



Peace Corps
Office of Inspector General
Semiannual Report to Congress

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, the Office of Inspector General (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.

The goals of OIG are as follows:

- To promote integrity, efficiency, effectiveness, and economy
- To prevent and detect waste, fraud, abuse, and mismanagement
- To identify risk and vulnerabilities and offer expert assistance to improve Peace Corps programs and operations

Established in 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.

Semiannual Report to Congress

April 1 to September 30, 2014

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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 to September 30, 2014. This year marks the 25th anniversary of the Office of Inspector General, an office that I have been honored to head for the past six-and-one-half years. In September, we hosted a 25th anniversary celebration to reflect on our past accomplishments, to offer thanks to those who contributed to past successes, and to focus on the path ahead. The event served as a great outreach opportunity for agency staff to learn more about our office and the important work we do.

During this reporting period, the Evaluation Unit issued a multiyear lessons-learned report on the agency's process for new country entries and an evaluation on training Peace Corps overseas staff. The lessons-learned report found that while the agency has a new country entry guide, which contains timelines and instructions for opening a post, we identified recurring issues that proved problematic for newly opened posts when timelines, resources, or new country entry assessment recommendations were not sufficiently considered and planned. We also identified a number of best practices. The training report found that Peace Corps overseas staff receives inconsistent training, which varies greatly depending on one's position and post. We found that although host country nationals comprise over 90 percent of Peace Corps overseas workforce, the agency does not have a training coordinator for them. The report also highlighted that training has been negatively impacted by poor institutional memory and insufficient transition management. This year, we identified "Training Overseas Staff" as a new challenge area in our statement on the management and performance challenges facing the agency.

The Audit Unit issued a report on the Peace Corps' applicant screening process and a capstone on the agency's billing and collection process. The applicant screening report identified practices common among other volunteer organizations that were lacking at the Peace Corps, including permanent information on previous Volunteers who were involved in misconduct, a child safety policy for Volunteers interacting with minors, and verification of work history of applicants. The capstone summarized the internal control weaknesses over bills of collection (BOCs) noted in 51 audits we conducted between October 2007 and February 2014. BOCs are at high risk for misappropriation and it is essential that posts establish checks and balances and comply with Peace Corps policies to protect funds.

On August 5, 2014, I, along with 46 other inspectors general (IGs), signed a letter to the chairmen and ranking members of the House and Senate government oversight committees to express our concerns for the serious limitations on access to records that have recently impeded the work of my office, as well as the inspectors general at the Environmental Protection Agency

and the Department of Justice. The 47 IGs who signed the letter underscored the implications of agencies refusing, restricting, or delaying IGs' access to agency documents. The letter noted agency actions have profound negative consequences for IGs' oversight work. In our last two SARCs, we expressed serious concerns with the agency's decision to issue policies and procedures that impede our broad right of access to all agency records, documents, and information under Section 6 of the Inspector General Act. In particular, the agency is denying my office information regarding sexual assaults in the Peace Corps. This information is critical to conduct our oversight work, particularly the work required by the Kate Puzey Act.

On September 10, 2014, I testified before the House Committee on Oversight and Government Reform at a hearing titled, "Obstructing Oversight: Concerns from Inspectors General." At the hearing I highlighted that the agency and OIG entered into a memorandum of understanding (MOU) granting OIG greater access to sexual assault reports, but reiterated our need for access to all agency documents and information to continue providing effective oversight, which we can do while respecting victims' privacy. My testimony is included as Appendix C to this report.

In addition to the work mentioned above, the Audit Unit initiated a post audit of Madagascar and continued work on a follow-up audit of the Peace Corps' safety and security program, an audit of the Peace Corps' administration of health services contracts, and a post audit of Nepal. The Evaluation Unit initiated a post evaluation of Guatemala and continued work on an evaluation of Lesotho. The Audit Unit also completed final reports for post audits of Cameroon and the Dominican Republic, while the Investigation Unit closed 98 investigations and preliminary inquiries.

In closing, I want to congratulate the Investigation Unit, which the Council for Inspectors Generals on Integrity and Efficiency (CIGIE) announced will receive an Award of Excellence for its investigation of the murder of Peace Corps/Gabon Volunteer Karen Phillips. Through an extraordinary effort, the team overcame an absence of a legal framework for cooperation with the Gabonese government and other challenges to solve the 15-year-old case.



Kathy A. Buller
Inspector General

Management and Administration



A Peace Corps/Philippines Education Volunteer Melissa Clouser stands in the library she helped start.



Management and Administration

Agency Context

As of September 30, 2014, 6,818 Peace Corps Volunteers and trainees were serving in 64 countries at 61 posts. This total includes 832 Volunteers and trainees funded by the President's Emergency Plan for AIDS Relief to work on HIV/AIDS projects at 17 posts, and 188 Peace Corps Response Volunteers serving in short-term assignments in 35 countries.

The Volunteers and their programs are supported by 1,002 U.S. direct hire staff: 182 overseas, 125 in the regional recruiting offices, and the remaining 695 at headquarters. Approximately 2,000 locally hired personnel complete post staffing. The Peace Corps also has corporate contracts domestically and overseas, principally for guard services and training, and hires expert consultants, largely for training and financial management.

Staffing

Ann Lawrence joined OIG as an auditor in May 2014. Ann previously worked as an auditor with the Department of Labor OIG conducting grant, performance, financial statement, and various contract-related audits. She holds a bachelor's degree in business administration from Anna Maria College and a master's degree in human resources development from Xavier University.

Judy Leonhardt joined OIG as the assistant inspector general for audit in June 2014. Judy previously was the director of audit operations at the U.S. Postal Service OIG, where she managed audit policy, reporting, systems, and performance management for an audit staff of 350. She has a bachelor's degree in business administration from the Honors College at Kent State University.

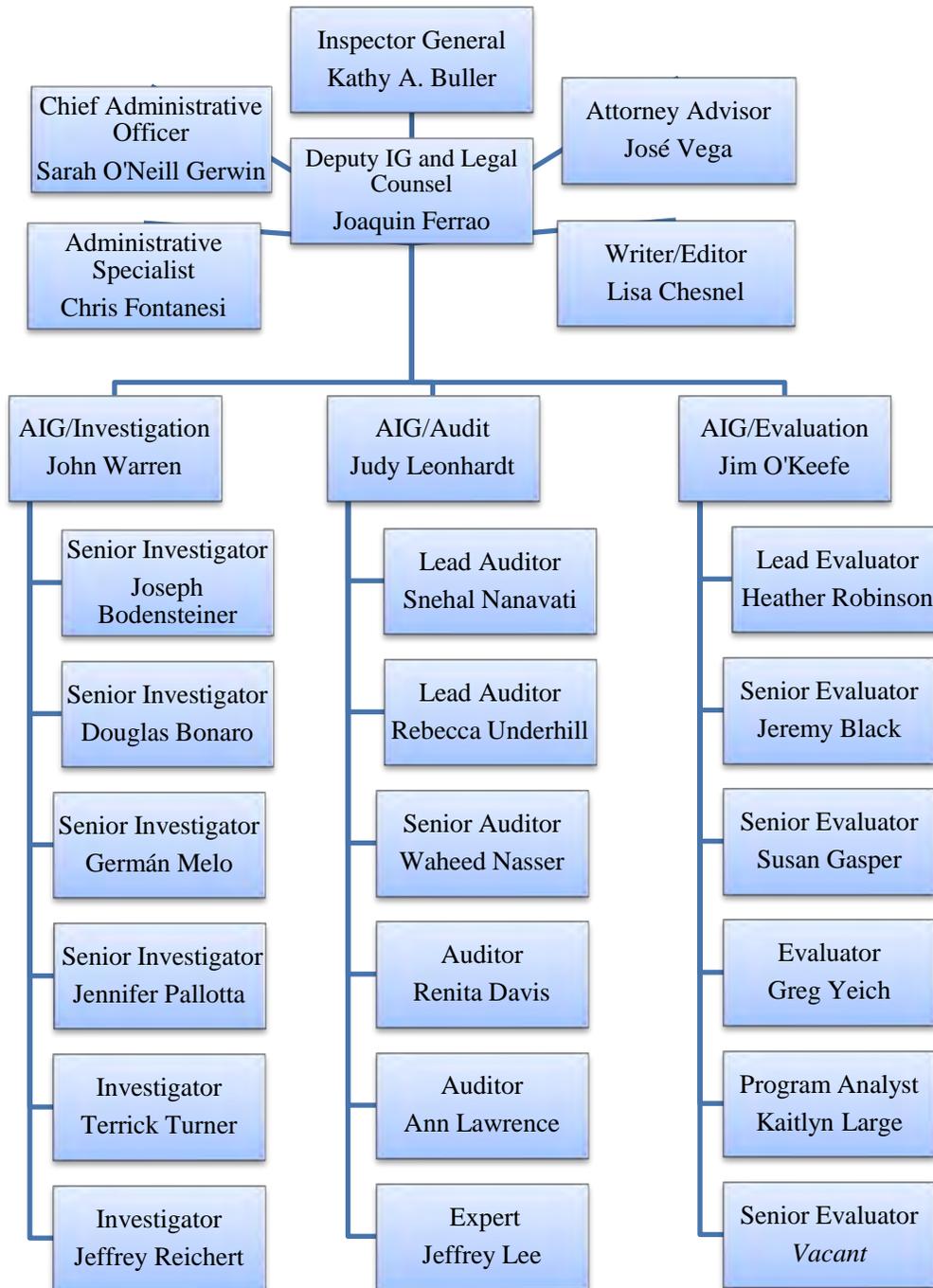
Germán Melo joined OIG as a senior special agent in August 2014. Germán previously worked as a supervisory special agent with the Department of Health and Human Services OIG, where he created and managed its fugitive apprehension program and international investigations program. He holds a bachelor's degree in criminology and a master's degree in public administration from Florida State University.

Jennifer Pallotta joined OIG as a special agent in June 2014. Jennifer previously worked as a special agent with the U.S. Environmental Protection Agency OIG for six years. She served as a Peace Corps Volunteer in Benin from 1996–98 and holds a bachelor's degree in international relations and French from Tufts University, and a master's degree in education from Harvard University.

Terrick Turner joined OIG as a special agent in April 2014. Terrick previously worked as a special agent with the Air Force Office of Special Investigations, where he worked a variety of criminal investigations. Terrick holds a master's degree in homeland security from American Public University.

Gregory Yeich joined OIG as an evaluator in May 2014. Greg previously worked as an evaluation specialist in the Peace Corps Office of Programming and Training Support, where he focused on providing monitoring, reporting, and evaluation assistance to 14 Peace Corps posts in implementing Feed the Future partnership agreements with the United States Agency for International Development. He was Peace Corps Volunteer in Ghana from 2006–10 and holds a bachelor’s degree in turfgrass science from Pennsylvania State University and has master degrees in public affairs and environmental science from Indiana University.

OIG Organizational Chart



Management and Performance Challenges



Peace Corps/Mexico welcome mural greets visitors to the Peace Corps office in Querétaro.



Management and Performance Challenges

Inspector General's Statement

In accordance with the Reports Consolidation Act of 2000, the Office of Inspector General (OIG) is submitting what it has determined to be the most significant management and performance challenges facing the Peace Corps. The challenges discussed below are included in the agency's Performance and Accountability Report for FY 2014. The challenge areas on "Programming and Volunteer Training" and "Accountability of Medical Supplies" that appeared in last year's inspector general's statement were not included this year because management has taken corrective actions to remediate related issues discussed in OIG audit and evaluation reports. In addition, the agency has made progress in addressing Volunteer safety and security and, as a result, it has been removed as a separate challenge. Instead, the aspects that remain a challenge are highlighted under "Business Processes."

OIG has concluded that the following four areas present significant challenges at the Peace Corps:

- Information Technology Security Management (first reported in FY 2009)
- Business Processes (first reported in FY 2011)
- Excessive Personnel Turnover (first reported in FY 2012)
- Training Overseas Staff (new for FY 2014)

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. Addressing the issues related to these challenge areas would enable the agency to increase operational efficiencies and improve mission effectiveness.

