

AGENCY FINANCIAL REPORT
FISCAL YEAR 2016



**Peace
Corps**

Peace Corps

AGENCY FINANCIAL REPORT

FISCAL YEAR 2016



Paul D. Coverdell Peace Corps Headquarters
1111 20th Street NW, Washington, DC 20526

This report is available at peacecorps.gov/about/open-government/reports/
Send comments or questions to peacecorps.gov/contact/
or to the mailing address above.



ABOUT THIS REPORT

The Peace Corps has chosen to produce an Agency Financial Report (AFR) for fiscal year (FY) 2016 to inform Congress, the President, and the public on how fiscal funds entrusted to the Peace Corps have been used to achieve the agency's mission of promoting world peace and friendship through community-based development and cross-cultural understanding. The AFR is one of the performance and financial reports required from federal agencies. The FY 2016 Annual Performance Report, along with the FY 2018 Annual Performance Plan (to be published with the FY 2018 Congressional Budget Justification) and this report will be online at peacecorps.gov/about/open-government/reports/.

This is the first year the Peace Corps is producing an AFR, in lieu of a combined Performance and Accountability Report. The AFR was created in accordance with Office of Management and Budget (OMB) Circulars A-11, Preparation, Submission, and Execution of the Budget; A-123, Management Responsibility for Internal Controls and Enterprise Risk Management; and A-136, Financial Reporting Requirements.

AGA Certificate of Excellence and Special Award



The Peace Corps received the Association of Government Accountants' (AGA) Certificate of Excellence in Accountability Reporting for its FY 2015 Performance Accountability Report and a Best in Class Award for Best Presentation of Performance in a Performance and Accountability Report.

Karen Van Roekel (in red) and Joseph L. Hepp, Jr. (holding the framed award) received the awards on behalf of the Peace Corps. Ms. Van Roekel is the Chief of Strategic Planning and Data Management for the Office of Strategic Information, Research, and Planning, and Mr. Hepp is the Chief Financial Officer of the agency.



HOW THIS REPORT IS ORGANIZED

The AFR presents the agency's performance highlights and accomplishments, fiscal accountability, and operational challenges for fiscal year beginning October 1, 2015 and ending September 30, 2016. It begins with a message from Peace Corps Director Carrie Hessler-Radelet, followed by the Management's Discussion and Analysis, Financial Section, Other Information, and Appendices.

Management's Discussion and Analysis

This section provides an overview of financial results, summary-level performance information, and management assurances regarding internal controls. It showcases the Peace Corps' mission, organizational structure, and the work of the Volunteers. Agency challenges and demands are also addressed in the Management's Discussion and Analysis.

Financial Section

This section details the agency's financial position for FY 2016. It includes the message from the chief financial officer, followed by the financial statements and footnotes disclosures, and the independent auditor's report.

Other Information

This section contains the Office of Inspector General's Management and Performance Challenges, along with recommended actions, and a summary of financial statement audit and management assurances.

Appendices

This section provides additional information, such as a report on audit follow-up activity, verification and validation of performance data, and a glossary of abbreviations.

ABOUT THE PEACE CORPS

HISTORY

Officially established:	March 1, 1961
Americans who have served:	More than 225,000
Host countries served to date:	141

VOLUNTEERS

Current number of Volunteers and trainees:	7,213
Gender:	62% female 38% male
Marital status:	97% single, 3% married
Average age:	28.3
Over age 50:	7%

COUNTRIES AND PROJECTS

Current number of countries served:	65
-------------------------------------	----

BUDGET

Fiscal year 2016 budget:	\$410 million
--------------------------	---------------

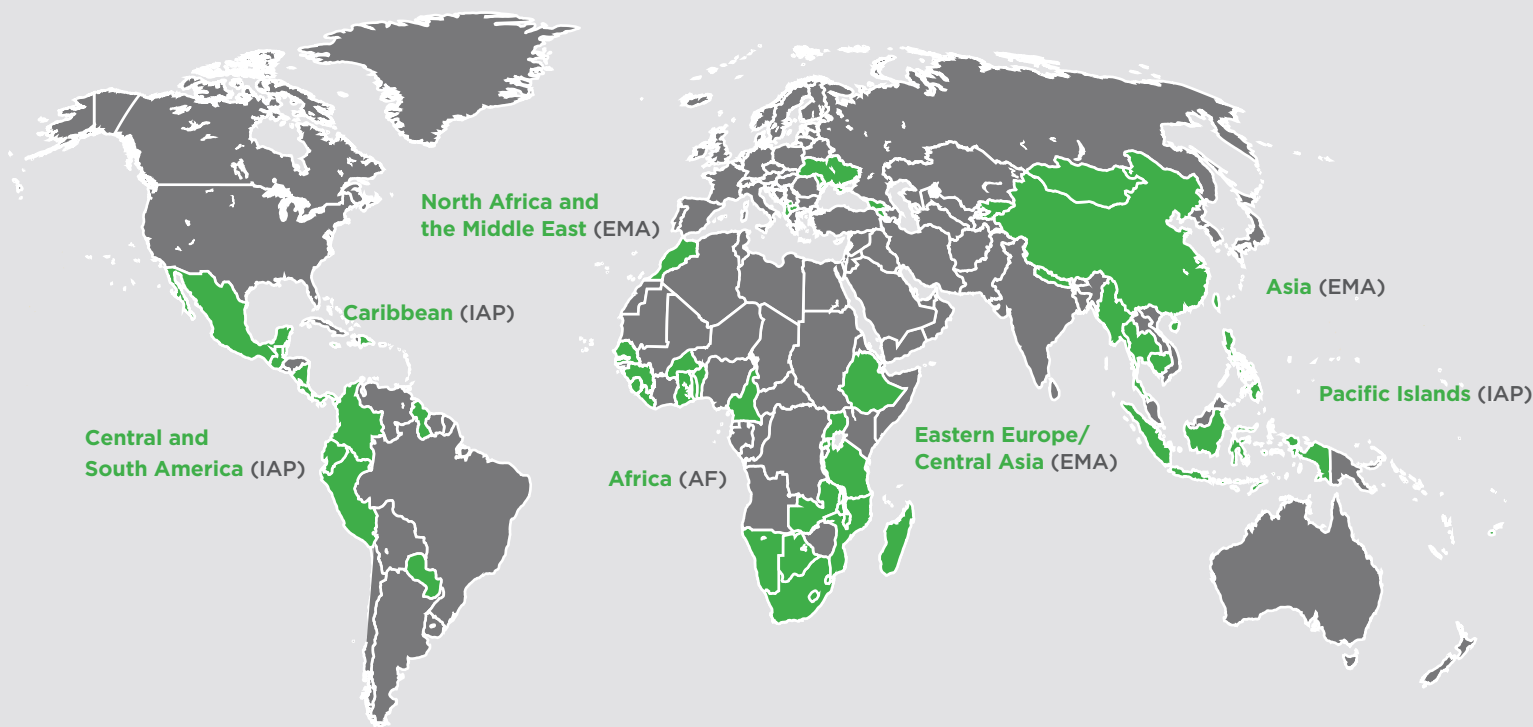
PEACE CORPS DIRECTOR

Carrie Hessler-Radelet (Western Samoa, 1981-83)

TOLL-FREE

855.855.1961
peacecorps.gov

WHERE PEACE CORPS VOLUNTEERS SERVE



THE CARIBBEAN

Dominican Republic
 Eastern Caribbean:
 Dominica
 Grenada and Carriacou
 St. Lucia
 St. Vincent and the
 Grenadines
 Jamaica

CENTRAL AND SOUTH AMERICA

Belize
 Colombia
 Costa Rica
 Ecuador
 Guatemala
 Guyana
 Mexico
 Nicaragua
 Panama
 Paraguay
 Peru

NORTH AFRICA AND THE MIDDLE EAST

Morocco

AFRICA

Benin
 Botswana
 Burkina Faso
 Cameroon
 Comoros
 Ethiopia
 Ghana
 Guinea
 Lesotho
 Liberia
 Madagascar
 Malawi
 Mozambique
 Namibia
 Rwanda

Senegal
 Sierra Leone
 South Africa
 Swaziland
 Tanzania
 The Gambia
 Togo
 Uganda
 Zambia

EASTERN EUROPE/ CENTRAL ASIA

Albania
 Armenia
 Georgia
 Kosovo
 Kyrgyz Republic
 Macedonia
 Moldova
 Ukraine

ASIA

Cambodia
 China
 Indonesia
 Mongolia
 Myanmar
 Nepal
 Philippines
 Thailand
 Timor-Leste

PACIFIC ISLANDS

Federated States
 of Micronesia
 Fiji
 Palau
 Samoa
 Tonga
 Vanuatu

AF | Africa Region

EMA | Europe, Mediterranean, and Asia Region

IAP | Inter-America and the Pacific Region

Countries with Volunteers as of September 30, 2016

CONTENTS

THE DIRECTOR OF THE PEACE CORPS 8



MANAGEMENT'S DISCUSSION AND ANALYSIS

10

Mission and Overview of the Peace Corps 12

Core Values and Organizational Structure 13

Performance Overview and Highlights 20

Forward-Looking Information 34

Analysis of Financial Statements 40

Analysis of Systems, Controls, and Legal
Compliance 46

Management Assurances 49

FINANCIAL SECTION

(Includes audited information)

50



Message from the Chief
Financial Officer 52

Financial Statements
(Audited) 54

Notes to the Financial
Statements (Audited) 58

Inspector General's Audit
Transmittal Letter 68

Auditor's Report 70

OTHER INFORMATION

88



The Inspector General's Statement on the Peace Corps'
Management and Performance Challenges 90

Summary of Financial Statement Audit and
Management Assurances 104



APPENDICES

106

Appendix 1. Status of Audit Weaknesses 108

Appendix 2. Verification and Validation of Performance Data 110

Appendix 3. Glossary of Acronyms 112

THE DIRECTOR OF THE PEACE CORPS

Washington, D.C.



On behalf of our Volunteers and staff around the world, I am pleased to present the Peace Corps' Agency Financial Report for FY 2016. This report highlights financial and performance results that enable the President, Congress, and the public to assess the progress our agency has made over the past year.

The Peace Corps was founded from an idea that emerged when then-Senator John F. Kennedy first challenged students to serve their country in the cause of peace at a University of Michigan speech in October 1960. Since the agency's inception 55 years ago, more than 225,000 Americans have responded to this challenge.

I am one of those Americans. As a returned Peace Corps Volunteer (Western Samoa, 1981-83), and as part of a four-generation family of Peace Corps Volunteers, I am truly honored to lead and support the devoted Volunteers and staff of this inspiring agency. The agency has represented the United States and advanced its mission of world peace and friendship through community-based development and cross-cultural understanding in 141 countries around the world. Although the language has been updated since 1961, the three core goals originally established in the Peace Corps Act continue to support the mission and serve as the foundation for agency operations:

- 1. Building Local Capacity:** Advance local development by strengthening the capacity of local communities and individuals through the service of trained Volunteers.
- 2. Sharing America with the World:** Promote a better understanding of Americans through Volunteers who live and work within local communities.
- 3. Bringing the World Back Home:** Increase Americans' awareness and knowledge of other cultures and global issues through Volunteers who share their Peace Corps experiences and continue to serve upon their return.

As of September 30, 2016, 7,213 Volunteers were serving in 65 countries. For FY 2016, the agency received its highest appropriation ever of \$410 million (compared to \$379.5 million in FY 2015) to support the work of Peace Corps Volunteers and enhance operations around the world.

In FY 2016, the agency established a partnership with Viet Nam, where Volunteers will teach English and engage in the cultural exchange that is the hallmark of Peace Corps service. This announcement coincided with President Obama's historic trip to Viet Nam, and underscores American commitment to the people of Viet Nam. Other developments in FY 2016 included the opening of operations in Myanmar and reopening operations in Timor-Leste. The agency also restarted the previously suspended programs in Guinea and Sierra Leone. Due to ongoing security concerns, programs in El Salvador and Mali were suspended.

This year, we celebrated the 20th anniversary of Peace Corps Response, a program that sends experienced professionals on short-term, high-impact assignments around the world. Peace Corps Response was founded in 1996 to send returned Peace Corps Volunteers to communities after conflicts and natural disasters. The program has evolved to include all qualified Americans and a wide range of assignments that last anywhere from three months to one year. While Peace Corps Response Volunteers do not serve as long as those in the two-year Volunteer program, their impact has lasting effects in the communities they serve. The program's largest efforts have included the work of Response Volunteers in Thailand and Sri Lanka following the 2004 tsunami, and in the United States after Hurricanes Katrina and Rita. As a result of the sustained demand for Peace Corps Response, over 600 Volunteers served in 45 countries in FY 2016.

The Peace Corps' top priority is always the health, safety, and security of our Volunteers. The agency has continued to make improvements to the Sexual Assault Risk Reduction and Response program mandated by the Kate Puzey Peace Corps Volunteer Protection Act of 2011. In FY 2016, the agency rolled out the Coordinated Agency Response Case Management System, a centralized database to track and evaluate our response to Volunteer-reported crimes.

This year also saw the rapid expansion of the Peace Corps' collaboration with the U.S. government initiative Let Girls Learn, launched by First Lady Michelle Obama. Now in its second year, the number of countries participating in the Peace Corps' Let Girls Learn Program has more than tripled, from 11 in FY 2015 to 35 in FY 2016. Through their work with local leaders on community projects, Peace Corps Volunteers have become catalysts for change by promoting education and empowering adolescent girls. The growing network of Volunteers trained to work at the grassroots level provides a rare opportunity to impact the estimated 62 million girls worldwide who are not in school.

In FY 2016, the Peace Corps unveiled a bold new logo and website that reflect the agency's commitment to engage a new generation of Americans. The agency's new look targets applicants with a desire to make a positive, lasting change in their world. The agency's rebranding has embraced a digitally focused communications approach, and aims to make the Peace Corps more accessible and mobile-friendly through various technology-based platforms.

In addition to our efforts to reach a new generation of Volunteers, the agency has sustained the historic changes to the Volunteer application and selection process made in FY 2014. These combined efforts have yielded dramatic results for the agency. In FY 2016, the Peace Corps saw its second-highest number of applications in 40 years—an astonishing 21,600 Volunteer applications. The dramatic influx of high-quality applications over the past two years indicates a strong desire for volunteerism among the American people. The Peace Corps strives to meet this demand by increasing opportunities for service while maintaining the highest level of Volunteer support at every post. However, expanding the Peace Corps' global presence requires balancing a variety of factors outside agency control, including regional instability, program scalability, and ever-changing operating environments in the countries we serve. More information about the agency's key challenges in FY 2016, along with documented accomplishments, is in the Management's Discussion and Analysis section.

The Peace Corps remains committed to prudent financial management. For the 10th year, the Peace Corps received an unmodified (clean) audit opinion on its financial statements. The independent auditors identified three significant deficiencies and two instances of noncompliance with laws and regulations. We are aware of these audit findings and are committed to addressing them for effective and sustainable resolution.

I am including in this report my Unmodified Management Assurance Statement, along with that of the chief financial officer, providing reasonable assurance that the internal controls and financial management systems meet the specified objectives in the Federal Managers' Financial Integrity Act. This, along with our audited financial statements, may be found in the Financial Section. The financial and performance information presented in this report is reliable and complete.

The Peace Corps' inspector general identified management and performance challenges as reported in the Other Information section in this report. We acknowledge the recommendations, and our staff continue to work diligently to implement operational improvements and settle open items.

As we celebrate the agency's 55th anniversary, I am still inspired every day by what is possible when community members and Peace Corps Volunteers work together to improve conditions at the local level and build a better world from the ground up. They remind us that in a sometimes tumultuous world, the Peace Corps matters—now more than ever.



Carrie Hessler-Radelet, Director

November 7, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS





MISSION AND OVERVIEW OF THE PEACE CORPS

OUR MISSION

To promote world peace and friendship through community-based development and cross-cultural understanding

OUR VISION

To be a dynamic, forward-leaning champion for international service, defined by our energy, innovation, and development impact

WHO WE ARE

The Peace Corps has been a leader in international development and citizen diplomacy for more than 55 years. In a profoundly interdependent world, we tackle challenges that know no borders—such as climate change, pandemic disease, food security, and gender disparities.

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 passage of the Peace Corps Act. The Peace Corps is an independent agency in the executive branch of the U.S. government.

Since the Peace Corps was established in 1961, more than 225,000 Americans have served in 141 countries as Volunteers. They have built a legacy of friendship and enhanced their host countries' capacity for sustainable community-based development.

The Peace Corps conducts an annual strategic assessment—the Country Portfolio Review—in order to respond most effectively to new requests for Volunteers while also preserving and strengthening longstanding relationships with its existing partners and host countries. Today, the Peace Corps is more vital than ever, working in collaboration with partner organizations and using cutting-edge technologies and best practices to increase its development impact.

PEACE CORPS FACTS

HISTORICAL

Officially established:	March 1, 1961
Americans who have served:	225,000
Total host countries served:	141
Country that has hosted the most Volunteers historically:	Philippines (9,072)

CURRENT

Host countries:	65
Total Volunteers:	7,213
Largest program:	Senegal (298 Volunteers)

“
Nothing carries the spirit of
American idealism and expresses
our hopes better and more
effectively to the far corners of
the earth than the Peace Corps.

President Kennedy's final
State of the Union address
January 14, 1963

President John F. Kennedy delivers remarks
after signing the Peace Corps Act into law
on September 22, 1961 in the Oval Office.

Photo: Abbie Rowe, White House
Photographs, John F. Kennedy Presidential
Library and Museum, Boston



CORE VALUES AND ORGANIZATIONAL STRUCTURE

CORE VALUES

The Peace Corps advances its mission through the work of its Volunteers. The agency is structured to address the unique needs of Volunteers while they serve in local communities, often under hardship conditions. The following core values shape and guide decisions at all levels in the agency to support the thousands of Volunteers serving around the world.



VOLUNTEER WELL-BEING

The Peace Corps works to provide a safe, healthy, and productive service for every Volunteer. The safety, security, and physical and emotional health of Volunteers are the agency's top priorities.

QUALITY AND IMPACT

The Peace Corps pursues quality improvements to strengthen its programs while maintaining a meaningful global presence.

COMMITMENT TO NATIONAL SERVICE

The Peace Corps seeks to expand opportunities for Americans to serve their country by volunteering their time in the service of others.

DIVERSITY AND INCLUSION

The Peace Corps actively supports a culture of inclusion that builds on the strengths of the diversity of the American public and of the countries in which we serve.

EVIDENCE-BASED DECISIONS

The Peace Corps uses high-quality data and evidence to focus resources on agency priorities, inform performance improvements both in the field and at headquarters, and promote institutional learning.

INNOVATION

The Peace Corps utilizes innovative approaches and technology to solve both persistent and emerging operational challenges and to advance local development.

OUR ORGANIZATION

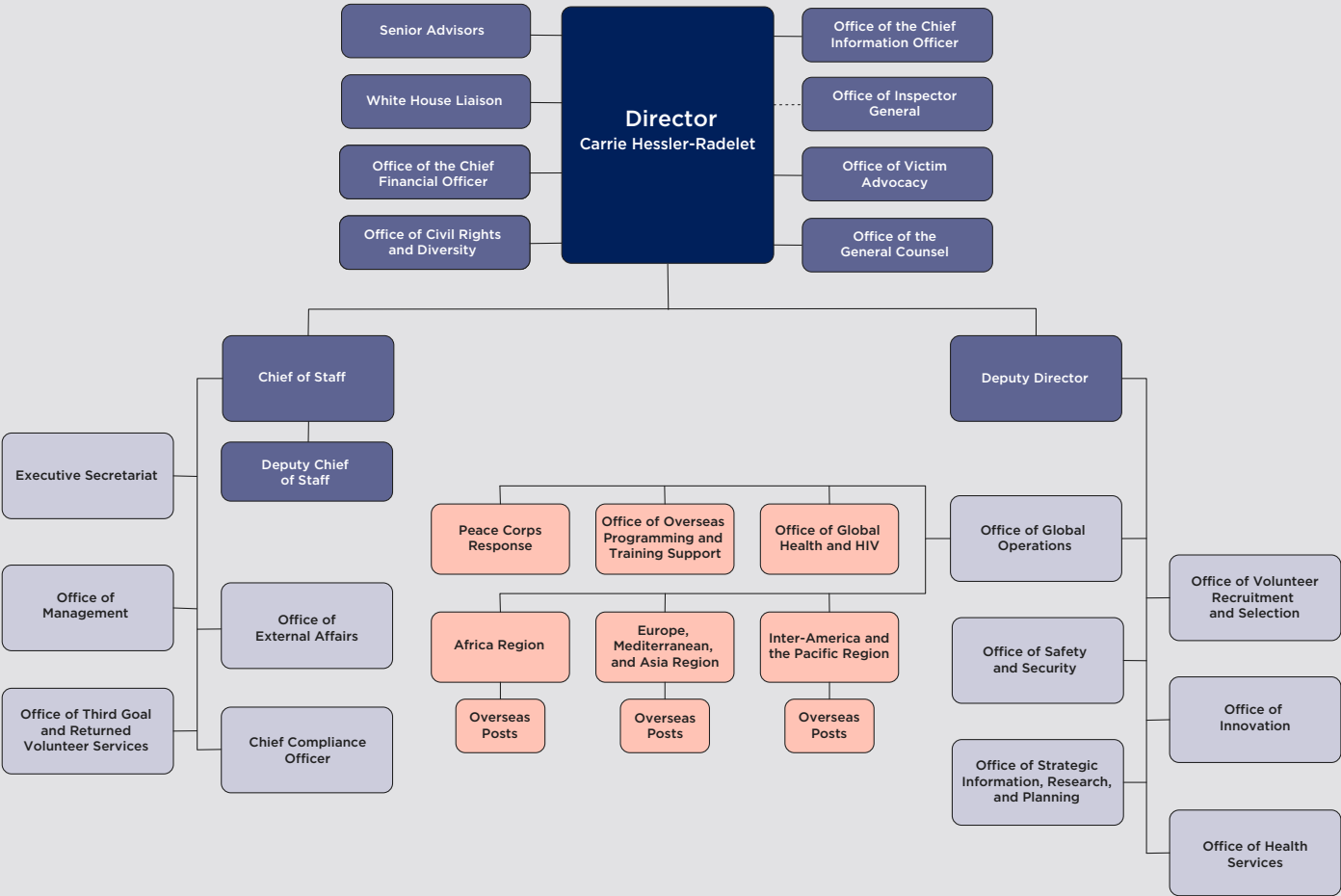
In FY 2016, the Peace Corps maintained active programs in 65 countries, administered by 61 overseas posts. Each post is led by a country director and supported by programming, training, safety and security, medical, financial, and administrative staff. Overseas posts are organized into three geographically based regions: Africa (AF); Europe, Mediterranean, and Asia (EMA); and Inter-America and the Pacific (IAP).

In addition to its Volunteers, the Peace Corps' greatest asset is its workforce, comprising 1,096 U.S. direct hire staff and 3,062 host country staff (including short-term

language and cross-cultural training staff). The unique combination of U.S. direct hire staff and host country staff creates a flexible and vibrant workforce. The Peace Corps believes that having a diverse and inclusive agency is essential to advancing its mission. By developing a culture of inclusion, the Peace Corps is able to maximize Volunteer and staff skills, talent, and overall performance.

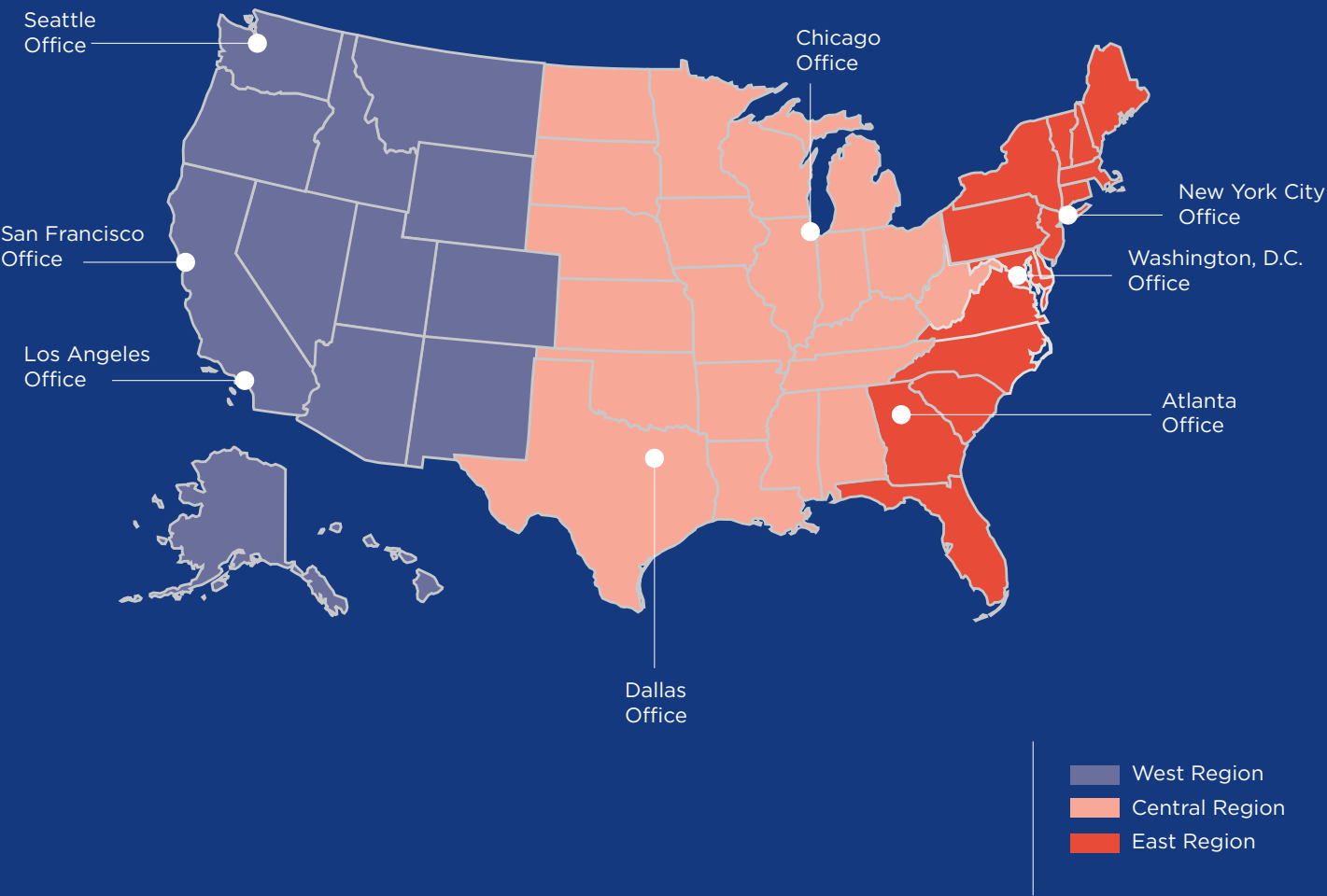
The Peace Corps is headquartered in Washington, D.C., with regional recruitment offices in Atlanta, Chicago, Dallas, Los Angeles, New York City, San Francisco, Seattle, and Washington, D.C.

