



Peace Corps  
Office of Inspector General  
Semiannual Report to Congress

October 1, 2015 to March 31, 2016

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# Office of Inspector General

TOGETHER WE MAKE A BETTER PEACE CORPS

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## **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.

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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 for the period of October 1, 2015 to March 31, 2016. Our work underscores OIG's commitment to promoting efficiency, effectiveness, and accountability within the Peace Corps. During this reporting period, we issued three significant agency-wide reports.

The first was an audit report of three contracts awarded to the same contractor for assistance with processing medical services received outside the Peace Corps' internal network of medical professionals. Our audit revealed serious flaws in the agency's management of the three contracts, including critical mistakes in acquisition planning and solicitation; contract formation, administration, and monitoring; and in maintaining key payment records. From the beginning of the initial contract in 2005 through calendar year 2014, the Peace Corps expended \$57.3 million for medical claims and services provided by the contractor. We identified \$4.4 million in unsupported costs.

The second was a follow-up evaluation to our 2010 independent inquiry into the facts and circumstances related to the illness and death of a Peace Corps Volunteer in Morocco. The original inquiry examined the organization and provision of health care to Volunteers in Morocco and made recommendations to improve Peace Corps' health care provision globally. Our follow-up evaluated the extent to which actions taken in response to the 2010 report led to improvements in clinical oversight, quality assurance practices, staffing, and professional qualifications. We found that following the 2010 report, the Office of Health Services had enhanced the agency's Volunteer health care program in a number of respects. However, our 2016 evaluation identified further aspects of the program in need of improvement.

The third was a management advisory report on the Peace Corps' management of the Freedom of Information Act (FOIA) process. We conducted this review in response to a congressional request to assess the agency's management of the FOIA process. We found that the FOIA office did not regularly have sufficient resources to effectively manage the FOIA workload and did not consistently provide a timely response to requestors as a result.

The Investigations Unit's proactive review of Federal Employees' Compensation Act (FECA) recipients resulted in the termination of incorrect benefit payments to a former Volunteer, resulting in cost avoidance to the agency of over \$900,000. We also investigated a significant number of instances of alleged Volunteer drug use during this reporting period. The results of these investigations led to agency administrative action in 30 cases.

In addition to the work mentioned above, the Audit Unit issued a final report on Peace Corps/Kyrgyz Republic, continued work on a post audit of Peace Corps/Indonesia and a headquarters report on the agency's conference costs, and initiated work on post audits of Peace Corps/Senegal and Peace Corps/Colombia.

The Evaluations Unit issued a final report on the program evaluation of Peace Corps/Nepal. The unit also initiated work on a program evaluation of Peace Corps/Rwanda and an evaluation of the Peace Corps' implementation of the Kate Puzey Peace Corps Volunteer Protection Act of 2011 (Kate Puzey Act), which requires the Peace Corps undertake efforts to improve the response to victims of sexual assault and enhance Volunteer safety and security. The report will assess the Peace Corps' progress in providing comprehensive sexual assault risk-reduction and response training to Volunteers as well as its progress in developing and implementing a comprehensive sexual assault policy.

Finally, I'm pleased to announce that our office received two awards for excellence from the Council of Inspectors General on Integrity and Efficiency (CIGIE): an interdisciplinary team was recognized for its excellence in investigating and assessing the unusual circumstances of a Volunteer's death in Peace Corps/China and an evaluation team was recognized for its excellence in evaluating the Peace Corps' overseas staff training.



Kathy A. Buller  
Inspector General

# Management and Administration

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# Management and Administration

## Agency Context

As of March 31, 2016, there were 6,975 Peace Corps Volunteers and trainees serving in 64 countries at 60 posts. This total includes 844 Volunteers and trainees funded by the President’s Emergency Plan for AIDS Relief (PEPFAR) to work on HIV/AIDS projects at 17 posts, and 285 Peace Corps Response Volunteers serving in short-term assignments at 34 posts.

Peace Corps Volunteers and programs were supported by 1,114 American direct-hire staff, of whom 196 worked abroad; 144 worked in the regional recruiting offices; and the remaining 774 worked at headquarters. There were also 2,931 locally-hired personnel at posts. Additionally, the Peace Corps had corporate contracts domestically and internationally—principally for guard services and training—and expert consultants, largely for training and financial management.

## Staffing

Bruce Shahbaz joined OIG as a senior evaluator in November 2015. He has 30 years of healthcare and program management experience. Before joining OIG, Bruce worked for the Department of Defense (DoD) OIG. He was the team leader for reports on Wounded Warrior medication management, suicide prevention data quality, and Ebola virus response. The suicide prevention report received a CIGIE Special Act Award for Excellence in 2015. Bruce worked for the Army’s health promotion, risk reduction, and suicide prevention task force and was a principal author on two evaluation reports before joining the DoD OIG. He enlisted in the Army in 1983, received his commission as Lieutenant in 1986, and served in various locations in the U.S., Egypt, and Germany. He holds a bachelor’s degree in psychology from Missouri State University and a master’s degree in health services management from Webster’s University.

Paul Romeo joined OIG as a senior evaluator in January 2016. Previously, Paul spent three years as an analyst in the National Science Foundation’s Office of Information and Resource Management. This followed more than eight years with the Peace Corps, where Paul worked in the Office of the Chief Financial Officer, the Office of Volunteer Recruitment and Selection, and in Peace Corps/Albania as the director of management operations. He has also been an adjunct history instructor at several colleges in North Carolina and the owner of a small management business. Paul served as a small business development Volunteer with Peace Corps/Romania from 1998–2000. He holds

a master's degree in modern European history from the University of North Carolina at Wilmington and a bachelor's degree in economics from the University of Maryland.

Kris Hoffer joined OIG as a senior evaluator in February 2016. Kris has 10 years of experience with the Peace Corps as both field and headquarters staff. She served as a Volunteer in Peace Corps/Mali from 1994–1997. In 2006, she returned to Mali as an associate Peace Corps director for natural resources management. She later served as a programming and training officer, regional adviser, and director for programming and training with Peace Corps/Ghana. In 2013, she moved to headquarters as the technical training specialist for food security. Prior to working for the Peace Corps, Kris coordinated the Pittsburgh Public Schools' high performance schools partnership. She also managed behavior change programs to promote environmentally sustainable behaviors at universities, housing authorities, hospitals, sports facilities, and military bases. Kris holds a master's degree in cultural anthropology with a specialization in society and technological change from Iowa State University and a certificate in conflict resolution from Duquesne University.

