



Peace
Corps

Agency Financial Report

Fiscal Year 2020

The Peace Corps

Agency Financial Report

FISCAL YEAR 2020



The Paul D. Coverdell Peace Corps Headquarters
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This report is available at peacecorps.gov/about/open-government/budget-and-performance/
Send comments or questions to peacecorps.gov/contact/ or to the mailing address above.

About This Report

The Peace Corps Agency Financial Report (AFR) for fiscal year (FY) 2020 provides fiscal results and performance highlights for the reporting period beginning October 1, 2019, and ending September 30, 2020. This report demonstrates to the President, Congress, and the American public how fiscal funds, entrusted to the Peace Corps, have been utilized to achieve the agency's mission of promoting world peace and friendship through community-based development and cross-cultural understanding.

The Peace Corps FY 2020 AFR is one of the performance and financial reports required from federal agencies. It was prepared in accordance with Office of Management and Budget (OMB) Circulars A-11, Preparation, Submission, and Execution of the Budget; A-123, Management's Responsibility for Enterprise Risk Management (ERM) and Internal Control; and A-136, Financial Reporting Requirements. The FY 2020 Annual Performance Report (APR), along with the FY 2022 Annual Performance Plan (to be published with the FY 2022 Congressional Budget Justification in February 2021) and the FY 2020 AFR are made public and available online at peacecorps.gov.

How This Report Is Organized

The FY 2020 AFR presents the agency's performance highlights and accomplishments, fiscal accountability, and operational achievements and challenges for FY 2020. It begins with a message from the Peace Corps Director, Jody K. Olsen, followed by three sections and appendices:

Management's Discussion and Analysis

This section showcases the Peace Corps' mission, organizational structure, and the work of the Volunteers. It provides an overview of financial results, summary-level performance information, and management assurance regarding internal controls.

Financial Section

This section details the agency's financial position for FY 2020. It includes the message from the chief financial officer, followed by the audited financial statements and footnote disclosures, and the independent auditor's report.

Other Information

This section contains the Office of Inspector General's Management and Performance Challenges and the summary of financial statement audit and management assurances.

Appendices

This section provides additional information, including a report on audit follow-up activity, verification and validation of performance data, and a glossary of abbreviations used throughout this report.



AGA Certificate of Excellence

The Peace Corps was awarded the Association of Government Accountants' [Certificate of Excellence in Accountability and Reporting](#) (CEAR) for 13 consecutive years. The CEAR is the highest form of recognition for Federal government management reports, and the award demonstrates the agency's commitment to transparent management reporting. The FY 2019 Peace Corps Agency Financial Report can be viewed at peacecorps.gov.

About The Peace Corps¹

The Peace Corps is a service opportunity for motivated change makers to immerse themselves in a community abroad and work side-by-side with local leaders to tackle the most pressing challenges of our generation.

HISTORY

OFFICIALLY
ESTABLISHED
MARCH 1, 1961

AMERICANS WHO
HAVE SERVED
**MORE THAN
241,000²**

HOST COUNTRIES
SERVED TO DATE
143

VOLUNTEERS

NUMBER OF VOLUNTEERS
AND TRAINEES IN FY 2020
6,893³

GENDER
**65% FEMALE
35% MALE**

MARITAL STATUS
**99.6% SINGLE
0.4% MARRIED**

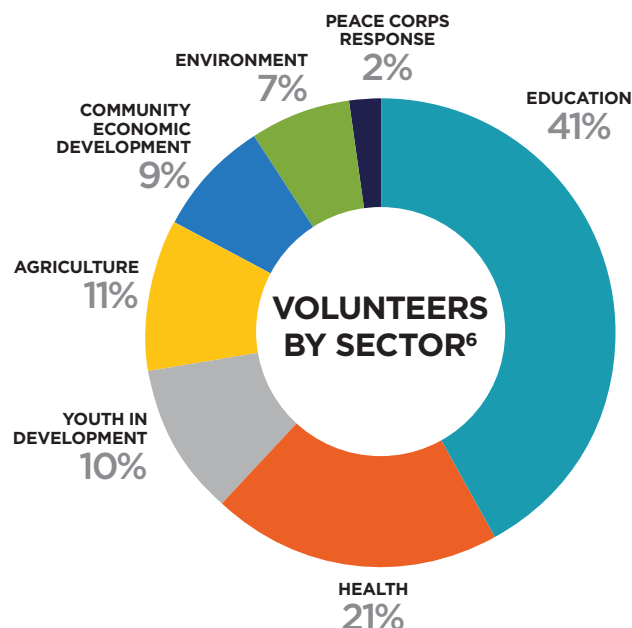
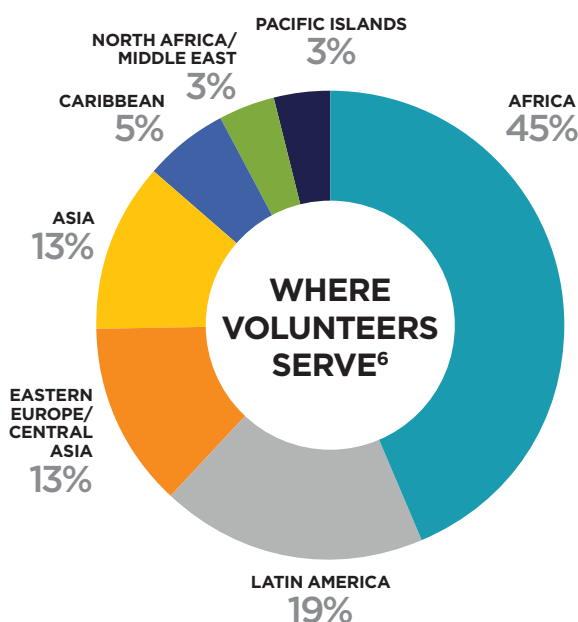
AVERAGE AGE⁴: **27**
OVER AGE 50: **3%**



COUNTRIES AND PROJECTS

NUMBER OF COUNTRIES SERVED
IN FY 2020

**62 COUNTRIES
58 POSTS⁵**



PEACE CORPS
DIRECTOR
**JODY K.
OLSEN**

(TUNISIA, 1966–1968)

CONTACT

TOLL-FREE
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BUDGET

FY 2020 BUDGET: **\$410.5 MILLION**

CARES ACT SUPPLEMENTAL FUNDING: **\$88 MILLION**

¹ About the Peace Corps reflects the number and breakdown of Volunteers and Trainees evacuated from posts in FY 2020 due to the COVID-19 pandemic.

² A person who served in two posts is counted in both posts. The number is rounded to the nearest thousand.

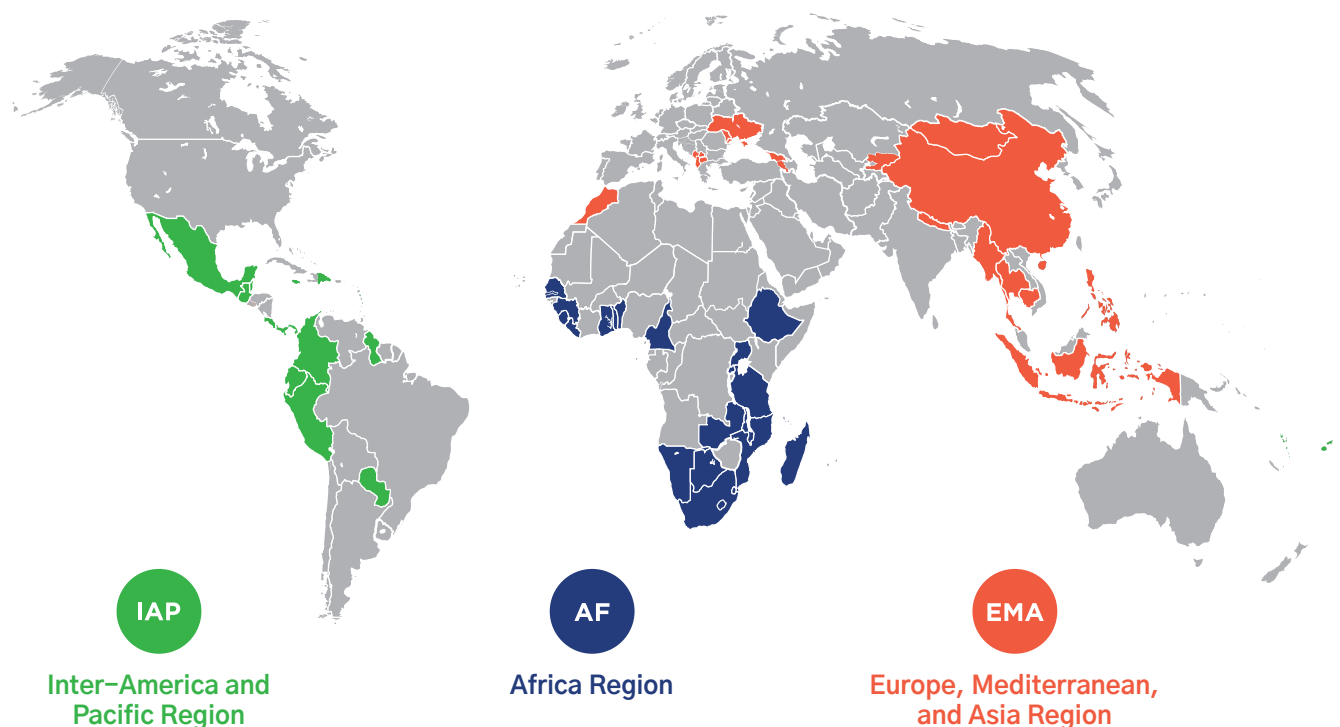
³ Volunteers are funded from appropriated funds and monies from the President's Emergency Plan for AIDS Relief (PEPFAR). Of the 6,893 Peace Corps Volunteers who were evacuated from posts in FY 2020 due to the COVID-19 pandemic, 614 were funded by PEPFAR.

⁴ Age as of the last day of the FY.

⁵ "Posts" are the principal offices responsible for managing day-to-day operations within host countries. In some cases, multiple countries may be administered from a single post to economize on overhead costs. For more information on the Peace Corps' countries of service, please refer to the map in the next section.

⁶ Number may not add to 100% due to rounding.

Where Peace Corps Volunteers Served In FY 2020



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
Panama
Paraguay
Peru

Africa

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

North Africa and the Middle East

Morocco

Eastern Europe and Central Asia

Albania/Montenegro:

- Albania
- Montenegro

Armenia
Georgia
Kosovo
Kyrgyz Republic
North Macedonia
Moldova
Ukraine

Asia

Cambodia
China
Indonesia
Mongolia
Myanmar
Nepal
Philippines
Thailand
Timor-Leste

Pacific Islands

Fiji
Samoa
Tonga
Vanuatu

Due to COVID-19, the Peace Corps temporarily suspended Volunteer operations at all Peace Corps posts in March 2020. China Volunteers evacuated in February 2020.



Returned Volunteer, Katie O'Donoghue, taught English for the Alternative Learning System Program once a week in a local barangay (village) in the Philippines. Her class took place in a house with frequent visits from curious passers. This local boy would come by often to play, read, and mess with the other students while they did their activities and assignments.

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A Message From the Director of the Peace Corps

On behalf of the agency, I present the FY 2020 Peace Corps Agency Financial Report.

This report provides our financial information and reflects our accountability to goals and strategies that enable the President, Congress, and the public to assess the progress the Peace Corps has made within the agency, country, and global community during this unprecedented year in our history.

This report conveys our commitment to sound financial and performance management and the effectiveness of our grassroots efforts in local communities around the globe. Our efforts this year include the March 2020 global evacuation of Volunteers and Trainees, our robust plans for a return to service, agency management of the COVID-19 pandemic, modernization of our IT systems, and the work of our data governance council.

The Peace Corps was established in 1961 by then-President John F. Kennedy with a mission to promote world peace and friendship. Since then, more than 241,000 Volunteers have served in 143 countries. These Volunteers have performed extraordinary work, including teaching English as a second language, working with HIV/AIDS prevention and care programs, and providing advice and instruction on nutrition and food availability issues. Fifty-nine years after its establishment, the mission of the Peace Corps remains as relevant and innovative as ever—even while we as a nation and world face unparalleled challenges.

The Peace Corps' mission is to promote world peace and friendship through three goals:

1. to help the people of interested countries in meeting their need for trained men and women;
2. to help promote a better understanding of Americans on the part of the peoples served; and
3. to help promote a better understanding of other peoples on the part of Americans.

The Peace Corps is a grassroots, people-to-people form of public service that works with host countries to develop sustainable solutions. Peace Corps Volunteers are America's best ambassadors, and build relationships with strategic partner countries from the ground up in communities across the globe. Peace Corps Volunteer service is life-changing and returned Volunteers continue to share their experiences long after they return to the United States.

We will continue to build on our legacy to preserve the treasure envisioned by President Kennedy and built by Volunteers and staff. As a dynamic agency, we are highly responsive to the evolving needs of host countries. We have learned to face new challenges, including a changing technology and communications landscape, ever-changing political and safety and security environments around the globe, and the COVID-19 pandemic, which led to the temporary suspension of our overseas programs and the

evacuation of our Volunteers and Trainees. Despite these challenges, our core values, mission, and goals have not changed. We have not changed *who we are*, but we have changed *how we are who we are*.

Five goals have been identified as key steps the agency will need to undertake over the next year: (1) to resume overseas operations as soon as it is safe to do so, (2) to recruit and prepare applicants for service, (3) to communicate effectively across internal and external audiences, (4) to support and expand Third Goal opportunities for returned Volunteers, and (5) to maintain strong continuity of operations (COOP) as we work within current global limitations posed by the pandemic.

Annual Updates, Highlights, and Areas of Focus

Country Re-entry Process: In the wake of the global pandemic, the Peace Corps posts remain operational, and we have maintained a staff presence in each country. As we prepare to welcome Volunteers back to service, we are undergoing country-by-country assessments that include examining safety and security, as well as health factors across our host countries. The Peace Corps has developed a comprehensive process for evaluating each post based on medical, security, programmatic, administrative, and logistical criteria that will allow the agency to determine when conditions are conducive to welcome Volunteers back to service. As we continue to learn more about how countries are responding to the challenges posed by COVID-19, it is clear that some posts are ready to receive Volunteers well before others. Volunteer service will also be quite different from before, with limitations on Volunteer travel, greater caution when convening in groups, alternate work arrangements, and multiple measures to reduce infection risk. For all posts, we are anticipating our Volunteer cohorts will be small and sites will be within a reasonable distance from their Peace Corps medical units.

Viet Nam: In July 2020, we celebrated the signing of the implementing agreement between the Peace Corps and the Ministry of Education and Training of Viet Nam to officially establish the Peace Corps program in English education. Viet Nam will be the 144th country to host Peace Corps Volunteers. The first class of Volunteers is scheduled to arrive in Viet Nam in mid-2022.

We will continue to build on our legacy to preserve the treasure envisioned by President Kennedy and built by Volunteers and staff.

– Jody K. Olsen, Director



Kenya: We have made the decision to return to Kenya in FY 2020. However, due to the global evacuation of Volunteers in FY 2020, we had to cancel the FY 2020 training group until it is safe to resume Volunteer operations.

Data Governance Council: The Peace Corps' Enterprise Data Governance Council was formed this past year to help manage the agency's enterprise data as a strategic asset as called for in the Foundations for Evidence-Based Policymaking Act of 2018. The intent of the Data Governance Council is to foster a sustainable culture of continuous learning and improved data management. The Council is made up of senior staff officials who are appointed by the Peace Corps Director.

Modernization of IT Systems: The agency took great steps to modernize our IT systems in the past year. We moved from an on-premises data center to a private cloud co-location, giving the agency streamlined maintenance, improved reliability, and enhanced security. Work is underway to move multiple agency systems from separate platforms to one shared platform. We have embarked on a worldwide equipment refresh, upgrading much-needed infrastructure at overseas posts. These milestones position the agency well to invest even more over the next several years to further move to the cloud, develop new collaboration tools for Volunteers and staff, and improve agency capability to make data-driven decisions.

Financial Stewardship: The Peace Corps remains dedicated to prudent financial management, to maintaining financial data integrity, and to ensuring reliability of financial reports. For the 14th consecutive year, we earned an unmodified (clean) audit opinion from our independent auditors on the reasonableness of our FY 2020 Financial Statements; they identified two significant deficiencies and one instance of noncompliance with laws and regulations. Our internal controls and financial management systems meet the Federal Managers' Financial Integrity Act objectives as shown in the Management Assurances on [page 42](#). The Peace Corps remains committed to accountability and transparency in all facets of our agency operations.

Management and Performance Challenges: The agency continues to work with the Office of Inspector General (OIG) to address recommendations toward agency improvements via audits, evaluations, and management advisory reports. In addition to standard reporting, the OIG also identifies overall management challenges for the agency to consider, including Volunteer health and safety, human capital management, information technology, security management, compliance and planning, and implementation actions. In a concerted effort led by the Office of the Chief Compliance Officer, overseas posts and domestic offices are progressively working towards closing recommendations to mitigate future agency challenges as identified by the OIG.

As we complete the third year of implementation of our FY 2018-2022 Strategic Plan with appropriated funding from Congress of \$410.5 million for FY 2020, the agency continues to increase the efficiency and effectiveness of operations in support of the President's Management Agenda. The financial and performance information presented in this report is reliable and complete.

Throughout these difficult times, our dedication to our core mission has not wavered. The Peace Corps remains a leader in global development, world peace, and friendship. Countries around the world are preparing to receive Volunteers again, and I pledge to them, and to you, that we will return. We are poised to meet this moment.

Jody K. Olsen

Jody K. Olsen
Director
November 10, 2020



MANAGEMENT'S DISCUSSION AND ANALYSIS

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Returned Volunteers Joshua Lycka and Sheridan Salcedo are a married couple who served together in Paraguay. Joshua was an Agriculture Volunteer and Sheridan was an Education Volunteer. Although they both worked in different sectors, they often found ways to collaborate on projects. One project was a school garden that teaches students how to grow a variety of crops that they can then incorporate into their diets.

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

Initially established by President John F. Kennedy by executive order on March 1, 1961, the Peace Corps was formally authorized by Congress on September 22, 1961, with the passage of the Peace Corps Act. The Peace Corps is an independent agency within the executive branch of the U.S. Government.

Since its inception, almost 60 years ago, the Peace Corps has been guided by a mission of world peace and friendship and continues to be a leader in international development and citizen diplomacy. In a profoundly interdependent world, we tackle challenges that know no borders—such as access to education, food security, environmental concerns, youth development, and women's economic empowerment.

The agency exemplifies the best of the American spirit by sending Americans to serve communities around the world, advancing development, and building cross-cultural understanding. Today, the Peace Corps continues to build strong relationships between our country and the people of our partner nations, while making a difference in overseas communities, in the lives of our Volunteers, and back home in the United States.

Periodically, the Peace Corps conducts a strategic assessment of its global presence and impact through our Country Portfolio Review process. This review facilitates effective responses to new requests for Volunteers while preserving and strengthening longstanding relationships with existing partners and host countries. Moving forward, we have plans to re-establish Volunteer presence in all three regions as soon as local conditions permit for a Peace Corps that will be more vital than ever—collaborating with host country partners, applying cutting-edge technologies, and pioneering best practices to deepen our development impact.

As of the FY 2020 global evacuation of Volunteers and Trainees, the number of Volunteers and Trainees serving in the Peace Corps was 6,893. This included 614 Volunteers funded by the President's Emergency Plan for AIDS Relief (PEPFAR) and 152 Volunteers serving in short-term, specialized assignments through the Peace Corps Response Program. The number of Volunteers fielded each year is dependent on the available appropriated funds and the priorities of the agency. This number was significantly impacted in FY 2020 due to the global evacuation.

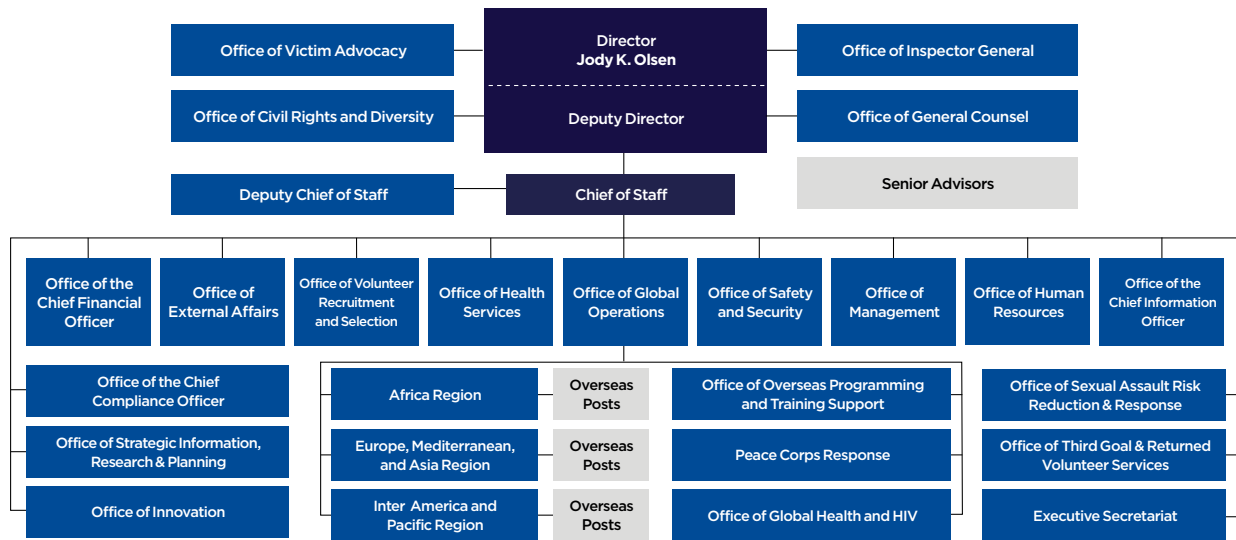
In our shrinking world, all peoples of the world are neighbors. It is the responsibility of all of us to understand our neighbors and to learn from one another.

– Sargent Shriver, Founding Director of the Peace Corps, 1961 to 1966



Our Organization

PEACE CORPS ORGANIZATIONAL CHART



Prior to the COVID-19 pandemic and evacuation of all Volunteers and Trainees worldwide in FY 2020, the Peace Corps maintained active programs in 62 countries administered by 58 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 geographic regions: Africa (AF); Europe, Mediterranean, and Asia (EMA); and Inter-America and the Pacific (IAP).

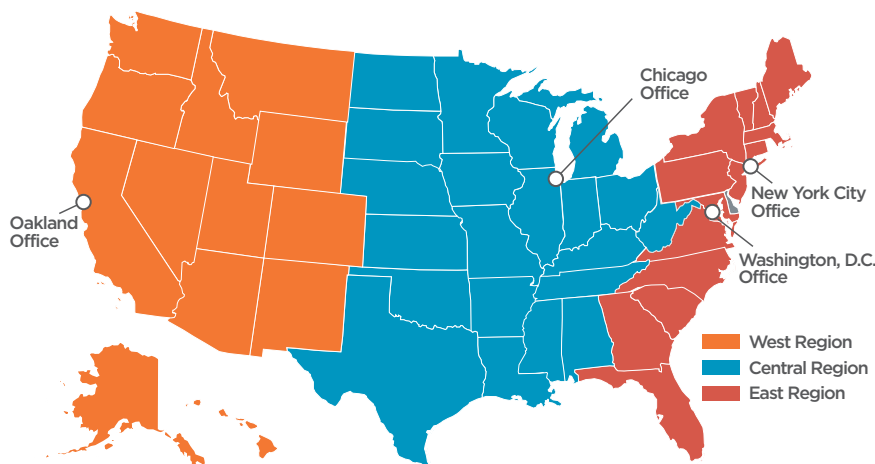
In addition to its Volunteers, the Peace Corps' greatest asset is its workforce, comprised of 944 U.S. Direct-Hire (USDH) staff and 2,720 host country staff (including

short-term language and cross-cultural training staff).

The unique combination of USDH and host country staff creates a flexible and vibrant workforce. The Peace Corps recognizes that having a diverse and inclusive agency is essential to advancing its mission.

Though there are no Volunteers in the field as this report is being prepared, domestic and overseas staff continue to work through the global complexities of the COVID-19 pandemic to ensure the safe return of Volunteers to service. The Peace Corps is actively engaged in a comprehensive process of evaluating each post based on medical, security, programmatic, administrative, and logistics criteria.

Regional Office Breakdown



The Peace Corps is headquartered in Washington, D.C., with regional recruitment offices in Chicago, New York City, and Oakland. There are 70 recruiters across the nation, working to recruit and place qualified Americans from all walks of life to serve overseas as Peace Corps Volunteers.

Work of the Volunteers

The Path to Becoming a Volunteer

Every Peace Corps Volunteer is unique, and so is every Volunteer's service. What Volunteers have in common is a passion for service and an eagerness for life-defining experiences. They are motivated change makers, ready to partner with communities to make a difference at the grassroots level.

Most Peace Corps Volunteers serve for two years, following three months of training. The Peace Corps provides each Volunteer with a housing and living stipend that enables them to live in a manner similar to people in their community of service.

Another pathway to Peace Corps service is Peace Corps Response, through which short-term, high-impact assignments are undertaken by returned Peace Corps Volunteers and other experienced professionals.

When applying to the Peace Corps, prospective Volunteers select the program that meets their interests and aspirations. Candidates have an opportunity to indicate their preference for geographic region, programmatic sector, and date of availability. All candidates are encouraged to connect with one of 70 Peace Corps recruiters in the United States, who can discuss skill sets and expectations for service. The path to becoming a Peace Corps Volunteer takes approximately six to nine months, starting from application submission to departure for service.

What We Do

Volunteers live and work abroad to help communities meet the most urgent challenges of our time. Rather than provide monetary assistance to countries, the Peace Corps sends Volunteers to share their skills and experience while they live and work in communities alongside local individuals.

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. Volunteers develop language, intercultural, technical, and entrepreneurial skills that prepare them for jobs in a competitive global marketplace. They bring these skills to their work in the public, private, and non-profit sectors, sharing their global experiences and outlook with their colleagues, friends, and family. In turn, this helps to build a more competitive U.S. workforce.

The Peace Corps' Approach to Development



Countries invite the Peace Corps to partner with them in addressing their development goals. Volunteers are requested directly by local schools, government offices, and other community-based organizations.



Volunteers live and work at the grassroots level.



Volunteers learn local languages and cultures. They build relationships and trust with people in their host communities.



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



Volunteers work closely with host country counterparts to strengthen the capacity of local individuals and communities to create solutions for development challenges.



Local conditions are improved and those improvements are sustained after Volunteers leave.

Return to Service

The Peace Corps continues to monitor and assess the COVID-19 pandemic domestically and internationally. The locations and timing of returning Volunteers to service will be determined on a country-by-country basis. While assessing the readiness to return to operations for each of the countries we serve, we realize that some countries may be ready to receive Volunteers well before other countries. Even within a single country, there may be regions or programs that open earlier than others due to concerns related to health, safety and security, or due to pandemic-related programmatic disruptions.

As the Peace Corps continues to navigate preparing prospective Volunteers to serve in the midst of a global pandemic, evacuated Volunteers wishing to return to service can undergo an expedited application process.

Once the Peace Corps is able to successfully return to service, Americans around the country will again have the opportunity to immerse themselves in communities abroad and work side by side with local leaders to tackle the most pressing challenges of our generation.

The people of this agency are like family to me. The same goes for our Volunteers and the more than 240,000 returned Peace Corps Volunteers across the United States. I will do everything I can to safeguard and celebrate this extraordinary group of Americans.

