The Peace Corps Performance and Accountability Report
Fiscal Year 2013
December 16, 2013

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This report is available at www.peacecorps.gov/docs. Send comments or questions to www.peacecorps.gov/contactus or to the Peace Corps mailing address above.
Where Peace Corps Volunteers Serve

**Asia (EMA)**
- Cambodia
- China
- Indonesia
- Nepal
- Philippines
- Thailand

**Pacific Islands (IAP)**
- Federated States of Micronesia, and Palau
- Fiji
- Samoa
- Tonga
- Vanuatu

**North Africa and The Middle East (EMA)**
- Jordan
- Morocco

**The Caribbean (IAP)**
- Dominican Republic
- Eastern Caribbean:
  - Dominica
  - Grenada
  - St. Lucia
  - St. Vincent/Grenadines
  - Jamaica

**Latin America (IAP)**
- Belize
- Colombia
- Costa Rica
- Ecuador
- El Salvador
- Guatemala
- Guyana
- Mexico
- Nicaragua
- Panama
- Paraguay
- Peru

**Eastern Europe/Central Asia (EMA)**
- Albania
- Armenia
- Azerbaijan
- Georgia
- Kyrgyz Republic
- Macedonia
- Moldova
- Mongolia
- Ukraine

**Africa**
- Benin
- Botswana
- Burkina Faso
- Cameroon
- Ethiopia
- Ghana
- Guinea
- Kenya
- Lesotho
- Liberia
- Madagascar
- Malawi
- Mozambique
- Namibia
- Rwanda
- Senegal
- Sierra Leone
- South Africa
- Swaziland
- Tanzania
- The Gambia
- Togo
- Uganda
- Zambia

Legend:
- EMA = Europe, Mediterranean, and Asia Region
- IAP = Inter-America and the Pacific Region

Updated September 2013
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On behalf of the Americans serving as Peace Corps Volunteers and our supporting staff across the world, it is my pleasure to present the Peace Corps Performance and Accountability Report for fiscal year 2013. This report conveys our commitment to sound financial and performance management, demonstrates the accountability and operational effectiveness of the agency, and shows the progress we have made in achieving our goals to the President, members of Congress, and the American people.

Since the establishment of the Peace Corps in 1961 by President John F. Kennedy, more than 215,000 Americans have served in 139 countries around the world promoting a mission of world peace and friendship. Our Volunteers accomplish that mission through three core goals related to community-based development and cultural exchange that have remained the same since the establishment of the agency.

Working alongside local partners, our Volunteers are making a difference in the communities where they live and serve by carrying out development projects with measurable results. They build strong personal relationships with their local community and, in doing so, promote a better understanding of Americans. When they return home, Volunteers bring new skills and global perspectives to share with their U.S. community and the American public. At the end of FY 2013, the agency had 7,209 Volunteers serving in 65 developing countries.

The Peace Corps advances its mission and supports the work of the Volunteers through evidence-based management. With a reduction in appropriated funding from $375 million in FY 2012 to slightly more than $356 million in FY 2013, we are committed to allocating our scarce resources to the places where we can have the greatest impact. Resource allocation decisions are informed by the Country Portfolio Review process, an annual agency review of the financial and Volunteer resources dedicated to specific country programs.

Due in part to the Country Portfolio Review process, the agency made several strategic decisions regarding operations in multiple countries. In FY 2013, the agency closed the following programs: Antiqua/Barbuda, Bulgaria, Cape Verde, Romania, St. Kitts/Nevis, Suriname, and Turkmenistan. Also in FY 2013, the Peace Corps formally notified Congress of its intent to open programs in Kosovo and Vietnam. The agency signed a country agreement with the Government of Kosovo and anticipates Volunteers will arrive in FY 2014. The Peace Corps and the Government of Vietnam remain engaged in negotiations around a country agreement, but no final agreement has been signed to formally begin operations. In FY 2013, the agency made additional decisions to formally close the following programs in FY 2014: Honduras, where operations were suspended in FY 2012, and Palau. The anticipated reopening of the program in Tunisia in FY 2012 remains on hold due to the changing political and security landscape in country. The programs in Mali and Niger which were suspended in prior years remain suspended due to security issues. There has also been a significant reduction in operations in Ukraine.

The health, safety, and security of our Volunteers remain Peace Corps’ highest priorities. The Sexual Assault Risk Reduction and Response program, mandated by the Kate Puzey Peace Corps Volunteer Protection Act of 2011, was developed according to best practices in the field of sexual assault. It was built in consultation with post field staff, Volunteers, and nationally recognized experts and includes recommendations from the Department of Justice, the Rape, Abuse and Incest National Network, and the agency’s newly developed Sexual Assault Advisory Council. As such, the agency has established significant new policies and practices that reflect its strong commitment to reducing risks for Volunteers and responding effectively and compassionately to those who are victims of sexual assault and other crimes. The final stages of our Sexual Assault Risk Reduction and Response program were formally launched on September 1, 2013. This program reflects our ironclad commitment to supporting the physical and emotional well-being of Volunteers.
The Focus In/Train Up strategy continues to improve our Volunteer training and program support by providing Volunteers the skills and tools needed to assist their communities in implementing the projects that have proven to be most effective at achieving development results. Monitoring and evaluation efforts remain critical elements of the Focus In/Train Up strategy in order to continue to achieve best results. We are well on our way to optimizing our global impact to meet today’s development challenges while continuing our tradition of service.

We continue to expand our partnerships with other U.S. government agencies, notably the U.S. Agency for International Development and the Department of State, international nongovernmental organizations, multilateral institutions, and corporations. Working across government, the agency has become a critical implementing partner for several of the President’s key development initiatives, including the President’s Emergency Plan for AIDS Relief (PEPFAR) and Feed the Future. The implementation of the Global Health Service Partnership—a collaboration of the Peace Corps, PEPFAR, and the nonprofit Seed Global Health—presented an opportunity for American physicians and nurses to make a real difference in communities abroad by helping to address the known shortage of skilled physicians, nurses, and clinical faculty in resource-limited countries. That opportunity culminated on July 18, 2013, when 30 U.S. doctors and nurses were sworn in at the White House to serve one-year assignments as medical or nursing educators in Tanzania, Malawi, and Uganda as the first class of Peace Corps Global Health Service Partnership Volunteers. We will continue to be a champion of the whole of government approach to the U.S. government’s development initiatives.

Notable progress was made on several performance goals in FY 2013, including ensuring the safety and security of Volunteers through the implementation of key safety and security reforms; recruiting Volunteers from under-represented populations to better reflect the diversity of America; ensuring the effectiveness of in-country programs through improved collaboration with local partners in project design, implementation, and evaluation; increasing the effectiveness of the technical training provided to Volunteers through the Focus In/Train Up strategy; increasing the opportunities for returned Volunteers to share their experiences in the United States. In FY 2014 and beyond, the agency will institute reforms to improve progress on those goals where adequate progress was not made, such as recruiting the number of Volunteers requested by posts and demonstrating the impact of Volunteers’ skills transfer and capacity-building work.

For the seventh consecutive year, independent external auditors rendered an unmodified (clean) audit opinion on the financial statements of the Peace Corps. Challenges remain, though, in strengthening areas of our administration of internal controls with regards to information technology and financial reporting as well as some of the management and performance challenges issued by the Inspector General. My qualified management assurance statement along with that of the chief financial officer provides reasonable assurance that the internal controls over financial reporting and financial management systems meet the specified objectives in the Federal Managers’ Financial Integrity Act (FMFIA) of 1982 as shown in the FY 2013 Annual FMFIA Assurance Statement in Management Assurances.

Our success in financial and performance reporting accountability was recognized by a sixth awarding of the coveted Association of Government Accountants’ Certificate of Excellence in Accountability Reporting for the agency’s FY 2012 Performance and Accountability Report. The agency also received a second distinguished “Best in Class” award for the most comprehensive and candid presentation of forward-looking information in the 2012 report.

The financial and performance data presented in this report are fundamentally complete and reliable in accordance with guidance from the Office of Management and Budget.