FY 2014 Challenges

Challenge Information Technology Security Management

Why This Is a Challenge

An effective information technology (IT) security program helps protect an agency's data from being misused by both internal and external sources and minimizes the potential of having its most sensitive data compromised. The federal laws and regulations governing IT security are specifically designed to strengthen an agency's management of its related programs. They also provide for significant guidance that serves to prevent serious information security incidents from occurring. A central part of an IT security program in the federal environment is the Federal Information Security Management Act (FISMA), which was passed by Congress and signed into law by the President as part of the E-Government Act of 2002.¹ Its overall goals include developing a comprehensive framework to protect the government's information,

¹ Pub. L. No. 107-347.

operations, and assets. Since FY 2009, OIG has reported in its management and performance challenges that the Peace Corps has not achieved full compliance with FISMA or fully implemented an effective IT security program. Some of the issues identified have been outstanding for over five years and the agency has struggled to implement corrective actions.

Further complicating this challenge, the Peace Corps plans to move a portion of its data media and information to cloud storage and transfer email services to a cloud service provider during FY 2015. In September 2014, a pilot of cloud email and collaboration tools was initiated. These efforts are a major undertaking and the need for an effective and FISMA compliant IT security program prior to fully transitioning to the cloud is critical.

Progress in Addressing Challenge

Management has made some progress in strengthening Peace Corps' IT security management programs through measures taken to improve its FISMA compliance. The agency has recently re-established a plan of action and milestones program and has begun following up on documented IT security vulnerabilities. However, there are a number of FISMA issue areas that were discussed in prior year challenge statements that have not been fully resolved. For example, although management has initiated a continuous monitoring program, including information on some of its systems, the program does not contain all the required aspects to be complete; some configuration management processes have not been fully implemented; contingency plan testing weaknesses still exist at overseas posts, headquarters, and regional recruiting offices; and systems security planning documentation has not been completely updated. Further, the Peace Corps has not fully implemented a comprehensive agency-wide risk management program that is effective in monitoring, identifying, and assessing security weaknesses, and resolving related problems at the entity or business process levels.

What Needs to be Done

Achieving full compliance with FISMA and other federal laws and regulations that apply to managing the Peace Corps' IT security infrastructure is critical to having a program that is effective in ensuring the agency's information, operations, and assets are adequately protected. The Peace Corps needs to place greater emphasis on improving its information security program, including accomplishing greater FISMA compliance, and timely remediation of IT security weaknesses that have been identified internally, and through the annual FISMA and other reviews and audits. The Peace Corps will need to place a sharper focus on improving its IT security program by assigning sufficient qualified personnel and prioritizing the agency time and resources necessary to become fully FISMA compliant and eliminate weaknesses.

Key OIG Resources

[Peace Corps' FY 2013 Performance and Accountability Report](#)

[Peace Corps' FY 2014 Performance and Accountability Report](#)

Challenge Business Processes

Why This Is a Challenge

Although the Peace Corps continues to improve key business processes and critical Volunteer support functions, as well as streamlining its operations, it is constrained by decentralized processes and a lack of modernized systems. Specifically, the agency continues to be challenged in the areas related to Volunteer safety and security, data management, and property management.

Volunteer Safety and Security

In May 2012, the Peace Corps Director and the Department of State (DOS) signed an MOU to formalize the relationship and further define and clarify individual roles and responsibilities for overseas safety and security regarding Peace Corps staff and Volunteers. However, consistent implementation of the agency's responsibilities remains a challenge because the agency's safety and security program is a decentralized process with the responsible staff located within multiple offices both at headquarters and overseas.

Furthermore, the lack of consistent communications with DOS regional security officers (RSOs) has impacted the agency's implementation of the MOU. On September 1, 2013, in response to the Kate Puzey Act, the Peace Corps changed its crime reporting system to remove sensitive sexual assault details. However, the Peace Corps erroneously stopped sending RSOs details for all crime incidents, not just those classified as sexual assaults. It took over six months for RSOs to receive any official explanation from the Peace Corps about the change.

Data Management

Although the Peace Corps is working to modernize some of its business processes, OIG audits and evaluations continue to find that several essential business functions remain largely paper-based. The Peace Corps does not have automated systems to handle travel, medical supply management, payment vouchers, or several human resource functions (leave approval, performance appraisals, training records, and travel compensation time). The Peace Corps' lack of automated business processes has led to inefficiencies and duplication of efforts, as well as data being more prone to human errors.

Property Management

As of the third quarter of FY 2014, the Peace Corps reported having a total property net value of \$29.6 million. OIG and the Peace Corps' independent external audits continue to find issues with property system reliability. In FY 2012, the agency implemented a new property accountability system to better manage its assets; however, there have been significant problems with data accuracy.

Progress in Addressing the Challenge

The agency's safety and security program has begun to mature in recent years with the development of more vigorous roles and responsibilities for the safety and security manager position, updated guidance materials, and more formal involvement of security experts in the hiring of overseas security personnel. The agency is proposing an amendment to the MOU to address reporting of sexual assaults.

The Peace Corps has implemented, or is working to implement, several systems to better manage agency records. Specifically, the Office of Volunteer Recruitment and Selection implemented the Database of Volunteer Experience to manage Volunteer applicant data and, in August 2012, the Office of Health Services implemented a medical applicant exchange system. Currently, the agency is piloting an electronic medical records system and plans to fully implement the system in FY 2015.

Furthermore, progress is being made to address property management deficiencies. The Office of the Chief Financial Officer plans to replace the existing property management system beginning in the second quarter of FY 2015 and anticipates full implementation by mid-FY 2016. According to management, the replacement system has greater capability and they are confident that it will significantly improve property inventory accuracy.

What Needs To Be Done

The agency needs to continue to assess its operations to modernize its business processes. Furthermore, agency business processes must also support effective internal control and provide for access to reliable data. For the safety and security program, in addition to providing training, the agency should put in place formal guidance to ensure roles and responsibilities are defined and the MOU requirements are understood by all involved parties. Additionally, the Peace Corps needs to continue its focus on developing or acquiring more modern and automated systems to replace business processes that are manual or rely on inadequate systems.

Key OIG Resources

[Follow-up Evaluation of the Volunteer Delivery System](#)

[Final Audit Report: Training Peace Corps' Overseas Staff](#)

[Final Audit Report: Peace Corps Applicant Screening Process](#)

[Review of the Peace Corps' Implementation of Guidelines Related to Volunteer Victims of Rape and Sexual Assault](#)

[Final Audit Report: Peace Corps' Volunteer Safety and Security Program](#)

[OIG's FY 2015 Annual Plan](#)

[Management Advisory Report: Certification of Volunteer Payments](#)

[Recurring Issues: OIG Post Audits and Evaluations FYs 2009-2011](#)

Challenge Excessive Personnel Turnover

Why This Is a Challenge

In June 2012, OIG issued its final report on the impacts of the “five-year rule” (FYR) on operations of the Peace Corps. Peace Corps management concurred with the report’s five recommendations. The FYR became law in 1965 and limited employment of Peace Corps’ U.S. direct hire personnel to five consecutive years worked over two separate ‘tours’ of 2.5 years each. OIG’s evaluation found that the FYR, as intended, enabled the agency to create a constant flow of new employees including returned Peace Corps Volunteers; avoid the inflexibility associated with the civil service system; and prevent employees from working their entire career at the Peace Corps. However, the FYR accelerated the annual pace of employee turnover to between 25 percent and 38 percent, quadruple the average turnover rate in the federal

government. The average tenure of agency employees over the past 10 years was just under three years. Excessive personnel turnover at Peace Corps exacerbated a range of common management challenges. Excessive turnover has undermined the agency's ability to retain employees on the basis of performance; conduct succession planning; manage the continuity and transfer of essential knowledge, skills, and abilities; provide training and professional development to staff; and deploy its workforce efficiently.

In addition, the FYR weakened the agency's ability to attract and retain highly qualified professionals in the areas of contracting, financial management, information technology, human resources management, and medical support. It led to frequent staffing gaps in mission-critical positions overseas. Further, the practice of employing staff on 30-month tours compromised performance management and allowed supervisors to avoid actively managing underperforming employees. OPM recently characterized this unintended effect of the FYR as "a threat to effective performance management and mission accomplishment, and a risk to effective [human capital] management in accordance with the merit system principles and in compliance with Federal laws, rules, and regulations." OIG estimated that over the five-year period from 2005-09, excessive turnover driven by the FYR accounted for approximately 60 percent of \$20.7 million in total turnover management costs.²

Problems in recruiting and maintaining qualified staff at Peace Corps posts and minimizing lapses following departures exacerbates the impact of excessive staff turnover on the agency. In 2013, OIG reported on challenges related to hiring overseas staff in its *Final Audit Report: Peace Corps Overseas Staffing*. OIG reported that the agency struggled to maintain a robust pool of qualified applicants and ensure positions are filled in a timely manner. Some of the underlying issues contributing to this challenge include managing timelines for positions that will be open, effective communications between the involved headquarters and field offices, consistency in the interview and hiring process, and adequately planning for transfers and unexpected vacancies.

Progress in Addressing the Challenge

The agency has made some progress in addressing the challenge. In response to the final report on the impacts of the FYR, the Peace Corps concurred with the five recommendations OIG made to reduce the negative effects the FYR has had on agency operations. As highlighted in the FY2013 Management and Performance Challenges, the agency has revised certain policies or practices related to the administration of its personnel system for instance it has: as of March 1, 2013, started to make initial appointments of 60 months for new staff and converted the staff members that were on 30-month tours to 60-month appointments; worked to maximize the allowable percentage, 15 percent, for additional 30-month tours; and exercised the authority for greater retention of employees through the 12-month extension appointment for "special circumstances." Additionally, the agency implemented an exit survey in November 2013 to better understand the reasons for employee departures. However, the agency has not provided documentation to OIG that would allow for a review and response to the steps it has taken to address the larger systemic issues that our recommendations are intended to address.

² This estimate only included direct costs and did not take into account costs that were more difficult to quantify, including: the loss of expertise when high-performing staff appointments ended; reductions in productivity; or gaps in institutional memory and knowledge.

As of September 2014, all five recommendations remain open. They are to reduce the rate of employee turnover and increase direct hire employees' length of employment; identify which functions should be subject to periodic turnover, and implement a process to manage turnover; identify the core business functions and positions that suffer from frequent staff turnover, and determine and implement a process for acquiring and retaining qualified personnel; raise expectations among supervisors to address employee performance issues and provide supervisors with the training and support; gather and analyze data on the causes of unwanted, early employee resignations, and develop data-driven solutions to curb the pace at which employees resign early. Further, the seven audit recommendations OIG made in its report on the Peace Corps overseas staffing to improve how the agency hires certain overseas staff remain open.

What Needs To Be Done

The agency needs to address each of the five recommendations from the final report on the impacts of the FYR and the seven relevant recommendations from the final report on Peace Corps overseas staffing.

Key OIG Resources

[Final Evaluation Report: Impacts of the Five Year Rule on Agency Operations](#)

[Final Audit Report: Peace Corps Overseas Staffing](#)

Challenge Training Overseas Staff

Why This Is a Challenge

The Peace Corps relies on its overseas staff to ensure the success of its programs around the world. Overseas staff members have many responsibilities, including identifying jobs where Volunteers can be productive and contribute to host country development needs, managing financial and administrative operations, and ensuring the health and safety of Volunteers. Even though they work outside of the United States, overseas staff often has to abide by the rules of the federal government, including those related to ethics, contracting, and whistleblower protection. Ensuring overseas staff has the skills and information they need for their jobs requires training.

In September 2014, OIG issued its final report on the training the Peace Corps provides to its overseas staff. During this evaluation, OIG reviewed the training provided on a number of different topics, including cashier functions, classified materials handling, continuing medical education, medical overseas staff training, confidential handling of Volunteer allegations, contracting functions, equal opportunity employment, ethics, information security, purchase card, sexual assault policy, supervisory training, and travel card training. Although there are many areas where the agency is putting a lot of resources into training, OIG work uncovered a number of challenges.

