31 recommendations. At the end of the reporting period, 30 recommendations are closed and 1 recommendation remains open.

### **PC/Panama: Audit**

*IG-11-09-A*

OIG issued its audit report of PC/Panama in July 2011. The first group of Volunteers arrived in Panama in 1963. The program was closed in 1971 for political and security reasons and resumed in 1990. At the time of the audit, the post had 52 staff members and a 2011 budget of \$3.3 million to support 252 Volunteers working in the project areas of: English teaching, community environmental conservation, sustainable agriculture systems, environmental health, and community economic development.

The post's financial and administrative operations were effective and in overall compliance with agency policies and federal regulations. However, the post did not have an adequate process in place to control medical supplies, resulting in incomplete and inaccurate medical supply inventories. In addition, the post had not obtained all of the required security recertifications for staff hired through personal services contracts

Further areas of improvement include: conducting Volunteer allowances surveys, separating property management responsibilities, and annually assessing the imprest fund level. In addition, OIG identified approximately \$12,500 in funds to be put to better use if the post reduces its number of vehicles.

Management concurred with all 11 recommendations. At the end of the reporting period, all 11 recommendations remain open.

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

Recommendation Number 3: Future Sale of an Excess Vehicle -- \$12,500

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## Evaluations



PC/Romania Volunteer Chelsea Marshall with her host mom in front of their house.

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# Evaluations

## Overview

The Evaluation Unit provides the agency with independent evaluations of Peace Corps programs, operations, and management at 70 overseas posts and domestic offices and programs. It promotes greater efficiency and effectiveness by identifying best management practices, recommending program improvements, and means by which to comply with Peace Corps policies and federal regulations.

During this reporting period, OIG continued to provide management with comprehensive assessments of how effectively overseas country programs and headquarters operations are functioning. Along with the final reports included below, evaluations of Peace Corps programs in Uganda, Peru, and China are currently underway, and OIG issued preliminary reports to the agency on the Kyrgyz Republic and Fiji programs. OIG is continuing to work on its evaluation of the impact of the rule that caps staff tenure (“The Five-year Rule”) and a review of the agency’s implementation of protocols and procedures in response to Volunteer survivors of rape and sexual assault.

Evaluations are conducted under the direction and guidance of the assistant inspector general for evaluations and in accordance with the Quality Standards for Inspections published by CIGIE. Country program evaluations include interviews, reviews of relevant documents and data, physical observations, and analysis by evaluators. OIG evaluators interview Volunteers, and headquarters and post staff, as well as key host country and U.S. government officials. In effecting their interviews, the evaluators select a representative sample of currently serving Volunteers based on their length of service, site location, project focus, gender, age, marital status, and ethnicity. Evaluators conduct the bulk of the Volunteer interviews at the Volunteers’ homes and worksites and inspect their housing using post-defined criteria. The period of review for a country program evaluation is one full Volunteer cycle (typically 27 months).

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

- 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 programmatic, health, and personal safety support and oversight to Volunteers?

## Country Program Evaluations

### PC/Cambodia: Country Program Evaluation

*IG-11-04-E*

OIG issued its final country program evaluation of PC/Cambodia in May 2011. Over 100 Volunteers have served in Cambodia since the program began in 2006. At the time of the evaluation, there were 40 Volunteers serving in one project sector: the English teacher and teacher training program.

The PC/Cambodia program, long requested by the government of Cambodia, was successfully launched by experienced staff with regional expertise. They have established a solid base of programmatic operations. The Volunteers are well-integrated within their communities and are accomplishing project goals. Successful community integration has been a keystone to the Volunteers' sense of satisfaction with their service and their personal safety. The host government, both at national and local levels, has embraced the PC/Cambodia program and is working in partnership with program managers to more firmly establish and extend Volunteer projects.

In spite of its strong launch, the program has experienced growing pains and struggled in several key areas. An eight-month vacancy in the director of programming and training (DPT) position had a profound impact on the newly-established country program. The vacancy put a strain on key operations and lapses began to appear in important programming areas. A permanent DPT arrived in July 2010, and the post addressed these issues in order to regain the positive momentum established in its first years of operation. Subsequently, the Office of Global Operations centralized the recruitment of all DPTs and directors of management and operations with the Office of Overseas Recruitment, Selection and Support, and it implemented centralized hiring procedures in January 2011.

OIG discovered that pre-service Volunteer safety and security training conducted during 2009 was largely ineffective. Volunteers were also dissatisfied with several areas of safety and security support during service. OIG recommended that the country director develop a professional development plan to improve effectiveness of the safety and security coordinator and the quality of safety and security support. It also recommended that the content and delivery of pre-service training (PST) safety and security sessions be strengthened.

Many of the areas of PC/Cambodia operations that require attention can be attributed to new staff members still learning their roles and responsibilities. OIG made recommendations that address host family selection, Volunteer work expectations, diversity training programs, Small Project Assistance grants, and the Volunteer Advisory Council. Recommendations were also made in reference to office communication and staff development needs. The OIG report contains 19 recommendations, which, if implemented, should strengthen programming operations and correct the deficiencies detailed in the accompanying report.

Management concurred with all 19 recommendations. At the end of the reporting period, eight recommendations remain open.

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## **PC/Romania: Country Program Evaluation**

*IG-11-05-E*

OIG issued its final country program evaluation of PC/Romania in June 2011. Over 1,100 Volunteers have served in Romania since the program was first launched in 1991. At the onset of this evaluation, 99 Volunteers were serving in Romania in three project sectors: teaching English as a foreign language (TEFL); environmental education and outreach; and youth development.

During 2010 and 2011, the post closed three Volunteer project sectors and the country program shifted from a projected “moderate” growth plan to “no growth.” Regional managers have subsequently put forward a plan to close the country program by September 2013 after the Volunteers who entered service during 2011 complete their service. These events have negatively impacted staff morale and the workplace environment. Lengthy staffing vacancies during 2010 required post staff to assume additional responsibilities, which also impacted post operations.

OIG found that amid this uncertainty and significant staff and programmatic changes, PC/Romania continues to be a strong performing post. The post maintains positive and stable relationships with government ministry partners. Project partners expressed appreciation for the work of the Volunteers and looked forward to ongoing collaboration with the Peace Corps. During 2010, PC/Romania carried out a significant strategic shift to better align the post with host country goals. Based on input from stakeholders, the post refocused its TEFL project on rural and underserved communities.

Volunteers felt well supported by staff, and believed the staff is responsive to the issues they raise. The post’s comprehensive worksite selection process, which results in multiple potential sites, positions Volunteers with meaningful assignments and strong counterparts. However, given the new focus on rural underserved communities, OIG recommended that project management and Volunteer support practices be reviewed to ensure that Volunteers assigned to new worksites continue to receive adequate support.

Overall, Volunteers feel safe in Romania. The number of reported crime incidents has been lower than regional averages for the past three years. However, some aspects of emergency preparedness at the post were not compliant with policy, as most Volunteers interviewed could not identify their emergency consolidation points or their security wardens. While Volunteer housing met most of the post-established criteria, many Volunteers did not have functioning carbon monoxide detectors in their homes, which the regional security officer (RSO) raised as a concern.

Management concurred with all 12 recommendations. At the end of the reporting period, two recommendations remain open.