– Director Jody K. Olsen, April 6, 2020



Many Peace Corps Volunteers take the opportunity to share American culture by celebrating Halloween wherever they serve. This is a local child posing with jack o lanterns in The Gambia. As we return to service, Volunteers can once again, share America with the world.

Work of the Volunteers

The Peace Corps' Programmatic Sectors

Since they are designed to respond to local needs, Volunteer projects vary across the world. Globally, Volunteers' work falls within six broad programmatic sectors: Agriculture, Community Economic Development, Education, Environment, Health, and Youth in Development. For their part, Peace Corps Response Volunteers work on short-term, high-impact service assignments across programmatic sectors.

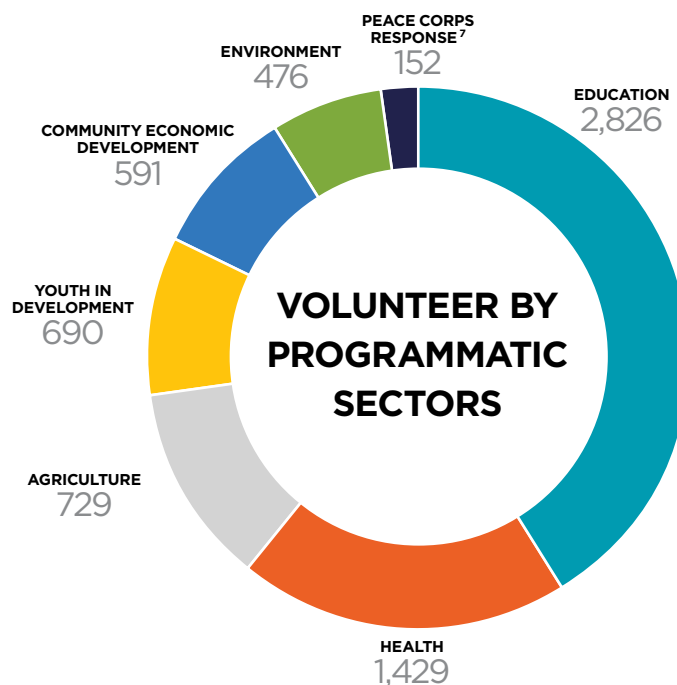
When applying for Volunteer service, Peace Corps candidates can choose the programmatic sector that matches their skills, passions, and career goals—or opt to be placed where they are needed most. Peace Corps service can be the first step toward a career or the continuation of one's life work.

Education Teaching lessons that last a lifetime.

Nearly half of Peace Corps Volunteers work in the Education sector—the agency's largest. Education Volunteers work on projects that focus on building teacher capacity, increasing student achievement, and helping communities to advocate and support educational initiatives. All Education Volunteers work in alignment with the national priorities of their host countries.

The Teaching English as a Foreign Language (TEFL) project focuses on helping host country counterparts' professional development, including improving their English proficiency and teaching skills, which in turn leads to improved English language instruction and increased English proficiency for students. In addition to formal classroom instruction, TEFL Volunteers participate in informal activities such as adult TEFL education and English clubs and camps. Volunteers can earn their [TEFL certificate](#) through the Peace Corps.

Education Volunteers focusing on literacy and early grade reading promote improvement of students' basic literacy and numeracy skills and help teachers develop strategies for teaching reading and comprehension, with a special focus on students at risk of failing. This work takes place principally in the early primary grades, but also targets students in secondary schools who are in need of remedial literacy support. Projects emphasize



Campers paint a mural. Promoting volunteerism is a cornerstone of the camp as it encourages independence, teamwork, and character building.

communities of practice in which students, community members, and parents address how they can support reading and literacy development at home and in community settings.

Education Volunteers include a gender empowerment approach in their work. Volunteers start after-school clubs; work with teachers to integrate gender-equitable practices; collaborate with school administrators and parents to promote student-friendly schools; and provide other support networks through youth programs that include girls and boys, both together and separately.

The math, science, and information and communication technologies projects focus on middle or secondary school students. Projects include training on how to work in low-resource settings and engage students,

⁷ Peace Corps Response Volunteers are not included in the count of Volunteers in each of the six programmatic sectors.

particularly girls, by using real-life applications of these subjects. Projects promote communities of practice, particularly with other math, science, and information

and communication technologies teachers, to share teaching and assessment techniques.

Education Volunteers Work At:

- Engaging in mutual peer observation with counterparts to build trust and develop strategies for teacher improvement
- Developing hands-on projects in science and math classes and demonstrating real-world application of classroom concepts
- Facilitating learner-centered and component-based approaches to literacy in classrooms and teacher training
- Creating community and school-based resource centers and libraries
- Advising school-community organizations, parent-teacher groups, and community development projects
- Facilitating camps or clubs related to the Volunteer's teaching focus
- Organizing spelling bees, Model United Nations activities, math and science fairs, essay contests, field trips, and other extracurricular activities that promote community involvement in student learning
- Starting after-school literacy tutoring programs, pairing older youth with primary school children
- Demonstrating and integrating gender-equitable teaching practices in schools
- Working with administrators and communities to find alternative discipline techniques
- Developing classroom assessments to measure student achievement
- Supporting special-needs classes, such as deaf education, and promoting general community acceptance of children with disabilities



Health

Building healthy global communities.

At the time of the FY 2020 global evacuation of Volunteers and Trainees, Health was the agency's second-largest sector. Volunteers work with local partners to improve health outcomes in communities where individuals tend to have the least access to health information and services. Volunteers help introduce innovation and technology while also using appropriate resources to address health needs.

The Peace Corps is a fully integrated partner in the implementation of PEPFAR. As a result, a large number of Peace Corps Volunteers work on HIV/AIDS initiatives. Volunteers' HIV/AIDS work includes prevention, care, treatment, and support services for people living with HIV and those affected by the epidemic. Additionally, Volunteers support programs targeting orphans, vulnerable children, and at-risk youth. Volunteers also support the President's Malaria Initiative, combating malaria by

distributing bed nets and providing education on prevention, diagnosis, and treatment. Volunteers are frequently assigned to non-governmental organizations to help increase their technical, managerial, and administrative capacities.



During pre-service training, health volunteers in Laluni, Guyana organized a small health fair to increase awareness of non-communicable diseases. Here is returned Volunteer Leah McManus taking the blood pressure of a host country national.

Work of the Volunteers

Health Volunteers Work At:

- Facilitating health education on improved nutrition practices and behaviors
- Promoting hygiene education and pandemic preparedness in communities and schools
- Expanding peer education to reduce risky behavior
- Disseminating educational information on infectious diseases, including malaria and AIDS
- Assisting in promoting maternal, newborn, and child health services
- Strengthening non-governmental health delivery systems through activities such as timely vaccination campaigns
- Supporting youth to effectively become healthy and productive adults



Agriculture

Ensuring household food security.

Peace Corps' Agriculture Volunteers help host country communities develop their agriculture sectors to improve local livelihoods, increase food security, and promote better nutrition. Agriculture projects are designed to promote environmentally sustainable, small-holder farming practices that focus on increasing productivity, improving business practices and profitability, and sustaining the natural resource base, including effective soil and water conservation practices and, where practical, diversification and integration of agricultural production practices.

Agriculture Volunteers provide support and training to individuals and groups in the use of appropriate, low-cost farming practices and techniques. Skills transfer often includes bio-intensive gardening, integrated pest management, improved post-harvest management and storage, optimized use of agricultural inputs (including improved seed varieties and organic fertilizer), adoption of improved soil management methods such as no-till cultivation, and the use of more efficient water capture and delivery technologies such as micro-irrigation. Volunteers contribute to climate resilience by educating community members, promoting the use of “climate-smart” agriculture techniques and practices, and creating sustainable and self-sufficient agricultural systems.



Maria Goodfellow is a returned Agriculture Volunteer who worked in Paraguay. She created a demonstration garden and a demonstration field at her home to practice and promote agricultural techniques to local producers.

Working in local languages, Agriculture Volunteers provide direct technical assistance to individual farmers and producer groups. They also use informal education and extension methodologies, such as the “lead” farmer approach and the [Farmer Field School](#) model, which is promoted extensively by the United Nations Food and Agriculture Organization. Volunteers also support farmers and other groups who depend on agriculture for their livelihoods by conducting training in basic business and organizational skills, marketing, value chain analysis, and organizational development—including forming savings and lending associations. Volunteers purposefully include women and youth in their agriculture outreach activities.

Agriculture Volunteers Work At:

- Improving traditional crop systems by introducing farmers to better practices and technologies, such as conservation agriculture (e.g., no tillage, use of permanent soil cover using organic mulch, green cover crops, crop rotation) and agroforestry strategies (e.g., alley cropping, planting windbreaks and living fences, planting leguminous and multipurpose trees)
- Collaborating with farmers to improve profits through a value chain approach to cash crop production and marketing of moringa, cacao, cashews, and shea
- Encouraging home garden production while raising awareness about the advantages of producing crops with high nutritional value, like orange-fleshed sweet potato and green leafy vegetables, as well as the advantages of growing a variety of both traditional and non-traditional vegetables and fruits
- Helping producers increase the value of their agricultural earnings by developing new products, improving storage and packaging, expanding distribution, improving product quality, and implementing effective management and marketing strategies
- Developing farmers' skills in dry-season gardening, a practice that enhances food security and provides income to local communities outside of the field-crop growing season
- Working with local schools to develop clubs with food security or sustainable environmental management themes and creating school gardens to teach about nutrition, provide hands-on math and science lessons, and supplement school lunch programs with fresh, nutritious fruits and vegetables



Youth in Development

Empowering youth to thrive.

Peace Corps Youth in Development Volunteers prepare and engage young people for their adult roles in the family, the workforce, and the community. All Youth in Development projects aim to foster young people's life skills and leadership abilities so they may become productive and engaged citizens. Additionally, Youth in Development Volunteers support four complementary areas of holistic development: community engagement, professional development, implementation of positive youth development programming by service providers, and supporting parents with improved skills to communicate with their children.

Volunteers help youth develop life skills by promoting self-esteem and positive personal identity, healthy emotional practices and communication, decision-making, and goal-setting skills. Additionally, Volunteers help



Competitive College Clubs came together from all over the Gambia for the Bright Stars Camp. Volunteers were able to teach about University options, professionalism, resumes, interviewing skills, and much more. This camp was a partnership between the U.S. Embassy (the Gambia), YMCA (the Gambia), and the Peace Corps.

Work of the Volunteers

young people prepare for the workforce by conducting training in employability, entrepreneurship, and financial literacy (including resume development workshops, career-planning sessions, establishing savings groups, English instruction, technology trainings, and microenterprise development). Volunteers help the next generation become active citizens by encouraging them to volunteer and organize service-learning activities. Volunteers also work with youth service providers and youth-serving organizations to help implement high-quality programs for adolescents. Volunteers and their

partners also encourage parents and other community adults to play essential supporting roles for youth.

Volunteers and their community partners mentor young people to take an active role in planning for their future as well as the future of their communities and countries. Volunteers promote extracurricular clubs and activities, including sports and exercise, health, wellness, and nutrition activities, and work to improve emotional well-being and resiliency in young people.

Youth in Development Volunteers Work At:

- Teaching youth life and leadership skills to promote self-esteem and positive identity, healthy emotional practices, and effective communication, goal-setting, and action planning
- Conducting workshops in career planning, personal and family financial literacy, résumé writing, entrepreneurship, computer and Internet usage, and English language instruction
- Facilitating youth participation in service projects and other community volunteering activities
- Supporting youth service providers in the implementation of programs that promote positive development
- Training parents and caregivers on techniques for improving communication with youth



Community Economic Development

Creating pathways to prosperity.

Peace Corps Community Economic Development Volunteers help build the capacity of community members to improve their economic opportunities and advance local development efforts. Community Economic Development projects focus primarily on either community-based development projects or financial and employment skills development. Within these two areas, individual projects are adapted to local conditions and priorities and to host country development strategies. Furthermore, each Community Economic Development project identifies specific community members and/or organizations (e.g., women, farmers, youth, artisan groups, municipal offices) that are the primary beneficiaries of Volunteers' capacity-building efforts. Community Economic Development projects frequently work with the most economically marginalized groups and communities in a host country.

Projects focusing on economic development enable host country households to achieve economic security and upward economic mobility. By delivering training and workshops, providing ongoing technical assistance to business owners, teaching in the classroom, and organizing youth clubs, Volunteers build the capacity of individuals to adopt personal money management strategies; increase savings and access to affordable credit; pursue entrepreneurial opportunities; apply fundamental business skills to their small-scale economic activities; and demonstrate the skills needed to secure employment. Volunteers may also work with organized groups or entire communities to improve market linkages for local businesses and support the management of community-run businesses.

Projects focusing on community and organizational development enable both community organizations and civil society actors to advance local development efforts collaboratively—whether through improvements in health, education, livelihoods, civic engagement, or other critical aspects of human and community development. By implementing an organizational capacity assessment, assisting with the resulting action planning, training, coaching, and organizing various outreach campaigns and events, Volunteers help community-based organizations increase their capacity to achieve their missions; increase their engagement and collaboration with key stakeholders; and expand opportunities in the community for civic engagement and volunteerism. Volunteers also work with these organizations to improve marketing and advocacy campaigns, raise funds and resources, network, improve client services, and use technology more effectively.



Returned Volunteer Nate S. and counterpart Eric K. using local materials to construct a building that will house the rural entrepreneurship training center in Bandjoun, West Region of Cameroon.

Community Economic Development Volunteers Work At:

- Supporting youth with business plan development and participation in business plan competitions at the local, regional, and national levels
- Increasing individuals' digital literacy
- Building the capacity of business owners to use computer technology and the Internet to market products and services
- Organizing youth clubs to increase civic engagement and volunteerism in the community
- Helping artisan cooperatives find new markets for their handmade goods and improve quality control
- Advising women's groups on value-added strategies for increasing the profitability of their agriculture-based products
- Fostering the creation of sustainable, independent, community-managed savings and loan associations
- Working with local civil society groups to improve their outreach and implement awareness campaigns
- Strengthening organizational systems, processes, and learning so that organizations can move from a project-based focus to a more sustainable program-based focus

Work of the Volunteers



Environment

Strengthening environmental conservation.

Peace Corps Volunteers in the Environment sector collaborate with host country partners to help protect the environment and help communities become more resilient to environmental shocks and stresses. They respond by promoting environmental education and awareness, strengthening individuals' and organizations' capacities in natural resource planning and management, and integrating environment, poverty reduction, and gender equity issues through supporting environmentally sustainable, income-generating activities.

Environment Volunteers encourage sustainable natural resource planning and management by facilitating efforts to expand and sustain the use of healthy conservation practices, including the production and cultivation of trees to improve soils, conserve water, and protect fields from erosion. Effective management of natural resources and habitats requires the cooperation of local governments, organizations, communities, and individuals. Volunteers work to build the organizational capacity of partners to plan, manage, lead, and advocate for the protection of the local environment. Volunteers help develop income-generating activities that create incentives for conserving natural resources, such as ecotourism and making and selling crafts. They also

address the rising pace of deforestation by introducing more fuel-efficient cook stoves to local communities.

Volunteers are increasingly engaged in environmental education to raise awareness and build cross-generational support required to initiate and sustain action on environmental issues. Volunteers train local teachers to integrate more interactive, environment-focused teaching methods into their curricula. They also collaborate with schools to promote environmental education through extracurricular activities, including clubs, camps, and awareness campaigns.



Fish farming returned Volunteer Allison Jehly in Zambia visits a stream in her village, greeting people along the way.

Environment Volunteers Work At:

- Fostering environmental awareness and education through community-based eco-clubs
- Combating soil erosion and climate change by planting gardens and establishing tree nurseries with local counterparts
- Implementing school recycling programs in conjunction with classes in environmental education
- Helping to run environmental camps and clubs and sponsoring special events such as Earth Day activities
- Strengthening the organizational and planning capacities of environmental non-governmental organizations
- Providing technical assistance to farmers in employing natural resource management methods in agro-pastoral systems
- Introducing innovative soil fertility and water conservation methods to adapt to increasingly arid climates
- Promoting sustainable management of coastal fisheries
- Promoting income-generating activities, such as sustainable ecotourism
- Slowing rates of deforestation through the introduction of fuel-efficient cook stoves



Peace Corps Response

Short term. High impact.

Peace Corps Response, founded as Crisis Corps in 1996, places experienced professionals into short-term, highly specialized Volunteer assignments. Response Volunteers, who are either returned Volunteers or individuals with significant technical and professional experience, or both, serve for terms of 3 to 12 months. Response Volunteers serve in some of the same sectors as Peace Corps Volunteers, but build local capacity through short-term assignments alongside host country institutions or organizations. Although they stay in their positions for less time, Response Volunteers apply specialized expertise garnered through careers, advanced study, and previous work in cross-cultural environments. Response Volunteer assignments are developed by identifying urgent or specialized needs at posts that require skills Peace Corps Volunteers can't provide. Because of the nature of their work, Response Volunteers can often be recruited and fielded on an expedited timeline.

In addition to meeting the needs of Peace Corps posts, Peace Corps Response has often contributed to agency priorities such as country re-entries, new country entries, and special initiatives and partnerships. Peace Corps Response fielded inputs which re-opened Liberia, Sierra Leone, and Guinea after the Ebola epidemic, for example. It also facilitated the agency's [IBM Corporate Service Corps partnership](#),



Bob Arias, a returned Peace Corps Response 50+ volunteer, teaches planting techniques to local farmers in Panama.

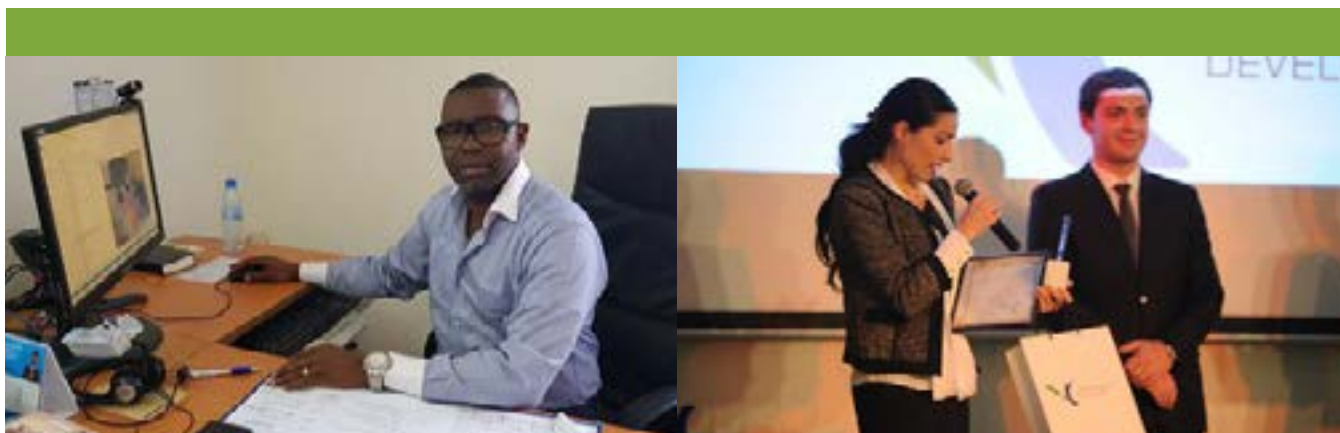
an innovative public-private collaboration. In 2019, Peace Corps Response launched the new Advancing Health Professionals program, which places Volunteers in positions where they can build the capacity of future health care providers and work to strengthen and improve health care delivery systems. Since its inception, Peace Corps Response has placed more than 3,500 Volunteers in high-impact assignments. It is an important tool that allows the agency to complement the work of Peace Corps Volunteers, have an outsized impact through highly technical work, and pilot new and innovative ideas.

Peace Corps Response Volunteers Work In Positions Such As:

- **Field Disease Surveillance Officer:** Enhancing village-based disease surveillance in partnership with the Centers for Disease Control and Prevention
- **Data Analytics Expert:** Designing a graduate curriculum in data analytics at a premier research university
- **Computer Programmer:** Developing digital education resources for pre-school and primary school students
- **Disaster Risk Reduction and Management Communications Teaching Advisor:** Contributing to the development of a Disaster Risk Reduction curriculum and formulating a communication plan on disaster risk
- **Project Coordinating Specialist:** Redesigning the file and records management protocol for a health clinic, reducing patient wait times from several hours to 15 minutes, and greatly expanding the clinic's ability to treat underserved patients

Peace Corps Response

A Nimble, Multifaceted Side of the Peace Corps



When most people think of the Peace Corps, they think of long term assignments of two years—watching and learning at first, participating in their primary job, whether it be teaching or working with communities—and taking it slow. But Peace Corps Response is a different side of Peace Corps. Stemming from the Crisis Corps, a short term assistance program signed into life by President Clinton in 1996, Peace Corps Response sends experienced, skilled Volunteers to global communities for shorter term, high-impact assignments. At first, when it was Crisis Corps, only people who had successfully completed full assignments as Peace Corps Volunteers were accepted. The assumption was that they'd been trained in cultural sensitivity already and were up to the challenge of living and working in developing areas. As the program evolved, though, and global needs changed, Crisis Corps became less about addressing the aftermath of actual crises, and more about addressing immediate, unique challenges. Under its new name, Peace Corps Response began accepting Volunteers who had the skills but hadn't necessarily been Peace Corps Volunteers.

Emmanuel Mussah, the Peace Corps Response coordinator in the Republic of Guinea, has been with the program for about two years. In his mind, Peace Corps Response is a critical answer to development needs that aren't always

appropriately addressed by other organizations.

Coming from the NGO and Development world, working both in Guinea and Sierra Leone with powerful international organizations such as CDC, WHO and the likes as partners, I have come to appreciate more of Peace Corps Response as a global development partner. The posting of highly qualified and experienced professionals as volunteers into different countries to strengthen the capacities of various organizations and institutions...cannot be over emphasized." In this sense, the shorter term nature of Peace Corps Response is a critical factor—most mid to late career professionals can't leave their jobs, homes, and families for the 27 months that Peace Corps requires (generally two years plus three months of training). They can, however, undertake the three months to one year commitment Peace Corps Response allows.

In Georgia, Tamunia Chincharauli, the Peace Corps Response program manager, echoes Mussah, "...this program offers quick and effective response to specific needs and brings in targeted skills...it offers [flexibility] in responding to the needs of local communities and Government of Georgia. This flexibility and the experience brought by Volunteers have helped us to shape and work on unique and strategically important directions in country.

Paola Cabero, the Peace Corps Response coordinator in Mexico, highlights the level of technical skills Peace Corps Response Volunteers bring. "Peace Corps Response Volunteers are assigned to public research centers under the umbrella of Mexico's National Council for Science and Technology, and to public universities specializing in STEM degree programs. Peace Corps Response Volunteers in Mexico help enhance organizational development and strengthen technical capacities at these institutions, which are located in large cities (research centers) or medium sized towns and small cities (universities). Usually, their counterparts and co-workers are scientists, engineers, research professors, teachers, or administrators. This kind of assignment – not unusual for Peace Corps Response Volunteers – is a huge opportunity for experienced professionals wanting to

gain additional experience in international development, or just wanting to give back to underserved communities.

It's not entirely clear when Peace Corps Response Volunteers will be called back to the field, but there are new positions – in multiple countries and in multiple disciplines – posted on the Peace Corps Response website. It's ok that the specifics are still a little cloudy. What's important is that the program itself is strong and viable and doing excellent work. That's the beauty of this nimble sister of the Peace Corps. As Cabero says, "One thing in life is certain, and that is change. The beauty of Peace Corps Response is its ability to adapt and adjust relatively quickly to new realities. The times we are living in right now require us to adapt, be flexible, and be creative." It's almost the perfect motto for Peace Corps Response.

"After completing service in Guatemala at the end of 2018, we returned to the United States and began to explore "what's next?" We wanted to continue serving internationally, preferably in Latin America so, in January of 2020, we began service as Peace Corps Response Volunteers in the Peruvian Amazon. In Peru, Clint and I worked together with a non-profit that trains women health promoters and adolescents in leadership, health, conservation, sustainable forestry, and to manufacture artisanal products. I helped strengthen the training program and Clint helped develop their tourism program, which educates tourists about efforts to help Amazon communities. After two months of service, we were evacuated due to the COVID-19 pandemic. However, we have been able to continue to support the nonprofit from our home in California."

- Clint and Madeline Kellner, returned Volunteers, Guatemala and Peru



Strategic Goals

The three strategic goals of the Peace Corps are interdependent and mutually reinforcing. These strategic goals are consistent with the three core goals articulated when the Peace Corps was first established in 1961 ([The Peace Corps Act](#), Public Law 87-293–September 22, 1961) and continue to serve as the foundation for the Peace Corps’ approach to development, which is embodied in the [FY 2018–2022 Strategic Plan](#).

Strategic Goal 1: Building Local Capacity

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

The Peace Corps’ approach to development is local and community based. Peace Corps Volunteers work to strengthen the capacity of host country individuals, groups, and communities to advance local development outcomes. Volunteers engage in project work and train local partners in areas such as agriculture, community economic development, education, environment, health, and youth in development. This focus on local capacity building helps to ensure that the work of the Volunteers is sustained long after their service is complete.

Public Benefit: Through Volunteers’ capacity-building work, local communities and individuals strengthen the skills they need to address specific challenges. As a result, local conditions are improved around the globe, and the American people benefit from a more stable, prosperous, and peaceful world.

Strategic Goal 2: Sharing America with the World

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

Volunteers promote a better understanding of Americans among local people through day-to-day interactions with their host families, counterparts⁸, friends, and others. Over the course of their two years of service, Volunteers share America with the world—dispelling myths about Americans and developing deep relationships with local people. Through this approach, Volunteers also learn more about local challenges, resources, and conditions in their host countries. Over time, they build the trust that is essential to project success.

Public Benefit: Volunteers are some of America’s most effective goodwill ambassadors in communities where other development or cross-cultural exchange organizations are rarely present. As the result of sustained interactions with Volunteers, local individuals and communities gain a more complete understanding of the United States and become more willing to engage with Americans.

Strategic 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.

During their two years of service, Volunteers learn the languages, customs, traditions, and values of the people with whom they live and work. Volunteers bring the world back home by sharing their experiences with family, friends, and the American public during and after their service. They directly connect Americans with local individuals and communities, both independently and through Peace Corps-supported programs. As a result, they deepen and enrich Americans’ awareness and knowledge of other countries, cultures, and global issues. Long after they return from their assignments abroad, returned Volunteers continue their service by promoting a better understanding of other cultures, encouraging and supporting volunteerism, and engaging in public service.

Public Benefit: Sustained interaction between Americans and other peoples engenders mutual understanding and trust, increasing respect and promoting dignity in world affairs at home and abroad. Additionally, through their overseas experiences, Volunteers develop language, intercultural, technical, and entrepreneurial skills that prepare them for today’s competitive job market. They bring these skills with them to their work in both the public and private sectors, sharing their global experiences and perspectives with their colleagues, friends, and family. This, in turn, helps to build a more competitive U.S. workforce.

⁸ The Peace Corps assigns each Volunteer one or more “counterparts,” or primary host community partners, for integration and work.

Strategic and Management Objectives

Performance Management Structure

The four strategic objectives and two management objectives identified in the [FY 2018-2022 Strategic Plan](#) constitute the agency's roadmap for advancing the Peace Corps' mission and fulfilling its strategic goals. Strategic and management objectives are the primary unit of analysis for assessing the agency's performance. These are measured through specific, time-bound performance goals.



Performance goal results, as well as a more in-depth explanation of the progress made and challenges met, will be published in the FY 2020 APR, which will be available at peacecorps.gov in February 2021.

