Peace Corps

AGENCY FINANCIAL REPORT

FISCAL YEAR 2024

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AGENCY FINANCIAL REPORT

Fiscal Year 2024

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This report is available at peacecorps.gov/about-the-agency/policies-and-publications/budget-and-performance/
Send comments or questions to CFO@peacecorps.gov or to the mailing address above.

ABOUT THIS REPORT

The Peace Corps Agency Financial Report (AFR) for fiscal year (FY) 2024 provides fiscal results and performance highlights for the reporting period between October 1, 2023 and September 30, 2024. This report demonstrates to the President, Congress, and the American public how fiscal funds entrusted to the Peace Corps were used to achieve the agency's mission of promoting world peace and friendship through community-based development and intercultural understanding.

The FY 2024 AFR is one of the reports required from Federal agencies. It was prepared in accordance with Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements. The FY 2026 Annual Performance Plan, the FY 2024 Annual Performance Report (both to be published in the second quarter of FY 2025), and the FY 2024 AFR are made publicly available online at peacecorps.gov/about-the-agency/policies-and-publications/reports-and-documents/.

HOW THIS REPORT IS ORGANIZED

The FY 2024 AFR presents the agency's performance highlights and accomplishments, fiscal accountability, and operational achievements and challenges for FY 2024. It begins with a message from the Peace Corps Director followed by three sections and appendices:

Management's Discussion and Analysis
This section provides an overview of financial balances, summary-level performance information, and management assurances on internal controls. It showcases how the Peace Corps worked toward accomplishing its mission in FY 2024 and the impact of that work on the agency's overall financial condition and results.

Financial Section
This section includes the audited financial statements and accompanying footnotes as of September 30, 2024, and the independent auditor's report on the Peace Corps financial statements.

Other Information
This section contains a statement from the Office of Inspector General (OIG) on the agency's Management and Performance Challenges, along with recommended actions. It also contains a summary of the financial statement audit and management assurances, as well as information about the agency's payment integrity activities.

Appendices
This section provides additional information including a report on the status of audit weaknesses and a glossary of abbreviations used in this report.

CONTENTS

On behalf of Peace Corps staff and Volunteers worldwide, I am pleased to present the Agency Financial Report for FY 2024. This report offers an accounting of the agency's fiscal stewardship, our programmatic achievements, and the continuing global impact of Peace Corps Volunteers in advancing our mission of promoting world peace and friendship.

Sixty-four years ago, late on the night of October 14, 1960, then-Senator John F. Kennedy stood on the steps of the University of Michigan's student union and spoke to a crowd of 10,000 students. His brief speech, asking who among them would be willing to go the distance to make a difference by living and working in some of the world's most remote communities, lit a spark of inspiration that continued to grow in the days that followed. Just months later, President Kennedy established the Peace Corps, and since then, more than 240,000 Americans have answered that call to serve as Peace Corps Volunteers in 144 countries.

At the invitation of host-country governments, Volunteers live and work side by side with communities in education, agriculture, environment, health, community economic development, and youth engagement. While the world has changed significantly since President Kennedy ignited that spark of inspiration, the Peace Corps remains unwavering in our commitment to the mission of promoting world peace and friendship. Our mission is rooted in the three foundational goals outlined in the Peace Corps Act: (1) to help the people of interested countries in meeting their need for trained people; (2) to help promote a better understanding of Americans on the part of the peoples served; and (3) to help promote a better understanding of other peoples on the part of Americans.

Today, in the wake of a once-in-a-century global pandemic and in a world confronting compounding crises of conflict, displacement, growing natural disasters, and environmental challenges, the Peace Corps' model of community-based development is more relevant and urgently needed than ever

before. It is through this model that Volunteers are working with communities to link the largest generation of youth in history with opportunity, building enduring bridges of connection and friendship, and embodying America's commitment to service beyond its borders.

During FY 2024, the Peace Corps restored its pre-pandemic geographic footprint and strengthened its partnerships with host countries with more than 3,300 Volunteers serving in 61 countries. Volunteers returned to Mozambique and Vanuatu, completing the agency's return-to-service efforts. In addition, Sri Lanka and El Salvador welcomed the arrival of their first cohorts of Volunteers since 1998 and 2016, respectively. The agency also announced expansion in the Indo-Pacific with the reopening of its country program in Palau, where Volunteers are expected to begin serving in 2025. The agency is seeing tremendous demand for Peace Corps Volunteers from both existing partner countries as well as others eager to partner with the agency—either again or for the first time.

Like many other volunteer and service-focused organizations, however, the Peace Corps faces a recruiting challenge as we strive to return to pre-pandemic Volunteer levels. We continue to adapt and innovate, finding new ways to meet potential Volunteers where they are. Three new pilots have been launched to attract and retain Volunteers by offering greater flexibility and new benefits. And investing in marketing, brand awareness, and recruitment remained a focus throughout FY 2024 to help increase applications and attract a diverse pool of qualified Volunteer candidates, particularly for countries experiencing low fill rates. As part of these efforts, the agency launched a redesigned public website aligned with the FY 2023 *Bold Invitation* campaign, improving access and ease of use for potential Volunteers. We also bolstered our digital recruitment capabilities and formed strategic partnerships with established service organizations to tap into their wide-reaching alumni networks. We have a new partnership with Discovery Education to release a free digital program for educators to promote intercultural global understanding and awareness of service-oriented careers.

Amid all of this, the Peace Corps remains dedicated to prudent financial management, maintaining data integrity, and ensuring the reliability of our financial reports as demonstrated by the fact that for the 18th consecutive year, the external auditors issued an unmodified (clean) audit opinion on the FY 2024 financial statements. Though the audit team did identify three significant deficiencies and one instance of noncompliance with laws and regulations, the agency concurs with the findings and is committed to addressing them with corrective actions in FY 2025. With the exception of the audit findings, the assessment of internal controls and financial management systems meets the Federal Managers' Financial Integrity Act (FMFIA) objectives as reflected in the Management Assurances. The Peace Corps is committed to accountability and transparency in all facets of agency operations and believes the performance and financial data in this report are reliable and complete.

All of this comes ahead of a milestone year for the United States—its 250th anniversary in 2026. As we prepare to commemorate all that America and Americans have achieved over the last 250 years, it is important to recognize the integral role the Peace Corps has played in grassroots diplomacy and global connections, building goodwill that lasts a lifetime. As such, we are working alongside America250 to make 2026 the largest-ever year for national service in American history.

I am grateful for the Biden-Harris Administration's confidence in the Peace Corps to carry out our mission as reflected in its FY 2025 request to Congress of $479 million. In the face of many daunting challenges facing the world, the Peace Corps is committed to recruiting, training, deploying, and supporting a robust and active Volunteer force to foster goodwill on behalf of America. And, we will continue evolving to meet this transformative moment in history.

Carol Spahn
Director
November 14, 2024

Management's Discussion and Analysis

A Peace Corps Volunteer in Morocco sits with a counterpart.

MISSION AND OVERVIEW OF THE PEACE CORPS

Initially established by President John F. Kennedy by executive order on March 1, 1961, the Peace Corps was formally authorized by Congress on September 22, 1961, with the passage of the Peace Corps Act. The Peace Corps' mission is to promote world peace and friendship.

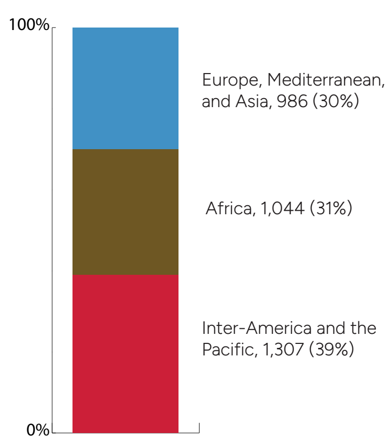
More information about the Peace Corps and its history, global initiatives, and how strategic partnerships strengthen the agency's global impact can be found at peacecorps.gov.

ABOUT THE PEACE CORPS

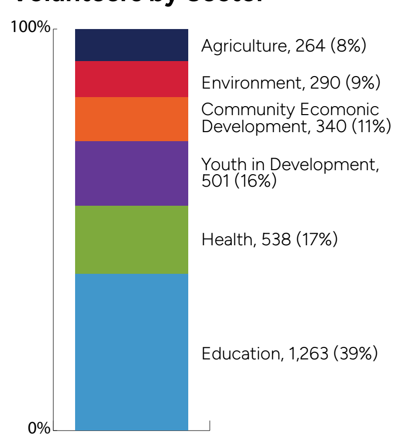
The Peace Corps is a service opportunity for motivated change makers to immerse themselves in grassroots development and work alongside community members to tackle the most pressing challenges of this generation.

Officially Established:	March 1, 1961 via executive order; permanently authorized by Congress on September 22, 1961 via the Peace Corps Act
Volunteers Who Have Served:	Over 240,000
Host Countries Served to Date:	144
Countries with Volunteers in FY 2024:	61
Peace Corps Director:	The Honorable Carol Spahn, Returned Peace Corps Volunteer, Romania, 1994-96
FY 2024 Appropriation:	$430.5 Million
Contact:	Toll-Free 855-855-1961
Website:	peacecorps.gov

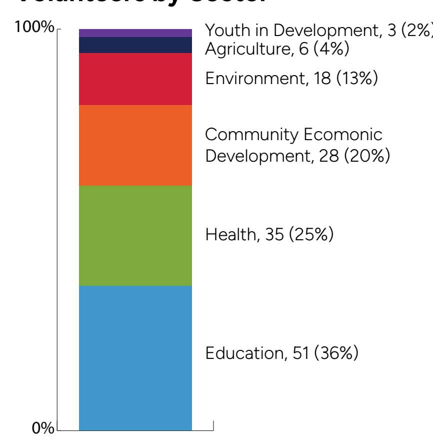
FY 2024 Volunteers by Region



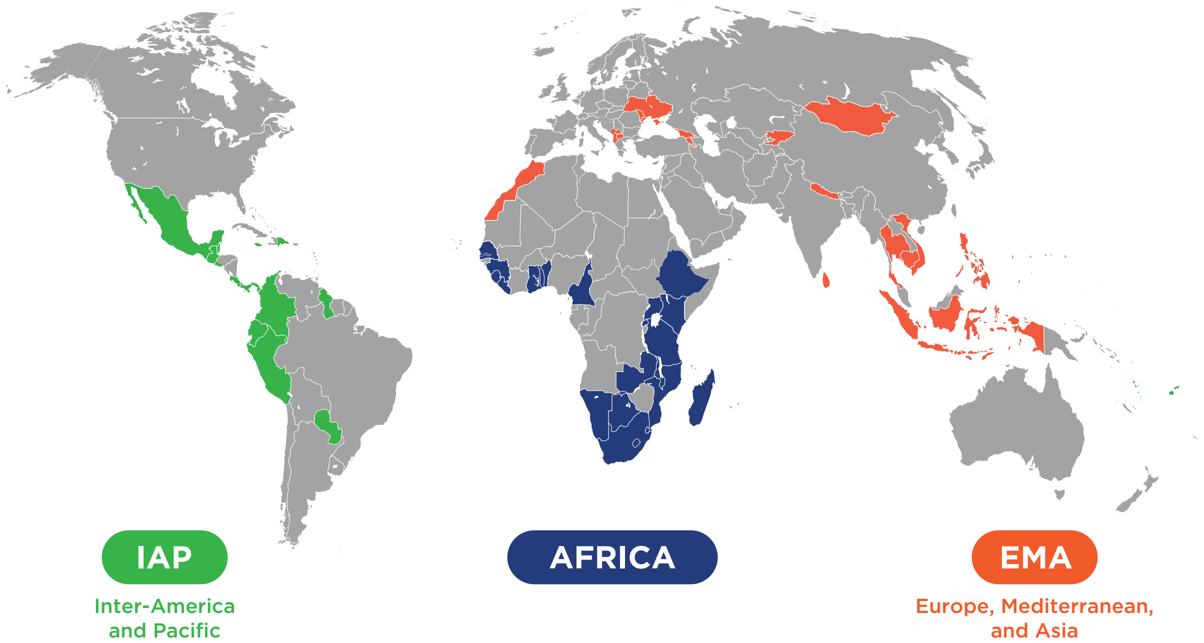
Two-Year Peace Corps Volunteers by Sector



Peace Corps Response Volunteers by Sector



PEACE CORPS COUNTRIES IN FISCAL YEAR 2024



Caribbean
Dominican Republic
Dominica[1]
Grenada[1]*
Jamaica*
St. Lucia[1]
St. Vincent and the Grenadines[1]

Central and South America
Belize
Colombia*
Costa Rica*
Ecuador*
El Salvador
Guatemala*
Guyana*
Mexico*
Panama*
Paraguay
Peru*

Africa
Benin*
Botswana*
Cameroon*
Comoros[2]*
Eswatini*
Ethiopia[3]*
Ghana
Guinea
Kenya*
Lesotho
Liberia*
Madagascar
Malawi
Mozambique*
Namibia*
Rwanda
Senegal
Sierra Leone
South Africa*
Tanzania
The Gambia
Togo*
Uganda
Zambia

North Africa and the Middle East
Morocco

Eastern Europe and Central Asia
Albania[4]*
Montenegro[4]*
Armenia
Georgia*
Kosovo
Kyrgyz Republic*
Moldova*
North Macedonia*
Ukraine[5]*

Asia
Cambodia
Indonesia*
Mongolia*
Nepal*
Philippines*
Sri Lanka
Thailand
Timor-Leste
Viet Nam

Pacific Islands
Fiji*
Palau[6]
Samoa
Tonga
Vanuatu*

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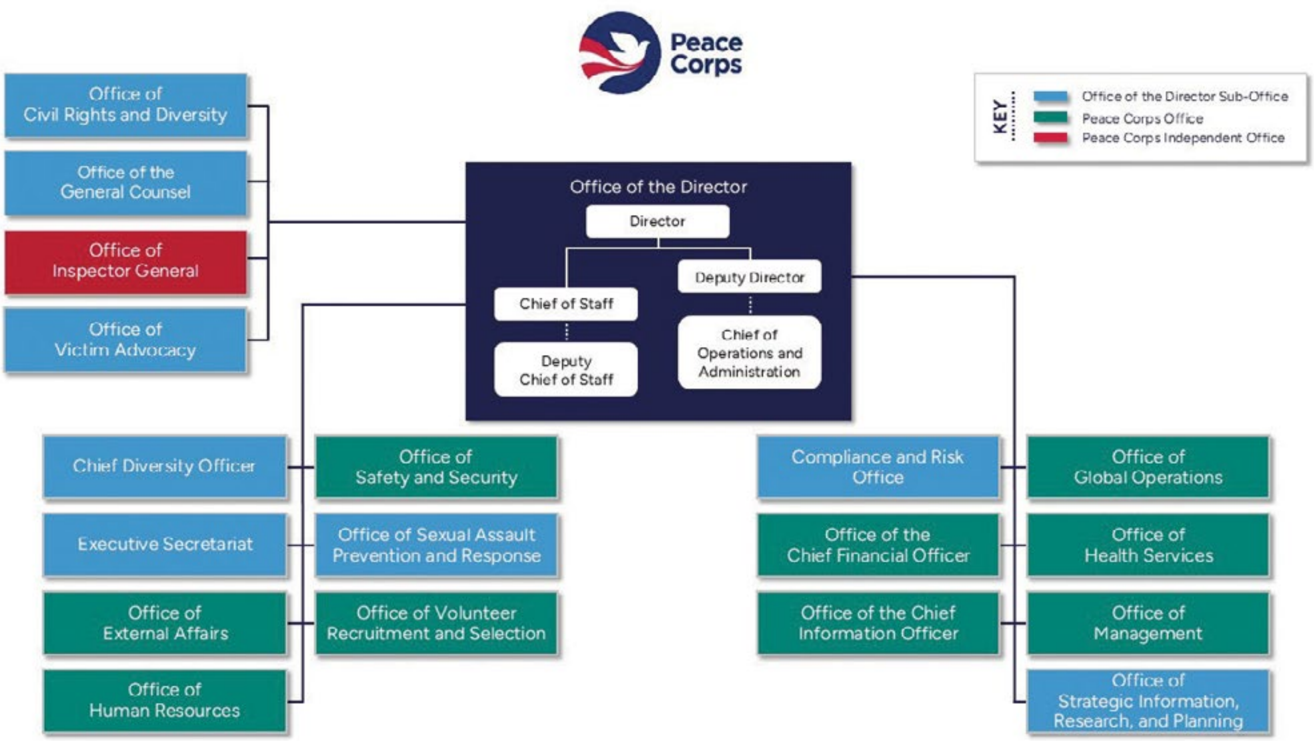
* Indicates a Peace Corps country participating in the Virtual Service Pilot.
1 Peace Corps/Eastern Caribbean operates as one post across four countries: Dominica, Grenada, St. Lucia, and St. Vincent and the Grenadines.
2 Peace Corps/Comoros country program to close in November 2024.
3 Volunteers have not returned to in-person service in Ethiopia due to security challenges.
4 Peace Corps/Albania & Montenegro operate as one post across the two countries.
5 Peace Corps/Ukraine is managed by Peace Corps/Moldova. Volunteers have not returned to in-person service in Ukraine due to security challenges.
6 Peace Corps/Palau is supported by Peace Corps/Philippines and the EMA Region. Volunteers are expected to enter on duty in CY 2025.

THE ORGANIZATION



Peace Corps Headquarters is in Washington, D.C. The Peace Corps is comprised of domestic offices and overseas posts. In FY 2024, the Peace Corps maintained active programs, including traditional two-year Peace Corps Volunteer (PCV) deployments, short-term, high-impact Peace Corps Response Volunteer (PCRV) deployments, and Virtual Service Pilot Participant (VSPP) engagements, in 61 countries administered by 57 overseas posts.[1] Each post is led by a country director and supported by programming, training, safety and security, medical, financial, and administrative staff. Overseas posts are organized into three geographic regions: Africa (AF); Europe, Mediterranean, and Asia (EMA); and Inter-America and the Pacific (IAP). The Peace Corps' greatest asset is its vibrant workforce, comprising over 835 U.S. Direct-Hire (USDH) staff and approximately 2,500 locally employed staff (including short-term language and cross-cultural training staff).

1 VSPPs are not considered Volunteers. They are private U.S. citizens who donate their voluntary services in accordance with the agency's gift acceptance authority.

WORK OF THE VOLUNTEERS

The Peace Corps sends U.S. citizens from all 50 states, the District of Columbia, and U.S. territories as Volunteers to countries at the invitation of the host country government to partner with local communities in meeting their development priorities. Since the agency's establishment in 1961, more than 240,000 Volunteers have served with the Peace Corps, the vast majority of them in traditional two-year assignments.

TWO-YEAR VOLUNTEERS

Two-year Volunteers (PCVs) live and work side-by-side with community members on locally prioritized projects to partner in one of the Peace Corps' six programmatic sectors (in order of size): Education, Health, Youth in Development, Community Economic Development, Environment, and Agriculture. The Peace Corps provides rigorous technical training and in-depth intercultural and language instruction to Volunteers while in service to prepare them for their assignments.

RESPONSE VOLUNTEERS

Peace Corps Response is a specialized program that works to meet host country needs for advanced skills and experience. At the request of host countries around the world, Peace Corps Response Volunteers (PCRVs) work with communities on short-term, high-impact service assignments. They serve from three to 12 months on locally prioritized projects that focus on transferring skills, offering technical expertise, and building the capacity of government and non-governmental organization partners. The assignments usually require at least a four-year undergraduate degree and two to five years of professional experience.

MEXICO PEACE CORPS RESPONSE ENVIRONMENT VOLUNTEER

PCRV Tom F. is currently lending his Geographic Information System (GIS) skills to support the Ministry of Environment and Natural Resources' (SEMARNAT) Representation Office in the State of Tlaxcala in Mexico. Tom's work focuses on climate resiliency and adaptation projects, such as developing an ecological management program to recover the ecosystem along a local river and improve the quality of life of surrounding communities. Tom's GIS experience also helps additional organizations that regularly collaborate with SEMARNAT on conservation and environmental management tasks.

"The partner wants to help manage local vegetation and protect the animals in protected areas. To do that, they need to create a report, which will include maps and the vegetation layers so they can determine the types and numbers of animals that are present. That requires advanced skills in GIS," shared a Peace Corps/Mexico staff member.

Peace Corps/Mexico also saw an opportunity for Tom to maximize his in-country impact by supporting the partner and some PCVs in tandem with his current project. By lending his GIS expertise to partner organizations where two-year Peace Corps Volunteers work, the Peace Corps created synergy between PCRV and PCV projects that expand the benefits to more partner organizations and more local communities.

PCRV Tom F. sharing his GIS expertise to support multiple projects in Mexico.

PROGRAM SECTORS

At the invitation of governments around the world, community members, PCVs, and PCRVs collaborate on locally defined, community-requested priorities and, together, achieve measurable impact within six programmatic sectors.

Education—Education is the Peace Corps' largest program area. Volunteers play an important role in creating links among schools, parents, and communities. They may work in elementary, secondary, or post-secondary schools where they teach subjects like math, science, or conversational English; or they may work in schools as resource teachers or teacher trainers. Volunteers also develop libraries and technology resource centers.

Health—Health Volunteers work within their communities to promote important topics such as nutrition, maternal and child health, basic hygiene, and water sanitation. Volunteers also work in HIV/AIDS education and prevention programs, training youth as peer educators, providing support to children orphaned by the disease, and creating programs that provide emotional and financial support to families and communities affected by the HIV/AIDS epidemic.

Youth in Development—Volunteers work with youth in communities to promote engagement and active citizenship, including gender awareness, employability, health and HIV/AIDS education, environmental awareness, sports and fitness programs, and information technology.

Community Economic Development—Volunteers work with development banks, nongovernmental organizations, and municipalities to encourage economic opportunities in communities. They frequently teach in classroom settings and work with entrepreneurs and business owners to develop and market their products. Some Volunteers also teach basic computer skills and help communities take advantage of technologies that connect them to the global marketplace.

Environment—Volunteers lead grassroots efforts to protect the environment and strengthen understanding of environmental issues. They teach environmental awareness in schools and to local organizations, empowering communities to make their own decisions about how to conserve the local environment. Volunteers also address environmental degradation by promoting sustainable use of natural resources.

Agriculture—Agriculture Volunteers work with small-scale farmers and families to increase food security and production and adapt to climate change while promoting environmental conservation. They introduce farmers to techniques that prevent soil erosion, reduce the use of harmful pesticides, and replenish the soil. They work alongside farmers on integrated projects that often combine vegetable gardening, livestock management, agroforestry, and nutrition education.

PERFORMANCE HIGHLIGHTS AND LOOK AHEAD

The Peace Corps Act of 1961 articulates three foundational goals that contribute to the Peace Corps' mission of world peace and friendship: (1) to help the people of interested countries in meeting their need for trained people; (2) to help promote a better understanding of Americans on the part of the peoples served; and (3) to help promote a better understanding of other peoples on the part of Americans. More than 63 years later, these goals remain at the center of the agency's approach to development.

In the wake of the unprecedented global evacuation of Volunteers in 2020, the agency's FY 2022-2026 Strategic Plan laid out three strategic objectives and related performance goals: Reimagine Service, Advance Equity, and Deliver Quality. Underlying these objectives was unprecedented demand for Volunteers in partner countries and shifting external dynamics in a post-COVID environment. This report will focus on efforts to restore the agency's global geographic footprint post-pandemic, enhance Volunteer recruitment and retention efforts, reimagine service, enhance support for Volunteers serving in the field, and responsibly steward the agency into the future.

RESTORING GLOBAL FOOTPRINT TO OVER 60 COUNTRIES

After the COVID-19 pandemic forced the first-ever global evacuation of Volunteers, the Peace Corps succeeded in restoring its pre-pandemic geographic footprint in FY 2024 with Volunteers now serving in every Peace Corps country from which it evacuated with the exception of Comoros, Ethiopia, and Ukraine. In Ethiopia and Ukraine, while Volunteers have not returned to in-person service due to security challenges, Virtual Service Pilot Participants (VSPPs) continue to support critical programs and priorities.[1] In addition, Volunteers have returned to service in Sri Lanka and El Salvador for the first time since 1998 and 2016, respectively.

As of September 30, 2024, 3,337 Volunteers were living and working side by side with community members and host country partners to advance shared development priorities in 61 countries, supported by 57 posts. During FY 2024, 1,772 Volunteers entered on duty and the total number of Volunteers who served during any part of FY 2024 was 4,068.

Demand for the Peace Corps remains high in regions around the world. In FY 2024, the Peace Corps announced the re-opening of the agency's country program in Palau, with Volunteers expected to enter on duty in 2025. The agency intends to further expand its presence in the Pacific region in the near future. As of September 2024, the following 12 countries have formally invited the Peace Corps to open or re-open country programs: Bosnia and Herzegovina, Cabo Verde, Cote d'Ivoire, Federated States of Micronesia, Honduras, Kiribati, the Republic of Marshall Islands, Mauritania, Republic of Congo, Solomon Islands, Suriname, and Uzbekistan.

INNOVATING FOR RECRUITMENT AND RETENTION

Recruiting and retaining Americans to meet program needs and host country demand remained a top agency priority throughout FY 2024. Due to challenges in recruiting Volunteers in today's competitive job market—an issue shared by many service- and volunteer-focused organizations since the pandemic—the Peace Corps is adapting its strategies. The agency has expanded staff capacity to support recruitment, streamlined operations, and pursued a number of technological efforts

1 VSPPs are not considered Volunteers. They are private U.S. citizens who donate their voluntary services in accordance with the agency's gift acceptance authority.

such as the increased use of digital platforms like Handshake and LinkedIn Recruiter.

The agency also initiated a new Brand Ambassador initiative which engages current Volunteers to support recruitment efforts, both virtually and in person. Volunteers who participate can serve as panelists at recruiting events or share their service stories in the press, at their alma mater, or on the agency's website. As some of the agency's best recruiting advocates, the Brand Ambassador initiative aims to empower Volunteers to help increase public awareness of service opportunities, generate new leads, and support Volunteer applications.