## **PC/Swaziland: Country Program Evaluation**

*IG-11-06-E*

OIG issued its final country program evaluation of PC/Swaziland in August 2011. The program closed in 1996 and reopened in 2003. Over 1,700 Volunteers have served the people of the

Kingdom of Swaziland. At the time of OIG's visit, 70 Volunteers were serving in one project sector: community health-HIV/AIDS education.

PC/Swaziland has positioned itself for growth. In 2011, the post added a new education sector and purchased its office building. Volatile economic and political conditions in Swaziland, combined with growth in the program, underscored the need for a smooth transition to a new country director, who started in the spring of 2011.

PC/Swaziland has many elements of a high performing post. The staff works together to ensure that Volunteer support needs are addressed, and Volunteers have a high level of trust in staff in regard to their safety and security, health training, and support. The staff is effectively meeting the needs of married and 50+ Volunteers. The post's practices for developing and placing Volunteers at approved sites, including sound housing assessment procedures, the use of site histories to inform placements, and orienting host families and counterparts, are all highly effective.

Volunteers said they receive appropriate training at the right points in their service, and they appreciate the high quality of both the trainers and the materials. Volunteers provided examples of capacity building activities done with their counterparts, community leaders, and within organizations. The post is also effectively coordinating with PEPFAR partners. However, 2010 post reports were missing PEPFAR-related data, which made it difficult to determine whether Volunteers were meeting their project objectives.

Volunteers live in communities with high rates of HIV/AIDS. Additionally, sexual harassment and gender disparities are particularly challenging for female Volunteers. The post has addressed Volunteer stress levels through programmatic changes and by providing focused trainings, and Volunteers support each other through a peer support network. Staff members are also a source for the Volunteers' emotional support needs, and Volunteers can access short-term counseling as needed. However, 22 PC/Swaziland Volunteers did not complete their service between 2008 and 2010. OIG found that the recommendations made in agency assessments in 2007 and 2008 to analyze the factors leading to Volunteer early terminations had not been addressed. Assessments of early termination data will help deliver suitable and well-matched Volunteers to the PC/Swaziland program.

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

### **PC/Liberia: Country Program Evaluation**

*IG-11-07-E*

OIG issued its final country program evaluation of PC/Liberia in September 2011. Nearly 3,900 Peace Corps Volunteers have served in Liberia since the program began in 1962. The program was closed in 1990 due to civil war but re-opened in October 2008. At the onset of this evaluation, 30 Volunteers were serving in Liberia. Fourteen of those were serving in secondary education projects and 16 were Peace Corps Response Volunteers (PCRVs) who undertake short-term assignments that average six months in duration.

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The program has been well received by the Liberian government since re-opening in 2008. The secondary education project is aligned with host country needs, and the post has developed a good working relationship with the Ministry of Education. However, OIG reported important programming concerns, many of which relate to opening the post under an accelerated schedule and insufficient financial and physical resources. Lessons learned from the post's opening were not incorporated into agency processes and policies to help ensure that similar mistakes are not repeated in the future.

Liberia is still rebuilding its educational system after years of civil war. Volunteers face significant challenges in effectively carrying out their primary assignments. They also reported that they were inadequately prepared for Liberia's post-conflict-related challenges, which impacted their community integration and work effectiveness.

Although the short-term PCRVs reported higher levels of satisfaction than two-year Volunteers in reference to their service, it is unclear what the post is trying to achieve with its Peace Corps Response positions in health and education. Some staff questioned whether the short-term assignments were worth the time and resources they required, especially given the number of challenges that need to be addressed with the two-year program.

The evaluation also reported weaknesses in the post's safety and security program, which could result in a poor response to emergencies. Some of the primary concerns are related to Volunteer confusion regarding emergency consolidation points; Volunteer housing that did not meet the post's housing criteria; inaccurate site locator forms; inadequate safety communications to Volunteers; and out-of-date copies of the post's emergency action plan.

Management concurred with all 33 recommendations. At the end of the reporting period, 32 recommendations remain open.

## Investigations



The Mankwe Dam, South Africa.

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# Investigations

## Overview

OIG is authorized to conduct investigations on waste, fraud, abuse, and mismanagement in Peace Corps programs and operations, both domestically and overseas. OIG investigates both criminal and administrative misconduct allegations involving Peace Corps staff, contractors, and Volunteers, including violations of Peace Corps and U.S. government standards of conduct. OIG utilizes various techniques to investigate allegations of wrongdoing. Allegations are forwarded to OIG through multiple means, including OIG audits and evaluations, OIG hotline complaints, and by Peace Corps stakeholders (Volunteers, trainees, staff, contractors, etc.), and other federal entities and the general public.

During this reporting period, OIG closed all but two remaining legacy violent crimes cases. Prior to September 2008, the Investigation Unit managed and coordinated the agency's participation in the investigation and prosecution process of cases involving violent crimes committed against Volunteers. In September 2008 this function was transferred to the Peace Corps Office of Safety and Security; however, OIG retained oversight of cases that OIG was involved prior to the transfer. The Investigation Unit remains responsible for investigating allegations of criminal wrongdoing, including violent crimes, committed by Peace Corps staff members, contractors, and Volunteers.

In July 2010, Attorney General Eric Holder authorized OIG statutory law enforcement powers pursuant to Section 6(e) of the Inspector General Act of 1978, as amended. During the current reporting period, the Investigation Unit executed a search and arrest warrant at a subject's residence in Connecticut. The case involved an allegation that returned Peace Corps Volunteer Jesse Osmun violated the PROTECT Act<sup>2</sup> while serving in South Africa.

The Investigation Unit continues to investigate fraud associated with the Federal Employee's Compensation Act (FECA). During this reporting period, OIG performed "alive and well" checks in northern California and at two Office of Worker's Compensation District Offices (Jacksonville and Philadelphia). As a result of OIG inquiries, Department of Labor Office of Workers Compensation in Jacksonville finalized a settlement involving an overpayment of benefits for the Volunteer's spouse. The settlement included the repayment of approximately \$15,000 to the U.S. government. Finally, two FECA cases referred by the OIG to the United States Attorney's Office await prosecutorial consideration.

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<sup>2</sup> Prosecutorial Remedies and Other Tools to End the Exploitation of Children Today Act of 2003 (Public Law 108-21, 117 Stat. 650, S. 151)

## Legacy Cases

### Homicide Investigation at a Post in Central Africa

A 1998 Volunteer homicide remains an open and ongoing investigation. OIG continues to work with the regional security officer, the FBI, and a local attorney in support of efforts to properly secure additional evidence in the case. The Inspector General met with the president of Gabon and minister of justice, along with Peace Corps senior staff, to discuss the case.

## Criminal and Misconduct Related Investigations

### Arrest of Former Peace Corps Volunteer

In early June 2011, OIG received an allegation that a former Peace Corps Volunteer, Jesse Osmun, had engaged in illicit sexual conduct with children in violation of the PROTECT Act, while serving as a Peace Corps Volunteer at an AIDS center in South Africa. OIG immediately initiated an investigation and traveled to South Africa, obtaining support from the Department of State's regional security officer and the Department of Homeland Security (DHS). OIG and other U.S. law enforcement notified officials from the South African Police Service, Directorate for Priority Crime Investigation that Osmun could face criminal charges in the United States for any illicit sexual conduct with children in South Africa. OIG and DHS officials in Connecticut, Mr. Osmun's home of record, conducted further investigation in the United States and presented the case for criminal prosecution to the United States Attorney's Office for the District of Connecticut and Department of Justice's Child Exploitation and Obscenity Section. The United States Attorney's Office for the District of Connecticut accepted the case for prosecution.