Financial management improvements put into operation during FY 2013 and planned future improvements are shown in the Message from the Chief Financial Officer in the Financial Section of this report.
I am proud to lead the thousands of Volunteers who serve in the Peace Corps every year, helping our partner nations to achieve their development goals and working to promote mutual respect and understanding between the American people and the people in developing countries around the world. I am inspired by our Volunteers and all of the hardworking staff of the Peace Corps who dedicate their lives to helping others. By building strong relationships with people in communities around the world, the Peace Corps ensures that they share our values, form positive perceptions of the United States, and want to engage our nation and the world. It is such a privilege to serve our country in this role.

Sincerely,

Carolyn Hessler-Radelet, Acting Director
December 13, 2013
Mission and Organizational Structure

The Peace Corps mission is to promote world peace and friendship through community-based development and cross-cultural exchange. The agency exemplifies the best of the American spirit by making it possible for Americans to volunteer their time to advance development and build cross-cultural understanding around the world. Through this unique approach to development, the Peace Corps is making a difference in the overseas communities it serves, in the lives of its Volunteers, and back home in the United States.

The Peace Corps Act (1961) articulates three core goals that continue to guide the agency:

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.
3. To help promote a better understanding of other peoples on the part of Americans.

The Peace Corps advances its mission through the work of Volunteers, both during and after their term of service. Volunteers live and work in local communities and ensure the sustainability of their efforts by transferring their skills to their partners. They also build life-long friendships with local people, promoting a better understanding of Americans. When they return home, Volunteers bring back a new set of skills, knowledge about different cultures, and long-lasting relationships. Returned Volunteers continue their service by promoting awareness of other cultures and global issues with friends, family, and the American public and by demonstrating a sustained commitment to volunteerism and public service.

The organizational structure chart follows.
*In their functions as Chief Financial Officer, Office of Civil Rights and Diversity Program Manager, and the Chief of Acquisitions and Contract Management, the incumbents report directly to the Director.
Work of the Volunteers

The Peace Corps provides development assistance to host countries through the work of thousands of dedicated Volunteers around the world.

A total of 7,209 Volunteers and trainees were serving in the Peace Corps as of September 30, 2013. This includes 801 Volunteers and trainees funded by the President’s Emergency Plan for AIDS Relief (PEPFAR) and 184 Volunteers serving in the Peace Corps Response Program (www.peacecorps.gov/response). The number of Volunteers fielded each year depends on host country requests and the agency’s ability to effectively support Volunteers in the field.

The Peace Corps’ Unique Approach to Development

Instead of providing monetary assistance to countries, the agency sends Volunteers to countries that have requested technical assistance. Volunteers share their skills and experience with local people and communities by living and working alongside community partners and beneficiaries. The day-to-day interaction between Volunteers and local partners builds mutual trust and understanding. This enables the Peace Corps to contribute to host country development efforts while also promoting a better understanding of Americans.

The Peace Corps only operates in countries that have formally requested the presence of Volunteers from the U.S. government. Once an agreement has been reached with a host country, the agency develops Volunteer projects in collaboration with host country government agencies, development organizations, communities, and individuals. Volunteers work with local partners to identify community needs and implement activities designed to leverage their unique skills and experience to address community priorities and needs.

The agency recruits and fields Volunteers with the skills, experience, maturity, and interest to work, often under conditions of hardship, to solve local development problems. Volunteers typically serve for 27 months, which includes approximately three months of pre-service training in the host country and 24 months of Volunteer service. They subsist on a minimal living allowance that provides a standard of living similar to that of the local people with whom they live and work.

While Volunteer projects vary across the world to reflect local needs, they fall within six programmatic sectors: Agriculture, Community Economic Development, Education, Environment, Health, and Youth in Development.
Agriculture

**Volunteers:** 354 (5 percent)

**Countries:** 10

**Project Areas:** Agricultural Production and Improved Cultivation Practices, Productivity, Markets, Resilience and Stability

**Sector Overview:** Volunteers in the agriculture sector collaborate with community members, nongovernmental organizations, and community-based organizations (such as farmers’ groups, women’s associations, or youth clubs) to improve basic agricultural practices, intensify the value and volume of agricultural products, increase income and access to goods, and improve household stability. Through this work, Volunteers also help communities adapt to deteriorating environmental conditions, such as a changing climate.

Volunteers help improve the long-term productivity of farmers’ fields by teaching and demonstrating environmentally sustainable and organic farming practices, including crop diversification, agroforestry, small animal husbandry, and soil and water conservation and management. Volunteers work side by side with local farmers on their field crops, testing new varieties, and promoting family and school vegetable gardens to encourage the production and use of more nutritious foods and to strengthen household food security.

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**Volunteer Voice: Composting in Panama**

In the mountains of one of Panama’s indigenous territories, farmers rely on slash-and-burn agriculture for the production of basic grains and tubers. With increasing population pressures leading to shortened fallow periods and deforestation, they are faced with low crop yields and increasingly rely on expensive chemical fertilizers to support their families, resulting in negative environmental, health, and economic impacts.

So, when I arrived at site, farmers were eager to learn more about how they could use free and local plant waste to create organic fertilizer through composting. Several farmers attended my first lecture about how to make compost. While they came to learn more about composting, few of them were interested in putting together their own compost pile without first seeing results of increased crop yields.

One family was different. Niko invited me to his house to make a compost pile of his own. Early one Sunday morning, I arrived to find him waiting for me with sacks of cow manure and rice husks, some squash and wood ash, and a few banana trunks. We chopped everything with machetes, mixed the material together, and covered the pile with banana leaves and plastic. Over the next few weeks, he continued to mix his pile and updated me on how it was rotting, until one Sunday he invited me back as he applied it to the corn in one parcel of his farm that historically has had soil fertility problems and low yields. While Niko enthusiastically accredited this year’s good corn crop to this little bit of compost, I still had low hopes of composting being more widely adopted throughout the community. I had to wait a few months to see the larger impact of our work.

By the beginning of the rainy season, Niko’s family was back at their compost work, modifying the original recipe based on their experiences with the first pile, their available resources, and our conversations over the last few months. They were soon innovating, telling me which native trees’ leaves would decompose into the richest soil. The family combined the small amount of composting instruction I provided with their years of local knowledge to come up with a local solution to their problem.

Based on the family’s composting skill, I was a slightly confused when Niko’s brother approached me to ask if I could help him make another compost pile. He listed the materials he planned to collect and then added, “And I’d like to invite the other families that you work with to come see how I do it. So, they will learn for themselves.” I could not have been more surprised. Nearly one year after we first came together, a counterpart was asking me to help him teach his neighbors what he had learned and come to value. Niko’s family has become more than skilled composters. They are now promoting composting to their neighbors to improve the community.
Volunteers also build the business skills of small-scale farmers to increase income and access to food. Using a value-chain approach—an analysis of the opportunities and key stakeholders involved in a particular industry from inputs to the point of sale to the customer—Volunteers help communities market and improve storage of their agricultural products, as well as to develop new value-added products.

**Selected Activities in Agriculture:**

- **Master farmer program in Senegal:** A training of trainers model has been adopted in which Volunteers coordinate a master farmer program. In groups, lead farmers were trained on improved agricultural methods and the introduction of high-yield varieties of beans, corn, rice, and sweet potatoes. Five of these trained master farmers then organized open field days attended by more than 300 farmers from 50 communities.

### Community Economic Development

**Volunteers:** 820 (11 percent)

**Countries:** 34

**Project Areas:** Organizational Development, Personal Money Management, Business Development

**Sector Overview:** Volunteers in community economic development projects support organizational development, promote business development, and facilitate improved access to credit and money management. Volunteers train and advise local entrepreneurs, communities, and organizations in business planning, marketing, financial management, product design and distribution, and customer service. Often, Volunteers provide trainings on community economic development topics through workshops, courses, camps, and competitions for youth. Through these projects, local people, communities, and organizations build their skills in launching or expanding businesses ranging from small-scale agribusiness (fruits, vegetables, and small livestock) to ecotourism ventures or handicrafts. Some of the activities focus on helping members of disadvantaged groups such as orphans, at-risk youth, and victims of trafficking learn new skills so they can enter the workforce.

Volunteers work with microfinance institutions to expand their outreach to potential clients. In communities with few formal banking services, Volunteers work with community members to set up and manage their own savings-led microfinance associations. Volunteers also provide financial literacy training to youth and adults regarding budgeting, savings, financial negotiations, and the safe use of credit.