FY 2020 RESULTS LEGEND:

| | |
|-------------------------------|--|
| Target met | 100 percent of the target set for FY 2020 was met |
| Slightly below target | 95 to 99 percent of the target set for FY 2020 was met |
| Target not met | Below 95 percent of the target set for FY 2020 was met |
| Data not yet available | Results will be published in the APR |

Strategic and Management Objectives

Strategic Objective 1:

Sustainable Change

Foster positive individual, organizational, and community change through Volunteer and stakeholder engagement, collaborative community relationships, the mobilization of local resources, skill building, and cultural exchange.

Rationale: The Peace Corps' strength lies in the promotion of individual, community, and organizational development through effective engagement in local partnerships, evidence-based programs, and intercultural exchange of knowledge, skills, experiences, and values. Volunteers serve as catalysts for local capacity building through participatory and inclusive development processes that focus on relationships and communities' existing assets, institutions, and resources. Volunteers and program staff working with local counterparts, partner agencies, and government entities are seen as facilitators for increasing engagement and interaction with individuals and organizations with common objectives. In the end, successful engagement not only leverages resources and knowledge, but also strengthens local ownership and the sustainability of development efforts. In the short term, priority areas in this strategic objective include improving program outcomes and evidence-based decision making.

Strategies:

- Increase the capacity of posts and headquarters offices to access and synthesize multiple data sources for evidence-based planning and management decisions.
- Develop an approach and tools for gathering quantitative and qualitative data on host country partners' assessment of the Peace Corps' contributions to local development priorities that are outlined in logical project frameworks (LPFs) and designed to facilitate sustainable change in local organizations and communities.⁹
- Identify priority programmatic and operational themes to explore the Peace Corps' impact and effectiveness.

| PERFORMANCE GOAL (PG) | | PAST PERFORMANCE RESULTS | | | FY 2020 | |
|---|---|--------------------------|--|--|--|--|
| | | 2017 | 2018 | 2019 | RESULT | TARGET |
| PG 1.1: Advance Community-Based Results | Increase achievements on the selected set of 19 standard indicators ¹⁰ | 86% | 80% | 76% | 56% of projects have documented achievements (Target not met) | 90% of projects have documented achievements |
| | Increase achievements of projects that use LPFs | n/a ¹¹ | n/a | Baseline data collected: 71% | Baseline data collected: 28% (Target not met) ¹² | Baseline data collection |
| PG 1.2: Assess the Peace Corps' Impact | | n/a | List of proposed topics, tools, and approach developed | Two studies completed: Community Integration and Site Management ¹³ | Language study completed; three studies initiated (Target met) | Two studies initiated |

⁹ LPFs are expected to be endorsed for all projects by FY 2021 and rolled out to all posts for use in onboarding new Volunteers by FY 2022 as a systematic foundation for evidence-based program design, implementation, and evaluation.

¹⁰ These results are based on all data received for the fiscal year reporting by November 30, 2017; November 27, 2018; November 22, 2019; and September 4, 2020, respectively. As part of the agency's multi-year plan to transition projects to the new LPFs under Indicator 2, the number of projects reported under Indicator 1 will be decreasing each year.

¹¹ "n/a" is listed for years where a performance goal was not in place.

¹² Due to the FY 2020 global evacuation of Volunteers and Trainees, the agency was not able to collect a full year of baseline data. As a result, the target was not met. Based on the baseline data collected, the percentage of projects that had documented achievements in FY 2019 and FY 2020 was 71 and 28, respectively.

¹³ The site management study also fulfills the FY 2019 target for Performance Goal 2.4: Implement an Improved Site Management System.

Strategic Objective 2: Volunteer Effectiveness

Equip Volunteers to be technically and culturally competent professionals who collaborate with partners to support community-driven solutions by establishing an environment conducive to achieving the three strategic goals of the Peace Corps.

Rationale: Achievement of the agency's three goals is contingent on establishing an enabling environment conducive to effective Volunteer service. This requires targeted and strategic support from the agency, including developing staff capacity, designing and managing projects with evidence-based methods, and using a systematic approach to site management. Volunteer learning must also be facilitated in order to ensure comprehensive intercultural competence, diversity, and inclusion (ICD&I) are integrated into all agency operations. Engaging and supporting host country partners in their roles is another critical element.

Strategies:

- Develop a competency-based overseas staff learning strategy, focused on programming, training, and evaluation staff that targets resources for onboarding and ongoing professional development.
- Develop a competency-based Volunteer learning strategy that differentiates and targets learning and development resources through all stages of Volunteer service (with an emphasis on technical, ICD&I, and language training) that includes guidance and standards for the pre-departure environment.
- Conduct post-level case studies to identify best practices in site and partner identification, preparation, and support. Utilize the findings to enhance site identification and monitoring guidance and to develop simple site assessment tools. These tools will enable staff to better place Volunteers with communities and partners that have the greatest potential to achieve development outcomes.
- Operationalize programming, training, and evaluation processes and tools (programming, training, and evaluation alignment) for project design and management so that all posts have LPFs that articulate training, implementation plans, and the contributions Volunteers are expected to make to local development goals.
- Develop and implement a project-level monitoring and evaluation strategy and mobile data system to facilitate the real-time reporting and monitoring of Volunteer activities, outputs, and outcomes.

| PERFORMANCE GOAL (PG) | | PAST PERFORMANCE RESULTS | | | FY 2020 | |
|---|------------|--------------------------|--|---|--|--|
| | | 2017 | 2018 | 2019 | RESULT | TARGET |
| PG 2.1: Optimize Staff Performance | | n/a | Language, training, and ICD&I competencies developed | Programming and evaluation competencies developed | Resource plan, sequencing, and mapping completed. Content on IT platform uploaded but needs greater organization (Slightly below target) | Resource plan completed. Sequencing and mapping completed. Content on IT platform uploaded and organized |
| PG 2.2: Optimize Volunteer Performance | | n/a | Technical competencies developed | Global core competencies developed | Resource plan, sequencing, and mapping completed (Target met) | Resource plan completed. Sequencing and mapping completed |
| PG 2.3: Improve Language Learning ¹⁴ | Levels 1-2 | 82% | 82% | 86% ¹⁵ | 86% of Volunteers scored Advanced (Target met) ¹⁶ | 85% of Volunteers tested at close of service score "Advanced" |
| | Levels 3-4 | 38% | 38% | 44% ¹⁵ | 43% of Volunteers scored Advanced (Target met) ¹⁶ | 42% of Volunteers tested at close of service score "Advanced" |

¹⁴ Results prior to FY 2019 are not comparable to later years due to changes in measurement.

¹⁵ These results include Volunteers (20 for levels 1-2 languages and 11 for levels 3-4 languages) who tested at the "Advanced" level during their service and were thus not re-tested at close of service.

¹⁶ These results include Volunteers (25 for levels 1-2 languages and 16 for levels 3-4 languages) who tested at the "Advanced" level during their service and were thus not re-tested at close of service. Due to the global evacuation of Volunteers, results do not include Volunteers who closed their service in March 2020 or later. Results also do not include Volunteers who closed their service in China in February 2020 or later, as these Volunteers evacuated one month prior to the global evacuation. Thus, the sample size is less representative and much smaller than in prior years.

Strategic and Management Objectives

| PERFORMANCE GOAL (PG) | PAST PERFORMANCE RESULTS | | | FY 2020 | |
|--|--------------------------|--------------------------------------|--------------------|--|---|
| | 2017 | 2018 | 2019 | RESULT | TARGET |
| PG 2.4: Implement an Improved Site Management System | n/a | Scope of work and hypothesis defined | Research completed | Guidance enhanced (Target met) | Existing site management guidance enhanced with research findings |
| PG 2.5: Strengthen Project Planning and Management ¹⁷ | 4% of projects | 21% of projects | 54% of projects | 83% of projects endorsed (Slightly below target) | 84% of projects with an endorsed LPF |

Strategic Objective 3: Volunteer Resilience

Optimize the ability of Volunteers to successfully navigate the challenges of service, from recruitment to close of service, through a systematic approach to setting expectations, building skills, and supporting Volunteers, staff, and partners.

Rationale: Optimizing Volunteers' natural resilience has been part of the Peace Corps' approach to development since its inception in 1961. Recent developments in the field of resilience, stress management, and ICD&I point to the need to review and revise the agency's approach to enhancing resilience. Volunteers encounter unique stressors associated with living and working abroad and integrating into host communities. Individual Volunteers may experience and react to these stressors differently depending on their prior life experiences, identity, education, or other factors, including the social and cultural complexities of development work at their sites. Delineating a systematic and comprehensive approach to setting expectations and building resilience skills—one that includes staff, in-country partners, and Volunteers who support each other—will increase Volunteers' ability to successfully navigate the challenges of service, from recruitment to close of service, and throughout life beyond the Peace Corps.

Strategies:

- Promote a suite of standardized products to inform core expectations, such as short videos, digital content, job descriptions, and post communications.
- Analyze the existing applicant interview questions, job descriptions, and country pages, including sections related to expectations of service and adaptation strategies; modify or update as needed to strengthen messages targeted to prospective applicants.
- Identify methods and opportunities to inform resilience skill building at posts that can be integrated with properly sequenced ICD&I coaching and other training by using simulation and experiential learning techniques where appropriate.¹⁸
- Enhance the Volunteer-support environment by identifying external research findings on resilience, and incorporate the most relevant findings into Volunteer and staff skill building.
- Assess key psychosocial factors in the COVID-19/Post-COVID-19 environment at post that could impact Volunteers and returned Volunteers. Implement strategies to mitigate impact. Increase awareness of potential factors and ensure staff, Volunteers, and returned Volunteers are prepared to cope effectively.
- Assess and adapt systems to respond to COVID-19/Post-COVID-19 challenges that intersect with elements of diversity such as race, ethnicity, age, and disability. Put particular emphasis on how such challenges affect historically underrepresented groups so that the appropriate support systems are in place for such groups during their Volunteer service. Support leads to greater resilience, which leads to more opportunity within the Peace Corps, because Volunteers with greater resilience tend to cope with stressors in a way that leads to less service disruption.

¹⁷ The total number of active projects included in the calculation of these results varies from year to year due to posts beginning and ending projects and suspending programs. The FY 2020 result includes all projects that were active up until the global evacuation of Volunteers and Trainees starting February 2020 for China and March 2020 for all other posts.

¹⁸ One example of experiential learning is to let Trainees experience a cultural setting where a shared value like respect is shown through different behaviors than the ones they are accustomed to.

- Work in partnership with existing affinity groups to identify gaps and to develop appropriate resources to ensure equitable systems of support. Understanding how the COVID-19 pandemic is impacting diverse Volunteers and staff will inform support mechanisms and help build greater resilience.
- Develop a globally-supported, post-level mechanism or functional group that builds on the skills and experience of local staff and underrepresented staff and Volunteers. This will help address perceived gaps of inclusion in expectations, behaviors, representation, and systems so that all Volunteers can feel equitably supported throughout their service. As a result, staff will have improved mechanisms for supporting Volunteers in their adjustment to cultural changes and expectations regarding acceptable gender roles or identity, thereby increasing resilience in service.
- Utilize the intercultural engagement and diversity, equity, and inclusion competencies articulated in Strategic Objective 2 for staff and Volunteers.
- Enhance the ability of post staff to address individual Volunteer adjustment challenges and/or resilience gaps.
- Advance a common understanding of Volunteer adjustment and resilience mechanisms and their critical contributing factors across all elements of the agency engaged in Volunteer support, including the development of materials and activities for counterparts and host families.
- Build ICD&I concepts, actions, and tools into core agency business processes.

| PERFORMANCE GOAL (PG) | | PAST PERFORMANCE RESULTS | | | FY 2020 | |
|---|---|---|---|--|--|---|
| | | 2017 | 2018 | 2019 | RESULT | TARGET |
| PG 3.1: Establish Realistic Expectations of Service | | n/a | Headquarters analysis under way; post analysis to be conducted in FY 2019 ¹⁹ | Resiliency content and standards developed | New content approved and disseminated (Target met) | New content for recruiters and stakeholders approved and disseminated |
| PG 3.2: Increase Management of Adjustment Challenges Outside the Clinical Environment | Decrease care seeking from Peace Corps Medical Officers for adjustment difficulties ²⁰ | 6.4 cases per 100 Volunteer/Trainee (V/T) years | 6.3 cases per 100 V/T years | 7.2 cases per 100 V/T years | Data will be published in the FY 2020 APR | 6.0 cases per 100 V/T years |
| | Develop ICD&I framework to support resilience | n/a | Vision completed; benchmarks under development | Management Directive (MD) 715 completed | Reflection questions developed (Target met) | ICD&I benchmarks and/or reflection questions within the Administrative Management Control Survey developed |
| | Develop resilience resources | n/a | Modules completed | 19% of posts completed review | 20% of posts completed review (Target met) | 20% of posts representing all regions completed review of modules and incorporated materials into training programs |

Strategic Objective 4: Building Leaders of Tomorrow

Strengthen American communities and organizations by enabling returned Volunteers to reinvest the skills and abilities gained during service.

Rationale: Returned Volunteers constitute a significant “domestic dividend” of skilled and dedicated individuals. Volunteers return to America with a unique and diverse set of highly marketable skills, including leadership, language, technical, intercultural, and entrepreneurial skills that contribute to a more competitive U.S. workforce. In addition, returned Volunteers often use their intercultural knowledge and experience to continue their service at home by engaging in public service, supporting volunteerism, and promoting a better understanding of other cultures. This strategic objective directly supports Strategic Goals Two and Three. Priority areas within this strategic objective focus on streamlining returned Volunteer services to ensure operational efficiency, interoffice collaboration, a coordinated and effective returned Volunteer communication strategy, and gathering and strategically analyzing existing data on the Peace Corps’ Third Goal.

¹⁹ Post analysis was not conducted in FY 2019 due to shifting targets.

²⁰ An “adjustment difficulty” is defined as managing a new situation (related to work, living situation, culture, etc.) that requires support from a Peace Corps Medical Officer, such as empathetic interactions and minor skill building. This does not rise to the level of diagnosable concern in that it does not impact functioning in a detrimental way, has not been present for a significant period of time, and does not require treatment from a licensed mental health provider. Rates are calculated using V/T years to account for the number of Volunteers and the length of time they served.

Strategic and Management Objectives

Strategies:

- Identify the knowledge, skills, and abilities gained during Volunteer service, particularly those related to leadership and intercultural competence. Develop training and tools that enable returned Volunteers to successfully translate those competencies into marketable skills after service.
- Expand the distribution of employment opportunities for returned Volunteers across sectors (public, private, and non-profit) in order to maximize the diversity of available options.
- Integrate a virtual and user-friendly career resource center into existing platforms, such as the [RPCV \(Returned Peace Corps Volunteer\) Portal](#) and [peacecorps.gov](#) website, to reduce staff administrative burden and deliver services efficiently.
- Promote civic engagement and cross-cultural exchange in U.S. communities by improving how online resources are organized and presented and by raising awareness of opportunities for returned Volunteers.
- Strengthen business procedures to efficiently manage returned Volunteer contact data.
- Expand continuation of service opportunities to Volunteers earlier and more frequently during service.
- Expand capacity to use virtual tools and platforms to engage and support returned Volunteers.
- Review existing processes and procedures to ensure diversity and equality in Peace Corps-provided returned Volunteer support.

| PERFORMANCE GOAL (PG) | | PAST PERFORMANCE RESULTS | | | FY 2020 | |
|--|--|--------------------------|--------------------------------|-----------------------|--|--|
| | | 2017 | 2018 | 2019 | RESULT | TARGET |
| PG 4.1: Cultivate Leadership Skills | | n/a | Competency structure completed | Methodology developed | Templates developed (Target met) | Templates and other tools developed for documenting competencies gained by Volunteers in their individual Description of Service |
| PG 4.2: Continuation of Service | | 2,230 ²¹ | 2,153 | 2,742 | 2,046 opportunities identified (Target not met) | 2,600 opportunities for returned Volunteers to engage in continued service |
| PG 4.3: Consolidate Career and Transition Services for Returned Volunteers | | 38% | 32% | 49% | 73% of recently returned Volunteers accessed portal (Target met) | 60% of recently returned Volunteers access the RPCV portal |
| PG 4.4: Fulfilling the Third Goal | Number of currently serving Volunteers participating in Third Goal programs | 5,803 | 5,190 | 4,954 | 3,655 Volunteers (Target not met) | 5,700 Volunteers |
| | Number of participants reported by currently serving Volunteers in Third Goal programs | 29,847 ²² | 65,993 | 91,862 | 44,726 participants (Target not met) | 73,000 participants |

²¹This number reflects what was reported in prior years. However, due to improved calculations, the FY 2017 result should be 1,831 instead.

²² The FY 2017 result is not comparable to later years due to a gap in available data.

Management Objective 5: Foundational Business Management

Continuously improve the agency's core infrastructure, including the cost-effectiveness, speed, ease-of-use, and quality of business services.

Rationale: The Peace Corps needs to improve the cost-effectiveness, speed, ease-of-use, and quality of its business services. These efforts should be ongoing. Processes that work well should be kept; those that do not should be improved or discarded, and duplication eliminated. Decision makers should have access to the business intelligence they need when they need it. Agency financial, human capital, and technology resources should be used wisely according to established best practices and business requirements. As these efforts improve operational efficiency, the burden on domestic and overseas staff will lighten. The ultimate outcome of this objective is aligning business services with the agency's strategic objectives.

Strategies:

- Improve the cost-effectiveness, speed, ease-of-use, transparency, and quality of services and the processes used to deliver business services to domestic and overseas staff.
- Support good decision making by ensuring agency leaders have access to timely, relevant, accurate, and easy-to-use business intelligence and are held accountable for outcomes.
- Manage agency financial, human capital, and technology resources wisely by following best practices to meet (and strive to exceed) business requirements.

| PERFORMANCE GOAL (PG) | | PAST PERFORMANCE RESULTS | | | FY 2020 | |
|--|---|--------------------------|---|---|---|---|
| | | 2017 | 2018 | 2019 | RESULT | TARGET |
| PG 5.1: Improve Decision Making with Better Access to Business Intelligence | | n/a | 75% | 100% | 100% (Target met) | 100% of selected offices maintain dashboards |
| PG 5.2: Align Office Performance with the Strategic Plan | | n/a | New performance management system under development | 100% of performance plans aligned ²³ | 100% of performance plans for all senior leaders aligned but not for all employees (Target not met) | Performance plans aligned for 100% of all Peace Corps employees |
| PG 5.3: Improve Human Capital Planning and Processes | Develop an agency-wide Human Capital Operating Plan | n/a | Office-level planning underway | Agency-level planning underway | Agency-level planning underway (Target not met) | Plan finalized |
| | Decrease the average vacancy gap to 80 days ²⁴ | 132 days ²⁵ | 71 days ²⁶ | 111 days ²⁷ | 94 days (Target not met) | 80 days |
| PG 5.4: Modernize Agency Information and Communications Capabilities ²⁸ | | n/a | n/a | Baseline data collected | Baseline data collected (Target met) | Baseline data collection |

²³ The performance plans mentioned here are for selected senior leaders.

²⁴ The percentage of employees hired within 80 days is consistent with the recommended timeframes on the [hiring reform](#) published by the Office of Personnel Management.

²⁵ In FY 2017, the federal government hiring freeze impacted the agency's hiring process, resulting in delays in onboarding new staff until the freeze was lifted in August 2017.

²⁶ Reflects vacancy gap for domestic vacancies only.

²⁷ The lapse in appropriations and furlough from December 2018 to late January 2019 impacted the agency's hiring process, resulting in delays in onboarding new staff.

²⁸ In FY 2019, the agency collected preliminary baseline data on IT costs. During FY 2020, the Office of the Chief Information Officer and the Office of the Chief Financial Officer identified and analyzed all IT costs for the entire agency and categorized them using a methodology that was informed by Technology Business Management—a value-management methodology to provide IT costs, consumption, and performance transparency.

Strategic and Management Objectives

Management Objective 6: Organizational Risk Management

Identify agency processes and associated impediments to success in a common format to allow for prioritization of agency efforts toward achieving its goals.

Rationale: This objective focuses on advancing and sustaining the agency's mission and effectiveness by identifying and managing risks while finding opportunities to improve efficient and effective use of Peace Corps resources at all levels of the organization. The scope of this objective covers risks across the agency in the categories of security, legal, fiduciary, IT, reputational, programmatic, human capital, and health. This objective is focused on creating an Enterprise Risk Management (ERM) Council, revising agency policy concerning risk management, training agency leadership on risk management, and incorporating risk management into agency-wide assessments and planning.

Strategies:

- Develop and implement an agency-wide risk governance structure.
- Develop and implement an agency-wide risk profile and office-level registers to improve accountability and minimize interruptions and/or threats to the effectiveness of Peace Corps programs.

| PERFORMANCE GOAL (PG) | PAST PERFORMANCE RESULTS | | | FY 2020 | |
|---|--------------------------|---------------------------------|---|---|--|
| | 2017 | 2018 | 2019 | RESULT | TARGET |
| PG 6.1: Maturation of the ERM Program ²⁹ | n/a | Policies and procedures drafted | ERM Council Charter, By-Laws, and policy approved ³⁰ | Risk profile partially completed (Target not met) | Agency risk profile produced |
| PG 6.2: Strengthen Risk Registers | n/a | Training developed | Risk register is under development for the Office of the Chief Information Officer (OCIO) | Risk registers for two offices and one working group developed (Target not met) | Active risk registers developed for three additional offices |

Returned Volunteer Serena Olson, who served in Kyrgyz Republic, is visually impaired and works with the NGO, Inclusive Education on educating blind and visually impaired youth in Bishkek. Students who are admitted to the program live in a group house together. It's here that they are taught how to read and write in braille, how to cook and clean, and how to walk with the assistance of a cane.



²⁹ This PG was changed in FY 2020 from "Establish" to "Maturation" because the ERM process has already been established.

³⁰ Agency risk profile was in progress in FY 2019.

Performance Management System

Performance Improvement

The [FY 2018-2022 Strategic Plan](#) focuses on strengthening core business processes, effective use of data, and efficient use of resources. The plan helps the Peace Corps move forward as a global leader in international development and cross-cultural understanding.

The Peace Corps engages in transparent conversations about performance improvement. The agency uses an evidence-based approach to monitoring and assessing performance that utilizes data to identify the most effective strategies for the greatest impact. The result is an inclusive and participatory culture of performance improvement in which staff at all levels are invested in strengthening agency operations and contributing to the strategic plan.

The Peace Corps' performance improvement system is comprised of synergistic policies and strategies, project design and implementation, monitoring and evaluation, and country-level planning. Key mechanisms include:

- **Quarterly Performance Reviews:** The Peace Corps conducts quarterly reviews as the primary mechanism for monitoring and assessing performance throughout the year. During these reviews, senior staff from across the agency discuss performance data from the past quarter and modify strategies 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 based on quantitative and qualitative analyses. This quarterly progress assessment allows the agency to focus resources where there is the greatest need and opportunity for improvement.
- **Integrated Planning and Budget System:** Headquarters offices and overseas posts develop operational plans that are consistent with the broader agency strategic plan. Integrated Planning and Budget System plans are developed during the agency's budget formulation process so that budgets reflect operational resource requirements. Through the Integrated Planning and Budget System, the agency is working to better link performance and budget processes to ensure that managers have a comprehensive view of the interconnected relationships and information involved in program, policy, and budget decision making.

- **Annual Strategic Review:** Each year, the Peace Corps Director leads forward-looking meetings in collaboration with senior leadership from across the agency. The purpose is to discuss the development of the next Annual Performance Plan. Prior to these meetings, lead offices identify challenges, opportunities, and possible realignments in order to advance strategic objectives. Revisions to strategies and performance goals are incorporated into the following year's Annual Performance Plan. These annual meetings are a key opportunity for senior leadership to collaborate and determine long-term courses of action that will maximize organizational effectiveness and efficiency.

These mechanisms establish a cycle of continuous assessment, adaptation, and cross-office collaboration and encourage an evidence-based approach to budget and management decisions. In addition, the agency is further improving accountability by emphasizing risk-based decision making. The Peace Corps' enhanced risk management system will encompass all aspects of agency operations—from staff and facilities to emergency preparedness and response, cybersecurity, and financial management.



“Here I am visiting one of the most impressive family-run farms in the urban area of Itacurubi del Rosario. The hard-working woman pictured here is also a part of the local Farmer’s Market, which I am consulting with to help improve the marketing of their agricultural products.”

– Brooke Marchewka, returned Volunteer, Paraguay

Forward-Looking Information

Global Evacuation of Volunteers and Return to Service

On March 15, 2020, as the COVID-19 pandemic quickly spread across the globe, the Peace Corps faced a challenge never before seen in the agency's history and made the difficult decision to temporarily suspend Volunteer operations at all Peace Corps posts. Nearly 6,900 Volunteers and Trainees were brought safely back to the United States from 62³¹ countries worldwide, and their service closed as a result of the evacuation. For the first time since 1961, no Peace Corps Volunteers were serving in the field. In the days following the evacuation, the agency quickly shifted gears into devoting an enormous amount of time and resources to supporting the recently evacuated Volunteers and Trainees and laying out a process to position the agency to resume Volunteer operations as soon as it is safe to do so.

To meet this challenge, the Peace Corps Director outlined a plan and vision for resuming Volunteer operations. The plan identified five goals that need to be reached in order to reestablish global presence. Those goals include:

1. Resuming overseas operations as soon as it is safe to do so
2. Recruiting and preparing applicants for service
3. Communicating effectively across internal and external audiences
4. Supporting and expanding Third Goal opportunities for returned Volunteers
5. Maintaining strong continuity of operations as the agency works within current global limitations posed by the pandemic

In order to reach these goals, the Director created a COVID-19 Task Force that consisted of five theme-based working groups, each oriented to address one of the goals listed above. The working groups drew upon broad expertise and experience from across the agency. More than 140 staff members provided input, and these staff represented 18 offices from both headquarters and the field.

During the first few months after the global evacuation of Volunteers and Trainees, the Task Force focused exclusively on developing the tools, procedures, and guidance needed to resume operations abroad. As it

completed these tasks, the Task Force gradually shifted its focus to more in-depth monitoring and evaluation of both domestic and global conditions related to the pandemic. In the remainder of FY 2020 and into FY 2021, the Task Force worked and will continue to work with internal and external stakeholders to collect and synthesize information helpful to determining when conditions will be conducive to resuming Volunteer service. The agency is working diligently to get Volunteers back into the field and assessing opportunities to re-establish a limited presence in FY 2021. So far, a few countries have already been identified for potential return in early 2021. The agency continues to seek ways to expand to full Volunteer operations as soon as conditions permit. As always, the safety, security, and health of Volunteers will be the paramount consideration.

Looking beyond the Task Force, there are numerous lessons learned that will serve the agency long after the Task Force completes its work. Through this crisis and the agency's work, the Peace Corps has learned that the systems, procedures, and foundational elements of its operations have proven to be strong, resilient, and relevant in these incredibly challenging times. The agency was built on a strong foundation 60 years ago and that foundation continues to serve it well. Nevertheless, as the global COVID-19 pandemic has tested these systems in an unprecedented manner, the Peace Corps has learned valuable lessons it will use to strengthen operations and staff resiliency moving forward.

Information Technology Modernization

The agency has a unique opportunity in FY 2021 to make some critical investments into IT modernization. By directing agency resources to IT investments in the short term (over the next one to two years), the agency can course correct, rectify compliance concerns, and drive down future costs. In addition, this modernization investment will position the Peace Corps to have reliable and secure continuity of technology and service delivery especially during national emergencies and/or global pandemics like the recent coronavirus (COVID-19) response.

