



Office of Inspector General  
Annual Plan

Fiscal Year 2012

## Peace Corps Office of Inspector General

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. OIG:

- 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 (IG Act). The IG Act, as amended, establishes OIG as an independent entity within the Peace Corps. The law requires that OIG fully and currently inform the Peace Corps Director and the Congress about problems and deficiencies relating to the administration of agency programs and operations. OIG is authorized by law to review all programs and operations of the Peace Corps. OIG's work typically examines agency operational efficiency, effectiveness, financial stewardship, and compliance with agency policy and federal regulations.

### **FY 2012 Focus Areas**

OIG routinely reviews the Peace Corps' use of funds to ensure the most efficient use of scarce resources. In the current budget environment, OIG will continue to focus on the efficiency and effectiveness of operations to identify questioned costs and funds to be put to better use. During FY 2012 OIG will conduct audits, evaluations and investigations addressing the Management Challenges identified annually in the *Peace Corps Performance and Accountability Report*. These challenges illustrate the most significant areas OIG believes need improvement for the Peace Corps to effectively manage its resources and minimize the potential for fraud, waste, and abuse occurring in its operations. By addressing the issues related to the challenge areas the agency could potentially achieve operational efficiencies and improve mission effectiveness. This year's challenge areas are listed below:

- Information Technology Management
- Property Management
- Protection of Personally Identifiable Information
- Remediation of Audit Findings and Recommendations
- Business Processes and Information Systems

In addition to the management and performance challenges, OIG also plans to conduct the following advice and assistance functions in support of agency goals and objectives:

- Provide technical assistance to Peace Corps managers on issues related to financial and administrative policies, procedures, best practices, and effective internal controls.
- Deliver best practices presentations at regional conferences of post staff and other conferences or meetings as requested.

- Provide overseas staff training sessions to assist country directors, administrative, and program and training staff in performing their functions effectively and efficiently and in compliance with agency policy and procedure.
- Provide Volunteers/trainees informational materials, trainings, and other presentations on OIG issues, particularly how to provide OIG information on fraud, waste, or abuse and make allegations of wrongdoing or misconduct against Peace Corps employees, contractors or other Volunteers/trainees. We will also focus on confidentiality issues and information on agency policy against reprisal. This effort will be coordinated by the OIG Outreach Committee.

During FY 2012 OIG will continue to monitor four separate pieces of legislation affecting 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 the agency's 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. If the legislation is passed by Congress and signed by the President, it may have implications for the work OIG is planning to conduct in FY 2012.

## **Audit Unit**

The Audit Unit conducts audits and other reviews of agency programs and financial and administrative operations that support the Peace Corps' mission and its Volunteers serving around the world. The unit performs audits of the agency's field activities at overseas posts and its administrative support functions at headquarters and domestic recruiting offices. Most audit engagements are conducted by a single auditor under the direction and guidance of the assistant inspector general for audit. For legislatively mandated audit work, we have contracted with an independent auditing firm. Audits are performed in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States.

### **FY 2012 Post Audits and Target Areas of Concern**

In developing our overseas post audit schedule, sites are researched with assistance from regional and other headquarters management and staff. We continue to improve our risk assessment to better allocate our audit resources to cover a diverse and well-representative selection of overseas posts.

We select posts to be audited by considering the following factors:

- The length of time since last audited.
- Amount of funds and number of Volunteers.
- Volunteer survey information related to financial and administrative operations.
- Vulnerability of the operation to fraud, waste, abuse, or criminal acts.

- New or changed conditions affecting the operation, such as an evacuation or significant anticipated growth.
- Audit requests from agency managers, including country directors.
- Conditions that indicate an audit is warranted to safeguard agency resources; to identify fraud, waste, and abuse; or to assure the health and safety of Volunteers and staff.

This year we are revising our audit process to include two levels of post audits, which will provide greater coverage of all overseas posts by focusing on posts that display high risk indicators and significant weaknesses. Based on the factors listed above, we select posts and conduct extensive review of post operations from headquarters. The review encompasses payment vouchers, imprest fund reconciliations, contracts and contract payments, leases, property records, and budget. We also review funds received by Peace Corps posts related to the President’s Emergency Plan for AIDS Relief (PEPFAR). If our review indicates that the post is operating effectively and efficiently we will issue a limited scope audit report. If additional work is necessary to fully assess post operations we will conduct a two to three week field visit that focuses on the significant weaknesses at post and issue a full report of post administrative and financial operations.

Based on the factors mentioned above, we intend to conduct limited scope audits of the following posts or, if necessary, issue full post audit reports:

<b>Africa</b>	<b>EMA</b>
Benin*	China
Cameroon*	Kazakhstan*
Ghana*	Turkmenistan
Malawi*	<b>IAP</b>
Namibia*	Dominican Republic*
Senegal	Guyana*
South Africa*	Jamaica*
Uganda*	Tonga
*Posts receiving PEPFAR funds.	