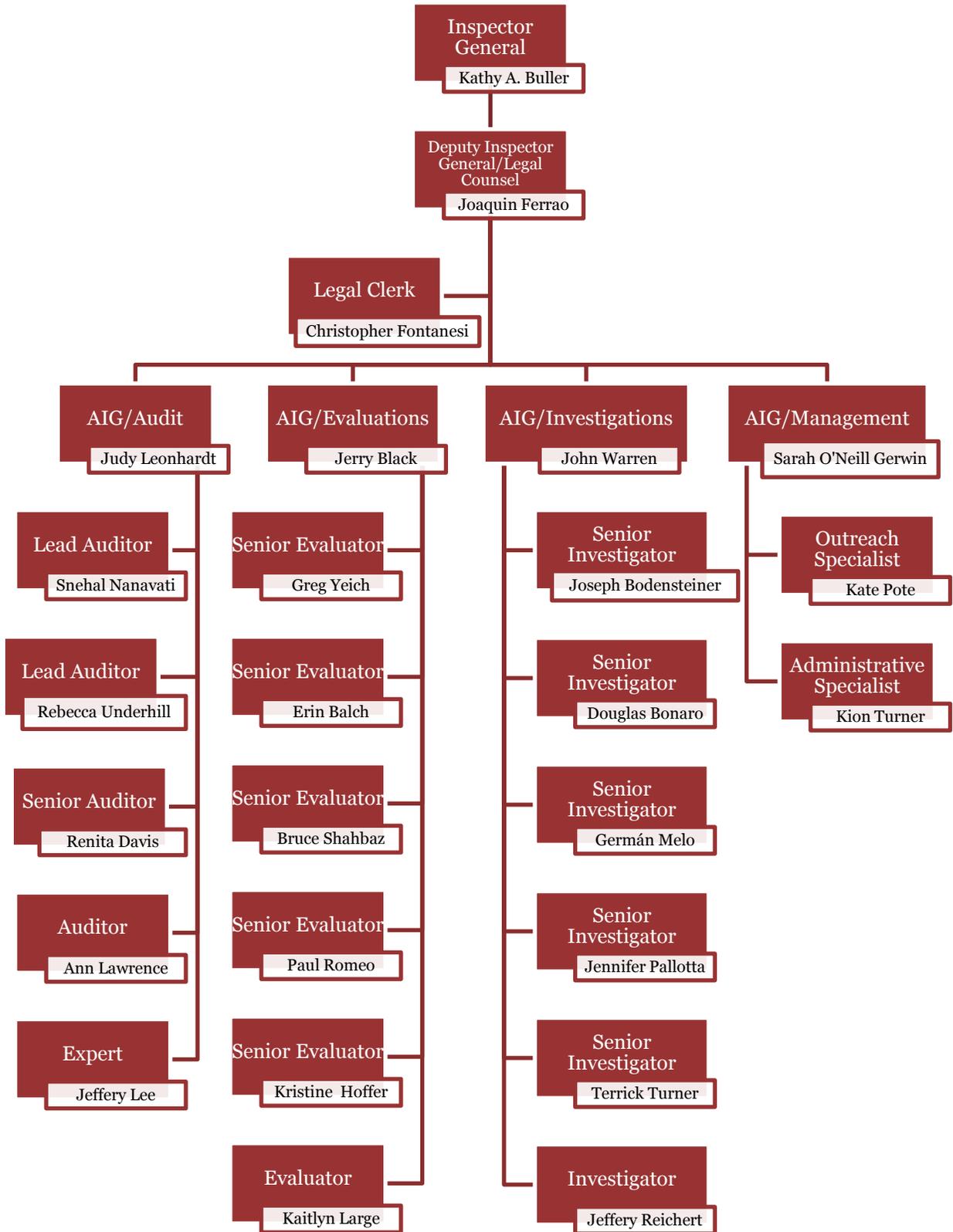
## Awards

On October 22, 2015, OIG received two awards for excellence at the Council of Inspectors General on Integrity and Efficiency's (CIGIE) 18th annual awards ceremony.

An interdisciplinary team received an award for excellence for its investigative review of the circumstances surrounding the death of a Peace Corps/China Volunteer. CIGIE recognized Joaquin Ferraro, deputy inspector general; Jim O'Keefe, former assistant inspector general for evaluations; John Warren, assistant inspector general for investigations; Joyce Shores, former senior special agent; Susan Gasper, former senior evaluator; José Vega, former attorney adviser; Lisa Chesnel, former writer-editor; and Li Bo, investigator for the U.S. Consulate General for their excellence in investigating and assessing the unusual circumstances of a Volunteer's death in Peace Corps/China and for making recommendations to improve the medical care of Volunteers.

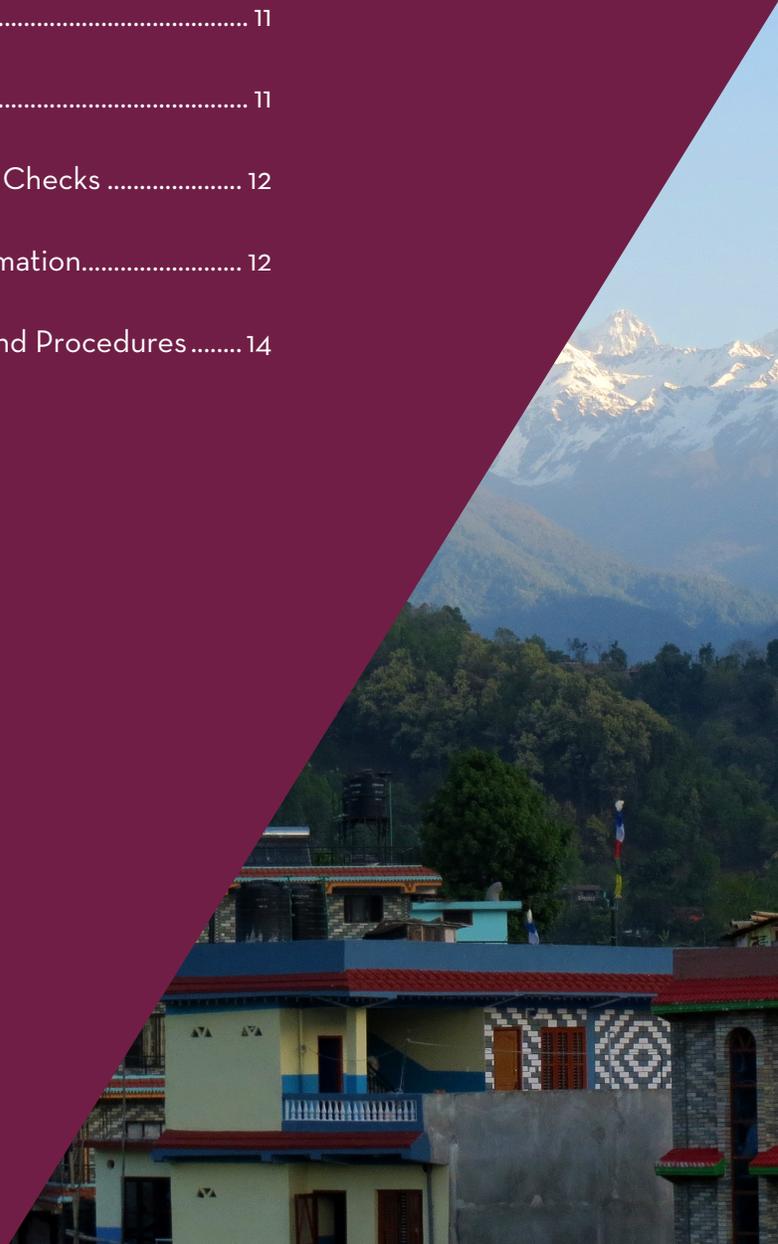
An evaluation team received an award for excellence for its evaluation of the Peace Corps' overseas staff training. CIGIE recognized Jim O'Keefe, former assistant inspector general for evaluations; Heather Robinson, former lead evaluator; Kaitlyn Large, evaluator; and Ben Simasek, former evaluations apprentice for their efforts toward improving training for Peace Corps staff worldwide to better support Volunteers and further the Peace Corps mission.

## OIG Organizational Chart



# Advice and Assistance

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# Advice and Assistance Provided to the Agency and Others

## Management Advisory Report: Peace Corps' Management of the Freedom of Information Act Process

*IG-16-01-SR*

OIG issued a management advisory report (MAR) on the Peace Corps' management of the Freedom of Information Act (FOIA) process in March 2016. In this report, OIG provided its observations, concerns, and recommendations regarding the Peace Corps' management of FOIA requests. OIG conducted this review in response to a congressional request to assess the Peace Corps' management of the FOIA process and determine the extent non-career officials' involvement in FOIA decisions. Of particular concern was whether such involvement resulted in undue delay or improper information withholding in response to FOIA requests. The review disclosed that there were some instances of non-career officials' involvement in the FOIA process for reviewing and responding to FOIA requests. However, OIG determined that there was no evidence of improper influence or undue delay resulting from such involvement. In the course of performing this review, OIG found that the FOIA office did not regularly have sufficient resources to effectively manage the FOIA workload and did not consistently provide a timely response to requestors as a result.