An underlying problem is that the agency does not have a central office to develop, manage, and coordinate the training of overseas staff. The responsibility for managing training is largely decentralized, with different headquarters offices and posts responsible for identifying training needs, developing and delivering training, and using their own methods and systems to track

training participation. There is no senior official who can develop a learning strategy for the entire agency and then ensure the Peace Corps has the financial and human resources needed to implement the strategy.

Another significant challenge is that the agency does not have a training coordinator for host country nationals (HCNs), who make up over 90 percent of Peace Corps overseas workforce. Although some of the overseas positions are filled by U.S. direct hire positions, the majority of the staff is HCNs. Even though HCNs make up the majority of Peace Corps' overseas workforce, the agency has not always extended the same training opportunities to them.

The agency's primary training and orientation for overseas staff members, called overseas staff training (OST), is not available to every staff member. According to OIG data, only 18 percent of current overseas staff (and nine percent of HCNs) hired between 2008 and 2013 attended OST. The agency lacks an alternate mechanism for orienting new post staff members. Without a comprehensive, standardized orientation and training program for all overseas staff, each post decides what information will be provided to new staff. This creates variability in the quality of staff training, and there is no assurance that new staff is properly trained on important policies and procedures.

OIG also reported that the agency lacks training records and a robust learning management system. Without these it is very difficult, and sometimes impossible, to identify everyone who needs to take certain trainings and track training completion. This makes it challenging to ensure that employees have received training on mandatory and job-essential topics.

Additionally, as OIG reports in the management challenge related to excessive staff turnover, time-limited staff appointments under the five-year rule creates an accelerated rate of turnover and underscores the need for a comprehensive staff training program to fully prepare new hires to perform their jobs.

Progress in Addressing the Challenge

Because minimal time has elapsed since OIG released the staff training report, the agency has not had time to implement the recommendations. However, during fieldwork, OIG uncovered areas where the agency has made progress. For example, the agency hired a training manager, a position that had been vacant since 2010. The agency also continued to develop and implement trainings needed to comply with federal laws, such as a training program for sexual assault response liaisons, a sexual assault policy training for all overseas staff, and supervisory training. In its response to the 2014 OIG report on training overseas staff, the agency committed to take further action to improve its training program.

What Needs To Be Done

OIG issued 25 recommendations in its 2014 report. Some of these related to ensuring that specific trainings, such as supervisory training, purchase and travel card training, and sexual assault policy training, are provided in accordance with federal laws and agency policy. Others were aimed at addressing the systemic issues uncovered during the evaluation. The report included recommendations to designate responsibility for the oversight of the agency's staff

training program, implement a training needs assessment process, create a standardized training program for new overseas staff, and implement an improved learning management system.

Key OIG Resources

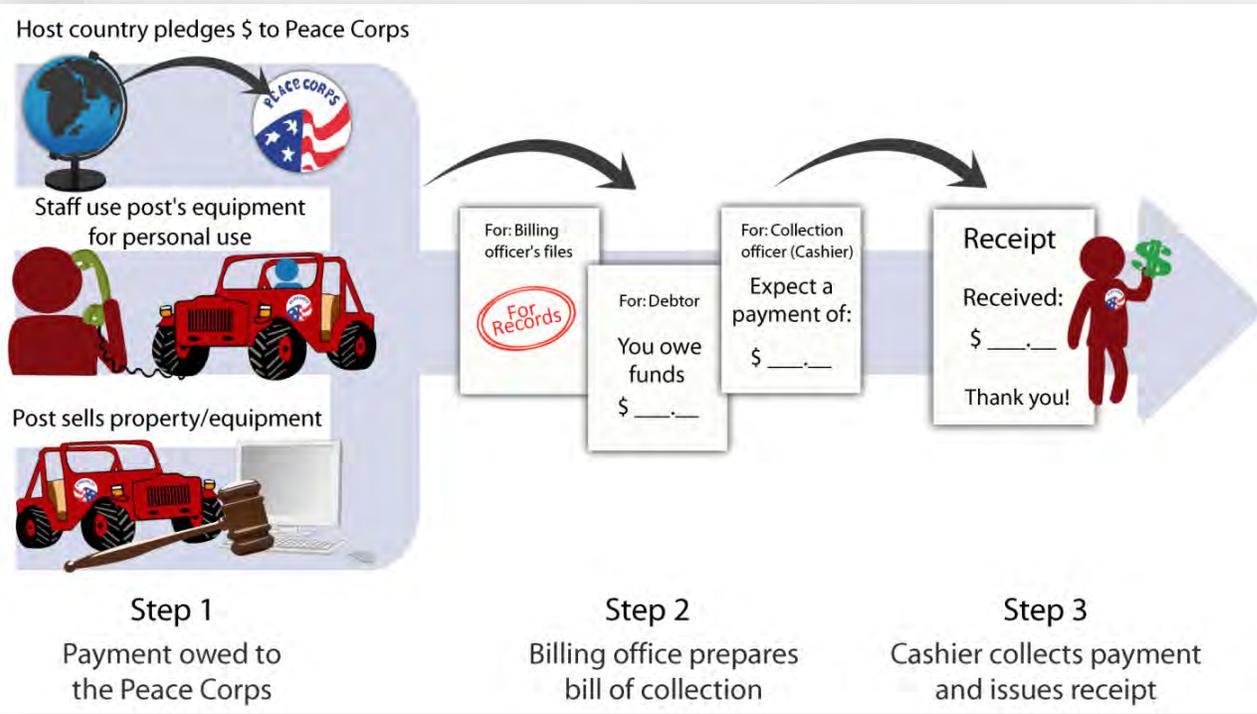
[Final Program Evaluation: The Peace Corps' Training of Overseas Staff](#)

[Final Evaluation Report: Impacts of the Five Year Rule on Agency Operations](#)

[Recurring Issues: OIG Post Audits and Evaluations FY 2009-2011](#)

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Advice and Assistance Provided to the Agency and Others



Infographic depicting the Peace Corps' billing and collection process in the Capstone Report: Overseas Billing and Collection.



Advice and Assistance Provided to the Agency and Others

Assisted the Office of Health Services in Detection Methods for Identifying Counterfeit and Stolen Medicine

Periodically, the World Health Organization issues alerts on counterfeit medications being sold in countries where Peace Corps Volunteers serve. The alerts highlight the global challenge posed by counterfeit medications that may be harmful or may not be effective. The Peace Corps procures medications in the United States and overseas to meet the needs of Volunteers. OIG proactively assisted, with assistance from the Food and Drug Administration, the agency's Office of Health Services by testing for authenticity certain foreign-bought medicines at risk for counterfeiting. OIG also helped the agency vet selected overseas pharmaceutical suppliers by verifying that there was no derogatory information about those suppliers from law enforcement entities, customs organizations, and nongovernmental organizations. Additionally, OIG assisted the agency in verifying that the medical supplies it was purchasing had not been siphoned from United States government programs intended to provide medication to developing countries. Further, on May 31, 2014, the OIG Investigative Unit co-hosted an exhibit with the Food and Drug Administration Forensic Chemistry Center to demonstrate a field-deployable counterfeit drug detection device invented by its scientists.

Update on Management Advisory Report: Peace Corps Drug-Free Workplace Plan

As reported in previous SARCs, on August 16, 2012, OIG issued a management advisory report about the agency's non-compliance with Executive Order (E.O.) 12564, which mandates a drug-free federal workplace. The agency remains out of compliance. Implementing procedures issued to agencies by the U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration³ (SAMHSA) provide that all employees serving in "presumptive" and "preferred"⁴ positions must be included in a pool of testing designated positions (TDP) and randomly tested for drug use.⁵

The agency's general counsel (GC) told SAMHSA in April 2013, that the agency intended to update the drug-free workplace plan and the TDP pool. The GC also agreed to move toward compliance with the initiation of random testing for the agency's two Presidentially Appointed-Senate Confirmed (PAS) positions, but to date no random drug testing of these staff has occurred. Additionally, neither a timeline for establishing an updated TDP pool nor an update to the agency's drug-free workplace plan has been completed. OIG remains concerned about the

³ SAMHSA is responsible for agency drug-free workplace plan certification under a delegation from the Interagency Coordinating Group Executive Committee convened by the Office of National Drug Control Policy.

⁴ Positions requiring access to national security classified information and Presidentially Appointed-Senate Confirmed positions are "preferred" positions.

⁵ Federal employees occupying positions in those categories require written justification to be excluded from the TDP list contained in the agency's DFWP.

agency's continued lack of compliance with E.O. 12564, its inability to establish a timeline to achieve compliance, and any resulting impact on both agency operations and national security.

Conducted Investigation Unit Outreach

OIG investigators continued to work on an outreach initiative they started in FY 2012. During the current reporting period, the initiative reached 114 Peace Corps staff members and Volunteers, educating them about the role of OIG investigators, the mission of OIG, the types of allegations typically referred, and OIG's readiness to respond to allegations. Additionally, discussions included ways to detect potential fraud, waste, and abuse of Peace Corps resources. Briefings were followed by an open forum to address concerns and answer questions.

Shared Best Practices and Coordinated Audit Work with Other OIGs

OIG auditors briefed Department of State OIG on audits performed relating to the global management of the Peace Corps medical supplies. DOS OIG requested the briefing in preparation for a large-scale audit on the management of its medical supplies at embassies worldwide. Auditors also provided DOS OIG with background information on medical supply management, including associated policies and procedures, shared inventory tools used by Peace Corps posts, and responded to questions regarding audit scope, procedures, and results.

Participated in Overseas Staff Training

OIG participated in overseas staff training in June 2014 where it briefed 33 staff on best practices and common deficiencies noted by OIG. Participants included programming and training officers, directors of management operations, financial assistants, and other overseas staff. An OIG overview and best practices presentation was delivered to eight country directors.

Advised Congress on Difficulty in Obtaining Access to Agency Information

Response to Inquiry from Sen. Grassley Regarding Restricted Reporting

At the end of the previous reporting period, OIG responded to an inquiry from Sen. Chuck Grassley, ranking member of the Senate Committee on the Judiciary, requesting information on the Peace Corps' implementation of its restricted reporting policy as mandated by the Kate Puzey Act and its refusal to allow OIG to access information from restricted reports. OIG informed Sen. Grassley that the agency's GC determined that the Kate Puzey Act overrides OIG's broad right of access to agency documents and information under the IG Act, even though the Kate Puzey Act provides exceptions that allow OIG to obtain such documents and information when another federal statute, such as the IG Act, requires disclosure. In its response, OIG explained how the agency has created and interpreted its own policies in a manner that denies OIG access to the information and documents that are critical for OIG to conduct the oversight work required by the Kate Puzey Act.

The response outlined how the agency misunderstood OIG's oversight role to be limited to confirming that Volunteers who filed restricted reports received the services outlined in Peace Corps policies. OIG noted that under the law, OIG must evaluate the implementation and

effectiveness of the services the Peace Corps provides to victims of a sexual assault. In order to evaluate the Peace Corps' response, OIG needs to understand the underlying circumstances of the assault that the agency is responding to and how the Volunteer was affected. An evaluation that merely confirms that the victim received services, regardless of what the victim's circumstances were, is of little value. OIG also responded to a specific request for documents related to this impasse.

Response to Inquiry from Sens. Coburn and Grassley Regarding Impediments to Access

On July 11, 2014, OIG responded to an inquiry⁶ from Sen. Tom Coburn, ranking member of the Senate Committee on Homeland Security and Government Affairs, and Sen. Chuck Grassley, requesting a list of any instances when the agency resisted or objected to oversight activities, restricted OIG's access to information, or caused temporary delays to information access.⁷ OIG's response informed the senators that the agency has established policies and procedures that deny OIG access to information and documents that are critical for it to conduct the oversight work required by the Kate Puzey Act.

In its letter OIG explained that on May 22, 2014, the agency and the inspector general entered into an MOU granting OIG greater access to restricted reports. Among other things, the MOU aligns the agency's definition of personally identifying information (PII) with the definition found in the Kate Puzey Act, and grants OIG access to non-explicit details of the victim's sexual assault. OIG reminded the senators that it needs access to this information to ensure the agency is complying with the Kate Puzey Act, adequately responding to allegations of mismanagement, and properly supporting Volunteers who are victims of a sexual assault.