On August 4, 2011, a federal magistrate in Connecticut signed a search warrant authorizing OIG and DHS to search Osmun's residence for, among other things, a laptop computer. When the agents executed the search, they were able to speak to Osmun and obtained a written confession. The agents contacted the U.S. Attorney's Office and obtained authorization to arrest Osmun. Osmun was presented in court on the day of his arrest and he currently remains in custody while the investigation continues. If convicted of the charge of traveling outside of the United States to engage in illicit sexual conduct with minors, Osmun faces a maximum term of imprisonment of 30 years and a fine of up to \$250,000.

### Misuse of Government Property/Unauthorized Medical Treatment at a Post in Europe

OIG determined that for over a decade, the Peace Corps medical officer (PCMO) provided medical consultation, treatment, and/or referral to other medical professionals to non-Volunteer patients at the post. In doing so, he not only used Peace Corps resources, but also regularly performed examinations, obtained necessary laboratory testing, and prescribed medication for non-Volunteer patients. The PCMO acknowledged receiving payments from these individuals, which included cash, homemade goods, and bottles of liquor. An OIG inspection of the PCMO's

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office disclosed an envelope containing U.S. and Euro currency having a U.S. equivalent value exceeding \$5,800. The same file cabinet contained medical records pertaining to non-Volunteer patients. The investigation disclosed that the PCMO was managing his own medical practice for private gain, misusing the Peace Corps post, a U.S. government facility, and engaging in the unauthorized use of government time, equipment, and supplies. The activities violate the Standards of Ethical Conduct for Employees of the Executive Branch and Peace Corps policy, which the PCMO was contractually obligated to follow.

OIG further determined that the PCMO had brought into the Peace Corps office about 150 unauthorized visitors over a 2 ½-half year period. While some of the visitors came to the post for official reasons, a large number of the visitors came to receive private medical treatment from the PCMO and were not cleared to enter the premises.

The agency elected to provide the contractor PCMO verbal and written counseling and he signed a “Last Chance Agreement,” stating that any further contact with non-Volunteers while on duty would result in immediate termination.

### **PROTECT Act Violation at a Post in Eastern Europe**

OIG initiated a PROTECT Act investigation involving a Volunteer at a post in Eastern Europe. The investigation was conducted with the assistance of the U.S. Department of State regional security officer. The Volunteer admitted to having a long-term sexual relationship with a female host country national that started when she was 15 years old. The Volunteer resigned in lieu of administrative separation. The United States Attorney’s Office in the Eastern District of Pennsylvania declined to prosecute the case.

### **PROTECT Act Allegation at a Post in Eastern Europe**

The post country director (CD) forwarded OIG an email from a Volunteer in which the Volunteer denied allegations from other Volunteers that he had taken an underage student, who was 12 years old, on an overnight trip. The OIG investigation revealed that the Volunteer had been on an overnight trip with an 18-year-old student who had the same first name as another student who was 12. The 18-year-old was not the Volunteer’s student, but attended the high school where the Volunteer worked. While no criminal activity was determined, the Volunteer acknowledged the appearance of impropriety by going on an overnight trip with a student at the school where he was working. The Volunteer was removed from his site, transferred to another community, and placed on a corrective action plan.

### **PROTECT Act Violation at a Post in the Pacific**

OIG received information from the post’s CD that a Volunteer may have violated the PROTECT Act. The post had received information from a nongovernmental organization (NGO) that the Volunteer was involved in same-sex relationships with minors. The Volunteer, assigned as a teacher, acknowledged showing an adult movie that contained nudity, sexual situations, and themes of homosexuality to an underage student, which upset the student and her family. The CD informed OIG that homosexuality in the host country is forbidden by law. The Volunteer was moved to another site but then admitted to hosting three underage students of the same sex

for a “sleepover.” Although the Volunteer received parental consent for the sleepover, the CD deemed it inappropriate because it provided the appearance of favoritism of selected students. The Volunteer resigned after OIG’s investigation.

### **Sexual Assault at a Post in Central America**

A female Volunteer reported she had been sexually assaulted by a male Volunteer. OIG investigated the allegation, obtaining witness statements and evidence at the post. After reviewing OIG’s investigation report, the agency separated the male Volunteer and gave him interrupted service status, which does not preclude him from future Peace Corps service. The female Volunteer was transferred to another post after a period of medical leave at her home of record.

### **Sexual Assault at a Post in Central America**

OIG received an allegation that a male Volunteer sexually assaulted another male Volunteer. OIG investigated the incident at the post and the subject of the investigation admitted to initiating sexual contact with the sleeping victim without his consent. The subject resigned from the Peace Corps.

### **Conflict of Interest Allegation at a Post in the Caribbean**

OIG received an anonymous allegation regarding the 2010 hiring of two post staff members. The alleged stated that the post administrative assistant had personal relationships with these two individuals and was personally involved in the hiring process, which could be a conflict of interest and possible violation of ethics law and regulations, as well as Peace Corps policy. OIG determined that the administrative assistant’s involvement in these two matters did not affect the selection decisions.

### **Conflict of Interest Allegation at a Post in Europe**

OIG received an allegation that a financial assistant directed several government contracts for the repair of government vehicles to her husband, who owned and operated an automotive repair shop. It was further alleged that during this period, the financial assistant processed and approved all vehicle repair costs.

OIG interviewed current and former post personnel at the post and conducted an extensive document review related to the use of the auto shop. Additionally, OIG consulted with the Peace Corps designated agency ethics official, who provided her view on matters relating to federal ethics rules and related agency policy. With regard to the allegation, The OIG investigation did not substantiate wrongdoing by the financial assistant.

### **Misuse of Government Computer and Sexual Assault at a Post in the South Pacific**

OIG received an allegation that the post’s training manager, a personal service contractor (PSC), used a Peace Corps computer to view pornography during business hours. OIG confirmed this allegation. Additionally, the OIG investigation disclosed that the PSC previously had been the

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subject of a sexual assault allegation against a host country national while attending a training conference in a Central American country. The incident was not reported to OIG. OIG verified the credibility of the sexual assault allegation. The PSC resigned from the Peace Corps.

### **Misuse of Government Computer at a Post in Southern Africa**

OIG investigated an allegation that the post's financial assistant, a PSC, had run a private business using a Peace Corps computer. OIG coordinated with post management and the Peace Corps Office of the Chief Information Officer. OIG confirmed the allegation. In addition, the investigation found that the PSC had misrepresented himself as an agent of the Peace Corps in personal business negotiations and viewed pornographic images from a government computer. As a result of the investigation, the PSC resigned from the agency.

### **Fraternization Allegation at a Post in South America**

OIG received an allegation from a Volunteer alleging improper fraternization and inappropriate conduct by a manager at the post. It was alleged that the manager would invite young female Volunteers who were visiting the capital to stay at his residence, at which time he would make sexual advances.

OIG interviewed several current and former Volunteers who worked closely with the manager and/or stayed at the manager's home as overnight guests. OIG found no information to support the allegation.