PEACE CORPS ORGANIZATIONAL CHART



REGIONAL OFFICE BREAKDOWN

Recruiter Territories



WHAT WE DO

Volunteers live and work abroad to tackle the most urgent needs of people around the world. Rather than providing monetary assistance to countries, the Peace Corps sends Volunteers to share their skills and experience while living and working alongside local individuals and communities.

This unique community-based approach to development emphasizes intercultural understanding, capacity building, and sustainable results. Volunteers advance citizen diplomacy, build local capacity, and bring a wealth of experience back to the United States. The new skills and knowledge Volunteers acquire while serving—whether professional growth in intercultural settings, a new language, or technical expertise—are invaluable to the United States, as is the commitment to public service that the Peace Corps instills.

Volunteers advance grassroots development outcomes (Strategic Goal 1) by working in partnership with local communities. In addition, Volunteers are tasked with building a better understanding of Americans in host country communities during their service (Strategic Goal 2). Finally, during and after their service, Volunteers serve as cultural ambassadors and are charged with increasing Americans' knowledge of other cultures (Strategic Goal 3). Returned Volunteers continue their service as global citizens by seeking opportunities to engage in public service and foster intercultural understanding in the United States. The Peace Corps' three strategic goals are dependent upon and reinforce one another. Volunteers regularly contribute to each of the goals while working in their communities.

THE PEACE CORPS' APPROACH TO DEVELOPMENT



Countries invite the Peace Corps to address their development goals. Volunteers are requested directly by local schools, government offices, and other organizations.

Volunteers live and work at the grassroots level.

Volunteers learn local languages and cultures, building relationships and trust with people in their host communities.

Volunteers use their knowledge of the local context to collaborate with host country partners on projects that address community needs.

By working closely with host country counterparts, Volunteers strengthen the capacity of local individuals and communities to solve their own problems.

Local conditions are improved and community members sustain those improvements after Volunteers leave.

PEACE CORPS PROGRAMMATIC SECTORS

Volunteer projects vary across the world, as they are designed to respond to local needs. Volunteers' work falls within six programmatic sectors: Agriculture, Community Economic Development, Education, Environment, Health, and Youth in Development. Peace Corps Response Volunteers' short-term, high-impact assignments may span one or more of these sectors.



Education: Teaching lessons that last a lifetime

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, teaching subjects such as math, science, or conversational English; or as resource teachers or teacher trainers. Volunteers also develop libraries and technology resource centers.

Volunteers can earn their Teaching English as a Foreign Language (TEFL) certificate through the Peace Corps. files.peacecorps.gov/volunteer/learn/TEFL_Comms.pdf



Health: Building healthy global communities

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, where they train youth as peer educators, provide support to children orphaned by the disease, and create programs that provide emotional and financial support to families and communities affected by the HIV/AIDS epidemic.



Environment: Forging a global movement to protect the planet

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.



Youth in Development: Empowering the next generation of leaders

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: Helping communities lift themselves

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.

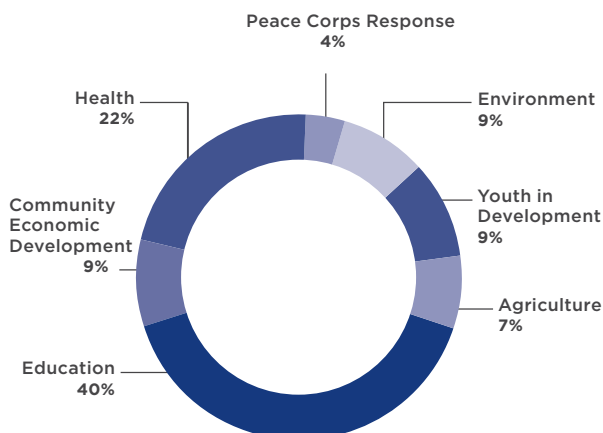


Agriculture: Leading grassroots efforts to fight hunger

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.

Additional information on Peace Corps six programmatic sector can be found in peacecorps.gov/volunteer/what-volunteers-do/.

VOLUNTEER SECTORS



STRATEGIC GOALS AND OBJECTIVES

The Peace Corps' three strategic goals, outlined below, are key to advancing the agency's mission. These goals are consistent with the three core goals articulated in the Peace Corps Act in 1961 (Public Law 87-293, September 22, 1961, [files.peacecorps.gov/multimedia/pdf/policies/ms101.pdf](https://www.peacecorps.gov/multimedia/pdf/policies/ms101.pdf)).

The FY 2014–2018 Strategic Plan and FY 2016–2017 Annual Performance Plan ([files.peacecorps.gov/multimedia/pdf/policies/pc_strategic_plan_2014-2018](https://www.peacecorps.gov/multimedia/pdf/policies/pc_strategic_plan_2014-2018)

[-annual_plan_2016-2017.pdf](#)) provides a comprehensive performance improvement framework to guide and monitor the implementation of the agency's goals, objectives, and strategies. A complete list of all performance goals and results will be available in the Peace Corps FY 2016 Annual Performance Report and FY 2018 Annual Performance Plan, which will be published with the FY 2018 Congressional Budget Justification. All reports will be accessible at: [peacecorps.gov/about/open-government/reports/](https://www.peacecorps.gov/about/open-government/reports/).

STRATEGIC GOALS



GOAL 1

BUILDING LOCAL CAPACITY

Advance local development by strengthening the capacity of local communities and individuals through the service of trained Volunteers



GOAL 2

SHARING AMERICA WITH THE WORLD

Promote a better understanding of Americans through Volunteers who live and work within local communities



GOAL 3

BRINGING THE WORLD BACK HOME

Increase Americans' awareness and knowledge of other cultures and global issues through Volunteers who share their Peace Corps experiences and continue to serve upon their return

STRATEGIC OBJECTIVES

The Peace Corps' 11 strategic objectives directly support the three strategic goals and, ultimately, the mission. Due to the interrelated nature of the agency's strategic goals, most of the objectives below contribute to more than one goal.

1. VOLUNTEER WELL-BEING

Enhance the safety, security, and health of Volunteers through rigorous prevention and response systems and high-quality medical and mental health services

2. SERVICE OPPORTUNITY OF CHOICE

Position the Peace Corps as the top choice for talented Americans interested in service by reaching a new generation of potential Volunteers and streamlining the application process

3. DEVELOPMENT IMPACT

Advance community-based development by strengthening the capacity of local individuals and communities, focusing on highly effective technical interventions, and leveraging strategic partnerships

4. CROSS-CULTURAL UNDERSTANDING

Build a deeper mutual understanding of other cultures by developing meaningful connections between American and host country individuals and communities

5. CONTINUATION OF SERVICE

Support returned Volunteers' continuation of service by fostering a vibrant alumni network, providing tools and resources to ease their transition after service, and offering opportunities for them to share their experiences

6. DIVERSITY AND INCLUSION

Actively recruit, support, and retain a diverse workforce and Volunteer corps and build an inclusive culture that encourages collaboration, flexibility, and fairness

7. SITE DEVELOPMENT

Establish an environment conducive to Volunteer success through an integrated approach to developing effective projects, preparing work sites, and successfully collaborating with local partners

8. TRAIN UP

Develop a highly effective Volunteer corps through a continuum of learning throughout service

9. HIGH-PERFORMING LEARNING ORGANIZATION

Cultivate a high-performing learning organization by investing in professional development for staff, improving staff retention, and strengthening institutional memory

10. GLOBAL CONNECTIVITY

Enable seamless communication and collaboration for all Volunteers and staff by modernizing and integrating information technology systems and leveraging the innovation of Volunteers and staff in the field

11. MEASUREMENT FOR RESULTS

Advance the agency's ability to measure progress, improve performance, and demonstrate impact through integrated monitoring, reporting, and evaluation practices

PERFORMANCE OVERVIEW AND HIGHLIGHTS

STRATEGIC PERFORMANCE IMPROVEMENT

The FY 2014–2018 Strategic Plan (peacecorps.gov/strategicplan) charts the Peace Corps' path as a global leader in international development and cross-cultural understanding. The plan emphasizes innovation, transparency, and the effective use of data. This comprehensive performance framework serves as the foundation to guide, measure, and improve the implementation of the agency's goals, objectives, and strategies.

Under the leadership of Director Hessler-Radelet, the Peace Corps has engaged in open, honest, and transparent conversations about performance improvement. The agency uses an evidence-based approach to monitoring and assessing performance, in which staff use data to identify the most effective strategies to produce the greatest impact. The result is an inclusive and participatory performance improvement culture in which staff and Volunteers are invested in strengthening agency operations.



The principles that we hold so dearly, as a community, as a nation, as a people—respect, inclusion, mutual understanding—inform the way we at the Peace Corps enter into host countries and communities ... and shape the way we support and work with one another.

Director Hessler-Radelet



The Peace Corps' performance improvement system has been institutionalized by a mutually reinforcing design that links agency policies and strategies, country-level strategic planning, project design and implementation, and monitoring and evaluation. The following three elements support this interdependent relationship and serve as the framework for performance improvement at the Peace Corps:

- **Integrated Planning and Budget System:**

Headquarters offices and overseas posts develop strategic and operational plans to ensure their activities align with and advance the agency's strategic goals and objectives. During the agency's budget formulation process, staff develop Integrated Planning and Budget System plans, using resource requirements to inform budgets. Through this process, the agency is working to better link performance and budget processes, ensuring managers have a comprehensive view of the information they need to make program, policy, and budget decisions.

- **Annual Strategic Review:** Each year, the Peace Corps Director engages senior leadership from across the agency in a forward-looking strategic meeting, open to staff at all levels. To inform the development of the next annual performance plan, lead offices identify challenges, opportunities, and possible realignments for each of the Peace Corps' 11 strategic objectives. A report summarizes proposed actions, and select strategies are incorporated into the next performance plan. During this annual meeting, senior leadership has a comprehensive discussion on long-term courses of action to maximize organizational collaboration and creativity.

- **Quarterly Strategic Plan Performance Reviews:**

The Peace Corps uses quarterly reviews as its primary mechanism for monitoring and assessing performance throughout the year. During these reviews, which are chaired by the Peace Corps Director and open to all staff, officials from across the agency discuss performance data from the past quarter and develop strate-

gies to meet performance targets by the end of the fiscal year. In preparation for each review, the agency determines the status of each performance goal in the annual performance plan, using both quantitative and qualitative analyses. This quarterly progress assessment enables the agency to focus efforts on performance goals with the greatest need and improvement opportunity.

These three performance elements comprise a continuous cycle of assessment, adaptation, and cross-office collaboration. The regularity and reliability of this performance cycle encourage an evidence-based approach to annual budget and resource management decisions. In the future, the agency plans to further improve its performance and accountability by strengthening the risk assessment tools and mitigation plans that address the strengths and weaknesses of both domestic and overseas operations.

KEY PERFORMANCE GOAL RESULTS FOR FY 2016

The Peace Corps' 11 strategic objectives, which contribute to the three strategic goals, are assessed through 29 measurable performance goals. Each performance goal includes a quantitative performance level, or "target," to be accomplished in a specific time frame. No targets were set for three new performance goals added in the FY 2016-17 Annual Performance Plan. For these goals, the agency collected baseline data in FY 2016, which will be used to inform future-year performance goal targets.

A comprehensive summary of the existing 26 performance goals and an update on the three new performance goals will be published in the Peace Corps' FY 2016 Annual Performance Report and FY 2018 Annual Performance Plan as part of the FY 2018 Congressional Budget Justification. Combining the agency's performance reporting with forward-looking strategies and goals for the upcoming year represents a step forward in the Peace Corps' efforts to streamline processes and better utilize performance-based management—and generates a more useful, comprehensive, and integrated picture of agency performance. (Agency reports are online at peacecorps.gov/about/open-government/reports/.)

The agency has six focus areas that guide operations and support the FY 2014-2018 Strategic Plan, which are outlined here with their corresponding strategic objectives and select performance goal results for FY 2016.



To provide a holistic, transparent, and comprehensive assessment of agency performance in FY 2016, the selected performance goals reflect both positive (target met) and negative (target not met) performance goal results. The Peace Corps is committed to representing both accomplishments and performance challenges. Additionally, agency leadership wants its performance goals to remain "stretch goals" that will drive performance in future years.

PERFORMANCE GOAL RESULTS:

- **Target met:** 100 percent of the target set for FY 2016 has been met
- **Slightly below target:** 95 to 99 percent of the target set for FY 2016 has been met
- **Target not met:** Below 95 percent of the target set for FY 2016

VERIFICATION AND VALIDATION OF PERFORMANCE DATA

The agency's FY 2016 performance results are based on reliable and valid data that are complete as of the end of the fiscal year. Data collection and reporting consistency are ensured by the use of detailed performance goal data reference sheets, which include operational definitions, data sources, and a comprehensive methodology for measuring each performance indicator. The Office of Strategic Information, Research, and Planning reviews all performance data to ensure they are complete and accurate.



EFFECTIVE VOLUNTEER SUPPORT

The Peace Corps is committed to ensuring a safe, healthy, and productive service for every Volunteer. The safety, security, and physical and emotional health of Volunteers are the agency's top priorities.

Related Strategic Objective: Volunteer Well-Being
Enhance the safety, security, and health of Volunteers through rigorous prevention and response systems and high-quality medical and mental health services (supports all three strategic goals)

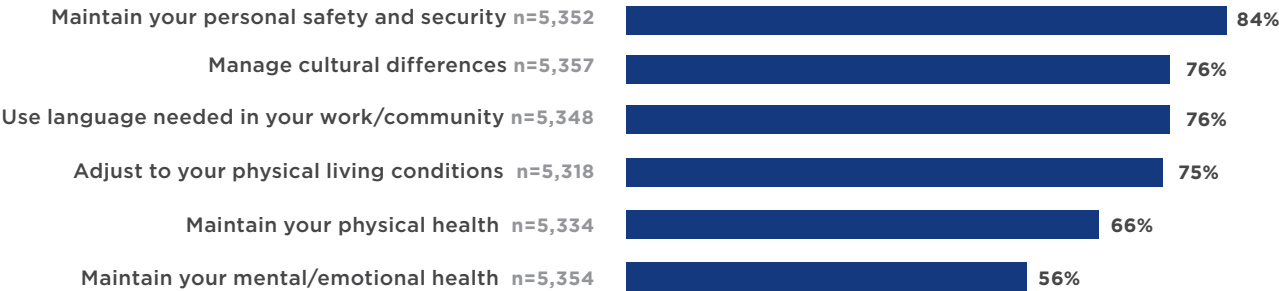
Key Performance Goal Results:

Performance Goal 1.1: Increase Volunteer Satisfaction with Safety and Security Support						FY 2016
Increase the percentage of Volunteers who report feeling “satisfied” or “very satisfied” with safety and security support to 82 percent by FY 2018						Target met
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Target	--	--	--	--	76%	78%
Result ¹	73%	68%	71%	84% ²	81%	80%

¹ This result is based on the question, “How satisfied are you with safety and security support provided by in-country Peace Corps staff?” Results include the top two positive response options on a five-point balanced scale.
² Due to the improvements to the Annual Volunteer Survey in FY 2014, including modifying the response scales and reducing the length of the questionnaire by half, results from FY 2011-13 (italicized) may not be directly comparable to results in FY 2014 and future years. However, year-to-year comparison of results from FY 2014 forward is possible.

Analysis: This target was met. This performance goal provides an assessment of the agency's safety and security prevention and response systems from the perspective of the end user: the Volunteer. The agency emphasizes effective Volunteer safety and security training as the cornerstone of a rigorous Volunteer safety and security program. This program is designed to enable Volunteers to assess their own situations in order to reduce risk as well as to respond to crime and security incidents. Volunteers who felt they had learned personal security skills in their training were more satisfied with Peace Corps safety and security support overall than those who felt their training had been insufficient. According to the 2016 Annual Volunteer Survey (AVS), Volunteers felt best prepared in maintaining personal safety and security out of all topics covered in Peace Corps training.

How effective was Peace Corps training in preparing you to:



% of Volunteers who responded “effective” or “very effective”

Data Source: 2016 Annual Volunteer Survey
Goal Leads: Associate Director, Office of Safety and Security; Associate Director, Office of Global Operations; Regional Directors, Africa Region; Europe, Mediterranean, and Asia Region; Inter-America and the Pacific Region
Partner Office: Office of Victim Advocacy



DEVELOPMENT IMPACT

The Peace Corps works in collaboration with its strategic partners to leverage resources, skills, and knowledge to expand the reach and impact of Volunteers. The agency strengthens its programs through quality monitoring and evaluation to ensure that Volunteers are meeting the local needs of the communities where they serve.

Related Strategic Objective: Development Impact

Advance community-based development by strengthening the capacity of local individuals and communities, focusing on highly effective technical interventions, and leveraging strategic partnerships (supports Strategic Goals 1 and 2)

Accomplishments in FY 2016: The Peace Corps' unique approach to development aids host country governments by building local capacity through the provision of technical assistance. Volunteers work side by side with local partners to help improve conditions in the communities where they serve. Designed to respond to local needs, the Volunteers' work falls within six programmatic sectors: Agriculture, Community Economic Development, Education, Environment, Health, and Youth Development. Peace Corps Response Volunteers work on short-term, high-impact assignments, which can span one or more of these sectors.

The following three vignettes highlight a sample of the development impact of Volunteers around the globe.

1. Malaria Prevention in Schools in Senegal

Volunteers in southeast Senegal implemented an active malaria detection program in pre-, elementary, middle, and high schools—the first of its kind in the country. Working in conjunction with both the Senegalese Ministry of Health and Ministry of Education, Volunteers trained school administrators to use malaria rapid diagnostic tests and provide frontline malaria treatment medications. Administrators then conducted weekly sweeps of schools, screening students for fever and other clinical symptoms of malaria and providing onsite testing and treatment. During the three-month trial, 271 people were tested and 147 people in eight schools received early treatment—vital for preventing the life-threatening complications of malaria. In FY 2017, the Peace Corps will work with the government of Senegal to scale up this approach in regions with the highest prevalence of malaria. Across Africa, more than 1,000 Volunteers are engaged in malaria prevention activities, from school-based active case detection to bed-net distribution to behavior change programs, reaching hundreds of thousands of beneficiaries.

2. HIV Prevention and Grassroot Soccer

Grassroot Soccer is a nonprofit organization that fights HIV by using soccer to provide young people with knowledge, skills, and support to remain HIV-free. Using obstacles on the soccer field—and evidence-based programs—Grassroot Soccer helps young people understand health messages, learn to withstand peer pressure, and protect themselves and others from HIV and AIDS.

Since 2011, the Peace Corps has partnered with Grassroot Soccer to help Volunteers reach youth with critical health information. Thousands of Volunteers and counterparts in more than 40 countries have received training, curricula, and materials. Volunteers teach lessons designed to address the health education needs of youth in their rural communities. The agency has focused implementing the Grassroot Soccer partnership in Africa, establishing programs in 24 countries in Southern and East Africa, and translating Grassroot Soccer's SKILLZ curricula into seven local languages.

In 2016, Peace Corps/Lesotho and Grassroot Soccer brought together 18 Volunteers and Basotho counterparts to host Peace Corps/Lesotho's first-ever SKILLZ Girl workshop. The SKILLZ Girl workshop provided sexual and reproductive health education to girls in rural Africa while also expanding their opportunities to play sports.

3. Ending Preventable Child and Maternal Deaths

In October 2015, the Peace Corps developed a partnership with the U.S. Agency for International Development in the Ending Preventable Child and Maternal Deaths program. This partnership provides technical assistance and resources for Peace Corps posts to strengthen current maternal and child health projects. Since the launch of this partnership, Peace Corps staff and Volunteers have received training on technical topics related to maternal and child health, including handwashing and seeking

early care for childhood illnesses. Training on delivering evidence-based interventions and designing projects for behavior change was also provided.

As a result of the first workshop in the Africa region, held in Rwanda in June 2016 with Peace Corps staff and Volunteers from 13 posts attending, Peace Corps/Uganda began rolling out the care group model using Ugandan community health workers. In the care group model, an evidence-based approach used by international development organizations, 10–15 local community health education volunteers meet regularly with Peace Corps Volunteers and their counterparts. Each care group community

health worker visits 10–15 households regularly in his or her neighborhood, sharing new health information and facilitating behavior change at the individual and family level.

Care groups create a multiplying effect in promoting behavior change to decrease under-5 mortality and to improve the nutritional status of children. Through regular meetings, ongoing mentoring, and follow-up from Volunteers and their counterparts, Ugandan community health workers will have increased confidence in providing peer support and delivering key messages to reinforce healthy behaviors that can save the lives of mothers and children.





COMPETITIVE RECRUITMENT

Increasing the quality and quantity of Volunteer applications is an essential first step to positioning the Peace Corps to respond to development needs in local communities. The Peace Corps prioritizes innovation, transparency, and effective data use to drive improvements to its Volunteer Delivery System.

Related Strategic Objective: Service Opportunity of Choice

Position the Peace Corps as the top choice for talented Americans interested in service by reaching a new generation of potential Volunteers and streamlining the application process (supports all three strategic goals)

The agency has successfully sustained the historic changes to the Volunteer application and selection process made in FY 2014. These combined efforts have yielded dramatic results for the agency:

Key Performance Goal Results:

Performance Goal 2.3: Increase Applications Increase applications for Volunteer service to 25,000 by FY 2018						FY 2016
						Target met
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Target	--	--	--	20,000	22,000	23,000
Result ¹ (total applications)				19,151	24,848	23,987
Two-Year Volunteer applications only ²	12,206	10,091	10,118	17,336	22,956	21,600

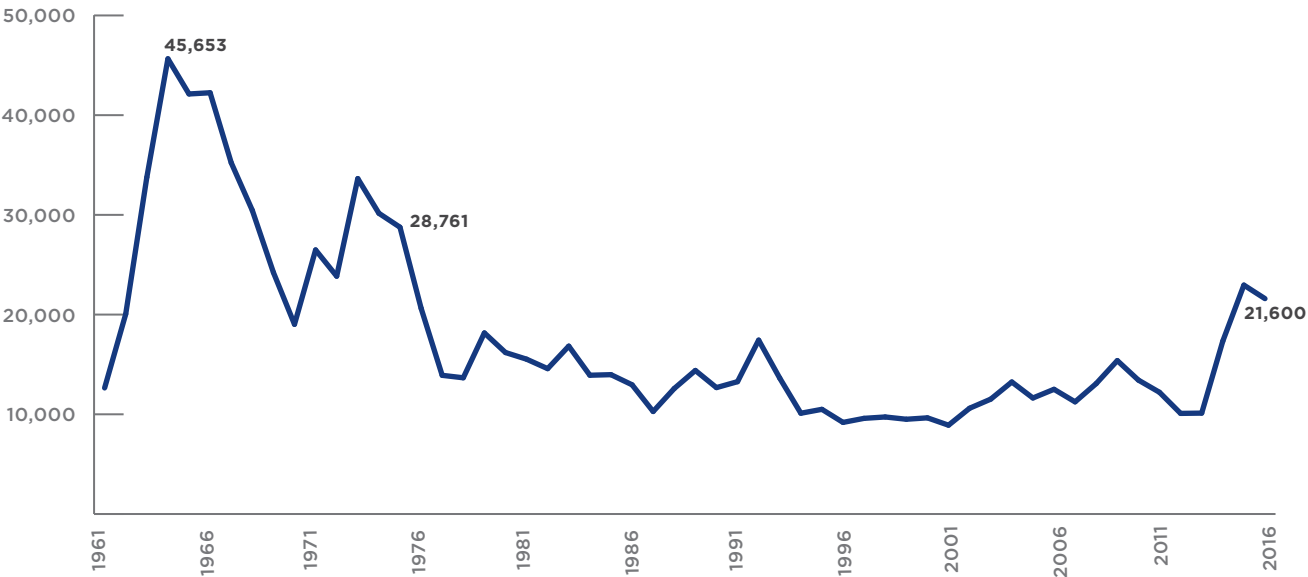
¹ The definition of an application for Volunteer service was modified in FY 2014. Under the updated definition, an "application" occurs when a qualified U.S. citizen submits a completed application for either the two-year Peace Corps Volunteer program or the short-term Peace Corps Response program. Targets for fiscal year 2014 and beyond are set based on this new definition. FY 2016 results include 21,600 applications from the two-year program and the 2,664 applications from the Peace Corps Response program; 277 people applied to both programs, so the unduplicated total is 23,987.

² FY 2011-13 results for two-year applications are reported based on the application process used in that time period, which required that individuals submit both an application form and a health history form. Two-year applications from FY 2014 onward only require the application form.

Analysis: The target was met. In FY 2016, the Peace Corps saw its second-highest number of applications for the two-year Volunteer program in 40 years—21,600 applications for Volunteer service (23,987 applications total, when including Peace Corps Response applications). As shown in the following graph, this is only 6 percent less than the record-breaking 22,956 two-year applications (24,848 total) in FY 2015. The dramatic influx of high-quality applications over the past three years indicates a strong desire among Americans to volunteer for service abroad.