The investment efforts will focus on key areas such as:

- Focused information security efforts to improve our security program

³¹ This number includes China and Mongolia, which started evacuating Volunteers prior to March 15, 2020.

- Continued adoption of cloud technologies in order to streamline support, improve reliability, and reduce costs of infrastructure and applications
- Automation and improved digital workflow
- Exploring more ways to provide standardized tools for Volunteers to collaborate with each other, staff, and partners
- Deeper analytical and reporting abilities to connect our data systems

The agency will continue its data modernization efforts that were initiated in FY 2019 and developed in FY 2020. A new platform that combines several systems

into a single, shared modern platform is scheduled for delivery in FY 2021. A worldwide equipment refresh will continue to FY 2021—upgrading much needed infrastructure at overseas posts.

By modernizing the Peace Corps infrastructure, we improve the speed and accuracy of our applications, ensure that we are working with the most up-to-date information, require users to provide or update information less often, and ensure that information and data is shared across all applications. The return on investment must be calculated in terms of mission effectiveness improvement, fiscal efficiency, and the enterprise risks associated with the projects.

A family grows bigger! This new father is hugged by his family as he celebrates the birth of his daughter at a naming ceremony in northern Ghana. A newborn is considered a “stranger” in the household until he or she is given a name at a naming ceremony, usually taking place 7–10 days after birth.

This photo was taken by returned Volunteer, Rachel Delmontagne, Ghana.



Financial Summary and Highlights

The Office of the Chief Financial Officer spearheads the financial management functions and oversight of the Peace Corps' 17 domestic offices and 58 overseas posts (62 countries). The office is comprised of multiple units responsible for budgeting, payables, receivables, procurement, accounting, financial systems, and policy. Financial data transparency and operational expertise of the financial management community inform management decisions affecting Peace Corps' programs, goals, and objectives.

Sound financial management is integral to executing the Peace Corps' mission of world peace and friendship. The following pages provide a summary and overview of Peace Corps financial position and highlight some of the most significant financial achievements carried out during FY 2020.

- **Agency Financial Statements.** For the 14th consecutive year, the Peace Corps was issued an unmodified "clean" audit opinion on the agency's financial statements. This achievement underscores our commitment to sound financial reporting and ensuring data integrity in all aspects of our financial cycle.
- **CARES Act.** The Peace Corps received \$88 million under the Coronavirus Aid, Relief, and Economic Security (CARES) Act to prevent, prepare for, and respond to the COVID-19 pandemic. During FY 2020, most of these funds were expended to evacuate Volunteers, Trainees, and USDH worldwide and provide the necessary support upon their return to the United States.
- **Volunteer Support Payments.** The Peace Corps expeditiously paid nearly 6,900 Volunteers and Trainees, due to the FY 2020 global evacuation. The Office of the Chief Financial Officer (OCFO) disbursed over \$68 million in evacuation-related payments, such as allowances for Volunteer evacuations, wellness stipends, readjustment allowances, and other forms of support payments.
- **Acquisition and Contracting.** The Peace Corps continues to streamline the acquisition process by developing and refreshing policies and procedures for overseas and domestic operations. The agency also evaluated the cost-effectiveness of obtaining acquisition support services with the Department of Interior, Interior Business Center (DOI/IBC). During

FY 2020, the agency sought assistance in awarding a select number of contracts and entering into an Interagency Agreement with the DOI/IBC, and expects to continue utilizing the service in coming years.

- **IT Investment.** The agency continues to prioritize investment in IT infrastructure and governance. To improve financial transparency, the Peace Corps focused on a comprehensive analysis of agency-wide IT spending. After identifying best practices, the agency developed an analysis and categorization methodology that focused on improving transparency and decision making surrounding all IT expenditures.

Overview of Financial Position

The Peace Corps' audited financial statements are submitted to the Congress and the Director of Office of Management and Budget in compliance with the Accountability of Tax Dollars Act of 2002. As presented in the Financial Section, these statements support the agency's objective to improve financial management and provide accurate, reliable information for assessing performance and allocating resources.

Agency resources primarily consist of funds appropriated by Congress and administered by the Department of Treasury (Treasury). The agency has the authority to obligate these funds over a two-year period. In FY 2020, the agency received \$410.5 million in regular appropriations. In addition to appropriated monies, the agency is authorized to receive donations from the public under [22 United States Code \(U.S.C\) § 2509\(a\)\(4\) of the Peace Corps Act](#) to help further its mission. The agency is also authorized to receive additional funds under the Foreign Assistance Act of 1961 sections (a) and (b).

As part of the CARES Act, the agency received \$88 million in supplemental funding. As of FY 2020, \$67 million had been obligated to prevent, prepare for, and respond to the coronavirus. The agency's coronavirus response activities include, but are not limited to, the following:

- Evacuation of Peace Corps Volunteers and Trainees, and USDH worldwide
- Provide support measures to Volunteers and USDHs related to the evacuation

- Provide supplies and services to mitigate COVID-19 infection at Peace Corps Headquarters and overseas posts
- Evaluate and return to regular operations, as feasible

CARES Act funding is available to the Peace Corps until September 30, 2022. Additional information can be found in [Peace Corps CARES Act Funding Plan](#).

As highlighted in the combined [FY 2018-2022 Strategic Plan](#), the agency's four strategic objectives and two management objectives are assessed through 19 measurable performance goals to advance the three interrelated strategic goals in support of the Peace Corps mission. Due to the unique interdependencies of the Peace Corps' three strategic goals, the agency operates as one Peace Corps program, under a single cost program.

Agency activities are presented in the principal statements: Balance Sheets, Statements of Net Cost, Statements of Changes in Net Position, and Combined Statements of Budgetary Resources. Agency management is accountable for the integrity of the financial statements, which were prepared using the Peace Corps' books and records in accordance with the standards prescribed for federal agencies by the Federal Accounting Standards Advisory Board. Williams Adley, an independent certified public accounting firm, audits these statements. The Peace Corps earned an unmodified (clean) opinion on its financial statement for the 14th consecutive year. The FY 2020 financial statements and accompanying footnote disclosures are included in the [Financial Section](#) of this report.



“I wanted to do something meaningful and rewarding, but my answer to everyone's question was, ‘I don't know.’ That all changed when I met a Peace Corps recruiter. She tapped into all of my interests: focusing on service, learning new things, experiencing a different culture, and challenging myself. My answer changed from ‘I don't know,’ to ‘I'm going to serve in the Peace Corps after I graduate.’”

– Kayla Valley, returned Volunteer, Philippines

Financial Summary and Highlights

Analysis of Financial Position

| Condensed Balance Sheets | FY 2020 | FY 2019 | Variance (In Thousands) | Variance (In %) |
|---|-------------------|-------------------|----------------------------|--------------------|
| Fund Balance with Treasury | \$ 249,595 | \$ 215,729 | \$ 33,866 | 16% |
| General Property, Plant, and Equipment | 38,230 | 32,529 | 5,701 | 18% |
| Prepaid Volunteer and Living Allowances | - | 1,809 | (1,809) | -100% |
| Other Assets | 5,197 | 6,342 | (1,145) | -18% |
| TOTAL ASSETS | \$ 293,022 | \$ 256,409 | \$ 36,613 | 14% |
| Federal Employee and Veterans Benefits | 165,283 | 159,717 | 5,566 | 3% |
| FSN and PSC Severance Liability | 35,590 | 32,416 | 3,174 | 10% |
| Payroll Related Liability | 23,704 | 18,372 | 5,332 | 29% |
| Non-Entity Funds | 170 | 27,539 | (27,369) | -99% |
| Other Liabilities | 13,704 | 7,666 | 6,038 | 79% |
| TOTAL LIABILITIES | \$ 238,451 | \$ 245,710 | \$ (7,259) | -3% |
| TOTAL NET POSITION | \$ 54,571 | \$ 10,699 | \$ 43,872 | 410% |
| TOTAL LIABILITIES AND NET POSITION | \$ 293,022 | \$ 256,409 | \$ 36,613 | 14% |

| Net Cost of Operations | FY 2020 | FY 2019 | Variance (In Thousands) | Variance (In %) |
|-------------------------------|-------------------|-------------------|----------------------------|--------------------|
| Gross Costs | \$ 481,999 | \$ 422,177 | \$ 59,822 | 14% |
| Less: Earned Revenue | (1,968) | (4,797) | 2,829 | -59% |
| NET COST OF OPERATIONS | \$ 480,031 | \$ 417,380 | \$ 62,651 | 15% |

| Sources and Status of Budgetary Resources | FY 2020 | FY 2019 | Variance (In Thousands) | Variance (In %) |
|--|-------------------|-------------------|----------------------------|--------------------|
| Unobligated Balance Brought Forward | \$ 59,476 | \$ 76,762 | \$ (17,286) | -23% |
| Recoveries and Other Changes | 16,325 | 14,635 | 1,690 | 12% |
| Appropriations | 498,500 | 410,500 | 88,000 | 21% |
| Donations Received | 726 | 1,555 | (829) | -53% |
| Funding for Severance Liability | 18,551 | 2,700 | 15,851 | 587% |
| Spending Authority from Offsetting Collections | 3,045 | 7,667 | (4,622) | -60% |
| TOTAL BUDGETARY RESOURCES | \$ 596,623 | \$ 513,819 | \$ 82,804 | 16% |
| Obligations Incurred | \$ 492,429 | 451,408 | \$ 41,021 | 9% |
| Unobligated Balance, Unexpired and Expired | 104,194 | 62,411 | 41,783 | 67% |
| STATUS OF BUDGETARY RESOURCES | \$ 596,623 | \$ 513,819 | \$ 82,804 | 16% |

Balance Sheets

The Balance Sheets present resources owned and managed by the Peace Corps that have future economic benefits (assets) and amounts owed by the agency that will require future payments (liabilities). The difference between assets and liabilities is the residual amount retained by the Peace Corps (net position). The Condensed Balance Sheets show the major components of the assets, liabilities, and net position of the Peace Corps at the end of FY 2020 and FY 2019.

Assets: What We Own and Manage

Assets are the amount of current and future economic benefits owned or managed by the Peace Corps and used to achieve its mission. Total Assets increased by 14 percent to \$293 million at the end of September 30, 2020, compared to \$256.4 million in September 30, 2019.

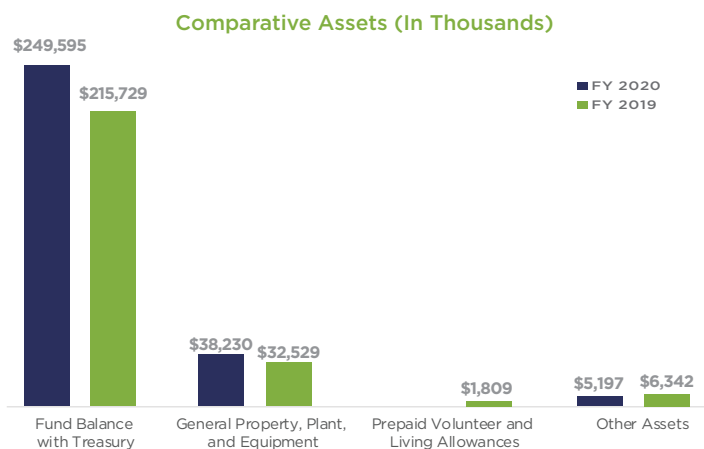
- Fund Balance with Treasury (FBwT) accounted for 85 percent of overall agency assets. It represents monies held within the Treasury and agency resources available for appropriated purposes, to make future expenditures and pay liabilities. FBwT increased by 16 percent or nearly \$34 million from FY 2019 to FY 2020. In response to the COVID-19 pandemic, the Peace Corps received supplemental funding of \$88 million, \$21 million of which, remained in FBwT as of FY 2020. The temporary suspension of our overseas programs and the evacuation of our Volunteers and Trainees, also created a slowdown in spending for Peace Corps programs, which resulted in an overall increase in FBwT in FY 2020.

- General Property, Plant, and Equipment (PP&E) is comprised of tangible assets like information technology hardware, internal-use software, and vehicles owned by the agency. During FY 2020, the agency began its Global Reinvention Infrastructure Deployment (GRID) refresh of IT equipment at overseas posts. This GRID refresh increased the overall value of PP&E by 18 percent or \$5.7 million in FY 2020.
- Prepaid Volunteer and Living Allowances represent housing and living stipend that enables Volunteers to live in a manner similar to the people in the community in which they serve. In FY 2020, the balance in this account decreased to zero as a result of the temporary suspension of overseas programs, caused by the COVID-19 pandemic.
- The remaining two percent of agency assets are for accounts receivables and other assets, consisting of non-Volunteer related prepayments for rent, prepaid IT maintenance costs, and travel advances. The decrease in this account, was due, in part, to intragovernmental receivables. Under the Foreign Assistance Act, section 632(b), the Peace Corps is authorized to perform work for the United States Agency for International Development (USAID) through the Small Project Assistance program. A decrease of almost \$900,000 in receivables were from the expiration of agreements during FY 2020.

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 decreased by three percent or \$7.3 million between \$238.4 million in FY 2020 and \$245.7 million in FY 2019.

- Federal Employee and Veterans Benefits was \$165.3 million or 69 percent of overall agency liability in FY 2020. This is the agency's accrued liability for workers' compensation benefit—administered by the U.S. Department of Labor (DOL)—and provided to Peace Corps Volunteers and USDH staff under the Federal Employees' Compensation Act program.



Financial Summary and Highlights

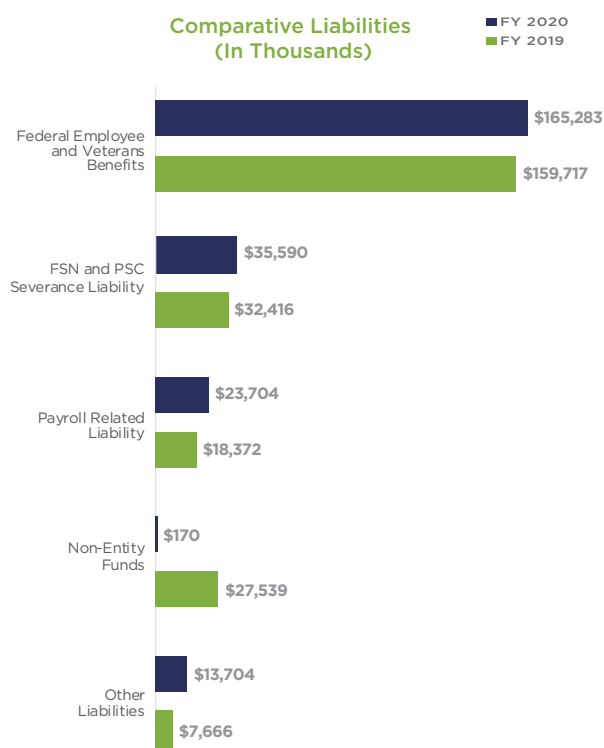
- Staff at overseas posts are comprised of USDH and host country staff, who are either Personal Service Contractors (PSCs) or Foreign Service Nationals (FSNs). The Peace Corps is liable for separation and post-retirement benefits to eligible PSCs and FSNs, under the local labor laws of the host country where they work. In FY 2020, this liability was \$35.6 million, compared to \$32.4 million in FY 2019. Sustained lengths of service and retention rates of PSCs and FSNs, proportionately increased the agency's effective future liability. The PSC and FSN Severance Liability accounts are maintained in separate special and trust fund accounts.
- Payroll Related Liability was the third largest component of liabilities at 10 percent of overall balance in FY 2020. This account increased by \$5.3 million (or 29 percent) from \$18.4 million in FY 2019 to \$23.7 million in FY 2020, as a result of a higher rate in employee benefits.
- Non-Entity Funds decreased by almost 100 percent, leaving a balance of \$170,000 at the end of FY 2020. Non-entity funds represent future liability for readjustment allowances earned by Volunteers during their service with the Peace Corps. Upon completion of service, Volunteers

receive financial assistance from the agency in the form of a readjustment allowance to assist their transition from Peace Corps service to other endeavors. Due to the global evacuation, all Volunteers and Trainees received their readjustment allowance upon their return to the United States.

- Other Liabilities was \$13.7 million in FY 2020. Other Liabilities include Accounts Payable, Liability for Advances and Prepayments, and Contingent Liability. In FY 2020, the agency established the Liability for Advances and Prepayments to recognize the rent abatement or "free rent" received by the Peace Corps for moving its headquarters to 1275 First Street NE, Washington, D.C. in October 2020. The rent abatement resulted in over a \$6 million increase, or 79 percent, from FY 2019 to FY 2020 in the Other Liabilities.

Net Position: What We Have Done Over Time

Net position is comprised of Unexpended Appropriations and Cumulative Results of Operations. The Peace Corps' Net Position increased by \$43.9 million, from \$10.7 million in FY 2019 to \$54.6 million in FY 2020.



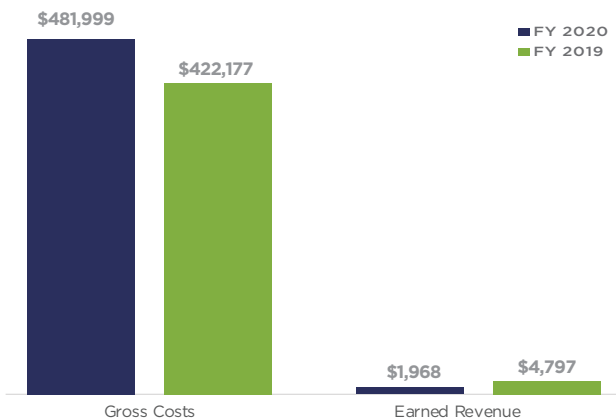
Returned Volunteer Nathan Mullen, who served in Minca, Columbia, is here with a student teaching English for local entrepreneurs involved in the growing tourist trade. Nathan established a young men's group as a secondary project, where he worked with boys and young men on leadership skills, community improvement, and involvement.

Statement of Net Cost

The Statements 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.

- In response to the COVID-19 pandemic, the Peace Corps evacuated Volunteers and Trainees, beginning with China in February 2020, followed by the remaining 61 countries, in March 2020. The cost associated with the global evacuation and support payments, such as an evacuation allowance, wellness stipends, and reimbursements for the required 14-day quarantine, to Volunteers and Trainees, resulted in a 14 percent increase in Net Costs in FY 2020.
- Earned Revenue decreased by 59 percent from \$4.8 million in FY 2019 to \$2 million in FY 2020. In FY 2020, there were less reimbursable agreement between the Peace Corps and a key interagency partner, USAID.

Comparative Gross Costs and Earned Revenues (In Thousands)

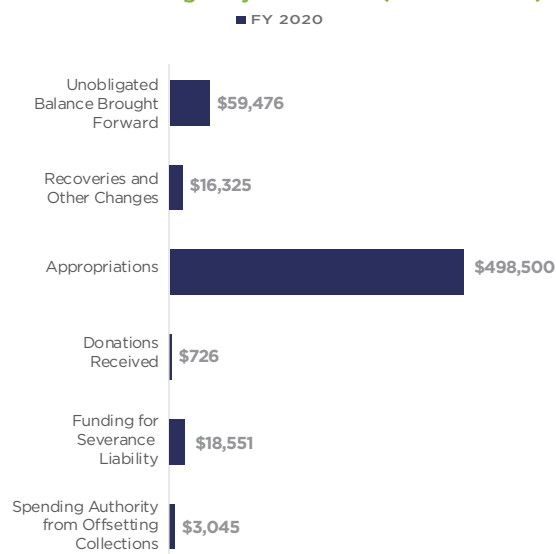


Combined Statements of Budgetary Resources

The Combined Statements 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 FY 2020 with Budgetary Resources of \$596.6 million, compared to \$513.8 million in FY 2019, an increase of \$82.8 million (or 16 percent).

- As presented in the Combined Statements of Budgetary Resources, appropriations are \$517.7 million—87 percent of Peace Corps' budgetary resources in FY 2020. This amount is comprised of appropriations authorized by Congress, donations received by the Peace Corps, and monies transferred within the agency to fund the PSC and FSN separation funds. Between FY 2020 and FY 2019, this amount increased by approximately 25 percent or \$103 million mostly due to the \$88 million in supplemental funding under the CARES Act. CARES Act funds cover costs to safely evacuate Volunteers, Trainees, and USDH from 62 countries in response to the COVID-19 pandemic. Other costs included support payments to Volunteers and Trainees as discussed in Note 19 COVID-19 Activity on [page 67](#) in the Notes to the Financial Statements (Audited) section of this report.

Sources of Budgetary Resources (In Thousands)



- Unobligated Balance Brought Forward of \$59.5 million includes funds carried over from FY 2019 that remain available for new obligation in FY 2020. Recoveries of prior year obligations, in the amount of \$16.3 million allowed the agency to reuse monies before the funds expire under the Peace Corps multi-year appropriation authority.

Financial Summary and Highlights

- Additional sources of funding came from spending authority from offsetting collections, a type of budget authority that is financed by reimbursements, as authorized by law. Under the Foreign Assistance Act, section 632(b), the Peace Corps is authorized to perform work for the USAID on programs such as Small Project Assistance, Food Security, Global Education, and Maternal and Child Health which, in total, amounted to \$6.5 million in FY 2020. Upon execution, the remaining balance on these agreements were \$3 million at the end of September 30, 2020.

As a grassroots-level organization, the Peace Corps is uniquely positioned to carry out a critical role in the fight against HIV/AIDS in host countries. In FY 2020, the agency received \$48.5 million in funds from the U.S. Department of State (DOS) through an allocation transfer, a legal delegation by one Federal agency to another, for PEPFAR. The Peace Corps obligates and outlays funds for PEPFAR-related programs and submits required financial and performance data results to the

DOS. Of the 6,893 Peace Corps Volunteers, 614 working in 12 countries throughout the Africa and Europe, Mediterranean, and Asia regions were funded by the PEPFAR. Financial results for PEPFAR activities are not reflected in the financial statements of the Peace Corps; they are instead, reported by the DOS.

Limitations of the Financial Statements

The principal financial statements are prepared to report the financial position and results of operations of the Peace Corps, pursuant to the requirements of 31 U.S.C. § 3515(b). The statements are prepared from the books and records of the entity in accordance with Federal Generally Accepted Accounting Principles and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same books and records. The financial statements should be read with the realization that they are for a component of the U.S. Government.

Service does not end when Volunteers return home. As part of the Peace Corps' mission to promote world peace and friendship, returned Volunteers share their host countries' culture with other Americans. This is referred to as the Peace Corps' Third Goal.



Analysis of Systems, Controls, and Legal Compliance

Management Assurance

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

Federal Managers' Financial Integrity Act

The 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. FMFIA requires agencies to establish accounting and administrative controls over program, operational, and administrative functions, in addition to accounting and financial management.

The FMFIA also requires standards to ensure for the prompt resolution of all audit findings and mandates for agency heads to annually evaluate agency controls and provide an assurance statement on the adequacy of internal and administrative controls (Section 2) and conformance of systems with government-wide standards (Section 4).

Enterprise Risk Management, Internal Control System, and Implementation of Federal Managers' Financial Integrity Act

Guidance for implementing FMFIA (31 U.S.C. 3512) is provided through OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control. The Peace Corps Manual Section 780—Enterprise Risk Management and Manual Section 784—Internal Control Systems, set out the agency's oversight role and strategic decision-making over enterprise risk management and policies and procedures for establishing, assessing, correcting, and reporting on internal control.

Internal controls are maintained over the normal course of conducting agency business and are revised and

strengthened when necessary. OCFO oversees and assesses the internal controls over financial reporting as part of the requirements outlined in Appendix A of OMB Circular A-123.

Every year, associate and regional directors evaluate existing internal controls for their corresponding assessable units, and assurances on the effectiveness of internal controls are completed. Office-specific internal control evaluations and assurance statements identified some weaknesses in controls and identified risks pertinent across other offices. None of the weaknesses, taken individually or in aggregate, rose to a level of a material weakness. In summary, the agency's internal control program is effective and meets the objectives of FMFIA.

As the agency incorporates the Enterprise Risk Management framework in advancing its mission, Peace Corps selected a cross-agency team to collaborate to develop and implement an agency-wide risk governance structure. As described in the FY 2018-2022 Strategic Plan, Organizational Risk Management, represented as Management Objective 6 (see [page 28](#)), was established as one of the agency's six priority areas for performance improvement over four years. Through these combined efforts to implement Enterprise Risk Management and improve internal controls, the Peace Corps can proactively address key risk areas and improve operational efficiency and effectiveness.

The Enterprise Risk Management Council (ERMC), governed by the ERMC Charter, serves as the director's advisory body on matters concerning the agency's risk management and mitigation efforts. The ERMC, comprised of senior level representatives across the agency, reviews, evaluates, and monitors opportunities and risks to achieving the Peace Corps' mission.

In FY 2020, the ERMC produced a partial agency risk profile to capture operational risks and provide options for risk mitigation. The risk profile provides a prioritized inventory of the most significant risks identified in the office-level risk registers and informs forward-looking risk management strategies. Additionally, comprehensive risk registers for OCFO and the Office of Safety and Security were completed. Risk registers for two higher-risk, core-operational offices, Office of Health Services and OCIO will be completed in FY 2021.

Fraud Reduction and Data Analytics Act of 2015

The Fraud Reduction and Data Analytics Act of 2015 (P.L. 114-186) was signed into law in June 2016 to improve financial and administrative controls and procedures to identify, assess, and address fraud risks. Application of the agency's Enterprise Risk Management program and internal control assessments strengthens agency effectiveness to meet agency goals and objectives, while improving fraud prevention and detection of federal resources. Further, the Peace Corps is a participant in the Treasury's "Do Not Pay" program, operating through the Do Not Pay Business Center. Payees under consideration for payment are reviewed for eligibility through the pre-award component of the business center. Then payments are re-verified in the pre-payment component and followed by post payment data matching reviews.

Improper Payments Information Act

The Peace Corps is a small agency operating under one program, with no activities that are susceptible to the threshold amounts stated in Memorandum M-15-02, OMB Circular A-123, 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 disbursements made during the fiscal year reported or \$100 million (regardless of the improper payment percentage of total program outlays). The Peace Corps performs a combination of invoice review, post-audit verification, and sampling to ensure improper payments are prevented, identified, and recovered. In FY 2018, an assessment of the likelihood of improper payments for disbursements was conducted. Another assessment and evaluation is planned for FY 2021.

Debt Collection Improvement Act

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 relevant laws. The Peace Corps continues to strengthen its monitoring process to ensure uncollected debts are kept to a minimum. The agency is signed up with the Treasury's Centralized Receivables Service to manage some of the agency's current receivables. The agency is also part of their Cross-Servicing program for delinquent debt. Both services offered by the Treasury will increase collections on accounts receivable and reduce debt write-offs on the agency's overall accounts receivable balance.

In FY 2020, the agency wrote-off eligible uncollectable debts and delinquent balances and submitted quarterly reports through the Treasury Report on Receivables. The agency continues to monitor its collection process to ensure billings are valid and collections are timely.

Anti-Deficiency Act

The Anti-Deficiency Act (31 U.S.C. §§ 1341 and 1517) prohibits federal agencies from obligating and expending federal funds in excess of its appropriation. The agency's financial system was designed to prevent Anti-Deficiency Act violations. This systematic control ensures that obligations are not recorded until monies are authorized and allotted by the OCFO. Funds control is a critical tool in ensuring funds are managed effectively across all levels of the agency.