### **Improper Conduct by Volunteers at a Post in Southeast Asia**

OIG received information from the post's CD regarding the conduct of two Volunteers who allegedly abused alcohol routinely and had contact with prostitutes. OIG coordinated with the U.S. Embassy through the regional security officer (RSO) and provided guidance and information to post management. Both Volunteers resigned in lieu of administrative separation.

### **Drug Use by Multiple Volunteers at a Post in Central America**

OIG received allegations that Volunteers were not adhering to out-of-site policies and were smoking marijuana. The OIG investigation disclosed reasonable basis that at least five Volunteers had used marijuana and three Volunteers left their sites without proper authorization. Per the investigation, three Volunteers resigned and two others were placed on a corrective action plan.

### **Drug Distribution by a Volunteer at a Post in Eastern Europe**

OIG received an allegation that a Volunteer was supplying marijuana to other Volunteers. The Volunteer allegedly used her local premises to dry and process marijuana. The OIG investigation disclosed that the Volunteer informed several other Volunteers about the marijuana operation during training and that the Volunteer was the "go to" individual if any Volunteers wanted to smoke marijuana in-country. The Volunteer resigned immediately after the OIG investigation.

### **Improprieties Allegation at a Post in Central America**

OIG received a complaint expressing concerns about the conduct and performance of the post's CD. The allegation referred to improprieties related to six matters: (1) purchase of government vehicles; (2) use of government vehicles for personal benefit; (3) use of staff for personal benefit; (4) failure to report to work; (5) failure to properly budget for post expenses; and (6) failure to pay the post's electric bill in a timely manner. The allegations were not substantiated.

### **Release of Confidential Information Allegation at Headquarters**

OIG received an allegation that a returned Peace Corps Volunteer's medical file was distributed and made available to unauthorized staff within the Peace Corps. OIG opened an investigation into this matter and interviewed Peace Corps staff members who had access to the Volunteer's medical file. OIG also reviewed internal controls associated with the request, distribution, and maintenance of confidential medical information. The investigation did not substantiate the allegation. The investigation disclosed that all staff members who had access to the subject's medical file were authorized to view it. Furthermore, OIG found no evidence that the file was distributed to unauthorized persons within or outside of the Peace Corps.

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## Tables



PC/Cambodia Volunteer Keiko Valente shows off her host family's prized banana trees.

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# Tables

## 1: List of Reports: Audits and Program Evaluations

<b>Post Audits</b>
PC/Albania: Audit (IG-11-07-A)
PC/Rwanda: Audit (IG-11-08-A)
PC/Panama: Audit (IG-11-09-A)
<b>Country Program Evaluations</b>
PC/Cambodia: Country Program Evaluation (IG-11-04-E)
PC/Romania: Country Program Evaluation (IG-11-05-E)
PC/Swaziland: Country Program Evaluation (IG-11-06-E)
PC/Liberia: Country Program Evaluation (IG-11-07-E)

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

Report	Questioned Costs <sup>3</sup>	Unsupported Costs <sup>4</sup>	Funds Put to Better Use <sup>5</sup>
<b>PC/Panama: Audit (IG-11-09-A)</b>			
3. Reduction in vehicles due to the determination to not, in the foreseeable future, open and maintain a regional office and to phase out and eliminate, by the end of 2012, one of the post's five programs.	-	-	\$12,500
<b>Total</b>		<b>\$12,500</b>	

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<sup>3</sup> Questioned Costs – A cost that is an alleged violation of government or Peace Corps regulations. For example: prohibited purchases and expenditure of funds for purposes that do not relate to the Peace Corps' mission.

<sup>4</sup> Unsupported Costs – A cost that is not supported by adequate documentation.

<sup>5</sup> Funds Put to Better Use – A cost that could be used more efficiently, such as costs for unnecessary goods or services.

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

	Number of Reports	Questioned Costs	Unsupported Costs
<b>A. Reports issued prior to this period</b>			
For which no management decision has been made on any issue	-	-	-
For which some decisions had been made on some issues			
<b>B. Reports issued during this period</b>			
	-	-	-
<b>Totals of Categories A and B</b>			
	<b>0</b>	<b>\$0</b>	<b>\$0</b>
<b>C. For which final management decisions were made during this period</b>			
Dollar value of disallowed costs	-	-	-
Dollar value of costs not disallowed	-	-	-
<b>D. For which no management decisions were made during this period</b>			
	-	-	-
<b>E. For which management decisions were made on some issues during this period</b>			
	-	-	-
<b>Totals of Categories C, D, and E</b>			
	-	-	-
<b>Total questioned costs and unsupported costs</b>			
	0	<b>\$0</b>	

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

	<b>Number of Reports</b>	<b>Funds Put to Better Use</b>
<b>A. Reports issued prior to this period</b>		
For which no management decision has been made on any issue	-	-
For which some decisions had been made on some issues	-	-
<b>B. Reports issued during this period</b>		
	1	\$12,500
<b>Totals of Categories A and B</b>	<b>1</b>	<b>\$12,500</b>
<b>C. For which final management decisions were made during this period</b>		
Dollar value of recommendations agreed to by management	1	\$12,500
Dollar value of recommendations not agreed to by management	-	-
<b>D. For which no management decisions were made during this period</b>		
	-	-
<b>E. For which management decisions were made on some issues during this period</b>		
	-	-
<b>Totals of Categories C, D, and E</b>	<b>1</b>	<b>\$12,500</b>

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

### Audits and Evaluations

Open Recommendations 60 to 119 Days					
Report	Date Issued	Total Open Recommendations	Agency Concurrence <sup>6</sup>		
			Concur	Non	Partial
PC/Romania: Evaluation (IG-11-05-E)	6/30/2011	2	2	-	-
	<b>Total</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>-</b>
Open Recommendations 120 to 179 Days					
Report	Date Issued	Total Open Recommendations			
PC/Cambodia: Evaluation (IG-11-04-E)	5/5/2011	8	8	-	-
	<b>Total</b>	<b>8</b>	<b>8</b>	<b>-</b>	<b>-</b>
Open Recommendations More than 180 Days					
Report	Date Issued	Total Open Recommendations			
PC/HQ Medical Clearance System: Evaluation (IG-08-08-E)	3/31/2008	9	8	-	1
PC/HQ Volunteer Safety and Security: Evaluation (IG-08-13-E)	8/28/2008	2	1	1	-
PC/Guinea: Audit (IG-09-09-A)	3/31/2009	2	2	-	-
PC/HQ Office of Chief Information Officer: Budget Formulation and Management Audit (IG-10-05-A)	1/11/2010	17	13	3	1
PC/HQ Peace Corps' Process for Soliciting, Awarding, and Administering Contracts (IG-10-06-AA)	3/22/2010	5	4	1	-
PC/HQ Office of Safety and Security: Audit (IG-10-08-A)	4/1/2010	3	2	-	1
PC/Paraguay: Audit (IG-10-10-A)	8/3/2010	1	1	-	-
PC/Kenya: Audit (IG-10-12- A)	9/28/2010	1	-	1	-
PC/HQ Volunteer Delivery System: Evaluation (IG-11-01-E)	11/6/2010	21	21	-	-
PC/Ethiopia: Evaluation (IG-11-02-E)	1/14/2011	6	3	1	2
PC/Jamaica: Evaluation (IG-11-03-E)	2/28/2011	1	1	-	-
PC/Ethiopia: Audit (IG-11-02-A)	2/15/2011	4	4	-	-
PC/Belize: Audit (IG-11-04-A)	3/14/2011	1	1	-	-
PC/Mozambique: Audit (IG-11-05-A)	3/31/2011	3	3	-	-
PC/Ukraine: Audit (IG-11-06-A)	3/31/2011	8	7	1	-
	<b>Total</b>	<b>84</b>	<b>71</b>	<b>8</b>	<b>5</b>

<sup>6</sup> The sum of open recommendations in the *Agency Concurrence* columns equals the number in the *Total Open Recommendations* column, i.e.) There are currently six open recommendations for the PC/Ethiopia Evaluation, of which the agency concurred with three, non-concurred with one, and partially concurred with two.