A transparent application process ensures that applicants are able to easily search Volunteer opportunities and find the opening that is best suited to their skill set and needs. Volunteer openings include detailed information, such as a comprehensive project description, program size, required and desired skills, country-specific language needs, and in-country living conditions. Prospective applicants can browse service opportunities by country, work area, language requirement, and departure date at peacecorps.gov/openings/.

Two-Year Volunteer Applications (FY 1961-2016)

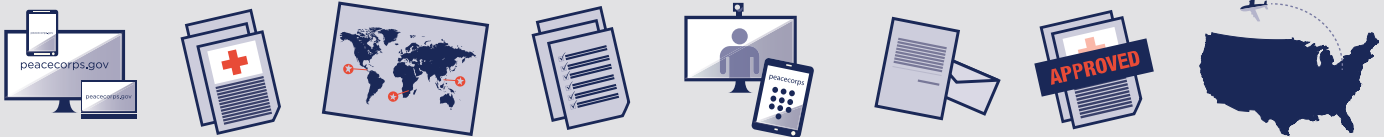


Data Source: Peace Corps database

Goal Lead: Associate Director, Office of Volunteer Recruitment and Selection

Partner Offices: Peace Corps Response, Office of Communications, Office of Strategic Partnerships

APPLICATION PROCESS



- 1**
APPLY ONLINE
Filling out the online application is easier than ever before. It takes less than an hour to complete.
- 2**
HEALTH HISTORY FORM
This is to make sure that you can safely serve. Provide your health history so you can be matched with countries that can support you.
- 3**
CHOOSE A COUNTRY AND A JOB
Passionate about serving in a specific area of the world or in a certain work program? Browse current Volunteer openings and submit your choices.
- 4**
SOFT SKILLS QUESTIONNAIRE
How do you work most efficiently? Answer these questions about your work style and preferences.
- 5**
INTERVIEW
If you're selected for an interview, you'll have the chance to talk to a Peace Corps placement officer about how you can apply your skills and interests during service.
- 6**
INVITATION
If chosen to serve as a Peace Corps Volunteer, you will get an invitation by the know-by date. This is contingent on final medical and legal clearance.
- 7**
MEDICAL AND LEGAL CLEARANCE
The Peace Corps Office of Medical Services will confirm that the Peace Corps can provide the individual medical support you need, and the Placement Office will confirm your legal eligibility for service.
- 8**
DEPARTURE
Meet your fellow Volunteers at staging in the U.S., and depart for your country of assignment.

“

There is great demand for Peace Corps Volunteers around the world, and our reforms have better positioned us to offer assignments where Volunteers have the most interest in serving and are able to make the greatest contribution.

Director Hessler-Radelet

Performance Goal 2.4: Reduce Time from Application to Invitation Reduce the average time from application to invitation to no more than 3 months by FY 2016						FY 2016
						Target met
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Target	--	--	--	5 months	4 months	3 months
Result	10 months	11 months	6 months ¹	7 months	4 months	2 months

¹ In FY 2013, the application and medical review processes were modified; invitations are now offered prior to medical clearance. This resulted in a reduction of the average time from application to invitation.

Analysis: The target was met. This performance goal is a key efficiency measure as it directly captures administrative timeliness of the application process. The median time for FY 2016 was two months, a 70 percent decrease since FY 2014.

While working to sustain reforms and improvements to the application and placement processes, the agency continues to employ new tools to generate data for strategic refinement and evaluation. Key sources of data, including applicant feedback and surveys, inform adjustments and internal efficiency measures. Additionally, the implementation of a “soft skills” questionnaire and a new interview rating tool has allowed placement officers to better rank candidates in the applicant pool.

In FY 2017, significant technology improvements to the application platform will strengthen the pre-departure environment and result in a more innovative and streamlined process for communicating with invitees. A move to a new platform will establish the functionality to facilitate online “communities” organized by training class and will allow both headquarters and posts to communicate with invitees efficiently. Additionally, the agency plans to utilize a learning management system to deliver online training courses to invitees on topics such as Teaching English as a Foreign Language and safety and security. Ultimately, these improvements will bolster the agency’s efforts to retain invitees by increasing their level of engagement with the Peace Corps prior to their departure.

Time from Application to Invitation Consistently Met the FY 2016 Target



Data Source: Peace Corps database

Goal Lead: Associate Director, Office of Volunteer Recruitment and Selection



CROSS-CULTURAL UNDERSTANDING

Volunteers advance cultural understanding between the United States and the communities where they serve by living and working side by side with local partners and by sharing their experiences with family, friends, and the American people both during their service and when they return to the United States.

Related Strategic Objective: Cross-Cultural Understanding
Build a deeper understanding of other cultures by developing meaningful connections between American and host country individuals and communities (supports all three strategic goals)

Performance Goal 4.1: Greater Understanding of Americans						FY 2016
Maintain the percentage of counterparts who report a greater understanding of Americans after working with a Volunteer at or above 95 percent through FY 2018						Slightly below target
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Target	--	--	--	No target set; baseline data collection	No target set; baseline data collection	95%
Result ¹	--	--	--	94%	90%	91%

¹ This result is based on the question, “Have you learned anything new about the United States or Americans through your interactions with Peace Corps Volunteers?”

Analysis: This performance goal is measured through the Global Counterpart Survey, first launched in FY 2014. Counterparts work closely with Volunteers, and their increased understanding of the United States and the American people is a result of sustained daily interactions with Volunteers. This year, approximately nine in 10 Peace Corps counterparts reported that they learned something new about the United States after working with Volunteers. The survey results for FY 2016 and FY 2015 are based on data collected from a globally representative random sample of counterparts and therefore have a lower margin of error than the census of counterparts that the agency attempted in FY 2014. As such, they are a more reliable reflection of counterpart sentiment.

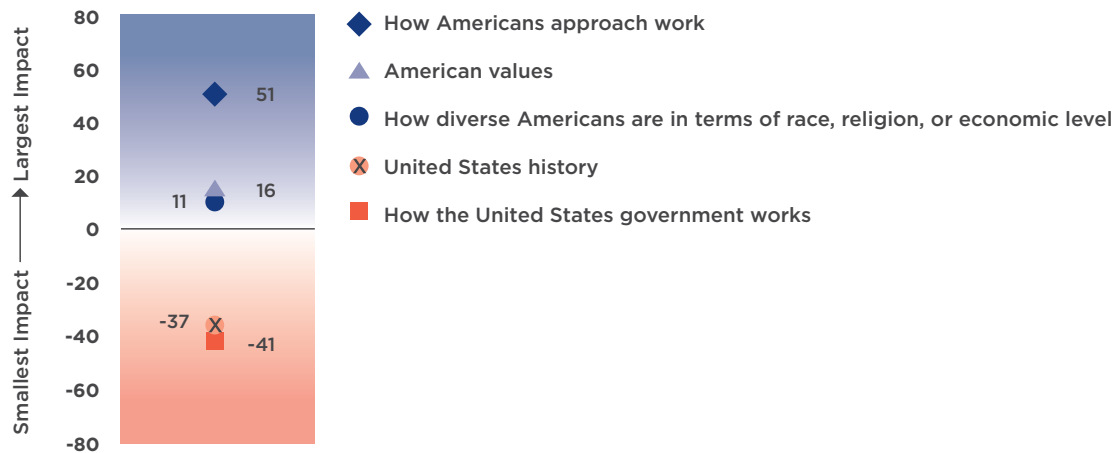
The survey included a supplemental question about the specific content (see following graphic) that the counterparts reported learning through working with Peace Corps Volunteers. Counterparts reported that they learned most about how Americans approach work, followed by American values, then American diversity. These results are very similar to those found in 2015, with one exception. Although “American values” ranked second both years, its aggregate score fell 10 points between 2015 and 2016, ranking it closer to “How diverse Americans are in terms of race, religion, or economic level” in FY 2016.



The Peace Corps represents some, if not all, of the best virtues in this society. It stands for everything that America has ever stood for. It stands for everything we believe in and hope to achieve in the world.

Sargent Shriver
Founding Director of the Peace Corps, 1961–66

Knowledge Gained About the United States or Americans Among Host Country Counterparts



Results are based on two survey questions: “Which of the following is the thing that you have learned the most about through working with Peace Corps Volunteers?” and “Which is the thing that you have learned the least about through working with Peace Corps Volunteers?” (n=365)
Aggregate scores are on a -100 to 100 scale and reflect the respondents’ likelihood to select an item as highest or lowest impact.

Data Source: 2016 Global Counterpart Survey

Goal Leads: Associate Director, Office of Global Operations; Regional Directors, Africa Region; Europe, Mediterranean, and Asia Region; Inter-America and the Pacific Region

Partner Offices: Office of Overseas Programming and Training Support; Office of Strategic Information, Research, and Planning

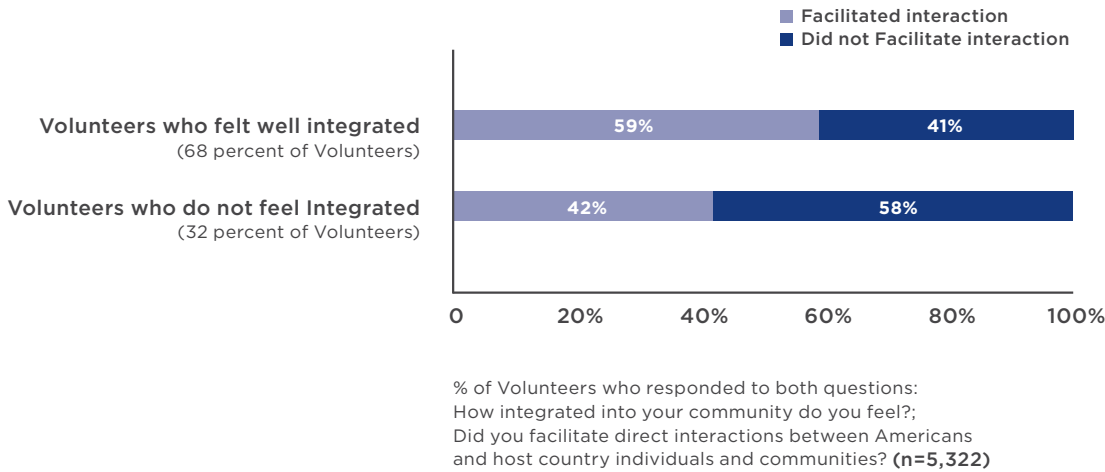
Performance Goal 4.2: Increase Cross-Cultural Connections						FY 2016
Increase the percentage of Volunteers who report that they facilitated direct interactions between Americans and host country individuals and communities to 70 percent by FY 2018						Target not met
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Target	--	--	--	No target set; baseline data collection	60%	63%
Result ¹	--	--	--	57%	57%	54%

¹ This result is based on the following question: “Did you facilitate direct interactions between Americans and host country nationals in the last 12 months?”

Analysis: The target was not met. This performance goal captures Volunteers’ work to facilitate direct in-person and virtual interactions between Americans and host country individuals. These interactions occur through participation in Peace Corps-sponsored match programs that connect schools and organizations in host countries and the United States, social media, in-person visits, web conferences, and other mechanisms. Volunteer facilitation rates decreased slightly relative to previous years. In FY

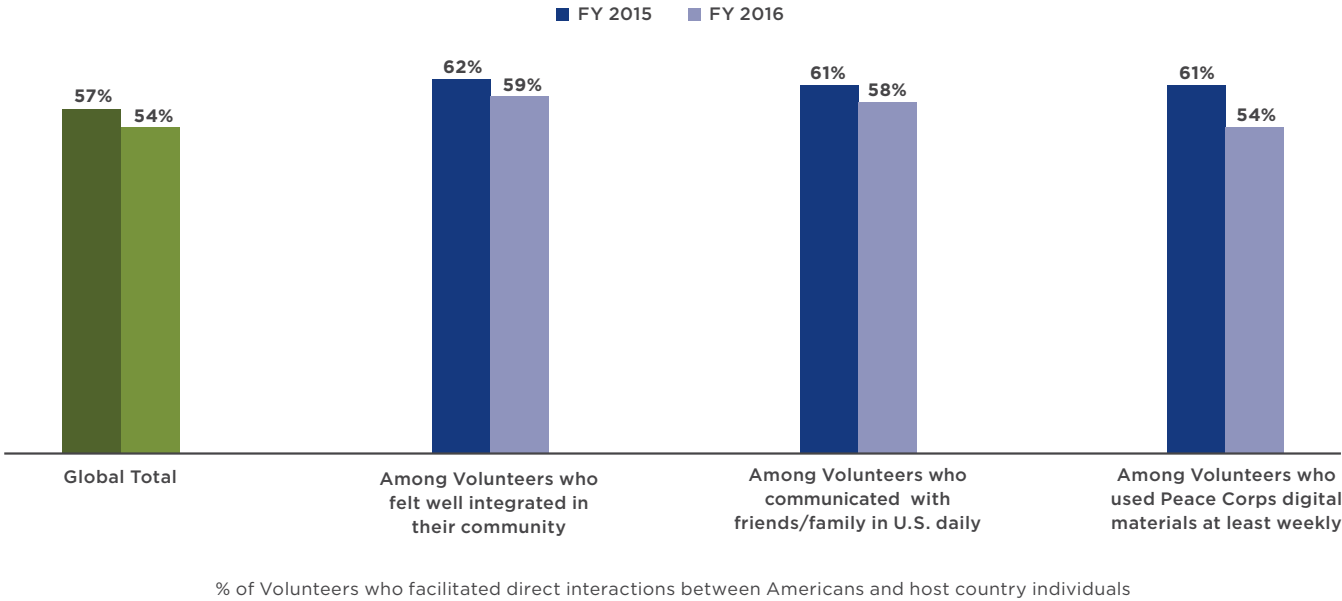
2015, the ability of Volunteers to successfully integrate into their host country communities was cited as a key enabler in their subsequent attempts to foster interactions between Americans and host country individuals. Specifically, well-integrated Volunteers were far more likely to facilitate direct interactions between Americans and host country individuals. This relationship was also observed in FY 2016 as indicated in the following graph.

Well-integrated Volunteers were more likely to facilitate direct interactions between Americans and host country individuals



Volunteers also need to maintain their contacts from home. For successful facilitation to occur, not only do Volunteers need to engage in their host country communities, but they must also have the will and ability to maintain their existing relationships in the United States.

Volunteers were more likely to facilitate cross-cultural connections when they felt well integrated *and* if they frequently communicated with American friends and family



Data Source: 2016 Annual Volunteer Survey
Goal Lead: Associate Director, Office of Global Operations; Director, Office of Overseas Programming and Training Support
Partner Office: Office of Third Goal and Returned Volunteer Services
Lead Office: Office of Overseas Programming and Training Support

The previous chart demonstrates the impact of both integrating successfully in the host community and remaining connected to friends and family in the United States. Volunteers who successfully developed and maintained their ties to both groups were more likely to facilitate direct interactions between other Americans and host country individuals.

Finally, there is some evidence that the agency can further support the capacity of Volunteers to successfully facilitate interactions by encouraging the use of Peace

Corps digital infrastructure, materials, and guidance. As shown in the chart, in FY 2015, Volunteers who regularly leveraged Peace Corps digital materials also facilitated interactions at higher rates than the FY 2015 average. However, the facilitation rates of Volunteers who utilized the agency's digital materials were no different from the average in FY 2016. So, while digital tools hold potential in promoting interactions between Americans and host country individuals, the agency's digital resources are finite and often subject to change in a rapidly evolving environment.



DIVERSITY AND INCLUSION

The Peace Corps actively supports a culture of inclusion that builds on the strengths of the diversity of the American people and of the countries where we serve.

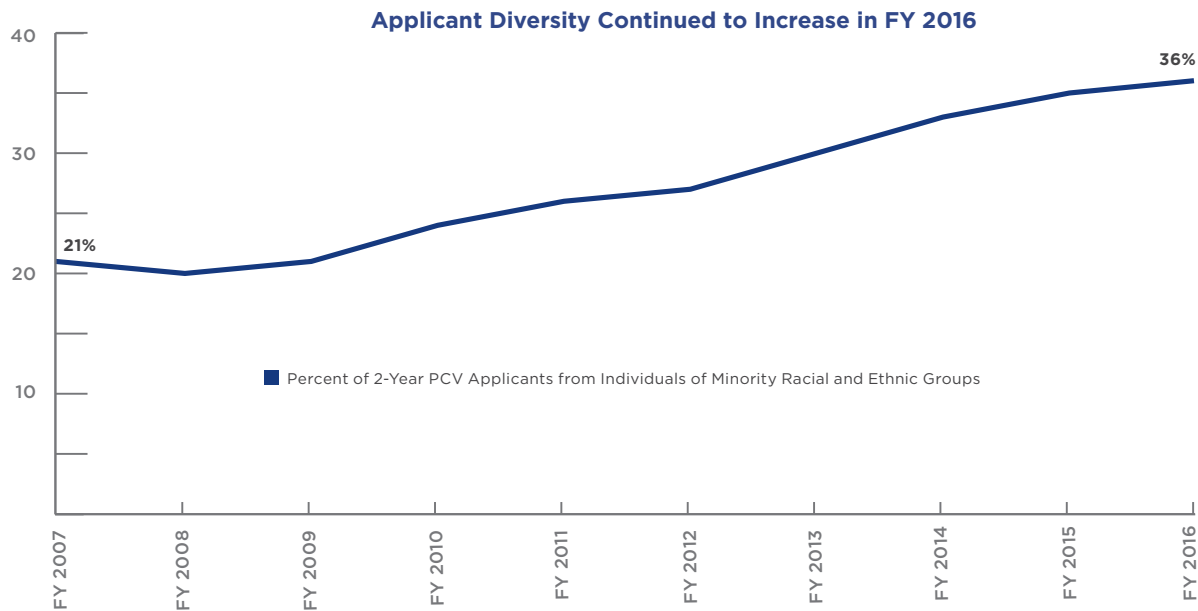
Related Strategic Objective: Diversity and Inclusion
Actively recruit, support, and retain a diverse workforce and Volunteer corps and build an inclusive culture that encourages collaboration, flexibility, and fairness (supports all three strategic goals)

Key Performance Goal Results:

Performance Goal 6.1: Increase Applicant Diversity						FY 2016
Increase applications for Volunteer service from individuals of minority racial and ethnic groups to 35 percent by FY 2016 and maintain that level of performance through FY 2018						Target met
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Target	--	25%	29%	32%	34%	35%
Result	26%	27%	30%	33%	35%	36%

Analysis: The target was met. In recognition of the fact that Peace Corps projects generally require at least a bachelor's degree level of education, targets were developed based on diversity data from the college-degreed population of the United States. Minority racial and ethnic groups include the following designations on the Peace Corps application: Hispanic or Latino, Black or African American, Native Hawaiian or other Pacific Islander, Asian,

American Indian or Native Alaskan, and two or more races. Over the past 10 years, the percentage of applications from minorities has increased over 76 percent, from 21 percent in FY 2007 to 36 percent in FY 2016. The two largest minority groups to apply this year are Hispanic or Latino (14 percent) and Black or African-American (12 percent).



Data Source: Peace Corps database
Goal Lead: Associate Director, Office of Volunteer Recruitment and Selection
Partner Offices: Office of Communications, Office of Civil Rights and Diversity



EVIDENCE-BASED DECISIONS

The Peace Corps uses high-quality data and evidence to focus resources on agency priorities, promote institutional learning, and inform performance improvement both domestically and overseas.

Related Strategic Objective: Measurement for Results

Advance the agency's ability to measure progress, improve performance, and demonstrate impact through integrated monitoring, reporting, and evaluation practices (supports all three strategic goals)

Key Performance Goal Results:

Performance Goal 11.2: Increase Evidence-Based Decisions						FY 2016
Increase the percentage of posts and headquarters offices that demonstrate the use of evidence in program, policy, and/or budget decisions to 100 percent by FY 2016 and maintain that level of performance through FY 2018.						Slightly below target
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Target	--	--	--	50%	75%	100%
Result	--	--	--	68%	86% ¹	95%

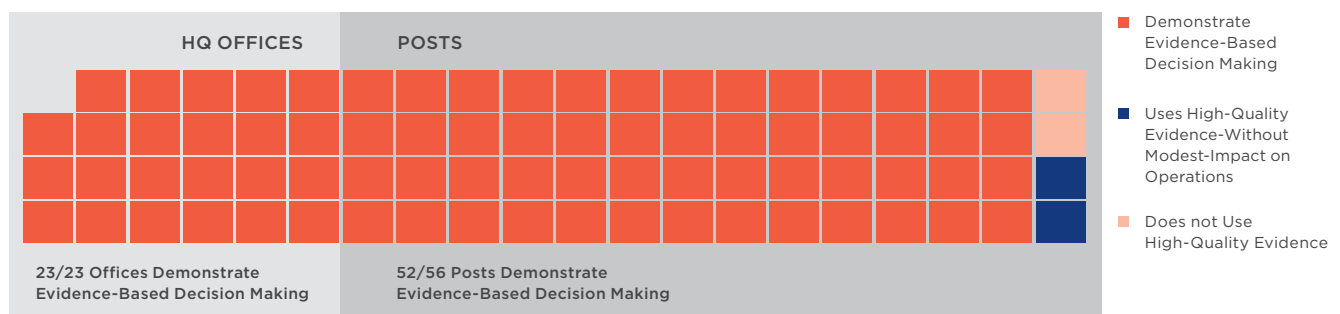
¹ Due to the improvements to the data collection process in FY 2015, including shifting from qualitative data collection to a structured questionnaire, results from FY 2014 (italicized) may not be directly comparable to results in FY 2015 and future years. However, year-to-year comparison of results from FY 2015 forward is possible.

Analysis: This performance goal is measured through an annual data call to all posts and headquarters offices requesting that they provide the best example of an evidence-based decision their post or office made that fiscal year in the area of program, policy, or budget. To be included in this analysis, a respondent must (1) identify a high-quality source of evidence used to make the decision and (2) assert that the evidence-based decision was expected to have at least a modest impact on operations. For the purposes of this calculation, the following were considered to be sources of high-quality evidence: official agencywide surveys; a formal evaluation with a defined methodology and analysis plan; a logic model to inform a project's plan and design; the

agency's Country Portfolio Review summary or dataset; in-depth interviews with a formal questionnaire; focus group discussions with a structured question guide; administrative data, such as language test scores, data on early terminations, or budget; and data from established business processes or products, such as help desk tickets or numbers of applications.

Based on this analysis, a total of 93 percent of posts and 100 percent of headquarters offices demonstrated evidence-based decision making for an overall result of 95 percent. Although this result is slightly below the target of 100 percent, it represents significant progress from last year's result of 86 percent.

Evidence-Based Decision Making in HQ Offices and Posts



Data Source: Peace Corps administrative records

Goal Lead: Director, Office of Strategic Information, Research, and Planning

Partner Offices: Africa Region; Europe, Mediterranean, and Asia Region; Inter-America and the Pacific Region

FORWARD-LOOKING INFORMATION

The Obama administration has firmly established global development as a cornerstone of U.S. national security and foreign policy. Through the Presidential Policy Directive on Global Development (PPD-6), the first of its kind by a U.S. administration, President Obama called for a 21st-century development policy that is strategic, collaborative, and focused on sustainable development outcomes. The Peace Corps and its strategic partners play a critical role in implementing these global development initiatives.



Our investments in development—and the policies we pursue that support development—can encourage broad-based economic growth and democratic governance, facilitate the stabilization of countries emerging from crisis or conflict, alleviate poverty, and advance global commitments to the basic welfare and dignity of all humankind. Without sustainable development, meeting these challenges will prove impossible.

U.S. Global Development Policy (PPD-6)¹



A 21ST-CENTURY DEVELOPMENT POLICY

Director Carrie Hessler-Radelet's vision for the Peace Corps emphasizes innovation, bold communication and outreach, and evidence-based decisions to drive sustainable community outcomes. Operationally, the agency has embraced change to bolster Volunteer support and modernize technology, both domestically and abroad. The Director has also emphasized a renewed commitment to documenting the agency's impact, enhancing diversity and inclusion, and reinventing the Peace Corps as the service opportunity of choice for Americans. As the agency approaches its 56th anniversary, it is well-positioned to further advance its mission of world peace and friendship through community-based development and cross-cultural understanding.

AN OPERATIONAL MODEL CENTERED ON VOLUNTEER SUPPORT

The Peace Corps works in countries facing significant development obstacles and often elevated risks of crime, conflict, or disease. Therefore, many of the agency's performance challenges are defined by the ever-changing conditions of the countries where Volunteers serve. While operating in this complex global environment, the health, safety, and security of Volunteers remain the Peace Corps' highest priority.

Completing the full implementation of the Kate Puzey Peace Corps Volunteer Protection Act of 2011 continues to be a major focus for the agency. Significant revisions to the agency's initial policy and procedures were finalized in FY 2016 and will continue to be implemented globally in FY 2017. These changes were based on data and experience over the first three years of the policy implementation and should result in additional improvements in the agency's response to Volunteers who are the victims of sexual assault. A biennial report on the evaluation of the Peace Corps' implementation of the Kate Puzey Peace Corps Volunteer Protection Act of 2011 will be submitted to Congress in November 2016. This report will evaluate the effectiveness and implementation of the sexual assault risk-reduction and response training for Volunteers and the sexual assault policy required under the Kate Puzey Act. It will include a case review of reported sexual assault cases.

¹ The White House, Office of the Press Secretary, "Fact Sheet: U.S. Global Development Policy," press release, September 22, 2010, whitehouse.gov/the-press-office/2010/09/22/fact-sheet-us-global-development-policy

The Peace Corps provides all Volunteers with medical care during their service, primarily through Peace Corps medical officers. In addition, every Volunteer begins his or her service with a rigorous 10-week training curriculum, which includes modules on preventing disease, maintaining personal health, and coping with the stresses of living in a new culture.