However, OIG noted that agency policies still prevent OIG from accessing "restricted information," which Peace Corps policy defines as including the PII of the victim who made the report, as well as any details of the sexual assault. The term "restricted information" is not found in the law that mandates the Peace Corps to establish a system of restricted reporting (the Kate Puzey Act), but was imposed by agency policy.

OIG also informed the senators about an unrelated incident during which the agency's GC suggested that the Privacy Act of 1974⁸ prohibited OIG access to a Volunteer applicant database unless OIG could provide a need to know; however, the agency agreed instead to provide OIG copies of agency records on specific applicants when requested by OIG. OIG identified that the same standard had not been applied to hundreds of other users in the system. The agency agreed to look into the access provided to registered users.

Letter to Congress signed by 47 IGs

On August 5, 2014, IG Buller joined 46 IGs in signing a letter to the chairmen and ranking members of the House and Senate government oversight committees expressing concerns for "the serious limitations on access to records that have recently impeded the work of the

⁶ The inquiry was sent to all OIGs on April 8, 2010, requesting biannual updates.

⁷ The letter also requested information on closed investigations and any nonpublic audits, evaluations, or other reviews, as well as other impediments in communicating with Congress that OIG experienced.

⁸ Pub. L. No. 93-579.

Inspectors General of the Peace Corps, the Environmental Protection Agency, and the Department of Justice.” The 47 IGs who signed the letter emphasized the implications of agencies refusing, restricting, or delaying IGs’ access to agency documents. The letter noted that agency actions that limit, condition, or delay access have profoundly negative consequences for IGs’ oversight work. Such limits make IGs’ work less effective, encourage other agencies to take similar actions in the future, and erode the morale of the dedicated professionals that make up IG staff across the federal government. The IGs emphasized that limiting access to agency information is at odds with the independence of IGs and risks leaving the agencies both insulated from scrutiny and unacceptably vulnerable to mismanagement and misconduct—the very problems that IG’s were established to review and that the American people expect them to address.

Reviewed Agency Regulations, Policies, and Procedures

OIG continues to provide advice and assistance to the Peace Corps Senior Policy Committee by commenting on drafts of new or updated policies and procedures. During this reporting period, OIG reviewed 26 *Peace Corps Manual* sections, corresponding procedures, and interim policy statements (IPS). Some of the policies and procedures reviewed included those involving responding to sexual assaults, information technology security, Volunteer conduct, crimes against Volunteers, insider threats, social media, and medical supplies and equipment. The following is a summary of key issues OIG found during a review of the agency’s sexual assault response policy.

Comments to IPS 3-13 (Responding to Sexual Assaults)

During the reporting period, the Director approved, but did not issue, changes to Peace Corps policies on responding to sexual assaults. The intent of the changes was to make the policy consistent with the MOU on access to agency information signed by the Peace Corps and OIG. Specifically, OIG requested the agency clarify language specifying that OIG requests for information are to be governed by the MOU and prohibiting reprisals against staff who report instances of sexual assault response mismanagement to OIG. The agency addressed OIG’s concerns by incorporating new language into the updated version of the policy, which it has approved but has not yet made effective.

OIG also provided comments to the procedures for implementing IPS 3-13, but the agency is still reviewing them. OIG will provide a summary of those comments once the agency completes its review and issues the revised procedures.

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Audits



A Peace Corps/The Gambia Health Volunteer Elizabeth Livingston teaches lactation techniques to local women.



Audits

Overview

The Audit Unit conducts audits of agency programs and operations that support the Peace Corps mission. These include overseas posts, regional recruitment offices, and headquarters functions. Audits are conducted in accordance with U.S. *Generally Accepted Government Auditing Standards* (GAGAS) issued by the comptroller general of the United States. In addition, the unit oversees the annual audit of the agency's financial statements and the review of information system security performed by independent public accounting firms.

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 law, regulations, and Peace Corps policy. Audits are wide-ranging, covering agency activities carried out at overseas posts, as well as agency-wide operations that affect multiple offices. Auditors report their conclusions and recommendations based on data and document analysis, interviews, and direct observations.

Auditors review the financial and administrative operations at overseas posts for operational efficiency and effectiveness, financial stewardship, and compliance with agency policies and federal regulations. OIG's overseas post audits frequently identify recurring issues and trends. Its reports contain recommendations to posts and headquarters for strengthening controls to prevent and detect systemic weaknesses. OIG also monitors the agency's progress in correcting systemic weaknesses identified in audit reports by obtaining and assessing evidence of corrective actions, reviewing the implementation of policy and procedural revisions, and conducting follow-up audits when necessary.

Along with the final reports described below, the Audit Unit issued a preliminary report on an audit of Cameroon and continued work on a follow-up audit of the Peace Corps' safety and security program, a contract audit of medical services, and a post audit of Nepal. OIG also initiated a post audit of Madagascar.

Agency-wide Audits

Peace Corps FY 2014 Financial Statement Audit

During this reporting period, OIG engaged the accounting firm Kearney & Company to perform an audit of the Peace Corps FY 2014 financial statements. As of September 30, 2014, the audit was ongoing. When completed, OIG will release Kearney's audit reports to the Peace Corps Director. Kearney's reports will be included in the Peace Corps' FY 2014 Performance and Accountability Report to be issued on November 15, 2014. Details regarding the audit results will be included in the next SARC.

Review of Peace Corps FY 2014 Information Security Program

The Federal Information Security Management Act (FISMA) requires federal agencies to establish effective security over its sensitive information and a program to protect 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 the Office of Management and Budget (OMB) annually. To meet this requirement, OMB has developed an online data collection system for FISMA reporting from federal agencies and their respective OIGs. During this reporting period, OIG engaged the consulting firm Williams, Adley & Company to conduct the FY 2014 FISMA review. OIG will complete its FISMA reporting by November 15, 2014. The review was ongoing as of September 30, 2014. Comments on the FY 2014 review results will be covered in the next SARC.

Overseas Billing and Collection: Capstone

IG-14-01-SR

OIG issued its capstone report on overseas billing and collection in September. Over the past seven years, OIG noted that posts did not always fully implement the required controls, post staff sometimes circumvented or ignored the controls, and headquarters staff had not designed monitoring activities to detect the associated lapses in controls. Further, OIG identified that cashiers and other post staff had, on occasion, misappropriated Peace Corps funds for personal gain by collecting cash without recording it in the financial system, voided bills of collection (BOCs) without recording cash collected, and kept cash from collections outside of the Peace Corps safe for personal use.

OIG also noted instances where staff did not properly report the selling price of post property and vehicles sold and falsified financial records in an attempt to cover up misappropriations. Inadequate oversight and monitoring controls allowed the misappropriation of property to remain undetected and resulted in a loss of Peace Corps funds. Stronger monitoring practices and controls will better prevent and detect such misappropriations.

Over the past years, the Office of the Chief Financial Officer (OCFO) implemented several of OIG recommendations to improve control activities at posts by focusing on enhanced monitoring at headquarters. In several instances, OCFO alerted OIG about suspicious activities at posts and cooperated fully by providing information and data to resolve the incidents. OCFO and OIG continue to work together to ensure controls are appropriately applied and that staff is trained in their application. OCFO and the three Peace Corps regions initiated recurring in-person training for cashiers and cashier supervisors.

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

Peace Corps Applicant Screening Process: Audit

IG-14-04-A

OIG issued its audit of the Peace Corps' applicant screening process in June 2014. The audit reviewed whether the Peace Corps Office of Volunteer Recruitment and Selection (VRS) had sufficient and reliable information to make appropriate suitability and eligibility determinations for Volunteer applicants; whether the Peace Corps' applicant screening process was consistent with the screening practices of other major volunteer organizations; and the prevalence, characteristics, and outcomes of serious Volunteer misconduct.

VRS uses a multilevel, in-depth screening process that evaluates applicants' eligibility and suitability to serve in the Peace Corps. The screening process for Volunteers was generally consistent with similar organizations. OIG identified three practices common among Volunteer organizations that were lacking at the Peace Corps: permanent information on former Volunteers who were involved in misconduct, child safety policies for Volunteers interacting with minors, and verification of work history.

The Peace Corps did not review their screening process using formal procedures to analyze negative Volunteer separations. This process would allow the agency to determine if misconduct or other suitability issues could have been prevented through additional screening measures. When a Volunteer committed serious misconduct, VRS would review the Volunteer's application for any suitability and eligibility issues that were missed, but only on an ad hoc basis. Evaluating the effectiveness of current practices is critical to continuously identify weaknesses and make improvements.

Peace Corps staff responsible for making screening decisions did not have access to all information on current applicants in a timely manner. Although applicant files contained all information about the initial screening and related decisions, if the applicant was a former Peace Corps Volunteer, the records lacked information about the applicant's former service. One essential document for determining if an applicant who reapplies to the Peace Corps is suitable and eligible is the administrative separation memo prepared for any Volunteer who engages in misconduct. There was inconsistent and missing information about prior Volunteer service because the Peace Corps lacked a centralized or formal process for storing unfavorable Volunteer separations, including administrative separations or situations where the Volunteer resigned in lieu of separation, that describe misconduct that may render the person ineligible for future service as a Volunteer.

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

Audits of Overseas Operations

PC/Dominican Republic: Audit

IG-14-06-A

OIG issued its final audit of PC/Dominican Republic in September 2014. More than 4,200 Peace Corps Volunteers have served in Dominican Republic since the program began in 1962. At the time of the audit, there were three U.S. direct hires, four host country nationals, and 42 full-time personal services contractors supporting 160 Volunteers serving in five projects: business, education, environment, health, and youth/families and community development. The post's FY 2013 spending was approximately \$3.5 million. In addition, at headquarters, the Inter-America and the Pacific Region incurred an average of approximately \$386,000 per overseas post.

OIG found that the post lacked an effective process to monitor and track grant projects to ensure that projects managed by Volunteers were completed and funds were settled prior to a Volunteer's completion of service. Specifically, the lack of separation of duties in grants management allowed the former billing officer to manipulate grant tracking records and commit fraud.

In addition, the post did not properly liquidate obligations after making final payments. Furthermore, the post did not record and monitor BOCs from FY 2011 to FY 2013, resulting in 53 outstanding BOCs that exceeded 30 days. OIG also noted internal control issues with returning unexpired medical supplies, imprest fund management, and inadequate separation of duties in the management of property.

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

Funds to be Put to Better Use

Recommendation Number 9: Unliquidated Obligations -- \$14,500

Questioned Costs

Recommendation Number 3: Unsupported Costs for 33 Grant Projects -- \$65,415

Recommendation Number 5: Unused Grant Funds -- \$12,578

PC/The Gambia: Audit

IG-14-05-A

OIG issued its final audit of PC/The Gambia in September 2014. More than 1,665 Peace Corps Volunteers have served in The Gambia since the program began in 1967. At the time of the audit, there were two U.S. direct hires, one host country national, and 43 full-time personal services contractors supporting 74 Volunteers serving in three projects: education, environment, and health. The post's FY 2013 spending was approximately \$1.6 million. In addition, at headquarters, the Africa Region incurred an average of approximately \$435,000 per overseas post.

OIG found that the director of management and operations did not review all of the supporting documents when conducting the monthly cash reconciliation, permitting the cashier to retain approximately \$1,700 U.S. dollar equivalent (USDE) for 33 days without depositing the funds in the U.S. disbursing officer account. Furthermore, a BOC was not properly recorded and tracked, allowing the cashier to retain approximately \$22,600 USDE outside the imprest fund safe for 79 days without depositing the funds.

In addition, the agency paid staff medical insurance and leasehold improvement invoices without complying with requirements for vendor selection, which resulted in unsupported costs of \$171,000 USDE and \$40,000 USDE respectively. OIG also found that the post did not adequately track or recover the payments for employee medical insurance expenses from 2010–13. Finally, OIG noted internal control issues with medical inventory management and inadequate separation of duties in the management of property and grant projects.