*Special Reviews*

<b>Open Recommendations More than 180 Days</b>					
			<b>Agency Concurrence</b>		
<b>Report</b>	<b>Date Issued</b>	<b>Total Open Recommendations</b>	<b>Concur</b>	<b>Non</b>	<b>Partial</b>
PC/Ecuador: Special Review (IG-10-05-SR)	9/2/2010	4	4	-	-
	<b>Total</b>	<b>4</b>	<b>4</b>	<b>-</b>	<b>-</b>

*Financial Statement and FISMA Recommendations<sup>7</sup>*

		<b>Agency Concurrence</b>		
<b>Fiscal Year Issued</b>	<b>Open Recommendations</b>	<b>Concur</b>	<b>Non</b>	<b>Partial</b>
<b>PC/HQ FY 2010 Financial Statement Audit (IG-11-00-A)</b>				
FY 2010	4	4	-	-
FY 2009	3	3	-	-
FY 2007	3	3	-	-
FY 2006	1	1	-	-
FY 2005	1	1	-	-
FY 2004	2	2	-	-
<b>Total</b>	<b>14</b>	<b>14</b>	<b>-</b>	<b>-</b>
<b>PC/HQ FY 2010 Information Security Program Audit (IG-11-99-A)</b>				
FY 2010	4	4	-	-
FY 2009	4	4	-	-
FY 2008	10	10	-	-
FY 2007	5	5	-	-
<b>Total</b>	<b>23</b>	<b>23</b>	<b>-</b>	<b>-</b>

<sup>7</sup> All recommendations issued in conjunction with these two reports are part of a normal 12-month audit cycle. As a result, recommendations made during a given fiscal year will remain in an open status during the entire subsequent fiscal year. At the beginning of each new fiscal year, the auditors will notify management of whether sufficient corrective actions have been taken regarding the prior year recommendations and issue their current notification of findings and recommendations. Prior year findings and recommendations may be reissued if management has not taken sufficient corrective actions.

## 6: Summary of Investigative Activities<sup>8</sup>

<b>Cases</b>	<b>Number</b>	<b>Value</b>
Cases Open as of 3/31/2011	16	
Cases Opened during 4/1/2011 – 9/30/2011	8	
Cases Closed during 4/1/2011 – 9/30/2011	9	
Total Open Cases as of 10/1/2011	15	
<b>Case Referrals</b>		
Referrals for Department of Justice for Prosecution	7	
Referrals for Agency Administrative Action	7	
Referrals to Other Agency	3	
<b>Domestic Court Actions</b>		
Trial(s) Pending	1	
Convictions	0	
Acquittals	0	
Judgments	0	
Fines/Restitution	0	
<b>Overseas Court Actions</b>		
Ongoing Prosecutions	2	
Convictions	0	
Acquittals	0	
Judgments	0	
Fines/Restitution	0	
<b>Monetary Results</b>		
Annual Savings	0	
Recoveries/Restitution	\$15,356	
Cost Avoidance	0	
<b>Agency Administrative Actions</b>		
Employees (Resignations and Terminations)	7	
Other Employee Actions	4	
Other Persons/Businesses	0	
Suspension/Debarment Referrals	0	

<sup>8</sup> For the purpose of reporting investigative activity, Volunteers/trainees are included under the categories of “Referrals for Agency Administrative Action” and “Agency Administrative Actions.”

## 7: Summary of Hotline and Other Complaints

	<b>Number</b>
Hotline Complaints Received	66
Non-Hotline Complaints received <sup>9</sup>	21
Complaints Closed	87
Awaiting OIG Action	0
Resulted in Investigations	18
Referred to Audits	1
Referred to Evaluations	3
Referred to Agency Management	2
Referred to Other Agency	1
No Action Needed	62

<sup>9</sup> These complaints are largely as a result of outreach by OIG staff and were received by email, phone calls, and conversations.

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

<b>Act Reference</b>	<b>Reporting Requirements</b>	<b>Page</b>
Section 4(a)(2)	Review of legislation and regulations	9
Section 5(a)(1)	Significant problems, abuses, and deficiencies	8-30
Section 5(a)(2)	Significant recommendations for corrective actions	8-30
Section 5(a)(3)	Prior significant recommendations on which corrective action has not been completed	44-45
Section 5(a)(4)	Matters referred to prosecuting authorities	32-37
Section 5(a)(5)	Summary of instances where information was refused	n/a
Section 5(a)(6)	List of audit reports, including evaluations, inspections, and reviews	40
Section 5(a)(7)	Summary of significant reports	20-30
Section 5(a)(8)	Statistical table - questioned and unsupported costs	42
Section 5(a)(9)	Statistical table - funds to be put to better use	43
Section 5(a)(10)	Summary of previous audit reports without management decisions	n/a
Section 5(a)(11)	Significant revised management decisions	n/a
Section 5(a)(12)	Significant management decisions with which the Inspector General disagrees	n/a
Section 5(a)(13)	Information under Federal Financial Management Improvement Act of 1996	n/a

## Appendices



PC/Panama Volunteer Alan McDonald stands in front of his community's Peace Corps Partnership Program (PCPP) funded aqueduct.

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# Appendices

## A: Reporting of Peer Reviews

Pursuant to Section 989C of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law No. 111-203),<sup>10</sup> the Peace Corps OIG reports the following peer review information:

During the reporting period, there was one peer review conducted of the Peace Corps OIG. The Audit and Investigation Units are required to conduct peer reviews and be subject to a peer review every three years.

### Audit Unit

The U.S. Government Printing Office OIG reviewed the system of internal control for the OIG Audit Unit for the period ending September 30, 2010. The Peace Corps OIG received a peer review rating of pass. A rating of pass is issued when the review team concludes that the system of quality control for the audit organization has been suitably designed and complied with to provide OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. In its comment letter, the U.S. Government Printing Office OIG issued findings that were not considered to be of sufficient significance to affect the opinion expressed in that report. The Peace Corps OIG initiated action to update its audit policies and procedures, enhance working paper documentation, and formalize its process for overseeing independent public auditors. The System Review Report is available on the OIG website:

[http://multimedia.peacecorps.gov/multimedia/pdf/policies/Peer\\_Review\\_Opinion\\_Report\\_Final.pdf](http://multimedia.peacecorps.gov/multimedia/pdf/policies/Peer_Review_Opinion_Report_Final.pdf)

In March 2008, The National Endowment for the Arts OIG conducted a peer review of the Audit Unit of the Peace Corps OIG in effect for the year ending September 30, 2007. There were no recommendations made.