In order to support evidence-based decisions related to Volunteer health care and safety, the Peace Corps is committed to expanding its data sources on Volunteer well-being. The Office of Health Services has worked across the agency to identify potential health indicators with the greatest opportunity for improvement through agencywide action. These indicators, referred to collectively as “Healthy Volunteer 2020,” include four broad topic areas: physical and mental health, tobacco and alcohol use, environmental quality, and health services. Within these four topic areas, staff developed a draft list of 11 indicators in FY 2016. These indicators and action plans related to their use will be finalized in FY 2017 and will provide a more holistic view of Volunteer well-being.

Additional information and continued updates on the agency’s efforts to ensure the well-being of Volunteers can be found at peacecorps.gov/safety and at peacecorps.gov/about/inspector-general/kate-puzey-act-resources/.

A MODERN ARCHITECTURE THAT ELEVATES STRATEGIC PARTNERSHIPS AND WHOLE-OF-GOVERNMENT INITIATIVES

The Peace Corps actively participates in a broad array of presidential and whole-of-government initiatives, including Let Girls Learn, the President’s Emergency Plan for AIDS Relief (PEPFAR), the President’s Malaria Initiative, the Energy and Climate Partnership of the Americas, Feed the Future, the Global Health Initiative, Ending Preventable Child and Maternal Deaths, and Saving Mothers, Giving Life. Through these collaborative partnerships, the Peace Corps extends the reach of both its strategic partners and its Volunteers by leveraging their collective training and programmatic resources and by contributing to common development goals at the local level.

“

Our first line of action is principled and clear-eyed diplomacy, combined with the central role of development in the forward defense and promotion of America’s interests. ...We are now working with many partners to put ending extreme poverty at the center of a new global sustainable development agenda that will mobilize action for the next 15 years

National Security Strategy, February 2015²

² The White House, Office of the Press Secretary, National Security Strategy, February 2015, whitehouse.gov/sites/default/files/docs/2015_national_security_strategy.pdf

Highlighting Partnerships: Let Girls Learn

Let Girls Learn is a U.S. government initiative launched by the President and First Lady that helps adolescent girls attain a quality education and enables them to reach their full potential (see LetGirlsLearn.gov for more information). As part of the U.S. government's commitment to Let Girls Learn, First Lady Michelle Obama and the Peace Corps have formed a powerful collaboration that will empower local leaders to establish lasting solutions to close the gap for the 62 million girls worldwide who are not in school.

The Peace Corps' Let Girls Learn program encourages community-led solutions through the work of Peace Corps Volunteers. Volunteers live and work at the grassroots level, and serve as catalysts for change by supporting community-led solutions to reduce barriers that prevent adolescent girls from completing their education. In FY 2017, the agency will continue to train thousands of Volunteers and community leaders to design sustainable, culturally appropriate projects that focus on girls' education and development opportunities.

WHAT WE DO: THE THREE PILLARS



PILLAR ONE

EMPOWERING LEADERS

The Let Girls Learn Program increases gender awareness by delivering targeted trainings that reach thousands of Volunteers and tens of thousands of community leaders, enabling them to become champions of girls education.



PILLAR TWO

WORKING HAND IN HAND WITH COMMUNITIES

Thousands of Volunteers work side by side with local leaders to achieve community-based solutions through the Peace Corps Partnership Program. From a school library to a technology camp for girls, Peace Corps Volunteers working on gender-related projects can apply for support through the Let Girls Learn Fund (donate.peacecorps.gov/donate/fund/let-girls-learn/).



PILLAR THREE

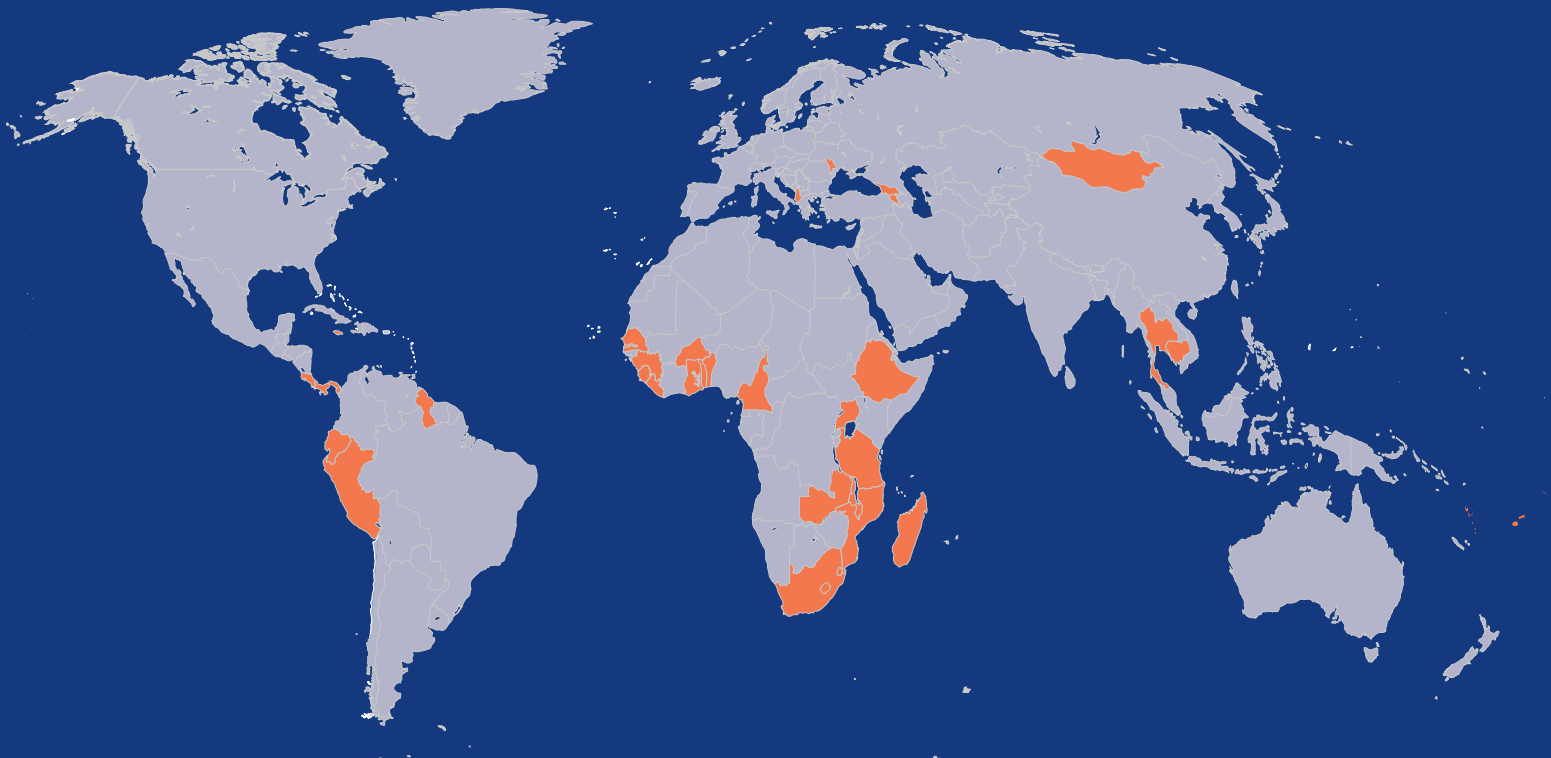
INCREASING THE IMPACT OF PEACE CORPS VOLUNTEERS

A major component of the program is supporting the work of Volunteers who are helping to break down the barriers to girls' education in communities around the world. Under Let Girls Learn, the Peace Corps is expanding the number of Volunteers focused on advancing girls' education and empowerment through evidence-based interventions.

WHERE WE WORK: OPERATING IN 35 COUNTRIES IN FY 2016

At the launch of the Let Girls Learn collaboration in March 2015, the Peace Corps focused on 13 countries to start. In FY 2016, the Peace Corps' Let Girls Learn program expanded to 35 countries worldwide. Given the strong interest of Volunteers and the communities they serve, Let Girls Learn is anticipated to expand to include at least 40 country programs in FY 2017.

For more information on the Peace Corps' Let Girls Learn program, visit letgirlslearn.peacecorps.gov



THE CARIBBEAN

Jamaica

CENTRAL AND SOUTH AMERICA

Costa Rica
Ecuador
Guyana
Panama
Peru

AFRICA

Benin
Burkina Faso
Cameroon
Ethiopia
Ghana
Guinea
Lesotho
Liberia
Madagascar
Malawi
Mozambique
Senegal
Sierra Leone

South Africa
Tanzania
The Gambia
Togo
Uganda
Zambia

EASTERN EUROPE/ CENTRAL ASIA

Albania
Armenia
Georgia
Moldova

ASIA

Cambodia
Mongolia
Thailand

PACIFIC ISLANDS

Fiji
Samoa
Vanuatu

Highlighting Partnerships: Global Health Service Partnership

The Global Health Service Partnership (GHSP) is one of the Peace Corps' most innovative programs—a force multiplier that increases the Peace Corps' development impact in public health around the globe. Through this unique collaboration with PEPFAR and Seed Global Health, the Peace Corps is helping to address the lack of trained health workers—one of the major barriers to health in less developed countries. Trained health workers are the foundation of an effective health system in any country and are critical to continued progress toward PEPFAR's goal of an AIDS-free generation.

GHSP allows experienced American physicians and nurses to volunteer, through the Peace Corps Response program, to train health-care workers in countries with critical shortages. Over the first three years (FYs 2014–16), 97 GHSP educators served as visiting faculty at 13 partner institutions. These Volunteers educated over

7,200 students, fellow faculty, and other health professionals and taught more than 300 courses in Malawi, Tanzania, and Uganda. GHSP is the Peace Corps' first large-scale effort to send health-care professionals abroad with a focus on teaching and helping underserved communities expand their clinical capacity. In FY 2017, GHSP will be supporting its largest cohort to date—68 nurse and physician educators—in the existing GHSP countries as well as two additional countries, Liberia and Swaziland. Within these countries, GHSP has expanded to nine new partner academic institutions and has increased the amount of time the Volunteer educators spend providing supportive supervision to students in clinical settings. GHSP continues to focus on mentoring future health-care providers as well as inspiring future medical and nursing educators to have a long-term impact on the educational system. The program has also started working with partner academic institutions and clinical sites to engage in evidence-based practice improvement projects.



Volunteers in Action: GHSP in Tanzania **Cervical Cancer Prevention**

Cervical cancer is almost 100 percent preventable with early screening, treatment, and vaccination. However, each year over a quarter of a million women die from this disease. The African continent is disproportionately affected by cervical cancer: It is the leading cause of cancer and cancer-related deaths in sub-Saharan Africa. In East Africa, the mortality rate is 27 cervical cancer deaths per 100,000 women—nine times the rate in the United States.

One GHSP Volunteer, a nurse educator in Tanzania, saw firsthand that many people she knew had lost a loved one to the disease. She organized cervical cancer prevention training at Dodoma Regional Referral Hospital with a Tanzanian OB-GYN colleague. Utilizing a screening and treatment model that had proven highly effective and affordable in low-resource settings, the GHSP Volunteer and Tanzanian physician hosted a training for local colleagues to refresh their knowledge of the procedures used to prevent cervical cancer. The 25 participants included nurses and physicians working at government health sites in the Dodoma region as well as faculty at the University of Dodoma School of Health Sciences.

After the training, the duo made plans to scale up screening and prevention services at the regional referral hospital and local health center. In addition, the participants made plans to incorporate this training into the curriculum for nursing and medical students. “By supporting and participating in Tanzania’s capacity-building efforts, we can empower communities, individuals, and the health system to find creative local solutions to this enormous health problem,” the Volunteer said. “Together we can prevent cervical cancer.”

Infant Resuscitation

In Tanzania, a GHSP Volunteer discovered that her medical students had not been fully trained in neonatal resuscitation and lacked the necessary equipment. The Volunteer noted, “It’s hard to teach neonatal resuscitation without a mannequin. You can teach the principles, but if you don’t practice it, it doesn’t get into your muscle memory.” She made it her mission to improve training and eliminate preventable infant deaths on the wards. As a first step, she organized a course in neonatal resuscitation for the 36 students in her class. The Volunteer also worked with her students to obtain effective, cost-efficient newborn mannequins used to enhance training programs in low-resource settings.

One of the Volunteer’s students vividly remembered the first time he and several fellow students visited the neonatal intensive care unit after they had completed their training. “We saw a baby lying there who had been termed dead,” the student recalled. “But when we walked up closer, we saw a faint pulse. So we started the resuscitation measures we had learned. And after 10 or 11 minutes, we got a very strong pulse. That was a huge thing for us. We felt like, ‘Wow. We had a direct impact. We saved a life.’”

The student and his peers have made it their mission to pass along the lifesaving knowledge and techniques they have learned to other health workers and facilities. They have now organized workshops for students and nurses in the hospitals where they work and in rural health facilities.

Volunteers in Action: PEPFAR in Uganda

A Health Volunteer in Uganda has been working with her local community clinic’s staff to maximize patient care and HIV treatment. After learning about logistics management during a Peace Corps training, the Volunteer worked with her records keeper and drug-store manager to review their stock, properly label their shelves, and track incoming shipments. The staff’s efforts have enhanced their ability to distribute drugs efficiently according to their expiration date, keep up-to-date stock cards, and maintain a clean, organized store where key commodities are protected from light and humidity.

Next, the Volunteer’s team identified a new challenge: improved ordering and reporting processes. As a result, the Volunteer will be designing and conducting continuing medical education sessions to build staff capacity to maintain the new processes and complete antiretroviral forms.

Supply chain is just one of the areas in which Peace Corps Volunteers contribute to the effort of achieving HIV epidemic control. Volunteers also focus their service on building target-group HIV knowledge and skills through camps, clubs, Grassroot Soccer, and in-school programs with youth, people living with HIV, and orphans and vulnerable children. Volunteers also mobilize these target populations, linking them to key services such as HIV testing and counseling, voluntary medical male circumcision, antiretroviral therapy, and prevention of mother-to-child transmission.

ANALYSIS OF FINANCIAL STATEMENTS

HIGHLIGHTS OF FINANCIAL POSITION (IN THOUSANDS)				
CONDENSED BALANCE SHEET				
	FY 2016	FY 2015	VARIANCE (IN \$)	CHANGE (IN %)
Fund Balance With Treasury	\$ 227,756	\$ 209,057	\$ 18,699	9%
Accounts Receivable	3,187	4,467	(1,280)	-29%
General Property, Plant and Equipment	38,291	38,886	(595)	-2%
Prepaid Volunteer and Living Allowances	1,702	1,772	(70)	-4%
Other Assets	4,183	5,156	(973)	-19%
TOTAL ASSETS	\$ 275,119	\$ 259,338	\$ 15,781	6%
Accounts Payable	11,321	8,963	2,358	26%
Federal Employee and Veteran Benefits	173,633	178,939	(5,306)	-3%
FSN and PSC Separation Liability	24,315	23,447	868	4%
Payroll Related Liabilities	21,956	17,379	4,577	26%
Non-Entity Funds	24,569	23,493	1,076	5%
Other Liabilities	75	412	(337)	-82%
TOTAL LIABILITIES	\$ 255,869	\$ 252,633	\$ 3,236	1%
Unexpended Appropriations	168,185	157,215	10,970	7%
Cumulative Results of Operations	(148,935)	(150,510)	1,575	-1%
TOTAL NET POSITION	\$ 19,250	\$ 6,705	\$ 12,545	187%
TOTAL LIABILITIES AND NET POSITION	\$ 275,119	\$ 259,338	\$ 15,781	6%
NET COST OF OPERATIONS				
	FY 2016	FY 2015	VARIANCE (IN \$)	CHANGE (IN %)
Gross Costs	\$ 419,689	\$ 392,316	\$ 27,373	7%
Less: Earned Revenue	(8,990)	(10,117)	1,127	-11%
NET COST OF OPERATIONS	\$ 410,699	\$ 382,199	\$ 28,500	7%
SOURCES AND STATUS OF BUDGETARY RESOURCES				
	FY 2016	FY 2015	VARIANCE (IN \$)	CHANGE (IN %)
Unobligated Balance Brought Forward	\$ 69,526	\$ 91,361	\$ (21,835)	-24%
Recoveries and Other Changes	26,358	15,589	10,769	69%
Appropriations	410,000	379,500	30,500	8%
Donations Received	3,180	2,240	940	42%
Funding for Separation Liability	3,200	-	3,200	100%
Spending Authority from Offsetting Collections	7,665	12,734	(5,069)	-40%
TOTAL BUDGETARY RESOURCES	\$ 519,929	\$ 501,424	\$ 18,505	4%
Obligations Incurred	437,259	431,898	5,361	1%
Unobligated Balance, Unexpired and Expired	82,670	69,526	13,144	19%
STATUS OF BUDGETARY RESOURCES	\$ 519,929	\$ 501,424	\$ 18,505	4%

OVERVIEW OF FINANCIAL POSITION

In FY 2016, the Peace Corps received \$410 million in appropriations to support the work of Volunteers and enhance agency operations in furthering its 11 strategic objectives. The Peace Corps operated 61 posts in 65 countries and over 70 currencies. Agency activities are presented in the principal statements: Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and Statement of Budgetary Resources. Agency management is accountable for the integrity of the financial position presented in 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. These statements are audited by an independent certified public accounting firm, Kearney & Company, P.C. For the 10th consecutive year, the Peace Corps has sustained an unmodified (clean) audit opinion on its financial statements. The financial statements and footnote disclosures are included in the Financial Section of this report.

Agency funds primarily consisted of funds appropriated by Congress, which provided the agency authority to obligate funds over a two-year period. Agency funding is administered by the U.S. Department of Treasury. In addition to appropriated monies, the agency is also authorized to receive donations from the public under 22 U.S.C § 2509(a)(4) of the Peace Corps Act to help further its mission.

As highlighted in the FY 2014–2018 Strategic Plan and FY 2016–2017 Annual Performance Plan ([peacecorps.gov/multimedia/pdf/policies/pc_strategic_plan_2014-2018-annual_plan_2016-2017.pdf](https://www.peacecorps.gov/multimedia/pdf/policies/pc_strategic_plan_2014-2018-annual_plan_2016-2017.pdf)), the agency's 11 strategic objectives are cross-functional among the three strategic goals to advance the agency's mission. As a result, the agency continued to operate under one program to effectively accomplish its sole purpose of providing trained Volunteers to host countries to promote world peace and friendship. The agency enhances the use of performance and cost information in budgetary decision making through the Integrated Planning and Budget System, in which posts and headquarters offices develop strategic plans and resource requests to execute goals, as well as the annual strategic review, which provides performance information as an input to the budget formulation process.

BALANCE SHEET

The Balance Sheet presents 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 Peace Corps (net position) that is available for future programs and capital investments.



ASSETS: WHAT WE OWN AND MANAGE

Assets are the amount of current and future economic benefits owned or managed by the Peace Corps to achieve its mission. The Peace Corps' total assets primarily consist of Fund Balance with Treasury (FBWT) and Property, Plant, and Equipment (PP&E), which accounted for 83 percent and 14 percent, respectively. The FBWT represents the amount in the agency's accounts with the U.S. Department of Treasury available only for the funds' appropriated purposes to make expenditures and pay liabilities. PP&E comprised tangible assets owned by the agency. Allocations between asset accounts remained consistent between FY 2016 and FY 2015.

Total Assets were at \$275.1 million at the end of September 30, 2016. This was an increase of 6 percent or \$15.8 million from prior year's balance of \$259.3 million. In FY 2016, FBWT was at \$227.8 million compared to \$209.1 million in FY 2015. This represents a 9 percent rise of \$18.7 million which was directly proportionate to the increased appropriated funding received by the agency in FY 2016. For PP&E, there was a slight decrease of 2 percent or \$600,000 between \$38.9 million in FY 2015 and \$38.3 million in FY 2016. Following the surge in IT equipment purchasing in FY 2015, IT procurement decreased in FY 2016.

The Peace Corps provides each Volunteer with housing and a living stipend that enables them to live in a manner

similar to the people in their community of service. The stipends are paid in advance of the entitlement month to ensure that Volunteers do not incur a financial burden. The Prepaid Volunteer and Living Allowances account had a minor decrease in FY 2016 of 4 percent from \$1.8 million in FY 2015 to \$1.7 million in FY 2016.

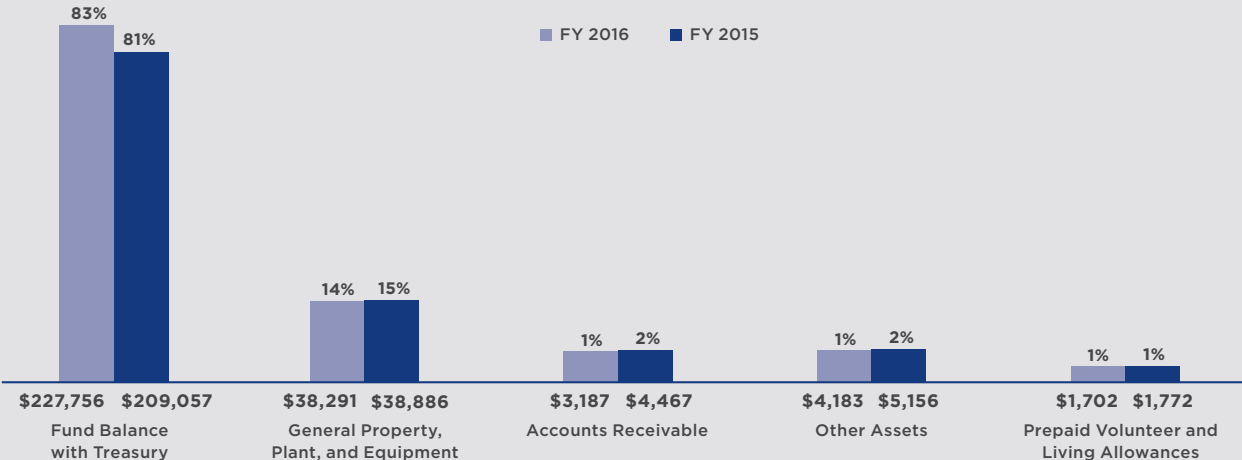
Other Assets, totaling \$4.2 million as of September 30, 2016, comprised mostly of non-Volunteer related prepayments for rent, prepaid IT maintenance costs, and travel advances. Other Assets decreased by 19 percent from FY 2015 amounts of \$5.2 million due primarily to liquidation of advances for IT maintenance.

LIABILITIES: WHAT WE OWE

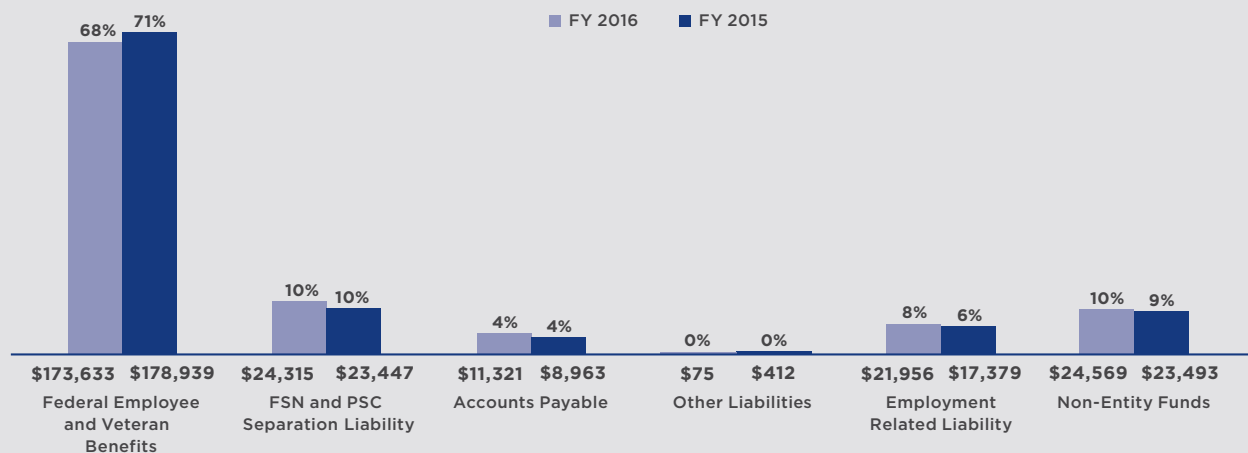
Liabilities are amounts owed by the Peace Corps for goods and services provided but not yet paid—specifically, monies owed to the public and other federal agencies. Total Liabilities remained stable between the two fiscal years, with only a 1 percent increase from FY 2015 to FY 2016. Total Liabilities in FY 2016 were \$255.8 million, \$3.2 million higher than the FY 2015 balance of \$252.6 million.

Sixty-eight percent of the agency's liabilities in FY 2016 were Federal Employee and Veteran Benefits to cover worker's compensation benefits to Peace Corps Volunteers and employees who are injured or develop conditions while on duty with the agency. This cost, also known as Federal Employees' Compensation Act or FECA program,

COMPARATIVE ASSET ALLOCATION (IN THOUSANDS)



COMPARATIVE LIABILITIES ALLOCATION (IN THOUSANDS)



is administered by the Department of Labor. The FY 2016 balance of \$173.6 million is slightly lower by \$5.3 million from \$178.9 million in FY 2015. The 3 percent decrease can be attributed to the refinement of cost factors calculated by the Labor Department and a result of fewer claims paid by Labor on behalf of Peace Corps that are not yet reimbursed.

The Peace Corps is liable for severance and retirement payments to eligible personal services contractors (PSC) and foreign service nationals (FSN) who work in countries that require such payments under the country's local labor laws; the liability accrued for these hires comprised 10 percent of overall liabilities as of September 30, 2016. In FY 2016, the agency's liability was \$24.3 million, compared to \$23.4 million from last fiscal year. This slight increase is due to sustained length of service and retention rates of these hires at their posts, which proportionately increases the effective liability amounts, in addition to benefit rate increases authorized by the Department of State during the year.

Non-Entity Funds constituted 10 percent of Total Liabilities at the end of FY 2016. Non-Entity Funds are assets held by the Peace Corps that are unavailable for operations use, and for which a liability has been recorded. In FY 2016, Non-Entity Funds were mostly comprised of future liability for the readjustment allowance due to the Volunteer upon completion of Peace Corps service. Non-Entity Funds was higher by 5 percent to \$24.6 million in FY 2016 due to the increased number of Volunteers; the FY 2015 balance was \$23.5 million.