At an organizational level, Volunteers’ work focuses on strengthening capacity to improve governance, strategic planning, organizational management, project management and leadership, public awareness, fundraising, and advocacy.

Volunteers help coordinate overall community economic development by fostering collaboration among governments, organizations, businesses, communities, and individuals.
Volunteer Voice:
**Connecting silk producers with resources in Thailand**

One of my favorite parts of my service is the weekly trip with municipal officials to visit small vendors participating in the One Tambon One Product program. During one of these trips, we visited an *eri silk* production business. After speaking with the owner, I realized that the business was inactive because the supplier of the silk worms had stopped providing them with enough worms for the business. The business would likely still have been operating if they had an adequate supply of worms—the owner was a hard-working and dedicated woman and they already had the necessary equipment, food for the worms, and 15 part-time employees dedicated to the effort.

After the trip, I contacted a research program at a university in country that had been working on promoting dyed, organic silk. They were excited to help and over the next two weeks, we organized and held a seminar for 60 people who were either in the *eri silk* business or interested in becoming a producer. The educational material that the university provided was effective. Several new people indicated an interest in starting a silk business. The university gave them the worms as long as they could demonstrate that they could provide food (mulberry trees).

The original *eri silk* business I visited was able to resume operations with this new supply of worms. They now not only offer shawls for sale, but also other products such as shampoo, soap, conditioner, and snacks. The business owner was thrilled with the growth of her business, and the university staff was happy to have discovered and solved the supply problem. I was happy to have helped the business owner and the broader community, and also honored to have been chosen to be on the research coordinating team for the university.

**Selected Activities in Community Economic Development:**

- **Implementing an entrepreneurship curriculum in Namibia:** After Volunteers were assigned to Namibian schools to improve the implementation of the Ministry of Education’s entrepreneurship curriculum, principals at eight of the schools reported a 75 percent or higher pass rate in the national Grade 10 examination, compared to 40–50 percent the previous year.

- **Building organizational capacity to combat human trafficking in Moldova:** Volunteers and partners organized a weeklong “Freedom Festival” to raise awareness of human trafficking. The event included roundtable discussions, a social theater performance, a concert, workshops, seminars in schools, flier distribution, and surveys.

- **Improving production and sales in Senegal:** Volunteers’ collaboration with Swahili Exports, an international company, resulted in the creation of hundreds of jobs for women in 14 villages, bringing more than $100,000 to the households in a three-month period. Sales have increased from one 40-foot container full of merchandise each quarter to one each month.
Education

Volunteers: 2,883 (40 percent)

Countries: 53

Project Areas: Teaching English as a Foreign Language; Childhood Literacy; Gender Empowerment; Math, Science, and Information Communication Technology

Sector Overview: Education Volunteers build teaching and learning capacities across a range of subjects, including English, math, science, information technology, and childhood literacy. They work at all educational levels, from pre-school through primary and secondary schools to universities and teacher training colleges. Volunteers provide either direct instruction or collaborate with local teachers.

Volunteers build the skills of local teachers by holding workshops that focus on participatory and experiential learning, classroom management, and resource development. They promote strong parent-teachers associations and community involvement in education. Through their work in the classroom and in after-school activities, Volunteers work with partners to better prepare students for their active participation as global citizens.

Recognizing the tremendous potential that local women represent in developing their own communities, Volunteers in the education sector, as well as those working on other projects, promote gender-equitable practices, connect young girls with local role models, and build life skills and leadership. Volunteers serve as strong role models in their communities, providing encouragement and highlighting local opportunities for youth.

Selected Activities in Education:

• **English textbook development in Nicaragua**: The Nicaraguan Ministry of Education requested the Peace Corps’ assistance in reviewing and editing the English textbooks recently developed by the government for every high school student in the country. A task force of 11 Volunteers conducted a thorough review of the textbooks and recommended grammar and vocabulary edits. They also identified how the English activities in the textbook could be improved. As a result of the collaboration between the Ministry of Education and the Peace Corps, every high school student in the country will be better equipped for successful language learning.

• **Test-taking skill development in Ukraine**: Over 300 Volunteers organized clubs to train more than 4,500 students for English competitions such as the English language olympiads and essay competitions. Volunteers focused on building students’ vocabulary and practicing and improving auditory and writing skills. The clubs exposed students to the American cultural perspective of test taking, essay writing, and answering abstract questions.
Volunteer Voice: Teachers’ book club in The Gambia

Worldwide, Peace Corps volunteers in education are tackling problems in literacy. The lack of resources is a perennial challenge that pushes many Volunteers to start libraries. I was fortunate enough to be placed at a school where a library already existed, so my challenge was getting my school to use the resources available.

Ultimately, my aim was to get books into children's hands. It is common knowledge that students who have consistent interaction with print and opportunities to read acquire literacy faster than those who do not. However, realizing that the teachers at my school had never received those opportunities, I knew that I had to start with them before I could reach the children. Thus, a teachers' book club was born.

The book club began at the start of the school year. The teachers were invited to read children's literature on a voluntary basis. I asked them to fill out reports on what they read; these required a brief summary of the book and ideas on how the book could be used in the classroom. Incentives were provided to encourage participation. The intention of the club was to increase teachers' awareness of children's literature, to encourage them to use books in their lessons, and to serve as a model for teachers to create their own student book clubs within their classrooms.

From September to February, the participation rate was disappointing as only a handful of teachers had participated. I quickly realized that I needed to make changes to the club. Instead of filling out reports, I asked teachers to sit down, read a book with me, and discuss ways we could incorporate the book into lessons or what they would want a child to understand from reading the book. This was sometimes one-on-one, but more often in small groups. Having the teachers read with me created opportunities for them to build their fluency and for me to model using intonation when reading aloud.

We also set clear goals for ourselves. I informed the teachers that I wanted to read 50 books with them by the end of March, and asked if they would like to set goals for themselves as well. Within the first two weeks of March, I surpassed my goal quickly, and the teachers were making progress on theirs. The teachers found that as they sat down and read, they gained new vocabulary and learned print conventions at each reading session. I began to see a shift in their motivation to read. By the end of March, I had read 87 books with the teachers, and all but one teacher had met the goals they’d set for themselves.

At one point during the month of March, a teacher came to me with a book called “Pup and Pop Shop.” The text read, “He sniffs.” The teacher wanted to know what “sniff” meant. We looked at the picture and discussed other words that could replace sniff. Satisfied with his understanding he went on with his day, but later came back to speak with me. He said, “You know, Isa, I realized I would have never known the word ‘sniff’ had I not read that book. I need to read more.” I no longer had to give my teachers a reason to read. They found it for themselves. It doesn’t get much more sustainable than that!
**Environment**

**Volunteers:** 854 (12 percent)

**Countries:** 26

**Project Areas:** Environmental Education and Awareness, Natural Resource Planning and Management, Economic Strengthening

**Sector Overview:** Volunteers in the environment sector collaborate with host country partners to respond to deteriorating local conditions by promoting environmental education and awareness, facilitating natural resource planning and management, and supporting economic strengthening activities.

Environment Volunteers demonstrate and teach healthy conservation practices, including the production and cultivation of trees to improve soils, conserve water, and protect fields from erosion. Effective management of resources requires the cooperation of local governments, organizations, communities, and individuals. Volunteers work to build the organizational capacity of these partners to plan, manage, lead, and advocate for the protection of the local environment.

Volunteers also help support environmentally sustainable, income-generating activities that create incentives for the conservation of natural resources. These activities may include the promotion of ecotourism and crafts. Volunteers are also engaged in environmental education within schools to build awareness and initiate action on environmental issues. Volunteers train teachers to integrate more interactive teaching methods focused on the environment into their curriculum. In addition to these formal settings, they collaborate with schools and other organizations to promote environmental education through clubs, youth camps, and awareness campaigns.
Volunteer Voice: Improved cook stoves in Nicaragua

Anyone who comes to Nicaragua will immediately notice that the country has a problem with deforestation. Big, beautiful trees stand in small strips surrounded by corn fields and empty spaces where cows graze. The mountains occasionally have a patch or two left of trees, but those will soon be cut down to plant more fields. The land that no longer works well for agriculture sits empty and ignored. It is sometimes used for cows, but more often, it is abandoned and filled with brush and a few stunted trees. The deforestation problem is exacerbated by the change in the local climate. The rainy season is shorter than it has been in the past as the water table gets lower each year.