OIG found that the agency did not consistently meet the statutory deadlines for processing requests. From FY 2010 to 2015, the agency did not provide timely responses for 64 percent of requests—551 total requests. At the time of the review, the agency had 12 pending FOIA requests that had been outstanding for over a year. The agency had recently hired temporary personnel to assist with the FOIA request backlog, but did not have dedicated staff to focus on responding to FOIA requests full-time. Additionally, delays increased because the agency did not have a case management system or other mechanism to alert agency offices that responsive materials were not received or additional information was required. Moreover, requestors were not routinely notified when a request was delayed. By not having a more effective system to monitor the status of FOIA requests, the agency will most likely continue to fail to meet the statutory deadlines.

The report made two recommendations to address the noted concerns.

## Status of Recommendations in Review of a Peace Corps Volunteer's Death in China

In November 2014, OIG issued an investigative report on the circumstances surrounding the February 2013 death of a Peace Corps/China Volunteer. OIG's review concluded that the Peace Corps medical officer (PCMO) who treated the Volunteer failed to use prudent judgment and that there were significant failures with the care provided by Chinese ambulance emergency medical technicians. OIG also found the PCMO failed to adhere to guidelines regarding medical chart recordkeeping and altered notes after submitting them for review.

The report made nine recommendations to improve Volunteer medical care. Management concurred with all nine recommendations. One recommendation was closed in July 2015, six were closed within this reporting period, and two recommendations remain open at the end of this reporting period. Below is a status summary of the recommendations.

### *Closed Recommendations*

**Consider developing contingency plans that decrease the possibility of confusion and improve efficiency.** The agency's Office of Health Services (OHS) contracted with the Department of Defense to provide PCMOs training in pre-hospital trauma life support and techniques to help PCMOs routinely self-assess and develop contingency plans in the event of an error in medical opinion.

**Consider requiring PCMOs to routinely use standard order sets for the most frequent conditions, and checklists for assuring minimum go-bag functional equipment and supplies to reduce the effect of human factors such as stress or fatigue.** OHS identified all posts as compliant in use of go-bag content checklists. An evidence-based, peer reviewed information service has also been made available to PCMOs via smartphone app and internet.

**Ensure that PCMOs clearly articulate the degree of urgency when requesting access to posts' non-medical resources (e.g., driver, car), in emergency and nonemergency situations.** The agency reports that procedures now require an appropriate vehicle and driver to be available at all times for the transportation of ill or injured Volunteers and trainees.

**Consider enhanced training for Peace Corps' healthcare staff, and Volunteers as appropriate, to recognize, document, and treat symptoms**

**and signs of hypovolemia/dehydration.** The agency provided evidence that Peace Corps trainees and medical staff are receiving training about diarrheal illness and dehydration at their respective trainings. Shock management was reviewed in detail with PCMOs during continuing medical education conferences in 2014.

**Set or reinforce the expectation for physicians and healthcare professionals to date, sign, and time all orders, notes, and entries.** The agency indicated that PCMOs are receiving reinforcement of documentation standards through trainings and quarterly chart reviews.

**Consider improving current processes for ensuring compliance with agency medical records standards and use intermittent, independent reviews to assure accountability.** The agency revised technical guidelines to address clinical documentation standards to assure accuracy, timeliness, and quality. Medical charts are now reviewed quarterly by OHS, and PCMOs with less than 90 percent compliance may be placed on a remediation schedule.

**Consider establishing or reinforcing a systematic method to collect and discuss near-miss events.** The agency stated that the Quality Improvement Unit provides oversight and analysis of healthcare system programs, including for near-miss events. OHS recently contracted with the American Medical Foundation to provide additional independent review. The technical guidance on sentinel events—unusual circumstances that involve the death or injury of a Volunteer, or risk thereof—is under revision to reinforce the relevant policy.

### *Open Recommendations*

Two recommendations remain open. Management provided information regarding these recommendations prior to the end of this reporting period, which OIG is currently reviewing.

**Consider training or other measures that may improve team-based behaviors, and, in a crisis, to yield decision-making to the most experienced and knowledgeable individual.** The agency reports training all PCMOs on cognitive errors in 2014 and conducting open discussions about team-based behaviors at all trainings for overseas medical staff. OHS also reports increasing collaboration among health units, regional administrators, and country directors.

**Consider additional steps, such as requiring posts to simulate critical events, to improve communications and teamwork among medical staff and with emergency providers.** OHS provided PCMOs with detailed information on the

frequency of common errors and cognitive biases in scientific reasoning. OHS reports increased collaboration among teams supporting Volunteer health. Technical medical guidance directs each post to perform emergency medical response drills at least annually.

## Participated in Overseas Staff Training

OIG participated in overseas staff trainings in November 2015 and February 2016, briefing 104 staff on best practices and common deficiencies noted by OIG. Participants included country directors, directors of programing and training, training managers, directors of management operations, program managers, medical officers, and financial assistants.

## Conducted Investigation Unit Outreach

OIG investigators continued to work on an outreach initiative started in FY 2012. During the current reporting period the initiative reached 53 Peace Corps staff members, educating them about the role of OIG investigators, the mission of OIG, the types of allegations typically referred to OIG, and OIG's readiness to respond to allegations. Additional discussion topics 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.

## Update on MAR: the Peace Corps' Drug-Free Workplace Plan

As reported in previous Semiannual Reports to Congress since 2012, OIG issued a MAR on August 16, 2012 about the agency's non-compliance with Executive Order (E.O.) 12564, which mandates a drug-free federal workplace. While the agency made progress towards compliance with E.O. 12564, it still remains out of compliance.

Implementing procedures state that all employees serving in "presumptive" and "preferred" positions must be included in a pool of testing-designated positions (TDP) and randomly tested for drug use.<sup>1</sup> As of March 31, 2016 the Peace Corps had two Senate-confirmed presidential appointees and 377 staff with access to national security information. This number includes 21 OIG staff members, who serve in TDP and are

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<sup>1</sup> These positions include those identified as sensitive or potentially impacting public safety, such as employees who carry firearms or operate motor vehicles carrying passengers, positions that require access to national security classified information, presidential appointees requiring senate confirmation, and others. Positions in "presumptive" or "preferred" testing categories require written justification and approval to be excluded from the TDP list contained in the agency's Drug Free Workplace plan.

randomly drug tested as part of an interagency agreement with the U.S. Agency for International Development (USAID) OIG.

The agency reported that during the past six months, it has approved a new agency policy, updated its Drug Free Workplace plan and TDP list, and developed and approved implementing procedures. The agency reports that the policy, plan, and TDP list were approved by the Director in December 2015 but have not yet been issued for implementation. The updated TDP list includes 146 staff and currently only applies to U.S.-based employees with access to national security information. The agency reports that full implementation of testing to include employees occupying presumptive and preferred testing positions overseas will be phased in at a later date to be determined.

OIG is encouraged that the agency has taken steps to comply with E.O. 12564. However, OIG remains concerned about the number of staff with access to national security information who are neither currently designated in TDP lists nor being randomly drug tested, and the potential impact this may have on agency operations, Volunteer safety, and national security.

## OIG Support of U.S. Government Background Checks

OIG's Investigations Unit worked with various Peace Corps offices to support a record check initiative within the Peace Corps in order to incorporate OIG database checks as part of Peace Corps employment inquiries. Through OIG efforts, Peace Corps offices that respond to employment checks on former Peace Corps Volunteers now also include an OIG database check. This program has enhanced the employment inquiry and security process. During this report period over 380 checks of OIG records were conducted.

## Advised Congress on Issues Related to Access to Agency Information

During this reporting period, OIG responded to a request from the chairman of the Senate Committee on Homeland Security and Government Affairs and the chairman of the Senate Committee on the Judiciary requesting—amongst other information—a description of any attempts to interfere with OIG independence, and any instance where the agency has restricted or delayed access to information. OIG's response outlined the ongoing issue of the Peace Corps denying OIG access to information included in restricted reports of sexual assaults reported by Peace Corps Volunteers.