NET POSITION: WHAT HAVE WE DONE OVER TIME

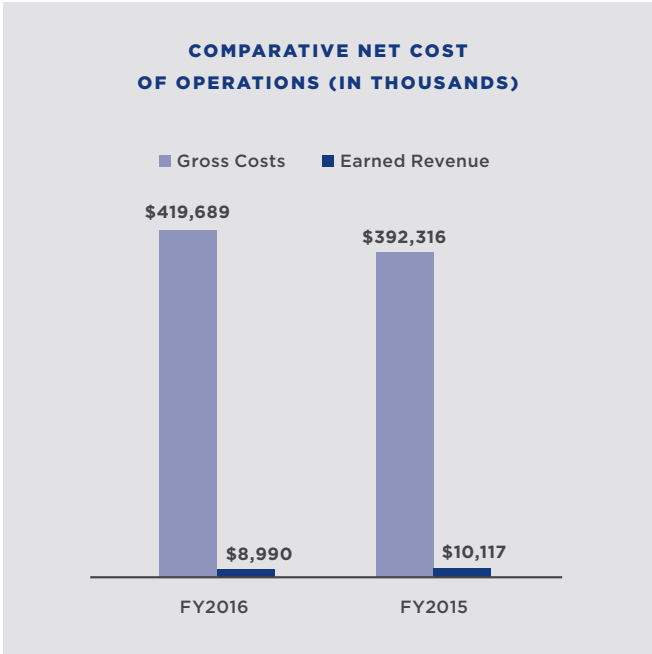
Net position comprises Unexpended Appropriations and Cumulative Results of Operations. Due to the higher appropriation rate received by the agency in FY 2016—\$30.5 million more than FY 2015—the agency's net position increased by \$12.6 million. The Net Position was \$6.7 million in FY 2015 compared to \$19.3 million in FY 2016.

STATEMENT OF NET COST

The Statement of Net Cost reports the agency's net cost of operations for a given fiscal year. Net cost of operations is the difference between the costs incurred minus earned revenue. The agency's cost of operations increased from \$382.2 million in FY 2015 to \$410.7 million in FY 2016. The variance of \$28.5 million was due to higher costs incurred in enriching agency operations both at headquarters and at the posts. Expenses were attributable to Volunteer costs and support, strategic programs enhancement, and employee payroll and benefits.

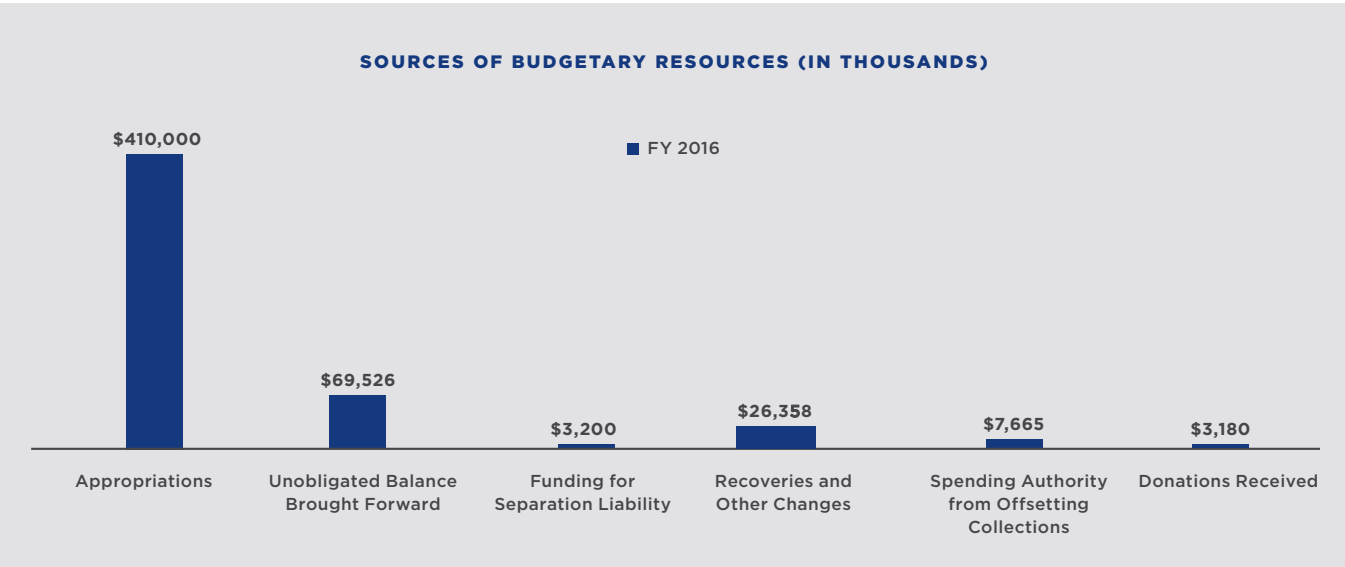
SOURCES OF BUDGETARY RESOURCES

The Statement of Budgetary Resources summarizes how varying sources of budgetary funding were made available during the year and their status by the end of the fiscal year. The agency ended the year with Budgetary Resources of \$519.9 million in comparison to \$501.4 million in FY 2015. In FY 2016, the agency received \$410 million in appropriations, compared to \$379.5 million in FY 2015. This is the highest appropriation ever received by the agency, which was the main reason for the \$18.5 million (or 4 percent) increase in budgetary resources in FY 2016. Seventy-nine percent of Budgetary Resources were obtained from appropriated dollars. Additional sources of funds included \$69.5 million (or 13 percent) in unobligated balance carried over from FY 2015, \$26.4 million (or 5 percent) recovered from prior year obligations, and \$7.7 million (or 1 percent) in spending authority from offsetting collections. The agency also received \$3.2 million in donations or dedicated collections, which were accounted for in a separate fund account to be used for



purposes instructed by the donor. These donations were reflected as Appropriations¹ in the Statement of Budgetary Resources along with the balance of \$3.2 million to fund the separation liability account.

Spending authority from offsetting collections comprises reimbursable work that the Peace Corps performs on behalf of other federal agencies. In FY 2016, the Peace Corps performed work on behalf of the U.S. Agency for International Development, amounting to \$17.8 million



¹In accordance with United States Standard General Ledger Crosswalk, receipts derived from trust funds are included in Appropriations in the Statement of Budgetary Resources per [fiscal.treasury.gov/fsreports/ref/ussgl/tfm_archive/effective-june2015/part-2/sec5_sbr_2016.pdf](https://www.fiscal.treasury.gov/fsreports/ref/ussgl/tfm_archive/effective-june2015/part-2/sec5_sbr_2016.pdf)

for programming on Feed the Future, Global Education, and Maternal and Child Health programs. The agency also performed work on behalf of Department of State through an allocation transfer for PEPFAR. PEPFAR funds of \$48.8 million are not reflected in these financial statements as this amount is reported by the Department of State.

LIMITATIONS OF THE FINANCIAL STATEMENTS

The principal financial statements have been 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). While the statements have been prepared from the books and records of the entity in accordance with generally accepted accounting principles for federal entities and the formats prescribed by the Office of Management and Budget, 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 should be read with the realization that they are for a component of the U.S. government, a sovereign entity.



ANALYSIS OF SYSTEMS, CONTROLS, AND LEGAL COMPLIANCE

MANAGEMENT ASSURANCES

This section addresses the Peace Corps' compliance with the Federal Managers' Financial Integrity Act (FMFIA) of 1982 (Public Law 97-255), presents the financial management systems strategy, and addresses key internal control issues.

FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT

FMFIA 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.

This act also requires agencies to establish accounting and administrative controls to include program, operational, and administrative areas, as well as accounting and financial management. FMFIA also requires standards to ensure the prompt resolution of all audit findings. This act requires agency heads to annually evaluate and report in an assurance statement on the adequacy of internal and administrative controls (Section 2) and on conformance of systems with governmentwide standards (Section 4).

INTERNAL CONTROL GUIDANCE AND IMPLEMENTATION OF THE FMFIA

Guidance for implementing FMFIA (31 U.S.C. 3512) is provided through OMB Circular A-123, Management's Responsibility for Internal Control and Enterprise Risk Management, that further defines management's internal control responsibilities in federal agencies, including the financial management systems. Within the agency, Peace Corps Manual Section 784, Internal Control System, sets out the policies and procedures for establishing, assessing, correcting, and reporting on internal control. The FY 2016 unmodified management assurance statement, signed by both the Director and chief financial officer, follows later in this section.

INTERNAL CONTROL OPERATIONS

During the FY 2016 financial statement audit, the agency achieved an unmodified (clean) audit opinion on the financial statements. Legal compliance was addressed through auditor testing of selected laws and regulations. Three significant deficiencies and two instances of

noncompliance with laws and regulations were found with no material weaknesses identified. See appendix 1 for the planned timeframes for correcting FY 2016 audit weaknesses.

Monitoring the effectiveness of internal control occurs in the normal course of conducting agency business over the span of each year and is captured annually in the department and office head assurance statements of compliance with reasonable effective internal controls that support the assurance statement for the agency. Those assurance statements are based on operational reviews in their areas and information gathered from various sources including the managers' personal knowledge of day-to-day operations and existing controls, self-assessments, senior leadership meetings, audits of financial statements, inspector general audits, reports, reviews, investigations, and evaluations. There were no material weaknesses identified during those reviews.

Assurances of compliance with internal controls were further supported by the performance of risk assessments during FY 2016 by department and office heads with no material weaknesses identified. Risk assessments identified weaknesses, but none that would rise to a level of material weakness. The risks were addressed by the Senior Assessment Team and improvements to mitigate vulnerabilities will be put in place and monitored closely within the agency this next year.

In summary, the agency's internal control program is designed to ensure compliance with the requirements of FMFIA and other federal regulations.

IMPROPER PAYMENTS INFORMATION ACT

As a small agency with only one program, the Peace Corps has no activities that are risk-susceptible to the threshold amounts in Memorandum M-15-02, OMB Circular A-123's Appendix C, Requirements for Effective Estimation and Remediation of Improper Payments. This circular implements the Improper Payments Elimination and Recovery Act of 2010 which amended the Improper Payments Information Act of 2002. Significant improper payments are defined as gross annual improper payments exceeding both 1.5 percent of program outlays and \$10 million of all program or activity made during the fiscal year reported or \$100 million (regardless of the improper payment percentage of total program outlays). While not rising to the level of the improper payment thresholds above, agency payments were reviewed during FY 2016



based on different dollar values, and those payments in the amount of \$250,000 and above were subjected to an extensive review through a semiannual system-generated report. Further, the Peace Corps is a full participant in the Treasury's "Do Not Pay" program operating through the Treasury Do Not Pay Business Center. Payees under consideration for payment are reviewed for eligibility through the pre-award component of the business center, payments then are re-verified in the pre-payment component, followed by post-payment data matching reviews.

DEBT MANAGEMENT CONTROLS

The Peace Corps manages a limited amount of debt under the provisions of the Debt Collection Improvement Act of 1996, OMB Circular A-129, Policies for Federal Credit Programs and Non-Tax Receivables, the Controller Alert, Improving Collection of Delinquent Debt issued January 4, 2013, and other laws. In FY 2016, the agency wrote off uncollectable debts and delinquent balances older than two years in the amount of \$10,400 and submitted quarterly reports through the Treasury Report on Receivables.

FINANCIAL MANAGEMENT SYSTEMS STRATEGY

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. Oracle E-Business Suite (also known as Odyssey) is the agency's system of record and is integrated with various end-user applications to help capture all financial transaction activities of the agency.

Work progressed in software development for the custom financial application used for overseas budget execution, cashiering, and financial reporting (FORPost). Major enhancements in FORPost will improve financial processing and reporting overseas and streamline the integration with Odyssey. The application development is nearly complete and a conversion rollout to the posts will begin and conclude during the 2017 calendar year.

In FY 2016, the agency initiated the global implementation of the new asset management system, Sunflower, to all the posts, regional offices, and headquarters. Sunflower replaced the existing stand-alone asset management system. Its capabilities provide robust automation and functionality in tracking personal property throughout the agency. Implementation to remaining posts will be completed in FY 2017. Emphasis will be placed on the proper interface between Sunflower and Odyssey in FY 2017 to optimize the identification and recordation of capital assets.

In addition, the agency successfully rolled out a new time-keeping system, WebTA in June, 2016. WebTA provides Peace Corps with flexibility to capture staff time by projects and cost type. The Office of Chief Financial Officer leverages this functionality to track labor costs related to capitalized projects.

The FMFIA Unmodified Management Assurance Statement that follows is consistent with the FY 2016 financial statement audit report.



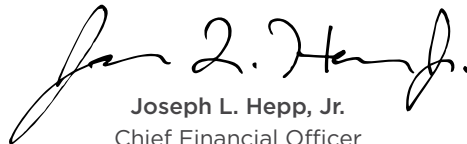
FY 2016 FMFIA UNMODIFIED MANAGEMENT ASSURANCE STATEMENT

Management is responsible for establishing and maintaining effective internal controls and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA). We assessed the effectiveness of internal controls to support effective and efficient programmatic operations, reliable financial reporting, and compliance with applicable laws and regulations in accordance with FMFIA Section 2 and Office of Management and Budget (OMB) Circular A-123. Relying on this assessment, the Peace Corps can provide reasonable assurance for FY 2016 that its internal control over the effectiveness and efficiency of operations and financial reporting was operating effectively. No material weaknesses were found in the design or operation of the internal controls. Two instances, though, of noncompliance with applicable laws and regulations were identified.

The Peace Corps conducted its assessment of whether the financial management systems conform to governmentwide 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 are in compliance with the applicable provisions of FMFIA Section 4 and OMB Circular A-123 for FY 2016 with the exception of one nonconformance with Federal Information Security Modernization Act of 2014 (FISMA). In accordance with OMB Bulletin No. 15-02, this is not considered a material weakness. Details of the FISMA nonconformance are in Appendix 1.



Carrie Hessler-Radelet
Director
November 7, 2016



Joseph L. Hepp, Jr.
Chief Financial Officer
November 7, 2016

FINANCIAL SECTION





MESSAGE FROM THE CHIEF FINANCIAL OFFICER

I am pleased to present the Peace Corps' Agency Financial Report for FY 2016. As we fulfill Peace Corps' mission of world peace and friendship, we are also committed in ensuring that funds (\$410 million for FY 2016) entrusted to us by Congress and the American people are efficiently utilized and programs are effectively managed. This report represents our operational performance and the results of our sound financial management across 61 posts in 65 countries in over 70 currencies. I am proud to report that for the 10th consecutive year, the Peace Corps earned an unmodified (clean) audit opinion on its financial statement. This sustained achievement would not be possible without the dedication and commitment of our financial management community here at Peace Corps.

The FY 2016 financial statement audit was conducted by Kearney & Company, P.C., an external independent auditor. Along with our unmodified (clean) audit opinion, the auditors identified three significant deficiencies and two instances of non-compliance with laws and regulations. We understand the impact of these findings on financial reporting and we will work diligently to apply resolution in the coming fiscal year. The details concerning these findings may be found in the Independent Auditor's Report and in Appendix 1, Status of Audit Weaknesses.

My team worked conscientiously to eliminate one of the two audit findings related to obligations. With the proper policy and procedural guidance from my staff, effective and regular training to posts, along with consistent monitoring of obligations, we were able to close one significant deficiency and two cases of non-compliance with laws and regulations. During FY 2016, we employed additional resources to support our acquisition process to accommodate the growing procurement needs of the agency. As we improve our controls for contracts management in the coming year, we will also direct our efforts to ensuring for timely contract closeout in the financial system, which will remove the remaining audit finding on obligations. Residual issues remain in Property, Plant, and Equipment, with the issuance of a significant deficiency from the audit, which we intend to resolve in the coming fiscal year.

To address the year over year weaknesses in Property, Plant, and Equipment (PP&E), in FY 2016 we released a new asset management system to headquarters, posts, and regional offices. This new system is intended to assist with the physical and financial accountability of assets. In addition, the software is intended to enhance the interface between the asset management and financial system, automating the fixed assets capitalization process. Despite our efforts, we saw limited success during the fiscal year and, following detailed testing of our overall PP&E environment, we were issued a significant deficiency at the conclusion of this year's audit. We concur with the finding and agree that we face distinct challenges in this area. The combination of multiple and remote overseas locations, staff turnover, and technical issues have presented a difficult problem. While there were a few domestic offices and posts that fully implemented the new software and saw improved PP&E posture, there were many posts and domestic offices that only partially completed the transition to the new system. We recognize that this is an area that needs improvement and we are dedicating additional resources to have full use across the agency during FY 2017. Also, we will work with Office of Management to review our agency wide asset management procedures and the Office of the Chief Information Officer to remediate our technical challenges with regards to the asset management system. Our goal is to ensure our processes surrounding PP&E management is sound, compliant and accurate by the close of FY 2017.

We internally developed a new browser-based financial application to replace the current legacy software used by overseas posts for budget execution, cashiering, and financial reporting. The new product provides an updated system architecture, framework, and software, as well as streamlines transaction processing and integration with our financial system. Deployment is on schedule and a conversion and phased rollout to the posts will begin in January 2017. Regional trainings with hands on instruction will be provided to three key staff members in each post in advance of conversion.

Earlier this fiscal year, we initiated our efforts to comply with the requirements under the Digital Accountability and Transparency Act of 2014 (DATA Act). By the end of calendar year 2016, we will be incorporating into our procurement process the assignment of Procurement Instrument Identifiers ahead of the October 1, 2017 Federal Acquisition Regulation deadline. With our continued efforts, I am confident that the agency will be ready with all reporting requirements under the DATA Act and that our spending information will be available using the governmentwide data standards by May 8, 2017.

Looking forward to next year, we intend to further strengthen our standardization of processes and procedures and continue to assist other offices in their financial reporting needs, especially as the agency prepares for a smooth transition of leadership for the new administration. My staff is ready to provide actionable reports as requested from within the agency and from external sources. As we support the operational needs of the agency, my staff and I are committed to transparency and accountability in our work. I am grateful for their work and the accomplishments of our financial management community.

In the following pages, I present to you our agency's audited financial statements and related footnote disclosures. These statements and footnotes are reliable and complete and were prepared in accordance with generally accepted accounting principles for federal government entities.

A handwritten signature in black ink, reading "Joe L. Hepp, Jr.", written in a cursive style.

Joseph L. Hepp, Jr.
Chief Financial Officer
November 7, 2016

FINANCIAL STATEMENTS

Peace Corps
Consolidated Balance Sheets
As of September 30, 2016 and 2015
(In Thousands)

	<u>2016</u>	<u>2015</u>
Assets		
Intragovernmental		
Fund Balance with Treasury (Notes 2 and 3)	\$ 227,756	\$ 209,057
Accounts Receivable (Note 4)	2,572	3,914
Total Intragovernmental	230,328	212,971
Accounts Receivable, Net (Note 4)	615	553
General Property, Plant, and Equipment, Net (Note 5)	38,291	38,886
Other		
Prepaid Volunteer Living Allowances (Note 6)	1,702	1,772
Other Assets (Note 7)	4,183	5,156
Total Assets	<u>\$ 275,119</u>	<u>\$ 259,338</u>
Liabilities		
Intragovernmental		
Accounts Payable	\$ 1,929	\$ 883
Other		
Unfunded FECA Liability (Note 8)	29,973	32,983
Other Liabilities (Notes 8 and 9)	72	109
Total Intragovernmental	31,974	33,975
Accounts Payable	9,392	8,080
Federal Employee and Veteran Benefits (Note 8)	143,660	145,956
Other		
Other Unfunded Employment Related Liability (Note 8)	5,009	2,035
Liability for Non-Entity Assets (Notes 2 and 8)	24,569	23,493
Accrued Funded Payroll and Leave	5,143	4,088
Unfunded Annual Leave (Note 8)	11,804	11,256
FSN and PSC Separation Liability (Note 9)	24,315	23,447
Contingent Liability (Notes 9 and 11)	3	303
Total Liabilities	<u>\$ 255,869</u>	<u>\$ 252,633</u>
Commitments and Contingencies (Note 11)		
Net Position		
Unexpended Appropriations	168,185	157,215
Cumulative Results of Operations	(148,935)	(150,510)
Total Net Position	<u>\$ 19,250</u>	<u>\$ 6,705</u>
Total Liabilities and Net Position	<u>\$ 275,119</u>	<u>\$ 259,338</u>

The accompanying notes are an integral part of these statements.

Peace Corps
 Consolidated Statements of Net Cost
 For the Years Ended September 30, 2016 and 2015
(In Thousands)

	<u>2016</u>	<u>2015</u>
Gross Program Costs		
Gross Costs	\$ 419,689	\$ 392,316
Less: Earned Revenue (Note 12)	<u>(8,990)</u>	<u>(10,117)</u>
Net Cost of Operations	<u>\$ 410,699</u>	<u>\$ 382,199</u>

The accompanying notes are an integral part of these statements.

Peace Corps
Consolidated Statements of Changes in Net Position
For the Years Ended September 30, 2016 and 2015
(In Thousands)

	<u>2016</u>	<u>2015</u>
Cumulative Results from Operations		
Beginning Balances	\$ (150,510)	\$ (156,160)
Budgetary Financing Sources		
Appropriations Used	397,783	380,424
Donations and Forfeitures of Cash and Cash Equivalents	3,179	2,267
Other Financing Sources (Nonexchange)		
Transfers In/Out Without Reimbursement	771	(65)
Imputed Financing (Note 18)	7,341	5,223
Other	<u>3,200</u>	<u>-</u>
Total Financing Sources	412,274	387,849
Net Cost of Operations	<u>410,699</u>	<u>382,199</u>
Net Change	1,575	5,650
Cumulative Results of Operations	(148,935)	(150,510)
Unexpended Appropriations		
Beginning Balance	157,215	158,343
Budgetary Financing Sources		
Appropriations Received	410,000	379,500
Other Adjustments	(1,247)	(204)
Appropriations Used	<u>(397,783)</u>	<u>(380,424)</u>
Total Budgetary Financing Sources	<u>10,970</u>	<u>(1,128)</u>
Total Unexpended Appropriations	168,185	157,215
Net Position	<u>\$ 19,250</u>	<u>\$ 6,705</u>

The accompanying notes are an integral part of these statements.

Peace Corps
 Combined Statements of Budgetary Resources
 For the Years Ended September 30, 2016 and 2015
(In Thousands)

	<u>2016</u>	<u>2015</u>
Budgetary Resources		
Unobligated Balance Brought Forward, Oct 1	\$ 69,526	\$ 91,361
Recoveries of Unpaid Prior Year Obligations	22,724	13,086
Other Changes in Unobligated Balance	3,634	2,503
Unobligated Balance from Prior Year Budget Authority, Net	95,884	106,950
Appropriations (Discretionary and Mandatory)	416,380	381,740
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	7,665	12,734
Total Budgetary Resources	<u>\$ 519,929</u>	<u>\$ 501,424</u>
Status of Budgetary Resources		
New Obligations and Upward Adjustments (Total) (Note 13)	\$ 437,259	\$ 431,898
Unobligated Balance, End of Year		
Apportioned, Unexpired Accounts	67,046	55,378
Exempt from Apportionment, Unexpired Accounts	2,605	2,602
Unapportioned, Unexpired Accounts	5,510	5,528
Unexpired Unobligated Balance, End of Year	75,161	63,508
Expired Unobligated Balance, End of Year	7,509	6,018
Unobligated Balance, End of Year (Total)	82,670	69,526
Total Budgetary Resources	<u>\$ 519,929</u>	<u>\$ 501,424</u>
Change in Obligated Balance		
Unpaid Obligations:		
Unpaid Obligations, Brought Forward, Oct 1	\$ 125,430	\$ 106,592
New Obligations and Upward Adjustments	437,259	431,898
Outlays (Gross)	(414,717)	(399,974)
Recoveries of Prior Year Unpaid Obligations	(22,724)	(13,086)
Unpaid Obligations, End of Year	125,248	125,430
Uncollected Payments:		
Uncollected Pymts, Fed Sources, Brought Forward, Oct 1	(9,392)	(6,809)
Change in Uncollected Pymts, Fed Sources	4,661	(2,583)
Uncollected Pymts, Fed Sources, End of Year	(4,731)	(9,392)
Memorandum (non-add) Entries:		
Obligated Balance, Start of year	\$ 116,038	\$ 99,783
Obligated Balance, End of year	<u>\$ 120,517</u>	<u>\$ 116,038</u>
Budget Authority and Outlays, Net		
Budget Authority, Gross (Discretionary and Mandatory)	\$ 424,045	\$ 394,474
Actual Offsetting Collections (Discretionary and Mandatory)	(17,207)	(12,858)
Change in Uncollected Pymts, Fed Sources (Discretionary and Mandatory)	4,661	(2,583)
Recoveries of Prior Year Paid Obligations (Discretionary and Mandatory)	4,881	2,707
Budget Authority, Net (Total) (Discretionary and Mandatory)	<u>\$ 416,380</u>	<u>\$ 381,740</u>
Outlays, Gross (Discretionary and Mandatory)	\$ 414,717	\$ 399,974
Actual Offsetting Collections (Discretionary and Mandatory)	(17,207)	(12,858)
Outlays, Net (Total) (Discretionary and Mandatory)	397,510	387,116
Distributed Offsetting Receipts	(2,746)	(1,616)
Agency Outlays, Net (Discretionary and Mandatory)	<u>\$ 394,764</u>	<u>\$ 385,500</u>

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 Significant Accounting Policies

a) Reporting Entity

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.

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 needs for trained Volunteers; 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 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 OMB Circular A-136, Financial Reporting Requirements, issued October 7, 2016. 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 and reported and non-reported balances. 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 public activities. The intragovernmental balances, revenues, and costs reflect financial transactions between the Peace Corps and other federal agencies. Public activities are those with non-governmental customers, including Volunteers, contributors, employees, contractors, and vendors.