As a Peace Corps Volunteer, seeing a problem of this magnitude is daunting. A vast majority of the population in Nicaragua cooks with wood fire, so any young, new trees are immediate prey for the firewood search. However, any problem must be addressed one step at a time, and I feel that, at least in my community, we are taking a step to protect the future of the area. We have begun building a type of stove that uses up to 70 percent less wood. Additionally, the entrance for the wood is small, making the stoves more suitable for fallen sticks and branches than larger cut trunks of trees.

At first, the women of my community were quite skeptical. They didn’t believe for a moment that such a small amount of wood could actually create enough heat to cook. I heard over and over again that the stoves were wonderful, if they could just be made larger to cram in more wood. However, after building a demonstration stove in the children’s cafeteria, a few women were convinced to try it out.

We built a few preliminary stoves, and before long, word had spread that the stoves worked! Community members talked about how much less wood it used, but also, due to the chimney, cook fires released much less smoke into the kitchen. Pretty soon, women from all over town were coming to me asking me to include them in the stove project.

Nonprofit organizations have come from other communities to learn the design of the stove so that they can build it in their own communities. Although changing habits is difficult, the majority of the people I worked with use and love the improved cook stoves. The stoves have drastically cut down their wood consumption, as well as improved their health and the health of their children.

Selected Activities in Environment:

• Soil and water conservation in Ghana: A Volunteer organized the distribution of 11,000 vetiver plants to serve as a hedgerow along an earthen dam. Vetiver is perennial grass known to aid in erosion control and soil stabilization. With the help of several other Volunteers, small community working groups gathered to plant the vetiver to conserve water and soil along the dam.

• Climate change education in Peru: A Peace Corps Response Volunteer working with the Ministry of Education designed an environmental education program that trains teachers in developing environmental curricula on climate change and climate change monitoring. This led to a national competition that awards the best school in promoting environmental and climate change education. The program has grown throughout Peru, and many teachers have now been trained on how to teach this topic in the classroom.
Health

Volunteers: 1,603 (22 percent)
Countries: 43

Project Areas: HIV Mitigation; Environmental Health; Maternal, Neonatal, and Child Health; Life Skills for Healthy Behavior

Sector Overview: The Peace Corps’ approach to global health issues includes improving knowledge about common diseases and health issues, promoting behavior change, and building capacity among community members, community-health workers, and grassroots organizations to prevent and mitigate the major causes of morbidity and mortality.

The most common types of health projects include HIV/AIDS education, basic sanitation and hygiene education, nutrition, youth sexual and reproductive health education, and malaria prevention and control. Volunteers collaborate with local partners, introducing innovations and technology to leverage resources to address health needs in communities with the least access to health information and services. In order to carry out their work, Volunteers are frequently assigned to health-related non-governmental organizations to help increase their technical, managerial, and administrative capacities.

HIV mitigation is a major agency effort, globally and across sectors. Volunteers often work on HIV/AIDS prevention and care as part of a comprehensive community health project. Behavioral prevention support continues to be at the center of Volunteers’ HIV/AIDS prevention work, particularly when targeting youth.

The Peace Corps is an active partner in the President’s Global Health Initiative, notably the President’s Emergency Plan for AIDS Relief (PEPFAR), Saving Mothers Giving Life, and Feed the Future. The agency also collaborates with the President’s Malaria Initiative through the Stomping Out Malaria in Africa campaign (http://stompoutmalaria.org), a Peace Corps initiative to fight malaria in the communities where Volunteers serve, partner with other organizations to defeat malaria in target countries, and foster the development of an international malaria prevention community.

Volunteer Voice: Mobile media health campaign in Kenya

In many rural communities in Kenya, there is a lack of access to accurate health information. Frequently, accurate health information exists, but it is inaccessible to many people due to language, technology, and literacy barriers. Often, health information is either conveyed inaccurately by outreach workers or not disseminated due to the absence of financial or other incentives.

In response, I developed and produced Afya Mfukoni (Health in the Pocket)—a series of short films that addressed a variety of health topics including HIV, reproductive health, and family planning. The films were based on dramas by local youth groups as well as original scripts. Mobile phones are accessible to almost all of the Kenyan population, so I released the films in various formats which allowed playback on various media, including mobile phones, personal computers, and DVD players.

The Afya Mfukoni mobile media campaign has increased access to accurate health information by addressing a number of issues. The films are provided in Kiswahili and local languages to overcome language and literacy barriers. The release of films in multiple, easy-to-share formats, takes advantage of modern technology and allows for viewing in a variety of settings. Particularly, the use of mobile phones as a means of sharing and viewing the films has made it possible to reach a wider audience in rural Kenya.

Local community members were involved in the production, and we shot the films in normal, familiar settings. This helped garner interest among the involved communities while helping to ensure that the audience can see themselves in the films. Given the portable and shareable nature of the films, Kenyans are increasingly viewing the films multiple times and sharing them with others. The campaign has been successful in that it is providing accurate health information to a growing audience.
Selected Activities in Health:

- **Nutrition education in Tanzania:** Volunteers and their counterparts trained 1,570 girls and women on optimal nutrition practices for maintaining a healthy family. By hosting food preparation demonstrations, the girls and women were empowered to create healthy meals with locally available, affordable food items.

- **Exercise and healthy living promotion in Fiji:** Volunteers worked with the Fiji National Wellness Center and local musicians to carry out Fiji’s first “flash mob” to promote 30 minutes of exercise a day and kicking off a national campaign, “Let’s Move Fiji!” More than 1,000 people attended the event to dance for more than two hours and learn about ways to integrate healthy practices into their daily lives.

- **Grassroot Soccer partnership to reduce HIV risky behavior in Africa:** The partnership between Grassroot Soccer and the Peace Corps incorporates sports and physical activities with life skills education for youth in a 10-week program. Volunteers work with local partner coaches to educate young people about HIV and reduce risky behavior.

Youth in Development

**Volunteers:** 511 (7 percent)

**Countries:** 18

**Project Areas:** Healthy Lifestyles, World of Work, Civic Engagement, Support for Youth

**Sector Overview:** Peace Corps Volunteers in all sectors are trained to engage youth to enhance the impact of their projects. As such, approximately three-fourths of all the people with whom Volunteers work are young men and women under the age of 25.

In addition to constituting a theme that cuts across all sectors, Youth in Development is also one of the Peace Corps’ six programmatic sectors. Volunteers work with young people, families, communities, and organizations to support healthy lifestyle choices related to sexual and reproductive health, physical activity, and substance abuse prevention. They also prepare youth for work with financial literacy and vocational skills, engage youth as active citizens, and build support structures among parents, family members, and communities. Volunteers work in schools, youth centers, communities, camps, and clubs, often with individuals in challenging situations, including those living in institutions, orphaned and vulnerable due to HIV/AIDS, and/or out-of-school young people.

Selected Activities in Youth in Development:

- **Life skills and leadership summer camps in Burkina Faso:** More than 200 students participated in the inaugural year of Camp GLOW (Girls Leading Our World), a skills and leadership program that has supported the empowerment of girls in more than 60 countries. Participants in the camp engaged in a wide range of activities that focused on gender awareness, including sports, crafts, health, and life skills.

- **Alcohol/Substance abuse prevention in the Dominican Republic:** Volunteers are helping a group of young people produce and film a soap opera titled “Me Toca a Mi (It’s My Turn).” The soap opera episodes support good decision making through situational discussions of substance abuse, relationships, and HIV/AIDS prevention.
• **Positive youth development with service providers in Thailand:** Volunteers organized a three-day Youth-Serving-Youth conference. This conference encouraged young people and adults to think about the role of youth as community leaders and how they can become more active citizens. Sessions included how to work with youth, team-building activities, community project planning, and the development of community action plans.

**Volunteer Voice: Summer camp for children with disabilities in Azerbaijan**

Impoverished children living with disabilities in Azerbaijan are segregated, disregarded, and resigned to live life without education, support or opportunity. Lack of disability-care knowledge, extremely limited funds, strict gender roles, and no support or outlet for stress can be overwhelming and stressful. The Peace Corps’ summer camp, called *Hello, World! We Exist, Too!* provides a safe and relaxing environment for these children and their mothers in which they can play and learn. It empowers children living with disabilities and their families through education and support.