### Investigation Unit

The Investigation Unit is expected to undergo a peer review in early 2013. The Investigation Unit was recently included in the Council of Inspectors General on Integrity and Efficiency (CIGIE) peer review schedule after having been granted authority from the Attorney General to exercise statutory law enforcement powers.

## B: Contract Audit Reports

Pursuant to Section 845A of the National Defense Authorization Act for Fiscal Year 2008 (Public Law No. 110-181), the Peace Corps OIG reports final contract audit reports with significant audit findings: During this reporting period, OIG did not issue any contract audit reports.

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<sup>10</sup> Section 989C of the Frank Wall Street Reform and Consumer Protection Act amends Section 5(a) of the Inspector General Act of 1978 (5 U.S.C. App.)

## C: IG Congressional Testimony

HOUSE COMMITTEE ON FOREIGN AFFAIRS

U.S. HOUSE OF REPRESENTATIVES

MAY 11, 2011, 9:30 A.M. – PEACE CORPS AT 50

TESTIMONY OF KATHY A. BULLER

PEACE CORPS INSPECTOR GENERAL

Madam Chairman Ros-Lehtinen, Ranking Member Berman, and distinguished members of the Committee I thank you for inviting me to appear before you today. My testimony will outline the Peace Corps OIG's role in providing oversight of the Peace Corps, particularly its safety and security function. I will highlight the relevant work we have done and give my perspective on the status of safety and security initiatives at the Peace Corps. I hope my testimony will shed light on this important topic for the Peace Corps.

The Peace Corps OIG was established in 1989 after Congress amended the Inspector General Act of 1978 to include smaller agencies. I became the Inspector General (IG) on May 25<sup>th</sup>, 2008. In my role as the IG, I direct a small office of 20 employees composed of auditors, evaluators, criminal investigators, legal counsel and support staff. I am fortunate to work with individuals who have a broad range of skills and experiences, including seven returned Peace Corps volunteers, and three former General Accountability Office (GAO) employees. All of them have extensive private and public sector experiences. Last year our criminal investigators were granted full statutory law enforcement powers by the Attorney General including the authority to seek and execute search and arrest warrants, seize evidence, make arrests without a warrant while engaged in official duties, and carry firearms.

Our mission is to prevent and detect fraud, waste, abuse, and other wrongdoing in agency operations and programs as well as promote economy, efficiency and effectiveness. My office serves as an independent oversight entity and my duty is to keep Congress and the Director fully and currently informed about problems within the Peace Corps and the need for corrective action. When my auditors and evaluators visit posts, our scope of work and methodology always include a focus on volunteer safety and security.

My testimony explains how my office has integrated a focus on volunteer safety and security as part of our regular evaluations and audits of Peace Corps posts, and summarizes two major work products we conducted since 2008 to assess the effectiveness of the Peace Corps' overall safety and security program. My testimony concludes with the status of the agency's progress to reform its safety and security program. However, it is important to understand the nature of Peace Corps safety and security challenges.

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## Peace Corps' Safety and Security Challenges

The Peace Corps, like other international development agencies, is constantly mitigating safety and security risks. With volunteers serving in 77 countries, the agency faces a range of challenges that affect volunteer safety and security including: political unrest, natural disasters, rising crime rates, terrorism threats, and the complexity of dealing with varying legal systems in foreign jurisdictions. Unlike most other international agencies, however, the Peace Corps also faces unique safety and security challenges that result from the fact that the majority of volunteers serve at the grass roots level in rural communities, often in remote areas far from the capital city and the Peace Corps office. They live and work with people of diverse cultural backgrounds and languages. In short, the model of volunteerism that makes Peace Corps such a compelling experience for its volunteers can at the same time make the agency's efforts to ensure their safety a challenge.

Peace Corps' approach to safety and security is an 'acceptance model' that requires volunteers to integrate into their community so that local populations, including their host families, friends and local counterparts support and protect them. To make the acceptance model work, the Peace Corps must have a sound process for developing appropriate sites to place volunteers, as well as solid safety and security-related training for volunteers.

Site development includes locating safe and adequate volunteer housing, finding meaningful work for volunteers, ensuring that volunteers have host country counterparts who understand their roles, and making certain that each host community wants a volunteer. As part of site development, Peace Corps staff coordinate and liaise with local officials and communities. In preparation for their service volunteers receive local language and cultural training that includes understanding the nature of activities and behaviors that increase their risk of becoming ill or being injured. The task of providing a safe and secure environment for our volunteers is a team effort that does not solely depend upon safety and security personnel.

While the acceptance model places significant responsibilities on Peace Corps to ensure volunteer safety, it also requires that volunteers take responsibility for their own safety. This responsibility includes learning the language, adhering to the cultural norms of the community in which they live, and avoiding situations that could increase their risk of becoming ill or being injured.

The acceptance model has its limitations, but past GAO and recent OIG reports confirm it is the most viable model for agencies like the Peace Corps that place volunteers in remote locations and have a small security footprint. However, even with the best possible acceptance model in place, volunteers face risks living, working, and traveling in unfamiliar environments, having a limited (initially, at least) understanding of local languages and culture, and being perceived as a well-off foreigner. While Peace Corps cannot eliminate these risks entirely, it can mitigate them by having in place strong safety and security policies and procedures and implementing them consistently.

Since fiscal year (FY) 2004, OIG has visited 66 posts and issued recommendations related to safety and security at 56 of these posts (85 percent). Additionally, thirty-eight percent (25 out of

66) of these posts were found to be deficient in some aspect of their site development, which is an essential component of the acceptance model of safety and security. Inappropriate site development increases the risk that a volunteer's community safety net will be compromised if a threat arises.

### **How OIG Reviews of Overseas Posts Address Safety and Security Issues**

OIG conducts audits and evaluations of overseas posts. These assess how effectively Peace Corps overseas operations, including post staff, provide support to volunteers. We review whether posts have adequate internal controls and whether they are complying with Peace Corps policies, and federal laws and regulations.

#### ***OIG Post Evaluations***

Our post evaluations assess how effectively the country program is furthering Peace Corps' mission and goals. We focus on whether volunteers are working productively, and on the quality of posts' efforts to provide volunteers with good health care and personal safety training and support. We examine volunteer work site development, the safety of volunteer housing; and the quality of volunteer training, including language, technical, cross-cultural, health and safety and security training. We assess the adequacy of support provided by post staff—leadership, administrative, programming and training, medical, and safety and security staff members. Our evaluators review whether volunteers understand the post's emergency action plan (EAP) and if they know what to do in case of an emergency evacuation or other disaster. We speak with at least 20 percent of currently-serving volunteers, visit their sites and inspect their homes using the post's housing criteria. My evaluators also provide volunteers with information on OIG resources, for example the OIG hotline and encourage volunteers to contact OIG about any fraud, waste, abuse, misconduct, wrongdoing, or other related problems they encounter. Volunteers are assured that we keep their identities confidential.

During our post evaluations, our evaluators also interview State Department regional security officers (RSOs) at the local embassy to determine whether they are working well with the Peace Corps posts. We also review any recommendations that might have been issued by Peace Corps' safety and security officers (PCSSO) in the region and whether the post has implemented those recommendations.