Digital Accountability and Transparency Act

Digital Accountability and Transparency Act of 2014 (P.L. 113-101), or DATA Act, was signed into law in May 2014 to establish governmentwide, financial data standards and increase the availability, accuracy, and usefulness of Federal spending information. DATA Act implementation, led by the Treasury and the OMB, mandates federal agencies report on procurement data to bring awareness to federal spending. Pursuant to the statutory reporting requirements, the Peace Corps uses the required standard data exchange, DATA Act Information Model Schema, to submit award-level information for posting on [USASpending.gov](https://www.USASpending.gov).

Federal spending reported on [USASpending.gov](https://www.USASpending.gov) is derived from financial and contract award information. The Peace Corps' financial system is updated with the most recent version of DATA Act Information Model Schema to ensure submission of all required financial data elements are complete and accurate. As for

contract award data, the agency uses Procurement Information System for Management for domestic contracts, which automatically updates to Federal Procurement Data System-Next Generation, the central repository of information for Federal contracting. Overseas awards are updated manually into the repository on a monthly basis. Validation issues between financial and award information are reconciled to ensure that spending data is accurate.

Financial Management Systems Strategy

The Peace Corps strives to maintain and enhance financial management systems, processes, and controls

that ensure financial accountability and transparency, provide financial management data and information to decision makers, and comply with federal laws, regulations, and policy. Oracle E-Business Suite (also known as Odyssey) is the agency's system of record and is integrated with various end-user applications to capture the agency's financial transactions.

The Federal Managers' Financial Integrity Act Unmodified Management Assurance Statement that follows is consistent with the FY 2020 financial statement audit report.



"I applied to the Peace Corps because I wanted to break away from the rigid structure of what a successful life looks like. To me, exploring new places and passions are such an important part of life, and to neglect doing so just to continue reaching for the next goal in life (college, grad school, good job, etc.) was something I decided I couldn't do. I've always loved teaching, and being able to teach in a completely different country with totally different customs and language seemed, though daunting, extremely exciting. I was eager to meet new people and finally break out of the bubble and comfort zone that I had been a part of for most of my life."

– Melody Wei, returned Volunteer, Tanzania

FY 2020 Unmodified Management Assurance Statement

The management of the Peace Corps is responsible for managing risks and maintaining effective internal control to meet the objectives of Section 2 of the Federal Managers' Financial Integrity Act (FMFIA). We conducted an assessment of risks and evaluated internal controls to support effective and efficient programmatic operations, reliable reporting, and compliance with applicable laws and regulations in accordance with FMFIA Section 2 and Office of Management and Budget Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control. Through this assessment, the Peace Corps can provide reasonable assurance on the effectiveness of its internal control over operations, reporting, and compliance with laws and regulations for FY 2020, with the exception of one significant deficiency over property, plant, and equipment.

The Peace Corps conducted its assessment on whether or not 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 Office of Management and Budget Circular A-123 for FY 2020. However, this is excepting of one significant deficiency over information security and one noncompliance with laws and regulations with the Federal Information Security Modernization Act of 2014. In accordance with Office of Management and Budget Bulletin No. 19-03 Audit Requirements for Federal Financial Statements, this is not considered a material weakness.



Jody K. Olsen

Director

November 10, 2020



Richard Swartz, CPA

Chief Financial Officer

November 10, 2020



Chemistry students celebrate the successful completion of an HIV project, where they made signs about the things that inspired them to stay HIV free.

Photo taken by returned Volunteer, Alana Shein, Ghana

FINANCIAL SECTION

(INCLUDES AUDITED INFORMATION)

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Message from the Chief Financial Officer



On behalf of the Peace Corps, I am pleased to present our FY 2020 Agency Financial Report. This fiscal year the independent audit firm of Williams Adley issued our 14th consecutive unmodified (clean) audit opinion of our financial statements. The Association of Government Accountants also awarded the Peace Corps its 13th consecutive Certificate of Excellence in Accountability Reporting for our FY 2019 Agency Financial Report. We are once again honored to achieve these coveted accomplishments, ones that reflect our commitment to strong financial management.

We enjoy a positive working relationship with the Williams Adley audit team and the Office of Inspector General, and we welcome their insights and opinions on our financial operations. This year, Williams Adley identified two significant deficiencies and one instance of noncompliance with laws and regulations. We concur with these findings and have already begun taking steps to remediate them. This fiscal year has presented challenges to the agency unlike any other in its nearly 60-year history. We began by moving our Washington, D.C. headquarters from 1111 20th Street NW to 1275 First Street NE in October 2019, and migrated to an off-premises data center. Then, at the start of the coronavirus pandemic only a few months later, we sent all headquarters employees home on telework orders and evacuated all

Volunteers from overseas posts for the first time in the Peace Corps' history. As a result, nearly eight months later, we have successfully completed our fiscal year-end close remotely for the first time.

Despite these challenges, we were bolstered by the resilience, motivation, and dedication of our Volunteers and employees both in the United States and overseas. Likewise, we received continuous support from our stakeholders at the Office of Management and Budget, the U.S. Congress, the Department of State, and from the public. Without this support and open communication, it would not have been possible to successfully process the sheer volume of payments, contracts, systems changes, communications, and other critical financial and operational requirements throughout this challenging fiscal year. This is a testament to the longstanding and widespread commitment by both our internal and external stakeholders to the Peace Corps' core mission of world peace and friendship. I am proud to serve as the chief financial officer of an agency where staff members at all levels of seniority and experience embrace the dedication and support of the Peace Corps mission. Their ability to overcome the obstacles faced during this fiscal year is truly remarkable.

As we focus on the future, we stand ready to support the agency's plans for returning Volunteers to service while remaining steadfast in our commitment to accountability, transparency, and effectiveness as stewards of the public trust.

Richard E. Swartz, CPA

Chief Financial Officer

November 10, 2020

Financial Statements (Audited)

Peace Corps Balance Sheets As of September 30, 2020 and 2019 (In Thousands)

| | 2020 | 2019 |
|--|-------------------|-------------------|
| Assets (Note 2) | | |
| Intragovernmental | | |
| Fund Balance with Treasury (Note 3) | \$ 249,595 | \$ 215,729 |
| Accounts Receivable (Note 4) | 190 | 1,044 |
| Total Intragovernmental | 249,785 | 216,773 |
| Accounts Receivable, Net (Note 4) | 878 | 465 |
| General Property, Plant, and Equipment, Net (Note 5) | 38,230 | 32,529 |
| Other | | |
| Prepaid Volunteer Living Allowances (Note 6) | - | 1,809 |
| Other Assets (Note 7) | 4,129 | 4,833 |
| Total Assets | <u>\$ 293,022</u> | <u>\$ 256,409</u> |
| Liabilities (Note 8) | | |
| Intragovernmental | | |
| Accounts Payable | \$ 1 | \$ 402 |
| Other | | |
| Unfunded FECA Liability (Note 8) | 26,857 | 28,040 |
| Other Liabilities (Note 8) | 56 | 21 |
| Total Intragovernmental | 26,914 | 28,463 |
| Accounts Payable | 4,107 | 7,193 |
| Federal Employee and Veteran Benefits (Note 8) | 138,426 | 131,677 |
| Other | | |
| Other Unfunded Employment Related Liability (Note 8) | - | 11,964 |
| Liability for Advances and Prepayments (Note 9) | 9,540 | - |
| Liability for Non-Entity Assets (Notes 2 and 8) | 170 | 27,539 |
| Accrued Funded Payroll and Leave | 8,826 | 5,711 |
| Unfunded Annual Leave (Note 8) | 14,878 | 12,661 |
| FSN and PSC Separation Liability (Note 9) | 35,590 | 20,452 |
| Contingent Liability (Notes 9 and 11) | - | 50 |
| Total Liabilities | <u>\$ 238,451</u> | <u>\$ 245,710</u> |
| Commitments and Contingencies (Note 11) | | |
| Net Position | | |
| Unexpended Appropriations | \$ 199,374 | \$ 156,403 |
| Cumulative Results of Operations | (144,803) | (145,704) |
| Total Net Position | 54,571 | 10,699 |
| Total Liabilities and Net Position | <u>\$ 293,022</u> | <u>\$ 256,409</u> |

The accompanying notes are an integral part of these statements.

Peace Corps
Statements of Net Cost
For the Years Ended September 30, 2020 and 2019
(In Thousands)

| | <u>2020</u> | <u>2019</u> |
|--------------------------------------|-------------------|-------------------|
| Gross Program Costs (Note 12) | | |
| Gross Costs (Note 12) | \$ 481,999 | \$ 422,177 |
| Less: Earned Revenue | <u>(1,968)</u> | <u>(4,797)</u> |
| Net Cost of Operations | <u>\$ 480,031</u> | <u>\$ 417,380</u> |

The accompanying notes are an integral part of these statements.

Peace Corps
Statements of Changes in Net Position
For the Years Ended September 30, 2020 and 2019
(In Thousands)

| | <u>2020</u> | <u>2019</u> |
|--|-------------------------|-------------------------|
| Unexpended Appropriations | | |
| Beginning Balance | 156,403 | 157,467 |
| Budgetary Financing Sources | | |
| Appropriations Received | 498,500 | 410,500 |
| Other Adjustments | | |
| Other Adjustments | (2,935) | (2,340) |
| Appropriations Used | (452,594) | (409,224) |
| Total Budgetary Financing Sources | <u>42,971</u> | <u>(1,064)</u> |
| Total Unexpended Appropriations | <u>199,374</u> | <u>156,403</u> |
| Cumulative Results of Operations | | |
| Beginning Balances | (145,704) | (150,594) |
| Budgetary Financing Sources | | |
| Appropriations Used | 452,594 | 409,224 |
| Donations and Forfeitures of Cash and Cash Equivalents | 726 | 1,555 |
| Other Financing Sources (Nonexchange) | | |
| Transfers In/Out Without Reimbursement | 167 | 843 |
| Imputed Financing (Note 18) | 8,894 | 7,948 |
| Other | <u>18,551</u> | <u>2,700</u> |
| Total Financing Sources | 480,932 | 422,270 |
| Net Cost of Operations | <u>480,031</u> | <u>417,380</u> |
| Net Change | 901 | 4,890 |
| Cumulative Results of Operations | (144,803) | (145,704) |
| Net Position | <u>\$ 54,571</u> | <u>\$ 10,699</u> |

The accompanying notes are an integral part of these statements.

Peace Corps
 Combined Statements of Budgetary Resources
 For the Years Ended September 30, 2020 and 2019
(In Thousands)

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Budgetary Resources | | |
| Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory) | 75,801 | 91,397 |
| Appropriations (Discretionary and Mandatory) | 517,777 | 414,755 |
| Spending Authority from Offsetting Collections (Discretionary and Mandatory) | 3,045 | 7,667 |
| Total Budgetary Resources | <u>\$ 596,623</u> | <u>\$ 513,819</u> |
| Status of Budgetary Resources | | |
| New Obligations and Upward Adjustments (Total) (Note 13) | \$ 492,429 | \$ 451,408 |
| Unobligated Balance, End of Year | | |
| Apportioned, Unexpired Accounts | 80,876 | 42,361 |
| Exempt from Apportionment, Unexpired Accounts | 3,151 | 2,945 |
| Unapportioned, Unexpired Accounts | 9,733 | 5,997 |
| Unexpired Unobligated Balance, End of Year | 93,760 | 51,303 |
| Expired Unobligated Balance, End of Year | 10,434 | 11,108 |
| Unobligated Balance, End of Year (Total) | <u>104,194</u> | <u>62,411</u> |
| Total Budgetary Resources | <u>\$ 596,623</u> | <u>\$ 513,819</u> |
| Outlays, Net | | |
| Outlays, Net and Disbursements, Net (Total) (Discretionary and Mandatory) | 453,608 | 426,343 |
| Distributed Offsetting Receipts | (1,321) | (729) |
| Agency Outlays, Net (Discretionary and Mandatory) | <u>\$ 452,287</u> | <u>\$ 425,614</u> |

The accompanying notes are an integral part of these statements.

Notes to the Financial Statements (Audited)

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.

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

B. Basis of Presentation

The financial statements present the financial position, the net cost of operations, and changes in net position, along with budgetary resources activities of the agency pursuant to the requirements of 31 U.S.C. 3515(b). They have been prepared using the Peace Corps' books and records in accordance with agency accounting policies, the most significant of which are summarized in this note. The statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements are presented in accordance with the applicable form and content requirements of the Office of Management and Budget (OMB)'s Circular A-136. Financial Reporting Requirements, issued August 27, 2020. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

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

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

The financial statements represent intragovernmental and 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. The Peace Corps financial statements reflect agency-only financial activities and do not require consolidation.

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

C. Basis of Accounting

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

D. Fund Accounting Structure

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

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

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

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

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

E. Budget Authority

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

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

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

F. Revenues and Other Financing Sources

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

G. Fund Balance with Treasury

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.

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

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

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

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 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 is 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, the 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, has a useful life of two years or more, is not intended for sale in the ordinary course of business, and is intended to be used or available for use by the entity. Aggregate purchases of General Property, Plant, and Equipment in the amount of \$100,000 or greater are capitalized.

During FY 2019, costs incurred for major building renovations of \$100,000 or greater are initially recorded as Construction in Progress (CIP), then after project completion are capitalized, transferred to Leasehold Improvements, and amortized over the remaining life of the lease. Prior to FY 2019, costs incurred and recorded in CIP were capitalized for major building renovations of \$25,000 or greater.

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 three 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 in FY 2013 and prior and six years for purchases made in 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 useful asset life. Acquisitions that do not meet these criteria are recorded as operating expenses. Assets are capitalized at historical cost and depreciated using the straight-line method.

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 U.S. Department of Labor (DOL). The FECA liability consists of two components. The first component is based on actual claims paid by DOL but not yet reimbursed by the Peace Corps. The Peace Corps reimburses DOL as funds are appropriated for this purpose, generally resulting in a two-year lag in payment. This is the liability for the actual claims paid by DOL to be reimbursed by the Peace Corps.
- II. *Future Workers Compensation Benefits* - The second component of FECA is the estimated actuarial liability for future benefit payments as a result of past events. This liability includes death, disability, medical, and miscellaneous costs. DOL determines this component annually as of September 30, and the Peace Corps recognizes an unfunded liability to DOL for estimated future payments.
- III. *Accrued Leave* - A liability for annual leave is accrued as leave is earned and paid when leave is taken or employment terminates. Accrued annual leave is paid from future funding sources and is reflected as a liability not covered by budgetary resources. Sick and other leave 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* - The Peace Corps direct hire employees participate in one of three retirement systems: Civil Service Retirement System, Federal Employees Retirement System, or the Foreign Service Retirement and Disability System. FSN employees at overseas posts who were hired prior to January 1, 1984, are covered under the Civil Service Retirement System. FSNs hired after that date, as well as most host country residential 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 Separation Liability* - The Peace Corps is generally liable for separation or retirement payments to eligible PSCs in countries that require payments under local labor laws. The estimate of the current and future costs of the separation and retirement liability is determined quarterly.
- VIII. *Valuation of Foreign Service National Separation Liability* - The Peace Corps is generally liable for separation or retirement payments to FSNs who are employed by the agency in countries that require payments under local labor laws. The estimate of the current and future costs of the separation and retirement liability is determined quarterly.

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.

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 U.S. Government per OMB. The agency is categorized under budget functional classification code number 150—International Affairs. Gross cost and earned revenues from other intragovernmental agencies (reimbursable agreements) fall under this code.

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 U.S. Standard General Ledger posting logic. Adjustments are made at the appropriation fund code level prior to the submission of the agency's monthly trial balance via Treasury's Government wide Treasury Account Symbol Adjusted Trial Balance System.

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 Treasury as a subset of the parent fund account (DOS) for tracking and reporting purposes. All allocation transfers of balances are credited to this account, and subsequent obligations and outlays incurred by the child entity (the Peace Corps) are charged to this allocation account as they execute the delegated activity on behalf of the parent entity. All financial activity related to these allocation transfers (e.g., budget authority, obligations, and outlays) is reported in the financial statements of the parent entity, from which the underlying legislative authority, appropriations, and budget apportionments are derived.

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

V. Classified Activities

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

W. Reconciliation of Net Operating Cost and Net Budgetary Outlays

The Reconciliation of Net Operating Cost and Net Budgetary Outlays explains the relationship between the entity's outlays on a budgetary basis and the net cost of operations during the reporting period. This reconciliation replaces the requirements for a reconciliation between budgetary and financial accounting information.

Accordingly, Note 17: Reconciliation of Net Cost to Net Outlays reconciles the Peace Corps net cost of operations adjusted by (1) components of net cost that are not part of net outlays, (2) components of net outlays that are not part of net cost, and (3) other temporary timing differences, which reflect some special adjustments.

X. CARES Act of 2020

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress and signed into law by President Donald J. Trump on March 27, 2020. The economic relief package delivers on providing fast and direct economic assistance for American workers and families, small businesses, and preserves jobs for American industries impacted by COVID-19. The package also delivers on providing supplemental funding to federal agencies impacted by COVID-19.

In March 2020, the OMB apportioned the Peace Corps \$88 million in supplemental funding. A significant portion of this funding would be used to safely evacuate 6,893 Volunteers from 62 countries around the world for return to the United States.

The COVID-19 supplemental funding significantly impacted FY 2020 financial reporting for the Peace Corps including: Balance Sheet, Statement of Changes in Net Position, Statement of Net Costs, and Statement of Budgetary Resources and various footnotes.

Note 2 Non Entity Assets

| Non-Entity Assets | September 30, 2020 (In Thousands) | September 30, 2019 (In Thousands) |
|-------------------------|--------------------------------------|--------------------------------------|
| Deposit Fund | \$ (14) | \$ 27,455 |
| Clearing Accounts | 184 | 84 |
| Total Non-Entity Assets | 170 | 27,539 |
| Total Entity Assets | 292,852 | 228,870 |
| Total Assets | \$ 293,022 | \$ 256,409 |

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

Deposit Fund - The deposit fund comprises the Volunteer readjustment allowance earned by Volunteers for each month of satisfactory service and payable upon their return to the United States. The balance in this fund depleted as a result of the temporary suspension of overseas programs, with the complete evacuation of all Volunteers and Trainees from the field, in response to the COVID-19 pandemic.

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

Note 3 Fund Balance with Treasury

| Status of Fund Balance with Treasury | September 30, 2020 (In Thousands) | September 30, 2019 (In Thousands) |
|--------------------------------------|--------------------------------------|--------------------------------------|
| Unobligated Balance | | |
| Available | \$ 84,028 | \$ 45,306 |
| Unavailable | 20,167 | 17,106 |
| Obligated Balance Not Yet Disbursed | 145,230 | 125,778 |
| Non-Budgetary FBWT | 170 | 27,539 |
| Total | \$ 249,595 | \$ 215,729 |

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

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

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

Non-Budgetary Fund Balance with Treasury - This represents non-entity assets of the agency. As of September 30, 2020, Fund Balance with Treasury included CARES Act unobligated

balances and obligated balances not yet disbursed. This balance increased by nearly \$34 million from FY 2019 to FY 2020. In response to the COVID-19 pandemic, the Peace Corps received supplemental funding of \$88 million, \$21 million of which, remained in this balance as of FY 2020.

| Note 4 Accounts Receivable, Net | | | |
|--|---|--|---|
| Accounts Receivable as of September 30, 2020 (In Thousands) | Accounts Receivable, Gross | Allowance for Doubtful Accounts | Accounts Receivable, Net |
| Intragovernmental | \$ 190 | \$ - | \$ 190 |
| Other | 8 78 | - | 8 78 |
| Total | \$ 1,068 | \$ - | \$ 1,068 |
| Accounts Receivable as of September 30, 2019 (In Thousands) | Accounts Receivable, Gross | Allowance for Doubtful Accounts | Accounts Receivable, Net |
| Intragovernmental | \$ 1,044 | \$ - | \$ 1,044 |
| Other | 4 65 | - | \$ 465 |
| Total | \$ 1,509 | \$ - | \$ 1,509 |

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, 2020 and September 30, 2019.

Note 5 General Property, Plant, and Equipment, Net

| Components of PP&E as of September 30, 2020 (In Thousands) | Useful Life in Years | Cost | Accumulated Depreciation | Net Book Value |
|--|----------------------------|------------------|-----------------------------|-------------------|
| Land | N/A | \$ 43 | \$ - | \$ 43 |
| Buildings | 10 | 463 | 462 | 1 |
| Construction in Progress | N/A | 7,799 | - | 7,799 |
| Equipment and Furniture | 5-10 | 3,501 | 792 | 2,709 |
| Vehicles | 5-6 | 21,325 | 9,095 | 12,230 |
| IT Hardware | 3-15 | 26,934 | 14,175 | 12,759 |
| Leasehold Improvements | 2-10 | 4,180 | 3,754 | 426 |
| Internal-Use Software | 3-9 | 44,428 | 42,165 | 2,263 |
| Total | | \$108,673 | \$ 70,443 | \$ 38,230 |
| Components of PP&E as of September 30, 2019 (In Thousands) | Useful Life in Years | Cost | Accumulated Depreciation | Net Book Value |
| Land | N/A | \$ 43 | \$ - | \$ 43 |
| Buildings | 10 | 463 | 428 | 35 |
| Construction in Progress | N/A | 1,677 | - | 1,677 |
| Equipment and Furniture | 5-10 | 5,567 | 3,522 | 2,045 |
| Vehicles | 5-6 | 20,409 | 7,318 | 13,090 |
| IT Hardware | 3-15 | 23,232 | 12,933 | 10,298 |
| Leasehold Improvements | 2-10 | 9,834 | 9,099 | 735 |
| Internal-Use Software | 3-9 | 44,428 | 39,822 | 4,606 |
| Total | | \$105,653 | \$ 73,122 | \$ 32,529 |

General Property, Plant, and Equipment (PP&E), as of September 30, 2020 consists of land, buildings, equipment and furniture, vehicles, IT hardware, leasehold improvements, and internal use software. These assets are located at Washington, D.C. headquarters, regional recruiting offices, and overseas posts. The asset value includes ancillary costs incurred to bring assets to a form and location suitable for their intended use. The vehicles category reflects new vehicles added and retired in FY 2020. Internal use software represents software that was either developed internally or purchased from vendors off-the-shelf.

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

- Land and attached assets, such as buildings located overseas, are capitalized at their fair market value at the time of transfer, regardless of their acquisition cost. Buildings are depreciated with a ten year useful asset life. Acquisitions that do not meet these criteria are recorded as operating expenses
- Effective for FY 2018, costs incurred for major building renovations of \$100,000 or greater are initially recorded as Construction in Progress (CIP). Upon project completion, costs are transferred to Leasehold Improvements and amortized over the remaining life of the lease. Prior to FY 2019, costs incurred and recorded in CIP were capitalized at a lower threshold value of \$25,000 or greater.
- Purchases of equipment and furniture with individual acquisition cost of \$25,000 or greater and aggregate purchases in the amount of \$100,000 or greater are capitalized.

- Vehicles in the amount of \$10,000 or greater are capitalized over their useful life of either five years for assets acquired in FY 2013 and prior or six years for purchases made in or after FY 2014. The agency uses an estimated salvage value of 40 percent for vehicles.
- Purchases of IT hardware with individual acquisition costs of at least \$25,000 or aggregate value of \$100,000 or greater is capitalized and amortized over its expected life of three to fifteen years.
- Software purchased or developed internally at a cost of \$25,000 or greater is capitalized and amortized over its expected life (currently three to nine years).

Note 6 Prepaid Volunteer Living Allowances

| | September 30, 2020 (In Thousands) | September 30, 2019 (In Thousands) |
|-------------------------------------|--------------------------------------|--------------------------------------|
| Prepaid Volunteer Living Allowances | \$ - | \$ 1,809 |

Payments of Volunteer living allowances are made prior to the entitlement month so the posts can ensure timely payments of the allowances to the Volunteers. These payments are arranged so that Volunteers will not incur a financial burden for their living costs. As of September 30, 2020, there were no Volunteer living allowances provided due to COVID-19 and the evacuation of Volunteers from all posts.

Note 7 Other Assets

| | September 30, 2020 (In Thousands) | September 30, 2019 (In Thousands) |
|----------------------------------|--------------------------------------|--------------------------------------|
| Travel Advances to Employees | \$ 47 | \$ 389 |
| Relocation Advances to Employees | 91 | 51 |
| Prepaid Rent | 3,417 | 3,832 |
| Other Advances | 574 | 561 |
| Total Other Assets | \$ 4,129 | \$ 4,833 |

Types of other assets which are non-governmental are described below.

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

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

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

Other Advances - Other advances include PSC payroll and prepayments of expenses for IT costs.

Note 8 Liabilities Not Covered by Budgetary Resources

| | September 30, 2020 (In Thousands) | September 30, 2019 (In Thousands) |
|---|--------------------------------------|--------------------------------------|
| Intragovernmental Liabilities | | |
| Unfunded FECA Liability | \$ 26,857 | \$ 28,040 |
| Other Unfunded Employment Related Liability | 56 | 21 |
| Public Liabilities | | |
| Unfunded Annual Leave | 14,878 | 12,661 |
| Other Unfunded Employment Related Liability | - | 11,964 |
| Federal Employee and Veteran Benefits | 138,426 | 131,677 |
| Liability for Non-Entity Assets | 170 | 27,539 |
| Total Liabilities Not Covered by Budgetary | \$ 180,387 | \$ 211,902 |
| Total Liabilities Covered by Budgetary Resources | \$ 58,064 | \$ 33,808 |
| Total Liabilities | \$ 238,451 | \$ 245,710 |

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. Due to the impact of COVID-19 evacuations, the Peace Corps expects to receive FECA bills, however, these costs will not be billed to the agency until FY 2022.

Unfunded Employment Related Liability – A liability for the unfunded estimated separation 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. This liability was fully funded by September 30, 2020, thus the unfunded portion is \$0.

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, 2020 for direct hire employees. The valuation of the accrued annual leave for FSN employees and the foreign national PSCs has been estimated for this financial statement. There were 47 FSNs and 2,067 foreign national PSCs working for the Peace Corps at the end of September 30, 2020. Annual leave earned is based on local labor law requirements. Annual leave is paid out of current appropriations when taken.

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

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

Liabilities Covered by Budgetary Resources – Liabilities covered by budgetary resources 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, 2020 (In Thousands) | September 30, 2019 (In Thousands) |
|--|--------------------------------------|--------------------------------------|
| Other Liabilities | | |
| Contingent Liability (Note 11) | \$ - | \$ 50 |
| Liability for Advances and Prepayments | 9,540 | - |
| FSN and PSC Separation Liability | 35,590 | 20,452 |
| Total Other Liabilities | \$ 45,130 | \$ 20,502 |

Other Liabilities at the Peace Corps consist of contingent liability and FSN and PSC Separation Liability, which are non-governmental.

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

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

Note 10 Leases

| Fiscal Year | Future Lease Payments (In Thousands) |
|------------------------------------|---|
| FY 2021 | \$ 7,189 |
| FY 2022 | 10,152 |
| FY 2023 | 10,244 |
| FY 2024 | 10,375 |
| FY 2025 | 10,510 |
| After FY 2025 | 97,791 |
| Total Future Lease Payments | \$ 146,261 |

For overseas operations, the Peace Corps rents office space, residences, and training facilities. Leases overseas contain a termination clause, allowing the agency to terminate any lease with a 30-90 day notice. The Peace Corps' overseas leases are all considered cancelable operating leases, which do not require disclosure.

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

The future lease payment for FY 2021 is lower than FY 2022 and in subsequent years to reflect the terms of the OA which include the tenant improvement allowance and rent abatement lease agreement.