In developing the camp, I worked with my counterparts from the Ismayilli Center of Support to Children and Families on the curriculum; they also purchased all of the supplies. Several local nongovernmental organizations collaborated to develop training materials on first aid and emotional well-being. We also used the dental hygiene and nutrition trainings that I created last year.

The camp was a huge success! Twenty-two children and 18 family members, including mothers, attended the camp. Employees from local government agencies and local Azerbaijani volunteers helped implement camp activities. It was obvious by the end of camp that new bonds and friendships had been formed between the children, mothers, and even the Azerbaijani volunteers and employees. The mothers and children were attentive during trainings and eager to discuss what they had learned afterward. Regional government agencies will follow-up with participants in the camp when the children and mothers come to see them at their offices.
Performance Highlights

In FY 2013, the Peace Corps continued to make progress on key goals to advance its mission and better support Volunteers in the field. Performance improvement is due in large measure to a sustained commitment from agency leadership and staff to the use of data and evidence in decision making and to the development of innovative approaches to solving persistent problems.

Performance Management System

The goals and indicators in the FY 2009-2014 strategic plan (http://files.peacecorps.gov/multimedia/pdf/policies/pc_strategic_plan_081409.pdf) form the basis for the agency’s performance management system. Through quarterly performance reviews chaired by the chief operating officer and supported by the performance improvement officer, senior officials and managers regularly plan, monitor, and evaluate efforts to achieve progress on agency goals. The strategic plan is also implemented at the office and overseas post-level through operating and work plans through the Integrated Planning and Budgeting System (IPBS). The Peace Corps’ performance management system is rooted in an inclusive and participatory culture in which staff and Volunteers at all levels are invested in improving the agency.

The Peace Corps FY 2009-2014 Strategic Plan

Mission: To promote world peace and friendship

CORE 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.
3. To help promote a better understanding of other peoples on the part of Americans.

Strategic Goal 1
Enhance the capacity of host country individuals, organizations, and communities to meet their skill needs

Strategic Goal 2
Promote a better understanding of Americans on the part of host country individuals, organizations, and communities served by Volunteers

Strategic Goal 3
Foster outreach to Americans through agency programs that assist Volunteers and returned Peace Corps Volunteers to help promote a better understanding of other peoples on the part of Americans

Strategic Goal 4
Provide Volunteers who represent the diversity of Americans to meet the evolving technical needs of host countries

Strategic Goal 5
Implement the Peace Corps mission in an effective and efficient manner through the provision of high quality Volunteer support with optimal health care, safety and security support, and effective management of resources
FY 2013 Performance at a Glance

The FY 2013 Performance at a Glance section features the performance results of key performance goals and indicators related to the agency’s five strategic goals. Detailed information on the results for all 40 indicators as well as the agency’s validation and verification standards for each data source are presented in the Performance Section. The benefits to the American public of the agency’s work under each strategic goal, notable accomplishments, and performance challenges are highlighted.

Strategic Goal 1: Enhance the capacity of host country individuals, organizations, and communities to meet their skill needs

Volunteers ensure the sustainability of their development efforts by transferring their skills to local people. In doing so, Volunteers build the capacity of local individuals, organizations, and communities to address their development challenges.

Public Benefit: When Volunteers build host country capacity, local conditions are improved and individuals and communities have the skills needed to solve their problems and serve as models for others. The American people benefit from a more stable and peaceful world.

Notable Accomplishments:

- **Improved collaboration with local partners in project design, implementation, and evaluation (Indicator 1.1.1.a):** For the past three years, the agency has seen a marked increase in the percentage of project managers who meet with Project Advisory Committees (PACs)—advisory groups comprised of agency staff, host country government officials, and local counterparts and work partners. The agency utilizes PACs to engage local partners throughout the entire cycle of a project, ensuring host country and community needs are effectively addressed through a structured project plan and supporting Volunteer activities. Improvement in this area is a direct result of the focus placed on PACs by the agency, including increasing the resources allocated to conduct PAC meetings and issuing additional guidance on how to operate successful PACs.

- **Continued implementation of the Focus In/Train Up strategy (Indicator 1.2.1.b):** The Focus In/Train Up (FITU) strategy supports the Comprehensive Agency Assessment (2010) recommendation that the agency “focus on a more limited number of highly effective technical interventions that will enable the Peace Corps to demonstrate impact and achieve global excellence.”
The FITU strategy is a major agencywide effort to more closely align programming with the technical interventions that can be effectively delivered by Volunteers and to improve the technical training the agency provides to prepare Volunteers for service. Significant progress was made on the FITU strategy in FY 2013, as all project frameworks were focused in this year and standard technical training packages have been developed for all sectors. With this achievement, all Volunteers who begin their service in FY 2014 will be trained to work on improved and targeted projects that more directly meet community needs. While the target for this indicator was not met in FY 2013, great progress was made. As more Volunteers go through the new FITU technical training packages, the agency expects Volunteer satisfaction with technical training to continue to increase.

Performance Challenges:

- **Demonstrating the impact of Volunteers’ work (Indicators 1.3.1.a, 1.3.1.b, 1.3.1.c):**
  The Peace Corps’ unique approach to development contributes to significant improvements in the lives of the individuals and communities where the Volunteers live and work as evidenced in the agency exceeding the targets on two of these three indicators. One challenge resides in qualifying and quantifying the tangible development results of Volunteers’ capacity-building and skills-transfer work. Volunteers consistently report that their work has transferred skills to host country individuals and organizations. However, data sources from multiple perspectives are necessary to fully demonstrate the impact of Volunteers’ work.

  Moving forward, the agency will include specific goals in the FY 2014-2018 strategic plan related to the work of the Volunteers. This will be measured through the Volunteers who will report directly on their project activities. The agency will also expand a counterpart survey piloted in FY 2013 to all posts. The new agency-wide survey will collect feedback directly from Volunteer counterparts, including supervisors and work partners, related to the impact of Volunteers.
Strategic Goal 2: Promote a better understanding of Americans on the part of host country individuals, organizations, and communities served by Volunteers

As Volunteers build local capacity through their work, they also develop deep friendships with local people. Through their interactions with individuals and communities, they dispel myths about Americans, promoting a better, more well-grounded understanding of one another.

Public Benefit: Host country individuals and communities that interact with Volunteers gain a more complete understanding of the United States and become more willing to engage with Americans. Volunteers also build strong relationships with local people that endure long after their term of service is completed.

Notable Accomplishments

• High performance on training for Volunteers and work partners on managing cultural differences (Indicators 2.1.1.a and 2.1.1.b): The agency continued to provide quality training to facilitate an environment for Volunteers to successfully adapt to and navigate the complex cultural circumstances of life and work in another country. Training for Volunteers focuses on how to manage cultural differences to effectively live and work in local communities. Local counterparts, including supervisors and work partners, are trained on working effectively with Volunteers. This prepares counterparts to better support Volunteers as they adjust to cultural differences. The training also promotes a better understanding of Americans on the part of counterparts as they learn about cultural similarities and differences between themselves and Volunteers. Nearly all posts conducted supervisory and counterpart training in FY 2013, and the vast majority of Volunteers continued to report high levels of satisfaction with the training provided on managing cultural differences.

Performance Challenges:

• Collecting information directly and systematically from host country individuals, organizations, and communities on their perceptions of Americans (Indicator 2.1.1.e): The agency conducts Host Country Impact Studies to measure how effectively Volunteers are meeting the technical needs of host countries and promoting a better understanding of Americans. These studies provide a valuable source of information collected directly from host country counterparts, beneficiaries, and host families. While 24 of the studies have been completed since 2008, due to resource constraints, only a few studies are conducted each year. Host
Country Impact Studies were not conducted in FY 2013. This limits the agency’s ability to assess the impact of Volunteers worldwide year-to-year from the perspective of the people with whom Volunteers live and work.

The counterpart survey, piloted across all sectors and regions in FY 2013, will be fully operational in FY 2014 and will provide ongoing information across all Peace Corps countries on the impact of Volunteers’ capacity building and cross-cultural exchange efforts directly from the perspective of counterparts.