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, however, fund availability is recorded based upon legal considerations and constraints. The agency receives financing sources through direct appropriations from the general fund of the U.S. 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 U.S. 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 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 U.S. Treasury and not available for 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 U.S. Treasury. Any valid claims associated with these funds after closure must be processed against 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.

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 the private entities and to account for retirement and severance of Host Country Resident Personal Services Contractors and Foreign Service Nationals.

f) Revenues and Other Financing Sources

Peace Corps' operations are financed through appropriations, proceeds from the sale of property, and inter-agency agreements. 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

Fund Balance with Treasury 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.

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

The funds that make up post cashiers' imprest funds belong to the U.S. 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 U.S. Treasury records. As of September 30, 2016, cashier imprest funds represented by cash on hand, checks on hand, interim advances, and cashier checking account balances totaled approximately \$1,145,997 in U. S. dollar equivalents.

Fund Balance with Treasury is carried forward until such time as goods or services are received and payment is made, or until the funds are returned to the U.S. Treasury.

h) Foreign Currency

Accounting records for the agency are maintained in U.S. dollars, while a significant amount of the overseas expenditures are 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 will be established for material amounts of non-federal (public) 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 write-off 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)

The agency capitalizes Property, Plant, and Equipment that has an individual acquisition cost of \$25,000 or greater, 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. Aggregate purchases of General Property, Plant, and Equipment in the amount of \$100,000 or greater are capitalized. Costs incurred for major building rehabilitations of \$25,000 or greater are initially recorded as Construction in Progress then after project completion are transferred to Leasehold Improvement and amortized over the remaining life of the lease. Software purchased for \$25,000 or developed for internal use at a cost of \$25,000 or greater is capitalized and amortized over its expected life (currently two to nine years). 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 for assets acquired FY 2013 and prior and six years for purchases made on or after FY 2014. 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 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.

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) 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 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 is expensed as taken.
- IV. *Employee Health Benefits and Life Insurance* - The agency's employees are eligible to participate in the contributory Federal Employees Health Benefit Program and the Federal Employees Group Life Insurance Program. 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 Federal Employees Health Benefit Program and the Federal Employees Group Life Insurance Program 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 a 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* - 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. Foreign Service National (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 personal services contractors (PSC), 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 Severance and Retirement 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 severance and retirement liability is determined quarterly.

VIII. *Valuation of Foreign Service National Liability* - The Peace Corps is generally liable for separation or retirement payments to 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 severance and retirement liability is determined quarterly.

n) 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.

o) 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. The amount of donations received was \$3,150,201 as of September 30, 2016 and \$2,233,840 as of September 30, 2015.

p) Use of Estimates

The preparation of financial statements required management 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.

q) 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.

r) 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 United States 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.

s) 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 United States 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 Governmentwide Treasury Account Symbol Adjusted Trial Balance System.

t) 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 U. S. 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 (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.

u) 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 U.S. Treasury. As such, these funds are not reported on the Balance Sheet. Any funds not used are returned to the host country.

v) Reclassifications

Certain amounts in the prior year's SBR have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported SBR.

Note 2 Non-Entity Assets

Non-entity assets are composed of 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. Below, as information, are the U.S. Treasury fund balances of non-entity assets which are non-governmental.

Non-Entity Assets	September 30, 2016 (In Thousands)	September 30, 2015 (In Thousands)
Deposit Fund	\$ 23,838	\$ 22,556
Clearing Accounts	731	937
Total Non-Entity Assets	24,569	23,493
Total Entity Assets	250,550	235,845
Total Assets	\$ 275,119	\$ 259,338

Deposit Fund - The deposit fund is comprised of 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 funds represent cash received from the sale of assets, primarily vehicles, and are available once transferred to 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

Fund Balances	September 30, 2016 (In Thousands)	September 30, 2015 (In Thousands)
Appropriated Funds	\$ 176,154	\$ 159,416
Special Funds	21,161	20,444
Trust Funds	5,872	5,704
Non-Entity Assets (Note 2)	24,569	23,493
Total	\$ 227,756	\$ 209,057
Status of Fund Balance with Treasury	September 30, 2016 (In Thousands)	September 30, 2015 (In Thousands)
Unobligated Balance		
Available	\$ 69,652	\$ 57,980
Unavailable	13,019	11,546
Obligated Balance Not Yet Disbursed	120,516	116,038
Non-Budgetary FBWT	24,569	23,493
Total	\$ 227,756	\$ 209,057

Fund Balance with Treasury is equal to the unobligated balance of funds plus the obligated balance not yet disbursed.

Available Unobligated Balance - Composed of apportionments available for allotment plus allotments available for obligation or commitment.

Unavailable Unobligated Balance - Composed of 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 Fund Balance with Treasury - This represents non-entity assets of the agency.

Note 4 Accounts Receivable, Net

Accounts Receivable as of September 30, 2016 (In Thousands)	Accounts Receivable, Gross	Allowance for Doubtful Accounts	Accounts Receivable, Net
Intragovernmental	\$ 2,572	\$ -	\$ 2,572
Other	615	-	615
Total	\$ 3,187	\$ -	\$ 3,187
Accounts Receivable as of September 30, 2015 (In Thousands)	Accounts Receivable, Gross	Allowance for Doubtful Accounts	Accounts Receivable, Net
Intragovernmental	\$ 3,914	\$ -	\$ 3,914
Other	553	-	553
Total	\$ 4,467	\$ -	\$ 4,467

Intragovernmental receivables are due from other federal agencies for services provided under reimbursable agreements. Other accounts receivable are due from non-federal entities, consisting primarily of receivables 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, 2016 and September 30, 2015.

Note 5 General Property, Plant, and Equipment, Net				
Components of General Property, Plant, and Equipment as of September 30, 2016 <i>(In Thousands)</i>	Useful Life in Years	Cost	Accumulated Depreciation	Net Book Value
Land		\$ 43	\$ -	\$ 43
Buildings	10	463	241	222
Construction in Progress		15	-	15
Equipment and Furniture	5-10	4,657	2,458	2,199
Vehicles	5-6	24,857	7,845	17,012
IT Hardware	3-15	16,061	11,328	4,733
Leasehold Improvements	2-10	9,104	5,661	3,443
Internal Use Software in Development		5,526	-	5,526
Internal Use Software	3-9	41,728	36,630	5,098
Total		\$102,454	\$ 64,163	\$ 38,291
Components of General Property, Plant, and Equipment as of September 30, 2015 <i>(In Thousands)</i>	Useful Life in Years	Cost	Accumulated Depreciation	Net Book Value
Land		\$ 43	\$ -	\$ 43
Buildings	10	463	178	285
Construction in Progress		230	-	230
Equipment and Furniture	5-10	4,694	2,030	2,664
Vehicles	5-6	24,821	8,593	16,228
IT Hardware	3-15	16,426	8,938	7,488
Leasehold Improvements	2-10	7,562	4,097	3,465
Internal-Use Software in Development		4,920	-	4,920
Internal-Use Software	3-9	38,389	34,826	3,563
Total		\$ 97,548	\$ 58,662	\$ 38,886

General Property, Plant, and Equipment (PP&E), net as of September 30, 2016 consists of land, buildings, construction in progress, equipment and furniture, vehicles, IT hardware, leasehold improvements, internal use software in development, and internal use software. These assets are located at Washington, D.C. headquarters, regional offices, and overseas posts. The asset value includes ancillary costs incurred to bring it to a form and location suitable for its intended use. The vehicles category reflects new vehicles added and retired in FY16. Internal use software in development and internal use software represent software that was either developed internally or purchased from vendors off-the-shelf.

Note 6 Prepaid Volunteer Living Allowances		
	September 30, 2016 <i>(In Thousands)</i>	September 30, 2015 <i>(In Thousands)</i>
Prepaid Volunteer Living Allowances	\$ 1,702	\$ 1,772

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 pre-positioned so that Volunteers will not incur a financial burden for their living costs.

Note 7 Other Assets		
	September 30, 2016 <i>(In Thousands)</i>	September 30, 2015 <i>(In Thousands)</i>
Travel Advances to Employees	\$ 646	\$ 694
Relocation Advances to Employees	37	19
Prepaid Rent	3,397	3,350
Other Advances	103	1,093
Total Other Assets	\$ 4,183	\$ 5,156

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 overseas operations.

Other Advance - Other Advances includes PSC payroll and prepayments of expenses for IT maintenance costs.

Note 8 Liabilities Not Covered by Budgetary Resources		
	September 30, 2016	September 30, 2015
	<i>(In Thousands)</i>	<i>(In Thousands)</i>
Intragovernmental Liabilities		
Unfunded FECA Liability	\$ 29,973	\$ 32,983
Other Unfunded Employment Related Liability	72	90
Public Liabilities		
Unfunded Annual Leave	11,804	11,256
Other Unfunded Employment Related Liability	5,009	2,035
Federal Employee and Veteran Benefits	143,660	145,956
Liability for Non-Entity Assets	24,569	23,493
Total Liabilities Not Covered by Budgetary Resources	\$ 215,087	\$ 215,813
Total Liabilities Covered by Budgetary Resources	\$ 40,782	\$ 36,820
Total Liabilities	\$ 255,869	\$ 252,633

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.

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, 2016 for U.S.-hired employees. The valuation of the accrued annual leave for FSN employees and the foreign national PSCs has been estimated for this financial statement. There were 122 FSNs and 2,024 foreign national PSCs working for the Peace Corps at the end of September 30, 2016. Annual leave earned is based on local labor law requirements. Annual leave is paid out of current appropriations when taken.

Unfunded Employment Related Liability - A liability for the estimated severance of foreign national PSCs. Lump-sum payments are generally made to eligible international long-term personal services contractors 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 and Veteran Benefits - A liability for the actuarial value of future payments for FECA as estimated by DOL for the agency.

Liabilities Covered by Budgetary Resources - Liabilities covered by budgetary resources include accounts payable for goods and service 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 Liabilities		
	September 30, 2016	September 30, 2015
	<i>(In Thousands)</i>	<i>(In Thousands)</i>
Intragovernmental		
Advances from Others	\$ -	\$ 19
Other Liabilities		
Contingent Liability (Note 11)	3	303
FSN and PSC Separation Liability	24,315	23,447
Total Other Liabilities	\$ 24,318	\$ 23,769

Advances from Others - The balance of amounts advanced by other federal entities for goods and services to be furnished (e.g., money advance for Small Project Assistance grants). All advances from others are considered current liabilities.

Foreign Service National (FSN) Liability and Host Country Resident Personal Services Contractor (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

For overseas operations, Peace Corps rents residences, office space, and training facilities. Leases overseas contain a termination clause, allowing the agency to terminate any lease with a 30-90 day notice. Peace Corps leases are all operating leases and are considered cancellable.

The agency enters into Occupancy Agreements with the General Services Administration (GSA) for its building in Washington, DC and its regional recruiting offices throughout the continental U.S. GSA leases commercial facilities and provides spaces in federal buildings for occupancy by the agency. Occupational Agreements range from five to ten year terms, however, leased spaces can be vacated with a 120 day notice to GSA. Future operating lease payments for domestic leases are depicted below:

Fiscal Year	Future Lease Payments (In Thousands)
Fiscal Year 2017	\$ 7,272
Fiscal Year 2018	4,673
Fiscal Year 2019	1,026
Fiscal Year 2020	898
Fiscal Year 2021	779
After Fiscal Year 2021	374
Total Future Lease Payments	\$ 15,022

Note 11 Commitments and Contingencies

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 \$2,800 as of September 30, 2016. These contingencies are considered current liabilities.

Disclosure is 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 are estimated to be \$480,000 as of September 30, 2016.

Note 12 Intragovernmental Costs and Exchange Revenue

	September 30, 2016 (In Thousands)	September 30, 2015 (In Thousands)
Intragovernmental Costs	\$ 79,406	\$ 71,694
Intragovernmental Earned Revenue	(8,786)	(9,744)
Total Intragovernmental	\$ 70,620	\$ 61,950
Public Costs	\$ 340,283	\$ 320,622
Public Earned Revenue	(204)	(373)
Total Public	\$ 340,079	\$ 320,249
Total Net Cost	\$ 410,699	\$ 382,199

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 public costs.

Exchange revenues represent revenue from services provided. This includes reimbursable agreements from other government 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 technical assistance.

Note 13 Apportionment Categories of Obligations Incurred: Direct vs. Reimbursable

	September 30, 2016 (In Thousands)		September 30, 2015 (In Thousands)	
	Direct	Reimbursable	Direct	Reimbursable
Category A	\$ 421,692	\$ 9,050	\$ 418,003	\$ 10,468
Exempt from Apportionment	6,517	-	3,427	-
Total Obligations Incurred	\$ 428,209	\$ 9,050	\$ 421,430	\$ 10,468

All obligations incurred are Category A or Exempt from Apportionment.

Note 14 Undelivered Orders at the End of the Period

	September 30, 2016 (In Thousands)	September 30, 2015 (In Thousands)
Undelivered Orders – End of Period	\$ 90,353	\$ 95,860

The 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 the SBR and the Budget of the U.S. Government

(In Millions)	Budgetary Resources FY 2015	Obligations Incurred FY 2015	Net Outlays FY2015
Combined Statement of Budgetary Resources	\$ 501	\$ 432	\$ 386
Budget of the U.S. Government	494	431	388
Difference	\$ 7	\$ 1	\$ (2)

The Budget of the United States (also known as the President's Budget), with actual numbers for FY 2016 was not published at the time that these financial statements were issued. The President's Budget is expected to be published in February 2017, and can be located at the OMB website <http://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 Statement of Budgetary Resources (SBR) in the FY 2015 Performance and Accountability Report and the actual FY 2015 balances included in the FY 2017 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 (In Thousands)	HCC Cash 2016	HCC Cash 2015	HCC In-Kind 2016	HCC In-Kind 2015
Fiduciary Net Assets, Beginning	\$ 817	\$ 746	\$ -	\$ -
Contributions	539	604	3,053	2,803
Disbursements	(600)	(606)	(3,053)	(2,803)
Increase/(Decrease) in Fiduciary Net Assets	(61)	(2)	-	-
Fiduciary Net Assets, Ending	\$ 756	\$ 744	\$ -	\$ -
Schedule of Fiduciary Net Assets (In Thousands)	HCC Cash 2016	HCC Cash 2015	HCC In-Kind 2016	HCC In-Kind 2015
Fiduciary Net Assets				
Cash and Cash Equivalents	\$ 763	\$ 745	\$ -	\$ -
Less: Liabilities	7	1	-	-
Total Fiduciary Net Assets	\$ 756	\$ 744	\$ -	\$ -

Host Country Contributions are provided to 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 to special foreign currency accounts in the U.S. 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 of Operations (Proprietary) to Budget		
	September 30, 2016 (In Thousands)	September 30, 2015 (In Thousands)
Resources Used to Finance Activities:		
Budgetary Resources Obligated:		
Obligations Incurred	\$ 437,259	\$ 431,898
Less: Spending Authority from Offsetting Collections and Recoveries	(30,389)	(25,850)
Less: Offsetting Receipts	(2,746)	(1,616)
Net Obligations	404,124	404,432
Transfers In/Out Without Reimbursement (+/-)	771	(65)
Imputed Financing from Costs Absorbed by Others	7,341	5,223
Total Resources Used to Finance Activities	412,236	409,590
Resources Used to Finance Items Not Part of the Net Cost of Operations:		
Resources Obligated for Future Costs - Goods Ordered but Not Yet Provided	2,159	(21,176)
Resources that Finance the Acquisition of Assets	(10,696)	(14,158)
Other (+/-)	(110)	1,183
Total Resources Used to Finance Items Not Part of the Net Cost	(8,647)	(34,151)
Total resources used to finance the net cost of operations	403,589	375,439
Components of Net Cost that Will Not Require or Generate Resources in the Current Period:		
Increase (decrease) in Actuarial Liability	(2,297)	(3,151)
Depreciation and Amortization	9,257	7,584
Other (+/-)	150	2,327
Total Components of Net Cost that will not require or generate resources	7,110	6,760
Net Cost of Operations	\$ 410,699	\$ 382,199

The Reconciliation of Net Cost of Operations (Proprietary) to Budget reflects the budgetary and non-budgetary sources that fund the Net Cost of Operations for the agency.

Note 18 Imputed Financing		
	September 30, 2016 (In Thousands)	September 30, 2015 (In Thousands)
Federal Employees Health Benefit Program	\$ 6,497	\$ 4,796
Federal Employees Group Life Insurance Program	19	16
Civil Service Retirement System	1,376	423
Federal Employees Retirement System	(569)	(32)
Foreign Service Retirement and Disability System	18	20
Total Imputed Costs	\$ 7,341	\$ 5,223


Imputed financing recognizes actual costs of future benefits which include the Federal Employees Health Benefit Program, Federal Employees Group Life Insurance Program, and pension benefits paid by other federal entities.

INSPECTOR GENERAL'S AUDIT TRANSMITTAL LETTER



Office of Inspector General

To: Carrie Hessler-Radelet, Director

From: Kathy A. Buller, Inspector General 

Date: November 7, 2016

Subject: Audit of the Peace Corps' Fiscal Year 2016 Financial Statements

This letter transmits the reports of Kearney & Company, P.C. (Kearney) on its financial statement audit of the Peace Corps' Fiscal Year (FY) 2016 Financial Statements. As required by the Accountability of Tax Dollars Act of 2002, the Peace Corps prepared financial statements in accordance with Office of Management and Budget (OMB) Circular No. A-136, *Financial Reporting Requirements*, and subjected them to audit.

Independent Auditor's Reports on the Financial Statements, Internal Control over Financial Reporting, and Compliance with Laws, Regulations, Contracts, and Grant Agreements

We contracted with Kearney, an independent certified public accounting firm, to audit the Peace Corps' consolidated financial statements as of September 30, 2016 and 2015. The contract required that the audit be done in accordance with U.S. *Generally Accepted Government Auditing Standards* (GAGAS), OMB audit guidance, and the *Government Accountability Office/President's Council on Integrity and Efficiency Financial Audit Manual*.

Kearney's reports for FY 2016 include: (1) an opinion on the financial statements, (2) conclusions on internal control over financial reporting, and compliance with applicable provisions of laws, regulations, contracts, and grant agreements. In its audit of the Peace Corps, Kearney found:

- The financial statements were fairly presented, in all material respects, in conformity with GAGAS principles.
- There were no material weaknesses in internal control.¹
- Three significant deficiencies related to internal control were disclosed by Kearney.²

¹ A material weakness is defined as a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

² A significant deficiency is defined as a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

- Lack of effective information technology security. Kearney cited continuous monitoring and the agency's risk management program as areas needing improvement.
 - Gaps related to managing property, plant, and equipment. Kearney indicated a need for effective procedures to identify, track, reconcile, and record property.
 - Improper and untimely processing of personnel actions. Kearney cited a lack of proper oversight and controls.
- Two instances of reportable noncompliance were found relating to compliance with applicable provisions of laws, regulations, contracts, and grant agreements which are required to be reported under GAGAS or OMB guidance. Kearney found that the Peace Corps did not fully comply with:
 - The Federal Information Security Modernization Act of 2014 pertaining to continuous monitoring and the agency's risk management program.
 - The Ethics in Government Act of 1978 associated with the untimely filing of annual Public Financial Disclosure Reports.

OIG Evaluation of Kearney's Audit Performance

In connection with the contract, we reviewed Kearney's reports and related documentation and inquired of its representatives. Our review, as differentiated from an audit in accordance with GAGAS, was not intended to enable us 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. Kearney is responsible for the attached auditor's reports dated November 7, 2016 and the conclusions expressed in the reports. However, our review disclosed no instances where Kearney did not comply in all material respects with GAGAS.

We would like to express our appreciation to the Peace Corps staff involved in working with the auditors and issuing the financial statements within the established OMB milestones. If you or a member of the Peace Corps staff has any questions about Kearney's audit or our oversight please contact me, or Assistant Inspector General for Audit Judy Leonhardt at 202-692-2914.

Attachment

cc: Carlos Torres, Deputy Director
 Laura Chambers, Chief of Staff
 Joseph L. Hepp, Jr., Chief Financial Officer
 Francisco Reinoso, Chief Information Officer
 Anne Hughes, Chief Compliance Officer

AUDITOR'S REPORT



1701 Duke Street, Suite 500, Alexandria, VA 22314
PH: 703.931.5600, FX: 703.931.3655, www.kearneyco.com

INDEPENDENT AUDITOR'S REPORT

To the Director and Inspector General of United States Peace Corps

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the United States Peace Corps (Peace Corps), which comprise the consolidated balance sheets as of September 30, 2016 and 2015, the related consolidated statements of net cost and changes in net position, and the combined statements of budgetary resources (hereinafter referred to as the “consolidated financial statements”) for the years then ended, as well as the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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. 15-02, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 15-02 require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Peace Corps as of September 30, 2016 and 2015 and its net cost of operations, changes in net position, and budgetary resources for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information (hereinafter referred to as the "required supplementary information") be presented to supplement the consolidated financial statements. Such information, although not a part of the consolidated financial statements, is required by OMB and the Federal Accounting Standards Advisory Board (FASAB), who consider it to be an essential part of financial reporting for placing the consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the consolidated financial statements, and other knowledge we obtained during our audits of the consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. Other Information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements; accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* and OMB Bulletin No. 15-02, we have also issued a report, dated November 7, 2016, on our consideration of the Peace Corps' internal control over financial reporting and on our tests of the Peace Corps' compliance with provisions of applicable laws, regulations, contracts, and grant agreements, as well as other matters for the



year ended September 30, 2016. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 15-02 and should be considered in assessing the results of our audits.

A handwritten signature in blue ink that reads "Kearney & Company". The signature is written in a cursive, flowing style.

Alexandria, Virginia
November 7, 2016



1701 Duke Street, Suite 500, Alexandria, VA 22314
PH: 703.931.5600, FX: 703.931.3655, www.kearneyco.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS, AND GRANT AGREEMENTS

To the Director and Inspector General of the United States Peace Corps

We have audited the consolidated financial statements of the United States Peace Corps (Peace Corps) as of and for the year ended September 30, 2016, and we have issued our report thereon dated November 7, 2016. We conducted our audit 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. 15-02, *Audit Requirements for Federal Financial Statements*.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Peace Corps' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Peace Corps' internal control. Accordingly, we do not express an opinion on the effectiveness of the Peace Corps' internal control. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 15-02. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982 (FMFIA), such as those controls relevant to ensuring efficient operations.

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. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified certain



deficiencies in internal control, described in the accompanying Schedule of Findings, that we consider to be significant deficiencies.

We noted certain additional matters involving internal control over financial reporting that we will report to the Peace Corps' management in a separate letter.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Peace Corps' consolidated financial statements are free from material misstatement, we performed tests of its compliance with provisions of applicable laws, regulations, contracts, and grant agreements, with which noncompliance could have a direct and material effect on the determination of consolidated financial statement amounts. We limited our tests of compliance to these provisions and did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the Peace Corps. Providing an opinion on compliance with those provisions was not an objective of our audit; accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings.

The Peace Corps' Response to Findings

The Peace Corps' response to the findings identified in our audit is described in a separate memorandum attached to this report. The Peace Corps' response was not subjected to the auditing procedures applied in our audit of the consolidated financial statements; accordingly, we do not express an opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, as well as the results of that testing, and not to provide an opinion on the effectiveness of the Peace Corps' internal control or on compliance and other matters. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 15-02 in considering the entity's internal control. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Kearney & Company". The signature is stylized and cursive.

Alexandria, Virginia
November 7, 2016



Schedule of Findings

Significant Deficiencies

I. Information Technology Security (Repeat Condition)

The Peace Corps' information technology (IT) internal control structure did not include a comprehensive risk analysis, proof of effective monitoring of design and performance, or evidence of an ability to identify and respond to changing risk profiles. The Peace Corps' IT control environment included design and operation weaknesses that, when combined, are considered to be a significant deficiency, as summarized below:

- During fiscal year (FY) 2016, the Office of the Chief Information Officer (OCIO) continued the process of implementing a Continuous Monitoring Program. However, OCIO was not able to fully implement it at the information system level in accordance with its current Information Security Continuous Monitoring (ISCM) strategy. The Federal Information Security Modernization Act of 2014 (FISMA) Review Team identified the following control deficiencies:
 - The Peace Corps Security Control Assessor's standard operating procedures (SOP) state that the Security Control Assessor will produce a Security Assessment Report (SAR) and Risk Assessment Report for each system on an annual basis; however, neither a SAR nor a Risk Assessment Report were completed for one of the four sampled systems.
 - One of four sampled information systems was put into production with live data without a completed or approved authorization package.
- The Peace Corps does not have a robust agency-wide Risk Management Program to manage information security risks. While OCIO formalized an overall risk management strategy in February 2014, there was no evidence that demonstrated that the agency was able to identify, assess, respond to, and monitor information security risk at the entity or business process levels. The Senior Assessment Team holds regular meetings with the Chief Information Officer (CIO) and Risk Executive to discuss the agency's risk posture; however, this process does not follow any formal standard. In addition, the Peace Corps has not developed relevant security policies and procedures to effectively manage the FISMA system inventory, establish system boundaries, and conduct appropriate security testing and evaluation as part of the Security Assessment and Authorization (SA&A) process. Specifically, the FISMA Review Team identified the following control deficiencies:
 - The Peace Corps does not have policies and procedures to identify and track an accurate system inventory.
 - All System Security Plans (SSP) inspected were not appropriately signed.



- The Peace Corps Medical Electronic Documentation & Inventory Control System (PCMEDICS) Authorization to Operate (ATO) was not signed by an authorizing official.
- The Peace Corps does not have policies or procedures for tailoring controls for systems called “Moderate Plus,” which is outside the Federal Information Processing Standards (FIPS) Publication (PUB) 199 designations of “low,” “moderate,” or “high.”
- Two approved ATO documents had inaccurate information, including copy-pasted description fields.
- Agency Customer Relationship Management (CRM)/Coordinated Agency Response System (CARS) did not complete a privacy impact assessment.