The response highlighted that this denial of access centers on the former Peace Corps general counsel's interpretation of Section 8A(f)(2) of the Kate Puzey Act. Section

8A(f)(2) mandates that victims have access to a restricted reporting mechanism that allows them to receive limited services without automatically triggering an official investigation. Section 8A also provides that if a victim makes a restricted report, the victim's personally identifiable information can only be shared with specified individuals unless an exception applies. One enumerated exception is when another federal law requires disclosure (e.g., the Inspector General Act). The law also provides exceptions for serious or imminent risk to the health and safety of the victim or others. Despite these exceptions, the former general counsel's legal opinion asserted that restricted reports should not be accessible to OIG. Given that the agency established restricted reporting as the default reporting system for all sexual assaults, the legal opinion effectively justified keeping OIG in the dark about a potentially substantial number of sexual assault cases. By doing so, the former general counsel's legal opinion—and the policies that were based on it—denied OIG access to the case information necessary to review the effectiveness of the agency's sexual assault program, and limited OIG oversight over Volunteer safety and security.

OIG noted that it had informed the agency that section 8E(d)(1)(B) of the Kate Puzey Act provides OIG with key oversight roles in ensuring the agency adequately responds to sexual assault and other crimes, effectively implements and trains on the sexual assault risk-response and reduction policy and program, and delivers services to sexual assault victims. The Kate Puzey Act requires that OIG conduct an evaluation on this matter and provide reports to Congress by November 21, 2013, and again in 2016. The law requires the reports be based on a case review of a statistically significant number of sexual assault cases.

The OIG's response also noted that, after nearly two years of discussions with the agency and members of Congress, two congressional hearings, negative press coverage, and, ultimately, the signing of an agreement between the agency and OIG, the majority of the access-denying policies and procedures were rescinded on October 17, 2014. However, the underlying legal opinion supporting those policies and procedures is still in place.<sup>2</sup> OIG believes that unless that legal opinion is retracted, the door remains open for the agency to withhold or delay OIG access to information in the future and its existence sets a dangerous precedent for other agencies to interpret laws as denying OIG access to information. Further, the agency has yet to adequately train employees on what information can and must be provided to OIG, inserting confusion into one of the agency's most sensitive programs. While OIG is optimistic that the memorandum of understanding is a good step forward, OIG remains concerned that the reliability of the 2016 report could be impacted by not having complete access to sexual assault cases.

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<sup>2</sup> Agency policy continues to prohibit OIG access to a victim's personally identifying information under restricted reporting and full details of the sexual assault incident.

## 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 32 Peace Corps Manual sections (MS), corresponding procedures, interim policy statements (IPS), guidance documents, and working group charters. Some of the policies and procedures reviewed included those involving Peace Corps medical offices and officers, Volunteer discrimination complaint processes, gifts and fundraising, data breach notifications, and confidentiality of Volunteer information. The following policies were changed subsequent to OIG review:

### *MS 243 Responding to Sexual Assault*

The agency revised MS 243 *Responding to Sexual Assault* in November 2015, largely incorporating the agency interim policy statement on the subject. Prior to the policy issuance, OIG proposed that the policy advise staff to treat third-party reports of sexual assault received from Volunteers with the utmost discretion and in accordance with existing policies on confidentiality, while still advising the country directors of the requirement to report third-party allegations of sexual assaults to OIG when the report indicates the alleged assaulter may be a Volunteer, staff member, or Peace Corps contractor. These recommendations were incorporated into the revised MS 243.

### *MS 461 Crimes Against Volunteers*

OIG had provided comments to the agency about the policy during a prior reporting period. At the time, OIG had expressed concern that the agency's proposed response to third party disclosures of a crime against a Volunteer could lead to overseas staff conducting their own investigation into an incident. OIG had also suggested that the Peace Corps clarify safety and security officers' role to explicitly include the responsibility to make recommendations to enhance post or Volunteer safety and security. Lastly, OIG had commented on the need to clarify the definition of "third party" and that consent was not required from a Volunteer perpetrator of a crime against another Volunteer prior to reporting an incident to local authorities. Many of these recommendations were incorporated into MS 461.

### *IPS 1-16 Cloud Services*

In January 2016, the agency issued IPS 1-16 *Cloud Services* in response to an OIG management advisory report (MAR: The Peace Corps' Cloud Computing Pilot Program IG-15-01-SR). In that report, OIG noted concerns that the agency was not acting in accordance with federal mandates and acquisition standards. OIG had also noted that controls over information security during the pilot program were lacking. IPS 1-16 addresses acquisitions of cloud services by mandating that they be approved by the

Office of Chief Information Officer (OCIO). The policy makes OCIO responsible for ensuring cloud services contracts are fully documented and address key terms, including provisions for ownership of data, data preservation and retention, data sanitization upon contract termination, data dissemination, access to Peace Corps data, data security, and any access requirements.

*MS 284 Early Termination of Service*

Due in part to an OIG report, in March 2016 the agency updated its policy regarding early termination of Volunteers to require that country directors and other deciding officials notify the Office of Volunteer Recruitment and Selection when a Volunteer or trainee is administratively separated or resigns in lieu of being administratively separated. The notification, which must include documentation of the reasons for the separation, will help the agency ensure that all relevant information is being considered if a Volunteer or trainee whose service is terminated for misconduct later reapplies for service.

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# 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 offices and 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 review of information systems security performed by an independent public accounting firm.

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 observation.

At overseas posts, auditors review the financial and administrative operations 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. Audit 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 management advisory report regarding the Peace Corp's management of the FOIA process. For more information on that report, see the Advice and Assistance section. The unit continued work on a review of Peace Corps conference costs and post audits of Peace Corps/Indonesia and Peace Corps/Senegal, and initiated a post audit of Peace Corps/Colombia.

## Agency-wide Audits

### Peace Corps' Healthcare Benefits Administration Contract Audit

*IG-16-02-A*

In January 2016, OIG issued an audit report of three contracts awarded to the same contractor between 2005–2011. The contractor assisted the Peace Corps with processing Volunteers' claims for medical services received outside the agency's internal network of doctors and other medical professionals. From the beginning of the initial contract through calendar year 2014, the Peace Corps expended \$57.3 million for medical claims and services provided by the contractor. The audit objectives sought to determine whether:

- Medical claims processed for payment are proper, accurate, and valid.
- Contractor payments are made based on eligible claimants and only to authorized providers.
- Invoicing for services rendered is complete, accurate, and sufficiently supported.
- The contractor's internal control over its manual and automated claims processing and payment systems minimizes potential for fraud, waste, and abuse.

The audit revealed serious flaws in the Peace Corps' management of the three contracts awarded to the contractor. The agency made critical mistakes in acquisition planning and solicitation; contract formation, administration, and monitoring; and in maintaining key contract payment records.

The first contract was extended for six months due to a lack of planning on the part of the agency and was followed by the awarding of an inappropriate noncompetitive contract for a nine month period. The extension and second awarding were done prior to awarding the third contract, and in violation of applicable Federal Acquisition Regulation (FAR) provisions. The audit also found that the contractor did not follow certain significant contract terms and conditions. Additionally, the three contracts were incorrectly categorized. In selecting the incorrect contract types, the agency failed to determine contracting requirements designed to protect the government's interests. Further, the contract did not include a mandated FAR clause that requires the contractor to obtain the Peace Corps' consent to subcontract. As a result, the contractor used a subcontractor without proper government consent.

The audit identified \$4.4 million in unsupported questioned costs and made 15 recommendations which, if implemented, should strengthen internal control over the Peace Corps' healthcare benefits contract administration processes, provide for more

effective contract monitoring, and improve compliance with the FAR and other applicable laws, regulations, and Peace Corps policies.