To increase the pipeline of Volunteer applications, the Peace Corps also formalized several strategic partnerships in an effort to promote national service. In January 2024, the agency finalized a memorandum of understanding (MOU) with AmeriCorps to coordinate outreach, post-service benefits, and programmatic opportunities. The agency also finalized an MOU with the Selective Service System in September 2024 to share recruitment best practices and opportunities, and to provide an option for qualified conscientious objectors to be assigned staff positions at the Peace Corps should conscription be reinstated.

To support the Peace Corps Third Goal and to develop a long-term pipeline to service, the Peace Corps partnered with Discovery Education to launch Global Learners, a free digital program that provides educators with standards-aligned lesson plans to foster students' understanding of world cultures and global issues through glimpses into everyday life in over 60 countries from the perspective of Volunteers. The agency also finalized its Circle of Service initiative to engage multiple service-oriented organizations, including City Year, Public Allies, Teach For America, and Tilting Futures, in promoting the value of the Peace Corps and lifelong service to their expansive alumni networks.

Finally, the agency continues to find new ways to adapt and innovate to fulfill host country commitments. In August 2024, the Peace Corps launched three new pilots designed to reduce barriers to service while continuing to meet host country government requests for Volunteers. Thirteen Peace Corps posts are now implementing one of the three pilots: (1) the 15-month Service Pilot, (2) the Increased Readjustment Allowance Pilot, and (3) the Mid-service Leave Pilot. Volunteers serving under these pilots are expected to arrive at posts starting in the third quarter of FY 2025. In response to marketing research, the 15-month Service Pilot is driven by the preferences of post-pandemic recruits for shorter service options. The Increased Readjustment Allowance Pilot is intended to bolster allowances that have not kept pace with inflation and to provide supplemental funds to support student debt repayment. The Mid-service Leave Pilot is designed to increase equity as some Volunteers are not able to fund home leave travel during service. The agency will carefully track each of these pilots to assess both Volunteer preferences and their impact on Volunteer recruitment and retention.

REIMAGINING SERVICE

In addition to attracting more Volunteers to serve amid a challenging recruitment landscape, the Peace Corps engaged in efforts to reimagine service and to modernize the agency's response to host country priorities in the face of evolving global challenges.

In response to growing requests from host country governments for programming around climate resiliency and disaster risk reduction (DRR), in FY 2024 the agency released its Strategy to Secure a Resilient Global Future articulating a shift in Volunteer programming in response to host country requests for climate-resilient development. In alignment with this new strategy, the agency swore in its first-ever cohort of Volunteers dedicated to climate resilience in Tonga. In addition, Volunteers at 25 Agriculture and Environment sector posts conducted climate-focused program activities. To support natural disaster mitigation, four posts—Eastern Caribbean, Paraguay, Tonga, and Vanuatu— began integrating DRR initiatives and early warning systems into their programming. Through its Blue Pacific Youth Initiative (BPYI), the agency partnered with youth leaders to respond to host country climate priorities in Fiji, Tonga, Samoa, and Vanuatu and launched a yearlong Youth Champions 2024 Academy, with opportunities for hands-on, shared learning in the region. Further, Peace Corps/Tonga developed a robust BPYI camp manual inspired by Pacific cultures, values, and climate realities, which will be rolled out more broadly in 2025.

The agency also continues to innovate with partners to promote host country volunteerism. In FY 2024 the agency signed an MOU with CorpsAfrica to collaborate and explore innovative service models, including side-by-side service opportunities with Peace Corps and CorpsAfrica Volunteers. The MOU also establishes a framework for reciprocal support of program operations at a country level, for establishment of a community of practice, and to raise awareness of host country citizen volunteer opportunities. The agency also supported regional-level host country volunteerism efforts across multiple posts to align with agency and U.S. Government (USG) strategies, such as the BPYI and the country-level implementation of the USG's Central American Service Corps in Guatemala.

To meet demand for trained individuals, the agency continues to make strides in piloting, scaling, and institutionalizing various ways U.S. citizens can serve with the Peace Corps. In FY 2024, the agency received a near-record high number of PCRV requests from posts across all regions and program sectors. Nine countries received PCRVs for the very first time or for the first time since the global evacuation. Host community interest in Virtual Service also remains strong. More than 850 U.S. citizens have engaged in the Virtual Service Pilot (VSP) in 50 countries, collectively supporting 1,002 engagements since the inception of VSP. Virtual service also allows the Peace Corps to reduce service barriers for U.S. citizens, including financial, medical, personal, or other reasons that limit a qualified person's ability to serve in other ways overseas, while enabling posts to respond to the evolving needs of host country partners, including increased demand for highly technical support that can be delivered virtually. In FY 2024, the Peace Corps expanded the pool of potential VSPP donors to all U.S. citizens, regardless of whether they had served previously in the Peace Corps and plans to conduct a comprehensive evaluation of the pilot in FY 2025.

SUPPORTING VOLUNTEERS IN SERVICE

The Peace Corps is responsible for the health, safety, and security of each Volunteer who is sent overseas to carry out the agency's mission of peace and friendship. To that end, the agency has made significant investments in strengthening support systems for all phases of the Volunteer lifecycle and is now fully implementing multiple new systems, structures, and protocols.

Prior to the pandemic, the agency was experiencing increased Volunteer demand for mental health services, which made promoting and supporting Volunteer well-being throughout service an agency-wide priority. The agency's "My Well-Being HUB" is an online module designed for Peace Corps Trainees (PCTs) and PCVs to access self-care mental health support strategies that strengthen resilience for those seeking stress management or active mental health maintenance. In FY 2024, the My Well-Being HUB logged over 13,000 hits by PCTs and PCVs in the field. In addition, the Peace Corps has implemented a coaching program for PCVs. Through referrals by a post's Peace Corps medical officer (PCMO) and a review by a licensed clinical social worker at Peace Corps Headquarters, overseas case requests are assigned to a staff psychologist or a professionally certified coach.

Coaches are available for individual sessions in all time zones.

Post-pandemic, the rate of PCMO requests for psychological consults has increased by 43 percent over 2019, reflecting the increased complexity and severity of cases. The agency's Behavioral Health and Outreach office was restructured to manage this trend, offloading non-clinical programs and services to the division of Volunteer Well-Being, Emergencies and Family Support Services. If the trend continues with increasing Volunteer numbers, the Office of Health Services (OHS) will need to expand clinical capacity. In FY 2024, OHS completed its work with contracted professional process management services to streamline medical and mental health pre-service assessments.

AGENCY STEWARDSHIP

Six decades after its creation, the Peace Corps remains a dynamic, innovative, and ambitious agency highly valued by host country governments and leaders. Agency leadership places the utmost priority on fostering those partnerships through mutual respect, trust, and openness. To that end, the agency is committed to strong financial stewardship and improving performance and management.

The agency has worked diligently with the Office of Inspector General (OIG) to improve upon operations by addressing OIG recommendations raised through audits, evaluations, and special reports. From September 30, 2021 to September 30, 2024, the agency reduced the number of open OIG recommendations by approximately 75 percent. While OIG issued new reports in FY 2024, the agency continues to close recommendations and successfully maintain the same low number of open recommendations. The agency further demonstrated its commitment to proactive compliance by implementing the quality assurance program, including hiring Quality Assurance Specialists in more than 80 percent of the agency's posts. This emphasis on compliance, quality assurance, and proactive improvements will continue in FY 2025. As the agency completes the third year of its FY 2022-2026 Strategic Plan implementation with $430.5 million for FY 2024 appropriated funding from Congress, the agency pursues increased efficiency and effectiveness of operations in support of the President's Management Agenda. The Peace Corps will continue to build on its 63-year foundation of experience and expand impact through its valued network of Volunteers, community members, staff, and partners as the agency navigates the great needs and opportunities of today, reimagines service, advances equity, and delivers quality.

For a more detailed discussion of agency performance measurement and reporting processes for FY 2024, please visit the agency's Policies and Publications site. The Office of Strategic Information, Research and Planning tracks the agency's performance efforts and will publish the agency's FY 2024 Annual Performance Report in the second quarter of FY 2025.

NORTH MACEDONIA TWO-YEAR EDUCATION VOLUNTEER

In 2022, PCV Liz B. began her service journey in North Macedonia as an Education Volunteer. Beyond her primary assignment of teaching English in a local school, she leads several secondary project activities. For example, in addition to organizing an after-school English club, Liz's community asked her to spearhead the local robotics club. Each week she asks participants what they want to learn, then conducts independent research and prepares a lesson for the following week. So far, she has introduced the students to virtual reality headsets, discussed how mobile apps leverage artificial intelligence, and explored the role of cybersecurity.

The community center nearby was also looking for extra hands to establish a garden and build capacity among community members to maintain and grow fruits and vegetables. Liz felt confident in her existing gardening skills as a certified master gardener.

"This week I'll be teaching the basics of composting and how to start seeds indoors for winter. We'll clear out the section of where the garden will be, too." She is excited that the gardening group will gather to prepare ajvar, a classic Balkan food much like a red pepper spread. "We'll roast the red peppers we grew on an open grill outside then peel them and mix with eggplant, garlic, oil, and any other vegetables. When you make it, you make a metric ton, so you can store it all winter."

Education PCV Liz B. works with a student in her North Macedonian classroom.

FINANCIAL SUMMARY

The Office of the Chief Financial Officer (OCFO) spearheads the financial management functions and oversight of domestic offices and overseas posts. OCFO provides the tools and resources necessary to achieve the agency's mission in a fiscally sound and compliant manner. The office comprises multiple units responsible for budgeting, procurement, payments and receipts, accounting and reporting, financial policy, and financial systems.

Sound financial management is integral to executing the Peace Corps' mission of world peace and friendship. The following pages provide a summary and overview of the Peace Corps' financial position and highlight some of the significant financial achievements carried out during FY 2024.

- **Audited Financial Statements.** For the 18th consecutive year, the Peace Corps received an unmodified (clean) audit opinion on its financial statements. This achievement underscores the agency's commitment to sound financial reporting and ensuring data integrity in all aspects of its financial cycle.
- **Infrastructure as a Service (IaaS).** The Peace Corps successfully migrated the Oracle E-Business Suite (also known as Odyssey) core financial system to a Federal Risk and Authorization Management Program (FEDRAMP) Authorized IaaS cloud environment providing scalability, increased collaboration, data security, internal-threat detection, and highly automated threat remediation.
- **Streamlining and Automating Financial Processes.** The Peace Corps deployed the Financial Transaction Document Management system, a SharePoint solution that modernizes the agency's processes for transmitting, reviewing, and retaining payment records.
- **Workforce Stability.** The Peace Corps exercised its authority to designate approximately half of OCFO positions as critical management or management support positions that are exempt from the agency's employment time limit, commonly known as the Five-Year Rule. This designation provides greater flexibility for retaining and developing depth of expertise in OCFO staff.

OVERVIEW OF FINANCIAL POSITION

The Peace Corps' audited financial statements are submitted to Congress and the Director of OMB in compliance with the Accountability of Tax Dollars Act of 2002. The Peace Corps' unmodified (clean) audit opinion on these financial statements and corresponding Independent Auditor's Report are disclosed in the Financial Section. Internal controls, alongside risk management, remains an ongoing focus of the agency for identifying, assessing, and controlling risks that may impact financial management in the execution of the Peace Corps' mission and goals.

The agency's financial results are presented in principal statements: Balance Sheets, Statements of Net Cost, Statements of Changes in Net Position, and Statements of Budgetary Resources. Agency management is accountable for the integrity of the financial statements, which were prepared using the Peace Corps' books and records in accordance with the standards prescribed for Federal agencies by the Federal Accounting Standards Advisory Board. The Peace Corps is an independent agency within the Executive Branch of the U.S. Government operating one major program, as presented on the Statements of Net Cost.

ANALYSIS OF FINANCIAL POSITION

Condensed Balance Sheets	FY 2024 (In Thousands)	FY 2023 (In Thousands)	Variance (In Thousands)	Variance (As %)
Fund Balance with Treasury	205,181	251,692	(46,511)	-18%
Accounts Receivable	2,175	1,794	381	21%
Property, Plant, and Equipment	76,043	42,489	33,554	79%
Other Assets	20,637	8,224	12,413	151%
TOTAL ASSETS	**$ 304,036**	**$ 304,199**	**$ (163)**	**0%**
Accounts Payable	10,870	11,345	(475)	-4%
Federal Employee and Veteran Benefits	157,193	153,112	4,081	3%
FSN and PSC Separation Liability	36,841	41,393	(4,552)	-11%
Non-Entity Funds	13,292	6,141	7,151	116%
Lease Liability	36,252	N/A*	-	-
Other Liabilities	11,926	18,340	(6,414)	-35%
TOTAL LIABILITIES	**$ 266,374**	**$ 230,331**	**$ 36,043**	**16%**
TOTAL NET POSITION	**$ 37,662**	**$ 73,868**	**$ (36,206)**	**-49%**
TOTAL LIABILITIES AND NET POSITION	**$ 304,036**	**$ 304,199**	**$ (163)**	**0%**
Net Cost of Operations				
Gross Costs	496,648	465,449	31,199	7%
Less: Earned Revenue	(5,692)	(3,898)	(1,794)	46%
NET COST OF OPERATIONS	**$ 490,956**	**$ 461,551**	**$ 29,405**	**6%**
Resources and Status of Budgetary Resources				
Unobligated Balance Brought Forward	82,174	90,912	(8,738)	-10%
Appropriations	430,500	430,500	-	0%
Donations Received	1,435	151	1,284	850%
Funding for Separation Liability	3,000	4,000	(1,000)	-25%
Spending Authority from Offsetting Collections	6,399	5,356	1,043	19%
TOTAL BUDGETARY RESOURCES	**$ 523,508**	**$ 530,919**	**$ (7,411)**	**-1%**
Obligations Incurred	476,259	472,400	3,859	1%
Unobligated Balance, Unexpired and Expired	47,249	58,519	(11,270)	-19%
STATUS OF BUDGETARY RESOURCES	**$ 523,508**	**$ 530,919**	**$ (7,411)**	**-1%**

* Lease Liability was not reportable prior to FY 2024.

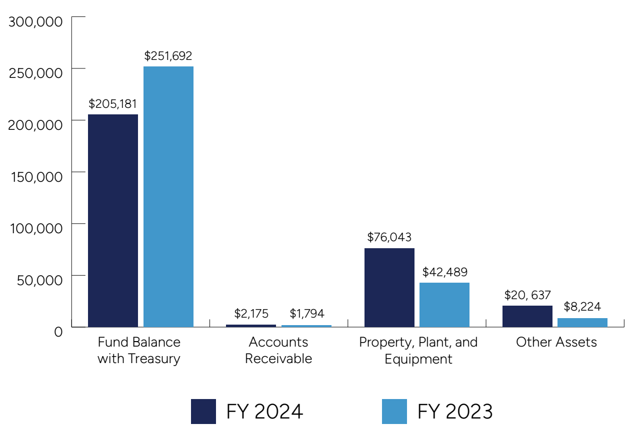
BALANCE SHEETS

The Balance Sheets present resources owned and managed by the Peace Corps that have future economic benefits (assets) and amounts owed by the agency that will require future payments (liabilities). The difference between assets and liabilities is the residual amount retained by the Peace Corps (net position).

ASSETS: WHAT THE AGENCY OWNS AND MANAGES

Assets are the amount of current and future economic benefits owned or managed by the Peace Corps and used to achieve its mission. Total Assets remained flat at $304 million as of September 30, 2024, compared to $304.2 million as of September 30, 2023.

Comparative Assets
(In Thousands)

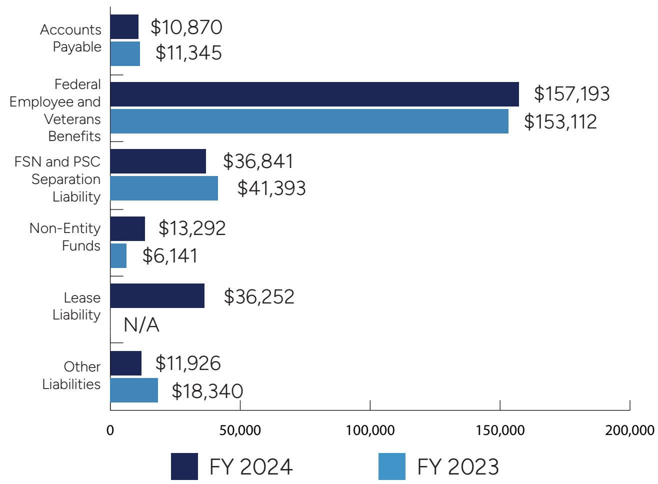


- *Fund Balance with Treasury (FBwT)* represents monies held with the U.S. Department of Treasury (Treasury) as agency resources available to pay liabilities and future expenditures. It is the largest asset of the agency, accounting for 67.5 percent of the overall asset value. As of September 30, 2024, FBwT totaled $205.2 million or 18 percent less than the previous fiscal year's balance of $251.7 million.
- *Accounts Receivable* increased by 21 percent from the September 30, 2023, balance of $1.8 million to $2.2 million as of September 30, 2024. As the number of Volunteers increased during FY 2024, overseas programmatic activities also increased. The majority of this increase in funds owed to the Peace Corps is due to increased Volunteer activities under reimbursable agreements with the U.S. Agency for International Development (USAID) during FY 2024.
- *Property, Plant, and Equipment (PP&E)* accounts for 25 percent of agency assets in FY 2024. PP&E is comprised of tangible assets like Information Technology (IT) hardware, internal-use software, leasehold improvements for the Peace Corps Headquarters and overseas posts, and vehicles owned by the agency. PP&E increased $33.6 million or 79 percent from $42.5 million in FY 2023 to $76 million in FY 2024. In accordance with Statement of Federal Financial Accounting Standards (SFFAS) 54, the Peace Corps recognized for the first time in FY 2024 Lease assets in the amount of $36.3 million, which accounts for the increase.
- *Other Assets* increased by 151 percent to $20.6 million in FY 2024 from $8.2 million in FY 2023. This balance includes prepayments for rent, IT maintenance costs, travel advances, and Volunteer living allowances. Some monthly Volunteer allowances are paid in advance, so Volunteers have funds for subsistence expenses during their service. The bulk of the increase in Other Assets is due to $14.4 million in Intragovernmental Advances to Federal shared service acquisition partners.

LIABILITIES: WHAT THE AGENCY OWES

Liabilities are amounts owed by the Peace Corps for goods and services provided but not yet paid, which represent monies owed to the public and to other Federal agencies. Total Liabilities increased by 16 percent from $230.3 million in FY 2023 to $266.4 million in FY 2024.

Comparative Liabilities (In Thousands)



- *Federal Employee and Veterans Benefits* increased by $4.1 million or 3 percent from $153.1 million in FY 2023 to $157.2 million in FY 2024. Included in this balance is the Federal Employees' Compensation Act (FECA) actuarial liability which is calculated by the U.S. Department of Labor (DOL).
- *Foreign Service Nationals (FSN) and Personal Services Contractors (PSC) Separation Liability* decreased by $4.6 million or 11 percent from $41.4 million in FY 2023 to $36.8 million in FY 2024. Overseas Peace Corps staff is a combination of U.S. direct hire (USDH) and host country staff. Host country staff make up most overseas support staff and are comprised of PSCs and FSNs. The Peace Corps is liable for separation and post-retirement benefits to eligible PSCs and FSNs who work in countries that require such payments under the host country's local labor laws. The balance of this account represents the funded portion of the agency's future liability.
- *Non-Entity Funds* represent future liability for readjustment allowances earned by Volunteers during their service with the Peace Corps. As of September 30, 2024, Non-Entity Funds increased by 116 percent or $7.2 million, from $6.1 million in FY 2023 to $13.3 million in FY 2024. FY 2024 saw increasingly more Volunteers in service and Volunteers with longer time in service compared to FY 2023. Consequently, there is a significantly larger accumulation of readjustment allowances to be paid to Volunteers when they return from service.
- *Lease Liability* is presented on the FY 2024 financial statements for the first time. In accordance with SFFAS 54, the agency recognized a $36.3 million Lease Liability, primarily for office and residential space overseas.

NET POSITION: WHAT THE AGENCY HAS DONE OVER TIME

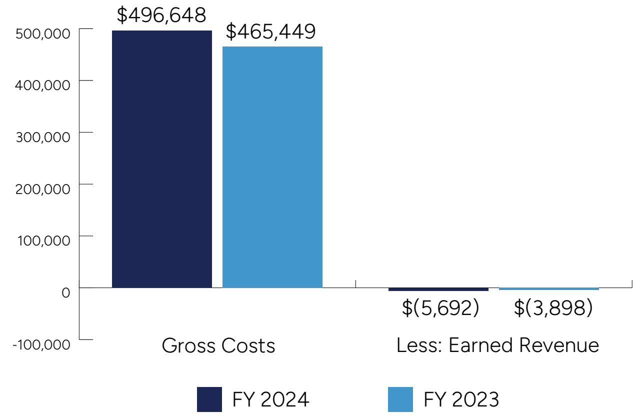
Net Position is comprised of Unexpended Appropriations and Cumulative Results of Operations. The Peace Corps' Net Position decreased by $36.2 million or 49 percent, from $73.9 million in FY 2023 to $37.7 million in FY 2024.

STATEMENTS OF NET COST

The Statements of Net Cost report the agency's net cost of operations for a given fiscal year. Net Cost is the difference between the gross costs incurred and earned revenue.

- *Gross Costs* increased by $31.2 million or 7 percent, from $465.4 million in FY 2023 to $496.6 million in FY 2024. The increasing number of Volunteers in service over FY 2024 resulted in additional spending by the agency compared to FY 2023 when fewer Volunteers

Comparative Gross Costs and Earned Revenues (In Thousands)



were in the field. Cost increases were particularly notable for medical expenses, travel expenses, and Volunteer allowances, as well as the agency's expanded marketing efforts. The higher rates imposed by the Foreign Personnel (FP) pay tables and U.S. Office of Personnel Management (OPM) cost factors for imputed benefits also increased payroll expenses in FY 2024.

- *Earned Revenue* increased by 46 percent from $3.9 million in FY 2023 to $5.7 million in FY 2024. The agency's earned revenue comes from Federal sources when the Peace Corps partners with other Federal agencies to assist in their mission. This increase in revenue is due to increased Volunteer activities under reimbursable agreements with USAID during FY 2024.

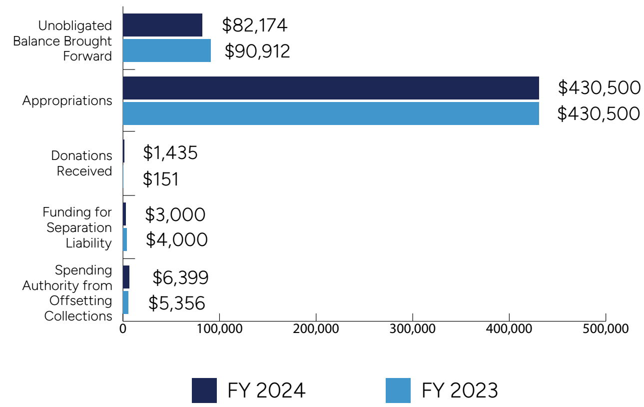
STATEMENTS OF BUDGETARY RESOURCES

The Statements of Budgetary Resources summarize how varying sources of budgetary funding were made available during the year and their status at the end of the fiscal year. Agency resources primarily consist of funds appropriated by Congress and administered by the Treasury. The agency has the authority to obligate these funds over a two-year period. In FY 2024, the agency received $430.5 million in regular appropriations. In addition to appropriated monies, the agency is authorized to receive donations from the public under 22 United States Code (U.S.C) § 2509(a) (4) of the Peace Corps Act to help further its mission. The agency is also authorized to receive additional funds under the Foreign Assistance Act of 1961 sections 632 (a) and (b).

The agency ended FY 2024 with Budgetary Resources of $523.5 million which, compared to $530.9 million in FY 2023, is a decrease of $7.4 million or 1 percent.

The Statements of Budgetary Resources present appropriations of $434.9 million—more than 83 percent of the Peace Corps' budgetary resources in FY 2024. This amount is comprised of appropriations authorized by Congress of $430.5 million, donations to the Peace Corps of $1.4

Budgetary Resources
(In Thousands)



million, and monies transferred within the agency to fund the PSC and FSN separation funds of $3.0 million.

Unobligated Balance Brought Forward of $82.2 million comprises unobligated balances from prior fiscal years. Of this, $43.4 million was FY 2023 funding carried over from September 30, 2023 that remained available for new obligation in FY 2024. Annual Peace Corps appropriations are available to be obligated for a period of two years. The unobligated amount brought forward at the beginning of FY 2024 decreased by 10 percent or $8.7 million from the beginning FY 2023 balance of $90.9 million. The decrease is due, in part, to increased expenditures related to growing numbers of Volunteers returning to service in FY 2024.

Spending Authority From Offsetting Collections is a type of budget authority financed by reimbursements, as authorized by law. Under the Foreign Assistance Act, section 632(b), the Peace Corps is authorized to perform work for USAID on programs such as Small Project Assistance, Food Security, Global Education, Disaster Risk Reduction, Digital Literacy for Women, Community Capacity Building, and Health, which, in total, amounted to $10.1 million in FY 2024. Upon execution, the remaining balance on these agreements was $5.3 million on September 30, 2024.

As a grassroots-level organization, the Peace Corps is uniquely positioned to carry out a critical role in the fight against HIV/AIDS in host countries. In FY 2024, the agency received $24.9 million in funds for the President's Emergency Plan for AIDS Relief (PEPFAR) from the U.S. Department of State (DOS) through an allocation transfer, a legal delegation by one Federal agency to another. The Peace Corps obligates and outlays funds for PEPFAR-related programs and submits required financial and performance data results to DOS. Financial results for PEPFAR activities are not reflected in the financial statements of the Peace Corps because they are reported by DOS.

LIMITATIONS OF THE FINANCIAL STATEMENTS

The principal financial statements are prepared to report the financial position and results of operations of the Peace Corps, pursuant to the requirements of 31 U.S.C. § 3515(b). The statements are prepared from the books and records of the entity in accordance with Federal generally accepted accounting principles (GAAP) and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. Government.