As defined in Generally Accepted Government Auditing Standards (GAGAS), information system controls consist of those internal controls that are dependent on information systems processing and include general and application controls. General and application controls, while effective, may not be sufficient to address and minimize the risks due to weaknesses in the Peace Corps’ Information Security Program. Information Security Program policies and procedures apply to most, if not all, of the Peace Corps’ information systems. The effectiveness of these procedures is a significant factor in determining the confidentiality, integrity, and availability of the information contained in the applications.

The lack of a comprehensive Continuous Monitoring Program prevents the Peace Corps from clearly understanding the security state of all of its systems over time. It also prevents the agency from effectively monitoring a dynamic IT environment with changing threats, vulnerabilities, technologies, business processes/functions, and critical missions. Without a fully implemented Continuous Monitoring Program, potential damage to agency systems could occur, which may result in system downtime, unauthorized access, changes to data, data loss, or operational failure.

Without effectively implementing a comprehensive risk management process at the agency level, the Peace Corps may be unable to address the root causes associated with existing information security risks. In addition, appropriate resources may not be effectively assigned to make the correct risk decisions to ensure the results align with the agency’s business priorities.

Recommendation #1: Kearney & Company, P.C. (Kearney) recommends that the Peace Corps’ OCIO:

- Develop and adhere to a formal project plan to assign the proper resources required to fully implement all components of its current ISCM strategy.
- In coordination with the Risk Executive, continue to implement a risk management strategy that identifies, assesses, and remediates security-related risks at all levels, consistent with FISMA requirements and National Institute of Standards and Technology (NIST) Special Publication (SP) 800-39.
- Perform an SA&A on all FISMA-reportable systems in accordance with its risk management strategy.



- Perform a thorough and expedited SA&A on the system without a completed or approved authorization package in the next 90 days. If the SA&A has not been completed within the timeframe allotted, this system should be removed from the network until the appropriate security reviews and approvals have been made.
- Complete a privacy impact assessment for CRM/CARS in the next 30 days.



II. Property, Plant, and Equipment (Upgraded Modified Repeat Condition)

Agency management is responsible for the design and operation of the Property, Plant, and Equipment (PP&E) internal control framework. This control framework should include policies, procedures, reviews, and approvals to ensure that long-lived assets are properly identified and all acquisition costs are accurately captured. Agencies should also confirm that property purchases and dispositions are recorded accurately, supported by appropriate documentation, and recorded timely to ensure the completeness and accuracy of property balances on the Balance Sheet. Absence of a comprehensive internal control framework may result in erroneous consolidated financial statements, theft, lack of accountability, waste, fraud, abuse, and lack of responsiveness to changing risk and threats.

The Peace Corps' property includes land and structures permanently attached to land, as well as leasehold improvements, vehicles, IT hardware, and other tangible items. Additionally, the Peace Corps accumulates project costs in Construction in Progress (CIP) until the asset is placed into service.

The Peace Corps uses several non-integrated systems, such as the Fixed Assets Module, Vehicle Management Information System (VMIS), and Sunflower to track, manage, and record personal property transactions in the financial records. During Kearney's audit procedures, we noted the following issues related to PP&E:

- Kearney identified PP&E internal control gaps in the area of reconciliation of asset listings and the overall controls that are in place to ensure that the PP&E included in the consolidated financial statements is accurate and free from material misstatements. The points listed below illustrate the control gaps and processes noted:
 - **Reconciliation of Asset Listings** – The Peace Corps maintains several inventory tracking systems for the various categories of PP&E. For vehicles, it maintains a detailed vehicle tracking system (VMIS) and a “master” vehicle tracking spreadsheet. IT hardware, equipment, and furniture are tracked using Sunflower. Land, buildings, leasehold improvements, and internal use software are tracked individually in coordination with the responsible offices. Data between these inventory management tracking systems and the asset management system (Odyssey Fixed Assets Module) is not automatically interfaced, which requires the involvement of multiple offices to assess the completeness and accuracy of asset management records. For example:
 - The Peace Corps has not developed an effective reconciliation process to identify differences between the personal property tracked in Sunflower and the Odyssey Fixed Assets Module subsidiary ledger in a timely manner.
 - **Asset Impairment and Obsolescence Procedures** – For assets tracked in Sunflower, the Peace Corps does not have sufficient standardized procedures regarding the identification and subsequent accounting treatment of obsolete and impaired assets.



This may lead to inconsistent treatment among posts and potentially erroneous financial statements.

- **PP&E Balances** – Kearney analyzed property balances, acquisitions, and disposals transactions recorded by the Peace Corps from October 1, 2015 to September 30, 2016. We reviewed the September 30, 2016 Odyssey Fixed Assets Additions Report and identified errors relating to the timeliness of recording assets into the property records. Of the 1,719 property additions recorded on the books in fiscal year (FY) 2016, Kearney noted the following:
 - o There were 894 property additions placed into service in previous FYs and properly capitalized and recorded on the balance sheet in the appropriate year, but not appropriately depreciated in the year which the asset was placed in service. This resulted in a depreciation expense understatement of \$103,695 as of September 30, 2015.
 - o There were 413 property additions placed into service in previous FYs but not capitalized or recorded on the balance sheet until FY 2016, resulting in a PP&E understatement of \$279,635 as of September 30, 2015. These property additions were also not depreciated in the year which the asset was placed in service. This resulted in a depreciation expense understatement of \$27,888 as of September 30, 2015.
 - o There were 10 assets purchased during FY 2016 that were properly capitalized and recorded on the balance sheet in FY 2016, but were not placed into service and, therefore, not depreciated in FY 2016. This resulted in a depreciation expense understatement of \$9,402 as of September 30, 2016.

The Peace Corps cannot ensure complete and accurate financial information regarding PP&E. The inability to address these weaknesses results 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.
- Increase in the likelihood of financial reporting misstatements due to delayed recognition of asset impairments.

The untimely processing of property transactions may not ensure accurate reporting and disclosure of its PP&E on the financial statements and, thus, may result in misstatements in the Peace Corps' financial statements, as well as incomplete or inaccurate property data used in making management and budgeting decisions.



Recommendation #2: Kearney recommends that the Peace Corps enhance its overall control environment in relation to PP&E by performing the following:

- Develop an effective reconciliation process to identify differences between the personal property tracked in Sunflower and the Odyssey Fixed Assets Module subsidiary ledger in a timely manner.
- Develop standardized procedures, as appropriate, to identify and account for damaged, obsolete, or otherwise impaired PP&E.
- Refine existing policies and procedures to include developing a dashboard to track delinquent reporting of additions/disposals for financial reporting purposes.



III. Improper and Untimely Processing of Personnel Actions (New Condition)

The Peace Corps processes personnel actions when an employee is hired or an existing employee has a change in personnel status, such as resignation, retirement, or promotion. These personnel actions are documented either on the Standard Form (SF)-50 (Notification of Personnel Action) or the Joint Form (JF)-62A (Personal Services Contracting Action). Failure to process these without approved supporting documentation timely and accurately can result in erroneous compensation payments and violations of labor laws.

The Office of Personnel Management's (OPM) authority to prescribe reporting requirements covering personnel actions can be found in Section 2951, Title 5, United States Code (U.S.C.). In addition, Executive Order 12107 delegates the authority to OPM to prescribe regulations relating to the establishment, maintenance, and transfer of official personnel folders.

Kearney selected a sample of 26 new hire personnel actions out of a population of 293 and noted that four employees were entered into the Human Resources (HR) Entry, Processing, Inquiry, and Correction (EPIC) system and approved by the Director of HR after their effective date of employment, which is the date the employee started working at Peace Corps in their new position. While the employee was working, the required approvals were not obtained until after they were entered into EPIC and the National Finance Center (NFC) payroll database.

Sample	Effective Date of Employment	SF-52	SF-50	Number of Days without HR Approval
		Supervisor Approval Date	Director of HR Approval Date	
Employee #1	January 24, 2016	January 27, 2016	February 1, 2016	8 days
Employee #2	February 7, 2016	February 10, 2016	February 10, 2016	3 days
Employee #3	April 3, 2016	April 11, 2016	April 18, 2016	8 days
Employee #4	June 12, 2016	Unavailable	June 30, 2016	18 days

Additionally, two employees were paid prior to their approved effective date of employment.

Sample	Effective Date of Employment	SF-52	SF-50	Pay Period Paid	Pay Period Approved	Number of Days Paid w/o Approval
		Supervisor Approval Date	Director of HR Approval Date			
Employee #3	April 3, 2016	April 11, 2016	April 18, 2016	07	08	10
Employee #4	June 12, 2016	Unavailable	June 30, 2016	12	13	14



We also noted that the Chief of Staff approved an expert selection memo on July 14, 2016 after the expert's employment effective date of June 12, 2016.

Lastly, during Kearney's review of the 26 new hire and 25 separation actions out of a population of 172, we noted that the approving official on the SF-50s was no longer employed by Peace Corps for six of the new hire and eight of the separations actions. This situation occurred because this approval is automated (i.e., Peace Corps employees were using an electronic signature of the former employee). The approval signature is generated automatically during the SF-50 creation process at NFC. Peace Corps does not have a control in place over the review and approval of SF-50s. While we tested new hire and separation personnel actions, the approval process issue could have occurred during the creation of any SF-50 personnel action (e.g., promotion, step increase, new hire, separation, etc.).

The potential for improper payment and violation of labor laws and regulations exists if personnel actions are not processed properly. In addition, the lack of proper oversight of all personnel actions and the absence of the approved expert selection memo may result in errors remaining undetected and uncorrected for long periods of time.

Recommendation #3: Kearney recommends that the Peace Corps:

- Develop appropriate SF-50 approval procedures, especially related to electronic approvals to ensure that when an authorizing official leaves the agency all electronic approvals associated with that official be updated immediately to indicate the replacement authorizing official.
- Develop an SF-50 approval control at the NFC level or a Peace Corps compensating control for the review and approval of SF-50s.
- Develop procedures to ensure that personnel actions and the expert selection memos are executed on or before the effective date and have the appropriate approvals before they are processed.
- Develop monitoring procedures that will ensure accurate processing of personnel actions, including periodic reviews of documentation
- Provide training to HR staff on policies and procedures related to the entry of employees into EPIC.

* * * * *

¹ *Independent Auditor's Report on the Peace Corps' 2015 and 2014 Financial Statements*



Noncompliance and Other Matters

IV. FISMA (Repeat Condition)

FISMA requires agencies to provide information security controls commensurate with the risk and potential harm of not having those controls in place. The heads of agencies and Offices of Inspectors General (OIG) are required to annually report on the effectiveness of the agencies' security programs.

As noted in its Assurance Statement, the Peace Corps disclosed an instance of noncompliance with FISMA that is required to be reported under *Government Auditing Standards* and OMB Bulletin No. 15-02.

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.

V. Ethics in Government Act of 1978 (Repeat Condition)

The Ethics in Government Act of 1978, as amended on October 26, 1978, requires senior officials in the Executive, Legislative, and Judicial branches to file public reports of their finances, as well as other interests outside the Government. The primary purpose of this disclosure is to assist agencies in identifying potential conflicts of interest between a filer's official duties and their private financial interests and affiliations. As such, the Peace Corps' Senior Executive Service employees are required to annually complete and file Public Financial Disclosure Reports (Office of Government Ethics [OGE]-278) to declare their financial assets and affiliations. OGE-278s are to be filed within 30 days of appointment or termination or by May 15 of that calendar year, whichever is later.

The Designated Agency Ethics Official (DAEO) is responsible for reviewing all OGE-278s to determine if any actual or potential conflicts of interest exist between the filer's public responsibilities and private interests and activities within 60 days of the filing date. Timely submission of the OGE-278 allows the filer and the Peace Corps to address such conflicts when they first appear and take appropriate actions to protect the filer and the Peace Corps.

In evaluating all of the Peace Corps' 31 Public Financial Disclosure Forms (i.e., OGE-278), Kearney noted the following exceptions:

- On May 11, 2016, the Acting Director for Management notified the Office of General Counsel (OGC) that he assumed the covered position for 120 days (May 1, 2016 to August 31, 2016). A New Entrant OGE-278e was not submitted by the due date of May 31, 2016.
- The Acting Associate Director in the Office of Volunteer Recruitment and Selection (VRS) assumed the covered position on October 30, 2015. The Acting Associate



Director in VRS completed the New Entrant OGE-278e on January 4, 2016 but did not complete an annual OGE Form 278e by the annual filing deadline of May 25, 2016.

Untimely completion of an OGE Form 278e could cause potential conflicts of interest between the filer's official Government duties and private financial interests. It can result in affiliations going undetected and unresolved for extended periods of time. The Peace Corps may be exposed to negative publicity and legal events if apparent and/or actual conflicts of interest and violations of Federal ethics laws and regulations are not disclosed and remediated in a timely manner.



APPENDIX A: STATUS OF PRIOR YEAR DEFICIENCIES

Three issues were noted relating to internal control over financial reporting in the *Independent Auditor's Report on Internal Control over Financial Reporting and Compliance with Applicable Provisions of Laws, Regulations, Contracts, and Grant Agreements* on the Peace Corps' FY 2015 consolidated financial statements.¹ The table below presents a summary of the current-year status of these issues.

Prior-Year Deficiencies

Deficiency	2016 Status	2015 Status
Information Technology Internal Control Environment	Significant Deficiency	Significant Deficiency
Untimely De-Obligation of Unliquidated Obligations	Management Letter	Significant Deficiency
Budgetary Accounting	Closed	Significant Deficiency

¹ *Independent Auditor's Report on the Peace Corps' 2015 and 2014 Financial Statements*

AGENCY COMMENTS TO THE INDEPENDENT AUDITOR'S REPORT

The Peace Corps has reviewed the Independent Auditor's Report and concurs with the findings in the report. Management is committed to addressing the recommendations provided in the Independent Auditor's Report; corrective actions have been established for execution in FY 2017.

This page was intentionally left blank.

OTHER INFORMATION






INSPECTOR GENERAL'S STATEMENT ON THE PEACE CORPS' MANAGEMENT AND PERFORMANCE CHALLENGES



Office of Inspector General

TO: Carrie Hessler-Radelet, Peace Corps Director
Anne Hughes, Chief Compliance Officer

FROM: Kathy A. Buller, Inspector General 

SUBJECT: Inspector General's Statement on the Peace Corps' Management and Performance Challenges

DATE: October 28, 2016

In accordance with the Reports Consolidation Act of 2000, the Office of Inspector General (OIG) is submitting what it has determined to be the most significant management and performance challenges facing the Peace Corps. The challenges discussed in the attachment to this memo are to be included in the Agency Financial Report for fiscal year (FY) 2016.

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

- Information Technology Security Management (first reported in FY 2009)
- Business Processes (first reported in FY 2011)
- Excessive Personnel Turnover (first reported in FY 2012)
- Training Overseas Staff (first reported in FY 2014)
- Acquisitions and Contract Management (FY 2015)
- Volunteer Health and Safety (new for FY 2016)

These challenges illustrate the most significant areas OIG believes need improvement in order for the Peace Corps to effectively manage its resources and minimize the potential for fraud, waste, and abuse occurring in its operations. Addressing the issues related to these challenge areas will enable the agency to increase operational efficiencies and improve mission effectiveness.

Attachment

cc: Carlos Torres, Deputy Director
 Laura Chambers, Chief of Staff
 Becca Sharp, Deputy Chief of Staff
 Lyzz Ogunwo, White House Liaison
 Kathy Stroker, Acting General Counsel
 Carl Sosebee, Senior Advisor
 Joseph Hepp, Chief Financial Officer
 Paul Shea, Deputy Chief Financial Officer
 Linda Brainard, Chief Acquisition Officer
 Francisco Reinoso, Chief Information Officer
 Steve Fabry, Acting Deputy Chief Information Officer
 William Stoppel, Acting Associate Director, Office of Management
 Paul Jung, Associate Director, Office of Health Services
 Sheila Crowley, Acting Associate Director, Volunteer Recruitment and Selection
 Jeremy Haldeman, Associate Director, Office of External Affairs
 Shawn Bardwell, Associate Director for Safety and Security
 Ken Yamashita, Associate Director, Office of Global Operations
 Cathryn Thorup, Director, Office of Strategic Information, Research, and Planning
 Sonia Stines Derenoncourt, Director, Office of Overseas Programming and Training
 Marie McLeod, Director, Office of Global Health and HIV
 Thomas Ross, Acting Director, Peace Corps Response
 Monina Bantug, Expert, Office of the Chief Financial Officer

Challenge: Information Technology Security Management

Why This Is a Challenge

Effective information technology (IT) security programs help protect agency data from being misused by both internal and external sources, and minimize the risk of having sensitive data compromised. Federal laws and regulations governing IT security are designed to strengthen an agency's management of its operations. They also provide significant guidance to help prevent serious information security incidents. The Federal Information Security Management Act of 2002 (FISMA), as amended, is central to the federal IT security program.¹ The objective of FISMA is to develop a comprehensive framework to protect government information, operations, and assets. Since FY 2009, OIG has reported in its management and performance challenges that the Peace Corps has not achieved full compliance with FISMA or fully implemented an effective IT security program. Some of the identified issues have been outstanding for over seven years, and the agency has struggled to implement corrective actions.

Further complicating this challenge, the Peace Corps has been trying to modernize its IT environment. Despite good intentions, the agency has not paid adequate attention to IT security and its implications for the network and sensitive information. For example, in FY 2015, the Peace Corps participated in a cloud email pilot program with the General Services Administration. This program did not follow the proper acquisition policies or processes, and the agency did not conduct a standard security assessment prior to initiating the pilot. Based on an OIG recommendation, the agency began implementing policies to review IT security as a key part of acquisition when pursuing cloud services. However, since 2013 there has been an outstanding FISMA finding that the agency has not adequately tracked or monitored contract agreements and memorandums of understanding in its official security repository.

Progress in Addressing the Challenge

Peace Corps management has made some progress in strengthening IT security management programs and FISMA compliance, beginning with the onboarding of a new Chief Information Security Officer. The agency has developed and implemented user security awareness training and has begun implementing multi-factor authentication for network logins. However, a number of FISMA issue areas discussed in prior years' challenge statements have not been fully resolved.

For example, although management has started a continuous monitoring program, including documenting some agency systems and their associated risk, the program does not contain all the required components and remains incomplete. Some configuration management processes have not been fully implemented, and systems security assessment documentation has not been

¹ FISMA was amended in December 2014 by the Federal Information Security Modernization Act of 2014 (Pub. L. No. 113-283).

completely updated and is not being reviewed periodically by key stakeholders. In addition, the Peace Corps has not fully implemented a comprehensive agency-wide risk management program that is effective in monitoring, identifying, and assessing security weaknesses, and resolving related problems at the entity, business process, and information system levels, in line with the National Institute of Standards and Technology Risk Management Framework.

What Needs to Be Done

Achieving full compliance with FISMA and other federal laws and regulations that apply to managing the Peace Corps' IT security infrastructure is critical to having a program that is effective in ensuring the agency's information, operations, and assets are adequately protected.

The Peace Corps needs to place greater emphasis on improving its information security program, including accomplishing greater FISMA compliance and timely remediation of IT security weaknesses that have been identified internally and through the annual FISMA audit and other reviews.

The Peace Corps will need to place a sharper focus on improving its IT security program by assigning sufficient qualified personnel, and prioritizing the time and resources necessary to become fully FISMA compliant and eliminate weaknesses. Implementation of the Risk Management Framework will facilitate the tailoring of an information security program that meets the Peace Corps' mission and business needs across a decentralized organization.

Key OIG Resources

[Peace Corps' FY 2015 Performance and Accountability Report](#)
[Management Advisory Report: The Peace Corps' Cloud Computing Pilot Program](#)
[OIG Semiannual Report to Congress, October 1, 2015 to March 31, 2016](#)
[Report on Protecting Sensitive Information in Peace Corps Computer Systems](#)
[FY 2015 Review of Peace Corps' Information Security Program](#)

Challenge: Business Processes

Why This Is a Challenge

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

Data Management

Although the Peace Corps is working to modernize its businesses processes, OIG audits and evaluations have found that several essential business functions remain largely paper-based, including processes for travel, medical supply management, payment vouchers, and several

human resource functions (performance appraisals, training records, and travel compensation computation). In addition, the Peace Corps has updated certain HR functions, replacing previously automated processes with paper processes. The Peace Corps' lack of automated business processes has led to inefficiencies and a duplication of efforts, making data more prone to human error.

Property Management

At year end, the Peace Corps reported having a total property net book value of \$38.3 million. OIG and external audits at the Peace Corps have continued to find issues with the accuracy and completeness of property records. Effective property management can significantly reduce the risks associated with theft, fraud, or unexplained losses of agency assets. It also serves to improve the accuracy of financial reporting.

Progress in Addressing the Challenge

This section has been modified to reflect agency progress in improving safety and security business processes. The agency's safety and security program has begun to mature in recent years, with the development of more vigorous roles and responsibilities for the safety and security manager position, updated guidance materials, and more formal involvement of security experts in the hiring of overseas security personnel. The agency is currently working with the Department of State to revise and update the memorandum of understanding formalizing the relationship for overseas safety and security regarding Peace Corps staff and Volunteers.

The Peace Corps has implemented, and is working to implement, several systems to better manage agency records. Specifically, the Office of Volunteer Recruitment and Selection implemented the Database of Volunteer Experience to manage volunteer applicant data, and in August 2012, the Office of Health Services implemented a medical applicant exchange system. The agency has completed piloting an electronic medical records system that will provide online storage of Volunteer medical data. The system was fully implemented in October 2015.

In FY 2015 the agency initiated the development of a case management system which became operational in FY 2016.

Progress is also being made to address property management deficiencies. In FY 2015, the agency began implementing a new property management system to improve accountability over its assets. Presently, Peace Corps headquarters operations and approximately 40 percent of its overseas posts have taken the necessary steps to fully implement the new property management system. The remaining posts are in various stages of implementation while agency efforts continue to move toward transitioning 100 percent of its property into the new system.

What Needs to Be Done

The agency needs to continue to assess its operations and modernize its business processes accordingly. Furthermore, agency business processes must also support effective internal control and provide for access to reliable data. Additionally, the Peace Corps needs to continue its focus on developing or acquiring more modern and automated systems to replace business processes that are manual or rely on inadequate systems. As automated systems are introduced in the Peace Corps environment, the agency must be diligent in ensuring that proper IT security controls are in place, as IT security has been a reported challenge area since 2009. See the Management Challenge section titled *Information Technology Security Management*.

Key OIG Resources

[Final Program Evaluation Report: Follow-up Evaluation of the Volunteer Delivery System](#)

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

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

[OIG's FY 2017 Annual Plan](#)

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

[Recurring Issues Report: Common Challenges Facing Peace Corps Posts, FYs 2012-2015](#)

Challenge: Excessive Personnel Turnover

Why This Is a Challenge

In June 2012, OIG issued a report on the impact of the “five-year rule” (FYR) on Peace Corps operations. The FYR became law in 1965 and limited employment of Peace Corps’ U.S. direct hire personnel to five consecutive years. OIG’s evaluation found that the FYR, as intended, enabled the agency to create a constant flow of new employees including Returned Peace Corps Volunteers; avoid the inflexibility associated with the civil service system; and prevent employees from working their entire career at the Peace Corps. However, the FYR accelerated the annual pace of employee turnover to between 25 percent and 38 percent, quadruple the average turnover rate in the federal government. OIG estimated that over the five-year period from 2005 to 2009, excessive turnover driven by the FYR accounted for approximately 60 percent of \$20.7 million in total turnover management costs.²

Excessive personnel turnover at the Peace Corps exacerbated a range of common management challenges. It has undermined the agency’s ability to retain employees on the basis of performance; to conduct succession planning; to manage the continuity and transfer of essential knowledge, skills, and abilities; to provide training and professional development to

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

staff; and to deploy its workforce efficiently. In addition, the FYR weakened the agency's ability to attract and retain highly qualified professionals in the areas of contracting, financial management, information technology, human resources management, and medical support. It has also led to frequent staffing gaps in mission-critical positions overseas.

In 2013, OIG reported on challenges related to hiring overseas staff in its audit report on Peace Corps Overseas Staffing. OIG reported that the agency struggled to maintain a robust pool of qualified applicants and ensure positions were filled in a timely manner. It had difficulty managing hiring and administrative timelines for open positions, maintaining consistency in the interview and hiring process, planning for transfers, and dealing with unexpected vacancies. These challenges were aggravated by the agency's accelerated rate of overseas staff turnover.

Progress in Addressing the Challenge

In May 2016, the agency proposed legislative reforms to its hiring authorities as part of its efforts to reduce the rate of employee turnover. The agency also took action to address two open recommendations from OIG's FYR evaluation related to employee performance issues and unwanted, early employee resignations. Based on documentation the agency provided, OIG was able to close three of the five open recommendations from our 2012 evaluation report.

The agency has also taken steps that could provide the Director with additional authority to recruit and retain some employees with special skills needed for critical management functions while preserving the five-year rule for most employees.

What Needs To Be Done

The agency should address the two remaining open recommendations from OIG's 2012 report on the impacts of the FYR: to identify which functions should be subject to periodic turnover, and implement a process to manage turnover; and to identify the core business functions and positions that suffer from frequent staff turnover, and determine and implement a process for acquiring and retaining qualified personnel.

In addition, the agency should take action to close the remaining six audit recommendations OIG made in our report on overseas staffing to improve how it hires certain overseas staff.

Key OIG Resources

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

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

Challenge: Training Overseas Staff

Why This Is a Challenge

The Peace Corps relies on its overseas staff to ensure the success of its programs around the world. Overseas staff members have many responsibilities, including identifying assignments

where Volunteers can be productive and contribute to host country development needs, managing financial and administrative operations, and ensuring Volunteer health and safety. Even though they work outside of the United States, overseas staff members often have to abide by the rules of the federal government, including those related to ethics, contracting, and whistleblower protection. Ensuring overseas staff members have the skills and information they need for their jobs requires training.

In September 2014, OIG issued a report on the Peace Corps' training of overseas staff, which uncovered a number of challenges. An underlying problem was that the agency did not have a central office to develop, manage, and coordinate overseas staff training. This responsibility was largely decentralized, with different headquarters offices and posts responsible for identifying training needs, developing and delivering training, and tracking training participation. There was no senior official to develop a learning strategy for the entire agency and ensure the Peace Corps had the financial and human resources needed to implement the strategy.