Note 11 Commitments and Contingencies

| September 30, 2020 <i>(In Thousands)</i> | Accrued Liabilities | Estimated Range of Loss | |
|---|---------------------|-------------------------|------------------|
| | | <u>Lower End</u> | <u>Upper End</u> |
| Legal Contingencies | | | |
| Probable | \$ - | - | - |
| Reasonably Possible | 317 | - | - |
| September 30, 2019 <i>(In Thousands)</i> | Accrued Liabilities | Estimated Range of Loss | |
| | | <u>Lower End</u> | <u>Upper End</u> |
| Legal Contingencies | | | |
| Probable | \$ 50 | - | \$ 100 |
| Reasonably Possible | - | - | - |

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 \$0 as of September 30, 2020 and \$50,000 as of September 30, 2019. 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 were estimated to be \$316,800 as of September 30, 2020.

Note 12 Intragovernmental Costs and Exchange Revenue

| | September 30, 2020 (In Thousands) | September 30, 2019 (In Thousands) |
|----------------------------------|--------------------------------------|--------------------------------------|
| Intragovernmental Costs | \$ 93,603 | \$ 82,627 |
| Public Costs | 388,396 | 339,550 |
| Total Costs | \$ 481,999 | \$ 422,177 |
| Intragovernmental Earned Revenue | \$ (1,966) | \$ (4,771) |
| Public Earned Revenue | (2) | (26) |
| Total Earned Revenue | \$ (1,968) | \$ (4,797) |
| Total Net Cost | \$ 480,031 | \$ 417,380 |

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. As of September 30, 2020, public costs included spending related to the CARES Act.

Exchange revenue represents 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.

Note 13 Apportionment Categories of New and Upward Obligations: Direct vs. Reimbursable Obligations

| | September 30, 2020 | | September 30, 2019 | |
|-----------------------------------|-----------------------|-----------------|-----------------------|-----------------|
| | <i>(In Thousands)</i> | | <i>(In Thousands)</i> | |
| | Direct | Reimbursable | Direct | Reimbursable |
| Category A | \$ 470,966 | \$ 2,247 | \$ 441,668 | \$ 4,851 |
| Exempt from Apportionment | 19,216 | - | 4,889 | - |
| Total Obligations Incurred | \$ 490,182 | \$ 2,247 | \$ 446,557 | \$ 4,851 |

All obligations incurred are Category A (quarterly apportionments) or Exempt from Apportionment. At September 30, 2020, Category A included obligations related to the CARES Act.

Note 14 Undelivered Orders at the End of the Period

| | September 30, 2020 | September 30, 2019 |
|---|-----------------------|-----------------------|
| | <i>(In Thousands)</i> | <i>(In Thousands)</i> |
| Intragovernmental | | |
| Unpaid Undelivered Orders | \$ 10,892 | \$ 8,744 |
| Total Intragovernmental Undelivered Orders | \$ 10,892 | \$ 8,744 |
| Public | | |
| Unpaid Undelivered Orders | \$ 91,291 | \$ 88,719 |
| Paid Undelivered Orders | 4,129 | 6,643 |
| Total Public Undelivered Orders | \$ 95,420 | \$ 95,362 |
| Undelivered Orders - End of Period | \$ 106,312 | \$ 104,106 |

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. Starting in FY 2020, undelivered orders at the end of the period are presented to disclose balances that are paid and unpaid for intragovernmental and with the public. Undelivered orders as of September 30, 2020, included orders related to the CARES Act.

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

| <i>(In Millions)</i> | Budgetary Resources FY 2019 | New Obligations and Upward Adjustments FY 2019 | Net Outlays FY 2019 |
|---|-----------------------------------|--|------------------------|
| Combined Statement of Budgetary Resources | \$ 514 | \$ 451 | \$ 426 |
| Budget of the U.S. Government | 500 | 448 | 426 |
| Difference | \$ 14 | \$ 3 | \$ - |

The Budget of the United States (also known as the President's Budget), with actual amounts for FY 2020 was not published at the time that these financial statements were issued. The President's Budget is expected to be published in February 2021, and can be located at the OMB website <https://www.whitehouse.gov/omb/budget> and will be available from the U.S. Government Printing Office. The above chart displays the differences between the Combined SBR in the FY 2019 Agency Financial Report and the actual FY 2019 balances included in the FY 2020 President's Budget. The differences are attributable to activities associated with expired funds that are excluded from the President's Budget.

Note 16 Fiduciary Activities

| Schedule of Fiduciary Activity For the Years Ended September 30, 2020 and 2019 <i>(In Thousands)</i> | HCC Cash 2020 | HCC In-Kind 2020 | Total Fiduciary Funds 2020 | HCC Cash 2019 | HCC In-Kind 2019 | Total Fiduciary Funds 2019 |
|---|---------------------|------------------------|----------------------------------|---------------------|------------------------|----------------------------------|
| Fiduciary Net Assets, Beginning of year | \$ 655 | \$ - | \$ 655 | \$ 311 | \$ - | \$ 311 |
| Contributions | 310 | 2,064 | 2,374 | 783 | 3,290 | 4,073 |
| Disbursements | (404) | (2,064) | (2,468) | (433) | (3,290) | (3,723) |
| Increase/(Decrease) in Fiduciary Net Assets | (94) | - | (94) | 350 | - | 350 |
| Fiduciary Net Assets, End of Year | \$ 561 | \$ - | \$ 561 | \$ 661 | \$ - | \$ 661 |
| Fiduciary Net Assets As of September 30, 2020 and 2019 <i>(In Thousands)</i> | HCC Cash 2020 | HCC In-Kind 2020 | Total Fiduciary Funds 2020 | HCC Cash 2019 | HCC In-Kind 2019 | Total Fiduciary Funds 2019 |
| Fiduciary Net Assets | | | | | | |
| Cash and Cash Equivalents | \$ 565 | \$ - | \$ 565 | \$ 664 | \$ - | \$ 664 |
| Other Assets | - | - | - | - | - | - |
| Less: Liabilities | (4) | - | (4) | 3 | - | 3 |
| Total Fiduciary Net Assets | \$ 561 | \$ - | \$ 561 | \$ 661 | \$ - | \$ 661 |

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

Note 17 Reconciliation of Net Operating Cost and Net Outlays

| September 30, 2020 (In Thousands) | Intragovernmental | Public | Total FY 2020 |
|---|--------------------|--------------------|--------------------|
| Net Operating Cost (SNC) | \$ 91,637 | \$ 388,394 | \$ 480,031 |
| Components Of Net Operating Cost Not Part Of The Budgetary Outlays | | | |
| Property, Plant & Equipment Depreciation | \$ - | \$ (7,044) | \$ (7,044) |
| Property, Plant & Equipment Disposal & Reevaluation | - | (518) | (518) |
| Other | - | 9,798 | 9,798 |
| <i>Increase/(Decrease) In Assets Not Affecting Budget Outlays:</i> | | | |
| Accounts Receivable | (854) | 413 | (441) |
| Other Assets | - | 2,514 | 2,514 |
| <i>(Increase)/Decrease in Liabilities Not Affecting Budget Outlays:</i> | | | |
| Accounts Payable | 315 | (6,368) | (6,053) |
| Salaries & Benefits | - | (3,115) | (3,115) |
| Other Liabilities (Unfunded Leave, Unfunded FECA, Actuarial FECA) | 1,148 | (12,092) | (10,944) |
| <i>Other Financing Sources</i> | | | |
| Federal Employee Retirement Benefit Costs Paid By OPM And Imputed to Agency | (8,894) | - | (8,894) |
| Transfers Out (In) Without Reimbursement | 15 | - | 15 |
| Components Of Net Operating Cost Not Part Of The Budgetary Outlays Total | \$ (8,270) | \$ (16,412) | \$ (24,682) |
| Components Of The Budget Outlays That Are Not Part Of Net Operating Cost | | | |
| Acquisition of Capital Assets | \$ - | \$ 13,276 | \$ 13,276 |
| Other | (16,637) | 297 | (16,340) |
| Components Of The Budget Outlays That Are Not Part Of Net Operating Cost Total | \$ (16,637) | \$ 13,573 | \$ (3,064) |
| Net Outlays (Calculated Total) | \$ 66,730 | \$ 385,555 | \$ 452,285 |
| Related Amounts On The Statement of Budgetary Resources | | | |
| Outlays, Net | | \$ | 453,608 |
| Distributed Offsetting Receipts | | | (1,321) |
| Agency Outlays, Net | | \$ | 452,287 |

The reconciliation of Net Operating Cost (Proprietary) and Net Budgetary Outlays require a reconciliation of the entity's net outlays on a budgetary basis and the net cost of operations during the reporting period. As of September 30, 2020, the reconciliation included activity related to the CARES Act.

Note 18 Imputed Financing

| | September 30, 2020 (In Thousands) | September 30, 2019 (In Thousands) |
|--|--------------------------------------|--------------------------------------|
| Federal Employees Health Benefit Program | \$ 8,048 | \$ 7,243 |
| Federal Employees Group Life Insurance | 20 | 16 |
| Civil Service Retirement System | 190 | 243 |
| Federal Employees Retirement System | 611 | 425 |
| Foreign Service Retirement and Disability System | 25 | 21 |
| Total Imputed Costs | \$ 8,894 | \$ 7,948 |

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.

Note 19 COVID-19 Activity

| | September 30, 2020 (In Thousands) |
|---|--------------------------------------|
| Budgetary Resources | |
| Supplemental Appropriation | \$ 88,000 |
| Total Budgetary Resources | \$ 88,000 |
| Status of Budgetary Resources | |
| Obligations Incurred | \$ 67,353 |
| Budgetary Resources Remaining Available Beyond FY20 | 20,647 |
| Total Status of Budgetary Resources | \$ 88,000 |
| Outlays, Net and Disbursements | |
| Outlays, Net | \$ 62,513 |

COVID-19 activity impacted assets, liabilities, costs, net position, and budgetary resources for the Peace Corps. For the purpose of this financial statement footnote, COVID-19 activity appeared in budgetary resources and status of budgetary resources relative to the following:

Supplemental Appropriation - In March 2020, the OMB apportioned the Peace Corps \$88 million to offset costs related to COVID-19. Supplemental funding provided by the CARES Act was significantly used to safely evacuate Volunteers around the world for return to the U.S.

Obligations Incurred - Obligations incurred as a result of COVID-19 included but was not limited to the following:

Evacuation Allowances: The Evacuation Allowance provided Volunteers who end service early with an allowance.

Quarantine Allowances: The Quarantine Allowance reimbursed funds to evacuated Volunteers for meal and lodging costs to self-quarantine for 14 days upon return to the United States.

Volunteer Wellness Stipend: The Volunteer Wellness Stipend provided an allowance to evacuated Volunteers for medical and wellness expenses upon return to United States

Volunteer Medical Coverage: Volunteer Medical Coverage provided short-term health care to Volunteers upon completion of service.

Evacuation Travel: The Peace Corps required the use of Charter Flights in order to safely evacuate Volunteers from posts where commercial flights were not available. Commercial Flights were used to safely evacuate remaining Volunteers not on Charter Flights. Other travel costs included funding for Volunteers to travel to consolidation points, exit conferences for Volunteers, and evacuated lodging and per diem.

Post Ancillary Costs: Post Ancillary Costs were unplanned costs at posts incurred as a result of COVID-19. Unplanned costs include the purchase of additional medical supplies and shipping evacuated Volunteer belongings from posts.

Volunteer Set Aside/Restart Costs: Volunteer Set Aside/Restart Costs consisted of unplanned costs related to re-entry of Volunteers to life in the US as well as one-time costs related to the Peace Corps re-entering at posts.

FECA/International Cooperative Administrative Support Services (ICASS) Costs: FECA/ICASS costs were used to cover the impact of COVID-19 evacuations to Peace Corps FECA and ICASS bills. These costs will not be billed to the agency until FY 2022.

Budgetary Resources Remaining Available Beyond FY 2020 - Budgetary Resources Remaining Available Beyond FY 2020 reflects unobligated/unused COVID-19 supplemental funding that can be used in future fiscal years beyond FY 2020.

Outlays, Net - Outlays, Net is a measure of spending related to COVID-19. It consists of payments to liquidate obligations.



Meet the Women

Encouraging Self-care in Rural Jamaica

As we enter 2021, it's become clear that the trend of celebrating #selfcare isn't going anywhere.

In rural Jamaica, one environment Volunteer is showing her young women's group that self care can build confidence, inner strength, and sisterhood.

Jenni Odom does a lot. From helping her local farmers group produce honey to helping the women in her area write resumes and sign up for local job training classes. Mainly focused on projects in environmental and agriculture sustainability, Jenni has also been selected by the staff at her Peace Corps post to assist as a Peer Counselor for her fellow Volunteers who may need extra support during their service in Jamaica.

The former research assistant knows that progress can't be made at the grassroots level until those taking care of their neighbors, friends, and communities take care of themselves as well. It was in this spirit that Jenni and the women she works with decided to band together to form a young women's group. Together, the women work to better themselves and their community through development projects, attending professional trainings, and supporting each other.

One of the group members, Anastacia, has seen a change in the women in her area since Jenni's arrival. "I think she has been a good addition to our community," Anastacia says. "With her encouragement, we have felt empowered."

Now, the group is branching out a bit. From crafting bracelets to making hair and face masks, these motivated ladies have taken a step back from all that they do in order to celebrate themselves. In fact, the crew has been so successful in crafting their own self care products that they have started to work on establishing an income generating business. Using only the mineral rich blue clay they found in their local riverbank and other locally available materials, they may be on to something.

Working with these young women is special because they remind me of myself when I was younger," says Jenni. "They are outgoing, they teach me about their language and culture, and their energy keeps me going when things are slow in the community."

One of the members of the group, Sherika, plans to help the next generation of girls when Jenni eventually leaves their rural community. "Jenni has taught me how to be a leader. When she is gone, I will help keep us going."

Although the young women in the group have a lot of kind words for their Volunteer, Jenni has also learned a lot from them.

Serving as Jenni's counterpart and mentor, community member Mac says, "I have taught Jenni how to get along well and integrate with community members, and I've taught her patience for when things don't go according to schedule. But she has also taught me things. And even though she is younger than me, Jenni is a source of inspiration and encouragement."

Inspector General's Audit Transmittal Letter



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To: Jody Olsen, Peace Corps Director

From: Kathy A. Buller, Inspector General

Date: November 10, 2020

Subject: Audit of the Peace Corps' Fiscal Year 2020 Financial Statements

This letter transmits the reports of Williams, Adley & Company – DC, LLP (Williams Adley) on its audit of the Peace Corps' Fiscal Year (FY) 2020 Financial Statements. As required by the Accountability of Tax Dollars Act of 2002, the Peace Corps prepared financial statements in accordance with the 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 Williams Adley, an independent certified public accounting firm, to audit the Peace Corps' financial statements as of September 30, 2020 and 2019. The audit was conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* (GAGAS), issued by the Comptroller General of the United States; and the Office of Management and Budget (OMB) Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*.

Williams Adley's report for FY 2020 includes: an opinion on the financial statements, conclusions on internal control over financial reporting, and compliance with laws, regulations, contracts, and grant agreements. In its audit of the Peace Corps, Williams Adley 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
- Two significant deficiencies related to internal control were disclosed by Williams Adley:²
 - *Lack of effective information technology security.* Williams Adley cited a lack of a comprehensive risk management program.
 - *Inadequate internal controls over property, plant, and equipment.* Williams Adley cited gaps in the internal control framework in the areas of recording and tracking property and performing necessary reconciliations of property data.

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

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.

- One instance of reportable noncompliance was 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. Williams Adley found that the Peace Corps did not fully comply with:
 - The Federal Information Security Modernization Act of 2014 by not fully implementing information security continuous monitoring and the agency's risk management program.

OIG Evaluation of Williams Adley's Audit Performance

In connection with the contract, we reviewed Williams Adley's report 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. Williams Adley is responsible for the attached auditor's report dated November 10, 2020, and the auditor's conclusions expressed in the report. However, our review disclosed no instances where Williams Adley did not comply in all material respects with GAGAS.

If you or a member of the Peace Corps staff has any questions about Williams Adley's audit or our oversight of it, please contact Assistant Inspector General for Audit Judy Leonhardt at 202-692-2914.

Attachment

cc: Michelle Brooks, Chief of Staff
Richard Swartz, Chief Financial Officer
Scott Knell, Chief Information Officer
Angela Kissel, Chief Compliance Officer
Colin Jones, Compliance Officer



Independent Auditor's Report

Director
United States Peace Corps

Inspector General
United States Peace Corps

In our audits of the fiscal years 2020 and 2019 financial statements of the Peace Corps, we found

- the Peace Corps' financial statements as of and for the fiscal years ended September 30, 2020, and 2019, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- no material weaknesses in internal control over financial reporting based on the limited procedures we performed;¹ and
- no reportable noncompliance for fiscal year 2020 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

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

Report on the Financial Statements

In accordance with 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. 19-03, *Audit Requirements for Federal Financial Statements*, we have audited the Peace Corps' financial statements. The Peace Corps' financial statements comprise the balance sheets as of September 30, 2020, and 2019; the related statements of net cost, changes in

¹A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

²The RSI consists of Management's Discussion and Analysis section which is included with the financial statements.

³Other information consists of Message from the Director, Message from the Chief Financial Officer, Other Information section, and appendices.

WILLIAMS, ADLEY & COMPANY-DC, LLP

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net position, and budgetary resources for the fiscal years then ended; and the related notes to the financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the U.S.; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements* (OMB Bulletin 19-03). We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management's Responsibility

The Peace Corps' management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles; (3) preparing and presenting other information included in documents containing the audited financial statements and auditor's report, and ensuring the consistency of that information with the audited financial statements and the RSI; and (4) maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 financial statements based on our audits. U.S. generally accepted auditing standards, U.S. generally accepted government auditing standards, and OMB 19-03 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We are also responsible for applying certain limited procedures to RSI and other information included with the financial statements.

An audit of financial statements involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the auditor's assessment of the risks of material misstatement of the 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 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 of financial statements also involves evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audits also included performing such other procedures as we considered necessary in the circumstances.

Opinion on Financial Statements

In our opinion, the Peace Corps' financial statements present fairly, in all material respects, the Peace Corps' financial position as of September 30, 2020, and 2019, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

Auditor's Report

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the RSI be presented to supplement the financial statements. Although the RSI is not a part of the financial statements, FASAB considers this information to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards, which consisted of inquiries of management about the methods of preparing the RSI and comparing the information for consistency with management's responses to the auditor's inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

The Peace Corps' other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. We read the other information included with the financial statements in order to identify material inconsistencies, if any, with the audited financial statements. Our audit was conducted for the purpose of forming an opinion on the Peace Corps' financial statements. We did not audit and do not express an opinion or provide any assurance on the other information.

Report on Internal Control over Financial Reporting

In connection with our audits of the Peace Corps' financial statements, we considered the Peace Corps' internal control over financial reporting, consistent with our auditor's responsibility discussed below. We performed our procedures related to the Peace Corps' internal control over financial reporting in accordance with U.S. generally accepted government auditing standards.

Management's Responsibility

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

Auditor's Responsibility

In planning and performing our audit of the Peace Corps' financial statements as of and for the year ended September 30, 2020, in accordance with U.S. generally accepted government auditing standards, we considered the Peace Corps' internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the

effectiveness of the Peace Corps' internal control over financial reporting. Accordingly, we do not express an opinion on the Peace Corps' internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies⁴ or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

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

Results of Our Consideration of Internal Control over Financial Reporting

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

As discussed in **Appendix I** in more detail, our 2020 audit identified two deficiencies in the Peace Corps' controls over information security and property, plant, and equipment that represent significant deficiencies in the Peace Corps' internal control over financial reporting. We considered these significant deficiencies in determining the nature, timing, and extent of our audit procedures on the Peace Corps' fiscal year 2020 financial statements.

Although the significant deficiencies in internal control did not affect our opinion on the Peace Corps' fiscal year 2020 financial statements, misstatements may occur in unaudited financial information reported internally and externally by the Peace Corps because of these significant deficiencies.

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

In addition to the significant deficiencies, we also identified other control deficiencies in the Peace Corps' internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies. Nonetheless, these deficiencies warrant the Peace Corps'

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

Auditor's Report

management's attention. We have communicated these matters to the Peace Corps' management in a separate letter.

Intended Purpose of Report on Internal Control over Financial Reporting

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

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

In connection with our audits of the Peace Corps' financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibility discussed below. We caution that noncompliance may occur and not be detected by these tests. We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

Management's Responsibility

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

Auditor's Responsibility

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

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

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed one instance of noncompliance for fiscal year 2020 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to the Peace Corps. Accordingly, we do not express such an opinion.

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

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

Agency Comments

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

William A. Kelley & Company, DC, LLP

Washington, DC

November 10, 2020

Significant Deficiencies

A. Information Technology Security (Updated Repeat Finding)

The Peace Corps financial system resides within the Peace Corps IT network and inherits general controls defined at the infrastructure level. Therefore, the confidentiality, availability, and integrity of financial data is dependent on the overall IT security posture at the Peace Corps.

The Peace Corps was not in compliance with the Federal Information Security Modernization Act of 2014 (FISMA). All five FISMA functions including eight domains did not meet Department of Homeland Security's required maturity level, managed and measurable. Specifically, design and operation weaknesses associated with key FISMA domains including Risk Management and Information Security Continuous Monitoring (ISCM) are summarized below:

- Although an ISCM strategy was developed in FY 2019, it was not fully defined in FY 2020. In addition, the Office of the Chief Information Officer (OCIO) did not finalize policies and procedures to support the ISCM strategy.
- The Peace Corps does not have a robust agency-wide Risk Management Program to manage information security risks.
- The new General Support System (GSS), with a significantly expanded system boundary, was operating in the production environment in FY 2020 without completing the full assessment and authorization process.

The Peace Corps' Leadership has not implemented an Enterprise Risk Management process throughout the Peace Corps at the entity, business, and information system level. Specifically, the OCIO was not prioritized for developing a risk register and risk appetite to help identify and mitigate information security risks across the agency. Additionally, OCIO did not have the resources required to complete the strategy and supporting documentation needed to transition to a defined information security continuous monitoring process.

Without a fully implemented Continuous Monitoring Program, agency systems could incur potential damage, including system downtime, unauthorized access, changes to data, data loss, or operational failure.

Also, 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.

Government Accounting Office (GAO) Federal Information System Controls Audit Manual (FISCAM) 1.2 states: "Without effective general controls, business process application controls can generally be rendered ineffective by circumvention or modification."

GAO FISCAM 2.3 states "If one or more of the nine control categories are not effectively achieved, IS controls are ineffective, unless other factors sufficiently reduce the risk."

GAO FISCAM SM-2 states: "According to FISMA, federal agencies must periodically assess the risk and magnitude of the harm that could result from the unauthorized access, use, disclosure, disruption, modification, or destruction of information and information systems that support their

Appendix I – Significant Deficiencies

operations and assets. Policies and procedures are based on risk, and the rigor of management testing and evaluation of information security should also be based on risk.”

GAO FISCAM SM-5 states: “An important element of risk management is ensuring that policies and controls intended to reduce risk are effective on an ongoing basis. Effective monitoring involves the entity performing tests of IS controls to evaluate or determine whether they are appropriately designed and operating effectively to achieve the entity’s control objectives.”

S.2521 - Federal Information Security Modernization Act of 2014: Directs agency heads to ensure that: (1) information security management processes are integrated with budgetary planning; (2) senior agency officials, including chief information officers, carry out their information security responsibilities; and (3) all personnel are held accountable for complying with the agency-wide information security program.

Recommendations: We recommend the following:

1. The OCIO fully implement an ISCM strategy that includes policies and procedures, defined roles and responsibilities, and security metrics to measure effectiveness.
2. The Peace Corps Director and Agency Risk Executive, in coordination with the Peace Corps senior leadership, identify the agency’s information security risk profile and define the agency’s risk appetite and risk tolerance.
3. The Agency Risk Executive, in coordination with the Peace Corps senior leadership, develop and implement an enterprise-wide risk management strategy to address how to identify, assess, respond to, and monitor information security related risks in a holistic approach across the organization, business process, and information system levels.
4. The OCIO perform all components of the Security Assessment and Authorization on all FISMA-reportable systems in accordance with the risk management strategy.
5. The OCIO develop an information security architecture that is integrated with the risk management strategy.

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

The Peace Corps' management is responsible for the design and operation of its Property, Plant, and Equipment (PP&E) internal control framework. The PP&E 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. The absence of a comprehensive internal control framework may result in errors in the financial statements, theft, lack of accountability, waste, fraud, abuse, and lack of responsiveness to changing risk and threats.

The Peace Corps maintains several inventory tracking systems for various categories of PP&E. For example, the Peace Corps maintains a detailed vehicle tracking system (Vehicle Management Information System [VMIS]), and IT hardware, equipment, and furniture is maintained in the Property Management Software System (PMSS or Sunflower). Data from each of these property systems are reconciled with data in the asset management system (Odyssey Fixed Assets Module) on a monthly basis, specifically for assets that meet the capitalization threshold.

The Peace Corps' internal controls over PP&E need improvement. We noted the following:

Untimely Recording of Assets in Odyssey:

For FY20, a total of 13 additions were made as of June 30, 2020. Twelve of those 13 additions, with a total cost of \$2.2 million, were entered into Odyssey between 66 and 205 days after their placed-in-service date (average of 135 days). The Peace Corps policy requires assets to be recorded in the system within 60 days from the original transaction date.

In addition, we tested four capital assets added in the fourth quarter. Of these four additions, three of them, totaling \$7.9 million, were recorded in Odyssey outside the 60-day timeframe required by Peace Corps policy. The delay in recording these entries ranged from 271 to 321 days.

Vehicles recorded in VMIS but not in Odyssey:

We reconciled the vehicle listing from VMIS to Odyssey as of June 30, 2020. Our reconciliation found ten vehicles listed as "active" in VMIS that were not included in the Odyssey Fixed Asset Module, despite meeting the threshold for capitalized assets. Out of these ten vehicles:

- One was properly disposed in Odyssey, but was not retired in VMIS.
- The Peace Corps was unable to explain the reason the remaining nine vehicles (with a net value of \$133,374) were not included in Odyssey. Management stated that three of these assets were included in a clearing account and included in the financial statements; however, management was unable to provide support for this representation.

Assets recorded in Sunflower but not in Odyssey:

Our reconciliation of Sunflower and the Odyssey Fixed Asset Listing resulted in 25 assets which met the capitalization threshold reported in Sunflower, but were not reported in the Fixed Asset Listing. Our findings relating to these 25 assets are as follows:

- Four assets were appropriately retired in Odyssey but were not retired in Sunflower.
- Fourteen assets were active and were appropriately listed as active in Sunflower but

Appendix I – Significant Deficiencies

were missing from Odyssey. These items were over ten years old and are therefore presumably fully depreciated. Management could not determine whether these items existed due to the lack of a purchase order number to link the asset in the two systems.

- Six assets where the amounts in Sunflower did not match amounts in Odyssey. In these cases, the amount in Sunflower was above the capitalization threshold, but the purchase order in Odyssey showed it as being below the capitalization threshold resulting in the item not being capitalized. The net value of the items not capitalized was \$66,330.
- One asset tag in Sunflower did not match Odyssey.

Regarding the timely recording of assets in Odyssey, the Peace Corps stated that there were variances between the amounts recorded in Sunflower and that noted on the related invoice. AFR had to resolve these differences before they were able to record the asset in Odyssey.

As it relates to the proper recording of vehicles, the Peace Corps does not have an adequate reconciliation process in place to ensure vehicle acquisitions and retirements are properly captured in Odyssey.