UGANDA PEACE CORPS RESPONSE ADVANCING HEALTH PROFESSIONALS

PCRV Brenda L. teaches nursing courses to third-year nursing students in her service community in Uganda. She focuses on classroom lectures, lab practice skills, and teaching through simulation. Because nursing faculty are in short supply in Uganda, the staff at Brenda's university appreciate the extra hands she provides in their classes, too.

As an experienced nurse and nursing educator, Brenda models and supports best practices in teaching and learning. For example, she incorporates course evaluations and rubrics into teaching, reviews exam answers with students to improve learning, and works with course coordinators to advocate for more realistic and achievable course timetables.

In her community outside the nursing school, Brenda is close to three educators from Seed Global Health, which, she says, has created a lot of synergy. Their different work settings in the hospital and university have allowed them to expand their circles with Ugandan coworkers.

PCRV Brenda L. teaching Ugandan nursing students in a simulation lab.

Brenda has learned to let her students steer the course toward what is most useful and relevant to them and, she says "our conversations about Uganda's health care, their role as learners, and my role teaching from 'outside' has deepened and enabled the teaching and learning to become more effective and rewarding." When she returns to the U.S., Brenda plans to re-create the kind of "community-rich" lifestyle she has lived in Uganda. And, of course, she hopes to share her learning about healthcare in Uganda with colleagues in the U.S.

ANALYSIS OF SYSTEMS, CONTROLS, AND LEGAL COMPLIANCE

This section presents the financial management system framework and strategy, addresses the Peace Corps' compliance with the Federal Managers' Financial Integrity Act of 1982 (Public Law 97-255) (FMFIA) and other applicable laws, and provides the required management assurance statements, including addressing any key internal control issues.

FINANCIAL MANAGEMENT SYSTEMS FRAMEWORK AND STRATEGY

The Peace Corps strives to maintain and enhance financial management systems, processes, and controls that ensure financial accountability and transparency, provide financial management data and information to decision makers, and comply with Federal laws, regulations, and policy. Odyssey is the agency's system of record and is integrated with various end-user applications to capture the agency's financial transactions. Odyssey is also the main system of record for USASpending.gov reporting in compliance with the Digital Accountability and Transparency Act of 2014 (DATA Act).

The Peace Corps makes strategic investments to Odyssey each fiscal year to improve business processes and meet Federal requirements. In FY 2025, the Peace Corps plans to continue migration of Odyssey end-user applications to a FEDRAMP Authorized IaaS cloud environment providing scalability, increased collaboration, data security, internal-threat detection, and highly automated threat remediation. Additionally, the agency plans to implement Fast Connect, a one gigabyte dedicated private network connection between Oracle Cloud Infrastructure (OCI) and the Peace Corps Data Center. The connection upgrade will enable the Peace Corps to complete migration of the agency's Procurement Information System for Management (PRISM) database to the OCI, a FEDRAMP Authorized IaaS cloud environment.

CONTROLS

Guidance for implementing FMFIA is provided through OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control. The Peace Corps Manual Section (MS) 780, *Enterprise Risk Management* (ERM) and MS 784, *Internal Control Systems* set out the agency's oversight role and strategic decision-making over ERM and policies and procedures for establishing, assessing, correcting, and reporting on internal controls.

Internal controls are maintained over the normal course of conducting agency business and are revised and strengthened when necessary. OCFO oversees the internal controls over financial reporting as part of the requirements outlined in Appendix A of OMB Circular A-123, as applicable.

As the agency incorporates the ERM framework to aid in advancing its mission, the Peace Corps selected a cross-agency team to collaborate, develop, and implement an agency-wide risk governance structure. The Enterprise Risk Management Council (ERMC) is governed by the ERMC Charter and serves as the director's advisory body on matters concerning the agency's risk management and mitigation efforts. The ERMC, composed of senior-level representatives across the agency, reviews, evaluates, and monitors opportunities and risks to achieving the Peace Corps' mission.

LEGAL COMPLIANCE

Key legal requirements that have a significant effect on the agency's operations and financial statements are provided below:

The Federal Managers' Financial Integrity Act

The Peace Corps maintains compliance with FMFIA, which mandates that agencies establish effective internal control to provide reasonable assurance that (1) obligations and costs are in compliance with applicable law; (2) funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and (3) revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the assets. FMFIA requires agencies to establish accounting and administrative controls over program, operational, and administrative functions, in addition to accounting and financial management.

FMFIA also requires standards to ensure the prompt resolution of all audit findings and mandates agency heads to annually evaluate agency controls and provide an assurance statement on the adequacy of internal and administrative controls (Section 2) and conformance of systems with government-wide standards (Section 4). This is provided in Director Spahn's FY 2024 FMFIA Unmodified Management Assurance Statement.

Accountability of Tax Dollars Act of 2002

The Accountability of Tax Dollars Act expands auditing requirements for financial statements to agencies not covered by the CFO Act, including the Peace Corps. The Peace Corps submits its FY 2024 Agency Financial Report in accordance with this Act.

Anti-Deficiency Act

The Peace Corps maintains compliance with the Anti-Deficiency Act (31 U.S.C. §§ 1341, 1342, 1351, and 1517), which prohibits Federal agencies from obligating and expending Federal funds that exceed appropriations. The agency's financial system was designed to prevent Anti-Deficiency Act violations. This systematic control ensures that obligations are not recorded until monies are authorized and allotted by the OCFO. Funds control is a critical tool for ensuring that funds are managed effectively across all levels of the agency.

Digital Accountability and Transparency Act

The DATA Act established government-wide, financial data standards and increased the availability, accuracy, and usefulness of Federal spending information. DATA Act implementation, led by Treasury and OMB mandates Federal agencies report on direct Federal expenditures and link Federal contract, loan, and grant spending information to agency programs. Pursuant to the statutory reporting requirements, the Peace Corps uses the required standard data exchange, Governmentwide Spending Data Model (GSDM), to submit award-level information for posting on USASpending.gov. The Peace Corps' financial system is updated with the most recent version of the GSDM to ensure the submission of all required financial data elements are complete and accurate. The agency uses a contract writing system, PRISM for domestic contracts, which automatically transmits contract award data to Federal Procurement Data System (FPDS), the central repository of government contracting transactions. Overseas awards are aggregated monthly and entered into FPDS.

The agency continues to maintain, perform, and assess the design and operating effectiveness of key controls over data quality to support the achievement of DATA Act reporting objectives. In FY 2024, the Peace Corps continued to refine internal standard operating procedures with the goal of improving the quality of its DATA Act submissions.

Payment Integrity Information Act

The Payment Integrity Information Act (PIIA) of 2019 requires agencies to assess and identify high-risk programs and activities and report findings in the AFR. Significant improper payments are defined as annual improper payments exceeding both 1.5 percent of program outlays and $10 million of all payments made during the fiscal year reported. The Peace Corps submitted payment integrity information to OMB through their annual data call. The agency's estimate of improper payments was well below the threshold for significant improper payments.

The Peace Corps is a small agency operating under one major program, with no activities that are susceptible to the threshold limits for significant improper payments. As an agency in Phase 1 without programs in Phase 2, as defined in Appendix C of OMB Circular A-123, the Peace Corps performs a combination of invoice review, post-audit verification, and sampling to ensure improper payments are prevented, identified and, if feasible, recovered. The Peace Corps performs extensive advance certification reviews on payments in excess of $2,500 as well as post-payment audits of disbursements on a continuous basis. The agency participates in the Do Not Pay Initiative. These preventative and recovery activities are effective and efficient tactics to identify and prevent or remediate instances of improper payments.

For more information about USG payment integrity efforts, visit PaymentAccuracy.gov.

MANAGEMENT ASSURANCE STATEMENT

The FMFIA Unmodified Management Assurance Statement that follows is consistent with the FY 2024 financial statement audit report.

JAMAICA TWO-YEAR AGRICULTURE VOLUNTEER

Mya L., an Agriculture PCV serving in Jamaica, enjoys connecting with her community and supporting local farmers. Mya works with a farmers' group and supports the Sustainable Agriculture and Livelihood Initiative Project (SALI). The goal of the project is to establish sustainable livelihoods for community members while enhancing their capacity for climate-smart agriculture to withstand impacts from natural disasters. She works on five separate farms and says the experience has been amazing. Mya is on a farm three days a week, planting, weeding, and clearing land with various tools. Helping the community where she lives and works to enhance farming practices contributes to their dietary health and ability to be resilient in potential times of scarcity. Mya's work with SALI also supports the livelihoods of families in her community by increasing food production, which allows them to sell what they do not need.

Her number one strategy to build meaningful connections in her community is being her authentic self. Mya says, doing small things, like speaking Jamaican Patwa with community members, not only helps build connections but also helps build a level of trust. She has learned a lot about farming during her time in service and, when her time in Jamaica is over, Mya plans to bring her skills back to the U.S. to develop an organic farm in an American community to help Americans see the beauty of growing food sustainably.

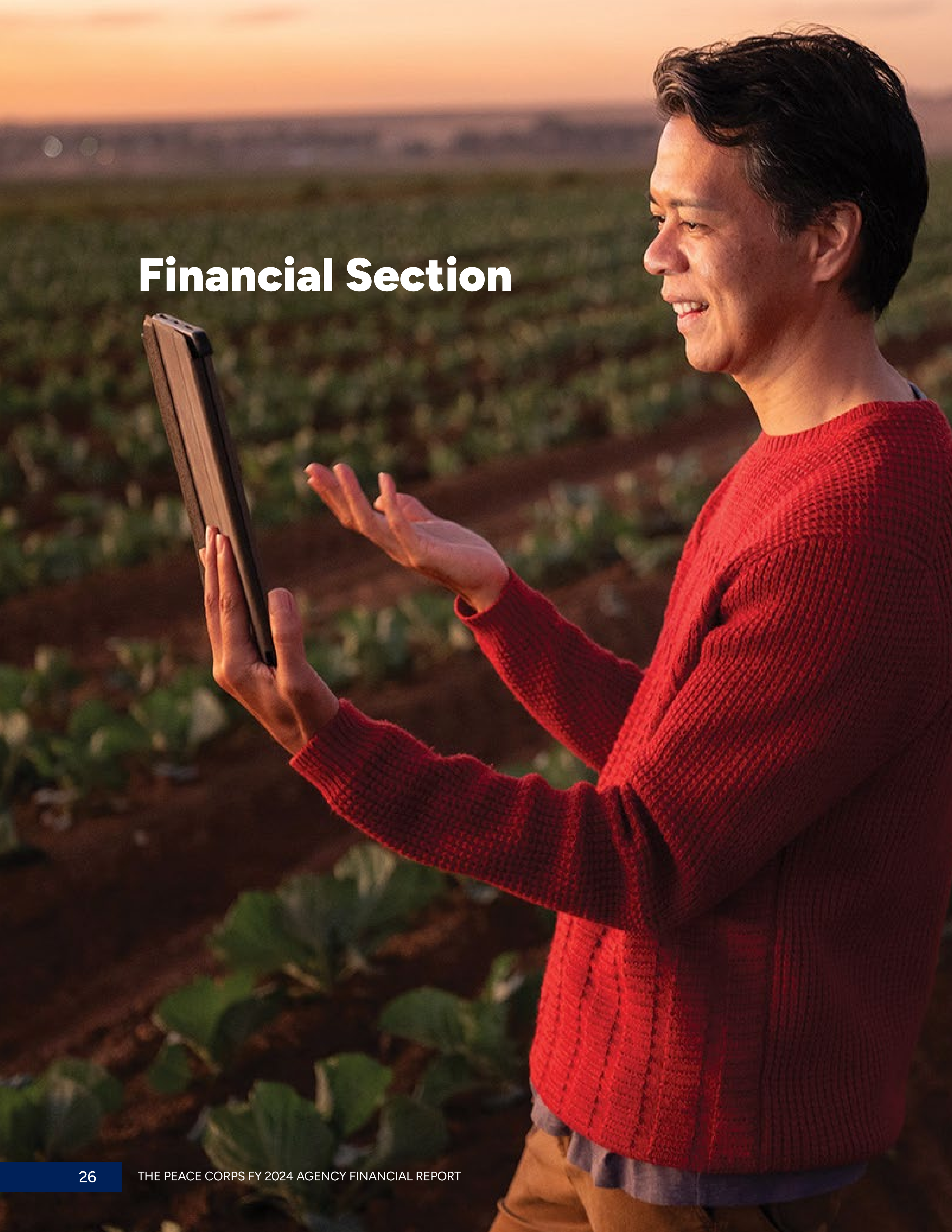
Agriculture PCV Mya L. at a sustainable agriculture site in Jamaica.

FY 2024 FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT UNMODIFIED MANAGEMENT ASSURANCE STATEMENT

The Peace Corps' management is responsible for mitigating risks and maintaining effective internal control to meet the objectives of FMFIA Section 2. The agency conducted a risk assessment and evaluated internal controls to support effective and efficient programmatic operations, reliable reporting, and compliance with applicable laws and regulations in accordance with OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Through this assessment, the Peace Corps can provide reasonable assurance of the soundness of its internal control over operations, reporting, and compliance with laws and regulations as of September 30, 2024, with the exception of one significant deficiency over the internal controls for Property, Plant, and Equipment and one significant deficiency over the internal controls for Lease Reporting.

The Peace Corps assessed whether the financial management systems conform to government-wide financial systems requirements in accordance with FMFIA Section 4. Based on this assessment, the Peace Corps can provide reasonable assurance that its financial management systems comply with the applicable provisions of FMFIA Section 4 and OMB Circular A-123 for FY 2024. However, this excepts one significant deficiency and one nonconformance with the Federal Information Security Modernization Act of 2014 (FISMA). In accordance with OMB Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*, this is not considered a material weakness. Details of the FISMA nonconformance item are in Appendix 1.

Carol Spahn
Director
November 14, 2024



Financial Section

A Peace Corps Volunteer in South Africa holds a virtual meeting from lush community crops.

MESSAGE FROM THE ACTING CHIEF FINANCIAL OFFICER

On behalf of the Peace Corps, I am pleased to present the Agency Financial Report for FY 2024. This fiscal year the independent audit firm Williams Adley issued the 18th consecutive unmodified (clean) audit opinion of the Peace Corps' financial statements. The agency is proud of this remarkable achievement because it reflects OCFO's commitment to strong financial management and robust support from agency leadership. I am proud to lead a staff dedicated to providing essential support to our Volunteers and mission of promoting world peace and friendship.

The Peace Corps enjoys a positive working relationship with Williams Adley and OIG and welcomes their respective insights on the agency's financial operations. Demonstrating excellence in financial management and reporting is a cornerstone of OCFO's support of the agency's mission. As such, OCFO has taken steps to remediate three significant deficiencies and one noncompliance outlined in the auditor's report.

As we present the Agency Financial Report, I am proud to share the strides OCFO made in enhancing the agency's financial operations and more strongly aligning Peace Corps resources with the agency's mission. In a continually evolving global landscape, facing increasing costs worldwide and challenges in recruiting Americans to serve in the Peace Corps, OCFO continues to recognize the need to better align resources to bolster support of recruitment, Volunteers, and host communities.

In FY 2024, OCFO undertook significant initiatives aimed at streamlining and increasing efficiencies. In partnership with the Office of the Chief Information Officer (OCIO), the agency's core financial system, Odyssey, migrated to a FEDRAMP Authorized IaaS cloud environment. In coordination with OCIO, OCFO also deployed a SharePoint solution to modernize the agency's processes for approving more than $260 million in annual agency payments and retaining related payment records. Finally, OCFO streamlined the acquisition and contract award process by focusing resources on process management and requirements gathering while increasing utilization of Federal shared service acquisition partners.

The Peace Corps operated under severe budget constraints in FY 2024. Volunteer service continues to evolve, and the costs to support Volunteer service, from recruitment through close of service and beyond, are increasing. Global inflationary pressures and supply-chain challenges are increasing costs and affecting many of our host communities. OCFO is working with Peace Corps leadership to better align agency resources to meet these challenges.

In FY 2024, OCFO worked with OIG and other agency partners to close five audit findings related to Volunteer Payments and U.S. Direct Hire Payroll and Benefits. In close consultation with the agency's Compliance and Risk Office, OCFO continues its strong support of maturing the agency's Enterprise Risk Management program, a pillar of prudent financial management.

Together, these efforts reflect the Peace Corps' commitment to fiscal responsibility and operational efficiency, enabling the Peace Corps to maximize its impact in the communities served. I am confident these initiatives strengthen the agency's financial management and support its overarching goal of promoting world peace and friendship.

Allison Blotzer
Acting Chief Financial Officer
November 14, 2024

Peace Corps
Balance Sheets
As of September 30, 2024 and 2023
(In Thousands)

	2024	2023
Assets (Note 2)		
Intragovernmental Assets		
Fund Balance with Treasury (Note 3)	$ 205,181	$ 251,692
Accounts Receivable, Net (Note 4)	1,715	1,363
Other Assets (Note 7)	14,365	375
Total Intragovernmental Assets	221,261	253,430
Other than Intragovernmental Assets		
Accounts Receivable, Net (Note 4)	460	431
Property, Plant, and Equipment, Net (Note 5)	76,043	42,489
Prepaid Volunteer Living Allowances (Note 6)	1,231	703
Other Assets (Note 7)	5,041	7,146
Total Other than Intragovernmental Assets	82,775	50,769
Total Assets	$ 304,036	$ 304,199
Liabilities (Note 8)		
Intragovernmental Liabilities		
Accounts Payable	$ 980	$ 183
Unfunded FECA Liability (Note 8)	22,542	22,327
Other Unfunded Employment Related Liability (Note 8)	-	48
Total Intragovernmental Liabilities	23,522	22,558
Other than Intragovernmental Liabilities		
Accounts Payable	9,890	11,162
Federal Employee Salary, Leave and Benefits Payable (Note 8)	134,651	130,785
Advances from Others and Deferred Revenue (Note 8)	6,475	7,157
Liability for Non-Entity Assets (Notes 2 and 8)	13,292	6,141
Other Liabilities (Note 9)		
Lease Liability (Note 10)	36,252	-
Commitments and Contingencies (Note 11)	120	750
Accrued Funded Payroll and Leave (Note 9)	5,331	10,385
FSN and PSC Separation Liability (Note 9)	36,841	41,393
Total Other than Intragovernmental Liabilities	242,852	207,773
Total Liabilities	$ 266,374	$ 230,331
Net Position		
Unexpended Appropriations	$ 153,944	$ 185,415
Cumulative Results of Operations	(116,282)	(111,547)
Total Net Position	37,662	73,868
Total Liabilities and Net Position	$ 304,036	$ 304,199

The accompanying notes are an integral part of these statements.

Peace Corps
Statements of Net Cost
For the Fiscal Years Ended September 30, 2024 and 2023
(In Thousands)

	2024	2023
Gross Program Costs (Note 12)		
Gross Costs	$ 496,648	$ 465,449
Less Earned Revenue	(5,692)	(3,898)
Net Cost of Operations	$ 490,956	$ 461,551

The accompanying notes are an integral part of these statements.

Peace Corps
Statements of Changes in Net Position
For the Fiscal Years Ended September 30, 2024 and 2023
(In Thousands)

	2024	2023
Unexpended Appropriations		
Beginning Balance	$ 185,415	$ 201,775
Appropriations Received	$ 430,500	$ 430,500
Other Adjustments	(2,860)	(5,980)
Appropriations Used	(459,111)	(440,880)
Net Change in Unexpended Appropriations	$ (31,471)	$ (16,360)
Total Unexpended Appropriations	$ 153,944	$ 185,415
Cumulative Results of Operations		
Beginning Balance	$ (111,547)	$ (114,792)
Other Adjustments		
Appropriations Used	$ 459,111	$ 440,880
Donations and Forfeitures of Cash and Cash Equivalents	1,435	151
Transfers In/Out Without Reimbursement	(55)	228
Donations and Forfeitures of Property	-	68
Imputed Financing (Note 13)	22,730	19,469
Other	3,000	4,000
Net Cost of Operations	490,956	461,551
Net Change in Cumulative Results of Operations	$ (4,735)	$ 3,245
Total Cumulative Results of Operations	$ (116,282)	$ (111,547)
Net Position	$ 37,662	$ 73,868

The accompanying notes are an integral part of these statements.

Peace Corps
Statements of Budgetary Resources
For the Fiscal Years Ended September 30, 2024 and 2023
(In Thousands)

		2024		2023
Budgetary Resources				
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	$	82,174	$	90,912
Appropriations (Discretionary and Mandatory)		434,935		434,651
Spending Authority from Offsetting Collections (Discretionary and Mandatory)		6,399		5,356
Total Budgetary Resources	$	523,508	$	530,919
Status of Budgetary Resources				
New Obligations and Upward Adjustments (Total)	$	476,259	$	472,400
Unobligated Balance, End of Year				
Apportioned, Unexpired Accounts		19,866		35,065
Exempt from Apportionment, Unexpired Accounts		4,321		3,615
Unapportioned, Unexpired Accounts		5,010		5,015
Unexpired Unobligated Balance, End of Year		29,197		43,695
Expired Unobligated Balance, End of Year		18,052		14,824
Unobligated Balance, End of Year (Total)		47,249		58,519
Total Budgetary Resources	$	523,508	$	530,919
Outlays, Net				
Outlays, Net (Total) (Discretionary and Mandatory)	$	485,737	$	440,959
Distributed Offsetting Receipts		125		(536)
Agency Outlays, Net (Discretionary and Mandatory)	$	485,862	$	440,423

The accompanying notes are an integral part of these statements.

Note 1 Significant Accounting Policies

A. Financial Reporting

The Peace Corps was initially established by President John F. Kennedy pursuant to Executive Order 10924 on March 1, 1961, and was subsequently formalized by the Peace Corps Act of 1961. The Peace Corps is an independent agency within the executive branch of the United States government.

The Peace Corps' core mission is to promote world peace and friendship by fulfilling three goals: (1) to help the people of interested countries in meeting their need for trained men and women; (2) to help promote a better understanding of Americans on the part of the peoples served; and (3) to help promote a better understanding of other peoples on the part of Americans.

B. Basis of Presentation

The financial statements present the financial position, the net cost of operations, and changes in net position, along with budgetary resources activities of the agency pursuant to the requirements of 31 U.S.C. 3515(b). They have been prepared using the Peace Corps' books and records in accordance with agency accounting policies, the most significant of which are summarized in this note. The statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements are presented in accordance with the applicable form and content requirements of the Office of Management and Budget (OMB)'s Circular A-136, Financial Reporting Requirements, issued May 30, 2024. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

The financial activities of the agency are categorized between entity and non-entity assets. Entity assets are those assets which the agency has authority to use in its operations, while non-entity assets are assets that are currently held by the Peace Corps but are not available for use by the agency. Although both entity and non-entity assets are in the custody and management of the agency, they are reported but segregated for presentation purposes.

The Peace Corps' accounting policies follow Federal Accounting Standards Advisory Board standards and other generally accepted accounting principles for the United States federal government.

The financial statements represent intragovernmental and other than intragovernmental activities. The intragovernmental balances, revenues, and costs reflect financial transactions between the Peace Corps and other federal agencies. Other than federal governmental activities are those with non-governmental customers, including Volunteers, contributors, employees, contractors, and vendors. The Peace Corps financial statements reflect agency-only financial activities and do not require consolidation.

Federal Financial Statements

Statement	Federal Objective
Balance Sheet	Reflects the agency's financial position as of the statement date. The assets are the amount of current and future economic benefits owned or managed by the agency. The liabilities are amounts owed by the agency. The net position is the difference between the assets and liabilities.
Statement of Net Cost	Shows separately the components of the net cost of the agency's operations for the period. Net cost is equal to the gross cost incurred by the agency, less any exchange revenue from its activities.
Statement of Changes in Net Position	Explains how the net cost of the agency's operations was funded, and reports other changes in the equity that are not included in the Statement of Net Cost. It reflects the changes in both the proprietary and the budgetary activities through the respective components: Cumulative Results of Operations and Unexpended Appropriations.
Statement of Budgetary Resources	Provides information about how the budgetary resources were made available as well as their status at the end of the period. It is the only financial statement exclusively derived from the agency's budgetary general ledger in accordance with budgetary accounting rules.

C. **Basis of Accounting**

Accounting principles encompass both accrual and budgetary transactions. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Under the budgetary basis, fund availability is recorded based upon legal considerations and constraints. The agency receives financing sources through direct appropriations from the general fund of the Department of the Treasury (Treasury) and offsetting collections to support its operations. "Appropriations Used" recognizes that appropriation authority has been applied against received goods and services.

D. **Fund Accounting Structure**

The agency's financial activities are accounted for by the Treasury Appropriation Fund Symbols. They include accounts for appropriated funds and other fund groups described below for which the Peace Corps maintains financial records.

General Funds – These funds consist of the receipts and expenditures by the Peace Corps that are not earmarked by law for a specific purpose and used to fund agency operations and capital expenditures.

Special or Trust Funds – These funds consist of receipts and expenditures by the Peace Corps for carrying out specific purposes and programs in accordance with the terms of the statute that designates the fund as a special fund or trust fund.

Deposit Funds – These funds consist of monies held temporarily by the Peace Corps as an agent for others. These include allowance and allotment accounts for employees and Volunteers. The balances in these funds are non-entity assets and are only reported on the face of the Balance Sheet.

General Fund Receipt Accounts – These funds consist of monies collected by the Peace Corps that are returned to the Treasury and not available for the Peace Corps' use. The balances in these funds are excluded from the financial statements.

E. **Budget Authority**

Congress annually passes multi-year appropriations that provide the agency with authority to obligate funds over a two-year period for necessary expenses to carry out operations. After the right to create new obligations has expired, this two-year budget authority is available for five additional years for adjusting obligations and for completing the liquidation of open obligations, advances, and receivables. After the five-year period, all open transactions for the respective fiscal year will be cancelled and funds will be returned to the Treasury. Any valid claims associated with these funds after closure must be processed against the current year appropriations.

In addition, Congress enacts no-year appropriations that are available until expended. All appropriations are subject to OMB apportionment as well as Congressional restrictions. The agency places internal restrictions to ensure the efficient and proper use of all funds.