Another significant challenge was that the agency did not have a training coordinator for host country nationals (HCNs), who make up over 90 percent of the Peace Corps' overseas workforce. The agency's primary training and orientation for overseas staff members, called overseas staff training (OST), was not available to every staff member. As of November 2013, only 18 percent of all overseas staff (and nine percent of HCNs) hired between 2008 and 2013 had attended OST. The agency lacked an alternate mechanism for orienting new overseas staff members. Without a comprehensive, standardized orientation and training program for all overseas staff, each post decided what information would be provided to new staff. This created variability in the quality of staff training, and there was no assurance that new staff was properly trained on important policies and procedures.

OIG also reported that the agency lacked training records and a robust learning management system. As a result, it was challenging for the agency to identify everyone who needed to take certain trainings and track training completion. The Peace Corps could not ensure that employees had received training on mandatory and job-essential topics.

Finally, as OIG reported in the management challenge titled *Excessive Personnel Turnover*, time-limited staff appointments under the FYR created an accelerated rate of turnover and underscored the need for a comprehensive staff training program to fully prepare new hires to perform their jobs.

Progress in Addressing the Challenge

In October 2015, the agency established an Office of Staff Learning and Development (OSLD) in order to "promote a culture of learning and professional development for Peace Corps staff." The agency has reported taking steps to address the need for a more consistent learning and development strategy for all domestic and overseas staff. These include a focus on developing new employee onboarding and supervisory training, and defining learning and development

needs at specific phases in each employee's tenure. The agency has dedicated a staff person to create a learning strategy for overseas programming, training, and evaluation staff. Further, OSLD has engaged with other offices to support the agency's goal of putting in place a more robust learning management system to deliver and track completion of training to a widely dispersed workforce.

Additionally, the agency has taken steps to address specific staff training recommendations in the 2014 OIG report, including recommendations related to training for travel cards and classified information, and ethics training for staff hired since January 1, 2015. The agency has continued to develop and implement trainings needed to comply with federal laws, such as a training program for sexual assault response liaisons, a sexual assault policy training for all overseas staff, and supervisory training.

What Needs To Be Done

OIG issued 25 recommendations in its 2014 report, and has closed 12 as of October 2016. The agency addressed a number of recommendations to provide specific types of training required by law or agency policy. Most of the recommendations aimed at addressing the systemic issues uncovered during the evaluation remain open and need to be addressed, including: to implement a training needs assessment process; to create a standardized training program for new overseas staff; and to implement an improved learning management system.

The agency should ensure that all overseas staff receives training on the Standards of Ethical Conduct for Employees of the Executive Branch. Recent OIG investigative activity indicates that not all overseas staff is knowledgeable of their ethical obligations. As part of the training effort, the agency should ensure that overseas staff hired prior to January 2015 have read and understood their ethical obligations. Additionally, documentation of ethics training should be maintained by the agency.

Key OIG Resources

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

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

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

Challenge: Acquisitions and Contract Management

Why This Is a Challenge

During FY 2016 the Peace Corps obligated \$175.5 million in contract costs for goods and services, or approximately 42 percent of their total annual budget. This included about \$76 million for domestic contractual costs and \$99.5 million related to overseas operations. The cost of contracts at the Peace Corps represents a significant part of the agency's budget. As a result, agency management must efficiently manage the associated risks commensurate with dollars

invested. Managing federal contracting more effectively has continuously appeared on the Government Accountability Office's "High Risk List" since 1990. For the Peace Corps, the timely and cost-effective acquisition of essential goods and services is critical to supporting its Volunteers assigned to remote areas throughout the world, and in accomplishing the agency's mission. To improve its operations and minimize the inherent risks associated with contracts, it is critical that the agency consistently follow laws, regulations, and Peace Corps policies that relate to government procurement.

We included acquisitions and contract management as one of the agency's greatest management and performance challenges last year and in both FYs 2009 and 2010. Specifically, past challenges highlighted insufficient acquisition staff resourcing within the Peace Corps as a significant root cause challenging the agency's ability to effectively manage its contracting workload. Acquisition staff resourcing includes recruiting and retaining a sufficient number of experienced and qualified contracting professionals to manage the workload and efficiently meet the needs of its customers.

Progress in Addressing the Challenge

During FY 2016 the Peace Corps authorized six additional positions to strengthen its acquisition workforce. The agency has filled five of the six positions, of which three are senior-level contracting professionals. Although the acquisition organization experienced some personnel turnover in FY 2016, they recently achieved close to full authorized personnel strength through more effective recruiting, hiring, and retaining of professional staff. The Peace Corps also made good progress in remediating a number of open recommendations contained in two separate OIG reports on agency contracting issued during FYs 2015 and 2016. Management has placed greater emphasis on compliance with applicable laws, regulations, and policies by establishing clearer lines of authority, responsibility, and accountability within the acquisition workforce. Further, the acquisition organization is focusing more on ways to improve customer service by restructuring its communication channels and engaging customers through regular outreach efforts.

Although progress since last year is apparent, the Peace Corps is still in the process of implementing many needed improvements. Several improvements are presently in varied stages of completion, and will require a considerable investment of time and effort. In addition, managing challenges associated with retaining qualified and skilled contracting professionals, and the timely replacement of personnel as vacancies occur, will likely continue to be a significant challenge for the Peace Corps. Personnel turnover within the agency's acquisition workforce is directly linked to a legislatively-mandated five year term limitation on most agency employees. We identified this as a root cause of the agency's inability to consistently maintain a sufficiently staffed acquisition workforce. OIG reported this negative impact on the Peace Corps' personnel recruitment and retention due to limited term assignments in a 2012 report. This area

continues to be a significant challenge and is discussed in more detail in the management and performance challenge titled *Excessive Personnel Turnover*.

What Needs to Be Done

Peace Corps management needs to ensure they consistently maintain an acquisition workforce that possesses the necessary experience and skill sets capable of effectively managing its contracting workload. To accomplish this, they need to continue improving their programs for recruiting, retaining, and training the agency's contracting professionals. Significant improvements in reducing excessive personnel turnover can be achieved through implementation of recommendations made in our 2012 report on impacts of the five-year rule. The agency also needs to aggressively pursue its efforts in continuing to make improvements in its contracting policy and addressing procedural weaknesses related to governance compliance, acquisition planning, and contract surveillance.

Key OIG Resources

[Final Audit Report: Peace Corps Process for Soliciting, Awarding, and Administering Contracts](#)

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

[Management Advisory Report: Peace Corps' Volunteer Health Care Administration Contract](#)

[Final Audit Report: Peace Corps' Volunteer Healthcare Benefits Administration Contract](#)

Challenge: Volunteer Health and Safety

Why This Is a Challenge

The Peace Corps works to prioritize the safety, security, and physical and emotional health of its Volunteers. However, OIG country program evaluations and audits have identified aspects of the agency's safety and security and Volunteer medical care programs that present management challenges. Based on OIG's work in recent years, these challenges relate to: aspects of the Volunteer health care program, processes for selecting and approving sites for Volunteers, and procedures and documents that prepare the agency to respond to emergencies.

Volunteer Health Care

In 2009, OIG conducted a review of the medical care provided to Volunteers following the death of a Volunteer in Morocco. The review found that the methods used to measure and monitor the quality of Volunteer health care were insufficient. A follow-up review conducted in March 2016 found that the agency had enhanced its oversight of health units and its quality improvement program, taken steps to enforce its clinical escalation policy, and developed a scope of practice policy. However, some aspects of the Volunteer health program still remain a challenge.

The agency has expanded its regional medical officer (RMO) model with the goal of improving Peace Corps medical officer (PCMO) oversight and encouraging mentoring. However, the role of the RMO in PCMO supervision is not well-defined, and RMOs were not consistently

consulted for PCMO performance evaluations. Without sufficient authority over PCMOs, the ability of RMOs to contribute to the agency's oversight and quality improvement efforts is limited.

In addition, OIG has found that the agency's chart review process for PCMOs focused too much on chart completeness rather than on the quality of clinical decisions, a measure that would better help PCMOs improve their quality of care.

Finally, the agency has implemented a sentinel event policy to assess unfortunate or unexpected outcomes by conducting root cause analyses to identify causal factors that led to the negative outcomes. However, too many events were considered sentinel to be reviewed effectively, sentinel event committee members often had conflicts of interest with the cases, and root cause analyses were not comprehensive. As a result, the reviews have not resulted in systemic change.

Volunteer Site Selection and Approval

OIG found issues with site development at a number of posts and regions, which could result in Volunteers being inadvertently placed in unsafe living situations. The agency requires that posts maintain site history files with relevant safety and security information, and that post staff review these files when considering Volunteer site placement. However, between 2012 and 2016, OIG found site history files were incomplete, insufficiently organized, or not being used to inform site selection in multiple posts and regions.

OIG also found that several posts did not comply with their self-identified housing criteria, and appropriate staff (including the safety and security manager) was not always sufficiently included in the site development process. Without housing checks and proper site development, the agency may place Volunteers in houses and sites that impose increased security risks.

OIG has also found that PCMOs were not conducting regular assessments of local medical facilities. The lack of expectations and guidance on how frequently such assessments should be conducted, combined with insufficient oversight by country directors, contributed to this problem. If PCMOs do not assess local facilities and Volunteer sites, they may have incomplete information about medical resources locally available to Volunteers. This may make the agency less equipped to respond to Volunteer medical care needs in an effective manner.

Emergency Preparedness

During emergencies, posts' ability to locate volunteers, maintain detailed emergency plans, and communicate those plans to volunteers is critical. However, more than half the posts evaluated between 2012 and 2015 did not maintain complete and accurate site locator forms. These forms contain contact information and site location details, and are designed to locate volunteers in an emergency. OIG also found that whereabouts reporting policies designed to help staff locate out-of-site volunteers during an emergency were not implemented as intended.

In addition to these risks, OIG post evaluations identified five posts with emergency action plans that were not up to date and accessible to Volunteers. At approximately half of the posts that were evaluated from 2012 to 2015, Volunteers were unaware of their emergency consolidation points. Outdated emergency action plans and a lack of communication to Volunteers about the plans and consolidation points increased the risk that Volunteers would be unable to respond quickly and appropriately in an emergency.

Finally, we have found gaps in emergency preparedness at posts. Medical evacuation (“medevac”) plans were often incomplete and missing important information that could be needed in an emergency. Guidance from the agency on medevac plans was unclear, and sometimes outdated or difficult to comply with. A lack of clear oversight responsibility further contributed to the incompleteness of the plans.

Progress in Addressing the Challenge

Volunteer Health Care

The Peace Corps has launched a new electronic medical records system which if appropriately implemented may lead to improved access to and assessment of medical charts. The agency also switched to a weighted review process with an emphasis on the quality of clinical decisions over chart completeness.

Site Selection and Approval

The Peace Corps initiated processes to address elements of this management challenge, including a review of its guidance related to site history file documentation and use during the site approval process. Further, the agency clarified guidance for PCMOs and set clear expectations regarding their assessments of local medical facilities and providers.

Emergency Preparedness

The agency updated its guidance on Volunteer site location management in 2015, replacing site locator forms with site contact forms. Volunteers are required to submit these forms within their first 30 days at site, and staff are expected to collect GPS coordinates of Volunteer housing and sites if feasible during the site development process. OIG has not yet evaluated the implementation and effectiveness of this new policy. Also, the agency recently clarified guidance to staff and volunteers regarding the whereabouts reporting policy and related procedures.

The Office of Health Services (OHS) provided clear guidance on requirements for medevac plans and on how and when overseas staff should conduct medical emergency preparedness drills.

What Needs to Be Done

Volunteer Health Care

The RMO’s role in PCMO oversight and supervision needs clarification. Also, to improve the sentinel review process, OHS should implement a screening process that considers severity and

frequency of negative outcomes, provide sufficient and appropriate staffing for sentinel event case reviews, include key components (such as root cause identification) in the analyses, and improve staff understanding of best practices in this area. Reviews need to be conducted in a way that focuses on and addresses systemic issues.

Site Selection and Approval

The agency needs to develop stronger oversight mechanisms and clearer guidance and procedures for overseas staff responsible for site history files. It should also consider designing and implementing a system to help overseas staff manage this information electronically.

Proper housing checks and involvement of appropriate staff during the site selection process is necessary to increase Volunteer safety. Posts need to conduct housing checks in a way that is consistent with the specified housing criteria. Safety and security managers also need to be involved in site selection to ensure that housing and surroundings meet safety and security standards.

Emergency Preparedness

OIG has not yet evaluated through its country program evaluations the implementation and effectiveness of the agency's new policy on Volunteer site location management.

Key OIG Resources:

[Management Advisory Report: Site History Files](#)

[Recurring Issues Report: Common Challenges Facing Peace Corps Posts, FYs 2012-2015](#)

[Final Program Evaluation: Follow-Up Evaluation of Issues Identified in the 2010 Peace Corps/Morocco Assessment of Medical Care](#)

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	Reassessed	Ending Balance
<i>Total Material Weaknesses</i>	0	0	0	0	0	0

SUMMARY OF MANAGEMENT ASSURANCES						
EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING (FMFIA § 2)						
STATEMENT OF ASSURANCE	UNQUALIFIED					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
<i>Total Material Weaknesses</i>	0	0	0	0	0	0
EFFECTIVENESS OF INTERNAL CONTROL OVER OPERATIONS (FMFIA § 2)						
STATEMENT OF ASSURANCE	UNQUALIFIED					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
<i>Total Material Weaknesses</i>	0	0	0	0	0	0
CONFORMANCE WITH FINANCIAL MANAGEMENT SYSTEM REQUIREMENTS (FMFIA § 4)						
STATEMENT OF ASSURANCE	SYSTEMS CONFORM TO FINANCIAL MANAGEMENT SYSTEM REQUIREMENTS					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
FISMA	1	0	0	0	0	1
<i>Total Non-Conformances</i>	1	0	0	0	0	1

Definition of Terms

Beginning Balance: The beginning balance will agree with the ending balance of material weaknesses from the prior year.

New: The total number of material weaknesses that have been identified during the current year.

Resolved: The total number of material weakness that have 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 attributable to corrective actions (e.g., management has re-evaluated and determined a material weakness does not meet the criteria for materiality or is redefined as more correctly classified under another heading (e.g., Section 2 to a Section 4 and vice versa).

Ending Balance: The agency's year-end balance.



APPENDICES





APPENDIX 1 - STATUS OF AUDIT WEAKNESSES

The FY 2016 financial statement audit report by Kearney & Company, P.C., external independent auditor, begins on page 70 and was transmitted through the inspector general. The report identified three significant deficiencies and two instances of noncompliance with laws and regulations. The three significant deficiencies identified include Information Technology Security (Repeat Condition), Property, Plant, and Equipment (Modified Repeat Condition), and Improper and Untimely Processing of Personnel Actions (New Condition). Two instances of noncompliance include Federal Information Security Modernization Act of 2014 (FISMA) and Filing of Public Reports (Ethics in Government Act of 1978); both were Repeat Conditions from FY 2015. The following pages summarize the audit findings by type and status, provide the corrective actions completed during FY 2016, planned corrections for FY 2017, and corresponding resolution timeline.

PART I - SIGNIFICANT DEFICIENCY FINDINGS	STATUS AS OF FY 2016	PROJECT RESOLUTION DATE
INFORMATION TECHNOLOGY SECURITY	OPEN AS PROJECTED	SEPTEMBER 2017

FY 2016 COMPLETED CORRECTIVE ACTIONS

1. Developed Risk Management framework.
2. Continued to implement the Information Security Continuous Monitoring (ISCM) Program.

FY 2017 PLANNED CORRECTIVE ACTIONS

1. Improve the Risk Management framework to effectively identify and assess security risks at the business process level.
2. Complete the implementation of the ISCM Program.
3. Ensure ISCM is implemented at the system level.

PROPERTY, PLANT, AND EQUIPMENT (DELAYED RESOLUTION)	OPEN (DELAYED RESOLUTION)	SEPTEMBER 2017
---	------------------------------	----------------

FY 2016 COMPLETED CORRECTIVE ACTIONS

1. Implemented a new asset management system, Sunflower, to headquarters, regional offices, and posts.
2. Trained staff on proper usage of Sunflower.
3. Started full inventory campaign via Sunflower to capture asset population of assets.

FY 2017 PLANNED CORRECTIVE ACTIONS

1. Complete implementation of Sunflower to remaining posts and provide corresponding training and support to end-users.
2. Complete Sunflower transition and inventory campaign at all locations.
3. Develop revised asset management system policies and procedures.

UNTIMELY PROCESSING OF PERSONNEL ACTIONS	NEW CONDITION	SEPTEMBER 2017
--	---------------	----------------

FY 2017 PLANNED CORRECTIVE ACTIONS

1. Monitor and validate that only authorizing officials that have electronic approvals exist; monitor and ensure that separated officials are no longer in the system.
2. Establish process and procedures for the review and approval of personnel actions, including Expert-type appointments.
3. Develop monitoring procedures to ensure that personnel actions are reviewed, contain accurate information, and processed timely.
4. Ensure training is conducted to HR staff on newly implemented controls and operational procedures.

PART II - NONCOMPLIANCE FINDINGS	STATUS AS OF FY 2016	PROJECT RESOLUTION DATE
FEDERAL INFORMATION SECURITY MODERNIZATION ACT (FISMA) OF 2014	OPEN AS PROJECTED	SEPTEMBER 2017
FY 2016 COMPLETED CORRECTIVE ACTIONS		
<ol style="list-style-type: none"> 1. Performed identification and analysis of external connections. 2. Replaced existing ColdFusion applications. 		
FY 2017 PLANNED CORRECTIVE ACTIONS		
<ol style="list-style-type: none"> 1. Complete the identification and analysis of all external connections. 2. Continue to implement risk management strategies consistent with FISMA requirements and NIST Special Publications. 		
FILING OF PUBLIC REPORTS (ETHICS IN GOVERNMENT ACT OF 1978)	OPEN (DELAYED RESOLUTION)	SEPTEMBER 2017
FY 2016 COMPLETED CORRECTIVE ACTIONS		
<ol style="list-style-type: none"> 1. Ensured OGE -278 forms were completed for required filers. 2. Established specific timelines for the submission, completion, and review of OGE-278 forms. 		
FY 2017 PLANNED CORRECTIVE ACTIONS		
<ol style="list-style-type: none"> 1. Strengthen the process of monitoring the completion of OGE-278 forms. 		

APPENDIX 2 - VERIFICATION AND VALIDATION OF PERFORMANCE DATA

Data collection and performance reporting consistency are supported through the use of detailed performance goal data reference sheets, which include operational definitions, data sources, and a comprehensive methodology for measuring each performance goal detailed in the FY 2017 Annual Performance Plan (files.peacecorps.gov/multimedia/pdf/policies/pc_strategic_plan_2014-2018-annual_plan_2016-2017.pdf). The agency ensures the data are complete and accurate through oversight and review by the Office of Strategic Information, Research, and Planning. The major data sources for the performance goals highlighted in this report (pages 22 to 33) are detailed below.

ANNUAL VOLUNTEER SURVEY

The Annual Volunteer Survey (AVS) is a confidential, voluntary online survey of all currently serving, two-year Volunteers. This comprehensive survey provides Volunteers' assessments of the effectiveness of Peace Corps training, in-country staff support, their personal health and safety, and their overall service experience.

In FY 2014, the agency substantially redesigned the survey questionnaire to improve data quality by reducing

measurement error, strengthening respondent confidentiality, and shortening the survey by half. By maintaining these improvements through FY 2015 and FY 2016, the agency is well on its way to being able to provide truly comparable, multiyear trend data to internal and external stakeholders. As a result of these enhancements to the AVS, the agency has gained a more accurate understanding of the perspectives of Volunteers.

The 2016 AVS was fielded from June 6, 2016 to August 12, 2016, and 90 percent of Volunteers completed the survey. The high response rate, in combination with data verification and validation measures, minimize total survey error at the global level. The survey is not, however, administered to a random sample of Volunteers. As with other non-randomized surveys, the AVS is subject to non-response bias.

Survey respondents in FY 2016 reflected the Peace Corps' overall composition by gender, age, geographic location, and length of service. Responses to all AVS questions were directly provided by the Volunteers and housed in an external, electronic survey database. To ensure data quality, rigorous data cleaning procedures were applied



to the dataset prior to analysis. The results were used to inform agency leadership about the Volunteers' perspectives on key issues.

It is worth noting that, as with any survey, the AVS reflects the experiences and opinions of Volunteers at a fixed point in time and can be influenced by various factors, such as major external events or the ability to recall information. The agency takes into consideration both statistical and practical significance to account for variation in AVS results from year to year. Thus, nominal percentage point movements may not be practically meaningful or significant. In using AVS results, the agency reviews longer-term trends to account for normal, expected variations in responses.

GLOBAL COUNTERPART SURVEY

First launched in FY 2014, the Global Counterpart Survey is designed to provide information on the impact of Volunteers from the perspectives of the individuals with whom Volunteers work most closely. The second Global Counterpart Survey was launched in FY 2015 and consisted of a short interview of Volunteers' primary work partners administered by overseas staff. The survey methodology used in FY 2015 was replicated in the FY 2016 iteration of the Global Counterpart Survey.

The survey was administered either over the phone or in person from May 2, 2016 through July 1, 2016, by overseas staff. Global results are drawn from a randomly selected group of 400 respondents, of whom 399 were interviewed by post staff in 2016. Data quality challenges include potential interviewer error and ambiguity in the total survey population. The interviews are conducted by staff experienced in project fieldwork and counterpart communication but who may not have extensive experience in survey interviewing or data collection. Issues of translation, variation in interview styles, and accuracy of coding may have unpredictable influences on the results. The agency is addressing this challenge by providing extensive tools, training, and support to staff and by closely monitoring survey results to identify inconsistencies. Prior to initiating the interviews, three training sessions were conducted via WebEx for interested post staff. The agency also provided translations of the survey in French and Spanish.

Determining the survey population is a challenge. Since no direct sampling frame exists that lists all Volunteer counterparts at all posts, Volunteers are used as a selection proxy for the counterparts who make up the random sample. In addition, there are multiple interpretations of

the title "counterpart" across the agency, which will influence the survey population. To address this, the agency has defined counterpart as the Volunteer's primary work partner as reflected in post records for his or her primary project. In cases where a Volunteer no longer has any working relationship with their post-assigned counterpart, the Volunteer is asked to identify their primary work partner. For the purposes of Performance Goal 4.1 (reported on page 28 of this report), it is assumed that each Volunteer will have one official counterpart and results are globally representative.

PEACE CORPS DATABASES

The Peace Corps maintains several database systems to collect Volunteer and program information. In order to maintain data integrity and ensure that the appropriate data entry methodology is followed, only authorized staff who have been properly trained can access key systems. Routine reconciliation processes among agency units enable users to verify and test performance data as well as to isolate and correct data entry or transfer errors. Internal, automated system processes also ensure data is appropriately transferred among different applications. The required level of accuracy to provide current and historical information about programs and Volunteers is met through database rules and business processes. Where data limitations do exist, largely due to data-entry compliance in isolated systems, they are noted in the appropriate performance goal section.

PEACE CORPS ADMINISTRATIVE RECORDS

For some performance goals, the Peace Corps collects annual data from headquarters offices and overseas posts through an online data call (survey). Responses are housed in an external, electronic database. Data cleaning procedures are applied to the dataset prior to analysis. Staff in positions of leadership or designated delegates at all overseas posts and headquarters offices are required to complete the survey. The survey is designed with clear logic and data validation rules to minimize data entry error. The data are independently reviewed by the Office of Strategic Information, Research, and Planning and anomalies are addressed to improve data quality. Other data are collected from specific headquarters offices individually.

While these administrative records do not have the benefit of the verification and validation standards executed in Peace Corps database systems, the agency is able to ensure a high level of accuracy by working with individual offices and posts to develop reliable data collection and analysis procedures.

APPENDIX 3 - GLOSSARY OF ACRONYMS

AF	Africa Region
AFR	Agency Financial Report
ATO	Authorization to Operate
AVS	Annual Volunteer Survey
CARS	Coordinated Agency Response System
CIO	Chief Information Officer
CRM	Customer Relationship Management
DOL	Department of Labor
DOS	Department of State
EMA	Europe, Mediterranean, and Asia Region
EPIC	Entry, Processing, Inquiry, and Correction
FBWT	Fund Balance with Treasury
FECA	Federal Employees Compensation Act
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FSN	Foreign Service National
FY	Fiscal Year
FYR	Five-Year Rule
GAGAS	Generally Accepted Government Auditing Standards
GHSP	Global Health Service Partnership
GSA	General Services Administration
HCN	Host Country National
HR	Human Resources
ISCM	Information Security Continuous Monitoring
IAP	Inter-America and the Pacific Region
IPBS	Integrated Planning and Budget System
IT	Information Technology
NFC	National Finance Center
OCIO	Office of Chief Information Officer
OGE	Office of Government Ethics
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPM	Office of Personnel Management
OST	Overseas Staff Training
PCMO	Peace Corps Medical Officer
PEPFAR	President's Emergency Plan for AIDS Relief
PP&E	Property, Plant, and Equipment
PSC	Personal Services Contractor
RMO	Regional Medical Officer
SA&A	Security Assessment and Authorization
SAR	Security Assessment Report
SARRR	Sexual Assault Risk Reduction and Response
SBR	Statement of Budgetary Resources
TEFL	Teaching English as a Foreign Language
ULO	Unliquidated Obligations
USDH	U.S. Direct Hire
USAID	U.S. Agency for International Development
VMIS	Vehicle Management Information System

This page was intentionally left blank.

This page was intentionally left blank.

peacecorps.gov

Instagram: [instagram.com/peacecorps/](https://www.instagram.com/peacecorps/)

Twitter: twitter.com/peacecorps/

Tumblr: [peacecorps.tumblr.com/](https://www.tumblr.com/peacecorps)

Facebook: [facebook.com/peacecorps/](https://www.facebook.com/peacecorps/)