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

Unsupported Costs

Recommendation Number 6: Staff Medical Insurance -- \$171,000

Recommendation Number 6: Leasehold Improvements -- \$40,000

Evaluations



A Peace Corps/Mexico Technology Transfer Volunteer Tina Coop stands in the National Council of Science and Technology laboratory where she works.



Evaluations

Overview

The Evaluation Unit provides the agency with independent evaluations of Peace Corps programs, operations, and management at overseas posts and domestic offices and programs. Evaluations promote greater efficiency and effectiveness by identifying best management practices and recommending program improvements and how to comply with Peace Corps policies and federal regulations. Evaluators also participate in cross-functional reviews of agency operations undertaken with OIG auditors or investigators.

Evaluations are conducted under the direction and guidance of the assistant inspector general for evaluations and in accordance with the CIGIE *Quality Standards for Inspection and Evaluation*. These standards are instrumental in maintaining impartiality, reliability, and credibility, and they set the bar for competency, independence, professional judgment, and internal quality controls.

During country program evaluations, evaluators interview Volunteers, post and headquarters staff, and key host country and U.S. government officials. In effecting their interviews, the evaluators select a representative sample of currently serving Volunteers based on length of service, site location, project focus, gender, age, marital status, and ethnicity. Evaluators conduct most of the Volunteer interviews at the Volunteers' homes and worksites; they inspect housing and assess Volunteer training, safety, and health care using post and agency-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:

- Has the post developed and implemented programs intended to increase the capacity of host country communities?
- Does training prepare Volunteers for Peace Corps service?
- Has the post provided adequate support and oversight to Volunteers, including health care and personal safety?
- Are post resources and management practices adequate for effective post operations?

Along with the final reports issued below, the Evaluation Unit continued work on country program evaluations in Sierra Leone and Lesotho. The Evaluation Unit also initiated a country program evaluation of Guatemala.

Agency-wide Program Evaluations

Training Peace Corps Overseas Staff: Program Evaluation

IG-14-07-E

OIG issued its final program evaluation of Training Peace Corps' Overseas Staff in September 2014. One of the Peace Corps' strategic objectives for fiscal years 2014 to 2018 is to "cultivate a high-performing learning organization by investing in professional development for staff." At the time of our analysis, approximately 75 percent of the Peace Corps' workforce was based overseas. Of those, eight percent were designated U.S. direct hires while the remaining staff was personal services contractors (PSCs) and host country nationals (HCNs). This evaluation's objective was to assess the agency's provision and management of training for all overseas staff.

Although the review determined that there are many areas where the agency is putting a lot of resources into training, it also uncovered a number of issues. Some of these issues relate to the delivery of specific trainings, while others are more systemic and impact the agency's ability to meet numerous training requirements. An underlying problem is that the agency does not have a central office to develop, manage, and coordinate the training of overseas staff. Without this, there is no senior official who can develop a learning strategy for the entire agency and then ensure the Peace Corps has the financial and human resources needed to implement the strategy.

Another significant issue was the lack of training records and a robust learning management system. Without this, it is very difficult, and sometimes impossible, to identify everyone who needs to take certain trainings and track training completion.

The evaluation also uncovered a number of other issues:

- The training of overseas staff is inconsistent and varies by position and post.
- The agency lacks a standardized initial training program for new overseas staff.
- The agency does not have a training coordinator for HCNs, who make up over 90 percent of the Peace Corps overseas workforce.
- It is difficult to identify and track all of the trainings provided at the agency and ensure that all employees are trained on mandatory and job-essential topics.
- The lack of formal training systems has created training gaps and inconsistencies over time, particularly when there is staff turnover.

Management concurred with 23 of 25 recommendations. At the end of the reporting period, 25 recommendations remain open.

New Country Entries: Lessons Learned

Establishing a new Peace Corps country program is one of the most important and challenging aspects of agency operations. Successful programs are built on mutually respectful partnerships with host governments, national and local agencies, and the communities where Volunteers serve. Success is also dependent on how well staff develops projects, identifies work sites, delivers training, and supports Volunteers.

OIG's report synthesized and highlighted lessons learned from 33 OIG reports issued from 1990 to 2013 on newly opened or re-opened posts, including evaluations, inspections, and special reviews and addressed the following questions:

- What strategies and best practices have proven effective in opening a post?
- What common challenges are encountered in opening new posts?
- Has the agency adequately addressed the challenges of opening posts?

While the agency has a New Country Entry Guide that contains appropriate timelines and instructions for opening a post, OIG identified recurring issues that proved problematic for newly opened posts when timelines and resources were not sufficiently considered and planned, or when new country entry assessment fieldwork was rushed or poorly conducted.

OIG's review identified recurring findings related to new country entry preparation time in nine of the 33 reports examined. Time frames shortened by the presidential administration or the Department of State led to rushed and incomplete start-ups, impacted relationships with host partners, and negatively affected training and Volunteer effectiveness. Temporary and targeted support from headquarters, regional staff, and the U.S. embassy proved crucial to successfully carrying out initial start-up activities. The agency's close adherence to new country entry assessment team recommendations mitigated early problems or setbacks.

OIG found that using staff resources at neighboring posts to manage new post operations (called "piggy-backing"), or relying too heavily on contractors or the U.S. embassy were ineffective strategies and often exacerbated challenges when establishing posts. Many new posts experienced programming and training success by limiting the complexity of programming, often to just one project. Attention to staff transition is especially critical during a post's formative years so that hard-won gains are not undone by staffing gaps in key leadership positions.

While not issuing recommendations, the report summarized important best practices and lessons learned to facilitate and support successfully opening or re-opening a Peace Corps post.

Country Program Evaluations

PC/Mexico: Country Program Evaluation

IG-14-04-E

OIG issued its final country program evaluation of PC/Mexico in June 2014. More than 250 Peace Corps Volunteers have served in Mexico since the program began in 2003. At the time of the OIG's visit, 23 staff were supporting 53 Volunteers (including seven Peace Corps Response Volunteers)⁹ serving in two projects: technology transfer for economic development (tech transfer) and resource management to address climate change (environment). The post's fiscal year 2013 budget was \$1.9 million.¹⁰

The agency has not signed a bilateral country agreement with the government of Mexico, which has limited the Peace Corps' ability to develop new programming areas, partners, and Volunteer sites in areas of need. Volunteers have served safely in Mexico since the program started even as areas of the country have been increasingly affected by drug-related violence. The Peace Corps has adhered to placing Volunteers in states with few travel warnings. In general, the post's safety and security program functioned well, but Volunteer site locator forms did not always contain accurate or complete information.

The post had provided inconsistent support for ongoing Spanish language learning needs and many Volunteers did not speak or understand Spanish at a reasonable level of proficiency. Leadership at the post engaged Volunteers in multiple ways to identify and address challenges, in particular through an effective volunteer advisory committee. OIG found that medical and administrative supports were functioning well.

Some issues that affected Volunteers and staff were driven by agency-wide policy changes, or decisions and initiatives coming from headquarters. Volunteers were frustrated with changes to the agency's AfterCorps health program. Staff at post reported that recent initiatives, guidelines, and expectations generated by various offices at Peace Corps headquarters had created a workload that was stressful and difficult to complete.

Management concurred with all five recommendations. At the end of the reporting period, one recommendation remains open.

⁹ Peace Corps Response provides qualified professionals the opportunity to undertake short-term assignments in various programs around the world.

¹⁰ This amount does not include the salaries, benefits, and related costs of U.S. direct hires assigned to the post and other costs the agency has determined should be centrally budgeted.

PC/Armenia: Country Program Evaluation

IG-14-05-E

OIG issued its final country program evaluation of PC/Armenia in August 2014. More than 800 Peace Corps Volunteers have served the people of Armenia since the program was first launched in 1992. At the time of the OIG's visit, 27 staff was supporting 76 Volunteers serving in two project areas: teaching English as a foreign language (TEFL) and community and youth development (CYD). The post's fiscal year 2013 budget was approximately \$1.5 million.

OIG found the post to generally be high functioning. Following the agency's 2012 annual country portfolio review, the post was asked to identify strategies and submit a plan to revitalize programs. At the time of this evaluation, the post had implemented most items on its improvement plan. These actions seem to have positively affected post operations.

Both the CYD and TEFL projects had been reviewed and project frameworks had been endorsed by the agency. The post was establishing regionally mandated standards for site development and monitoring. While the post has positive working relationships with host government ministries, it did not have current memoranda of understanding with either of them. OIG also identified that Volunteer performance reporting needs improvement.

Overall, the post's training was well-regarded by Volunteers, especially language and safety and security. Technical training, although considered generally effective by the Volunteers, could use enhancement. OIG also identified that the mid-service training conference needs improvement; however, the post has adopted a new planning process, using lessons learned, to improve future conferences.

OIG determined that the post has developed a solid Volunteer support structure and that Volunteers were satisfied with the support they received. There was frequent, open communication between Volunteers and staff, and Volunteers received numerous site visits from staff. The post's safety and security systems were strong and Volunteers were confident in the safety and security coordinator's ability to do the job. OIG identified some problems with staff communication: The rationale and background for decisions by post or headquarters for policies such as staff compensation and overtime were not clearly understood by staff.

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

PC/Philippines: Country Program Evaluation

IG-14-06-E

OIG issued its final country program evaluation of PC/Philippines in September 2014. More than 8,755 Peace Corps Volunteers have served in the Philippines, by far the agency's largest post in terms of the total number of Volunteers who have served since it opened in 1961. At the time of OIG's visit, 36 staff was supporting 130 Volunteers serving in the following projects: literacy in English education; children, youth, and family services (CYF); and coastal resource management (environment). The post's fiscal year 2014 budget was \$3 million.

The overall condition of programming at the post was sound. Coordination with the government of the Philippines was excellent at the national and local levels. Volunteers generally felt able to contribute at their sites to the objectives of the education, environment, and CYF projects. With few exceptions, Volunteers had established effective working relationships with their counterparts and host agencies.

The evaluation uncovered the following weaknesses in the post's safety and security program: Volunteers were unfamiliar with the post's emergency action plan and lacked confidence in their consolidation points; Volunteer site locator forms lacked information necessary to find the Volunteer and Volunteers' adherence to the post's whereabouts notification policy was inconsistent; Volunteer security warden training occurred too late for new wardens to assist in emergencies during the first few months at site, and wardens lacked accurate information about Volunteers in their area; and some Volunteer residences did not have required locks. The post also did not maintain important safety and security documentation in its site history files.

Furthermore, the regional security officer for the Philippines was based in the South Pacific, making it difficult to visit the post to provide safety and security support. Travel from the regional security officer's location to the Philippines can take over 13 hours; previously, a Thailand-based officer was three hours from the post.

Volunteers reported that staff had been responsive to issues and problems they raised. The training program in the Philippines was working well to prepare Volunteers for most aspects of their Peace Corps service. Staff evaluated and adjusted trainings based on their observations of trainee performance, weekly reviews of trainee progress toward learning objectives, and feedback from Volunteers. The U.S. direct hire leadership team was well respected and had created a positive work environment. Planning and budgeting processes resulted in sufficient financial and staff resources to support operations.

Management concurred with 11 of the 12 recommendations. At the end of the reporting period, all recommendations remain open.

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Investigations



Assistant Inspector General for Investigation John Warren represents OIG at a counterfeit drug exhibition at the French Embassy in Washington, D.C.



Investigations

Overview

The Investigation Unit is authorized to conduct investigations of waste, fraud, abuse, and mismanagement in Peace Corps programs and operations both domestically and overseas. OIG investigators have full law enforcement authority including the authority to, upon probable cause, seek and execute warrants for arrest, premise searches, and evidence seizure. In addition, OIG agents are authorized to make arrests without a warrant while engaged in official duties, and carry firearms. The unit investigates allegations of both criminal wrongdoing and administrative misconduct involving Peace Corps staff, contractors, Volunteers, and other individuals conducting transactions with the Peace Corps. Allegations are forwarded to OIG through various means, including OIG audits, evaluations, and hotline complaints, and come from Peace Corps stakeholders, including Volunteers, trainees, staff, contractors, other federal entities, and the general public.