**Strategic Goal 3:** Foster outreach to Americans through agency programs that assist Volunteers and returned Volunteers to help promote a better understanding of other peoples on the part of Americans. 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 both during and after their service. As a result, they deepen and enrich Americans’ awareness and knowledge of other peoples and cultures and global issues.

**Public Benefit:** As Americans gain a better understanding of other cultures, they develop skills in working successfully in a globalized world. This, in turn, helps to build a more competitive U.S. workforce. Americans also increase their interaction with overseas communities, contributing to the Peace Corps’ mission of promoting peace and friendship between people in the United States and other countries.

**Notable Accomplishments:**

- **Significant increase in the number of educational institutions where returned Volunteers share their experiences (Indicator 3.1.2.b):** The agency provides returned Peace Corps Volunteers with opportunities to talk about their Peace Corps service through multiple venues, including the Coverdell World Wise Schools Speakers Match program and the Coverdell Fellows program. The Speakers Match program connects returned Volunteers with K-12 schools and youth organizations to visit and share their experiences. The Coverdell Fellows program works with graduate programs in colleges and universities across the country to provide returned Volunteers with the opportunity to earn a graduate degree and to continue their service in an underserved community in the United States. The agency made gains in this area by making it easier for potential partners to participate in the Coverdell World Wise Schools Speakers Match program through an improved website (www.peacecorps.gov/wws). Improvement is also due to increased staff resources for the program and to the aggressive marketing and promotion of Peace Corps Week (www.peacecorps.gov/resources/returned/thirdgoal/pcweek).
Performance Challenges:

- Low participation among currently-serving Volunteers in the Coverdell World Wise Schools/Correspondence Match program (Indicator 3.1.1.a): The Correspondence Match program connects currently-serving Volunteers with youth and educators in the United States. Through this program, Volunteers share with American classrooms the customs and cultures of the communities where they live and work. Over the span of the current strategic plan, the agency has identified a gap between the number of Volunteers and educators enrolled in the Correspondence Match program and the number of Volunteers who actively participate in the program. This year, the agency’s Leadership Development Academy, a 12-month program designed to nurture the next generation of Peace Corps managers and leaders, chose to evaluate the Correspondence Match program as their capstone project. The agency will work to implement the recommendations from the Leadership Development Academy to improve the program. This will include encouraging Volunteers to identify the educators and classrooms they will work with (rather than relying on the agency to make a match) and exploring the use of partnerships with organizations to provide technological assistance for connecting educators and classrooms to Volunteers.

Strategic Goal 4: Provide Volunteers who represent the diversity of Americans to meet the evolving technical needs of host countries

The agency actively recruits talented Americans who have the skills required to address the needs of local communities. To ensure that these Volunteers represent the diversity of America, the agency actively encourages individuals from underrepresented groups across the United States to apply to Volunteer service.

Public Benefit: When Volunteers are recruited who have the skills and experience requested by host communities, they are well-positioned to build local capacity. Additionally, a diverse Volunteer corps helps promote a more complete and rich understanding of Americans and contributes to local development goals.

Notable Accomplishments:

- Sustained increase in the percentage of applications received from individuals of underrepresented ethnic groups (Indicator 4.2.1.b): Since FY 2009, the agency has seen a sustained increase in the percentage of applications received from individuals of underrepresented ethnic groups—from 21 percent in FY 2009 to 30 percent in FY 2013. This is a significant achievement and the result of a concerted effort by the Peace Corps to work toward building a Volunteer corps that represents the American public, contributing to the goal of promoting a better understanding of Americans in the communities where Volunteers serve. The agency
has focused on diversity recruitment by increasing the number of campus recruiters at minority-serving institutions and conducting targeted marketing and outreach campaigns to underrepresented groups.

**Performance Challenges:**

- **Reduction in the percentage of Volunteer positions that were filled by applicants for service (Indicator 4.1.1.b):** Over the past three years, the agency has experienced difficulties in providing the number of Volunteers that have been requested by overseas posts. The number of Volunteers requested by a post represents the number of funded Volunteer positions that the post can fully support for 27 months of service. When Volunteer requests are not fully met, it represents a missed opportunity for the communities expecting Volunteers and for the talented and motivated Americans who could have served as Volunteers. The primary challenge in providing skilled Volunteers at the levels requested by posts is the decrease in the number of applications for Peace Corps service over the last few years—from a high of 15,386 applications received in FY 2009 to 10,091 applications in FY 2012 and 10,118 applications in FY 2013. Significant process changes in FY 2013 related to the implementation of a new electronic applicant processing system also contributed to poor performance on this indicator this year.

Improving Volunteer recruitment and selection processes to better meet the skill needs of host countries is a critical priority for the agency. Major process and structural changes are currently underway, including reducing the length of the Volunteer application, expediting the application process, providing applicants with more transparency and choice regarding their potential Volunteer assignment, and other reforms to improve the application experience.

**Strategic Goal 5:** Implement the Peace Corps mission in an effective and efficient manner through the provision of high quality Volunteer support with optimal health care, safety, and security support, and effective management of resources

Volunteers live and work in developing communities worldwide and encounter a broad range of social and environmental conditions during their service. As a result, safety, security, and medical risks are an inherent part of Volunteer service. The effective and efficient management of agency resources, including human and financial resources, is critical to enabling Volunteers to focus on their work.

**Public Benefit:** Ensuring the safety, security, and health of Volunteers is the Peace Corps’ highest priority, and the American people want Volunteers—individuals who are serving their country—to return home safely. Additionally, effective management practices ensure that the agency is utilizing the resources of the American taxpayers to achieve optimal performance.

**Notable Accomplishments:**

- **Implementation of the Sexual Assault Risk Reduction and Response program:** The Sexual Assault Risk Reduction and Response program is the Peace Corps’ comprehensive strategy for reducing risks and strengthening its response to Volunteers who have been the victims of sexual assault and other violent crimes. The program has been in development over the past few years in consultation with post staff and Volunteers
worldwide, as well as nationally recognized experts, including recommendations from the Department of Justice; the Rape, Abuse, and Incest National Network; and the Peace Corps Sexual Assault Advisory Council. This program is based on a two-pronged approach: reducing risks through training for Volunteers and ensuring that Peace Corps staff responds effectively and compassionately when incidents do occur. This approach incorporates several policy changes, extensive training for Volunteers and staff, and new, clearly defined procedures for reducing the risk of sexual assault and responding to Volunteers who are victims of sexual assault. The program exceeds the requirements of the Kate Puzey Peace Corps Volunteer Protection Act of 2011, reflecting the agency’s ironclad commitment to the physical and emotional well-being of every Volunteer.

- Improvements to the employee performance management system (Indicator 5.2.2.b):
The agency is strengthening its employee performance management program by piloting a new performance appraisal program and revising agency policies related to the agency’s incentive awards program. The new performance appraisal program better connects employee performance plans to the agency’s strategic goals and objectives to help employees see how their work contributes to the mission. The incentive awards program was revised to create different levels of awards, both for individuals and groups, to include monetary and non-monetary recognition to enhance employee recognition.
Looking Forward

Over the past year, the agency has facilitated a highly inclusive process to set a strategic vision for the agency over the next five years through the development of the FY 2014-2018 Strategic Plan. The plan includes goals, objectives, and strategies guided by a vision in which:

- every Volunteer has a safe, healthy, and productive service,
- Volunteers contribute to demonstrable gains in human development and mutual understanding in the countries where they serve, and
- more Americans than ever before are inspired to commit to national service in the cause of peace.

Through the new strategic plan, the agency will proactively address recurring and future challenges and opportunities by institutionalizing key reforms to strengthen operations, ensuring the well-being of Volunteers, and deepening the agency’s contributions to the development of the communities where Volunteers serve. The new plan will be finalized and published in the FY 2015 Congressional Budget Justification in February 2014 (to be posted at www.peacecorps.gov/open). Through the goals, objectives, and strategies in the plan, the agency will address the following key internal and external performance themes over the next five years.