#### ***OIG Post Audits***

Our post audits focus on how efficiently and effectively the posts administrative and financial operations are functioning. Our auditors review how post resources are utilized and whether posts are complying with policies and regulations. In regards to safety and security, our auditors interview the RSO to discuss any safety and security concerns. Further, auditors review whether posts have obtained a background security investigation or suitability check on host country staff before they are hired and whether the necessary update has been conducted. This has been one of the most common safety and security issues identified during our audits, 44 percent (28 out of 63) of posts audited since 2004 did not comply. After the policy was revised in September 2009

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to include short term contractors, OIG found that 73 percent of posts audited (11 out of 15) had not met this requirement.

### ***OIG Coordination with Chief Compliance Officer***

For all of our audits and program evaluations there is a process of corrective action whereby we coordinate with the agency to help ensure recommendations are implemented. Our work is facilitated by the agency's chief compliance office. A new chief compliance officer was hired in August of 2010; previously the position remained vacant for one year and seven months. The chief compliance officer has helped close over 300 recommendations since she started. However, as of May 2011; 205 recommendations remain open. At the post-level, 24 percent (22 out of 91) of open recommendations relate to safety and security issues. Implementing these recommendations often requires extensive coordination across various offices, communicating with field operations, revising or creating policy, and ensuring adequate resources for implementation.

### ***OIG Criminal Investigators***

OIG criminal investigators look at whether Peace Corps staff, contractors, and volunteers have violated any criminal laws and whether they have engaged in any misconduct. When OIG criminal investigators conduct overseas investigations, they coordinate with the RSO and FBI legal attaché, and, when appropriate, local host country law enforcement. OIG responded to cases of violent crime against volunteers serving overseas from 2003 to 2008. In 2008 that function was transferred back to the agency because it was determined that safety and security is a program function outside the mandate of the IG Act, as amended. However, we continue to conduct investigations of any crime where a Peace Corps staff member, contractor or volunteer is alleged to have been the perpetrator. We view those cases as misconduct and abuse squarely within OIG's mandate. In addition, we conduct inquiries, as appropriate, related to volunteer deaths and provide oversight over agency responses to volunteer deaths.

### ***Other OIG Responses to Safety and Security of Volunteers***

Our office is engaged in a broad range of outreach activities in support of Peace Corps' policy on handling allegations against Peace Corps staff, contractors, and volunteers. In the aftermath of the murder of volunteer Kate Puzey in 2009, the agency issued an interim policy on how to handle sensitive allegations against staff and contractors. Longstanding OIG and Peace Corps policy already provided volunteers the ability to report allegations confidentially to OIG. The interim policy focused on:

- The need for Peace Corps staff to treat allegations confidentially.
- Informing volunteers of their right to report allegations to OIG confidentially and encouraging them to do so.
- Ensuring the safety and security of the volunteer making an allegation.
- Reminding staff of their obligations to report allegations to OIG.
- Assuring volunteers that agency policy prohibits reprisal or retaliation.

In January 2011 the interim policy was formalized as a *Peace Corps Manual* section. My staff worked with the agency to develop a training module on complying with this policy. Subsequently we participated in three training sessions for new overseas staff on the policy. We have worked with the agency to ensure the policy is included in the *Volunteer Handbook*. I have communicated directly with country directors (CDs) on the importance of reporting allegations to OIG and maintaining the confidentiality of those making the allegations. I have also provided CDs with OIG materials and posters to distribute and display at posts overseas to inform both staff and volunteers of the mission of the OIG and how to contact us to forward allegations or concerns related to waste, fraud and abuse in Peace Corps programs and operations.

In addition, we are currently conducting an evaluation on how the agency responds to instances of rape and sexual assault in response to the ABC News 20/20 television episode related to allegations of sexual assault of Peace Corps volunteers. We hope to issue a preliminary report by mid-summer.

### **Peace Corps' Office of Safety and Security and Related Reforms since 2002**

Madam Chairman, I would like to briefly provide some background on the Peace Corps volunteer safety and security program. In 2002, at the request of Congressman Meehan and Congresswomen McKinney, GAO conducted a review and issued a report of the Peace Corps safety and security program. The report identified several weaknesses including that the safety and security program was unevenly implemented. The following factors contributed to this uneven implementation: unclear guidance, inadequate staff training, spotty supervision and oversight mechanisms, and staff turnover. GAO outlined how the Peace Corps provides broad guidance to support overseas posts but relies on CDs to develop and implement effective safety and security practices.

The GAO report also stated that while volunteers were generally satisfied with the Peace Corps' efforts to provide security training and inform them about their security environments, the Peace Corps showed mixed performance in developing safe and secure housing and work sites for volunteers. The report also mentioned the uneven quality and comprehensiveness of Peace Corps Emergency Action Plans (EAPs), which are required by each post and address emergency situations that would likely impact Peace Corps personnel and operations.

The GAO report further noted a variation in how Peace Corps monitors and responds to volunteer concerns. For instance, while crime incidents had increased, the full extent of crimes against volunteers remained unknown due to underreporting. GAO also noted that it was difficult to interpret Peace Corps' sexual assault data and that the crime data analysis system could be enhanced. At the time of the GAO report, the Office of Medical Services collected information on assaults and produced analyses of violent crime incidences.

The agency's response to the GAO report detailed a number of significant improvements to the way the Peace Corps manages volunteer safety and security. The agency stated that it would create an Office of Safety and Security (SS) "to foster improved communication, coordination, oversight, and accountability for all Peace Corps safety and security efforts." The office would be led by an associate director for safety and security, who would report directly to the Peace

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Corps Director, and the office would include the following divisions: Volunteer Safety and Overseas Security; Information and Personnel Security; and Emergency Preparedness Plans, Training, and Exercises. The office would also include a Crime Statistics and Analysis Unit to track crime statistics, identify crime trends, and highlight potential safety risks to volunteers.

In addition, the agency stated that it would authorize all of its overseas posts to employ a full or part-time safety and security coordinator (SSC) and added three new full-time safety and security desk officer positions, one for each region, and four additional field-based Peace Corps safety and security officers (PCSSOs). Furthermore, Peace Corps stated that it would revise its policies to require posts to implement the following six essential safety and security practices:

- Monitor, assess, and disseminate safety and security information to volunteers and trainees
- Continually train volunteers and trainees on culturally appropriate lifestyles and judgment that reduces risks
- Inspect volunteer and trainee work sites before their arrival to ensure housing and work sites are appropriate, safe, and secure
- Establish procedures for reporting safety and security incidents
- Develop and test EAPs
- Establish a system to collect contact and whereabouts information from volunteers when they are away from their communities

As stated in the agency's response, the primary responsibility for SSCs was to monitor and ensure that their post complied with these practices.

### **OIG Volunteer Safety and Security Audit and Evaluation Reports**

More recently, my office issued both an evaluation report in 2008 and an audit report in 2010 focused on the agency's overall volunteer safety and security program. Both reports found that the security program has evolved significantly since the 2002 GAO report, and that the agency has made substantial progress in addressing its safety and security needs, e.g. establishing the office of safety and security, assigning SSCs to each overseas post, hiring nine regional based PCSSOs, and revising its safety and security policies. Yet both our 2010 audit and 2008 evaluation concluded that safety and security policies, procedures, practices, training, and resources were unevenly or inadequately applied.