During the reporting period, OIG agents conducted an investigative peer review of the National Science Foundation (NSF) Office of Inspector General for the 12-month period ending June 30, 2014. The peer review was conducted by three investigators under the direction of the assistant inspector general for investigations. This was the first time NSF OIG had undergone a peer review since the attorney general granted NSF statutory law enforcement authority. The review found that NSF OIG was in compliance with the quality standards established by CIGIE and applicable attorney general guidelines.

During the previous SARC period, the Peace Corps issued procedures for handling complaints of Volunteer/trainee sexual misconduct, which put in place provisions for a Sexual Misconduct Hearing Panel to adjudicate allegations of sexual assault. During this SARC period, OIG investigated and resolved two allegations of Volunteer on Volunteer sexual assault (further described below). The cases were then presented to the hearing panel for adjudication. Throughout the adjudication process, OIG worked closely with the agency, hearing panel members, and other stakeholders to resolve questions regarding the OIG's work and findings. In both cases, the hearing panel declined to separate the accused Volunteers from Peace Corps service.

The Investigation Unit deepened its engagement with the U.S. Department of State's Diplomatic Security Service (DOS/DS), a critical investigative partner. In the field, OIG works closely with DOS/DS's regional security officers (RSOs), who are law enforcement and security officers assigned to U.S. embassies and consulates overseas. In May 2014, the DOS/DS Criminal Investigative Liaison (CIL) branch assigned a special agent to the Peace Corps. Integrated within OIG, the CIL representative coordinates requests for RSO assistance from OIG and other Peace Corps offices. She jointly investigated several high-profile matters with OIG special agents and expeditiously managed numerous complex requests for RSO assistance. The assignment of the

liaison greatly enhanced the investigative capabilities of the OIG and exemplifies the benefits of interagency cooperation.

The Investigation Unit also supported training initiatives of importance to the wider IG community. An OIG investigator was detailed as a facilitator at a hotline operator training course delivered by the CIGIE Training Institute. In addition, OIG hosted criminal discovery training provided by the national coordinator of criminal discovery initiatives from the Department of Justice. The session was attended by over 40 representatives from eight OIGs.

At the invitation of the Air Force Office of Special Investigations (AFOSI) two OIG investigators attended the AFOSI Child Forensic Interview Course. The training course will enhance OIG's ability to respond to allegations of child sexual abuse by Peace Corps Volunteers and staff; this qualification helped bridge a critical gap of certified child interviewers within OIG.

As described elsewhere in this report, OIG assisted the agency in mitigating the potential threat of counterfeit medicine within the agency's supply chain. OIG offered to test suspect medicines to establish their authenticity, helped the agency vet selected overseas pharmaceutical suppliers, and spot-checked the origins of drugs in medical inventory. The Investigative Unit co-sponsored an exhibit with the Food and Drug Administration Forensic Chemistry Center at a seminar hosted by the French Embassy in Washington, DC on illegal trafficking of medicines to demonstrate a field-deployable counterfeit drug detection device. More broadly, attendance afforded OIG the opportunity to explore further law enforcement partnerships.

Reviews of Volunteer Deaths

Review of a Volunteer Death at a Post in Asia

OIG conducted a review of the facts and circumstances surrounding the death of a Volunteer in Asia. The review is ongoing but any findings are expected to be reported in the next SARC.

Criminal and Misconduct Related Investigations

Homicide Investigation at a Post in West Africa

The investigation of a 2009 Volunteer homicide remains ongoing. OIG continued to engage with law enforcement partners in the field and the U.S. embassy to assist the host country in conducting further investigations.

Embezzlement of Grant Money in Central America

A former staff member admitted to misusing his position to embezzle nearly \$9,000 associated with two separate grants. The agency terminated the staff member before the embezzlement was identified. The U.S. Department of Justice declined to prosecute.

Volunteer on Volunteer Sexual Assault Allegation at a Post in Eastern Europe

OIG received an allegation of Volunteer on Volunteer sexual assault. OIG determined that a Volunteer inappropriately touched another Volunteer without permission. In response to the investigative findings, the agency restricted the accused Volunteer's participation in several activities for the remainder of his service.

Volunteer on Volunteer Sexual Assault Allegation at a Post in the Caribbean

OIG investigated an alleged Volunteer on Volunteer sexual assault. The investigation determined that the victim and the accused engaged in sexual intercourse at the accused's residence after a day of heavy drinking. The victim asserted that she had no memory of the evening. The accused asserted that the victim consented to having sex. Using quantities of the specific alcoholic beverages they consumed, OIG reconstructed the blood alcohol content levels of the victim and the accused to be very high and witness testimony corroborated the victim's intoxication. At issue in this case was whether the accused attempted to gain consent by taking advantage of the incapacitation¹¹ of another and whether the accused knew, or a sober, reasonable person in the position of the accused should have known, of such incapacitation. The matter was referred to the U.S. Department of Justice, which declined to prosecute in lieu of administrative remedies. The agency took no action against the accused.

Volunteer on Volunteer Sexual Assault Allegation at a Post in Southern Africa

OIG investigated an alleged Volunteer on Volunteer sexual assault. The victim alleged that the accused inappropriately touched her at the victim's residence when the victim was asleep and under the influence of alcohol. The accused admitted that he engaged in sexual contact with the victim while she was intoxicated, but asserted that the victim nevertheless consented to the conduct. As noted above it is a violation of agency policy if the accused attempted to gain consent if the person knew or should have known that the victim was incapacitated. The agency declined to separate the accused from the Peace Corps, while denying his request for an extension of his service. OIG later received third-party reports that the accused had subsequently assaulted two other unidentified Volunteers. The allegations could not be corroborated because the alleged victims declined to come forward.

¹¹ Under Peace Corps policy, "incapacitation" or "incapacitated" means the physical or mental inability to make informed, rational judgments. States of incapacitation include, without limitation, sleep and blackouts. If alcohol or drug use is involved, a person does not have to be intoxicated or drunk to be considered incapacitated. Rather, incapacitation is determined by how the alcohol or drug consumed impacts a person's decision-making capacity, awareness of consequences, and ability to make informed judgments. Being intoxicated, drunk, or under the influence of drugs is not a defense to a complaint of sexual misconduct under this policy.

Staff Handling of a Sexual Assault Allegation at a Post in the Caribbean

As reported above, a Volunteer alleged being sexually assaulted by another Volunteer at the accused Volunteer's residence. OIG found that a staff member at the post failed to provide the victim with required information related to prosecutorial options for cases involving assaults by Volunteers or staff, as required by agency policy and procedures. OIG also determined that post staff failed to properly input the alleged offense into the agency's crime reporting database and, in doing so, delayed the notification of law enforcement personnel and security personnel at the U.S. embassy. Furthermore, a staff member at post received a legal opinion from the victim's in-country attorney via email that was to be translated into English for the victim. After translating the legal opinion for the victim, the staff member then improperly shared the confidential report via email with six Peace Corps staff she believed had "a need to know."

OIG identified additional concerns related to the hiring of two attorneys representing the victim to provide her with information related to prosecutorial and legal options; one attorney was located in the host country, and the second was located in Washington, D.C. First, OIG could not identify a statutory authority for the Peace Corps to hire legal counsel to represent the victim in circumstances where a victim is weighing whether to convert his/her restricted report into a standard report.¹² The Kate Puzey Act provides for retention of counsel in cases limited to supporting Volunteers "who are parties, complaining witnesses, or otherwise participating in the prosecution of crimes committed against such volunteers."

Second, while the report remained restricted, the host country attorney representing the victim interviewed two Volunteer witnesses. The witnesses were interviewed with the knowledge of post and headquarters staff, and were transported from their sites to the capital for interviews at the government's expense. The interviews conducted by the attorney negatively impacted OIG's subsequent criminal investigation. The victim was not informed about the possible consequences of such interviews and it is not clear that the interviews are consistent with the agency's restricted reporting policies.

Third, while Peace Corps staff also retained an attorney in Washington, D.C., to advise the victim on law enforcement and prosecutorial options available in the U.S., a review of the attorney's résumé indicated that the attorney did not have prior experience as a prosecutor (federal, state, or local) or extensive experience handling sexual assault cases.

Finally, the agency's procedures for responding to sexual assaults in effect at that time did not authorize the hiring of a U.S.-based attorney, so the agency subsequently changed the procedures without a review or comment by all affected stakeholders. For example, OIG was not given an opportunity to make comments even though this change impacted cases OIG investigates (i.e.,

¹² Restricted reporting allows a Volunteer who is the victim of sexual assault to confidentially disclose the details of his or her assault to specified individuals and receive services without the dissemination of his or her personally identifiable information and without triggering an official investigation. All reports remain restricted unless and until the Volunteer affirmatively converts the report to standard. A standard report provides the Volunteer with the opportunity to receive other services such as an investigation of the crime.

potential criminal cases occurring in the Special Maritime and Territorial Jurisdiction of the U.S.).

In response to the report, the agency committed to providing enhanced training to Peace Corps medical officers highlighting their responsibility to provide victims with the required information sheet on prosecutorial options when the alleged perpetrator is another Volunteer or staff member. The agency advised OIG that it intends to continue its practice of retaining attorneys to provide victims with information on law enforcement and prosecutorial options, including the merits of their case. The agency stated that providing such information constitutes “legal advice,” and that its Office of General Counsel is prohibited from providing legal advice to Volunteers. Even if it were not prohibited, the agency asserts it lacks the expertise to advise Volunteers on prosecutorial options. The agency asserted it will continue supporting private attorneys interviewing witnesses, dismissing OIG’s concerns that doing so may interfere or damage OIG criminal investigations or U.S. prosecutions of sexual assault crimes against Volunteers.

Additionally, the agency confirmed there is no required time frame for converting a restricted report to a standard report in the agency’s crime reporting database and that, as a result, the Office of Safety and Security will begin a review of the matter in November 2014 with the aim of establishing a time frame. The agency also reports it has modified the statement of work for the attorneys it intends to retain on behalf of Volunteers to include strengthened provisions on attorney-client communications. Furthermore, the agency stated it will revise its procedures to remind staff responsible for communicating with Volunteers’ attorneys that the attorney-client relationship is between the attorney and the Volunteer and not between the attorney and the Peace Corps and that any written communications from the Volunteer’s attorney to staff (e.g., for the purpose of translation) should be distributed only to the Volunteer and not to other staff members.

Tables



This park is the site of a Volunteer's grant project for economic development in Salto de Jimenoa, Dominican Republic.



Tables

1: List of Reports: Audits and Evaluations

Agency-wide
Overseas Billing and Collection: Capstone (IG-14-01-SR)
New Country Entries: Lessons Learned
Peace Corps Applicant Screening Process (IG-14-04-A)
Training Peace Corps' Overseas Staff (IG-14-07-E)
Post Audits
PC/The Gambia (IG-14-05-A)
PC/Dominican Republic (IG-14-06-A)
Post Program Evaluations
PC/Mexico (IG-14-04-E)
PC/Armenia (IG-14-05-E)
PC/Philippines (IG-14-06-E)

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

Report	Questioned Costs¹³	Unsupported Costs¹⁴	Funds Put to Better Use¹⁵
PC/Dominican Republic: Audit (IG-14-06-A)	-	-	-
Unliquidated Obligations	-	-	\$14,500
Unsupported Costs	\$77,993	-	-
PC/The Gambia: Audit (IG-14-05-A)			
Leasehold Improvements	-	\$40,000	-
Staff Medical Insurance	-	\$171,000	-
Subtotal	\$77,993	\$221,000	\$14,500
Total	\$303,493		

¹³ 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.

¹⁴ Unsupported Costs – a cost that is not supported by adequate documentation.