Individuals entering information into Sunflower do not have the appropriate knowledge to accurately and consistently enter information into Sunflower. In addition, AFR's Sunflower to Odyssey reconciliation process is not sufficient to detect assets missing from Odyssey.

A lack of complete and accurate financial information regarding PP&E resulted 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.
- Understatement in PP&E of \$133,374 for vehicles and \$66,330 for other fixed assets as of June 30, 2020.
- Understatement of FY 2019 PP&E balance of \$1,020,012.

The Government Accountability Office's (GAO) Standards for Internal Control in the Federal Government requires that *management perform ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions. Ongoing monitoring may include automated tools, which can increase objectivity and efficiency by electronically compiling evaluations of controls and transactions.*

In addition, Peace Corps' Domestic Financial Management Handbook, Chapter 22 requires:

- 22.5.4 Accounting for PP&E – *“The accounting for PP&E is the responsibility of CFO/AFR. Transaction posting and the proper, complete, and accurate accounting of capital assets are done in accordance with Federal accounting standards. Posting of additions, transfers, and deletions of capital assets must be recorded within 60 days from the original transaction date.”*
- 22.5 Tracking and Reporting of Capital Assets — *“The office having custody must*

track a capitalized asset in all phases of its useful life, from the time the asset is delivered and accepted until disposal when the asset is finally retired from service. All actions associated with capital assets must be monitored, tracked and recorded (including transfers between offices)."

- 22.5.3 IT Hardware and General PP&E – *"When new assets, such as IT Hardware and General PP&E, are acquired or received, the asset must be added and sighted in PMSS, within two (2) weeks from date of receipt."*

Recommendations: Williams Adley recommends that the Peace Corps enhance its overall control environment in relation to PP&E by performing the following:

1. Update the reconciliation process to require two-way verification between all source systems and the Odyssey's Fixed Asset Module. This process should include documentation of steps taken to resolve all identified discrepancies.
2. Require training for all staff responsible for in the acquiring and recording assets.
3. Perform a reconciliation of source systems and Odyssey Fixed Assets and record any capital assets that are missing from the Odyssey Fixed Asset Module.

Appendix II – Non-Compliance Matter

Noncompliance with Laws, Regulations, Contracts, and Grant Agreements

C. FISMA (Updated Repeat Finding)

Federal Information Security Modernization Act of 2014 (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 included in its Agency Financial Report, the Peace Corps disclosed an instance of noncompliance with FISMA that is required to be reported under Government Auditing Standards and Office of Management and Budget (OMB) Bulletin No. 19-03, Audit Requirements for Federal Financial Statements.

By not complying with FISMA, the Peace Corps has potentially weakened security controls which could adversely affect the confidentiality, integrity, and availability of information and information systems.

The OIG has provided the Peace Corps' management with a separate limited distribution report that further details the vulnerabilities in the Peace Corps' systems and provides recommendations for improvement. Due to the sensitivity of the matters noted, we have not discussed those matters in this report.

Appendix III - Status of Prior Year Findings and Recommendations

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

| Prior Year Finding | Current Year Status |
|--|--|
| Information Technology Security (Significant Deficiency) | Open and repeated as finding A in the Audit Report. |
| Inadequate Internal Controls over Property, Plant, and Equipment | Open. Finding was updated and repeated as finding B in the Audit Report. |
| FISMA (Noncompliance) | Open. Finding was updated and repeated as finding C in the Audit Report. |

Appendix IV – Agency Comments



November 10, 2020

Mr. Kola A Isiaq, CPA
 Managing Partner
 Williams Adley & Company, LLP
 1030 15th Street, NW, Suite 350 West
 Washington, DC 20005

Dear Mr. Isiaq,

This letter represents the agency's response to your draft Independent Auditor's Report, received November 4, 2020. We are pleased with your issuance of an unmodified (clean) opinion. The Peace Corps management has reviewed the Notice of Findings for the two significant deficiencies issued by Williams Adley for the financial statement audit for fiscal year (FY) 2020. We concur with the condition, criteria, and level of deficiency identified. We have established corrective action plans to address the root cause of these audit findings. We are dedicated to resolving these issues in FY 2021 and into FY 2022, as we strive for an effective and efficient internal control environment.

Information Technology Security

Agency Response: Concur. In FY 2020, the Peace Corps Office of Chief Information Officer (OCIO) implemented phase 2 of the Continuous Diagnostic Monitoring (CMD). Moving into FY 2021, OCIO plans to implement Identify Credential and Access Management, cybersecurity workforce, complete phase 2 of CDM, and integrate security architecture into the agency's enterprise risk management. Estimated Completion Date: December 2021

Inadequate Internal Controls over Property, Plant, and Equipment

Agency Response: Concur. The Peace Corps Office of Management and Office of Chief Financial Officer will work collaboratively to strengthen the process to ensure that accountable assets are recorded timely and accurately, by the responsible office, within the agency's personal property management, and financial system. Additionally, each responsible office will assist in ensuring that a two-way reconciliation process is performed between the source systems and the financial system application. Estimated Completion Date: September 2021

Thank you and we appreciate the opportunity to respond to the draft Independent Auditor's Report.

Sincerely,

Michelle K. Brooks

Michelle K. Brooks
 Chief of Staff

Paul D. Coverdell Peace Corps Headquarters

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OTHER INFORMATION

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Returned Volunteer, Jennifer Manzanillo, leads students in her community in Madagascar on a team building exercise. Activities like this promote youth leadership and the importance of working together to build community needs.

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



Management and Performance Challenges

Fiscal Year 2020

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 Inspector General's (IG) management challenges are observations of the IG based on the work performed by OIG, as well as information uncovered during the performance of our oversight responsibilities.

Extraordinary Developments Impacting the Peace Corps in 2020

In March 2020, the Peace Corps responded to the COVID-19 pandemic by suspending all Volunteer activities and evacuating nearly 6,900 Volunteers from approximately 60 countries of service. In a matter of a few weeks, the agency brought all its Volunteers back to the United States. Evacuating all its Volunteers at the same time was unprecedented and required the agency to take extraordinary steps, including the chartering of international flights, to complete the task. For the first time in its nearly 60-year history, the Peace Corps does not have a single active Volunteer. The agency faces the tremendous challenge of planning for the resumption of its overseas Volunteer programs in the environment of uncertainty that the COVID-19 pandemic has created.

In addition to responding to the global pandemic, agency leadership, citing the killing of George Floyd, pledged to confront the issue of racial injustice. The Director issued multiple statements of commitment to addressing racial and social injustice in 2020 and dedicated resources to several initiatives aimed at increasing diversity and inclusion within the agency. Because of the agency's identification of this area as a management challenge and pointed efforts to address the need for enhanced diversity and inclusion, OIG is incorporating in this year's statement a description of the issue and how the agency is working to address it.



Significant management challenges facing the Peace Corps:

- **Volunteer Health and Safety**
- **Human Capital Management**
- **Information Technology Security Management**
- **Planning and Implementation**
- **Diversity and Inclusion of Staff and Volunteers**

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

Challenge: Volunteer Health and Safety

Why This Is a Challenge

As mentioned above, in response to the growing threat of the COVID-19 pandemic, in March of 2020 the Director ordered the evacuation of all Peace Corps Volunteers from their countries of service and their return to the United States. This decision and the resulting effort involved in transporting almost 6,900 Volunteers in a matter of weeks back to the U.S. was consistent with the agency's commitment to prioritizing the health and safety of its Volunteers. While lack of Volunteers in the field minimizes previously identified challenges to Volunteer health and safety, these unresolved challenges may become more complex as the Peace Corps begins to redeploy Volunteers amid the pandemic, and new challenges will surely arise.

Volunteer Medical Care

OIG remains concerned about the following aspects of the agency's Volunteer health related policies, procedures, and practices identified in our 2019 statement of management challenges:

- an incomplete approach to conducting root cause analyses of adverse or sentinel patient safety events;
- potentially insufficient medical support for Volunteers in remote countries with only one Peace Corps medical officer; and
- deficiencies in posts' medical action plans.

Furthermore, recent OIG evaluations identified Volunteer resilience and mental health as a challenge. The agency has established goals and objectives in its Strategic Plan related to resilience and mental health, i.e. establishing realistic expectations of service; increasing Volunteers' ability to independently manage inevitable adjustment challenges; and building the resources and skills of non-clinical staff, Volunteers, and partners to enhance Volunteers' resilience. In three recent country

program evaluations, Volunteers reported being dissatisfied with either their ability to access counseling, or with the sufficiency of information and training about in-country stressors and challenges and how to manage them during service.

In addition to our previous concerns about Volunteer medical care, the COVID-19 pandemic and the efforts to resume Volunteer activities pose an unprecedented challenge for maintaining the health and safety of Volunteers and the communities they serve. In June 2020, the agency issued its Country Re-Entry Guide (CREG) that serves as comprehensive guidance for planning to return Volunteers to service, with primary emphasis on mitigating the risks of the COVID-19 pandemic. As stated in the CREG, "The COVID-19 pandemic and associated societal consequences are significantly impacting many lives globally, including the lives of [Volunteers/trainees] and the communities they serve."

As outlined by the CREG, the pandemic deeply impacts Peace Corps operations, requiring additional consideration for mitigating the impacts of COVID-19 in each of the following areas: pre-departure and staging; Volunteer training; housing, communities, and worksites; travel and transportation; Peace Corps offices and the health unit; psychosocial stressors; and symptomatic or COVID-19 positive Volunteers. Furthermore, the Peace Corps has had to modify its approach to medical screening for applicants due to the additional risks of COVID-19 for people with certain conditions.

Volunteer Site Development

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, during recent country program evaluations of Senegal, Paraguay, Thailand, Mozambique, Comoros, Kyrgyz Republic, Tanzania, Panama, and Eastern

Caribbean, OIG found site history files were incomplete, insufficiently organized, or not being used to inform site selection.

In addition, OIG found shortcomings with multiple posts' self-identified site selection criteria, which is required per MS 270 to ensure that Volunteer sites, housing, and work assignments are appropriate. Either criteria were inadequate and superficial, or posts were out of compliance with their criteria. Furthermore, appropriate staff (including the safety and security managers and Peace Corps medical officers) were not always sufficiently included in the site development process.

In several recent country program evaluation reports, we found that Volunteers were violating the posts' transportation policies that banned or limited the use of motorcycle taxis. Although they often said motorcycle taxis were simply more convenient, Volunteers also commonly reported that there were limited Peace Corps-approved transportation options to and from their sites, especially in rural areas. Without housing checks and proper site development, the agency may inadvertently place Volunteers in houses and sites where safety and security risks are unknown.

The COVID-19 pandemic may increase the difficulty of finding suitable sites for Volunteer placement. As briefly mentioned above, additional considerations will have to be factored into decisions regarding Volunteer housing, communities, and worksites to reduce the risk of COVID-19 transmission, as well as to prepare communities to host a Volunteer during the pandemic. This includes additional possible mitigation measures related to travel and transportation to reduce the risk of transmission through reduced travel or availability of safe modes of transportation. The added considerations will require posts to more carefully consider housing and work assignments as well as travel and transportation in the current environment.

Volunteer Drug Use

In August 2018, OIG issued a management advisory report on Volunteer drug use alerting the agency that efforts to address Volunteer drug use had been insufficient and that drug use continued to pose a serious risk to the integrity and reputation of the Peace Corps and to the health and safety of Volunteers.¹ OIG found that country directors struggled to resolve allegations of drug use through administrative action due to a high burden of proof and a lack of tools necessary to address the allegations in a fair and consistent manner. We also found that agency records on Volunteer misconduct related to drug use were incomplete, inaccurate, and inconsistent. While the agency has considered and rejected reasonable suspicion drug testing for Volunteers, it has not developed additional tools to help country directors resolve these allegations. Moreover, five of the six recommendations remain open.

Progress in Addressing the Challenge

Volunteer Medical Care

As mentioned above, the agency developed the CREG in June which provides a review process to first assess whether conditions in-country are favorable for re-entry, and subsequently to plan and prepare for re-entry. It includes tools and deliverables for safely returning Volunteers to service and reducing the risk of COVID-19 transmission once there. See challenge Planning and Implementation for more information on the CREG.

In last year's management challenges, we reported that the agency's oversight over malaria risk reduction and prevention was a challenge. In response to OIG's Management Advisory Report concerning the death of a Volunteer in Comoros, the agency made progress in several areas, including: updates to its malaria prevention and diagnosis training sessions for agency medical officers at continuing medical education sessions; the development of new malaria education materials for staff; updates to its technical

¹ [Management Advisory Report: Volunteer Drug Use \(2018\)](#)

guidelines for malaria prevention and treatment; updates to its clinical escalation policy; updates to its clinical documentation standards; and approval of the hiring of an additional medical officer for Comoros.

The agency also updated its patient safety procedures to include a safety assessment code matrix. This matrix categorizes patient safety events by probability and severity. It is a screening tool to select the events most appropriate for root cause analysis. Consequently, OIG closed the recommendation to implement a screening process. OIG reviewed the agency's recent root cause analyses and found some improvements in the area of system focus and action plans.

In addition, the agency reported to OIG that it had been piloting a Volunteer resilience training based on research and best practices for enhancing resilience, and that, as of the beginning of November 2019, 12 posts had either completed or started the pilot.

Volunteer Drug Use

The agency provided documentation of its efforts to increase Volunteer awareness of the impacts of drug use on their safety and the effectiveness of their service. Additionally, recent changes to policy in cases where Volunteers admit to, or are found to have engaged in, the use, possession, or distribution of drugs may streamline agency decision-making in such cases.

What Needs to Be Done

Ensuring the health and safety of Volunteers as they return to the field will require extensive coordination between work units at posts and between posts and headquarters offices. The CREG sets the expectation that posts will liaise closely with Region, OSS, and OHS representatives throughout the planning and review process to ensure that all criteria for re-entry are met. The CREG also emphasizes the need for posts' emergency action plans and medical action plans to be aligned to protect

the safety and health of Volunteers, with updates to the two documents requiring a team effort between medical, safety, administrative, and programming staff at posts. Further, the agency is requiring posts to complete a COVID-19 specific response plan as part of their emergency action plan. The CREG also requires additional safety & security and health training related to the security environment in-country and impacts of COVID-19. Posts should implement these requirements in order to ensure the health and safety of Volunteers during the pandemic.

Volunteer Medical Care

To improve the Volunteer health care program, the agency should implement recommendations from the 2016 Follow-Up Evaluation of Issues Identified in the 2010 Peace Corps/Morocco Assessment of Medical Care, including updating agency guidance to clarify oversight responsibility for medical units at Peace Corps posts. We also recommended in this report that the agency should work to improve their patient safety event review process, since this process will better ensure that the Peace Corps continuously learns how to better support Volunteer health and safety. Specifically, the agency should ensure reviews include key components like root cause and effect statements and process or outcome measures. The agency also needs to provide sufficient and appropriate staffing for case reviews. Related to its strategic objective on Volunteer resiliency, the agency should provide clearer communication to Volunteers that it may consider a medical separation necessary in the event that sufficient mental health support is not available to the Volunteer in the country of service. In addition, the agency should assess the need to have at least two qualified medical officers at posts with an active Volunteer population, prioritizing those posts with one medical officer in a vulnerable environment.

Because recent OIG evaluations have found medical action plans to be incomplete, the agency should improve its oversight of posts' medical action plans. Additionally,

due to the COVID-19 pandemic, the CREG requires each post to conduct a comprehensive review of their medical action plan. In addition to previous requirements, the assessment is to include host country public health reporting requirements, local testing and treatment regulations, possible transportation restrictions for COVID-19 positive patients, personal protective equipment requirements of the health unit, location for quarantine, and/or country-specific COVID-19 assessment and management measures.

Volunteer Site Development

In order to reduce safety and security risks to Volunteers, the agency should continue to provide training and technical assistance to overseas field staff to improve use of the electronic system to manage site history files. Furthermore, posts need to ensure that Volunteers' sites, housing, and work assignments meet their specified selection criteria and that appropriate staff are involved in inspecting and approving Volunteer housing.

To reduce the safety risks associated with Volunteer transportation, the agency should improve implementation and enforcement of motorcycle policies at Peace Corps posts. It should clarify with posts the importance of collecting more accurate information about the transportation options Volunteers will have at their sites and consider those options in relation to the post's transportation policy and standards.

To mitigate the risks associated with operating during the COVID-19 pandemic, the agency has established a broad set of considerations for field staff concerning the selection of Volunteer sites, including for housing, host families, work sites, and transportation options. Posts will need to implement a site development process that accounts for these considerations as part of the effort to resume Volunteer activities.

Volunteer Drug Use

The agency should take measures to better address Volunteer use of unauthorized

drugs. Country directors need greater support in resolving drug use allegations at posts, and the agency needs to gather information on the prevalence of and factors contributing to unauthorized drug use in the context of Volunteer service, as well as improve the accuracy and analysis of data collection stemming from unauthorized drug use among Volunteers.

Key OIG Resources

[Management Advisory Report: Peace Corps/Ghana Gas Tank Cooking Safety \(2020\)](#)

[Evaluation of Peace Corps/Eastern Caribbean \(2020\)](#)

[Evaluation of Peace Corps/Tanzania \(2020\)](#)

[Evaluation of Peace Corps/Panama \(2020\)](#)

[Evaluation of Peace Corps/Kyrgyz Republic \(2019\)](#)

[Evaluation of Peace Corps/Paraguay \(2019\)](#)

[Evaluation of Peace Corps/Comoros \(2019\)](#)

[Evaluation of Peace Corps/Thailand \(2019\)](#)

[Evaluation of Peace Corps/Mozambique \(2019\)](#)

[Evaluation of Peace Corps/Senegal \(2018\)](#)

[Management Advisory Report: Volunteer Drug Use \(2018\)](#)

[Evaluation of Peace Corps/Albania \(2018\)](#)

[Evaluation of Peace Corps/South Africa \(2017\)](#)

[Management Advisory Report: Site History Files \(2016\)](#)

[Recurring Issues Report: Common Challenges Facing Peace Corps Posts, FYs 2012-2015 \(2016\)](#)

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

[The Peace Corps' Response to OIG Investigative Review of the Circumstances Surrounding the Death of a Volunteer in Peace Corps/China \(2015\)](#)

[Investigative Review of the Circumstances Surrounding the Death of a Volunteer in Peace Corps/China \(2014\)](#)

[Death Inquiry and Assessment of Medical Care in Peace Corps Morocco \(2010\)](#)

[Follow-up Evaluation of the Volunteer Delivery System \(2010\)](#)

Challenge: Human Capital Management

Why This is a Challenge

Key pillars of human capital management include hiring, staff retention, training, and knowledge management. In performing oversight over agency operations, OIG has highlighted areas of concern in all four sectors. Most importantly, we have noted how excessive personnel turnover has substantially exacerbated these challenges.

Nearly all Peace Corps U.S. direct-hire staff are subject to a 5-year term limit called the “5-year rule” (FYR). Congress enacted the FYR in 1965 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. In June 2012, OIG reported that, between 2005 and 2009, the annual pace of employee turnover was between 25 percent and 38 percent, quadruple the average turnover rate in the Federal government, and beyond the original intent of the FYR. We estimated that FYR-driven turnover accounted for approximately 60 percent of \$20.7 million in total turnover management costs over that period.²

Hiring and Retaining Qualified Staff

Issues stemming from high turnover have persisted over time and affect multiple aspects of agency operations. The aforementioned report details some of these effects at headquarters, including a weakened ability to attract and retain qualified personnel for core management functions and shortened tenures of approximately 3 years. In July 2017, OIG issued the “Management Implication Report: Challenges Associated with Staff Turnover”.³ This report consolidated comments from post leadership from 27 evaluations between 2010 and 2015 on the negative effects of staff turnover on the agency’s ability to maintain

high quality Volunteer support at posts. We specifically cited a report by the Field Advisory Board which noted that persistent gaps in post leadership compromised post performance and the ability to perform core business functions.

In 2019, the Peace Corps requested the Office of Personnel Management (OPM) to conduct an assessment of its organizational design and performance to shed light on how the agency can better meet its workforce needs. The report similarly found that the FYR contributed to increased turnover, extended vacancies, and other difficulties in work processes. Focus group participants commented on how the FYR resulted in a lack of continuity and reduced the length of fully productive employment when considering onboarding, training needs, and employees’ learning curves.

Training and Knowledge Management

Our 2012 FYR evaluation and 2017 management implication report highlighted how excessive personnel turnover and shortened staff tenures made it especially difficult for the agency to keep pace with meeting staff training needs, and to maintain sufficient institutional memory and effective knowledge management practices. With high turnover, the Peace Corps must rely on its policies, reports, and institutional knowledge to record and communicate key processes or initiatives.

We identified several deficiencies in our September 2014 evaluation of overseas staff training; 12 of the 25 recommendations remained open as of September 2020. These open recommendations addressed a range of staff training issues, including ensuring that all newly hired headquarters and overseas staff complete job-specific training, and implementing a process to assess the training needs of staff.⁴

² [Final Evaluation Report: Impacts of the Five-Year Rule on Operations of the Peace Corps \(2012\)](#)

³ [Management Implication Report: Challenges Associated with Staff Turnover \(2017\)](#)

⁴ [Final Program Evaluation Report: Training Peace Corps’ Overseas Staff \(2014\)](#)

Knowledge management, defined as capturing, distributing, and effectively using knowledge, becomes critical in environments with high turnover. Our FYR evaluation reported how frequent turnover had negatively affected the Peace Corps' institutional memory, a problem other studies from as early as 1974 have also noted. When experienced staff leave with no overlap with incoming staff or without sufficiently documenting the status of projects they were involved in, projects and initiatives sometimes fail to progress, and individuals or offices may "reinvent the wheel" in their efforts to address issues or institutional challenges. The OPM report expressed concern about inefficient processes as staff struggled to find documentation of past solutions or initiatives. Additionally, focus group participants noted that work silos created single points of failure because of the lack of documentation.

Progress in Addressing the Challenge

The OPM report was produced at the request of the Peace Corps. The agency intended that the report contribute to a strategic review of current organizational performance, design, and position management, and include recommendations for improvement. Further, the Office of Human Resources (HR) distributed the report to all supervisors in the agency and conducted discussions with them of ways to improve work processes in their units. This collaborative effort displays HR's commitment to identify, improve, and mitigate issues.

Hiring and Retaining Qualified Staff

In July 2019, the Director announced her exemptions of seven positions in four core operations units such as HR and the Office of the Chief Financial Officer as a result of the Sam Farr and Nick Castle Peace Corps Reform Act of 2018 which allows the Director to exempt certain critical positions from the FYR requiring specialized technical or professional skills and knowledge of Peace Corps operations. While exempting seven positions is likely to

improve institutional memory and enhance the continuity of operations in the affected offices, we have not assessed whether this step will have a broader organizational impact on addressing this challenge.

Training and Knowledge Management

We closed a recommendation based on the agency's document submission from our 2014 evaluation report on overseas staff training regarding the need to develop standard operating procedures and guidance to monitor the completion of mandatory staff trainings. The agency also recently launched a training course for overseas supervisory staff, which may address another recommendation in the report. Lastly, Peace Corps staff reported progress in implementing record keeping standards. By the fourth quarter of 2020, 68 percent of posts had enacted the Records Management Post File Structure.


What Needs To Be Done

Hiring and Retaining Qualified Staff

Following the recent workforce reduction, the agency must ensure that headquarters offices are properly equipped to provide quality support and oversight of overseas operations and consider exempting additional positions or core business functions in the agency. The agency still needs to address two open recommendations (recommendations 2 and 3) from our 2012 FYR report relating to better management of turnover and acquisition and retention of qualified personnel in core business functions. The agency should continue to take steps to address the challenges and recommendations identified by the OPM report.

Training and Knowledge Management

Peace Corps leadership should develop and enact an agency-wide strategy to formalize knowledge management practices related to recording institutional memory, developing standard operating procedures for key processes, and ensuring



accessibility. Also, the agency should consider the recommendations from the OPM report like creating a formal off-boarding policy and utilizing cross-training and communities of practice to determine beneficial actions. Finally, the agency should provide documentation to OIG of its efforts to improve training and knowledge management, for example its mandatory training course catalogue, which may facilitate the closure of open recommendations.

Key OIG Resources

[Management Implication Report: Challenges Associated with Staff Turnover \(2017\)](#)

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

[Evaluation of Impacts of the Five-Year Rule on Operations of the Peace Corps \(2012\)](#)

Challenge: Information Technology Security Management

Why This Is a Challenge

Effective information technology (IT) security programs help protect agency data from being misused by both internal and external actors and minimize the risk of threats to sensitive data. Federal laws and regulations governing IT security are designed to strengthen an agency's management of its overall operations. They also provide significant guidance to help prevent serious information security incidents. The Federal Information Security Modernization Act of 2014 (FISMA), is central to the Federal IT security program. The objective of FISMA is to ensure agencies develop, document, and implement an agency-wide program to provide information security for the information and systems that support their operations and assets.

The Peace Corps continues to lack an effective information security program and has made minimal improvement over the last 10 years. Foundational IT elements, such as having clearly defined boundaries and a complete listing of hardware, are missing. Some of the identified issues have been outstanding for over a decade, and the agency has struggled to implement corrective actions. Weaknesses across all five FISMA reportable areas exist because the agency has taken a predominately passive approach to compliance and has not integrated information security into business operations. OIG is concerned about the quality of the agency's IT security program, especially considering the sensitive data that the Peace Corps maintains, notably employee personnel records, Volunteer health records, and Volunteer sexual assault incident information.

Implementing change at the organizational level requires a serious and sustained undertaking with involvement and dedication from agency leadership and all relevant stakeholders. The agency does not have the appropriate planning, resource, and communications structures in place, but

it nevertheless has continued to initiate extensive foundational changes to its IT infrastructure. During FY 2020, the Peace Corps relocated the data center, moved to a new headquarters building, and, due to the ongoing COVID-19 pandemic, evacuated all Peace Corps Volunteers. In implementing these major shifts, the agency focused on uninterrupted day-to-day operations without sufficient attention to the information security program. Specifically, the Office of the Chief Information Officer (OCIO) accepted information security risks to the infrastructure with the condition that remediation steps would be taken in a timely manner; however, the agency did not meet, and in some instances violated, the conditions established in the authorization. OCIO also continued to utilize outdated and unsupported assets in the Peace Corps' IT environment which left information vulnerable to malicious attacks. Furthermore, the agency has continued to make decisions for business convenience without understanding the information security risk or the impact to the entire agency. For example, the agency significantly changed its General Support System, which is the backbone of the agency's IT infrastructure, without evaluating the impact or added risks to the agency's operations. A similar infraction occurred in FY 2016 with the Peace Corps Medical Electronic Documentation & Inventory Control System. Despite successive years of problems there is an overall lack of accountability for achieving an effective information security program.

A key foundational issue is the absence of a fully-implemented, comprehensive, agency-wide risk management program that is effective at monitoring, identifying, and assessing security weaknesses and resolving related problems at the entity, business process, and information system levels. See the Management Challenge section titled Planning and Implementation. Without a robust risk management process, the Peace Corps is exposed to risk of attacks, environmental disruptions, and business failures.

What Needs to Be Done

In order to ensure the agency's information, operations, and assets are protected, it is critical that the Peace Corps achieve full compliance with FISMA and other Federal laws and regulations that apply to managing its IT security infrastructure. Our reviews of the Peace Corps' Information Security Program have contained several actionable steps that the agency should take to improve its security program. However, over the last decade, the agency has failed to make systemic changes to fully address these recommendations.