Ensuring Volunteer well-being

The safety, security, and health of Volunteers will remain the agency’s highest priorities. Volunteers dedicate two years of their lives to service in other countries where the health-care infrastructure and security environments are often fragile. During their service, some Volunteers live and work in communities where the potential for crime or conflict exists. Further, Volunteers may experience a range of emotions as they address the complexities of development work and encounter unique stressors. The agency is committed to maximizing Volunteers’ well-being, thereby allowing them to focus on their assignments and helping to ensure that they return home safely and in good health. The Peace Corps adopts a holistic approach to Volunteer well-being that includes prevention and response systems and high-quality medical and mental health services.

The ongoing implementation of the Kate Puzey Peace Corps Volunteer Protection Act of 2011 will remain a focus for the agency. Many components of the Sexual Assault Risk Reduction and Response program are already in effect, including the Office of Victim Advocacy, improved training for Volunteers and staff, an immunity policy that encourages Volunteers to report sexual assault to the agency, a 24-hour anonymous sexual assault hotline pilot program for Volunteers, and sexual assault response liaisons at each post.

Becoming the service opportunity of choice for talented Americans

The Peace Corps remains a top choice for talented Americans interested in service. At the same time, the range of available international service opportunities has increased considerably since the founding of the agency in 1961. Faced with this challenge, the agency is introducing major changes to increase its effectiveness in attracting highly qualified candidates in a more competitive landscape.

The agency will become the service opportunity of choice for talented Americans interested in service by reaching a new generation of potential Volunteers and streamlining the application process. Improvements in the agency’s recruitment and selection processes, including reducing the length and complexity of these processes and offering applicants greater transparency regarding their potential country of service, are already underway and will continue over the next few years. Increasing the number and types of service opportunities offered to Americans and increasing the number of applications received for Peace Corps service are major priorities for the agency.
Strengthening development impact

The Peace Corps is unique in how it contributes to the development of host countries. Rather than investing in major infrastructure projects, the Peace Corps works to build the capacity of local organizations, communities, and individuals to improve their own lives. Volunteers live and work in communities for an extended period of time and often serve in places that other development organizations rarely go. Volunteers’ work is predicated on integrating and adopting local norms to build trust and mutual understanding. Volunteers respond to local needs through training, modeling, and acting as a resource for their partners in order to affect local development outcomes. The success of Peace Corps’ approach to development is dependent on the agency’s ability to design programming and training that leverages and builds upon the skills of the talented Americans selected for service.

The agency launched the Focus In/Train Up strategy in FY 2011 to re-focus programming and training on the projects and activities that provide the greatest opportunity for sustainable results—in which host country and local priorities are addressed by the knowledge, skills, and abilities of Volunteers. Significant progress has been made in implementing the strategy, including a complete re-design of technical training for each Volunteer sector and the re-development of projects for all posts. As a result, Volunteers are better positioned to contribute to local development outcomes.

Moving forward, the agency will continue to improve programming and training by strengthening language training and acquisition; better aligning the recruitment of Volunteers to programming; improving monitoring, reporting, and evaluation efforts; and engaging in global communities of practice through knowledge sharing platforms.

Engaging returned Volunteers to continue their service

More than 215,000 Americans have served as Peace Corps Volunteers since 1961. Many Americans have a relative, teacher, doctor, or friend who served as a Volunteer. These returned Volunteers represent a significant domestic dividend of Americans committed to making a difference and promoting peace and friendship. After they return home from their assignments, they continue advancing the Peace Corps mission by sharing their experiences with family, friends, and the American public; promoting volunteerism and service; and engaging in public service.

Returned Volunteers are critical to the agency’s achievement of core goal three (“Help promote a better understanding of other peoples on the part of Americans”). For this reason, the agency actively encourages returned Volunteers to share their experiences with the American public and provides opportunities for them to do so. Returned Volunteers also participate in recruitment events to help recruit the next generation of Volunteers. Additionally, the agency prepares returned Volunteers to continue their service academically and professionally by aiding in their transition back to the United States through career services and support.

However, much of the returned Volunteer community’s work to advance the Peace Corps mission takes place outside the agency’s control. Returned Volunteers organize organically into country-of-service-based or U.S. geographically-based groups to promote a better understanding of the countries and cultures in which they lived and worked. They also support Volunteer projects and engage in U.S.-based volunteer efforts. Additionally, the agency is limited in its ability to contact returned Volunteers directly by the Paperwork Reduction Act.

In the future, the agency will increase its engagement with returned Volunteer groups to provide more promotional materials. The agency will also explore the development of a regular returned Volunteer survey to gather the perspectives of returned Volunteers on the agency’s efforts and to identify opportunities for improving the preparation and support of returned Volunteers to continue their service after they return home.
Developing an institutional memory

The Peace Corps’ unique law limiting the vast majority of U.S.-based and American overseas staff to five-year appointments helps to ensure a constant influx of fresh ideas and innovation. It also produces significant human capital and knowledge management challenges. After decades of short-term staff appointments, a major challenge for the agency is knowledge retention. Staff members have limited opportunities to learn from the mistakes of their predecessors, build upon their best practices, or take full advantage of the experience of seasoned professionals.

At the same time, the spread of the internet and mobile technology to many of the communities where Volunteers serve presents an excellent opportunity to increase communication and collaboration between Volunteers and staff around the world. Knowledge sharing platforms can facilitate this collaboration by enabling both Volunteers and staff to store and search for specific project information. As a result, Volunteers and staff can solve problems and build upon already successful projects and strategies. PCLive, an internal agency website that facilitates the exchange of programming, training, evaluation, and other agency materials, was launched for staff use in FY 2013. The agency will refine this tool and expand its use to Volunteers in FY 2014. When fully operational, both Volunteers and staff will have the tools needed to begin building upon institutional memory. Volunteers and staff will be able to share experiences, upload content, ask questions and get answers, search for and filter information, and access important materials.

Improving performance through evidence and innovation

The Peace Corps is committed to improving agency performance by applying evidence-based solutions to persistent problems, conducting new evaluations and research to identify promising practices, and piloting and testing new approaches to meeting agency goals. Through the performance management system, the agency is strengthening operations in the field to the benefit of our host country partners and the American public.

The agency has made great progress in recent years to utilize data and evidence in program, policy, and budget decisions. For example, the Country Portfolio Review—an annual, comprehensive review of internal and external data related to each country program—informs the allocation of Volunteer and financial resources to overseas posts. Additionally, the agency holds quarterly performance reviews to regularly review progress on agency goals and prioritize strategies to meet goals.

Moving forward, the agency will engage in new evaluation and research activities and pilot innovative approaches to improve its programs. A new counterpart survey was piloted in FY 2013 and will be fully operational in FY 2014. The counterpart survey will collect feedback directly from Volunteers’ local counterparts on their work. The agency will also expand its use of performance and process evaluations to better understand low program performance. Additionally, the collection of baseline data upon entering new country programs is now included in agency guidance. The agency is also experimenting with collecting baseline data for new Volunteer projects.
Analysis of Financial Statements

Overview of Financial Position

This summary of the agency’s financial position and results of operations addresses the relevance of major changes in the types and/or amounts of assets, liabilities, costs, and obligations. Overall, the funding position of the Peace Corps has diminished to some extent since fiscal year 2012 due to required sequestration budget cuts.

The Peace Corps’ principal financial statements include the Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and Statement of Budgetary Resources. Financial statements and notes are included in the Financial Section of this report.

For the seventh consecutive year, the agency received an unmodified (clean) audit opinion on the financial statements. Additionally, the Peace Corps was further recognized by its sixth award of the coveted Association of Government Accountants’ Certificate of Excellence in Accountability Reporting for the FY 2012 Performance and Accountability Report.

The agency funds mainly consist of appropriated funding administered by the U.S. Department of Treasury and appropriated by Congress in the amount of just over $356 million for FY 2013. This constitutes a reduction of $19 million from the FY 2012 appropriation of $375 million. Budgetary Resources were $447.8 million for FY 2013 compared to $462.8 million as restated for FY 2012. Budgetary resources consist mainly of appropriated funds plus the available unobligated balance of prior year appropriated funds, recoveries of prior year obligations, and the spending authority from offsetting collections (primarily the reimbursable work the agency performs on behalf of other federal agencies such as U.S. Agency for International Developments and its $11.9 million for the nation’s Feed the Future, Global Education, and other initiatives). The FY 2012 Financial Statements were restated as shown in Note 18, Restatement, for its treatment of the Foreign Service National (FSN) Separation Liability Fund, the Host Country Resident Contractors (PSC) Separation Liability Fund, unfunded employment liability, and proceeds of sale.