The Peace Corps has discretionary and mandatory spending of its budget authority. The general funds, which are funded by multi-year appropriations from Congress, are discretionary. The special and trust funds, which were authorized by permanent laws, are considered mandatory spending for donations received from private entities and to account for retirement and separation of Host Country Resident Personal Services Contractors (PSCs) and Foreign Service Nationals (FSNs).

F. **Revenues and Other Financing Sources**

The Peace Corps' operations are financed through appropriations, proceeds from the sale of property, and spending authority from offsetting collections. For financial statement purposes, appropriations are recorded as a financing source and reported on the Statement of Changes in Net Position at the time they are recognized as expenditures.

G. Fund Balance with Treasury (FBWT)

FBWT consists of general, special, and trust funds that are available to pay current liabilities and finance authorized purchase commitments, and special funds that periodically are direct-financing reimbursements to the appropriated funds.

Peace Corps does not maintain agency cash in commercial bank accounts. All cash receipts and disbursements are processed by the Treasury or the U.S. Department of State (DOS).

The funds that make up post cashiers' imprest funds belong to the Treasury through DOS's accountability.

These funds are routinely used to pay for low value purchases of goods and services and are also used to make an occasional emergency payment. Per agreement with DOS, the Peace Corps is responsible for any losses incurred by the cashiers. All international payments made by DOS on behalf of the Peace Corps are charged to the Peace Corps and reduce the applicable Peace Corps fund balance in Treasury records.

FBWT is carried forward until such time as goods or services are received and payment is made, or until the funds are returned to the Treasury.

H. Foreign Currency

Accounting records for the agency are maintained in U.S. dollars, while a significant amount of the overseas expenditures is in foreign currencies. For accounting purposes, overseas obligations and disbursements are recorded in U.S. dollar equivalents, based on the budgeted rate of exchange as of the date of the transaction. U.S. disbursing officers located at the Global Financial Services Centers in Charleston, South Carolina and Bangkok, Thailand make foreign currency payments.

I. Accounts Receivable

Accounts receivable includes amounts due from other federal entities and from current and former employees and Volunteers. Annually, a determination of the amount of the Allowance for Doubtful Accounts is established for material amounts of non-federal debt exceeding $30,000. The agency recognizes an Allowance for Doubtful Accounts when it is determined that the amounts are not likely to be collected. Accounts with approved payment plans in place and for which the debtor is meeting the terms of the plan are exceptions to this allowance policy.

J. Advances and Prepayments

Payments in advance of the receipt of goods and services are recorded as advances, and recognized as expenses when the related goods and services are received. Advances are made principally to agency employees for official travel and prepayments to Volunteers for living allowances.

Pursuant to Section 5(b) of the Peace Corps Act, Peace Corps Volunteers are entitled to a living allowance in order that they may serve effectively and safely overseas. Living allowances are paid to Volunteers to provide support while in their country of assignment. Allowances are based on local living standards and costs, including food, clothing, household items, rent, utilities, and local transportation.

K. Property, Plant, and Equipment (PP&E)

Beginning in FY 2021, the agency capitalizes PP&E that has an individual acquisition cost or aggregate purchases of $100,000 or greater, has a useful life of two years or more, is not intended for sale in the ordinary course of business, and is intended to be used or available for use by the entity. Prior to FY 2021, PP&E costs incurred were capitalized for individual acquisition costs of $25,000 or greater and costs incurred were capitalized for aggregate purchases of $100,000 or greater.

Beginning in FY 2021, software purchased for $100,000 or developed for internal use at a cost of $100,000 or greater is capitalized and amortized over its expected life (currently three to nine years). Prior to FY 2021, software purchased for $25,000 or developed for internal use at a cost of $25,000 were capitalized.

IT hardware is capitalized and amortized over its expected life of three to fifteen years. Vehicles in the amount of $10,000 and over are capitalized over their useful life of five years. The agency uses an estimated salvage value of 40 percent for vehicles. Land and anything attached to it, such as buildings located overseas, are capitalized at their fair market value at the time of transfer, regardless of their acquisition cost. Buildings are depreciated with a ten-year useful asset life. Acquisitions that do not meet these criteria are recorded as operating expenses. Assets are capitalized at historical cost and depreciated using the straight-line method.

Beginning in FY 2024, right-to-use leases applicable to Statement of Federal Financial Accounting Standards (SFFAS) 54: Leases are recorded at present value and included in PP&E. Leases with a total lease amount greater than $100,000 are amortized over the remaining term of the lease. Prior to FY 2024, leases were not presented in PP&E nor amortized over time. The Peace Corps is not a lessor of any lease.

L. Accounts Payable and Other Liabilities

Liabilities represent the amount of monies or other resources that are likely to be paid as the result of a transaction or event that has already occurred. Liabilities classified as not covered by budgetary resources are liabilities for which appropriations have not been enacted.

M. Leases

SFFAS 54, provides a comprehensive set of lease accounting standards to recognize federal lease activities in the reporting entity's general purpose federal financial reports, effective for reporting periods beginning after September 20, 2023. The implementation of this standard results in significant accounting changes to the financial reporting standards for federal lease accounting by the Peace Corps.The lease liability attributed to complying with SFFAS 54 meeting the threshold of $100,000 outlays and greater than 24 months in length are also included in Other Liabilities. . As described above in PP&E, leases applicable to SFFAS 54 and over the threshold of $100,000 and 24 months are amortized over the remaining term of the lease. To calculate the present value of future payments the Peace Corps used 5-year average interest rate for Treasury Bonds as most leases in the agency portfolio are for 5 years (1 base year and 4 option years) and interest rates are not stated in any of our lease agreements.

The Peace Corps does not have an agreement, either federal or non-federal where Peace Corps is the Lessor.

Most of agency lease agreements are for living, office, and training facilities located overseas. The Peace Corps leases properties for office space used for main office facilities in the host country, residences for certain staff, medical facilities, training space, and regional offices. Each Peace Corps post has at least one main office facility, 3-5 residences, as well as some number of medical, training, and regional offices depending on the programmatic needs of the Peace Corps operations in the country. The Peace Corps has authority to lease property overseas not to exceed 60 months; the standard lease agreement is for one base year plus 4 option years. Payment terms of Peace Corps leases depend on the lessor in the various countries; therefore, some are paid monthly, bi-monthly, quarterly, semi-annually and annually. Additionally, many lease payments escalate over the term of the lease. This means the payment during the base year is different from the payments in option years, generally increasing with each option year. Each overseas lease specifies that the underlying asset is for exclusive use of the Peace Corps and that all other agreements concerning the property are cancelled upon execution of the lease agreement.

In addition to overseas leases, the Peace Corps has the following domestic leases. One is for the Peace Corps headquarters in Washington, DC with the General Services Administration (GSA) and is considered intragovernmental. warehouse services as part of our mailroom services agreement. Our mailroom services agreement is considered an embedded lease because it has warehouse services included. The Peace Corps has elected to defer on compliance for embedded leases with SFFAS 54; this lease has not reported on financial statements and note disclosures as of September 30, 2024.

N. Employee Benefits

I. *Federal Employees' Compensation Act (FECA) Accrued Claims* – FECA provides income and medical cost protection to covered federal civilian employees injured on the job, to employees who have incurred work-related occupational diseases, and to beneficiaries of employees whose deaths are attributable to job-related injuries or occupational diseases through the U.S. Department of Labor (DOL). The FECA liability consists of two components. The first component is based on actual claims paid by DOL but not yet reimbursed by the Peace Corps. The Peace Corps reimburses DOL as funds are appropriated for this purpose, generally resulting in a two-year lag in payment. This is the liability for the actual claims paid by DOL to be reimbursed by the Peace Corps.

II. *Future Workers Compensation Benefits* – The second component of FECA is the estimated actuarial liability for future benefit payments as a result of past events. This liability includes death, disability, medical, and miscellaneous costs. DOL determines this component annually as of September 30, and the Peace Corps recognizes an unfunded liability to DOL for estimated future payments.

III. *Accrued Leave* – A liability for annual leave is accrued as leave is earned and paid when leave is taken or employment terminates. Accrued annual leave is paid from future funding sources and is reflected as a liability not covered by budgetary resources. Sick and other leave are expensed as taken.

IV. *Employee Health Benefits and Life Insurance* – The agency's employees are eligible to participate in the contributory Federal Employees Health Benefits Program (FEHB) and the Federal Employees Group Life Insurance Program (FEGLI). The agency contributes to each program to pay for current benefits.

V. *Post-Retirement Health Benefits and Life Insurance* – Agency employees who may be eligible to participate in the FEHB and the FEGLI could continue to do so during retirement. The Office of Personnel Management (OPM) has provided the agency with cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The agency recognizes the current cost for these and other retirement benefits at the time of employment with the agency. The other retirement benefit expense is financed by OPM and offset by the agency through the recognition of an imputed financing source on the Statement of Changes in Net Position.

VI. *Employee Retirement Benefits* – The Peace Corps direct hire employees participate in one of three retirement systems: Civil Service Retirement System, Federal Employees Retirement System, or the Foreign Service Retirement and Disability System. FSN employees at overseas posts who were hired prior to January 1, 1984, are covered under the Civil Service Retirement System. FSNs hired after that date, as well as most host country residential PSCs, are covered under a variety of local compensation plans in compliance with the host country's local laws and regulations.

The Peace Corps recognizes its share of the cost of providing future pension benefits to eligible employees throughout their period of employment. The pension expense not covered by budgetary resources is calculated using actuarial factors provided by OPM and is considered imputed cost to the agency.

VII. *Valuation of Host Country Resident Personal Services Contractor Separation Liability* – The Peace Corps is generally liable for separation or retirement payments to eligible PSCs in countries that require payments under local labor laws. The estimate of the current and future costs of the separation and retirement liability is determined quarterly.

VIII. *Valuation of Foreign Service National Separation Liability* – The Peace Corps is generally liable for separation or retirement payments to eligible FSNs who are employed by the agency in countries that require payments under local labor laws. The estimate of the current and future costs of the separation and retirement liability is determined quarterly.

O. Commitments and Contingencies

The agency is involved in various administrative proceedings, legal actions, and claims arising in the ordinary course of executing the Peace Corps mission. Contingencies are recognized as a liability when a future outflow or other sacrifice of resources is probable and measurable. This liability is recognized whether it's from the Peace Corps' appropriations or the Judgment Fund, administered by the Department of Justice. Contingencies are not recognized as a liability when the likelihood of loss is reasonably possible or remote. For reasonably possible cases, as estimated range of loss is disclosed.

P. Funds from Dedicated Collections

Under 22 U.S.C § 2509(a) (4) of the Peace Corps Act, the agency is authorized to accept gifts of voluntary service, money, or property, for use in the furtherance of the purposes of its mission. The donated monies received by the agency from non-federal sources meet the prescribed criteria of Funds from Dedicated

Collections.

Q. Use of Estimates

The preparation of financial statements required the agency to make some estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements, and the amount of revenues and costs reported during the period. Actual results could differ from those estimates.

R. Interest on Late Payments

Occasionally, the agency incurs interest penalties on late payments. Such interest penalties are paid to the respective vendor in accordance with the guidelines mandated by the Prompt Payment Act of 1985, P.L. 97–177, as amended.

S. Intragovernmental Net Costs

The Statement of Net Cost is consolidated for the agency using a budget functional classification code. This code is used to classify budget resources presented in the budget of the U.S. Government per OMB. The agency is categorized under budget functional classification code number 150—International Affairs. Gross cost and earned revenues from other intragovernmental agencies (reimbursable agreements) fall under this code.

T. Adjustments to Maintain Inherent Account Relationship Integrity

The agency performs analytical tie-points to maintain inherent accounts relationships between proprietary and budgetary accounts, in compliance with U.S. Standard General Ledger posting logic. Adjustments are made at the appropriation fund code level prior to the submission of the agency's monthly trial balance via Treasury's Government wide Treasury Account Symbol Adjusted Trial Balance System.

U. Allocation Transfer

The Peace Corps is a party to allocation transfers with the DOS as a receiving (child) entity. Allocation transfers are legal delegations by one agency of its authority to obligate budget authority and outlay funds to another agency. A separate fund account (allocation account) is created in the Treasury as a subset of the parent fund account (DOS) for tracking and reporting purposes. All allocation transfers of balances are credited to this account, and subsequent obligations and outlays incurred by the child entity (the Peace Corps) are charged to this allocation account as they execute the delegated activity on behalf of the parent entity. All financial activity related to these allocation transfers (e.g., budget authority, obligations, and outlays) is reported in the financial statements of the parent entity, from which the underlying legislative authority, appropriations, and budget apportionments are derived.

V. Fiduciary Activities

Fiduciary activities consist of Host Country Contributions provided to the Peace Corps by the host country government which are accepted under the authority of Section 22 U.S.C. 2509(a)(4) of the Peace Corps Act. These contributions provide host country support for the Peace Corps and help defray expenses, enabling the agency to use its budget more effectively. The host country retains ownership though the funds are deposited in special foreign currency accounts in the Treasury. As such, these funds are not reported on the Balance Sheet. Any funds not used are returned to the host country.

W. Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

Note 2 Non-Entity Assets

Non-Entity Assets	September 30, 2024 (In Thousands)	September 30, 2023 (In Thousands)
Deposit Fund	$ 12,649	$ 5,592
Clearing Accounts	643	549
Total Non-Entity Assets	13,292	6,141
Total Entity Assets	290,744	298,058
Total Assets	$ 304,036	$ 304,199

Non-entity assets comprise a deposit fund and clearing accounts. These assets are not available for the use of the Peace Corps and are not part of the Peace Corps' resources. The Peace Corps monitors collections, status, and distribution. The Treasury fund balances of non-entity assets are other than intragovernmental.

Deposit Fund – The deposit fund comprises the Volunteer readjustment allowance earned by Volunteers for each month of satisfactory service and payable upon their return to the United States.

Clearing Accounts – The proceeds of sales fund represent cash received from the sale of property, primarily vehicles, and are available once transferred to the Peace Corps appropriated funds to be reinvested in a like-kind replacement purchase (e.g., proceeds from vehicle sales used to purchase replacement vehicles).

Note 3 Fund Balance with Treasury

Status of Fund Balance with Treasury	September 30, 2024 (In Thousands)	September 30, 2023 (In Thousands)
Unobligated Balance		
Available	$ 24,185	$ 38,680
Unavailable	23,062	19,839
Obligated Balance not yet Disbursed	144,642	187,032
Non-Budgetary FBWT	13,292	6,141
Total	$ 205,181	$ 251,692

FBWT is equal to the unobligated balance of funds plus the obligated balance not yet disbursed.

Available Unobligated Balance – Comprise apportionments available for allotment plus allotments available for commitment or obligation.

Unavailable Unobligated Balance – Comprise unapportioned authority plus unobligated appropriation authority from prior years that is no longer available for new obligations. This latter authority is only available for adjustments to existing obligations.

Non-Budgetary FBWT – This represents non-entity assets of the agency.

Note 4 Accounts Receivable, Net

Accounts Receivable as of September 30, 2024 *(In Thousands)*	Accounts Receivable, Gross	Allowance for Doubtful Accounts	Accounts Receivable, Net
Intragovernmental	$ 1,715	$ -	$ 1,715
Other than Intragovernmental	460	-	460
Total	$ 2,175	$ -	$ 2,175

Accounts Receivable as of September 30, 2023 *(In Thousands)*	Accounts Receivable, Gross	Allowance for Doubtful Accounts	Accounts Receivable, Net
Intragovernmental	$ 1,363	$ -	$ 1,363
Other than Intragovernmental	431	-	431
Total	$ 1,794	$ -	$ 1,794

Intragovernmental receivables are due from other federal agencies for services provided under reimbursable agreements. Other than intragovernmental receivables are due from non-federal entities, consisting primarily of receivables due from employees. Based upon the agency's policy, it was determined that the establishment of an Allowance for Doubtful Accounts was not necessary as of September 30, 2024.

Note 5 Property, Plant, and Equipment, Net

Components of PP&E as of September 30, 2024 *(In Thousands)*	Useful Life in Years	Cost	Acccumulated Depreciation	Net Book Value
Land	N/A	$ 43	$ -	$ 43
Buildings	10	999	541	458
Construction in Progress	N/A	1,269	-	1,269
Equipment and Furniture	5–10	3,553	2,017	1,536
Vehicles	5-6	24,168	8,495	15,673
IT Hardware	3–15	30,963	26,922	4,041
Leasehold Improvements	2–10	19,071	9,424	9,647
Internal Use Software	3–9	50,947	43,823	7,124
Lessee Right-to-use Lease Asset		46,638	10,386	36,252
Total		$ 177,651	$ 101,608	$ 76,043

Components of PP&E as of September 30, 2023 *(In Thousands)*	Useful Life in Years	Cost	Acccumulated Depreciation	Net Book Value
Land	N/A	$ 43	$ -	$ 43
Buildings	10	999	487	512
Construction in Progress	N/A	2,372	-	2,372
Equipment and Furniture	5–10	3,440	1,709	1,731
Vehicles	5-6	22,581	8,239	14,342
IT Hardware	3–15	31,366	21,638	9,728
Leasehold Improvements	2–10	16,438	7,540	8,898
Internal Use Software	3–9	49,157	44,294	4,863
Total		$ 126,396	$ 83,907	$ 42,489

PP&E as of September 30, 2024, consists of land, buildings, construction in progress, equipment and furniture, vehicles, IT hardware, leasehold improvements, and internal use software. These assets are located at Washington, D.C. headquarters, and overseas posts. The asset value includes ancillary costs incurred to bring assets to a form and location suitable for their intended use. The vehicles category reflects new vehicles added and retired in FY 2024. Internal use software represents software that was either developed internally or purchased from vendors off-the-shelf.

The agency capitalizes PP&E by the following major classes:

Land and attached assets, such as buildings located overseas, are capitalized at their fair market value at the time of transfer, regardless of their acquisition cost. Buildings are depreciated with a ten-year useful asset life. Acquisitions that do not meet these criteria are recorded as operating expenses. Vehicles in the amount of $10,000 and over are capitalized. For all other categories of PP&E, assets in the amount of $100,000 and over are capitalized.

Beginning in FY 2024, right-to-use leases applicable to SFFAS 54 are recorded at present value and included in PP&E. Leases with a total lease amount greater than $100,000 are amortized over the remaining term of the lease. Prior to FY 2024, leases were not presented in PP&E nor amortized over time. The Peace Corps is not a lessor of any lease.

Note 6 Prepaid Volunteer Living Allowances	September 30, 2024 (In Thousands)	September 30, 2023 (In Thousands)
Prepaid Volunteer Living Allowances	$ 1,231	$ 703

Payments of Volunteer living allowances are made prior to the entitlement month so the posts can ensure timely payments of the allowances to the Volunteers. These payments are arranged so that Volunteers will not incur a financial burden for their living costs.

Note 7 Other Assets	September 30, 2024 (In Thousands)	September 30, 2023 (In Thousands)
Intragovernmental		
Other Advances	14,365	375
Total Intragovernmental	14,365	375
Other than Intragovernmental		
Travel Advances to Employees	363	622
Relocation Advances to Employees	372	306
Prepaid Rent	3,705	3,691
Other Advances	601	2,527
Total Other than Intragovernmental	5,041	7,146
Total Other Assets	$ 19,406	$ 7,521

Types of other assets are described below.

Other Advances – Prepaid costs to a federal trading partner for shared services.

Travel Advances to Employees – Travel advances are provided to employees when appropriate. Advances remain in the financial records until they are offset against travel entitlements or collected.

Relocation Advances to Employees – Direct-hire employees are provided a relocation advance when appropriate.

Prepaid Rent – Prepaid rent includes the advance payment for some of the residential and commercial office spaces in support of overseas operations.

Other Advances (Other than Intragovernmental) – Other advances includes PSC payroll and prepayments of expenses for IT costs.

Note 8 Liabilities Not Covered by Budgetary Resources

	September 30, 2024 (In Thousands)	September 30, 2023 (In Thousands)
Intragovernmental		
Unfunded FECA Liability	$ 22,542	$ 22,327
Other Unfunded Employment-Related Liability	-	48
Total Intragovernmental	$ 22,542	$ 22,375
Other than Intragovernmental		
Unfunded Annual Leave	16,188	14,968
Other Unfunded Employment-Related Liability	6,869	2,329
Federal Employee Salary, Leave and Benefits Payable	111,594	113,488
Liability for Non-Entity Assets	13,292	6,141
Total Other than Intragovernmental	$ 147,943	$ 136,926
Total Liabilities Not Covered by Budgetary Resources	$ 170,485	$ 159,301
Total Liabilities Covered by Budgetary Resources	$ 95,889	$ 71,030
Total Liabilities	$ 266,374	$ 230,331

Unfunded FECA Liability – A liability for the direct dollar costs of compensation and medical benefits paid on the agency's behalf by DOL. Since the agency is dependent on annual appropriation, it will include the amount billed for the direct costs in its budget request two years later.

Other Unfunded Employment-Related Liability – A liability for unemployment benefits insurance paid on the agency's behalf by DOL.

Unfunded Annual Leave – A liability for annual leave is accrued as leave is earned and paid when leave is taken or when the individual terminates. The balance represents the estimated value of annual leave earned but not taken as of September 30, 2024, for direct hire employees. The valuation of the accrued annual leave for FSN employees and the foreign national PSCs has been estimated for this financial statement. Annual leave earned is based on local labor law requirements. Annual leave is paid out of current appropriations when taken.

Other Unfunded Employment-Related Liability (Other than Intragovernmental) – A liability for the unfunded estimated separation of foreign national PSCs. Lump-sum payments are generally made to eligible international long-term PSCs based on local labor law requirements for separation. These payments are made when the individual terminates and are paid out of current appropriations.

Federal Employee Salary, Leave and Benefits Payable – A liability for the actuarial value of future payments for FECA as estimated by DOL for the agency.

Liability for Non-Entity Assets – Non-entity assets comprise a deposit fund and clearing accounts. These funds are not available for the use of the Peace Corps and are not part of the Peace Corps' resources. The Peace Corps monitors collections, status, and distribution.

Liabilities Covered by Budgetary Resources – Liabilities covered by budgetary resources includes accounts payable for goods and services received by the agency, liability for the separation and retirement payments for eligible foreign service PSCs and FSNs, and other liabilities as shown in Note 9.

Note 9 Other Liabilties

	September 30, 2024 (In Thousands)	September 30, 2023 (In Thousands)
Other than Intragovernmental		
Accrued Funded Payroll and Leave	$ 5,331	$ 10,385
Commitments and Contingencies (Note 11)	120	750
Liability for Advances and Prepayments	6,475	7,157
Lease Liabilities	36,252	-
FSN and PSC Separation Liability	36,841	41,393
Total Other than Intragovernmental	$ 85,019	$ 59,685
Total Other Liabilities	$ 85,019	$ 59,685

Other Liabilities at the Peace Corps consist of accrued funded payroll and leave, contingent liability, liability for advances and prepayments, lease liabilities and FSN and PSC Separation Liability, which are other than intragovernmental.

Accrued Funded Payroll and Leave – This liability contains accrued payroll and leave costs funded by the Peace Corps.

Commitments and Contingencies – It is determined by measuring the probability for pending or threatened litigation and unasserted claims, the future confirming event or events are likely to occur against the Peace Corps.

Liability for Advances and Prepayments – This liability contains deferred rent costs to be amortized over the 15-year lease term for the new location of the Peace Corps headquarters.

Lease Liabilities – Refer to Note 10 for additional information.

FSN and PSC Separation Liability – The estimated future liability cost to be paid to eligible FSNs and foreign national PSCs upon separation from the agency. FSN and PSC Separation Liability is considered a non-current liability.

Note 10 Leases

Intragovernmental	Future Lease Payments (In Thousands)
FY 2025	$ 10,252
FY 2026	10,393
FY 2027	10,539
FY 2028	10,690
FY 2029	10,845
FY 2030-FY 2034	51,996
Total	$ 104,715

Other than Intragovernmental	Principal (In Thousands)	Interest (In Thousands)	Future Lease Payments (In Thousands)
FY 2025	$ 11,076	$ 1,037	$ 25,176
FY 2026	10,650	683	14,526
FY 2027	8,670	363	5,856
FY 2028	4,582	128	1,273
FY 2029	1,273	22	-
Total	$ 36,251	$ 2,233	$ 46,831

The agency has both intragovernmental and other than intragovernmental leases. Intragovernmental leases are reported differently from other than intragovernmental leases to comply with SFFAS 54.

The agency has one Occupancy Agreements (OA), which is an intragovernmental lease, with GSA for its headquarters in Washington, DC. GSA leases commercial facilities and provides spaces in federal buildings for occupancy by the agency. This lease has a 15-year term ending in FY 2034; we are in year 5 of the lease term. This leased space is cancellable and can be vacated with a 120-day notice to GSA. Future operating lease payments for this lease are depicted in the Intragovernmental section above. Annual lease expense related to this lease was $9.6M.

For overseas operations, the Peace Corps rents office space, residences, and training facilities. Leases overseas contain a termination clause, allowing the agency to terminate any lease with a 30–90-day notice. The Peace Corps' overseas leases are all considered cancellable operating leases. Refer to Note 1M for additional information.

To calculate interest expense in accordance with SFFAS 54, the agency used a 5-year average interest rate for Treasury Bonds as most leases in the agency portfolio are for 5 years. The Treasury rate used was 3.195%.

Note 11 Commitments and Contingencies

September 30, 2024 (*In Thousands*)	Accrued Liabilities	Estimated Range of Loss: Lower End	Estimated Range of Loss: Upper End
Legal Contingencies			
Probable	$ 120	$ 25	$ 120
Reasonably Possible		$ 3	$ 1,023

September 30, 2023 (*In Thousands*)	Accrued Liabilities	Estimated Range of Loss: Lower End	Estimated Range of Loss: Upper End
Legal Contingencies			
Probable	$ 750	-	-
Reasonably Possible		$ 50	$ 300

In the opinion of the management and legal counsel, the agency is liable for contingent liabilities related to administrative proceedings, legal actions, or claims associated with employee grievances that are probable and measurable in the amount of $120,000 as of September 30, 2024 and $750,000 as of September 30, 2023. These contingencies are considered current liabilities.