Management concurred with 14 recommendations and did not concur with one. At the end of this reporting period, 9 recommendations had not been fully remediated and remain open.

### *Questioned Costs*

Recommendation Number 10: Unsupported Costs for network fees -- \$3.2 million

Recommendation Number 11: Unsupported Costs for reviewed claims -- \$1.2 million

## Review of Peace Corps' FY 2015 Information Security Program

The Federal Information Security Management Act (FISMA) mandates that federal agencies establish effective information security protections and a program to secure their information systems from unauthorized access, use, disclosure, modification, and other harmful impacts. These requirements must be met through adherence to specific guidelines established by the National Institute of Standards and Technology. FISMA also requires OIGs to review their agency's information security programs annually.

OIG contracted with accounting and management consulting firm Williams, Adley & Company-DC to perform the annual FISMA review and provide reports associated with reviewing a representative sample of the Peace Corps' major information systems. While the Peace Corps made small adjustments to improve its information security program in FY 2015, it remains non-compliant with federal laws, regulations, and information security standards. The agency faces significant challenges to meeting key FISMA requirements and implementing an effective agency-wide information security program. Significant issues include that the Peace Corps:

- Does not manage information security risk holistically throughout the agency
- Lacks a comprehensive continuous monitoring program
- Is not in compliance with physical and logical access requirements

Achieving full compliance with FISMA and other federal laws and regulations that apply to managing the Peace Corps' information technology security infrastructure is critical to establishing a program that ensures the agency's information, operations, and assets are adequately protected. As a result, Peace Corps management needs to place a greater emphasis on improving information technology security by efficiently using its available technical resources to find viable solutions to remediate issues.

## The Peace Corps' FY 2015 Financial Statement Audit

The Accountability of Tax Dollars Act of 2002 mandates an annual audit of the Peace Corps' financial statements. OIG contracted with Kearney & Company, an independent accounting firm, for the audit. The contract required that Kearney complete the audit in accordance with GAGAS, Office of Management and Budget Bulletin 15-02, Audit Requirements for Federal Financial Statements, and the Government Accountability Office/President's Council on Integrity and Efficiency Financial Audit Manual. Kearney's independent auditor's reports for FY 2015 included an opinion on the financial statements and a report on internal control over financial reporting and compliance with applicable provisions of laws, regulations, contracts, grant agreements, and other matters.

In its audit of the Peace Corps, Kearney reported the following:

The consolidated financial statements . . . present fairly, in all material respects, the financial position of the agency as of September 30, 2015 and 2014, and its net cost of operations, changes in net positions, and budgetary resources for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Kearney did not find any material weaknesses in internal control.<sup>3</sup>

Kearney's report on internal control did identify three significant deficiencies:<sup>4</sup>

- Information technology security needs improvement. Continuous monitoring and the agency's risk management program were cited as areas needing improvement.
- De-obligation of unliquidated obligations is not always timely. Specifically, an effective unliquidated obligation control environment is not being maintained and needs to be strengthened and better integrated into the agency's obligation review process.
- Effective controls over the agency's obligations are not being maintained and steps need to be taken to improve and integrate the obligation process.

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<sup>3</sup> A material weakness is defined as a deficiency in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

<sup>4</sup> A significant deficiency is defined as a deficiency in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Additionally, Kearney found four instances of reportable noncompliance with the laws and regulations that are required to be reported under GAGAS or Office of Management and Budget (OMB) guidance. The Peace Corps did not fully comply with the following:

- OMB Circular A-11 relating to the timely, complete, and accurate reporting of federal agency consolidated financial statements
- 31 U.S.C § 1501 requiring documentary evidence of government obligations
- FISMA
- The Ethics in Government Act of 1978 associated with the timely reviewing of annual Public Financial Disclosure Reports

In connection with the contract, OIG reviewed Kearney's report and related documentation. The review disclosed no instances where Kearney did not comply, in all material respects, with GAGAS. As required by OMB Circular A-136, Financial Reporting Requirements, the auditor's reports were published within the Peace Corps FY 2015 Performance and Accountability Report. In addition, Kearney issued a separate letter describing internal control weaknesses considered less severe than a significant deficiency and provided it to Peace Corps management.

## Country Post Audits

### Peace Corps/Kyrgyz Republic: Audit

*IG-16-01-A*

OIG issued its final report on the audit of Peace Corps/Kyrgyz Republic in January 2016. More than 900 Peace Corps Volunteers have served in Kyrgyz Republic since the program's inception in 1993. At the time of the audit, there were three U.S. direct hires, one foreign service national, and 30 full-time personal services contractors supporting 124 Volunteers serving in three projects: teaching English as a foreign language, health education, and community economic development. The post's FY 2015 spending was approximately \$2 million. Additionally, the Europe, Mediterranean, and Asia region at headquarters incurred an average cost of approximately \$490,000 per overseas post.

The post's financial and administrative operations were effective and complied with agency policies and applicable federal laws and regulations. Although the post's financial and administrative operations were high functioning, a few areas were in need of improvement. OIG found that the post did not comply with agency policies when disbursing imprest fund payments. Contrary to Peace Corps policy, the cashier paid expenses before transactions were entered into the post's accounting system (FOR Post)

and approved by the designated approving officer. Furthermore, the post allowed the medical assistant to operate as an unofficial sub-cashier.

OIG also highlighted internal control issues with modifying a conference contract, using blanket purchase agreements, and the impact of increased leadership turnover.

Management concurred with and closed both recommendations before the end of this reporting period.

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# 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. 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 set the bar for competency, independence, professional judgment, and internal quality controls.

Along with the final reports detailed in this section, the Evaluation Unit initiated a program evaluation of Peace Corps/Rwanda, as well as an evaluation of the implementation and effectiveness of the agency's sexual assault risk-reduction and response program, as required by the Kate Puzey Act.

## Agency-wide Evaluations

### Follow-Up Evaluation of Issues Identified in the 2010 Peace Corps/Morocco Assessment of Medical Care

*IG-16-01-E*

In 2009, OIG conducted an independent inquiry into the circumstances related to the illness and death of a Volunteer in Morocco. The inquiry examined the organization and provision of health care to Volunteers in Morocco and made recommendations to improve the Peace Corps' global provision of health care. In 2015, OIG initiated a follow-up evaluation to understand the extent to which actions taken in response to the 2010 report have led to improvements in clinical oversight, quality assurance practices, staffing, and professional qualifications. In March 2016, OIG issued its final report.

The Evaluation Unit found that since 2010, OHS has enhanced its oversight of health units and its quality improvement program, expanded the Regional Medical Officer model, enforced its clinical escalation policy, strengthened its chart review process, implemented a sentinel event program<sup>5</sup>, developed a scope of practice policy, and launched a new electronic medical records system.

However, aspects of the healthcare program needed improvement, including the agency's sentinel event reporting process. Root cause analyses were not comprehensive, members of the sentinel event review committee often had conflicts of interest with the cases being reviewed, and OHS was selecting too many cases for root cause analysis.

While staff felt prepared to respond to medical emergencies, OIG found gaps in medical emergency preparedness, including incomplete medical evacuation plans and non-compliance with the requirement to perform periodic preparedness drills.

Country directors were not always aware of their oversight responsibilities regarding health unit operations because relevant agency guidance was spread across multiple policies and technical guidelines. Also, regional medical officers lacked clearly defined responsibilities related to supervising the performance of Peace Corps medical officers.

Finally, medical officers' dissatisfaction with workload, compensation, and professional development opportunities undermined the agency's ability to retain them. Overseas health units that had experienced frequent medical officer turnover and staffing gaps

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<sup>5</sup> A sentinel event program is designed to address unexpected events that involve a Volunteer's death or serious injury, or risk thereof.

were not consistently transferring information to new and existing medical staff on Volunteer care, which increased the risk to Volunteer health and safety.