During the post audits mentioned above, we will assess areas of concern and processes that present challenges to overseas posts. We will then issue separate capstone reports on the specific subject areas below, which will identify systemic weaknesses and address deficiencies impacting multiple overseas posts.

<b>Program</b>	<b>Purpose</b>
Imprest Fund Operations	Imprest fund is inherently vulnerable to loss and theft. During our post audits we will review whether these controls are in place and operating effectively.
Medical Supply Accountability	Medical supply policies and procedures were significantly revised in FY 2009. We will determine whether posts have established effective processes to control medical supplies.
Personal Property Accountability Overseas	Our management challenges repeatedly identify property accountability as an agency weakness. We will assess the effectiveness of agency initiatives designed to improve property accountability.

### **Contract Audits**

We will audit agency's contract with CHP International Inc. for training services in Paraguay. We will also review the agency's contracts and blanket purchase agreements for medical services and supplies.

### **Legislatively Mandated Audit Work**

In addition to the audits of overseas posts, we intend to conduct the following:

- **Audit of Peace Corps FY 2012 Financial Statements.** The Accountability of Tax Dollars Act of 2002 mandates that the Peace Corps subject its financial statements for audit. OIG contracts with an independent public accounting (IPA) firm to perform the annual audit of the agency's financial statements. To fulfill our responsibilities, we monitor the IPA firm's work to ensure that it is of acceptable quality, in compliance with federal law and applicable standards, and is completed within the Office of Management and Budget (OMB) established milestones.
- **Review of the Peace Corps Information Security Program.** We are also responsible for meeting specific requirements set out by the Federal Information Security Management Act. These requirements include performing reviews of the Peace Corps' information systems security program and reporting related selected data to the OMB annually.

### **Agency-Wide Programs and Special Reviews**

The Audit Unit intends to initiate, perform or complete a variety of audits, reviews, and follow-ups of agency-wide programs. These projects are cross-functional and may require assistance from other OIG units. We intend to complete our audits, begun in FY 2011, and issue our report on Peace Corps' management of external funds for Volunteer projects and management of the 50<sup>th</sup> anniversary program. In addition, we will be initiating the following headquarters audits:

<b>Program/Review</b>
Peace Corps Safety and Security
Volunteer Screening
Manager's Internal Control Program <sup>1</sup>

## **Evaluation Unit**

The Evaluation Unit analyzes the management and program operations of the Peace Corps at both overseas posts and domestic offices. Our goal is to provide practical feedback to agency decision-makers on program and policy issues. We accomplish this through evaluations of the agency's field activities at overseas posts and its program and administrative support functions at headquarters and domestic recruiting offices. We also contribute to cross-functional reviews undertaken with OIG auditors or investigators.

OIG evaluators identify best practices and recommend program improvements and means to comply with Peace Corps policies. The Evaluation Unit conducts reviews and assessments using applicable Federal laws, regulations, and Peace Corps policies, procedures, and performance measures, such as IPBS and strategic plans. 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 the Council of the Inspectors General on Integrity and Efficiency. These standards set the bar for staff competency, independence, professional judgment, and internal quality controls, including stakeholder feedback for process improvements.

### **FY 2012 Evaluations**

The 2012 OIG annual plan sets forth an ambitious schedule for addressing some of the larger issues faced by Peace Corps as it responds to new challenges and opportunities, implements strategies contained in its Comprehensive Agency Assessment, and addresses concerns related to the safety and security of Volunteers. Along with reviews of agency wide programs and operations, the evaluations unit will continue to perform country program evaluations to ensure that we are delivering current information to agency decision makers on worldwide program operations and the work and well-being of Volunteers, and we will focus on those country programs that are relatively new or face operational challenges.

We consider the following factors when developing our evaluation schedule:

- Requests from the Congress and agency managers, including country directors.
- Conditions about post or domestic operations that are brought to our attention by Volunteers, trainees, or staff.
- Conditions that indicate a need to evaluate the program to assure the health and safety of Volunteers and staff or to identify and deter fraud, waste, abuse, and mismanagement.

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<sup>1</sup> Includes implementation of OMB Circular A-123 and Federal Managers Financial Integrity Act of 1982.

This is assessed by reviewing the interval since the last country program evaluation; size, maturity, and cost of the country program; All-Volunteer Survey results, Volunteer safety data, and Volunteer resignation rates.

- New or changed conditions affecting post operations; and indications of either high or low performance.