Disclosure is also required if there is a reasonable possibility that a loss may be incurred. The likelihood of a reasonable possibility of a loss related to administrative proceedings, legal actions, or claims related to employee grievances were estimated to be up to $1 million as of September 30, 2024 and $300,000 as of September 30, 2023.

Note 12 Suborganization Program Costs

	September 30, 2024 (*In Thousands*)	September 30, 2023 (*In Thousands*)
Intragovernmental Costs	$ 112,172	$ 110,365
Other than Intragovernmental Costs	384,476	355,084
Total Costs	$ 496,648	$ 465,449
Intragovernmental Earned Revenue	$ (4,965)	$ (3,185)
Other than Intragovernmental Earned Revenue	(727)	(713)
Total Earned Revenue	$ (5,692)	$ (3,898)
Net Cost of Operations	$ 490,956	$ 461,551

Intragovernmental activity represents the costs of goods and services provided to other federal agencies. Costs of goods and services and any revenue earned from outside federal sources are classified as other than intragovernmental costs.

Earned revenue represents revenue from services provided. This includes reimbursable agreements from other federal agencies such as U.S. Agency for International Development sponsored HIV/AIDS education, prevention, and mitigation activities; and umbrella programs covering environment, health, youth, micro-enterprise, and Small Project Assistance.

Note 13 Inter-Entity Costs

	September 30, 2024 *(In Thousands)*		September 30, 2023 *(In Thousands)*	
Federal Employees Health Benefits Program	$	9,303	$	9,900
Federal Employees Group Life Insurance Program		26		26
Civil Service Retirement System		8		18
Federal Employees Retirement System		12,606		9,463
Foreign Service Retirement and Disability System		37		62
Other Imputed Costs		750		-
Total Inter-Entity Costs	$	22,730	$	19,469

Goods and services are received from other federal entities at no cost or at a cost less than the full cost to the providing federal entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed by the Peace Corps are recognized as imputed costs in the Statement of Changes in Net Position and the Statement of Net Cost. Such imputed costs relate to FEHB, FEGLI, Judgement Fund Payment, and pension benefits paid by other federal entities.

Note 14 Undelivered Orders at the End of Period

	September 30, 2024 *(In Thousands)*		September 30, 2023 *(In Thousands)*	
Intragovernmental				
Unpaid Undelivered Orders	$	499	$	504
Paid Undelivered Orders		14,365		16
Total Intragovernmental Undelivered Orders	$	14,864	$	520
Other than Intragovernmental				
Unpaid Undelivered Orders	$	93,114	$	125,091
Paid Undelivered Orders		6,272		8,208
Total Other than Intragovernmental Undelivered Orders		99,386		133,299
Undelivered Orders - End of Period	$	114,250	$	133,819

Undelivered orders are budgetary obligations with and without advances/prepayments placed against federal budget authority where goods or services have yet to be received.

Note 15 Explanation of Differences between SBR and the Budget of the U.S. Government

(In Millions)	Budgetary Resources FY 2023		New Obligations and Upward Adjustments FY 2023		Distributed Offsetting Receipts FY 2023		Net Outlays FY 2023	
Combined Statement of Budgetary Resources	$	531	$	472	$	(1)	$	441
Difference		16		1		(1)		-
Budget of the U.S. Government	$	515	$	471	$	-	$	441

The Budget of the United States (also known as the President's Budget), with actual amounts for FY 2024 was not published at time that these financial statements were issued. The President's Budget is expected to be published in February 2025, and can be located at the OMB website https://www.whitehouse.gov/omb/budget and will be available from the U.S. Government Printing Office. The above chart displays the differences between the Combined SBR in the FY 2023 Agency Financial Report and the actual FY 2023 balances includes in the FY 2025 President's Budget. The differences are attributable to activities associated with expired funds that are excluded from the President's Budget.

Note 16 Fiduciary Activities

Schedule of Fiduciary Activity For the Years Ended September 30, 2024 and 2023 *(In Thousands)*	HCC Cash 2024	HCC In-Kind 2024	Total Fiduciary Funds 2024	HCC Cash 2023	HCC In-Kind 2023	Total Fiduciary Funds 2023
Fiduciary Net Assets, Beginning of year	$ 534	$ -	$ 534	$ 528	$ -	$ 528
Contributions	310	949	1,259	240	687	927
Disbursements	(381)	(957)	(1,338)	(234)	(687)	(921)
Increase/(Decrease) in Fiduciary Net Assets	(71)	(8)	(79)	6	-	6
Fiduciary Net Assets, End of Year	$ 463	$ (8)	$ 455	$ 534	$ -	$ 534

Fiduciary Net Assets As of September 30, 2024 and 2023 *(In Thousands)*	HCC Cash 2024	HCC In-Kind 2024	Total Fiduciary Funds 2024	HCC Cash 2023	HCC In-Kind 2023	Total Fiduciary Funds 2023
Fiduciary Net Assets						
Cash and Cash Equivalents	$ 463	$ -	$ 463	$ 531	$ -	$ 531
Other Assets	-	(8)	(8)	-	-	-
Less: Liabilities	-	-	-	3	-	3
Total Fiduciary Net Assets	$ 463	$ (8)	$ 455	$ 534	$ -	$ 534

Host Country Contributions (HCC) are provided to the Peace Corps by the host government and are accepted under the authority of Section 22 U.S.C. 2509(a) (4) of the Peace Corps Act. These contributions indicate host country support for the Peace Corps and help defray expenses, enabling the agency to use its budget more effectively. The host country retains ownership though the funds are deposited into special foreign currency accounts in the Treasury. In the event the funds are not used, funds are returned to the host country. The agency receives cash and in-kind contributions from host countries for services, supplies, equipment, and facilities.

Note 17 Reconciliation of Net Cost to Net Outlays

September 30, 2024 *(In Thousands)*	Intragovernmental	Other than Intragovernmental	Total FY 2024
Net Operating Cost (SNC)	$ 107,207	$ 383,749	$ 490,956
Components Of Net Operating Cost Not Part Of The Budgetary Outlays			
Property, Plant & Equipment Depreciation	-	(10,203)	(10,203)
Property, Plant & Equipment Disposal & Reevaluation		3,981	3,981
Increase/(Decrease) In Assets Not Affecting Budget Outlays:			
Accounts Receivable	352	29	381
Other Assets	13,990	(1,577)	12,413
(Increase)/Decrease In Liabilities Not Affecting Budget Outlays:			
Accounts Payable	(797)	1,262	465
Salaries & Benefits	-	(3,866)	(3,866)
Other Liabilities (Unfunded Leave, Unfunded FECA, Actuarial FECA)	(167)	3,887	3,720
Other Financing Sources			
Federal Employee Retirement Benefit Costs Paid By OPM And Imputed To Agency	(22,730)	-	(22,730)
Components Of Net Operating Cost Not Part Of The Budgetary Outlays Total	$ (9,352)	$ (6,487)	$ (15,839)
Components Of The Budget Outlays That Are Not Part Of Net Operating Cost			
Acquistion Of Capital Assets	-	6,839	6,839
Other Financing Sources			
Donated Revenue	-	(1,343)	(1,343)
Transfers Out (In) Without Reimbursement	55	-	55
Components Of The Budget Outlays That Are Not Part Of Net Operating Cost Total	$ 55	$ 5,496	$ 5,551
Misc. Items			
Distributed Offsetting Receipts	-	125	125
Non-Entity Liability	-	13,292	13,292
Custodial/Non-Exchange Revenue	(3,000)	(1,536)	(4,536)
Appropriated Receipts For Trust/Special Funds	-	4,706	4,706
Timing Difference	-	2,067	2,067
Other Reconciling Items Total	(3,000)	18,654	15,654
Total Net Outlays (Calculated Total)	$ (12,297)	$ 17,663	$ 5,366
Budgetary Agency Outlays, Net			
Agency Outlays, Net			$ 485,862

The Reconciliation of Net Cost to Net Outlays is a reconciliation of the entity's net outlays on a budgetary basis and the net cost of operations during the reporting period.

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To:	Carol Spahn, Director Allison Blotzer, Chief Financial Officer Emily Haimowitz, Chief Compliance and Risk Officer
From:	Joaquin Ferrao, Inspector General
Date:	November 15, 2024
Subject:	Audit of the Peace Corps' Fiscal Year 2024 Financial Statements

I am pleased to submit to you the Peace Corps' Fiscal Year 2024 Financial Statements audit report.[1] Williams Adley & Company, LLP, an independent certified public accounting firm was contracted by the Office of Inspector General to audit[2] the Peace Corps' financial statements for the fiscal years ending on September 30, 2024, and September 30, 2023.

This year, the audit concluded that the Peace Corps' financial statements were fairly presented, in all material respects, in accordance with Generally Accepted Accounting Principles (GAAP), and noted three significant deficiencies in the agency's internal control over financial reporting as well as one instance of reportable noncompliance related to provisions of applicable laws, regulations, contracts, and grant agreements.

The Peace Corps' agency leaders have demonstrated a longstanding commitment to financial management, as evidenced by more than 15 consecutive years of clean financial statement audit opinions. However, we note that two significant deficiencies reported in this year's audit are repeat findings from prior years that have been highlighted for the agency's attention and action but have yet to be fully realized.

Specifically, the repeat finding for improper internal controls over Property, Plant, and Equipment (PP&E) contains new and concerning factors that present notable risk to the agency if the finding is not addressed in a timely manner. As described in this audit report, the Peace Corps decommissioned its existing Property Management System in June 2024, without having an operational replacement system. Instead, the agency relied on manual reporting mechanisms that resulted in a variety of challenges, including untimely, inconsistent, and incomplete PP&E data. At the time of this report, the Peace Corps still does not have an operational Property

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1 This audit was conducted in accordance with the U.S. Generally Accepted Government Auditing Standards (GAGAS); the applicable financial audit standards in GAAP, as issued by the Comptroller General of the U.S.; and Office of Management and Budget (OMB) Bulletin No. 24-02, Audit Requirements for Federal Financial Statements. As required by the Accountability of Tax Dollars Act of 2002, the Peace Corps prepared its financial statements and subjected them to audit in accordance with OMB Circular No. A-136, Financial Reporting Requirements.

2 In accordance with applicable standards, OIG reviews independent audits to ensure that the work performed by non-Federal auditors complies with the government auditing standards.

Management System replacement or a projected date for when one will be completed and functional. Generating timely, reliable, and useful PP&E data is essential to ensuring sound agency financial management. However, the current issues with the Property Management System, among the others identified in this audit report, will require focused senior leadership attention to ensure corrective actions are prioritized, potential risks are mitigated, and effective systems are in place.

<u>Independent Auditor's Reports on the Peace Corps' Financial Statements; Internal Control over Financial Reporting; and Compliance with Laws, Regulations, Contracts, and Grant Agreements</u>

In this audit, Williams Adley found the following:

- The financial statements were fairly presented, in all material respects, in accordance with GAAP.
- Three significant deficiencies in the Peace Corps' internal control over financial reporting:
    1) *Inadequate internal controls over property, plant, and equipment (PP&E).* Williams Adley cited that the Peace Corps did not have effective internal controls in place to account for PP&E after the prior property system was decommissioned in June 2024. In addition, the team identified discrepancies in reconciliations performed during the year.
    2) *The Peace Corps needs to strengthen its processes for implementing the requirements for reporting on leases.* Williams Adley cited that the process utilized by the Peace Corps was manually intensive, changed throughout the audit, and was not easily repeatable in the future. In addition, the highly manual process of collecting lease data and calculating the right-to-use asset and lease liability balances increases the risk of human error. Further, inaccurate and incomplete policies and procedures could result in an erroneous calculation of the right-to-use asset and lease liability balances, resulting in a misstatement.
    3) *Lack of effective information technology security.* Williams Adley cited a lack of compliance with IT security requirements, including, risk management; identity, credential, and access management strategy; training; lessons learned; and the agency-level Business Impact Assessment.
- One instance of reportable noncompliance related to provisions of applicable laws, regulations, contracts, and grant agreements, which are required to be reported under GAGAS or OMB guidance. The Peace Corps did not fully comply with the Federal Information Security Modernization Act of 2014 by not meeting the Department of Homeland Security's required maturity level of Managed and Measurable.

Williams Adley made 10 recommendations to address the significant deficiencies in internal control over financial reporting and 1 recommendation related to information technology security. The Peace Corps concurred with the conditions, criteria, and level of control deficiency identified in the report and concurred with the recommendations. The agency committed to implementing corrective actions in fiscal year 2025 to resolve the root causes of the significant deficiencies.

OIG Evaluation of Williams Adley's Audit Performance

In connection with the contract, OIG reviewed Williams Adley's report and related documentation and conducted follow-up meetings with its representatives. Our review, as differentiated from an audit in accordance with GAGAS, was not intended to express, and we do not express, opinions on the Peace Corps' financial statements or conclusions about the effectiveness of internal control or compliance with laws, regulations, contracts, and grant agreements. Williams Adley is responsible for the attached auditor's report dated November 14, 2024, and the auditor's conclusions expressed in the report. However, our review disclosed no instances where Williams Adley did not comply in all material respects with GAGAS.

We appreciate the cooperation and assistance of the Peace Corps' senior leaders and staff and Williams Adley representatives. If you or a member of the Peace Corps staff has any questions about Williams Adley's audit or our oversight of it, please contact Assistant Inspector General for Audit David Haney at 202.692.2958 or dhaney@peacecorpsoig.gov.

Attachment

cc:

David White, Deputy Director
Lauren Stephens, Chief of Staff
Ruchi Jain, General Counsel
Mia Mayberry, Chief of Operations and Administration
Karoun Tcholakian, White House Liaison
Michael Terry, Chief Information Officer
Francisco Reinoso, Associate Director for Management
Julie Nelson, Compliance Officer Audit Liaison

The Peace Corps Office of Inspector General contracted accounting and management consulting firm Williams, Adley & Company-DC LLP to perform the audit of the Peace Corps' financial statements.

WILLIAMS ADLEY

Peace Corps
Office of
Inspector General

Summary of Internal Control Issues Over the Peace Corps' Financial Reporting

FISCAL YEAR 2024

Background

We contracted with Williams, Adley & Company-DC LLP (Williams Adley), an independent certified public accounting firm, to audit the Peace Corps' financial statements as of September 30, 2024. The audit was conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 24-02, Audit Requirements for Federal Financial Statements.

As part of their review, Williams Adley considered the Peace Corps' internal control over financial reporting and compliance with provisions of applicable laws, regulations, contracts, and grant agreements to determine their auditing procedures for the purpose of expressing an opinion on the financial statements.

However, Williams Adley does not provide assurance on internal control over financial reporting or on compliance. Accordingly, they do not express an opinion on the effectiveness of the Peace Corps' internal control over financial reporting or on its compliance.

Results

The results of Williams Adley's review of internal controls identified three significant deficiencies and one instance of reportable non-compliance.

Furthermore, Williams Adley noted an additional concern regarding internal controls that does not rise to the level of material weakness or significant deficiency. This concern is reported in the following attached reports.

Summary of Recommendations

The 11 recommendations made in Williams Adley's reports are intended to assist in improving the Peace Corps' internal control or other operating efficiencies.

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WILLIAMS ADLEY

Independent Auditor's Report

Ms. Carol Spahn
Director
United States Peace Corps

Mr. Joaquin Ferrao
Inspector General
United States Peace Corps

In our audits of the fiscal years 2024 and 2023 financial statements of the Peace Corps, we found:

- the Peace Corps' financial statements as of and for the fiscal years ended September 30, 2024, and 2023, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles (GAAP);
- there were no material weaknesses in internal control over financial reporting based on the limited procedures we performed;[1] and
- one reportable instance of noncompliance for fiscal year 2024 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections detail (1) our report on the financial statements, which includes the required supplementary information (RSI)[2] and other information included with the financial statements[3]; (2) our report on internal control over financial reporting; (3) our report on compliance with laws, regulations, contracts, and grant agreements; and (4) agency comments.

Report on the Financial Statements

Opinion

In accordance with the U.S. Government Accountability Office's (GAO) Generally Accepted Government Auditing Standards (GAGAS) and the Office of Management and Budget (OMB) Bulletin No. 24-02, Audit Requirements for Federal Financial Statements, we have audited the Peace Corps' financial statements. The Peace Corps' financial statements include the balance sheets as of September 30, 2024, and 2023; the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended; and the related notes to the financial statements (hereinafter referred to as the "financial statements"). In our opinion, the Peace Corps' financial statements present fairly, in all material respects, the Peace Corps' financial

[1] A material weakness is a deficiency, or combination of deficiencies, in internal controls over financial reporting, 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. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.
[2] The RSI consists of "Management's Discussion and Analysis", which is included with the financial statements.
[3] Other information includes the financial statements, other than the RSI, and the auditor's report.

WILLIAMS, ADLEY & COMPANY-DC, LLP
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position as of September 30, 2024 and 2023, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with GAAP.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the U.S. and the U.S. GAGAS. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Peace Corps and meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Peace Corps management is responsible for:

- preparing and fairly presenting these financial statements in accordance with U.S. GAAP;
- preparing, measuring, and presenting the RSI in accordance with U.S. GAAP;
- preparing and presenting other information included in Peace Corps' Agency Financial Report, and ensuring that information is consistent with the audited financial statements and the RSI; and
- designing, implementing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives were to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and (2) issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of the financial statements conducted in accordance with U.S. generally accepted government auditing standards will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered to be material if there is a substantial likelihood that, individually or in aggregate, they would influence reasonable user based on the financial statements.

In performing this audit in accordance with U.S. GAGAS, we:

- Exercised professional judgment and maintained professional skepticism throughout the audit.
- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, and designed and performed audit procedures responsive to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures listed in the financial statements in order to obtain audit evidence that provided a sufficient and appropriate basis for our opinion.
- Obtained an understanding of internal controls relevant to our audit of the financial statements in order to design audit procedures that are appropriate in the circumstances,

but not for the purpose of expressing an opinion on the effectiveness of Peace Corps' internal control over financial reporting. Accordingly, no such opinion is expressed.
- Evaluated the appropriateness of the accounting policies used, the reasonableness of significant accounting estimates made by management, and the overall presentation of the financial statements.
- Performed other procedures we considered necessary under the circumstances.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the financial statement audit.

Required Supplementary Information

The U.S. GAAP, issued by the Federal Accounting Standards Advisory Board (FASAB), require the RSI to be presented as a supplement to the financial statements. Peace Corps management is responsible for such information and, although not a part of the financial statements, is required by FASAB, which considers it to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context.

We have applied certain limited procedures to the RSI in accordance with U.S. GAGAS. These procedures consisted of (1) inquiring of Peace Corps management about their methods for preparing the RSI and (2) comparing the RSI for consistency with Peace Corps management's responses to the auditor's inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit, and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

The Peace Corps' other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for the purposes of additional analysis and is not a required part of the financial statements or the RSI. Peace Corps management is responsible for the other information included in the Peace Corps' Agency Financial Report**.** The other information consists of information included within the financial statements that are not RSI and our report. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Internal Control over Financial Reporting

In connection with our audits of the Peace Corps' financial statements, we considered the Peace Corps' internal control over financial reporting, consistent with our auditor's responsibilities discussed below.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described below and was not designed to identify all deficiencies in the Peace Corps' internal control that might be material weaknesses or significant deficiencies,[4] or to express an opinion on the effectiveness of the Peace Corps' internal control over financial reporting. Given these limitations, during our fiscal year 2024 audit, we did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

As discussed in *Appendix I*, our audit identified three significant deficiencies in the Peace Corps' internal control over financial reporting pertaining to (1) property, plant, and equipment (PP&E), (2) leases, and (3) information security.

Although the significant deficiencies in internal control did not affect our opinion on the Peace Corps' fiscal year 2024 financial statements, misstatements may occur in unaudited financial information reported internally and externally by the Peace Corps because of these deficiencies.

Our assessment of the current status of the prior year significant deficiencies and noncompliance matter is presented in *Appendix III*.

In addition to the significant deficiencies, we also identified a deficiency in the Peace Corps' internal control over financial reporting that we do not consider to be a material weakness or significant deficiency. However, this deficiency warrants Peace Corps management's attention. We have communicated this matter to the Peace Corps in a separate management letter.

Basis for Results of Our Consideration of Internal Control over Financial Reporting

We performed our procedures related to the Peace Corps' internal control over financial reporting in accordance with U.S. GAGAS and OMB audit guidance[5].

Responsibilities of Management for Internal Control over Financial Reporting

Peace Corps management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for Internal Control over Financial Reporting

In planning and performing our audit of the Peace Corps' financial statements as of and for the fiscal year ended September 30, 2024, in accordance with U.S. GAGAS, we considered the Peace Corps' internal control relevant to the financial statement audit in order to design audit procedures

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[4] A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

[5] OMB Bulletin No. 24-02, Audit Requirements for Federal Financial Statements, issued on July 29, 2024. According to the guidance, for those controls that have been suitably designed and implemented, the auditor should perform sufficient tests of such controls to conclude on whether the controls are operating effectively (i.e., sufficient tests of controls to support a low level of assessed control risk). OMB audit guidance does not require the auditor to express an opinion on the effectiveness of internal control.

that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Peace Corps' internal control over financial reporting. Accordingly, we do not express an opinion on the Peace Corps' internal control over financial reporting. We are required to report all deficiencies that are considered significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that:

- transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. GAAP, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and
- transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of the Peace Corps' internal control over financial reporting and the results of our procedures. This report is not intended to provide an opinion on the effectiveness of the Peace Corps' internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S. GAGAS in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

In connection with our audits of the Peace Corps' financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibilities discussed below.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed one instance of noncompliance for fiscal year 2024 that would be reportable under U.S. GAGAS. As discussed in *Appendix II*, this instance of noncompliance is related to the Federal Information Security Modernization Act of 2014 (FISMA). However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to the Peace Corps. Accordingly, we do not express such an opinion.

Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

We performed our tests of compliance in accordance with U.S. GAGAS.

Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Peace Corps management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the Peace Corps.

Auditor's Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our responsibility is to test compliance with selected provisions of laws, regulations, contracts, and grant agreements applicable to the Peace Corps that have a direct effect on the determination of material amounts and disclosures in the Peace Corps' financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all provisions of laws, regulations, contracts, and grant agreements applicable to the Peace Corps. We caution that noncompliance may have occurred and not be detected by these tests.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. GAGAS in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

Agency Comments

In commenting on a draft of this report, Peace Corps' management provided a written response which is presented in *Appendix IV*. We did not audit the Peace Corps' response and, accordingly, we express no opinion on the response.

Williams, Adley & Company-DC, LLP

Washington, District of Columbia
November 14, 2024

Appendix I – Significant Deficiencies

A. Improper Internal Controls over Property, Plant, and Equipment (Updated, Repeat Finding)

Peace Corps management is responsible for the design and operation of its PP&E internal control framework. The PP&E control framework should include policies, procedures, reviews, and approvals to ensure that assets are properly identified, and all acquisition costs are accurately captured. A comprehensive internal control framework is critical for preventing errors in the financial statements, theft, lack of accountability, waste, fraud, abuse, and lack of responsiveness to changing risk and threats.

The Peace Corps Office of Management maintains several inventory tracking systems for various PP&E categories. For vehicles, the Peace Corps maintains a detailed vehicle tracking system (called the Vehicle Management Information System). The Peace Corps' information technology hardware, equipment, and furniture is maintained in the Property Management System (called Sunflower). Every month, the data from each of these property systems is reconciled with data in the asset management system, the Odyssey Fixed Asset module, specifically for assets that meet the capitalization threshold. However, in June 2024, the Peace Corps decommissioned Sunflower with plans to replace it with a new system, Maximo, in August 2024. As of the date of our draft report, this transition has not occurred.

Although the Peace Corps improved its internal controls over PP&E related to recording, capitalizing, and tracking property using Sunflower and Odyssey, it did not have effective internal controls in place to account for PP&E after Sunflower was decommissioned in June 2024. In addition, several discrepancies were noted in the Peace Corps' June 2024 Sunflower to Odyssey reconciliation. Both issues are described below.

<u>Lack of Internal Controls After Decommissioning Sunflower</u>

The Peace Corps did not have proper internal controls in place to accurately record property information after decommissioning Sunflower. To obtain property information, the Peace Corps Office of Management created property tracking spreadsheets. Headquarters departments and posts (herein referred to as "offices") were instructed to manually input data related to additions, disposals, transfers or other modifications to their respective properties into these spreadsheets. The Office of the Chief Financial Officer (OCFO) planned to use these spreadsheets to enter the property data into Odyssey. However, when we requested completed property tracking spreadsheets for a sample of 45 offices as of September 30, 2024, we were informed they were not being maintained or updated.

In response to our audit request, the Peace Corps instructed the sampled offices to complete the property tracking spreadsheets immediately. While we did receive the requested spreadsheets for review, much of the data was incomplete. Of the 35 offices[6] reporting addition or disposal activity, we noted the following issues:

- 24 offices did not provide placed-in-service dates for additions,
- 7 offices did not provide asset cost information, and

[6] Ten offices sampled reported no addition or disposal activity during the quarter.

Appendix I – Significant Deficiencies

- 2 offices provided an inventory report, rather than the property tracking spreadsheet.

Due to incomplete data, OCFO could not use the spreadsheets to record capital assets at year-end and we could not rely on them to determine the accuracy of the 4th quarter additions and disposals. Therefore, to get comfort with the year-end balances, the Peace Corps estimated property additions by running a list of payables from Odyssey charged to certain object classes that were likely to contain property and then compared this total to an average of 4th quarter additions in previous years to determine reasonableness and likely impact to the PP&E, Net line item on the Balance Sheet. This method yielded an estimated $395,633 of property that was added to PP&E that was not being monitored or recorded as assets during the 4th quarter.

This condition occurred because the Peace Corps did not properly plan for a timely transition from Sunflower to Maximo or assess the risks of the transition. As a result, the Peace Corps has been operating without a property tracking system in place for an extended period of time. Furthermore, the manual property tracking process the Peace Corps developed during the transition period was not properly monitored to ensure the offices were making the requested updates.