This evaluation made 23 recommendations to address aspects of the Volunteer health care program. The agency concurred with all recommendations, which remain open.

## Country Program Evaluations

### Peace Corps/Nepal: Country Program Evaluation

*IG-15-05-E*

OIG issued its final country program evaluation of Peace Corps/Nepal in December 2015. Almost 4,000 Peace Corps Volunteers have served in Nepal since the program began in 1962. The program was closed in 2005 for security reasons and reopened in 2012. At the time of OIG's visit, 26 staff supported 53 Volunteers serving in one project sector, food security. The post's FY 2015 operating budget was approximately \$1.5 million.<sup>6</sup>

Most Volunteers expressed confidence in their ability to be productive at their sites and reported that the post had made recent improvements to training. However, the food security project plan was incomplete and did not meet the agency's quality standards. The plan also included a broad array of technical areas that made it difficult for the post to deliver sufficient technical training to Volunteers, and difficult for Volunteers to make progress on all the project's goals. Ineffective site development and lack of counterpart support also impeded Volunteer efforts to contribute to project goals. The process for site assessment did not include a useful gauge for assessing the primary counterpart's interest in collaborating with and supporting a Volunteer.

While most aspects of Volunteer support in Nepal functioned well, Volunteer site visits did not happen consistently or meet Volunteers' programmatic support needs. The lack of site visits likely resulted in missed opportunities for staff to appreciate the extent to which Volunteers had difficulty making progress on the goals of the food security project. OIG also found that Volunteer leave policies were overly complex and cumbersome for staff to manage. Some Volunteers had not reported their whereabouts when out-of-site because they did not want this time to be counted against their annual leave or limits on personal time spent away from site.

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<sup>6</sup> This amount does not include the salaries, benefits, and related cost of U.S. direct hires assigned to post and other costs the agency has determined should be centrally-budgeted.

Some of the challenges OIG identified resulted from decisions the agency made in 2012. Peace Corps re-entered Nepal without providing staff with sufficient time and resources to carry out important planning activities prior to the arrival of Volunteers; site development and technical training suffered as a result. The Peace Corps failed to locate and provide the post with available documentation, including site history files, training materials, and Volunteer and staff handbooks that had been used in Nepal prior to the post's closing in 2005. Contrary to the re-entry assessment team's recommendation, the agency restarted the program in the agriculture/food security sector. As the team had predicted, this resulted in some poorly qualified applicants and exacerbated the challenge of providing sufficient technical training to them. Moreover, the post lacked sufficient staff with food security expertise.

Management concurred with all 13 recommendations. At the end of the reporting period, three recommendations remain open.

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# 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 internationally. OIG investigators have full law enforcement authority including the authority to, upon probable cause, seek and execute warrants for arrest, search premises, and seize evidence. They are authorized to make arrests without a warrant while engaged in official duties and to 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 made by Peace Corps stakeholders such as Volunteers, trainees, staff, contractors, other federal entities, and the general public. OIG receives these allegations through audits, evaluations, hotline complaints, and other means.

During this reporting period, OIG noted a significant number of instances of alleged Volunteer drug use: 30 Volunteers were terminated or resigned in lieu of termination for involvement with drugs. A number of other Volunteers resigned after being questioned about drug use. OIG investigations have highlighted how illegal drug use has put the health and safety of Volunteers and the integrity of the country program—and the agency—at risk. OIG is assisting the agency in finding ways to address this issue.

OIG's proactive review of Federal Employees' Compensation Act recipients resulted in the termination of incorrect benefit payments to a former Volunteer, resulting in cost avoidance to the Peace Corps of over \$900,480.

OIG continued working with U.S. and host country partners to solve a 2009 Volunteer homicide in West Africa.

## **Criminal and Misconduct Related Investigations**

### **Homicide Investigation at a Post in West Africa**

The investigation of a 2009 Volunteer homicide remained 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 investigative work.

### **Alleged Volunteer Drug Distribution at a Post in Southern Africa**

OIG received an allegation that a Volunteer distributed drugs to other Volunteers and that multiple Volunteers were using drugs. The investigation substantiated the allegations. However, no evidence was uncovered indicating that the Volunteer who provided the drugs profited from the distribution. The investigation disclosed that 13 Volunteers had used drugs, including some cases of drug use on Peace Corps property. Twelve of the Volunteers resigned in lieu of administrative separation; one Volunteer resigned rather than be questioned.

### **Alleged Volunteer Drug Use at a Post in West Africa**

OIG received information that multiple Volunteers in West Africa were using drugs on a regular basis. At the request of management, OIG conducted an investigation which disclosed that 18 Volunteers had used drugs. All 18 Volunteers resigned in lieu of administrative separation.

### **Alleged Attempted Fraud by Staff Member in East Asia**

OIG received an allegation that a general services manager may have attempted to embezzle U.S. funds from the post's finance office by submitting a falsified receipt for a security gate motor. With the assistance of U.S. Department of State Diplomatic Security Service (DSS) investigators, the general services manager confessed to attempting to embezzle U.S. funds. The U.S. Department of Justice (DOJ) declined to prosecute in lieu of administrative remedies. The manager's contract was terminated.

### **Alleged False Statements by Staff Member in North Africa**

OIG received a complaint alleging that a staff member posed a risk to the agency based on personal financial difficulties, access to agency property, and repeated solicitation of

money from other staff. This staff member was a suspect in a prior instance of missing government funds. OIG's investigation disclosed that the staff member had failed to disclose substantial financial liabilities as a part of the employment security certification process. During the investigation, the staff member admitted to purposely failing to disclose this information and lying to the background investigator. Based on OIG's findings, the U.S. Embassy's regional security officer revoked the staff member's security certification, and the post terminated the staff member's employment.

### **Alleged Rape at a Post in South America**

OIG received anonymous information that on two unrelated occasions, a Volunteer raped another Volunteer and an individual unaffiliated with the Peace Corps. The alleged Volunteer victim denied having been raped, and the other individual declined to cooperate with the investigation. No further action was taken for lack of evidence and legal jurisdiction.

### **Alleged Sexual Assault at a Post in West Africa**

OIG received an allegation of a sexual assault of a Volunteer by another Volunteer. OIG investigated the alleged assault with the assistance of DSS. The DOJ declined to prosecute based on the insufficiency of evidence. OIG referred the results of the investigation to the agency's sexual misconduct hearing panel. The panel determined that the subject did not violate the sexual misconduct policy.

### **Alleged Embezzlement by Staff Member in Southern Africa**

A staff member confessed to using their position to embezzle nearly \$1,100 from a large cash advance. The DOJ declined to prosecute in lieu of administrative remedies. The staff member's personal services contract was terminated.

### **Federal Employees' Compensation Act**

A proactive review of Federal Employee's Compensation Act (FECA) benefits paid to Returned Volunteers disclosed that a FECA recipient was traveling internationally and extensively for leisure while avoiding vocational rehabilitation intended to help them eventually return to employment. OIG reported the matter to the Department of Labor, which terminated the recipient's monthly benefits. The action is expected to save the Peace Corps \$900,480 over the projected lifetime of the recipient.