#### ***2008 Safety and Security Evaluation***

The safety and security program evaluation issued in 2008 assessed the effectiveness of the six safety and security practices implemented after the 2002 GAO report. Our evaluation contained 20 recommendations; six remain open today. Below are some of the most salient findings included in the report:

- The agency crime data was unreliable and not reported to headquarters in a timely manner. Staff did not have adequate training on the agency's new crime reporting tool.
- Although volunteers were provided with information about global safety and security risk factors, they were not provided country-specific risk factors.

- EAPs did not always contain essential information to facilitate volunteers' speedy and safe consolidation or evacuation from their country of service.
- Peace Corps did not ensure that emergency action plans were consistently tested in accordance with agency policy or under realistic conditions (e.g., in the absence of cell phones.)
- Forms that could be used to locate volunteers' sites in emergency situations were not always fully completed or accurate.
- PCSSOs had provided posts with substantial support; however, their recommendations were not systematically tracked and were often not implemented.
- Volunteers' houses did not always meet the posts' own criteria for safe housing.

At the end of March 2011, the agency submitted documentation to close the remaining six open recommendations. Of the six recommendations, the agency did not concur with one and partially concurred with three. Given that many safety and security practices have evolved since we issued the report in 2008, and that some of the recommendations require a global change in how SS does its work, my office wants to be sure that the action taken meets the intent of the recommendation before we can close them.

### ***2010 Safety and Security Audit***

Our audit report, issued in April of 2010, focused on the management and organization of the safety and security function at Peace Corps. Consistent with past reports, we found in 2010 that volunteers overwhelmingly state being satisfied with their level of safety and security and staff support. Moreover, we found that while Peace Corps maintains a much larger safety and security workforce than comparable international non-governmental organizations, safety and security staff at all levels lacked the experience and training needed to perform their jobs.

In addition, our report found that the security program lacked essential elements and did not keep up with the changing needs of the overseas posts because the volunteer safety and security program did not have a clear management structure, and no office accepted complete ownership of it. The audit also found that SS served as a consultative office, not an oversight office. This has resulted in SS relying on the Peace Corps' overseas posts to request its assistance and any recommendations from SS for safety and security improvements to be treated as suggestions. Furthermore, the audit determined that organizational structures and personnel practices have not matched the agency's shift in safety and security roles and responsibilities, causing confusion and inconsistencies in the program.

Specifically, the report found that the agency had not:

- Developed a comprehensive security strategy and plan that articulated how the agency's security policies related to the acceptance model.
- Directed the SS office to provide management and oversight of the safety and security program, including SSCs at posts.
- Aligned safety and security personnel's roles and responsibilities with the agency's stated priority of safety and security. We found that unclear lines of authority and communication created a weak safety and security structure and organization – insufficient input overall on agency operations and lack of oversight of post budget and operations. Essentially, regions and CDs, not SS, the office established to oversee and

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implement the Peace Corps safety and security program, drive safety and security priorities.

- Defined the skills and experience needed for all security positions; provided consistent training and development tracks that matched responsibilities; and developed standard operating procedures for performing duties.
- Consistently hired people with the skills and experience to fill its safety and security positions – including the SSCs at the posts and the regionally-based PCSSOs.
- Clearly defined the roles of headquarters safety and security staff and field safety and security staff to avoid unclear expectations and duplicate responsibilities.
- Standardized training for safety and security personnel.
- Consistently tracked and ensured that corrective action on PCSSO recommendations were taken.

All of these findings point to a volunteer safety and security program which has not been implemented evenly, increasing potential risks to volunteers. Since FY 2004 OIG issued recommendations related to staff roles, responsibilities and training at 23 percent of posts visited (15 out of 66).

Since the issuance of our 2010 audit report, the Peace Corps has taken important steps to close recommendations and improve its safety and security program. The more significant steps include:

- July 2010 – the Director issued a decision memorandum announcing that the SS would assume responsibility for technical oversight of the positions of safety and security coordinator and safety and security desk officer.
- September 2010 – SS defined training requirements for PCSSOs and SSCs. SS provided training for the safety and security personnel at its biannual conference.
- December 2010– Peace Corps reissued several *Peace Corps Manual* sections to include the revised safety and security roles and responsibilities.
- February and March 2011 – Peace Corps developed the “Peace Corps’ Safety and Security Strategy”, *Before You Go...* [the Volunteer Safety and Security Handbook] and standard operating procedures for safety and security personnel. In addition, the agency issued revised *Peace Corps Staff Guidelines for Responding to Rape and Major Sexual Assault*, and required that staff training on the new guidelines be performed at every Peace Corps post.
- In addition, SS increased its oversight function by developing a process to verify whether required security background investigations and suitability checks for personal services contractors have been performed.

Despite the agency’s substantial progress in reforming its safety and security program, my primary concerns continue to revolve around uneven implementation. Our post audits and evaluations have indicated that posts have not been fully compliant with essential safety and security policies despite the numerous positions established to ensure and track implementation of these policies. Unclear procedures lead to potentially serious gaps in the safety and security process. We have found situations in which responses to crimes were inadequate and incomplete because staff roles were not clearly defined and communicated. Poorly defined staff responsibilities and unclear lines of authorities only increase risk to our volunteers when a timely and competent response by agency personnel is needed.

In our view a memorandum of understanding (MOU) to formalize the relationship between the State Department and the Peace Corps is a critical step to improving the agency's capacity to effectively respond to security situations. The MOU would define the roles and responsibilities of both agencies in supporting volunteer safety and security overseas and would serve as an essential protocol for adequately responding to volunteer safety and security incidents.

To date the agency has provided sufficient information to close 23 of 28 recommendations from our 2010 safety and security audit. We continue to collaborate closely with agency management, provide needed clarifications and comments to its proposed actions, as well as general advice with the aim of closing all remaining open safety and security recommendations. Closing the recommendations is an important step but it is not sufficient in and of itself. The agency will need to monitor the safety and security program to ensure the changes take hold. I believe that the successful implementation of these recommendations will depend in large part on whether SS functions as the management and oversight office it was intended to be, rather than a consultative office for overseas posts, providing assistance and suggestions when requested. For our part we plan to conduct a follow-up review on the effectiveness of implementing these measures in FY 2012.

## **Conclusion**

The Peace Corps has a decentralized organizational structure in which top management relies primarily on CDs and their staff to manage programs and operations overseas, including its safety and security program. This model must have clear lines of communication, well established policies and procedures, and adequate management oversight functions at headquarters to ensure overseas posts are efficient and effective. In this regard, our audits and evaluations continue to highlight areas where management oversight is lacking and standard operating procedures are not in place. As a result, there is a lot of disparity among posts due to the quality and expertise of staff members and their ability to develop their own methods of managing safety and security challenges.

While some important OIG recommendations remain open, the agency has made substantial progress in recent years in developing a comprehensive safety and security program. Director Williams has pledged his full support to remediate all safety and security related findings and we are working with agency management to help ensure critical recommendations are implemented. The agency has shared drafts of their overall security strategy, revised policies, and developed a proposed memorandum of understanding with the State Department.

In conclusion Madam Chairman, putting in place a more effective Peace Corps volunteer safety and security function will require continued vigilance, prioritization of initiatives, greater accountability and management oversight, more emphasis on hiring and retaining quality security professionals, adequate financial and training resources, a focus on implementation, and greater coordination with other agencies like the State Department. While follow-through on these items and our recommendations will be challenging, it is necessary to ensure Peace Corps' sustainability for the next 50 years.

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

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