<u>Sunflower to Fixed Asset Listing Reconciliation Discrepancies</u>

Until the retirement of Sunflower in June 2024, OCFO conducted monthly reconciliations between the Fixed Asset Listing and Sunflower. However, we identified instances in which the monthly reconciliations did not identify all the discrepancies. Specifically, our reconciliation as of June 27, 2024, of the Fixed Asset Listing and Sunflower identified the following discrepancies:

- Two capital assets, with a net book value of $743 as of June 27, 2024,[7] were recorded in Sunflower but never recorded in Odyssey. As these assets were not recorded in Odyssey, the PP&E line item on the Balance Sheet is understated.
- For one of the two assets identified in the previous bullet, the Peace Corps incorrectly recorded the acquisition cost of the asset as $26,720, rather than the actual acquisition cost of $33,502.
- Two assets had incorrect status classifications between Odyssey and Sunflower. Specifically, one asset related to information technology hardware had an inaccurate asset status of “retired” in Odyssey. This asset is still in use and was appropriately classified as “active” in Sunflower. A different asset related to equipment was inaccurately classified as “active” in Sunflower, despite being disposed of in fiscal year 2012. Since the dollar value of the two assets had been accurately recorded in Odyssey, there is no impact to the financial statements.

The Peace Corps has a de-centralized process over capitalized assets and lacks compliance with existing policies and procedures, which has led to a repeat significant deficiency in fiscal years 2019 through 2021 and fiscal year 2023 and a material weakness in fiscal year 2022.

There are many offices involved with managing property. The Office of Management, Administrative Services and Office of the Chief Information Officer are responsible for recording

[7] Although the net book value as of September 30, 2024, is below the capitalization threshold, the initial value of these two assets totaled $83,489.

and managing the physical property, while the OCFO is responsible for the financial implications of these assets.

A lack of complete and accurate financial information regarding PP&E could result in the following:

- Loss of asset accountability, which introduces operational risk related to the ability to execute the Peace Corps' mission.
- Decrease in the uniformity and standardization of procedures, resulting in inconsistent treatment of assets and increasing the difficulty in completing consolidated reports.
- Increased risk of misstatement to the financial statements due to the Peace Corps' lack of an inventory tracking system and lack of controls around recording, capitalizing, and tracking property.

The Peace Corps' Domestic Financial Management Handbook, Chapter 22, published July 27, 2023, sets the following criteria for property management.

<u>22.5.C Tracking and Reporting of Capital Assets</u>

> The corresponding office that has custody of the capital assets must track the PP&E in all phases of its useful life, from the time the asset is delivered and accepted, until disposal when the asset is finally retired from service. All actions associated with capital assets must be monitored, tracked and recorded (including transfer between offices and Post/HQ).

<u>22.5.E Retention of Supporting Documentation</u>

> Although OCFO/AFR shall be the official record keeper of all PP&E or capital asset transactions, the Property Officer responsible for the asset should maintain supporting documentation for asset purchases, transfers, and disposals. All supporting documentation must be filed and organized for any possible future audits or verification purposes.

<u>22.5.F Internal Controls</u>

> The management controls for the PP&E process include the following:
>
> 1. Recordation of capital asset and changes to capital assets are verified by OCFO/AFR against acceptable backup documentation, such as copy of approved invoice, proceed of sales information, Leasehold Tracking Spreadsheet, Labor Hours Tracking Spreadsheet, or disposal record.

Recommendations: Although the Peace Corps did not remediate Recommendation 1 from the prior year's findings,[8] we have closed the recommendation because it is no longer applicable to

[8] Recommendation 1 from the fiscal year 2023 financial statements audit report recommended that the Peace Corps: "Enhance the reconciliations of Sunflower (the source system) and Fixed Asset module to ensure the reconciliations take into consideration the asset status in the source system (retired assets and assets with no purchase order number should be removed from Sunflower). When differences are identified, they should be investigated and resolved within a timely manner."

the current Peace Corps environment after the Sunflower system was decommissioned during fiscal year 2024.

We recommend that the Peace Corps Office of Management:

1. Establishes a process and procedure for all Peace Corps offices to record property on tracking spreadsheets and provide those spreadsheets to the Office of Management on a monthly basis, until Maximo is fully operational. Follow-up with any offices that are not adequately submitting the information.
2. Establishes a plan with milestones and timelines to fully implement Maximo as soon as possible and work with OCFO and the offices to ensure all applicable property data is transferred into the system.

We recommend that the Peace Corps OCFO:

3. Perform monthly reconciliations of information entered on the property tracking spreadsheets with payable data in Odyssey and research any discrepancies to ensure the completeness and accuracy of the property tracking spreadsheets.
4. Once Maximo is operational, perform monthly reconciliations between Maximo and Odyssey and investigate any differences. Coordinate with the Compliance and Risk Office to review the initial reconciliations to ensure it is designed and operating effectively.

B. The Peace Corps Needs to Strengthen its Process for Implementation of Statement of Federal Financial Accounting Standard 54 (Lease Reporting)

Peace Corps' management is responsible for the design and operation of its PP&E internal control framework for leases. The PP&E control framework should include policies, procedures, reviews, and approvals to ensure that data related to these leases is accurately captured, reported and disclosed. A comprehensive internal control framework is critical for preventing errors in the financial statements, lack of accountability, and lack of responsiveness to changing standards and guidance.

To meet programmatic and administrative objectives, the Peace Corps enters into long-term and short-term leases and rental agreements. The lease agreements are for both domestic and overseas operations and are primarily for occupancy of commercial and residential space. Most Peace Corps leases are awarded by Overseas Contracting Officers (OCO) at Peace Corps Posts overseas, and the lease records are held as part of the OCO's contract files.

The Peace Corps was able to create a materially complete listing of all leases and record and disclose materially accurate right-to-use lease asset and lease liability balances in accordance with the Statement of Federal Financial Accounting Standard (SFFAS) 54[9] and OMB A-136. However, the process used by the Peace Corps was manually intensive, changed throughout the audit based

[9] SFFAS 54 was issued on April 17, 2018, and was effective for periods beginning after September 30, 2023. This standard revised the financial reporting standards for Federal lease accounting. SFFAS 54 requires that Federal lessees (which includes the Peace Corps) recognize a lease liability and a lease asset at the commencement of the lease term, unless it meets the scope exclusions or the definition/criteria of a non-intragovernmental short-term lease, contract or agreement that transfers ownership, or intragovernmental lease.

on feedback from the auditors, and not designed in a manner to be easily repeatable in future years. Specifically, we noted the following:

- Incomplete Policies and Procedures.

  The Peace Corps provided a documented overview of the nature of their leases, their process for creating a complete lease listing, and their process for updating the Present Value (PV) Lease Template (the template created by the Peace Corps to calculate lease balances). While the Peace Corps did define the data element fields used in the PV Lease Template, many of the significant accounting judgements made universally for valuing the leases' liability and associated right-to-use asset amounts were not documented.

  Specifically, we noted the following policy decisions were either not documented or were documented but lacked a reasoning for the policy decision:

  - Probability of exercising extension period;
  - Probability of exercising purchase options;
  - Probability of exercising termination options & termination penalties;
  - Date for which the 5-year Treasury rate is applied;
  - Foreign currency exchange rate;
  - Rounding assumptions for lease terms and payment periods;
  - Lease start and end date; and
  - Payment escalations.

- Inaccurate Methodology for Calculating the Right-to-Use Asset and Lease Liability Balances.

  After review of the Peace Corps' property process narrative and PV Lease Template, we determined that the Peace Corps elected to use the average payment of the base year when calculating the present value of future payments. As SFFAS 54 requires the lease liability be calculated using fixed payment amounts, we determined that the Peace Corps' methodology for calculating the right-to-use asset and lease liability balances with leases with escalating payments[10] was not in accordance with SFFAS 54.

  While the Peace Corps ultimately created a separate methodology to calculate the right-to-use asset and lease liability balances for leases with escalating payments, had we not identified this issue, the balance would have been materially misstated. Regardless, the property process narrative has not been updated to reflect the new methodology related to leases with escalating payments.

- Methodology Failed to Calculate all Required Balances for Reporting.

  SFFAS 54 and OMB A-136 requires agencies to not only report the right-to-use asset and lease liability balances on their balance sheet, but also to disclose the principal and interest information about future lease payments. While the Peace Corps calculated the principal

[10] For the purposes of this finding, the term "escalating payments" involves situations in which the rent payments in the lease varies over the course of the lease term.

Appendix I – Significant Deficiencies

payments made during fiscal year 2024 in the aggregate, the PV Lease Template did not calculate the principal payments or interest at the individual lease[11] or lease grouping[12] levels to disclose the information in accordance with A-136 in the footnotes.

While the Peace Corps ultimately created two additional methodologies to calculate the principal and interest payment information for non-escalating and escalating leases, the methodologies were refined based on our feedback and were not finalized until October 28, 2024. In addition, the property process narrative has not been updated to reflect the new methodologies related to calculating the principal and interest information about future lease payments.

- Manual Process for Lease Listing Verification.

Due to the lack of specific lease reference information on disbursement transactions and the lack of a central repository for collecting and retaining lease documents or lease data, the Peace Corps performed a time-intensive, manual process to create a lease population of all active leases as of August 31, 2024.

In June 2024, the Office of Management worked with the three regions' Chief Administrative Officers to conduct a data call to all overseas Posts, asking each Post to provide a digital copy of all current lease documents. Concurrently, OCFO conducted a similar data call with the Peace Corps headquarters offices to identify any pertinent domestic lease agreements in place. OCFO also consulted with the Acquisition and Contract Management team to identify any lease agreements awarded by their department's Contracting Officers, who are responsible for the Peace Corps' contracting within the United States.

To validate the accuracy of the data call results, OCFO identified and reviewed three separate reports that provided more comprehensive visibility into the lease transactions recorded in the financial system. All variances identified during this review were investigated. OCFO identified more than 40 additional leases for inclusion on the lease listing.

To update the lease listing as of September 30, 2024, OCFO reviewed the three reports to monitor new obligations and/or lease payments to identify any new leases established in the remaining reporting period. The OCFO also used the lease dates recorded in the lease listing as of August 31, 2024, to investigate any leases scheduled to end before September 30, 2024, to ensure any renewal or replacement lease was also captured.

[11] The Peace Corps current methodology involves calculating the right-to-use asset and lease liability balances for leases with no escalating clause at the individual lease level.

[12] The Peace Corps current methodology involves calculating the right-to use asset and lease liability balances for leases with an escalating clause by group similar leases together and calculating the balances for each group, which is allowable per section II.3.2.4. Liabilities – Lease Liabilities of OMB A-136.

Appendix I – Significant Deficiencies

> While the Peace Corps ultimately conducted procedures that created a complete lease listing as of September 30, 2024, this process is not sustainable, efficient, nor easily repeatable.

These conditions occurred because the Peace Corps had not established sufficient or repeatable policies, procedures, or an overall strategy for recording its leases in accordance with SFFAS 54 or for disclosing its leases in compliance with OMB A-136. As a result, the Peace Corps did not have sufficient resources, systems, or process in place. For example:

- Although policies related to the implementation of SFFAS 54 were established, those policies were insufficient and incomplete to ensure leases were recorded and disclosed in accordance with SFFAS 54.
- A central repository of leases or a process by which to collect and maintain lease data does not exist.
- There are no systems to ensure lease data is captured in a way that allows the Peace Corps to automatically determine a complete lease population or calculate the various lease balances required to be reported and disclosed.

Further, several offices are involved with managing leases, which creates a decentralized recording and disclosure process. The OCO is responsible for awarding and maintaining overseas leases, the Office of Management is responsible for awarding and maintaining domestic leases, and the OCFO is responsible for the financial implications of leases.

While the Peace Corps' right-to-use asset and lease liability balances were materially accurate in their financial statements, the Peace Corps was not able to disclose all required lease information in accordance with OMB A-136. In addition, the highly manual process of collecting lease data and calculating the right-to-use asset and lease liability balances increases the risk of human error and creates barriers for effective and efficient reperformance in future years. Further, inaccurate and incomplete policies and procedures could result in erroneous calculation of the right-to-use asset and lease liability balances, resulting in misstatement.

The criteria for accounting for and reporting on leases are the following:

Statement of Federal Financial Accounting Standard 54, paragraph 40 states:

> A lessee initially should measure the lease liability at the present value of payments expected to be made during the lease term. Measurement of the lease liability should include the following, if required by a lease: a. Fixed payments.

OMB Circular No. A-136, *Management's Responsibility for Internal Control, II.3.2.3 Assets – General Categories* states:

> **Other Liabilities – Lease Liabilities.** Regardless of how the lease liability was derived, management should adequately document how they concluded that the reported amount is reasonable and in conformity with GAAP [Generally accepted accounting principles] in all material respects.

Appendix I – Significant Deficiencies

Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government* (GAO-14-704G), states:

> **Section 10.3.** *Appropriate documentation of transactions and internal control.* Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained. […]
>
> **Section 16.05.** Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions. Ongoing monitoring may include automated tools, which can increase objectivity and efficiency by electronically compiling evaluations of controls and transactions. […]
>
> **Section 16.08.** Management retains responsibility for monitoring the effectiveness of internal control over the assigned processes performed by service organizations. Management uses ongoing monitoring, separate evaluations, or a combination of the two to obtain reasonable assurance of the operating effectiveness of the service organization's internal controls over the assigned process. Monitoring activities related to service organizations may include the use of work performed by external parties, such as service auditors, and reviewed by management.

Recommendations:

We recommend that the Peace Corps OCFO:

1. Develops and document a process for adopting and implementing new accounting standards and guidance going forward, including, but not limited to, the implementation of the embedded leases[13] portion of SFFAS 54.
2. Update its policy to include all assumptions used and the reasoning behind those assumptions.
3. Determines what information needs to be captured at a transaction level to allow for the identification of the lease and the type of lease (escalating vs. non-escalating) at the disbursement transaction level.
4. Updates its current lease calculation methodologies to better align with SFFAS 54 and to calculate the interest expense and interest payments.

[13] Embedded leases is a common industry term that generally describes contracts or agreements that contain lease components and non-lease components, such as service components, and serve a primary purpose attributable to the non-lease components. The Peace Corps has not developed a process to identify and analyze contracts or agreements to determine if they are classified as an "embedded leases" under SFFAS 54, and thus subject to the same lease reporting requirements. SFFAS 62: Transitional Amendment to SFFAS 54 allows agencies to defer the application of SFFAS 54 requirements to embedded leases.

Appendix I – Significant Deficiencies

We recommend that the Peace Corps Office of Management:

5. Develops and implement a process to capture the information needed to identify a lease, to allow for automation of calculating, reporting, and disclosing required lease balances.
6. Ensures the new processes developed to identify and record leases are adequately communicated to impacted personnel, both in writing and through trainings.

C. Information Technology Security (Modified, Repeat Finding)

The Peace Corps was not in compliance with FISMA. All five FISMA functions, inclusive of nine domains did not meet the Department of Homeland Security's required maturity level, managed and measurable. Specifically, the design and operational weaknesses associated with key FISMA domains are summarized below for fiscal year 2024:

- The Peace Corps has not fully implemented an agency-wide risk management program to manage risks across the organization at all three levels (entity, business process, system). Specifically, the Peace Corps has not fully incorporated cybersecurity risks into their enterprise risk management program and has not identified and defined requirements for an automated solution that provides a centralized, enterprise-wide view of cybersecurity risks across the organization.
- The Peace Corps is still in the early stages of establishing its supply chain risk management program.
- The Peace Corps has recently finalized its Information Security Continuous Monitoring strategy processes and activities to address prior year recommendations and is still in early stages of implementing this new strategy.
- The Peace Corps has not finalized a strategy to guide the organization's Identity, Credential, and Access Management program. In addition, the policies and procedures to support this strategy have not been fully developed to include the roles and responsibilities of its stakeholders.
- The Peace Corps did not fully implement its Data Loss Prevention tool and the Peace Corps did not consistently implement privacy awareness training requirements (basic privacy awareness training and role-based privacy training).
- The Peace Corps did not consistently capture and share lessons learned to demonstrate the effectiveness of its incident handling activities and post-incident analysis.
- The Peace Corps has not fully developed an agency-level Business Impact Analysis and did not integrate the results into strategy and other plan development efforts.

Peace Corps management has not implemented a complete and effective information security program throughout the Peace Corps at the organization, business, and information system levels.

Without implementing an effective information security program, the Peace Corps may be unable to manage information security risks which could ultimately result in potential damage, including system downtime, unauthorized access, changes to data, data loss, or operational failure.

The criteria related to Information Technology Security is as follows:

Appendix I – Significant Deficiencies

GAO Federal Information System Controls Audit Manual (FISCAM) 1.2 states:

> Without effective general controls, business process application controls can generally be rendered ineffective by circumvention or modification.

GAO FISCAM 2.3 states:

> If one or more of the nine control categories are not effectively achieved, IS [Information System] controls are ineffective, unless other factors sufficiently reduce the risk.

GAO FISCAM Security Management (SM)-2 states:

> According to FISMA, federal agencies must periodically assess the risk and magnitude of the harm that could result from the unauthorized access, use, disclosure, disruption, modification, or destruction of information and information systems that support their operations and assets. Policies and procedures are based on risk, and the rigor of management testing and evaluation of information security should also be based on risk.

GAO FISCAM SM-5 states:

> An important element of risk management is ensuring that policies and controls intended to reduce risk are effective on an ongoing basis. Effective monitoring involves the entity performing tests of IS controls to evaluate or determine whether they are appropriately designed and operating effectively to achieve the entity's control objectives.

FISMA directs agency heads to ensure that:

> (1) information security management processes are integrated with budgetary planning;
> (2) senior agency officials, including chief information officers, carry out their information security responsibilities; and
> (3) all personnel are held accountable for complying with the agency-wide information security program.

Recommendation:

We recommend that the Peace Corps:

1. Implements the provided FISMA recommendations from the Peace Corps OIG Report on FISMA (IG-25-01-SR) to mature and improve its information security program.

D. Noncompliance with Laws, Regulations, Contracts, and Grant Agreements – FISMA (Updated, Repeat Finding)

FISMA requires agencies to provide the appropriate information security controls corresponding with the risk and potential harm of not having those controls in place. The heads of agencies and OIGs are required to annually report on the effectiveness of the agencies' security programs. As noted in its Assurance Statement included in its Agency Financial Report, the Peace Corps disclosed an instance of noncompliance with FISMA that is required to be reported under GAGAS and OMB Bulletin No. 24-02, *Audit Requirements for Federal Financial Statements*. By not complying with FISMA, the Peace Corps has potentially weakened security controls which could adversely affect the confidentiality, integrity, and availability of information and information systems.

The OIG has provided the Peace Corps' management with a separate report that further details the status of compliance with FISMA requirements in the Peace Corps' systems and provides recommendations for improvement. Please refer to Finding C regarding Information Technology Security (Updated, Repeat Finding) for high-level details.

Appendix III - Status of Prior Year Findings and Recommendations

Our assessment of the current status of the prior year findings is presented below.

Prior Year Finding	**Current Status**
2019-06: Improper Internal Controls over Property, Plan, and Equipment (Significant Deficiency)	**Open**. Finding has been updated and repeated as Finding A in *Appendix I*.
2018-05: Information Technology Security (Significant Deficiency)	**Open**. Finding has been updated and repeated as Finding C in *Appendix I*.
FISMA (Non-Compliance)	**Open**. Finding has been updated and repeated as Finding D in *Appendix II*.

Appendix IV – Agency Comments

Peace Corps

November 12, 2024

Mr. Kola A Isiaq, CPA
Managing Partner
Williams Adley & Company, LLP
1016 16th Street, NW, Unit 400
Washington, DC 20036

Dear Mr. Isiaq,

This letter represents the response of the Peace Corps to your draft Independent Auditor's Report, received November 6, 2024. We are pleased with your issuance of an unmodified (clean) audit opinion. The Peace Corps management reviewed the Notice of Findings and Recommendations for three significant deficiencies issued by Williams Adley, in connection with the audit of our financial statements for fiscal year (FY) 2024. We concur with the conditions, criteria, and levels of control deficiency identified. We have established corrective action plans to address the root cause of these audit findings. We are dedicated to resolving these issues in FY 2025, as we continuously strive to improve our internal control environment.

Improper Internal Controls over Property, Plant, and Equipment (Modified Repeat Finding)
Response: Concur

In FY 2024, the Peace Corps updated policies and procedures governing Bulk Assets. The Peace Corps revised its policies to provide clear guidelines on the determination of vehicle in-service dates and the corresponding timing for recording such information in VMIS. In FY 2025, the Peace Corps will establish a process for ensuring all Peace Corps offices record property on the tracking spreadsheets and provide those spreadsheets to the Office of Management monthly, until Maximo is fully operational. The Peace Corps will monitor compliance and take appropriate action with offices that fail to submit timely or adequate property tracking spreadsheets. The Peace Corps will establish a plan, with milestones and timelines, to fully implement Maximo as soon as possible and ensure all applicable property data is transferred into the system. The Peace Corps will perform monthly reconciliations of information on the property tracking spreadsheets with payable data in the financial system and will identify and resolve any discrepancies to ensure the completeness and accuracy of the property tracking spreadsheets. The Peace Corps will perform monthly reconciliations between inventory management systems and the financial system, investigate any differences, and coordinate with the agency's Compliance and Risk Office to ensure initial reconciliations with Maximo are designed and operating effectively.

Estimated Completion Date: September 2025

The Peace Corps Needs to Strengthen its Process for Implementation of Statement of Federal Financial Accounting Standard 54 (Lease Reporting) (New Finding)
Agency Response: Concur

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Appendix IV – Agency Comments

In FY 2025, the Peace Corps will document a process for adopting and implementing new accounting standards and guidance. The Peace Corps will update its Lease Reporting policy to include all assumptions used and the reasoning behind those assumptions. The Peace Corps will determine the specific transaction data required to accurately identify and categorize leases. The Peace Corps will develop a process to capture lease transaction information to allow for automation of calculating, reporting, and disclosing required lease balances. The Peace Corps will update its current lease calculation methodologies to ensure better alignment with SFFAS 54. The Peace Corps will ensure new lease reporting processes are adequately communicated, both in writing and via trainings, to impacted personnel.

Estimated Completion Date: September 2025

Information Technology Security (Modified, Repeat Finding)
Agency Response: Concur

In FY 2024, the Peace Corps Enterprise Risk Management (ERM) program continued to operate as planned based on progress made in FY 2023, and consistent with the program goals outlined in the integrated ERM Program Plan. Notable ERM updates in FY 2024 included updates to the agency Risk Appetite Statement, office-level Risk Registers, the agency Risk Profile and closer integration of Cybersecurity into the ERM program activities. The Peace Corps dramatically improved its cyber incident detection and response capabilities, providing 24/7 monitoring, more highly trained staff, and improved toolsets. In addition to this improved capability, the organization updated its breach and cybersecurity incident response frameworks to provide better accountability, alignment, and consistent processing. The Peace Corps improved its vulnerability management procedures providing better oversight and performance. These enhanced procedures improve responsiveness to identified vulnerabilities and ensure disciplined risk evaluation and mitigation processes are followed. In FY 2025, the Peace Corps will continue to leverage successes noted in FY 2024 related to the integration of Cybersecurity into ERM. Having now identified the National Institute of Standards and Technology Interagency or Internal Report (NISTIR) 8286 requirements, and having clarified Cybersecurity vs. ERM roles, incremental work can continue during FY 2025 to continue maturing integration efforts. The Peace Corps will continue to implement its Information Security Continuous Monitoring (ISCM) strategy, to include the definition of roles and responsibilities and development of security metrics to measure effectiveness. The ISCM will be updated to ensure that it addresses risk management at the organization, mission, and information system levels. The Peace Corps will continue implementation activity as defined in the 2024-2026 ERM Program Plan. This will include better integration of current risk management information into agency decision making.

Estimated Completion Date: September 2025

Thank you and we appreciate the opportunity to respond to the draft Independent Auditor's Report pertaining to the FY 2024 Financial Statements Audit.

Sincerely,

Carol Spahn
Director

Paul D. Coverdell Peace Corps Headquarters
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Other Information

A Peace Corps Volunteer in Ghana teaches a class of students.

PEACE CORPS
Office of
INSPECTOR
GENERAL

Management and Performance Challenges

Fiscal Year 2024

In accordance with the Reports Consolidation Act of 2000, the Peace Corps Office of Inspector General (OIG) is submitting what it has determined to be the most significant management and performance challenges facing the Peace Corps.

Management and performance challenges are based on the Inspector General's observations from the work performed by OIG, as well as information uncovered during OIG's oversight responsibilities.

Significant Management and Performance Challenges Facing the Peace Corps

OIG identified the Peace Corps' most significant challenges based on the results and findings of its audit, evaluation, and investigation work, as well as the information uncovered from OIG's oversight responsibilities:

- Volunteer Delivery System;
- Volunteer Healthcare and Safety;
- Human Capital Management; and
- Information Technology Security Management

Addressing the issues related to these challenge and performance areas will enhance the agency's operational efficiencies, minimize potential fraud, waste, and abuse, and improve mission effectiveness.

Challenge: Volunteer Delivery System

Why This Is a Challenge

As the Peace Corps continues to return Volunteers to the field following the COVID-19 global pandemic, Volunteer applicant numbers are low compared to years prior to the 2020 global evacuation of Volunteers. In its Fiscal Year (FY) 2025 Congressional Budget Justification (CBJ), the Peace Corps reported that "application numbers remain well below pre-pandemic levels and are insufficient to fully meet the robust demand for Volunteers worldwide."

Based on agency reporting, the Peace Corps has seen a steady decline in the agency's global fill rate[1] at enter-on-duty, from 94 percent in FY 2019 to 63 percent in FY 2023. The fill rate for FY 2024 was recorded as 45 percent. During this period, the Peace Corps had a total of 1,577 Volunteers who entered on duty; however, participating countries requested a combined total of 3,508 Volunteers.