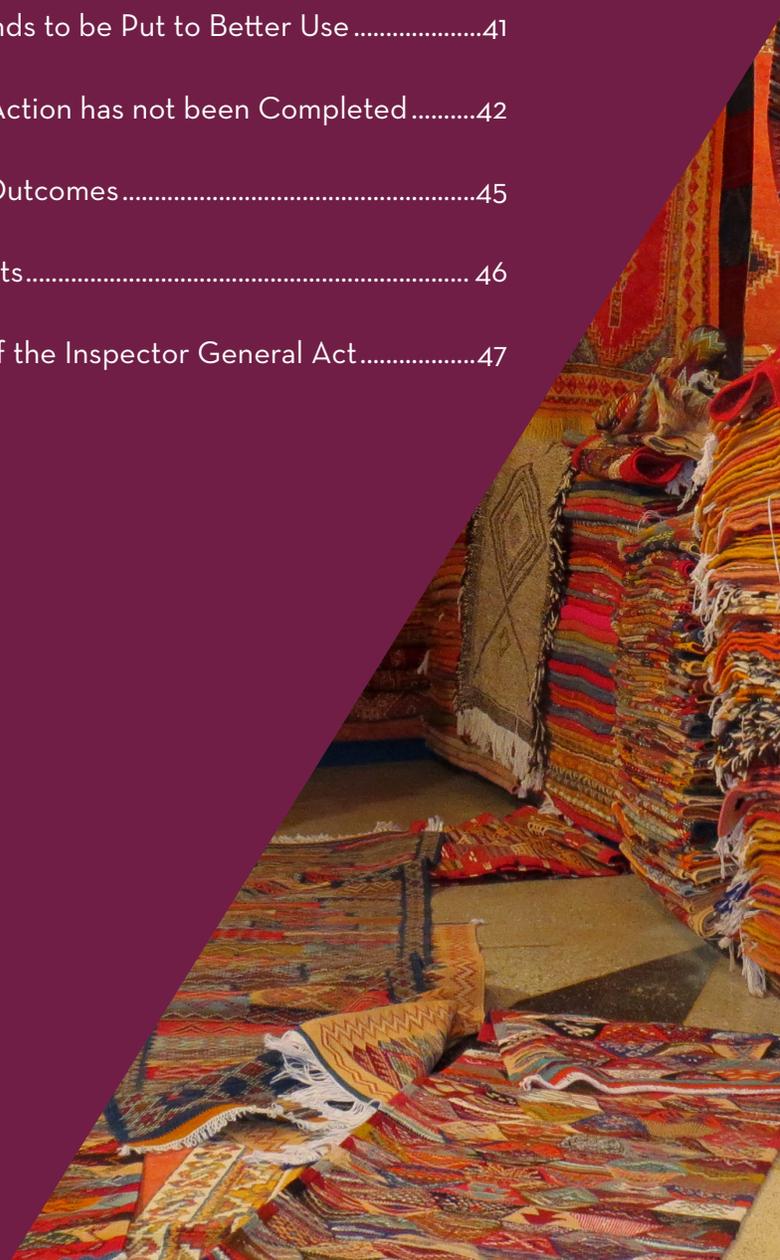
## **Allegation of Senior Official Sharing Sensitive Information with Volunteer in Eastern Europe**

An OIG investigation established that an in-country Peace Corps official provided a Volunteer with sensitive non-public information on three occasions. The released information included an allegation of criminal wrongdoing by an agency official and OIG's investigative activities in response to that allegation. The official was unable to articulate a clear reason for releasing the information. The disclosure impacted the integrity of the OIG investigation and was inconsistent with federal law and agency policy. The DOJ declined to prosecute the official in favor of administrative remedies. The official resigned from the Peace Corps.

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# Tables

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

### Agency-wide

Management Advisory Report: Peace Corps' Management of the Freedom of Information Act (FOIA) Process (IG-16-01-SR)

Peace Corps' Healthcare Benefits Administration Contract (IG-16-02-A)

Follow-Up Evaluation of Issues Identified in the 2010 PC/Morocco Assessment of Medical Care (IG-16-01-E)

### Post Audits

PC/Kyrgyz Republic (IG-16-01-A)

### Post Program Evaluations

PC/Nepal (IG-15-04-E)

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

Report	Questioned Costs <sup>7</sup>	Unsupported Costs <sup>8</sup>	Funds Put to Better Use <sup>9</sup>
Audit of Peace Corps' Healthcare Benefits Administration Contract (IG-16-02-A)	-	\$4.4 million	-
<b>Subtotal</b>	-	\$4.4 million	-
<b>Total</b>		\$4.4 million	

<sup>7</sup> Questioned Costs – a cost that is an alleged violation of government or Peace Corps regulations. For example: prohibited purchases and expenditure of funds for purposes that do not relate to the Peace Corps mission.

<sup>8</sup> Unsupported Costs – a cost that is not supported by adequate documentation.

<sup>9</sup> Funds Put to Better Use – a cost that could be used more efficiently, such as costs for unnecessary goods or services.

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

Recommendation Status	Number of Reports	Questioned Costs	Unsupported Costs
A. No management decision made by the start of the reporting period	5	-	\$455,393
B. Issued during the reporting period Audits	1	-	\$4.4 million
<b>Total [A+B]</b>	<b>6</b>	<b>-</b>	<b>\$4.86 million</b>
C. Management decision made during the reporting period			
(i) Disallowed costs	5	-	\$455,393
(ii) Costs not disallowed	-	-	-
<b>Subtotal</b>	<b>5</b>	<b>-</b>	<b>\$455,393</b>
<b>D. Total for which no management decision had been made by the end of the reporting period [(A+B) – Subtotal C]</b>	<b>1</b>	<b>-</b>	<b>\$4.4 million</b>

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

Recommendation Status	Number of Reports	Funds Put to Better Use
A. No management decision made by the start of the reporting period	-	-
B. Issued during the reporting period Audits	-	-
<b>Total [A + B]</b>	-	-
<hr/>		
C. Management decision made during the reporting period		
(i) Dollar value of recommendations agreed to by management	-	-
(ii) Dollar value of recommendations not agreed to by management	-	-
<b>Subtotal</b>	-	-
<hr/>		
<b>D. Total for which no management decision had been made by the end of the reporting period [(A+B) – Subtotal C]</b>	-	-

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

### Audits and Evaluations

Report	Date Issued	Total Open Recs.	Agency Concurrence <sup>10</sup>		
			Concur	Non	Partial
<b>A. Open Recommendations: 60 to 119 Days</b>					
PC/HQ Healthcare Benefits Administration Contract: Audit (IG-16-02-A)	1/21/16	9	8	1	-
		<b>Total (A)</b>	<b>9</b>	<b>8</b>	<b>1</b>
<b>B. Open Recommendations: 120 to 179 Days</b>					
PC/Nepal: Evaluation (IG-15-05-E)	12/1/15	3	3	-	-
		<b>Total (B)</b>	<b>3</b>	<b>3</b>	<b>-</b>
<b>C. Open Recommendations: More than 180 Days</b>					
PC/HQ Office of Chief Information Officer Budget Formulation and Management: Audit (IG-10-05-A)	1/11/10	1	1	-	-
PC/HQ Volunteer Delivery System: Evaluation (IG-11-01-E)	12/6/10	2	2	-	-
PC/HQ The Impact of the Five-Year Rule on Operations of the Peace Corps: Evaluation (IG-12-05-E)	6/20/12	3	3	-	-
PC/HQ Implementation of Guidelines and Protocols Related to Volunteer Victims of Sexual Assault: Review (IG-12-08-E)	9/27/12	1	1	-	-
PC/HQ 50th Anniversary Program: Audit (IG-13-01-A)	10/25/12	2	2	-	-
PC/HQ Overseas Staffing: Audit (IG-14-01-A)	11/21/13	9	9	-	-
PC/HQ Sexual Assault Risk-Reduction and Response Training: Evaluation (IG-14-01-E)	11/21/13	1	1	-	-
PC/HQ Volunteer Sexual Assault Policy: Evaluation (IG-14-02-E)	11/21/13	2	2	-	-
PC/HQ Applicant Screening Process: Audit (IG-14-04-A)	6/10/14	5	5	-	-
PC/HQ Training of Overseas Staff: Evaluation (IG-14-07-E)	9/30/14	14	14	-	-
PC/HQ Safety and Security Program: Audit (IG-03-A)	3/12/15	1	1	-	-
PC/Lesotho: Evaluation (IG-15-02-E)	3/31/15	1	1	-	-
PC/Guatemala: Evaluation (IG-15-03-E)	5/13/15	1	1	-	-
PC/Benin: Evaluation (IG-15-04-E)	9/4/15	1	1	-	-
PC/Vanuatu: Audit (IG-15-06-A)	9/29/15	3	3	-	-
		<b>Total (C)</b>	<b>47</b>	<b>47</b>	<b>-</b>
		<b>Total Recommendations Open More Than 60 Days</b>	<b>59</b>	<b>58</b>	<b>1</b>

<sup>10</sup> The sum of open recommendations in the *Agency Concurrence* columns equals the number in the *Total Open Recommendations* column.