¹⁵ 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
A. Reports issued prior to this period			
For which no management decision has been made on any issue	-	-	-
For which some decisions had been made on some issues	-	-	-
B. Reports issued during this period			
	2	1	1
Totals of Categories A and B	2	1	1
C. For which final management decisions were made during this period			
Dollar value of disallowed costs	2	\$77,993	\$221,000
Dollar value of costs not disallowed	-	-	-
D. For which no management decisions were made during this period			
	-	-	-
E. For which management decisions were made on some issues during this period			
	-	-	-
Totals of Categories C, D, and E	2	\$77,993	\$221,000
Total questioned costs and unsupported costs	2	\$298,993	

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

	Number of Reports	Funds Put to Better Use
A. Reports issued prior to this period		
For which no management decision has been made on any issue	-	-
For which some decisions had been made on some issues	-	-
B. Reports issued during this period		
	1	\$14,500
Totals of Categories A and B		
	1	\$14,500
C. For which final management decisions were made during this period		
Dollar value of recommendations agreed to by management	1	\$14,500
Dollar value of recommendations not agreed to by management	-	-
D. For which no management decisions were made during this period		
	-	-
E. For which management decisions were made on some issues during this period		
	-	-
Totals of Categories C, D, and E		
	1	\$14,500

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		
			Concur	Non	Partial
PC/Mexico: Evaluation (IG-14-04-E)	06/13/2014	1	1	-	-
PC/HQ Applicant Screening Process: Audit (IG-14-04-A)	06/10/2014	8	8	-	-
	Total	9	9	-	-
Open Recommendations 120 to 179 Days					
Report	Date Issued	Total Open Recommendations			
PC/Ecuador: Evaluation (IG-14-03-E)	05/21/2014	2	2	-	-
	Total	2	2	-	-
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	1	1	-	-
PC/HQ Office of Chief Information Officer Budget Formulation and Management: Audit (IG-10-05-A)	1/11/2010	1	1	-	-
PC/HQ Volunteer Delivery System: Evaluation (IG-11-01-E)	11/6/2010	8	8	-	-
PC/Ukraine: Audit (IG-11-06-A)	3/31/2011	1	-	1	-
PC/HQ The Process for Formulating and Executing Peace Corps' Budget: Audit (IG-12-02-A)	2/14/2012	1	-	1	-
PC/HQ The Impact of the Five-Year Rule on Operations of the Peace Corps: Evaluation (IG-12-05-E)	6/20/2012	5	5	-	-
PC/Indonesia: Evaluation (IG-12-07-E)	9/19/2012	1	1	-	-
PC/Jordan: Audit (IG-12-07-A)	9/25/2012	1	1	-	-
PC/HQ The Peace Corps' Implementation of Guidelines and Protocols Related to Volunteer Victims of Sexual Assault: Review (IG-12-08-E)	9/27/2012	7	7	-	-
PC/HQ The Peace Corps' 50th Anniversary Program: Audit (IG-13-01-A)	10/25/2012	3	3	-	-
PC/Malawi: Audit (IG-13-02-A)	2/27/2013	2	2	-	-
PC/Namibia: Evaluation (IG-13-01-E)	3/15/2013	1	1	-	-
PC/South Africa: Audit (IG-13-03-A)	3/18/2013	2	2	-	-
PC/Malawi: Evaluation (IG-13-02-E)	3/22/2013	8	8	-	-
PC/HQ Peace Corps' Grant Programs: Review (IG-13-04-A)	3/28/2013	7	7	-	-
PC/Colombia: Evaluation (IG-13-03-E)	4/29/2013	1	1	-	-

PEACE CORPS OFFICE OF INSPECTOR GENERAL

PC/HQ 2012 Medical Supply Issues: Capstone	8/26/2013	4	4	-	-
PC/Moldova: Evaluation (IG-13-04-E)	9/16/2013	1	1	-	-
PC/Zambia: Audit (IG-13-06-A)	9/24/2013	11	11		
PC/HQ Sexual Assault Risk-Reduction and Response Training: Evaluation (IG-14-01-E)	11/21/2013	3	3	-	-
PC/HQ Peace Corps Volunteer Sexual Assault Policy: Evaluation (IG-14-02-E)	11/21/2013	6	6	-	-
PC/HQ Overseas Staffing: Audit (IG-14-01-A)	11/21/2013	13	13	-	-
	Total	88	86	2	-

*Financial Statement and FISMA Recommendations*¹⁶

		Agency Concurrence		
Fiscal Year Issued	Open Recommendations	Concur	Non	Partial
PC/HQ FY 2013 Financial Statement Audit				
FY 2013	5	5	-	-
FY 2010	1	1	-	-
FY 2009	1	1	-	-
FY 2004	2	2	-	-
Total	9	9	-	-
PC/HQ FY 2013 Information Security Program Audit				
FY 2013	9	9	-	-
FY 2009	1	1	-	-
FY 2008	2	2	-	-
FY 2007	1	1	-	-
Total	13	13	-	-

¹⁶ 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 FY will remain in an open status during the entire subsequent FY. At the beginning of each new FY, the auditors will notify management whether sufficient corrective actions have been taken regarding the prior-year recommendations and issue current notifications 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 and Outcomes¹⁷

Investigative Activities

	Preliminary Inquiries¹⁸	Cases
Opened as of 4/1/2014	46	15
Opened during 4/1/2014–9/30/2014	89	8
Closed during 4/1/2014–9/30/2014	90	8
Total Open as of 10/1/2014	45	15

Referrals

Referrals to Department of Justice	3
Referrals to Agency for Administrative Action	4
Other Referrals to Agency Management	39
Referrals to Other Agencies	3

Court Actions

Trial(s) Pending	1
Ongoing Prosecution ¹⁹	1
Convictions	-
Judgments	-
Fines/Restitution	-

Administrative Actions

Employees (Resignations and Terminations) ²⁰	3
Other Employee Actions	3
Suspension/Debarment Referrals	1

Monetary Results

Annual Savings	-
Recoveries/Restitution	-
Cost Avoidance	-

¹⁷ Volunteers/trainees are included as Peace Corps staff for the purpose of reporting investigative activity.

¹⁸ Preliminary inquiries are initiated for complaints which either (1) are received from a Peace Corps source (e.g., staff, Volunteer, contractor) or (2) relate to a matter within the jurisdiction of OIG. A preliminary inquiry is limited in scope to the verification of information in a complaint or allegation and to confirm that it falls within the jurisdiction of OIG.

¹⁹ Includes arrests, indictments, information, and overseas criminal proceedings.

²⁰ Includes all Peace Corps staff.

7: Summary of Hotline and Other Complaints

Hotline Complaints Received	110
Non-Hotline Complaints Received ²¹	21
Total Complaints from All Sources ²²	131
Resulted in Investigations	8
Resulted in Preliminary Inquiries	83
Resulted in Audits or Evaluations	-
Referred to Agency Management	33
Referred to Another Agency	2
No Action Needed	24

²¹ These complaints are largely a result of outreach by OIG staff and were received by email, phone calls, and conversations.

²² In some instances, OIG received multiple complaints for the same issue, which resulted in fewer actions (investigations, preliminary inquiries, audits, evaluations, referrals, or no action) than complaints received.

8: References to Reporting Requirements of the Inspector General Act

Act Reference	Reporting Requirements	Page
Section 4(a)(2)	Review of legislation and regulations	21
Section 5(a)(1)	Significant problems, abuses, and deficiencies	8-15
Section 5(a)(2)	Significant recommendations for corrective actions	8-15
Section 5(a)(3)	Prior significant recommendations on which corrective action has not been completed	48-49
Section 5(a)(4)	Matters referred to prosecuting authorities	38-42; 50
Section 5(a)(5)	Summary of instances where information was refused	19-21; 55-60
Section 5(a)(6)	List of audit reports, including evaluations, inspections, and reviews	44
Section 5(a)(7)	Summary of significant reports	24-35
Section 5(a)(8)	Statistical table - Questioned and Unsupported Costs	45
Section 5(a)(9)	Statistical table - Funds to Be Put to Better Use	47
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



Inspector General Kathy A. Buller testifies before the House Committee on Oversight and Government Reform on September 10, 2014, along with IG Michael Horowitz (left, DOJ) and IG Arthur A. Elkins, Jr. (EPA).



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),²³ OIG reports the following peer review information: During the reporting period, the Peace Corps OIG conducted a peer review of the Office of Investigations of the National Science Foundation OIG. The Audit and Investigation units are required to conduct, and be subject to, a peer review every three years.

Audit Unit

On March 27, 2014, the National Endowment of the Humanities OIG issued its peer review report of the OIG Audit Unit for the period ending September 30, 2013. The Audit Unit received a rating of “pass,” concluding that the system of quality control has been suitably designed to provide OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.

In February 2013, the Peace Corps OIG conducted a peer review of the audit organization of the National Credit Union Administration OIG in effect for the period ending September 30, 2012. There were no recommendations made.

Investigation Unit

In August 2014, the Peace Corps OIG conducted a peer review of the Office of Investigations of the National Science Foundation (NSF) OIG. Peace Corps OIG found that the investigative operations of NSF OIG were in compliance with the quality standards established by CIGIE and the applicable attorney general guidelines. There were no recommendations made.

In April 2013, the U.S. Agency for International Development (USAID) OIG conducted a peer review of the OIG Investigation Unit in effect for the period ending April 8, 2013. In their Quality Assessment Review, USAID OIG gave an opinion that the system of internal safeguards and management procedures of OIG’s investigative function were in compliance with the quality standards established by the CIGIE, and the applicable attorney general guidelines.

B: Contract Audit Reports

During this reporting period, OIG did not issue any audit reports meeting the “significant audit findings” criteria pursuant to Section 845A of the National Defense Authorization Act for Fiscal Year 2008 (Pub. L. No. 110-181).

²³ 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

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
U.S. HOUSE OF REPRESENTATIVES
SEPTEMBER 10, 2014, 9:30 AM
DIFFICULTIES FACED BY THE PEACE CORPS INSPECTOR GENERAL IN
OBTAINING ACCESS TO AGENCY DOCUMENTS
TESTIMONY OF KATHY A. BULLER
PEACE CORPS INSPECTOR GENERAL

Chairman Issa, Ranking Member Cummings, and distinguished Members of the Committee:

Thank you for inviting me to appear before you today to discuss the difficulties faced by my office in obtaining access to agency documents. My testimony will focus on our access issues stemming from the Peace Corps' interpretation of the Kate Puzey Volunteer Protection Act of 2011 (Kate Puzey Act),²⁴ a law that was designed to enhance the Peace Corps' response to volunteer victims of sexual assault, but which the Peace Corps has regrettably undermined by establishing policies and procedures that deny the Office of Inspector General (OIG) access to information. I will also address how the Peace Corps general counsel's legal opinion concluding the Kate Puzey Act overrides the Inspector General Act of 1978, as amended,²⁵ creates an unacceptable precedent for our office and other inspectors general.

Access to Agency Documents and Information

When Congress enacted the IG Act, it recognized that access to information is essential for inspectors general to effectively oversee agency programs and operations. Accordingly, Section 6(a)(1) of the IG Act enables every inspector general to access:

All records, reports, audits, reviews, documents, papers, recommendations, or other material available to the applicable establishment which relate to programs and operations with respect to which that Inspector General has responsibilities under this Act.

There is no ambiguity in this language. IGs have access to all agency documents and information, and the legislative history to the IG Act leaves no room for doubt: the language "all records" is expansive and is intended to include even confidential agency memoranda.²⁶ It is thus remarkable that in July 2013, the Peace Corps' general counsel would write a legal opinion concluding that Kate Puzey Act overrides the access provisions of the IG Act.

²⁴ Pub. L. No. 112-57.

²⁵ Pub. L. No. 113-126.

²⁶ S. REP. NO. 95-1071, at 33-34 (1978).

The Kate Puzey Act

Congress enacted the Kate Puzey Act following reports that emerged after the ABC network's "20/20" show aired a story on how the agency mishandled sexual assault complaints by former volunteers. The show also focused on the mishandling of an unrelated complaint filed by Kate Puzey, a volunteer who was murdered in Benin in 2009 after a staff member allegedly failed to keep her complaint confidential.²⁷ Among other things, the Kate Puzey Act mandates an extensive oversight role to OIG and the creation of a restricted reporting mechanism that allows volunteer victims of sexual assault to confidentially disclose the details of their assault to specified individuals, and receive services without the dissemination of their personally identifying information or automatically triggering an official investigation.²⁸

The Peace Corps' general counsel argues the Kate Puzey Act requires that, unless an exception applies, any details of a sexual assault, as well as the PII of a victim, cannot be disclosed to anyone other than the "specified individuals" providing the services outlined in the statute. The general counsel further asserts that OIG staff members do not qualify as specified individuals and that none of the law's exceptions apply to OIG, even though one of the exceptions in the Kate Puzey Act expressly authorizes disclosure when required by federal law. From the beginning, OIG has argued the exception applies to the IG Act because the IG Act is a federal law requiring disclosure and the Kate Puzey Act does not manifest any intent to override the IG Act, but the general counsel insists the exception applies only to courts.