In the past few years, the Peace Corps has not met its own Volunteer and Trainee onboard strength expectations. In March 2023, the agency reported in its FY 2024 CBJ that it expected a total of 5,180 Volunteers by the end of FY 2024. However, the agency lowered its expected numbers in the FY 2025 CBJ, stating that they planned to onboard 3,620 Volunteers instead; a more than 30 percent decrease from initial expectations.

At the end of FY 2024,the agency had only 3,338 Volunteers in service. The Peace Corps is currently projecting 4,590 Volunteers by the end of FY 2025. However, if current trends do not improve, the agency again risks not meeting its expectations.[2]

The agency explained in its FY 2025 CBJ that: "In the face of robust economic growth and one of history's most competitive job markets, the Peace Corps is experiencing the same recruiting headwinds that have negatively affected other service-focused organizations. As trends show volunteerism is on the decline in the U.S., effective recruitment and marketing are more critical than ever to inspire the next generation of Volunteers to serve."

The Council of the Inspectors General on Integrity and Efficiency's (CIGIE) 2023 Top Management and Performance Challenges Facing Multiple Federal Agencies (herein CIGIE's Top Challenges Report) also noted that the competitive labor market poses a challenge for hiring within the Federal Government, as private sector positions can be more attractive to new and established professionals.

The Peace Corps' personnel turnover and vacancies have also hampered the agency's ability to recruit and place returned Volunteers into available agency positions. Staff in the Office of Volunteer Recruitment and Selection (VRS) report that there are widespread and longstanding vacancies for Peace Corps Recruiter positions. In FY 2024, the agency reported that it did not meet its related strategic plan performance goal to make improvements to the Volunteer Delivery

[1] Fill rates reflect the number of invitees as a percentage of the total Volunteer requests.

[2] Additionally, in March 2022, according to its FY 2023 CBJ, the Peace Corps expected to have 3,900 Volunteers and Trainees onboard by the end of FY 2023. According to its FY 2024 CBJ, the agency lowered its expectations to only 2,530 by the end of FY 2023.

System (VDS)[3] due to high turnover and understaffing.

Progress in Addressing the Challenge

The VDS Steering Committee, a group consisting of agency senior leadership from each office that oversees the VDS, developed 12 priorities to help with Volunteer recruitment and selection challenges.

In 2023, the agency hired and onboarded a new Associate Director of VRS who has engaged in a review on how to improve VRS's Federal Employee Viewpoint Survey (FEVS) results. Between 2022 and 2023, staff ratings on leadership improved somewhat. In 2022, nearly half (47.5 percent) of staff in VRS had a negative response to the statement, "In my organization, senior leaders generate high levels of motivation and commitment in the workforce." In 2023, the percentage of staff who provided a negative response went down to 36.1 percent.

In FY 2024, the Peace Corps Director announced the agency will launch three recruitment pilots in select Posts in the Africa region to gauge whether these changes will increase the number of approved applications and accepted invitations. The first pilot is a one-year service model; the second pilot will allow Volunteers to take 15 days of leave midway through service; and the third pilot will increase the readjustment allowance for Volunteers.

The agency also established a performance goal to recruit and retain Volunteer candidates by updating the VDS and related processes to align with the Posts' desired Volunteer competencies and technical experiences. In August 2023, the agency reviewed this goal and subsequently readjusted it to focus on retention by strengthening recruitment and outreach activities across VRS and the Peace Corps Response Office (which includes Response Volunteers and Virtual Service Pilot operations). The Peace Corps has taken actions to integrate Peace Corps Response Volunteer recruitment, placement, and pre-departure activities into agency operations to streamline the process for the Posts to request and receive Volunteers for all service types.

Additionally, OHS worked with a process improvement contractor to enhance its medical clearance process. In July 2024, the Peace Corps reported that the process improvements implemented thus far have resulted in a reduction in time it takes to clear invitees.

In FY 2023, the Peace Corps unveiled a new marketing campaign, entitled "Bold Invitation," which called on "motivated changemakers to advance the agency's mission to spread world peace and friendship through international service." In the FY 2025 CBJ, the Peace Corps reports that the Bold Invitation campaign supported an 82 percent increase in applications compared to FY 2022 applications.

However, the agency recognizes that it needs to continue its targeted marketing campaign. Peace Corps included an increased request of $2.5 million in its FY 2025 CBJ to "continue investments to attract and recruit talented and motivated Volunteers who represent the wide diversity of our nation's communities, geographies, and cultures. The additional investment will allow the Peace Corps to conduct more targeted outreach and meet

[3] The FY 24 CBJ states, "VDS includes the agency's processes, tasks, tools, and cycles from initial potential applicant engagement to Enter on Duty (EOD) and includes activities to recruit, place, and retain candidates for service and deliver Volunteers to Posts."

potential Volunteers where they are: traditional media, social media, colleges, universities, professional organizations, and communities across the U.S."

What Needs to Be Done

To ensure that the Posts' requests for Volunteers are met, the agency should prioritize improvements to VRS's programmatic deficiencies, including staffing shortages and turnover, as well as address leadership and management concerns expressed in the FEVS results. In FY 2024, OIG launched an evaluation to assess the challenges impacting VDS.

The Peace Corps Director has emphasized that the agency's goals are not just about the Volunteer numbers, but also in the quality of Peace Corps' systems, its programs, and in meeting the needs of its host country partners. The agency established "Reimagine Service" as one of its three strategic objectives in the Peace Corps' Strategic Plan FY 2022 - 2026 in response "to evolving host country priorities by returning skilled Volunteers to service and expanding service models."

For example, the agency reports that it is planning to continue its virtual service pilot in 52 Posts in FY 2025, allowing qualified U.S. citizens who cannot currently serve overseas to support the Peace Corps by donating their voluntary services, and allowing the agency to partner with communities where in-person service is not possible.

The agency should continue to communicate its expectation to implement new service models, closely coordinate with stakeholders, and align its authorities, resources, and policies to effectively advance its mission and vision. As the agency makes progress with its goals to return skilled Volunteers to service and expand its service models, it is critical that the agency continues to address the challenges that impact the deployment of Volunteers to the Posts.

Key OIG Resources:

Final Report on Evaluation of the Volunteer Delivery System (2003)

Evaluation of Impacts of the Five-Year Rule on Operations of the Peace Corps (2012)

Final Program Evaluation Report: Follow-up Evaluation of the Volunteer Delivery System (2010)

Evaluation of Peace Corps/Medical Clearance System (2008)

Challenge: Volunteer Health and Safety

Why This Is a Challenge

Since the Peace Corps' establishment in 1961, Volunteer healthcare has been a critical component of agency operations. The variability in health conditions and medical infrastructure among the 61 countries where Volunteers currently serve will always present significant challenges for the agency. In addition, post-pandemic mental health issues have further strained the agency's capacity to support Volunteers. According to Peace Corps' FY 2025 CBJ, the Peace Corps requested an additional $2.7 million due to an increased need to provide Volunteers with mental health services.

Volunteer Healthcare

Recent OIG findings on Volunteer healthcare have highlighted issues with medical emergency preparedness. In the re-entry health and safety reviews of six Posts that OIG completed between FYs 2022 and 2024, OIG found that three of the Posts had Medical Action Plans that did not fully comply with agency policies. OIG also found that four of the six Posts reviewed did not meet agency requirements to assess its medical providers and facilities at least once every 3 years.

In 2024, OIG issued a Management Advisory Report (MAR) that reviewed a sample of nine Posts' Medical Action Plans and provider and facility assessments. OIG found that the Posts reviewed were out of compliance with agency guidelines for completing Medical Action Plans and provider and referral facility assessments. OIG found several reasons for noncompliance, to include the following: 1) headquarters did not provide clear instructions on their implementation; 2) the guidance itself was not clear and consistent, and 3) there was inconsistent oversight of Posts' OHS compliance.

Medical Technical Guidelines

OIG also completed an evaluation of the Peace Corps Office of Health Services' (OHS) policies and procedures for updating Medical Technical Guidelines (TG) in FY 2024 (herein TG evaluation).

OHS operates the healthcare delivery systems for Trainees and Volunteers serving abroad, and the Peace Corps Medical Officers (PCMO) act as the primary healthcare providers for Volunteers and Trainees overseas. OHS issues TGs to provide programmatic and clinical guidance for operating the Volunteer Health System. According to one staff member interviewed by OIG, TGs are the "backbone" of OHS and provide a structure by which care is delivered to Volunteers.

The TG evaluation found that the TGs are a valuable tool for PCMOs, but OHS's process for updating TGs could be improved. At the time of our review, OHS staff reported that consistently a significant number of TGs were out of date, and that it was hard to ensure TGs were updated every three years, as required by agency policy.

OIG found that only one person was responsible for tracking TG updates and was doing so by manually maintaining the information on a spreadsheet. Many of the interviewed staff indicated that the agency needs an automated system to manage the TGs and support their updating process, which the agency has been in the process of developing.

OIG has found through previous work that outdated TGs pose a risk to the agency and to the health and safety of Volunteers. OIG concluded that PCMOs rarely report problems regarding the TG's informational content or accessibility, and that the PCMOs do not have a clear process for flagging TGs that need to be reviewed for updates.

Sexual Assault Prevention and Response

For more than a decade, the Peace Corps has engaged in work to minimize the risk of sexual assault and improve its response and victim support when crimes occur. Recently, the agency expanded its approach to address root causes of sexual violence and fully participate in global efforts to prevent sexual assault. Peace Corps' responsiveness and support for Volunteers who report sexual assault remain focal points in OIG's work.

Last year, OIG reported on its completion of eight Management Implication Reports (MIR) issued between FYs 2021 and 2023. These reports assessed the agency's compliance with its requirements for supporting sexual assault victims after a news outlet published a story in 2021 that was critical of Peace Corps' response to Volunteers reporting sexual assaults.

These MIRs did not include any recommendations, however, they did note some instances of noncompliance with the provision of services required by the Kate Puzey Peace Corps Volunteer Protection Act of 2011 (Kate Puzey Act). Specifically, due to gaps in agency records, OIG was unable to determine whether the services requested on the Volunteer Preference Forms were provided.

The agency reported on the various actions it has taken to address these issues, to include implementing a performance goal to enhance sexual assault prevention and response in its 2022- 26 Strategic Plan. The agency continues to allocate resources that will develop tools and increase the staffs' capacity to respond to Volunteer sexual assaults effectively and ensure Volunteers are supported, per the requirements of the Kate Puzey Act.

While OIG did not identify new or unresolved concerns in FY 2024, our prior work has highlighted the importance of sustained management attention and oversight to address this challenge. As Volunteers continue to return to the field, sexual assault prevention and response will require the agency to maintain its focus on these critical issues to sustain its commitment to Volunteer health and safety.

Progress in Addressing the Challenge

Volunteer Healthcare

In FY 2024, the Peace Corps made considerable progress in closing OIG recommendations that impact Volunteer healthcare. OIG closed the last two recommendations from its post re-entry health and safety review of Morocco. The recommendations were for the post to assess medical facilities and providers at least once every 3 years to ensure Volunteers receive safe and effective care that meet their needs and to require that all staff receive Emergency Action Plan refresher training.

Additionally, from its post re-entry health and safety review of Cambodia, OIG closed five recommendations that focused on the post's adherence to requirements related to Medical Action Plan and healthcare facility and provider assessments.

OIG's 2021 review of the death of a Volunteer from Ghana found that the agency and post staff emergency response actions did not fully comply with Peace Corps procedures due to unclear guidelines on emergency staff roles and responsibilities. In FY 2024, OIG closed the report's final recommendation after OHS updated MS 264, which revised procedures that defined staff roles and responsibilities.

OIG closed three of the seven recommendations from a MAR issued in FY 2024, which assessed Post re-entry reviews' findings on Volunteer health and safety. To close these recommendations, the agency updated the Health Unit Assessment Checklist and SOPs to ensure that referral facility and consultant assessments are certified; updated TGs 204 and 385 to clarify requirements for completing assessments of community and referral facilities; and provided training to PCMOs on the appropriate use of TG attachments for assessing consultants.

In addition, the agency has issued guidance requiring Quality Assurance Specialists at all Posts to help manage and track site management processes and procedures, as well as address consistent implementation of related OIG recommendations, among other duties. After the specialists had worked at the Posts for a year, the Peace Corps administered a survey and found that Posts consider the Quality Assurance Specialists an important resource for monitoring and tracking compliance deadlines, spearheading process improvement initiatives, and maintaining and reinforcing agency policies. At the end of FY 2024, the agency had Quality Assurance Specialists at 48 Posts, and officials report they will continue to fill positions at the remaining Posts through FY 2025.

OIG is encouraged to learn that the agency has taken additional steps to improve Volunteer healthcare. To increase Volunteer mental health resources, the agency developed a program to improve the availability of Volunteer behavioral health services and has requested an additional $2.7 million in the FY25 CBJ to expand capacity and staffing to accommodate the projected growth in Volunteer numbers.

Sexual Assault Prevention and Response

The Peace Corps recently reaffirmed its commitment to continue strengthening sexual assault prevention and response services for Volunteers; understanding and breaking down the real and perceived barriers in reporting assault; and ensuring that agency staff with primary responsibilities for sexual assault response have advanced training in trauma-informed approaches to helping victims.

Additionally, the agency is training Volunteers on risk reduction strategies tailored to their host country's norms, which was updated in FY 2024, to include trauma-informed prevention. The Peace Corps is also working to ensure that systems and support structures are in place to provide the quality medical, legal, and psychosocial services to Volunteer sexual assault survivors.

In April 2024, the Peace Corps issued a report that reviewed its sexual assault prevention and response performance between FYs 2021 and 2023. The report details the enhancements the Peace Corps made to its sexual assault prevention and response; outlines the measures in which the agency can better support Volunteer survivors of assault; and suggests improvements to ensure that Peace Corps systems are strengthened and integrated with the agency's Sexual Assault Prevention and Response (SAPR) program. Following the Peace Corps' announcement in 2022 to implement a roadmap to invest and expand its SAPR program, the report stated that all components of the roadmap have been completed.

In 2024, the Office of Safety and Security's Crime Response and Analysis Unit announced that they updated three forms that are used when responding to sexual assault reports. They updated the Volunteer Preference Form to include Respite Leave as an available service for sexual assault victims/survivors and added a Privacy Act statement. In addition, the agency introduced an electronic version of the Volunteer Preference Form in the Security Incident Management System and provided training to designated staff on its use. This new form seeks to address the deficiencies OIG noted in related MIRs.

Similarly, the agency integrated the Serious or Imminent Threat Assessment Tool and the Post Incident Assessment Tool into the Security Incident Management System, ensuring that these forms are completed for sexual assault reports. The agency reports that these two assessment aids were updated in July 2024. Furthermore, the agency introduced a new form, the Site Management Review Tool, which Safety and Security Managers use to review site-specific safety and security incidents at Volunteer sites, to determine ongoing threats that would prevent the future placement of Volunteers at those sites.

These efforts seek to address the deficiencies noted in past OIG reports. Complete, accurate, and timely documentation of the agency's response to incidents improves the quality of incident response and facilitates effective oversight and accountability.

What Needs to Be Done

Volunteer Healthcare

To further improve Volunteer healthcare, OHS needs to continue its efforts to close the four remaining recommendations from the 2024 Post re-entry MAR, which include: 1) detail the MAP review process at the Post level; 2) implement a uniform tracking system to ensure facility and consultant assessments comply with guidance; 3) ensure Posts develop schedules to complete assessments; and 4) train PCMOs on the appropriate use of each TG 204 attachment.[4]

The Peace Corps should also address the 2024 TG evaluation recommendations to improve the management of its TGs, which include developing a plan to automate the Quality Improvement Unit's update process and TG management as well as creating a process or mechanism for PCMOs and other users to follow when TGs need to be flagged for review. Additionally, the agency should continue to build its behavioral health program to address Volunteers' increased need for mental health services and ensure the overall well-being of Volunteers.

Sexual Assault Prevention and Response

The Peace Corps should continue to comply with the Kate Puzey Act requirements. Providing compassionate and trauma-informed responses to Volunteers who have been sexually assaulted is of paramount importance.

The agency needs to continue to make progress on the performance goals related to the strengthening of the SAPR program in its FY 2022-26 Strategic Plan. Moreover, the Peace Corps needs to continue incorporating new research and promising practices to prevent sexual assault from happening, while supporting Volunteer sexual assault survivors in a timely and effective manner. It is essential that staff are properly trained to ensure that all sexual assault cases are appropriately addressed and accurately documented.

[4] In October 2024, the agency submitted documentation to the OIG to close all four recommendations, but they are still under review to ensure all actions have been taken to address the recommendations.

Key OIG Resources:

Evaluation of the Office of Health Services' Technical Guidelines' Revision and Implementation Process (2024)

Management Advisory Report: Assessment of Post Re-entry Health and Safety Reviews' Findings (2024)

Post Re-Entry Health and Safety Review of Peace Corps/Cambodia (2024)

Semiannual Report to Congress, April 1, 2024, to September 30, 2024

Post Re-Entry Health and Safety Review of Peace Corps/Morocco (2023)

Post Re-Entry Health and Safety Review of Peace Corps/Dominican Republic (2023)

Post Re-Entry Health and Safety Review of Peace Corps/Colombia (2022)

Post Re-Entry Health and Safety Review of Peace Corps/Zambia (2022)

Post Re-Entry Health and Safety Review of Peace Corps/Ecuador (2022)

Review of the Facts and Circumstances Surrounding the Death of a Peace Corps/Ghana Volunteer (2021)

Follow-Up Evaluation of Issues Identified in the 2010 Peace Corps/Morocco Assessment of Medical Care (2016)

Challenge: Human Capital Management

Why This Is a Challenge

Developing a cohesive and effective approach to managing human capital resources in the Federal environment, particularly in the aftermath of the pandemic, is a significant challenge for many Federal agencies, including the Peace Corps. Strategic human capital management has been listed in the U.S. Government Accountability Office's annual high-risk report[5] as one of the highest-risk areas facing the Federal Government since 2001. Additionally, CIGIE highlighted human capital management in its Top Challenges Report. The report noted that "the inability to hire required staff directly impacts agency operations, often leading to heavy workloads and burnout, further exacerbating attrition, and the need to fill vacancies. In addition, high turnover compromises an agency's ability to retain qualified personnel."

The Peace Corps is a relatively small agency that manages diverse staffing systems domestically and abroad. Changes in demographics, skills, technology, budget, employee satisfaction, and workplace expectations impact the systems and the staff under these systems differently. Both the Office of Management and Budget and the Office of Personnel Management (OPM) have issued numerous memorandums and guidelines on approaches and tools for managing the changing human capital landscape.

Among the Federal Government workforce priorities is developing a capacity for strategic foresight. Strategic foresight calls for a detailed and systematic analysis of the driving forces and trends of change before developing strategies or plans. This approach, which is proactive, rather than reactive, allows agencies to prepare different business forecasts, envisioning what is possible, plausible, and preferred.

Hiring and Retaining Qualified Staff

OIG has repeatedly reported over the years how excessive turnover has impacted Peace Corps' programs and operations. The FY 2012 Management Challenges report identified excessive personnel turnover as a significant management and performance challenge facing the Peace Corps. In July 2017, OIG issued a MIR that outlined the negative effects the agency's high staff turnover rate had on its ability to maintain high-quality Volunteer support and improve core business functions.

OIG's Recurring Issues Report on Common Challenges Facing Peace Corps Posts found that from FYs 2016 through 2019, staff turnover and staffing gaps impaired emergency medical preparedness, led to ineffective Volunteer technical training, and resulted in heavy staff workloads that, in some cases, left required tasks incomplete.

The OPM 2019 Human Capital Framework's assessment of the agency's organizational design and performance found that the five-year rule (FYR) contributed to increased turnover and extended vacancies that resulted in a lack of continuity and decreased productivity.

During its conception, Congress intended for

[5] GAO-23-106203, High-Risk Series: Efforts Made to Achieve Progress Need to Be Maintained and Expanded to Fully Address All Areas, April 20, 2023, page 46.

the FYR to "permit a constant inflow of new blood and ideas," give the agency "administrative flexibility which is not possible under the restrictions of the civil service system," and make sure that Peace Corps staff will "not be organized on a career basis."[6]

The FYR was specifically crafted to ensure that the Peace Corps recruited its headquarters staff from the hiring pools of returned Volunteers and former overseas staff. The high rate of staff turnover driven by the FYR has enabled the agency to hire extensively from the returned Peace Corps Volunteer (RPCV) population. The agency recruits RPCVs who earn noncompetitive eligibility (NCE) after successfully serving as Volunteers. NCE appointments streamline the Office of Human Resources' (OHR) hiring process by bypassing competitive-based personnel actions while providing the agency with talented, mission-driven workers.

The global evacuation of all Volunteers following the onset of the COVID-19 pandemic resulted in a nearly empty RPCV hiring pipeline. OHR has struggled to keep up with the agency's excessive turnover and was inadequately staffed to process the rising agency vacancies through competitive-based personnel actions.

Moreover, as discussed in CIGIE's Top Challenges Report, Federal agencies are challenged by a "...competitive labor market wherein multiple organizations are contending for the same limited pool of highly skilled candidates." Following the agency's return to service, currently serving Volunteers are again able to apply to the RPCV roster. However, according to the September 2024 RPCV roster, only 64 RPCVs applied to the Peace Corps, which may signal the need to further diversify in staff recruitment and hiring strategies, as well as OHR hiring processes.

A 2023 OIG evaluation of human resources management for overseas contract staff found that the agency needed to improve its management coordination to hire, train, and retain quality overseas personal service contractors (PSC). These staff members help execute the Peace Corps mission abroad and serve on the front lines of the Volunteer experience. At the time of the evaluation, approximately 92 percent of staff at overseas Posts were PSCs, who also make up 70 percent of all Peace Corps staff.

As of August 2024, the agency reports that its staff vacancy rate (excluding PSCs) is at 16.9 percent, compared to 19.6 percent in August 2023 and 15.8 percent in August 2022. Two offices that have key roles in supporting the VDS reported experiencing significant staffing gaps. The agency reported staff vacancy rates of 24.2 percent for VRS and 25.6 percent for OHS in August 2024, a decrease from last year's rate of 26.7 percent.

OIG notes that OHS and VRS are among the top five offices in the agency recording overtime and compensatory time.[7] The combination of high vacancy rates, elevated overtime, and compensatory time for existing staff risks creating a negative impact for Volunteer delivery and health services.

The 2023 FEVS[8] results indicated the overall agency Global Satisfaction Index was 71 percent, where the Employee Engagement Index was 74 percent. However, OHS, which is responsible for Volunteer Healthcare, reported a significantly lower satisfaction index result at 46 percent, while the OHR result was at 56 percent. Both areas are critical agency support functions and need agency leadership attention to bring these

6 IG-12-05-E, Impacts of the Five-Year Rule on Operations of the Peace Corps, June 20, 2012, p. 3.

7 Of Peace Corps' total reported overtime and compensatory time, 28 percent was reported by OHS, 10 percent by VRS, and 7 percent by OHR.

8 2023 is the most recent FEVS result available for analysis. Staff were surveyed May-July 2023.

suboffices' FEVS results more in line with agency- wide results.

Without significant improvements to Human Resources (HR) management, staffing, and processes, the Peace Corps will continue to face challenges in effectively staffing positions, should they succeed in addressing the current Volunteer recruitment and placement challenge.

Knowledge Management

Knowledge management remains a significant challenge for the agency because information is scattered across the globe at Posts that differ in infrastructure, connectivity, language, culture, legal frameworks, and other local considerations. Moreover, operations are executed by three human capital cohorts–personal service contractors, direct U.S. Government hires (USDH), and Peace Corps Volunteers–each is supported by their own systems, tools, and processes.

Though the Peace Corps celebrates the uniqueness of its operating environments and the diversity of its team members, the agency risks inefficiencies and incurring unnecessary expenses if it cannot leverage information and resources that can be easily identified and used by thousands of actors spread across the world.

The agency's challenge with retaining institutional memory is often presented in the context of the agency's "five-year" rule, however, the frequency of staff turnover is only a part of this challenge. The Peace Corps is divided into offices that are geographically separated over multiple time zones, and the successful execution of the agency's mission depends on a coherent and implementable knowledge management strategy and architecture. Over the last year, the agency has incorporated tools and systems that should help with knowledge management at the Peace Corps, however, the agency lacks a documented, comprehensive strategy that addresses the scope of the challenge.

Payroll and Benefits

In November 2022, OIG issued The Peace Corps Management of Payroll and Benefits for U.S. Direct Hires audit report (herein payroll audit). The payroll audit found that OHR and the Office of the Chief Financial Officer (OCFO) did not establish effective oversight procedures to reconcile payroll transactions or remediate deficiencies in payroll adjustments. This report outlined that OHR lacked a process to resolve erroneous payroll submissions reported from the National Finance Center (NFC). The audit also found that management had not established the policies, procedures, or monitoring systems necessary to effectively identify any inaccuracies related to employee salary and benefits. OIG's payroll audit recommended that OCFO establishes adequate monitoring structures over USDH payroll transactions to mitigate the effects of these risks.

Progress in Addressing the Challenge

Hiring and Retaining Qualified Staff

The 2018 Sam Farr and Nick Castle Peace Corps Reform Act (herein Reform Act) authorized the agency to extend the appointments of certain exempt positions designated by the Director as critical management or management support. Exempt positions require specialized technical or professional skills, as well as knowledge of agency operations, and may be exempted from the FYR term limitations of the Peace Corps Act.

The agency reports that its review of all offices and positions to identify which will be designated by the Director as exempt positions is nearly completed. To date, the agency has identified and exempted approximately 30 percent of all agency positions from the FYR using the Reform Act authority.[9] About 40 percent of the exempted positions are in OHS, and in offices where staff are responsible for the safety and security of Volunteers. In addition, the exempted positions in OHR, OCFO, Office of the Chief Information Officer (OCIO) and Office of General Counsel represent 42 percent of the agency's exempted positions.

During FY 2024, the agency exempted 211 positions. As of August 2024, the agency has identified 301 positions as exempt from the FYR, including 55 positions that have been exempt since 2019. Critically, this includes several staffing positions in HR, which has permitted the HR Staffing and Recruitment team to begin to recruit and retain experienced HR Specialists. As a result of this work, OIG closed the final two recommendations from its 2012 evaluation report on the FYR's impact on the agency.