The Peace Corps will need to focus on improving its IT security program by elevating IT security decision making, ensuring agency policies are comprehensive, fostering individual and organizational accountability for poor program implementation, and prioritizing the time and resources necessary to become fully FISMA compliant and eliminate weaknesses. Also, a fully implemented comprehensive risk management program would establish a platform for the Peace Corps to evaluate information security risks that could impact the agency's ability to fulfill its mission and conduct critical business processes. Moreover, elevating the role and responsibilities of critical information security positions will help ensure that information security risks will be integrated into operational decisions. Until senior leadership is sufficiently involved and provided the full picture of IT security risks, the Peace Corps will not make notable progress in securing its information systems.

Key OIG Resources

[Review of the Peace Corps' Information Security Program \(2019\)](#)

[Summary of Internal Control Issues Over the Peace Corps' Financial Reporting \(FY 2019\)](#)

Challenge: Planning and Implementation

Why This Is a Challenge

In 2019, OIG's statement of management challenges included our concerns that the agency struggled to plan for the long-term impacts of risk and resource needs of the organization. Specifically, OIG highlighted areas of concern where the agency did not apply sufficient time and resources to document decisions, ensure the appropriate resources are assigned, and comprehensively consider risks to plan and implement new initiatives and programs.

Informed decision making involves consideration of data quality and consultation with those with applicable knowledge. Decisions should be documented for future consultation, to assign responsibility, and to ensure accountability as management develops programs and policies. Our management advisory report on the suspension of Peace Corps/Kenya found that the agency did not sufficiently document decisions and recommendations concerning continued operations in the country.⁵ In addition, our management advisory report on Volunteer drug use found that an important obstacle to prioritizing and addressing Volunteer drug use was the agency's inadequate approach to maintaining the information it needs to understand the scope of the problem and ensuring data quality of the information it collected.⁶

When investing resources, the agency focuses on functions that directly relate to its mission and priorities, which largely revolve around direct Volunteer support, but management should also consider the administrative functions that enable the Peace Corps to provide that support. Namely, enterprise risk management (ERM) and information technology security are critical programs for efficient business processes, effective programming, and

the safeguarding of data. The agency committed to developing an ERM program in 2018. Information technology security meanwhile suffers from inadequate action and resources. See challenge Information Technology Security Management.

These deficiencies in planning and implementing could impede the agency's ability to effectively respond to the unprecedented challenges presented by the COVID-19 pandemic. The agency will have to effectively coordinate many offices and resources to continuously assess needs and resume Volunteer operations under uncertainty. As mentioned above, the Director made the decision in March to suspend all Volunteer activities, and the agency began evacuating all Volunteers.⁷ Also in March, domestic Peace Corps staff moved to mandatory telework, with some exceptions, while overseas staff followed staffing and teleworking orders from their respective chiefs of mission. The agency as of September 2020 was in the process of implementing a phased approach to return staff to headquarters and other domestic facilities.

The COVID-19 pandemic continues to pose unique challenges for the Peace Corps that affect every aspect of operation as the agency attempts to resume normal operations by redeploying Volunteers to over 60 countries with varying pandemic responses, supporting infrastructure, and data reliability. Effective planning and implementation will be key to success. Even in countries with few to no COVID-19 cases the agency must carefully consider the reliability of transportation and the quality of medical care. Safe re-entry could prove complicated since part of the Peace Corps mission is to provide resources to countries in need where infrastructure may not be as well developed for protecting Volunteer and staff health and safety during the pandemic.

⁵ [Management Advisory Report: Managing the Suspension of Peace Corps/Kenya: A Case Study \(2018\)](#)

⁶ [Management Advisory Report: Volunteer Drug Use \(2018\)](#)

⁷ We use the term "Volunteers" to mean both Volunteers and trainees.

Progress in Addressing the Challenge

As part of its effort to implement an ERM framework, the agency's ERM Council approved risk categories to be examined and a format for the framework. The agency assigned additional personnel to an ERM secretariat to contribute perspectives from multiple offices within the agency. It has also begun developing office-level risk registers with plans to complete risk registers for all offices by the end of FY 2021.

In response to the COVID-19 pandemic, the agency has taken some important steps, particularly in planning for the resumption of Volunteer activities and the return to Peace Corps facilities. At the onset of the pandemic, the Peace Corps made an early decision to evacuate all Volunteers, using post- and Region-driven approaches to return them to the U.S. After the evacuation, the agency provided support to the evacuated Volunteers, including an additional month of health care benefits,⁸ an evacuation allowance, a wellness stipend, and non-competitive eligibility for Federal jobs for sworn-in Volunteers even if they did not complete 12 months of service as normally required.

In January, the Director ordered the formation of a COVID-19 working group, which was converted in March to a task force comprised of 5 working groups to develop activities, tasks, and timelines to allow the agency to remain focused on its mission and objectives while planning its return to posts. The agency developed key guidance documents collected in the CREG, which directs management decision-making with the purpose of mitigating the risks of the global COVID-19 pandemic to staff, Volunteers, and host country communities. Developed by the task force's return-to-service working group with input from the Office of Health Services (OHS), Office of Safety and Security (OSS), Office of Global Operations (OGO), Regions, and other headquarters offices, the CREG provides a well-defined process and deliverables for re-entry planning. This process includes two separate reviews: an external review which assesses external conditions that

must be favorable for re-entry, and an internal review which assesses a post's planning and preparation for re-entry. After performing the reviews, an Approval Committee composed of representatives from Regions, OGO, OSS, OHS, and OCFO will make recommendations to the Director to approve a post for re-entry. Through the CREG, the agency set specific timelines to initiate the review process, to include weekly monitoring of external conditions at each post. The agency also issued Peace Corps Everlasting: Staff Roadmap to Return, which outlines the agency's plan for staff to return to Peace Corps facilities, both domestically and overseas. Additionally, the agency has developed COVID-19 Notification and Contact Tracing Procedures to use in the event an employee tests positive for COVID-19.

What Needs to Be Done

Decisions about Peace Corps priorities and initiatives should be assessed at the agency level and properly documented; efforts should be appropriately planned; and their implementation into agency policies and procedures should be timely and fully integrated. Additionally, the Peace Corps should continue to develop its ERM program to improve the agency's ability to successfully plan and implement new programs while properly considering possible setbacks and how to address them.

These considerations are especially pertinent regarding the resumption of Volunteer operations. The agency has expended significant amounts of time and resources in planning re-entry and continuation of Peace Corps activities. The challenge moving forward is to ensure effective and agile implementation of the CREG and Peace Corps Everlasting: Staff Roadmap to Return.

Key OIG Resources

[2019 Review of the Peace Corps' Information Security Program](#)

[Management Advisory Report: Managing the Suspension of Peace Corps/Kenya: A Case Study \(2018\)](#)

[Management Advisory Report: Volunteer Drug Use \(2018\)](#)

⁸ The Peace Corps typically provides 1 month of health care for Volunteers after their service, but evacuees received 2 months.

Challenge: Diversity and Inclusion of Staff and Volunteers

Why This Is a Challenge

This past year, the Peace Corps identified and prioritized the need to improve diversity and inclusion within the agency to better achieve the mission of promoting understanding of Americans on the part of the peoples served. The inclusion of a diverse workforce, leadership, and Volunteer corps is integral to the agency's ability to accurately represent America around the world. While the agency's mission and work incorporate these concepts, Peace Corps leadership recognized outstanding needs, especially considering the current US social climate. Peace Corps leadership has expressed that its diversity and inclusion efforts are being undertaken within the bounds of the recent Executive Order on Combating Race and Sex Stereotyping which specifies new prohibitions on Federal trainings related to certain 'divisive concepts.'⁹ OIG is including diversity and inclusion in this statement of management challenges because of the significant focus of agency leadership and resources on this topic, and to provide a summary of the diversity and inclusion efforts underway.

In June 2020, Director Olsen issued a statement on the killing of George Floyd. The Director indicated receiving concerns from Peace Corps staff and Volunteers about the agency's commitment to racial and social justice.⁹ In response to those concerns, the Director committed resources on multiple fronts to address this challenge. The Director established a Diversity and Inclusion Taskforce, hired a senior advisor to strengthen strategies to support diversity, and designated funds for multiple activities supporting diversity initiatives among staff and Volunteers. In subsequent interviews, Peace Corps leadership communicated the importance of minority representation in post leadership, especially when supporting Volunteers of color. In addition, Peace Corps

officials expressed to OIG that the agency's ability to attract and retain highly-motivated applicants to serve as Volunteers will depend on how well it responds to questions or concerns they have about the Peace Corps' approach to diversity and inclusion and the impact in countries of service. Peace Corps staff also stated that Volunteers serve overseas and their effectiveness personally and professionally is dependent on understanding the environment of the countries in which they serve.

Even before June 2020, the agency had taken steps to address this challenge. In September 2019, the Director approved a plan and funding to conduct a comprehensive barrier analysis to satisfy the Management Directive 715¹⁰ requirement instead of the perfunctory analysis usually performed by agencies' Equal Employment Opportunity functions. The government-wide directive instructs agencies to uncover, examine, and remove barriers to equal participation at all levels of the workforce and develop strategic plans to eliminate them.¹¹

Data from the agency and OIG activities supports the need for increased inclusion and support of staff and Volunteers of color. One source of agency data shows a lower prevalence of racial minorities in senior positions at headquarters (FP 1 and 2, and experts) and U.S. Direct Hires at posts than at lower grades of employment and in the Federal government at-large. During our oversight activities, several senior leaders at the Peace Corps have voiced concerns over the way racial inequality and bias impacts the agency, its effectiveness, and its ability to support diverse Volunteers. In fact, results of the Annual Volunteer Survey show that an increasing number of Volunteers do not

⁹ <https://www.peacecorps.gov/news/library/peace-corps-commitment-to-addressing-racial-and-social-injustice/>

¹⁰ Management Directive 715 (MD-715) is the policy guidance which the Equal Employment Opportunity Commission (EEOC) provides to federal agencies for their use in establishing and maintaining effective programs of equal employment opportunity.

¹¹ <https://www.eeoc.gov/federal-sector/management-directive/instructions-federal-agencies-eeo-md-715-1>

think that the Peace Corps is sufficiently inclusive and supportive of people of diverse backgrounds, the percentage rising from 6 percent in 2014 to 17 percent in 2019.

To improve diversity and inclusion, the Peace Corps has implemented initiatives in the past with varying effects and degrees of longevity. One of the most prevalent is Intercultural Competence, Diversity, and Inclusion (ICD&I) training delivered to post staff and Volunteers. This training was created in 2014 to help build understanding of cultural differences among local staff and U.S. citizens, including values and perceptions of Americans going overseas. The ICD&I team, in conjunction with local staff, tailors each training to the post and its historical and cultural context to better enable post staff to support people from different backgrounds. Another initiative is the Diversity Governance Council, a governing body that issues long-term organization-level recommendations to improve diversity. Some other initiatives in the past did not produce sustained action or results largely due to a lack of follow-through related to personnel turnover and insufficient knowledge management. See the Human Capital Management challenge.

Progress in Addressing the Challenge

The Office of Civil Rights and Diversity (OCD) and HR began the first stage of a comprehensive barrier analysis in March 2020, during which the agency's barrier analysis team held focus groups and reviewed data from multiple sources to identify red flags, or triggers. In subsequent stages the team will analyze triggers to determine actual barriers, develop a plan to eliminate barriers, periodically assess the success of the response, and adjust the plan and response as necessary.

The purpose of the Diversity and Inclusion Taskforce is to receive information and recommendations from the Peace Corps community, develop short-, medium-, and long-term action plans, and determine which offices should have ownership to move initiatives forward. The taskforce consists of three working groups: one focused on

staff recommendations and two focused on Volunteers, from recruitment to completion of service and Third Goal. Since its creation in July, the taskforce has gathered feedback from staff, returned Volunteers, and agency stakeholder groups.

In addition, the agency has led conversations with post and headquarters staff to determine their needs, promote understanding, and encourage ongoing discussion. Lastly employee resource groups have held learning events for staff highlighting diverse experiences and leaders of the Peace Corps.

What Needs to Be Done

Besides including and supporting Volunteers and staff of diverse backgrounds, another goal communicated by agency leadership is to embed inclusion-oriented practices in all aspects of operations such as human resources, recruitment, Volunteer training, and program evaluation, instead of discrete or siloed programs. Staff further expressed that this is especially important to the Peace Corps' future as Volunteers and applicants look further into the Peace Corps' responsible and inclusive community engagement around the world. Agency leadership communicated the need to ensure sustainability by investing in long-term solutions, institutionalizing processes to continuously gather and use data, and determining how the Peace Corps' workforce will be involved in ongoing implementation.

The barrier analysis team will begin its second stage after receiving training from the Equal Employment Opportunity Commission, postponed until December 2020 because of COVID-19. In the next two stages, it will develop measurable actions to eliminate barriers and then assess progress and implement improvements on an ongoing basis. The team is expected to begin stage 4 of the barrier analysis in October 2021.

At the time of drafting this report, the diversity taskforce had paused its work. The agency awaited further guidance from the Office of Personnel Management on allowable activities under the Executive Order on Combatting Race and Sex

Stereotyping. Agency leadership also noted the importance of working within the larger system of the Federal government, recognizing specific regulations, shifting priorities, and managing expectations.

Key OIG Resources

[The Peace Corps' Commitment to Addressing Racial and Social Injustice \(Press Release 2020\)](#)

[The Peace Corps Welcomes New Senior Advisor to the Director Dr. Darlene Grant \(Press Release 2020\)](#)

[Executive Order 13950 on Combating Race and Sex Stereotyping](#)

[OPM Memo: Mandatory Review of Employee Training under E.O. 13950 September 22, 2020](#)

Summary of Financial Statement Audit and Management Assurances

| SUMMARY OF FINANCIAL STATEMENT AUDIT | | | | | |
|--------------------------------------|-------------------|-----|----------|--------------|----------------|
| Audit Opinion Restatement | Unmodified No | | | | |
| | Beginning Balance | New | Resolved | Consolidated | Ending Balance |
| Total Material Weaknesses | 0 | 0 | 0 | 0 | 0 |

| SUMMARY OF MANAGEMENT ASSURANCES | | | | | | |
|--|-------------------|-----|----------|--------------|------------|----------------|
| Effectiveness of Internal Control over Financial Reporting (FMFIA § 2) | | | | | | |
| Statement of Assurance | Unmodified | | | | | |
| | Beginning Balance | New | Resolved | Consolidated | Reassessed | Ending Balance |
| Total Material Weaknesses | 0 | 0 | 0 | 0 | 0 | 0 |

| SUMMARY OF MANAGEMENT ASSURANCES | | | | | | |
|--|-------------------|-----|----------|--------------|------------|----------------|
| Effectiveness of Internal Control over Financial Reporting (FMFIA § 2) | | | | | | |
| Statement of Assurance | Unmodified | | | | | |
| | Beginning Balance | New | Resolved | Consolidated | Reassessed | Ending Balance |
| Total Material Weaknesses | 0 | 0 | 0 | 0 | 0 | 0 |

| Conformance with Financial Management System Requirements (FMFIA § 4) | | | | | | |
|---|-------------------|-----|----------|--------------|------------|----------------|
| Statement of Assurance | Unmodified | | | | | |
| | Beginning Balance | New | Resolved | Consolidated | Reassessed | Ending Balance |
| Total Non-Conformance | 1 | 0 | 0 | 0 | 0 | 1 |

Definition of Terms

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

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

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

Consolidated: The combination of two or more findings.

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

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



Returned Volunteers, Chris and Matt, in action hosting an exercise presentation to students at a health fair in Belize. We rolled two pairs of dice: one with exercise, the other with quantity you have to do. The kids loved it so much that they asked me to play it afterwards for so long that I physically couldn't "play" lunges or sit ups anymore.

APPENDICES

- 110** Status of Audit Weaknesses
- 112** Verification and Validation
 of Performance Data
- 114** Glossary of Acronyms



Participants work in a group to discuss professional mannerisms. This knowledge helps those from rural areas not exposed to city life learn how to act in the workplace.

Appendix 1

Status of Audit Weaknesses

| PART I – SIGNIFICANT DEFICIENCY FINDINGS | STATUS AS OF FY 2020 | PROJECTED RESOLUTION DATE |
|--|--------------------------|---------------------------|
| Information Technology Security | Open As Projected | December 2021 |

FY 2020 Completed Corrective Actions

1. Implemented EINSTEIN continues monitoring integration.
2. Initiated Phase 2 of Continues Diagnostic Monitoring (CDM).

FY 2021 Planned Corrective Actions

1. Identity Credential and Access Management – Complete domestic coverage and begin international planning and implementation.
2. Implementation of cybersecurity workforce program, to include skills, needs gap reporting, analysis, and remediation.
3. Complete Phase 2 of CDM.
4. Integrate security architecture with enterprise risk management.

| | | |
|---|----------------|-----------------------|
| Inadequate Internal Controls Over Property, Plant, and Equipment | Delayed | September 2021 |
|---|----------------|-----------------------|

FY 2020 Completed Corrective Actions

1. Identified users of property management software and provide necessary training for the timely and accurate recordation of accountable assets.
2. Performed quarterly reconciliation between Odyssey Fixed Asset Module and source systems, such as Vehicle Management Information System and Sunflower.
3. Updated Odyssey's Fixed Asset module to default to useful life for vehicles to correspond with current agency-established useful life.

FY 2021 Planned Corrective Actions

1. Strengthen the process to ensure that accountable assets are recorded accurately and timely, within the agency's personal property management and financial systems.
2. Implement an effective two-way reconciliation between sources systems and the financial system applications.
3. Perform the necessary training to staff responsible to recording assets.

| PART II – NONCOMPLIANCE FINDINGS | STATUS AS OF FY 2020 | PROJECTED RESOLUTION DATE |
|---|--------------------------|---------------------------|
| Federal Information Security Modernization Act of 2014 (FISMA) | Open As Projected | December 2021 |

FY 2020 Completed Corrective Actions

1. Developed Information Security Continues Monitoring (ISCM) strategy.
2. Began updates to respective contingency plans.

FY 2021 Planned Corrective Actions

1. Fully implement ISCM strategy.
2. Complete updates to respective contingency plans.
3. Integrate security architecture with enterprise risk management.



Several Volunteers are working with the Azuero Earth Project to provide environmental education. In this photo, students from a primary school in Pedasí, Panama, are planting mangrove seedlings in areas that have been cleared or disturbed. Of the six different types of mangroves, students try to match the variety with the optimum salinity level to maximize successful transplanting.

Verification and Validation of Performance Data

Detailed operational definitions, data sources, and a comprehensive methodology for measuring each performance goal supports our data collection and reporting consistency. The agency ensures that data are clean, complete, and accurate. The Office of Strategic Information, Research, and Planning oversees and reviews all performance goals, focusing its efforts on continually improving data quality. The major data sources available to agency staff for assessing performance goals are detailed below.

Peace Corps Administrative Records and Databases

For some performance goals, the Peace Corps collects annual data on topics such as language proficiency interview scores, project framework reviews, vacancy gaps, and risk registers from records maintained in headquarters offices and overseas posts. For others, the agency relies on centralized database systems to collect information on Volunteers, programs, health services, finances, and human resources. In order to maintain data integrity and ensure the appropriate data entry methodology is followed, only properly trained and authorized staff can access key systems. Routine reconciliation processes among agency units and internal, automated system checks, enable users to verify performance data, isolate potential data entry errors, and correct discrepancies. To meet the required level of accuracy and provide current and historical information, the agency uses database rules and business processes on existing systems, and incorporates ongoing modernization efforts led by the Office of the Chief Information Officer. Where data limitations do exist, they will be noted in the appropriate section.

Volunteer Reporting Tool

Since FY 2008, Volunteers have been reporting on their work and the progress they are making toward their project outcomes through the VRT. Volunteer reports are submitted to overseas post staff through the VRT on a quarterly or semiannual basis. Staff review all reports and work with Volunteers to verify data and to correct anomalies

prior to analyzing the results. VRT data are then used to report on Volunteers' contributions to agency strategic partners, such as PEPFAR and Feed the Future.

Since the development of the first version of the VRT, the Office of Overseas Programming and Training Support has led the agency's efforts to enhance the user experience, reduce data entry errors, and improve reporting. The agency provides in-depth VRT training and support to Volunteers and staff to ensure that data are collected, analyzed, and reported properly. The agency has also developed data collection tools to standardize the methods that Volunteers use to collect data.

The primary data quality challenges that remain are ensuring that posts have adequate time for data cleaning and that they set realistic yet ambitious targets. The agency is addressing these challenges by working with overseas posts to train Volunteers in monitoring and evaluation and to encourage Volunteer's reporting. It is also documenting and considering reporting rates when conducting analyses. The agency is also working to design the next generation of the VRT based on newer technology that will be easier to maintain, allow more mobile reporting by Volunteers, and provide more support for robust data analysis.

Annual Volunteer Survey (AVS)

In accordance with the Kate Puzey Act mandate, as extended by the Sam Farr and Nick Castle Peace Corps Reform Act, the Peace Corps conducts the AVS, which 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.

While the survey is typically completed each year by nine out of every 10 Volunteers who have been in service for at least one month, the AVS was not conducted in FY 2020 due to the COVID-19 pandemic and the resulting global evacuation and the close of service of all Volunteers. As a result, in

FY 2020, the Peace Corps was unable to fulfill the Kate Puzey Act mandate to survey currently serving Volunteers. However, in June to July 2020, the agency conducted a special survey of the evacuated returned Volunteers that enabled them to provide feedback on agency operations.

It is important to note that the survey is not administered to a random sample of Volunteers who have been selected to represent all of them, but is sent to all Volunteers serving for at least 30 days at their sites (in FY 2020, the survey was sent to all Volunteers and Trainees who were evacuated due to the COVID-19 pandemic). Because of this, the results are subject to potential bias if the Volunteers who choose to respond have different viewpoints from those who choose not to respond. However, the high response rate and data verification and validation measures minimize total survey error at the global level.

Survey respondents reflect the Peace Corps' overall composition by gender, age, geographic location, and length of service. Responses to all AVS questions are directly provided by the Volunteers in an external survey database. To ensure data quality, rigorous data cleaning procedures are applied to the dataset prior to analysis. The results are then used to inform agency leadership about the Volunteers' perspectives on key issues.

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. The agency also reviews long-term trends to account for response variations.

Federal Employee Viewpoint Survey

The Federal Employee Viewpoint Survey is administered to all U.S. direct hire staff annually. The survey measures the perceptions of employees and how effectively the agency manages its workforce. The agency uses the survey results to compare working conditions at the Peace Corps with other federal government agencies and identifies opportunities to improve workforce management.

The demographic profile of survey respondents is consistently representative of the U.S. direct hire staff. The survey is administered electronically, and most questions are identical to the Federal Employee Viewpoint Survey fielded each year across the federal government by the Office of Personnel Management.

The survey is not administered to a random sample of Peace Corps employees; as a result, the survey is subject to nonresponse bias. Additionally, the survey represents the views of employees at a fixed point in time and can be influenced by external factors. The agency accounts for these data limitations by drawing conclusions from multi-year trends and by comparing the results with those of other federal agencies.

Host Country Staff Survey

This survey has been fielded every year since FY 2014 to systematically gather perspectives from host country staff. It is a short, confidential, voluntary survey designed to learn more about the agency's impact in the posts where it operates by gathering input from host country staff and assessing the rate of achievement of reaching Peace Corps Goals One and Two. The survey includes questions covering staff training, diversity and inclusion, contributions to the Peace Corps' goals, development impact, and job satisfaction. For the FY 2020 survey, a section was added to obtain feedback on the global evacuation of Volunteers.

The primary data quality challenge with this survey is the development of the sampling frame. Identifying and contacting all host country staff is difficult due to the fact that some staff members in administrative or support positions (e.g., drivers, janitors, and short-term staff) do not have official email addresses. Due to this challenge, the sampling frame consists of the host country staff who can be reached via email. Additionally, while the Host Country Staff Survey is offered in English, French, Spanish, and Russian, limited literacy in those languages, as well as other factors such as lack of computer access or familiarity with online survey tools for some staff, may contribute to nonresponse bias.

Glossary of Acronyms

| | | | |
|-----------|---|--------|---|
| AF | Africa Region | IAP | Inter-America and the Pacific Region |
| AFR | Agency Financial Report | ICASS | International Cooperative Administrative Support Services |
| AGA | Association of Government Accountants | ICD&I | Intercultural Competence, Diversity, & Inclusion |
| APR | Annual Performance Report | IG | Inspector General |
| AVS | Annual Volunteer Survey | ISCM | Information Security Continuous Monitoring |
| CARES Act | Coronavirus Aid, Relief, and Economic Security Act | IT | Information Technology |
| CDM | Continuous Diagnostic Monitoring | LPF | Logical Project Framework |
| CEAR | Certificate of Excellence in Accountability Reporting | MD | Management Directive |
| CIP | Construction in Progress | MO | Management Objective |
| COOP | Continuity of Operations | OCFO | Office of the Chief Financial Officer |
| COVID-19 | Coronavirus Disease 2019 | OCIO | Office of the Chief Information Officer |
| CREG | Country Re-Entry Guide | OCRD | Office of Civil Rights and Diversity |
| DATA Act | Digital Accountability and Transparency Act | OGO | Office of Global Operations |
| DOI/IBC | Department of Interior, Interior Business Center | OHS | Office of Health Services |
| DOL | U.S. Department of Labor | OIG | Office of Inspector General |
| DOS | U.S. Department of State | OMB | Office of Management and Budget |
| EEOC | Equal Employment Opportunity Commission | OPM | Office of Personnel Management |
| EMA | Europe, Mediterranean, and Asia Region | OSS | Office of Safety and Security |
| ERM | Enterprise Risk Management | PEPFAR | President's Emergency Plan for AIDS Relief |
| ERMC | Enterprise Risk Management Council | PG | Performance Goal |
| FASAB | Federal Accounting Standards Advisory Board | PP&E | Property, Plant, and Equipment |
| FBWT | Fund Balance with Treasury | PSC | Personal Services Contractor |
| FECA | Federal Employees Compensation Act | RA | Readjustment Allowance |
| FISMA | Federal Information Security Management Act of 2014 | RSI | Required Supplemental Information |
| FMFIA | Federal Managers' Financial Integrity Act | SBR | Statement of Budgetary Resources |
| FSN | Foreign Service National | SO | Strategic Objective |
| FY | Fiscal Year | TEFL | Teaching English as a Foreign Language |
| FYR | Five-Year Rule | U.S.C. | United States Code |
| GAGAS | Generally Accepted Government Auditing Standards | USAID | U.S. Agency for International Development |
| GSA | General Services Administration | V/T | Volunteer/Trainee |
| HCC | Host Country Contribution | VMIS | Vehicle Management Information System |
| HR | Office of Human Resources | VRT | Volunteer Reporting Tool |



Returned Volunteer John Menz was an Agriculture Volunteer working in Paraguay. He partners with the Italian funded agriculture development NGO 'La Associazione Solidarietà e lo Sviluppo' developing an apiculture (beekeeping) training center. John specifically focus on introducing youth (ages 11-18) to beekeeping and has three long term apprentices he works with regularly. He also traveled to other Volunteers' sites to give training presentations.

During the Literacy Bike Trek in The Gambia, Volunteers held a traveling workshop for teachers to discuss and practice using printed materials in their lessons. This trek had mobilized six different teams of Volunteers who reached 29 different schools and 239 teachers. Returned Volunteers Melissa Elie (shown on front cover) and Peter Deucher worked with teachers on planning lessons around read alouds and library utilization.



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

Twitter: twitter.com/peacecorps/

Tumblr: peacecorps.tumblr.com/

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