Despite our objections, over the past two years the Peace Corps has developed and implemented policies and procedures denying us access to restricted reports.²⁹ The agency claims it is necessary to withhold information from OIG to protect victims' information, even though OIG has always had access to PII and medical records of volunteers, and there are no cited incidents of this information being breached while in OIG's custody. The agency claims its policies and procedures are "victim-centric," but our view is that nothing could be more "victim-centric" than providing independent oversight of victims' care.

Throughout this time OIG has attempted to resolve these issues through discussions with the agency's senior management, most recently by entering into a memorandum of understanding with the agency on May 22, 2014. Nevertheless, the agency's legal opinion authorizing it to withhold information from OIG remains in place and as recently as last month the agency publicly reasserted it had to protect victims' information from disclosure to OIG. As a consequence, the Peace Corps has set a dangerous precedent whereby an agency may interpret a law as overriding the broad access provisions in the IG Act, forcing its OIG to spend its limited

²⁷ The "20/20" show was not the first in-depth investigation into the underreported incidence of rape, sexual assault, and murder in the Peace Corps. On October 26, 2003, the *Dayton Daily News* published an article titled, "Mission of Sacrifice: Peace Corps volunteers face injury, death in foreign lands." The newspaper combed through thousands of records on Volunteer assaults over a span of four decades and highlighted the alleged failings of the Peace Corps in responding to crimes against volunteers.

²⁸ Pub. L. No. 112-57 §§ 8A(e)(f), 8E(d).

²⁹ The first version of these policies and procedures was developed in spring 2013, before the general counsel issued his legal opinion concluding the agency could properly withhold information from OIG.

time and resources wrangling with the agency to obtain the information it needs to fulfill its statutory duties.

Thanks to congressional efforts, including the efforts of this Committee, the Peace Corps revised its sexual assault policy in December 2013 to provide OIG with certain data points from restricted reports that are not tied to any PII. Regrettably, even that minor concession was nearly undone by the agency's revised interpretation of the Kate Puzey Act following my congressional testimony on January 15, 2014. Prior to my testimony, the agency's sexual assault policy defined PII as including "any details of the sexual assault incident"—an overreaching definition that has no basis in law. After my testimony, the agency asserted this language was a drafting convenience, but to preserve the same result, the Peace Corps' general counsel advanced the novel argument that there is a separate requirement in the Kate Puzey Act that all details of a sexual assault in a restricted report must be kept secret. A plain reading of the law, however, reveals such requirement is nonexistent.

Why OIG needs full access to restricted reports

OIG needs access to information to ensure the agency is complying with the Kate Puzey Act and properly supporting volunteers who are victims of a sexual assault. The Kate Puzey Act mandates that OIG conduct a case review of a statistically significant number of cases. Examples of services OIG would seek to review include (1) medical care and counseling, (2) safety and security of the victim and of other volunteers, and (3) advice given to the victim on his or her prosecutorial options. Relevant records are located in various offices and within a number of Peace Corps' systems of records. OIG's lack of access to PII coupled with the agency's lack of a single case management system makes it difficult for OIG to identify and track all records related to a specific case, which is essential to providing independent oversight and reviewing allegations of mismanagement.

In addition to the oversight mandates of the Kate Puzey Act, OIG needs access to the information contained in restricted reports to perform its day-to-day oversight of agency operations. OIG reviews core agency processes and the integrity of data in systems. Investigators address complaints from whistleblowers regarding the mishandling of sexual assault incidents, while evaluators review how well posts respond to crimes against volunteers, safety and security environments, and site histories. Without full access to information, OIG cannot properly review the agency's Crime Incident Reporting System, or the actions of the more than 180 staff members who handle restricted reporting cases, ensure that appropriate services are provided victims, or make effective recommendations on how to improve Volunteer safety and security at posts.

Impact of the Peace Corps' policy on its sexual assault response program

Because Peace Corps policy states that all sexual assault allegations are restricted reports until a Volunteer converts them to a standard report, staff is unable to ask OIG about prosecutorial options and safeguarding evidence immediately after an incident. This policy diminishes agency cooperation with OIG and could, in some cases, interfere with subsequent OIG investigations if the victim chooses to seek justice.

Our office has been engaged with the agency and Congress on this issue for almost two years, and there is no question the debate has taken a toll, consuming limited resources and affecting staff morale and our relationship with agency components beyond the Office of General Counsel. I hope to move forward with the agency to address these problems and restore cooperation for both the sake of the victims as well as the taxpayers who fund the Peace Corps. Otherwise, I am afraid this policy will have long-term implications for the effectiveness of the Peace Corps' sexual assault response program.

MOU between the Peace Corps and OIG signed on May 22, 2014

The MOU signed in May allows OIG to review non-PII from a restricted report and commits the agency to develop a case management system or provide some identifier that allows OIG to track and identify case information. It also aligns the agency's definition of PII with the Kate Puzey Act and protects whistleblowers that may come to OIG with allegations similar to those featured on "20/20."

Under the terms of the MOU, however, the agency will continue to withhold the PII of volunteers who made a report as well as the explicit details of the incident. We are hopeful we will be able to provide the oversight required by the Kate Puzey Act without this information, but once we commence our evaluation there is still a risk we will disagree with the agency as to what constitutes PII and explicit details, resulting in another impasse and substantial delays in reporting. We are also concerned about the agency's ability to identify all the pertinent records in various systems of records (i.e., medical, safety and security, post) related to an individual case in a reasonable time frame. OIG's evaluation would be far more efficient and effective if it had full access to information as authorized by the IG Act, and, OIG's lack of access to PII coupled with the agency's lack of a case management system will make it difficult for OIG to identify and track all records related to a specific case.

I am also concerned about the appropriateness of my office having to enter into an agreement with the agency head to get information we are entitled to by law and that we need to fulfill our statutory duties. My office views the MOU as a temporary instrument to get some of the information we need while we continue to seek agency or congressional action. In fact, the MOU expressly provides it can be terminated in writing by either party at any time.

Meanwhile, even though the MOU was signed in May 2014, the policies, procedures, and the legal opinion blocking OIG access to restricted information remain in place. The agency is making some progress in this regard. On August 1, 2014, the Director approved revisions to the policy to align it with the MOU, but that policy has yet to be issued. On August 26, 2014, the agency provided us with a revised draft of the procedures, but due to its lengthiness, our review remains ongoing. We would like to acknowledge however, that we requested some restricted information from two posts in late August and received it, with the redactions, a day later. Notably, some of this activity took place only after the 47 IGs signed the letter to Congress, the press covered the issue, and the agency received notice of this hearing.

More crucially, a significant number of staff has yet to be trained on how to respond to our information requests in light of the MOU. This new training is critical because staff has been instructed so far to withhold all information from restricted reports from OIG.

Letter to Congress signed by 47 IGs

On August 5, 2014, 47 IGs signed a letter to the chairmen and ranking members of the House and Senate government oversight committees to express their concerns for “the serious limitations on access to records that have recently impeded the work of the Inspectors General of the Peace Corps, the Environmental Protection Agency, and the Department of Justice.” The 47 IGs who signed the letter did so because of the implications of agencies refusing, restricting, or delaying IGs’ access to agency documents.

The letter attracted the attention of local and national news media. In response to an inquiry from *The Washington Post*, the Peace Corps stated it is “[...]committed to working with the Inspector General to ensure rigorous oversight while protecting the confidentiality and privacy of volunteers who are sexually assaulted,” suggesting that sharing information with OIG may result in a volunteer’s loss of privacy or confidentiality. This false dichotomy between privacy and oversight is at the root of the problem. As *The Daily Beast* noted, “the Peace Corps’ tension with its inspector general exists because the agency is trying to uphold a principle other than transparency: commitment to the privacy of volunteers. It is far from an ignoble ideal, but it also implies that the Office of the Inspector General would not treat reports responsibly.”

The agency has also asserted that fewer volunteers would report sexual assaults if OIG had access to the information being requested. However, when pressed about the factual basis for this assertion the agency has admitted it has none. As *The Daily Beast* reported, “It is hard to imagine a case where volunteers decline to report sexual assault because the agency’s internal watchdog will be provided information to determine that there is no negligence or wrongdoing. The denial of information, even for pure intentions, is difficult to defend—especially for an agency that has struggled to ensure the safety of its volunteers.”

Enhancing OIG’s Oversight

Full access to agency records and information is necessary not only to meet the reporting requirements of the Kate Puzey Act, but to provide the type of general oversight that Congress expects from us. For example, in a 2008 review we found that data included in the agency system to categorize and track crime incidents, including sexual assaults, was unreliable. Denial of access to restricted reports would prohibit a follow-up to such a review. In 2009, our review of sensitive medical records related to the death of a Volunteer resulted in recommendations that significantly improved the way in which the Peace Corps provides medical care to volunteers. We could not have completed that review without full access to information.

The Peace Corps provides unparalleled opportunities for individuals to serve their country while helping local communities around the world that are most in need. Like at any agency, robust and independent oversight is required to ensure accountability and the integrity of its programs. OIG believes that volunteers who are victims of sexual assault are better off when the inspector

general has full access to information and can hold the agency fully accountable than when the Peace Corps is allowed to withhold information from OIG and operate without proper oversight.

Without continual oversight, the agency could slip back into the patterns of indifference, victim blaming, and lack of effective support described by returned Peace Corps volunteers during the congressional hearings held on the Peace Corps in 2011. The agency's general counsel's existing legal opinion creates an unacceptable precedent that could be used in the future to deny OIG access to agency records and information applying a similar analysis to other laws restricting access or protecting the privacy of individuals.

Reaffirming OIG's broad access to agency records

IG independence is critical to effective oversight. IGs should not have to seek the intervention of, or enter into an MOU with, the head of the agency to access information they already are authorized to obtain under the IG Act. IGs must independently determine whether a request for access to documents is relevant or appropriate. If IGs must seek the approval of agency management or senior officials to obtain agency information, their independence could be compromised and agency staff will receive the wrong message about cooperation with OIG. Even if information is not denied, it might be delayed, affecting our operations. My office relies on Peace Corps staff's cooperation to fulfill its mission. Without its help, we cannot do our job.

As Congress considers laws protecting information held by federal agencies on individuals, it should consider the impact of those laws on OIGs ability to perform the type of oversight expected by Congress and the American people. My legal counsel, myself, and my fellow IGs believe the IG Act means what it says when it provides OIGs access to all agency records and information; but perhaps the committee can consider legislation to reaffirm OIGs access to all agency documents and information is required under the IG Act regardless of provisions contained in other laws unless specifically stated otherwise. Hearings like this one send an important message to federal agencies that OIG oversight and unfettered access to agency information is essential.

Conclusion

I want to thank the Committee for the opportunity to testify on our issues regarding access to agency information. The IG Act requires the Peace Corps provide all agency records fully, completely, and without delay. Peace Corps policies and procedures that refuse access to my office are particularly serious and flagrant problems. We need unfettered access to agency documents and information to continue providing effective oversight, and we can do so while respecting the privacy of victims. My staff is trained and experienced in dealing with sensitive information, interacting with victims when necessary, and protecting confidentiality. As the committee considers legislation to support the work of IGs, I ask that you consider further strengthening or reaffirming the access provision in the IG Act.

Help Promote the Integrity, Efficiency, and Effectiveness of the Peace Corps

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

Contact OIG

Reporting Hotline:

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Toll-free (U.S. only):	800.233.5874
Email:	OIG@peacecorps.gov
Web Form:	peacecorps.gov/OIG/ContactOIG
Mail:	Peace Corps Office of Inspector General P.O. Box 57129 Washington, DC 20037-7129

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