*Special Reports and Management Advisory Reports*

<b>Report</b>	<b>Date Issued</b>	<b>Total Open Recs.</b>
<b>A. Open Recommendations: 60 to 119 Days</b>		
-	-	-
<b>Total (A)</b>		<b>-</b>
<b>B. Open Recommendations: 120 to 179 Days</b>		
-	-	-
<b>Total (B)</b>		<b>-</b>
<b>C. Open Recommendations: More than 180 Days</b>		
PC/HQ 2012 Medical Supply Issues: Capstone (IG-13-01-SR)	8/26/13	2
PC/HQ Bill of Collections: Capstone (IG-14-01-SR)	9/30/14	2
PC/HQ Agency Policies Related to Volunteer Sexual Assault Allegations: Management Advisory Report (IG-15-02-SR)	11/21/14	2
Peace Corps' Response to OIG Investigative Review of the Circumstances Surrounding the Death of a Volunteer in Peace Corps/China (I-13-020)	1/23/15	2
PC/HQ Cloud Computing Pilot: Management Advisory Report (IG-15-01-SR)	3/17/15	2
PC/HQ Volunteer Healthcare Administration Contract: Management Advisory Report (IG-15-03-SR)	3/31/15	5
<b>Total (C)</b>		<b>15</b>
<b>Total Recommendations Open More Than 60 Days</b>		<b>15</b>

*Financial Statement and FISMA Recommendations*<sup>11</sup>

Fiscal Year Issued	Open Recommendations	Agency Concurrence <sup>12</sup>		
		Concur	Non	Partial
<b>PC/HQ FY 2015 Financial Statement Audit</b>				
FY 2015	2	2	-	-
FY 2014	1	1	-	-
FY 2013	2	2	-	-
FY 2009	1	1	-	-
FY 2004	2	2	-	-
<b>Total</b>	<b>8</b>	<b>8</b>		
<b>PC/HQ FY 2015 Information Security Program Audit</b>				
FY 2015 <sup>13</sup>	-	-	-	-
FY 2014	-	-	-	-
FY 2013	7	7	-	-
FY 2009	1	1	-	-
FY 2008	2	2	-	-
FY 2007	1	1	-	-
<b>Total</b>	<b>11</b>	<b>11</b>		

<sup>11</sup> All recommendations issued in conjunction with these two reports are part of a normal 12-month audit cycle. As a result, recommendations made during a given fiscal year will remain in an open status during the entire subsequent fiscal year. At the beginning of each new fiscal year, the auditors will notify management of whether sufficient corrective actions have been taken regarding the prior year recommendations and issue their current notification of findings and recommendations.

<sup>12</sup> The sum of open recommendations in the *Agency Concurrence* columns equals the number in the *Total Open Recommendations* column.

<sup>13</sup> Prior year findings and recommendations may be reissued if management has not taken sufficient corrective actions. The recommendations from FY 2013 were reissued in FY 2014 and FY 2015.

## 6: Summary of Investigative Activities and Outcomes<sup>14</sup>

### *Investigative Activities*

Description	Preliminary Inquiries <sup>15</sup>	Cases
Opened as of 10/1/2015	100	18
Opened during 10/1/2015 – 3/31/2016	157	11
Closed during 10/1/2015 – 3/31/2016	149	3
<b>Total Open as of 4/1/2016</b>	<b>108</b>	<b>26</b>

### *Outcomes*

Referrals	
Referrals to Department of Justice	7
Referrals to Agency for Administrative Action	1
Other Referrals to Agency Management	73
Referrals to Other Agencies	7
Court Actions	
Trial(s) Pending	-
Ongoing Prosecution <sup>16</sup>	1
Convictions	-
Judgments	-
Fines/Restitution	-
Administrative Actions	
Employees (Resignations and Terminations) <sup>17</sup>	39
Other Employee Actions	1
Suspension/Debarment Referrals	-
Monetary Results	
Annual Savings	-
Recoveries/Restitution	-
Cost Avoidance	\$900,480

<sup>14</sup> Volunteers/trainees are included as Peace Corps staff for the purpose of reporting investigative activity.

<sup>15</sup> 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.

<sup>16</sup> Includes arrests, indictments, information, and overseas criminal proceedings.

<sup>17</sup> Includes all Peace Corps staff and Volunteers.

## 7: Summary of Hotline and Other Complaints

Complaints Received	
Hotline Complaints Received	181
Non-Hotline Complaints Received <sup>18</sup>	20
<b>Total Complaints from all Sources</b>	<b>201</b>

Overview of Complaint Activity <sup>19</sup>	
Resulted in Investigations	7
Resulted in Preliminary Inquiries	149
Resulted in Audits or Evaluations	-
Referred to Agency Management	67
Referred to Other Agency	4
No Action Needed	49

<sup>18</sup> These complaints are largely a result of outreach by OIG staff and were received by email, phone calls, and conversations.

<sup>19</sup> The following actions summarize the disposition of complaints received by OIG. Please note that in some instances one complaint can result in multiple actions. In other cases, multiple complaints may be received about the same issue, resulting in one referral or result.

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

Act Reference	Reporting Requirements	Page
Section 4(a)(2)	Review of legislation and regulations	14 - 15
Section 5(a)(1)	Significant problems, abuses, and deficiencies	26 - 29
Section 5(a)(2)	Significant recommendations for corrective actions	8 - 29
Section 5(a)(3)	Prior significant recommendations on which corrective action has not been completed	42
Section 5(a)(4)	Matters referred to prosecuting authorities	32 - 35; 45
Section 5(a)(5)	Summary of instances where information was refused	12 - 13
Section 5(a)(6)	List of audit reports, including evaluations, inspections, and reviews	38
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# Appendices

## A. Reporting of Peer Reviews

Pursuant to Section 989C of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law No. 111-203),<sup>20</sup> OIG reports the following peer review information:

### Audit Unit

On March 27, 2014, the National Endowment of the Humanities OIG issued its peer review report of the Peace Corps 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 Unit of the National Credit Union Administration OIG for the period ending September 30, 2012. There were no recommendations made.

### Investigations Unit

In February 2015, the Peace Corps OIG conducted a peer review of the Office of Investigations of the Corporation for National and Community Service (CNCS) OIG. Peace Corps OIG found that the CNCS OIG Investigative Unit was in compliance with the quality standards established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE) and the applicable attorney general guidelines. There were no recommendations made.

In April 2013, USAID OIG conducted a peer review of the OIG Investigation Unit 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 CIGIE and the applicable Attorney General Guidelines.

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<sup>20</sup> Section 989C of the Dodd-Frank Wall Street Reform and Consumer Protection Act amends Section 5(a) of the Inspector General Act of 1978 (5 U.S.C. App.)

## B. Contract Audit Reports

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

# 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:

U.S./International: 202.692.2915  
Toll-Free (U.S. only): 800.233.5874

Email: [OIG@peacecorps.gov](mailto:OIG@peacecorps.gov)  
Online Reporting Tool: [peacecorps.gov/OIG/ContactOIG](https://peacecorps.gov/OIG/ContactOIG)

Mail: Peace Corps Office of Inspector General  
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