In May 2023, OHR issued an internal assessment of the agency's Human Capital Framework.[10] OHR reports that it is tracking its progress with the 70 actions that were identified in this assessment, and that 37 actions are ahead of schedule, on track, or completed. OHR also reported that 33 of the recommended actions are being reviewed to determine applicability or have a planned completion date in calendar year 2024.

HR reports that it has renewed its efforts to develop and publish internal HR Standard Operating Procedures (SOP). As the HR team underwent significant turnover, it became evident that a lack of operational SOPs led to inefficiencies, inconsistencies, and a consistent need for training. To date, 27 SOPs have been published and an additional 45 SOPs have been developed and are under review.

In anticipation of more Volunteers completing their service, at the beginning of 2024 OHR posted a continually open job announcement on USAJobs.gov that is only available to RPCVs. Currently serving Volunteers can apply to this announcement within 90 days of completing their Volunteer assignment, and RPCVs can apply within the 3 years following their completion of service.

The agency reported that it had established a FEVS working group to analyze the survey results and make recommendations to improve the agency's employee engagement, job satisfaction, and retention. The group split into five focus areas: 1) marketing training resources and increasing learning management system and individual development plan usage; 2) improving its Diversity Equity Inclusion and Accessibility Index; 3) providing additional supervisory and leadership training; 4) incorporating FEVS into agency plans; and 5) sharing best practices. The agency reports that each subgroup developed recommendations for actionable items to improve the job environment at the Peace Corps, which will be briefed to senior leadership for review and approval.

It is important for the Peace Corps to have an effective and integrated HR information technology (IT) infrastructure. OHR collaborated with the OCIO to develop an HR Information System strategy, which was briefed to agency leadership in February 2024. OHR launched an electronic SF-52[11] SharePoint solution that reduces data entry, captures electronic signatures, and allows HR to track the status of an SF-52 form throughout its life cycle.

Some other HR Information System solutions implemented include the eNomination tool for incentive awards and Front-End System

[9] Positions in the OIG and the Office of Victim Advocacy are excluded from this percentage because they have been exempted by statute rather than at the Director's discretion.

[10] OHR, Fiscal Year 2022 Human Capital Framework (HCF) Evaluation Report, May 3, 2023.

[11] The SF-52 is a form that is used to create a Request For Personnel Action, such classifications, promotions, and other personnel determinations.

Interface (FESI)[12] for batch processing of payroll and other HR actions with the NFC.

Additionally, OHR reports that it is implementing a new tool to replace an outdated and manual process to manage personnel actions. This new tool provides the full processing capabilities for all personnel actions, payroll transactions, and benefits management. OHR conducted a gap analysis with the NFC to determine the extent to which the new tool meets Peace Corps business requirements.

Knowledge Management

The Director continues to use the authorization from the Reform Act to exempt agency positions from the FYR, which helps the agency maintain continuity in its mission and critical operational knowledge management.

The agency has also replaced its Administrative Management Control Survey (AMCS) with the new Post Self-Assessment Tool (PSAT). As with the AMCS, the PSAT helps Posts, regions, and agency offices identify risk areas and enhance informed decision-making.

In addition, a stated purpose of the PSAT is to provide data rollup so that agency risks and challenges can be identified globally and regionally, rather than confining data and knowledge to a singular Post, as was the practice with the AMCS. This new tool should help the agency capture and use extensive information to improve operations across Posts. The PSAT is currently in the piloting stage and, once finalized and approved, will be required at every Post in FY 2025.

Finally, the agency has made progress with two systems that will help manage critical human capital information processes and reduce challenges created by the various operational and office silos and unintegrated systems. The first system, the Persons Employed and Engaged with Peace Corps Systems (PEEPS), is the agency's human capital management system. PEEPS is designed to integrate with the NFC and the OPM systems. In addition to capturing up-to-date information formerly housed in multiple databases, PEEPS should execute automated workflows and reduce reliance on manual processes.

The second system-related initiative underway is a joint Office of Global Operations-OCIO project aimed at granting Volunteers access to the agency's SharePoint system, with the intention to allow Volunteers to share information within and across Posts on one platform, rather than through the multiple platforms Volunteers currently use, such as Google Docs or WhatsApp. This initiative seeks to address gaps in the management of critical knowledge by leveraging Volunteer input to support Volunteers and Posts and help execute the agency mission.

The two system initiatives started after the Peace Corps successfully integrated its Volunteer population into the agency's Learning Management System, expanding access to both Volunteers and staff for critical training resources and modules.

Payroll and Benefits

During FY 2024, the Peace Corps established an OHR and OCFO working group, developed SOPs related to retirement plan determinations, published an updated waiver policy, and worked with the Office of General Counsel to resolve prior unauthorized waivers.

[12] Front-end entry systems are used by NFC customer agencies to transmit batches of data to NFC for processing in its Payroll/Personnel System in lieu of entering it in an NFC-maintained entry system.

What Needs to Be Done

Hiring and Retaining Qualified Staff

The Peace Corps should develop a data-informed strategy that addresses the agency's diminished source of RPCV talent and its impact on OHR operations. OHR needs to address the recommendations made in OPM's 2019 Human Capital Framework review while also implementing the recommendations from its internal assessment. The agency should prioritize and take both short- and medium-term steps to substantially reduce the Peace Corps' vacancy rate while incorporating strategies to attract and retain qualified staff. In prioritizing actions, the agency should consider the resources that are available for OHS to obtain and what measures would have the greatest impact.

The Peace Corps needs to consider leveraging additional strategic human capital resources and flexibilities issued by OPM based on the President's Management Agenda priority focus to strengthening and empowering the Federal workforce.

One suggested OPM tool is strategic foresight. The Peace Corps strategic plan already cites this approach to identify global trends and host country priorities (performance goal 1.3). By using strategic foresight to tackle the challenges of human capital management planning, the Peace Corps will advance its goal of addressing risk in the organization and further the agency's workforce development goals.

The agency should develop concrete actions to improve employee engagement and satisfaction, which are key components in retaining staff and reducing turnover rates. The recommendations of the FEVS working groups, specifically involving HR and OHS staff, should be addressed and implemented as soon as possible.

Knowledge Management

The Peace Corps should work to meet its 2022-26 strategic performance goals that will help the agency collect, organize, and apply institutional knowledge. The agency can also improve its human capital management by addressing OIG's recommendations on standardization and knowledge management from the September 2023 Evaluation of Human Resources Management for Overseas Contract Staff.

Payroll and Benefits

The agency has not yet addressed 22 recommendations from OIG's 2022 payroll audit. Specifically, the agency did not ensure its policies and procedures are effectively designed or implemented to prevent and detect payroll transaction errors or establish payroll reconciliation procedures. Further, the OCFO should be involved in payment reconciliation processes to improve its monitoring system. The Peace Corps must establish sufficient oversight and coordination structures for its core business functions, especially those requiring resources from multiple offices.

Key OIG Resources:

Evaluation of Human Resources Management for Overseas Contract Staff (2023)

Final Audit Report: The Peace Corps Management of Payroll and Benefits for U.S. Direct Hires (2022)

Recurring Issues Report: Common Challenges Facing Peace Corps Posts (2020)

Management Implication Report: Challenges Associated with Staff Turnover (2017)

Final Report on the Program Evaluation of the Peace Corps' Training of Overseas Staff (2014)

Final Audit Report: Peace Corps Overseas Staffing (2013)

Evaluation of Impacts of the Five-Year Rule on Operations of the Peace Corps (2012)

Challenge: Information Technology Security Management

Why This Is a Challenge

As the role of technology continues to grow, protecting agency data and the security of information systems is critical.

System outages and data loss can have a catastrophic impact on the agency, compromise Volunteer safety, staff productivity, and affect the Peace Corps' reputation. According to the Cybersecurity and Infrastructure Security Agency,[13] cyberattacks are ever evolving and are becoming increasingly complex and harder to detect. Cyber incidents can cause harm to national security interests, foreign relations, and the United States' economy.

Federal Information Security Modernization Act of 2014

The Federal Information Security Modernization Act of 2014 (FISMA) is designed to ensure agencies develop, document, and implement agencywide programs that provide comprehensive security for the information and systems that support their operations and assets. OIG's annual review of the agency's compliance with FISMA results in a score that is used as a consistent and comparable metric across Government agencies. The five-level maturity model scale ranges from Level 1, Ad hoc, to Level 5, Optimized.[14]

In FY 2024, the agency maintained its prior FY 2023 status at Level 2, Defined, as measured against the set of core FISMA and supplemental OIG metrics. Although the agency's overall FISMA score remained the same in FY 2024, it has made significant progress in enhancing its security posture since FY 2023 by addressing recommendations from the prior year's report and improving several individual metric scores.

Despite the improvements made in the agency's information security program, there are still issues identified in the FY 2024 FISMA review that need to be resolved, to include the following:

- Lack of a fully integrated agencywide Risk Management and Information Security Continuous Monitoring (ISCM) program.
- Lack of a fully updated and implemented Supply Chain Risk Management (SCRM) program which includes component authenticity policies and procedures.
- Insufficient progress in periodically reviewing and updating its policies and procedures related to risk, access, and permissions for access to data and systems to align with an issued and approved Identity Credential and Access Management (ICAM) strategy.
- Undeveloped agency-level Business Impact Analysis (BIA).
- Cybersecurity risks not fully incorporated into an Enterprise Risk Management (ERM) program.

The agency has not consistently implemented its ISCM strategy to incorporate

[13] The Cybersecurity and Infrastructure Security Agency sits within the United States Department of Homeland Security and is responsible for strengthening cybersecurity and infrastructure protection across all levels of government, coordinating cybersecurity programs with U.S. states, and improving the Government's cybersecurity protection against hackers.

[14] In the context of the maturity models, Level 4, managed and measurable, is considered to be an effective level of security at the domain, function, and overall program level.

cybersecurity risks into the enterprise risk program. Without a comprehensive continuous monitoring program, the Peace Corps is prevented from clearly understanding the security state of all its systems in its IT environment. This also prevents the agency from effectively monitoring a dynamic IT environment with changing threats, vulnerabilities, technologies, business processes and functions, and critical missions.

In addition, the agency does not have an up-to-date, fully implemented SCRM program. Without an implemented SCRM strategy, the Peace Corps may experience an increased risk of attacks or disruptions in the supply chain caused by reliance on third-party or external providers and commercial "off the shelf" products, systems, and services.

The agency has not made sufficient progress in establishing or finalizing an ICAM strategy. Although the agency developed an ICAM strategy roadmap in FY 2022, many of the deliverables (policies and procedures) are still in progress. This strategy should also be aligned with updated policies and procedures related to risk, access, and permissions for access to Peace Corps data and systems.

Additionally, the Peace Corps has not fully developed an agency-level BIA or integrated the BIA's results into a strategy or other plan development efforts. Without effective and integrated contingency plans, the agency may be unable to access important information and resources to perform mission-critical business functions in the event of an extended outage or disaster.

While the agency improved its ERM program by defining its risk appetite and tolerance and holding monthly ERM meetings, it still has not fully implemented cybersecurity risks into the ERM program or used technology to provide an enterprise-wide view of cybersecurity risk management activities.

Cybersecurity Breaches

In the first quarter of FY 2024, OIG issued a MAR assessing Peace Corps' response to three security incidents. The incidents occurred from 2022 through 2023. OIG found that the Peace Corps did not have a sufficient incident response plan to detect threat activity, respond to a threat incident, or contain it. The report noted that the Peace Corps was not compliant with Federal requirements or Peace Corps' policy for timely notification of cyber breaches. Moreover, the report outlined that the agency's network monitoring software was not effective in detecting malicious activity within the Peace Corps IT environment.

The report also found that since the first incident in June 2022, the agency had improved its cybersecurity incident response capabilities.

Progress in Addressing the Challenge

Federal Information Security Modernization Act of 2014

For FY 2024, the Peace Corps has made significant progress enhancing its information security posture since FY 2023, which includes closing four prior year recommendations in previous years' FISMA reports. OIG identified improvements in various FISMA domains in FY 2024 which reflect a stronger commitment to meeting FISMA requirements.

The four prior recommendations that were closed related to the ERM council, incident response, IT inventory management, and cyber vulnerability management. Specifically, since the 2022 and 2023 security breaches, the Peace Corps has worked with a third-party cybersecurity contractor to strengthen its incident response program's detection and response mechanisms. Additionally, the OCIO has obtained software to assist in detecting future cybersecurity attacks. The software effectively detected that an unrelated cybersecurity incident occurred in the third quarter of FY 2023 and the agency was able to timely mitigate the threat. In FY 2024, the Chief Information Security Officer was added to the ERM Council to provide insights on cybersecurity risks.

Cybersecurity Breaches

The agency has strengthened its incident response program since the cybersecurity breaches occurred by implementing and closing five of the seven recommendations from the FY 2024 MAR. Those recommendations included configuring network monitoring software, establishing an incident response plan, updating incident response policy, ensuring timely notification of incidents, and configuring software to use available data logs.

What Needs to Be Done

Federal Information Security Modernization Act of 2014

The agency needs to address OIG's FY 2024 FISMA report recommendations to continually cultivate an improved IT environment and establish a foundation for long-term success. This will help the Peace Corps move towards a Level 3, Consistently Implemented, maturity level for its information security program.

By integrating its ISCM program, updating and implementing its SCRM program, finalizing its ICAM strategy, developing its BIA, and improving cybersecurity integration with the ERM, the Peace Corps will be able to foster a culture that fully integrates information security into its business operations. These enhancements will allow the Peace Corps to proactively mitigate vulnerabilities and address any weaknesses before they are exploited.

Cybersecurity Breaches

The agency needs to address the two remaining recommendations from the MAR that will further strengthen its ability to respond to cybersecurity incidents. The lack of continuous monitoring within the Peace Corps network directly affects the agency's ability to identify, detect, protect, and respond to a cybersecurity threat in the event of an attack.

Key OIG Resources:

Review of the Peace Corps' Information Security Program for FY 2024 (2024)

Management Advisory Report: Cybersecurity Breaches Highlight a Need for Improvement in Peace Corps' Incident Response (2023)

Review of the Peace Corps' Information Security Program (2023)

Audit of the Peace Corps' FY 2023 Financial Statements (2023)

SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCES

Summary of Financial Statement Audit					
Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Material Weaknesses	0	0	0	0	0

Summary of Management Assurances						
Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0
Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0
Conformance with Financial Management System Requirements (FMFIA § 4)						
Statement of Assurance	Federal Systems conform, except for instances of non-conformance, to financial management system requirements.					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
FISMA	1	0	0	0	0	1
Total Non-Conformance	1	0	0	0	0	1

Definition of Terms

Beginning Balance: The beginning balance must agree with the ending balance from the prior fiscal year.

New: The total number of material weaknesses/non-conformance identified during the current year.

Resolved: The total number of material weaknesses/non-conformance that dropped below the level of materiality in the current year.

Consolidated: The combining of two or more findings.

Reassessed: The removal of any finding not attributed to the corrective actions (e.g., management has re-evaluated and determined that a finding does not meet the criteria for materiality, or is redefined as, more correctly classified under another heading).

Ending Balance: The year-end balance that will be the beginning balance next year.

PAYMENT INTEGRITY INFORMATION ACT (PIIA) REPORTING

The Payment Integrity Information Act (PIIA) of 2019 requires agencies to assess and identify high-risk programs and activities and report findings in the Agency Financial Report (AFR). Significant improper payments are defined as annual improper payments exceeding both 1.5 percent of program outlays and $10 million of all payments made during the fiscal year reported. The Peace Corps submitted payment integrity information to OMB through their annual data call. The agency's estimate of improper payments was well below the threshold for significant improper payments.

The Peace Corps is a small agency operating under one major program, with no activities that are susceptible to the threshold limits for significant improper payments. As an agency in Phase 1 without programs in Phase 2, as defined in Appendix C of OMB Circular A-123, the Peace Corps performs a combination of invoice review, post-audit verification, and sampling to ensure improper payments are prevented, identified and, if feasible, recovered. Peace Corps performs extensive advance certification reviews on payments in excess of $2,500 as well as post-payment audits of disbursements on a continuous basis. The agency participates in the Do Not Pay Initiative. These preventative and recovery activities are effective and efficient tactics to identify and prevent or remediate instances of improper payments.

For more information about U.S. Government payment integrity efforts, visit PaymentAccuracy.gov.

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Appendices

A Peace Corps Volunteer and her counterparts watch a training on a laptop.

STATUS OF AUDIT WEAKNESSES

PART I – SIGNIFICANT DEFICIENCY FINDINGS	STATUS AS OF FY 2024	PROJECTED RESOLUTION DATE
LEASE REPORTING	NEW	SEPTEMBER 2025

FY 2025 Planned Corrective Actions

1. The Peace Corps will document a process for adopting and implementing new accounting standards and guidance.
2. The Peace Corps will update its Lease Reporting policy to include all assumptions used and the reasoning behind those assumptions.
3. The Peace Corps will determine the specific transaction data required to accurately identify and categorize leases.
4. The Peace Corps will develop a process to capture lease transaction information to allow for automation of calculating, reporting, and disclosing required lease balances.
5. The Peace Corps will update its current lease calculation methodologies to ensure better alignment with SFFAS 54.
6. The Peace Corps will ensure new lease reporting processes are adequately communicated, both in writing and via trainings, to impacted personnel.

PROPERTY, PLANT, AND EQUIPMENT	DELAYED RESOLUTION	SEPTEMBER 2025

FY 2024 Completed Corrective Actions

1. The Peace Corps updated policies and procedures governing Bulk Assets.
2. The Peace Corps revised its policies to provide clear guidelines on the determination of vehicle in-service dates and the corresponding timing for recording such information in the Vehicle Management Information System (VMIS).

FY 2025 Planned Corrective Actions

1. The Peace Corps will establish a process for ensuring all Peace Corps offices record property on the tracking spreadsheets and provide those spreadsheets to the Office of Management monthly, until Maximo is fully operational. The Peace Corps will monitor compliance and take appropriate action with offices that fail to submit timely or adequate spreadsheets.
2. The Peace Corps will establish a plan, with milestones and timelines, to fully implement Maximo as soon as possible and ensure all applicable property data is transferred into the system.
3. The Peace Corps will perform monthly reconciliations of information on the property tracking spreadsheets with payable data in the financial system and will identify and resolve any discrepancies to ensure the completeness and accuracy of the property tracking spreadsheets.
4. The Peace Corps will perform monthly reconciliations between inventory management systems and the financial system to identify and investigate any differences.

INFORMATION TECHNOLOGY SECURITY	DELAYED RESOLUTION	SEPTEMBER 2025

FY 2024 Completed Corrective Actions

1. The Peace Corps ERM program continued to operate as planned based on progress made in FY 2023, and consistent with the program goals outlined in the integrated ERM Program Plan. Notable ERM updates in FY 2024 included updates to the agency Risk Appetite Statement, office-level Risk Registers, the agency Risk Profile, and closer integration of Cybersecurity into the ERM program activities. These updates, in addition to visible progress made and deliverables released related to ERM governance updates and other risk and decision support material, are evidenced in quarterly ERM Council documentation.
2. The Peace Corps dramatically improved its cyber incident detection and response capabilities, providing 24/7 monitoring, more highly trained staff, and improved toolsets. In addition to this improved capability, the organization updated its breach and cybersecurity incident response frameworks to provide better accountability, alignment, and consistent processing.
3. The Peace Corps improved its vulnerability management procedures providing better oversight and performance. These enhanced procedures improve responsiveness to identified vulnerabilities and ensure disciplined risk evaluation and mitigation processes are followed.

PART I – SIGNIFICANT DEFICIENCY FINDINGS	STATUS AS OF FY 2024	PROJECTED RESOLUTION DATE

FY 2025 Planned Corrective Actions

1. The Peace Corps will leverage successes noted in FY 2024 related to the integration of cybersecurity into ERM. Having now identified the NISTIR 8286 requirements, and having clarified Cybersecurity vs. ERM roles, incremental work can continue during FY 2025 to continue maturing integration efforts.
2. The Peace Corps will continue to implement its Information Security Continuous Monitoring (ISCM) strategy, to include the definition of roles and responsibilities and development of security metrics to measure effectiveness. The ISCM will be updated to ensure that it addresses risk management at the organization, mission, and information system levels.
3. The Peace Corps will continue implementation activity as defined in the 2024-2026 ERM Program Plan. This will include better integration of current risk management information into agency decision making.

PART II - NONCOMPLIANCE FINDINGS	STATUS AS OF FY 2024	PROJECTED RESOLUTION DATE
FEDERAL INFORMATION SECURITY MODERNIZATION ACT (FISMA) OF 2014	DELAYED RESOLUTION	SEPTEMBER 2025

FY 2024 Completed Corrective Actions

1. The Peace Corps updated its Continuous Monitoring Strategy to identify control weaknesses.
2. The Peace Corps ERM program continued to operate as planned based on progress made in FY 2023, and consistent with the program goals outlined in the integrated ERM Program Plan. Notable ERM updates in FY 2024 included updates to the agency Risk Appetite Statement, office-level Risk Registers, the agency Risk Profile, and closer integration of Cybersecurity into the ERM program activities. These updates, in addition to the visible progress made and deliverables released related to ERM governance updates and other risk and decision support material, are documented in quarterly ERM Council documentation.
3. The Peace Corps improved business processes involving the inventory of IT management processes.

FY 2025 Planned Corrective Actions

1. The Peace Corps will develop a project plan for implementation of a comprehensive information security strategy that addresses all three tiers of an organization to include organization, mission, and information systems.
2. The Peace Corps will continue to convene ERM Council meetings on a recurring quarterly cadence (and as needed).
3. The Peace Corps will continue ERM Program implementation activity as defined in the 2024-2026 ERM Program Plan.
4. The Peace Corps will finalize updates to its asset management tools and processes.
5. The Peace Corps will improve its Identity Credentialing and Account Management program to include updated authorities, guidance on federal requirements, and clearly defined processes.
6. In FY 2024, the Peace Corps conducted an agency-wide collection and assessment of business processes. In FY 2025, the agency will continue its analysis of those processes resulting in an updated enterprise Business Impact Analysis to improve its contingency planning functions.

GLOSSARY OF ABBREVIATIONS

AF	Africa Region
AFR	Agency Financial Report
AMCS	Administrative Management Control Survey
BIA	Business Impact Analysis
BPYI	Blue Pacific Youth Initiative
CBJ	Congressional Budget Justification
CIGIE	Council of Inspectors General on Integrity and Efficiency
COVID-19	Coronavirus Disease 2019
DATA Act	Digital Accountability and Transparency Act of 2014
DOL	U.S. Department of Labor
DOS	U.S. Department of State
DRR	Disaster Risk Reduction
EMA	Europe, Mediterranean, and Asia Region
EOD	Enter On Duty
ERM	Enterprise Risk Management
ERMC	Enterprise Risk Management Council
FASAB	Federal Accounting Standards Advisory Board
FBwT	Fund Balance with Treasury
FECA	Federal Employees' Compensation Act
FEDRAMP	Federal Risk and Authorization Management Program
FEGLI	Federal Employees Group Life Insurance
FEHB	Federal Employees Health Benefits
FESI	Front-End System Interface
FEVS	Federal Employment Viewpoint Survey
FISCAM	Federal Information Systems Controls Audit Manual
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FP	Foreign Personnel
FPDS	Federal Procurement Data System
FSN	Foreign Service National
FY	Fiscal Year
FYR	Five-Year Rule
GAAP	Generally Accepted Accounting Principles
GAGAS	Generally Accepted Government Auditing Standards
GAO	U.S. Government Accountability Office
GIS	Geographic Information System
GSA	U.S. General Services Administration
GSDM	Governmentwide Spending Data Model
HCC	Host Country Contribution
HCF	Human Capital Framework
HR	Human Resources
IaaS	Infrastructure as a Serivce
IAP	Inter-America and the Pacific Region
ICAM	Identity, Credential, and Access Management
IG	Inspector General
ISCM	Information Security Continuous Monitoring
IT	Information Technology
MAP	Medical Action Plan
MAR	Management Advisory Report
MIR	Management Implication Report
MOU	Memorandum of Understanding
MS	Manual Section
NCE	Noncompetitive Eligibility
NFC	National Finance Center
OA	Occupancy Agreements
OCFO	Office of the Chief Financial Officer
OCI	Oracle Cloud Infrastructure
OCIO	Office of the Chief Information Officer
OCO	Overseas Contracting Officer
OHR	Office of Human Resources
OHS	Office of Health Services
OIG	Office of Inspector General
OMB	U.S. Office of Management and Budget
OPM	U.S. Office of Personnel Management
PCMO	Peace Corps Medical Officer
PCRV	Peace Corps Response Volunteer
PCT	Peace Corps Trainee
PCV	Peace Corps Volunteer
PEEPS	Persons Employed and Engaged with Peace Corps Systems
PEPFAR	President's Emergency Plan for AIDS Relief
PIIA	Payment Integrity Information Act
PP&E	Property, Plant, and Equipment
PRISM	Procurement Information System for Management
PSAT	Post Self-Assessment Tool
PSC	Personal Services Contractor
PV	Present Value
RPCV	Returned Peace Corps Volunteer
RSI	Required Supplemental Information
SALI	Sustainable Agriculture and Livelihood Initiative
SAPR	Sexual Assault Prevention and Response
SBR	Statement of Budgetary Resources
SCRM	Supply Chain Risk Management

SEMARNAT	Ministry of Environment and Natural Resources
SFFAS	Statement of Federal Financial Accounting Standards
SM	Security Management
SNC	Statement of Net Cost
SOP	Standard Operating Procedures
TG	Medical Technical Guidelines
Treasury	U.S. Department of the Treasury
U.S.C.	United States Code
USAID	U.S. Agency for International Development
USDH	U.S. Direct Hire
USG	U.S. Government
VDS	Volunteer Delivery System
VMIS	Vehicle Management Information System
VRS	Office of Volunteer Recruitment and Selection
VSP	Virtual Service Pilot
VSPP	Virtual Service Pilot Participant

Peace Corps

peacecorps.gov

A Peace Corps Volunteer in Colombia laughs with his students.