### Country Program Evaluations

We have selected 13 posts that may receive a country program evaluation during FY 2012. Some posts may not be visited due to unexpected evaluations that are prioritized for completion. Final selection of the posts and the timing of the evaluations will be decided during the year. We will work with regional management to finalize the evaluation schedule for each post based on available resources and post constraints, and we will coordinate the scheduling of the fieldwork portion of the evaluation with the post in advance of our visit. In conjunction with our country program evaluations, we will conduct work at posts that have received President’s Emergency Plan for AIDS Relief (PEPFAR) funding to assess program administration and support to Volunteers. Those posts are indicated with an asterisk.

<b>Africa</b>
Benin
Lesotho*
Malawi*
Namibia*
Rwanda*
<b>EMA</b>
Indonesia
Kazakhstan*
Georgia
Mongolia
<b>IAP</b>
Colombia
Honduras
Mexico
Panama*
*Posts receiving PEPFAR funds.

### Agency-Wide Programs and Special Reviews

During FY 2012 we will complete and issue reports on two agency-wide programs or special reviews that we initiated last year: a review of the “five-year rule” and a review of the agency’s implementation of guidelines and protocols related to volunteer victims of sexual assault. We also plan to conduct two evaluations of headquarters and/or domestic operations as follows:

<b>Program/Review</b>
Overseas Staff Recruitment, Selection and Training Process
Returned Volunteer Post-Service - Federal Employees Compensation (FECA) Act Program

## **Investigation Unit**

The Investigation Unit assists the Peace Corps in maintaining integrity in its programs and operations by investigating allegations of fraud, waste, abuse, and employee misconduct. Matters investigated include, but are not limited to, grant, contract, and procurement fraud; violations of law and agency policies committed by Peace Corps personnel, contractors, and vendors; and Federal Employees' Compensation Act claimants. Our investigations can result in criminal prosecutions, civil monetary penalties, sanctions and personnel actions, including verbal counseling, suspensions, and termination from Peace Corps service.

The Investigation Unit is committed to addressing allegations in an independent and objective manner; conducting criminal, civil and administrative investigations affecting Peace Corps programs and operations; briefing employees on fraud awareness and detection; and encouraging professional development of its staff.

Our investigations are conducted in accordance with the Inspector General Act of 1978, as amended, the Attorney General Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority, and the Quality Standards for Investigations issued by the President's Council on Integrity and Efficiency and affirmed by the Council of Inspectors General on Government Integrity and Efficiency. It is our goal to:

- Respond to hotline and other complaints and allegations of mismanagement, misconduct and other wrongdoing, as well as to detect and prevent acts of fraud, waste, and abuse.
- Leverage resources to effectively investigate suspected fraud both domestically and overseas, as well as other criminal wrong doing and administrative misconduct by Peace Corps staff, including employees, contractors, experts, consultants and Volunteers/trainees.
- Work with agency staff to develop and maintain a fraud awareness and prevention program.
- Consider trends and the ongoing needs Peace Corps management, overseas posts, and Congressional stakeholders to investigate and report on suspected crimes and other wrongdoing.

In addition to pursuing a wide variety of allegations and complaints from multiple sources, in FY 2012 the Investigation Unit will be engaging in the following:

- Pursuing fraud involving FECA claims including proactive initiatives working jointly with the audit and evaluations unit to identify possible waste, fraudulent activity, and/or false claims.
- Reviewing audit findings to address potential risk and vulnerability from the standpoint of property management. We plan to focus on high dollar and pilferable items, including computers, motor cycles, vehicles, radios, etc.
- Expanding ongoing inquiries regarding alleged fraudulent activities associated with travel expenditures and to assess agency wide impact.
- Greater coordination with the Audit and Evaluation Unit to investigate vulnerabilities with Peace Corps contracts and Volunteer managed grants.
- Developing a fraud awareness program and delivering related training to staff and volunteers.
- Prioritizing investigations of sexual assaults and PROTECT Act allegations against Peace Corps staff or Volunteers.
- Strengthening our engagement with Volunteers and offering information on OIG resources and mechanisms for providing information or complaints confidentially relating to programs and operations.

### **Statutory Law Enforcement**

During FY 2010 Attorney General Eric H. Holder, Jr. authorized OIG to exercise statutory law enforcement powers pursuant to Section 6(e) of the Inspector General Act of 1978, as amended and in accordance with the Attorney General Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority. This authority provides OIG with additional law enforcement tools including the authority to, upon probable cause, seek and execute warrants for arrest, search premises or seize evidence, make arrests without a warrant while engaged in official duties, and carry firearms. During FY 2012, Investigative staff will receive further training to enhance our ability to respond and investigate PROTECT Act allegations and Volunteer on Volunteer crimes.

### **Inter-agency Cooperation**

During the upcoming year the Investigation Unit will also strengthen efforts to cooperate with other law enforcement agencies such as the U.S. Attorneys' Offices in multiple jurisdictions, the Department of Justice, Federal Bureau of Investigation, Immigration and Customs Enforcement, Department of Labor, and the Department of State Bureau for Diplomatic Security Service.