The agency has two years in which to obligate appropriated funds and another five years in which to complete the payout process for those funds. The agency continues to operate as one program and, in lieu of adopting goal costing, is enhancing the use of performance and cost information in budgetary decision making.

A comparison summary of the major financial activities in FY 2013 and FY 2012 is presented in the table that follows.

<table>
<thead>
<tr>
<th>Changes in Financial Position from FY 2012 to FY 2013 (in Thousands)</th>
<th>FY 2013</th>
<th>FY 2012 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Balance with Treasury</td>
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<td>180,689</td>
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<td>Accounts Receivable</td>
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<td>PP&amp;E</td>
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<td>Prepaid Volunteer Living Allowances</td>
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<td>Other Assets</td>
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<td><strong>Total Assets</strong></td>
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<td>Accounts Payable</td>
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<td>Other Employment Related</td>
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</table>
**Analysis of Financial Results**

**ASSETS – WHAT WE OWN AND MANAGE.** Assets are the amount of future economic benefits owned or managed by the Peace Corps to achieve its mission. Total assets were $227.3 million as of September 30, 2013 on the Balance Sheet. This represents an increase of $3.3 million over FY 2012’s $224 million. The primary reason for the increase in assets was due to an increase in the Fund Balance with Treasury.

The most significant assets are the Fund Balance with Treasury and Property, Plant, and Equipment (PP&E) which represents 83 percent and 13 percent of the Peace Corps’ assets, respectively. The Fund Balance with Treasury consists of funding available through the U.S. Department of Treasury’s accounts to pay for agency obligations. PP&E are tangible assets owned by the agency, reported by major class in detail in Note 5, General Property, Plant, and Equipment, Net.

The FY 2013 Fund Balance with Treasury was $188.7 million, increased by $8.0 million from $180.7 million in FY 2012 caused by lower rates of expenditure outlays in FY 2013. PP&E was $30 million in FY 2013, decreased by $5.2 from $35.2 million in FY 2012 due to a lower balance in net book value for vehicles, information technology (IT) hardware, and general property, plant, and equipment associated with the disposition of assets in FY 2013.

Agency assets by type are shown in the chart below:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>FY 2013 (In Thousands)</th>
<th>FY 2012 (In Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Balance with Treasury</td>
<td>$188,687 (83%)</td>
<td>$180,700 (80%)</td>
</tr>
<tr>
<td>Prepaid Volunteer Living Allowances</td>
<td>$2,010 (1%)</td>
<td></td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>$3,166 (1%)</td>
<td></td>
</tr>
<tr>
<td>PP&amp;E</td>
<td>$29,987 (13%)</td>
<td></td>
</tr>
<tr>
<td>Other Assets</td>
<td>$3,440 (2%)</td>
<td></td>
</tr>
</tbody>
</table>

**Table:**

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2013</th>
<th>FY 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Entity Funds</td>
<td>23,400</td>
<td>27,742</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>1,159</td>
<td>1,249</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>259,104</td>
<td>249,756</td>
</tr>
<tr>
<td>Unexpended Appropriations</td>
<td>129,818</td>
<td>114,526</td>
</tr>
<tr>
<td>Cumulative Results of Operations</td>
<td>-161,632</td>
<td>-140,283</td>
</tr>
<tr>
<td>Total Net Position</td>
<td>-31,814</td>
<td>-25,757</td>
</tr>
<tr>
<td>Total Liabilities and Net Position</td>
<td>227,290</td>
<td>223,999</td>
</tr>
<tr>
<td>Net Cost of Operations</td>
<td>371,842</td>
<td>394,587</td>
</tr>
<tr>
<td>Budgetary Resources</td>
<td>447,801</td>
<td>462,799</td>
</tr>
</tbody>
</table>
LIABILITIES – WHAT WE OWE. Liabilities are the amounts owed by the Peace Corps. Total liabilities of $259.1 million were shown on the Balance Sheet as of September 30, 2013, an increase of $9.3 million from $249.8 million restated amount in FY 2012. This increase was primarily the result of Federal Employees’ Compensation Act (FECA) benefits liability that was accrued for by the agency based on amounts provided by the Department of Labor.

Liabilities by type are shown in the chart below:

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount (In Thousands)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>$36,604</td>
<td>14%</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>$153,397</td>
<td>59%</td>
</tr>
<tr>
<td>Unfunded FECA Liability</td>
<td>$32,297</td>
<td>12%</td>
</tr>
<tr>
<td>Non-Entity Fund</td>
<td>$23,400</td>
<td>9%</td>
</tr>
<tr>
<td>Unfunded Annual Leave</td>
<td>$9,755</td>
<td>4%</td>
</tr>
<tr>
<td>Other Employment Related</td>
<td>$2,492</td>
<td>1%</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>$1,159</td>
<td>1%</td>
</tr>
<tr>
<td>Non-Entity Fund</td>
<td>$23,400</td>
<td>9%</td>
</tr>
<tr>
<td>Unfunded FECA Liability</td>
<td>$32,297</td>
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</tr>
<tr>
<td>Accounts Payable</td>
<td>$36,604</td>
<td>14%</td>
</tr>
</tbody>
</table>

ENDING NET POSITION – WHAT WE HAVE DONE OVER TIME. Net Position represents the difference between the Assets and the Liabilities on the Balance Sheet. The agency’s Net Position decreased in FY 2013 to $31.8 million from $25.8 million in FY 2012.

NET COST – RESULTS OF OPERATIONS. The Net Cost of Operations decreased in FY 2013 from the restated balance of $394.6 million in FY 2012 to $371.8. The increased expenses for Volunteer and employee costs was offset by a correction in errors of FY 2012 severance and separation liability resulting in a $22.8 million decrease in the agency’s net cost of operations.

Limitations of the Financial Statements

The principal financial statements have been prepared to report the financial position and results of operations of the Peace Corps, pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from the entity’s books and records in accordance with generally accepted accounting principles for federal entities and the formats prescribed by the Office of Management and Budget (OMB), the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. government, a sovereign entity.
Analysis of Systems, Controls, and Legal Compliance

Management Assurances

This section addresses the Peace Corps' compliance with the Federal Managers' Financial Integrity Act (FMFIA) of 1982 (P. L. 97-255) and assesses the financial management systems strategy. OMB Circular A-123, Management's Responsibility for Internal Control, is the policy and guidance document that implements the requirements of 31 U.S.C. 3512 (c), (d) (commonly known as the FMFIA).

Federal Managers' Financial Integrity Act
The FMFIA requires the heads of agencies to annually assess and report on the adequacy of internal controls that protect the integrity of federal programs. In accordance with FMFIA, agencies are required to establish accounting and administrative controls to include program, operational, and administrative areas, in addition to accounting and financial management and requires standards to ensure the prompt resolution of all audit findings. The FMFIA requires reasonable assurances that (i) obligations and costs are in compliance with applicable law; (ii) funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and (iii) 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. The qualified assurance statement on the adequacy of internal controls over financial reporting (FMFIA § 2) and on conformance of financial systems with government-wide standards (FMFIA § 4) is shown below in the FY 2013 Qualified FMFIA Assurance Statement.

Internal Control Guidance
OMB Circular A-123 provides guidance for implementing the FMFIA further defines management’s responsibility for internal control in federal agencies. OMB Circular A-127, Financial Management Systems, prescribes policies and standards to follow when managing financial management systems. Peace Corps Manual Section 784, Internal Control System, sets out the policies and procedures for establishing, assessing, correcting, and reporting on, the agency’s internal control in order to achieve the objectives of effective and efficient operations; reliable financial reporting; and compliance with applicable laws and regulations. The safeguarding of assets is a subcomponent of each objective.

Internal Control Operations
During the FY 2013 financial statement audit, the agency achieved its seventh consecutive unmodified (clean) audit opinion. Legal compliance was addressed through auditor testing of selected laws and regulations. Our independent external auditors identified one material weakness in the area of financial reporting and management. In this finding, it was determined that Peace Corps was not in compliance with OMB Circular A-11 with regards to financial reporting and management. An independent external audit firm conducting our annual Federal Information Systems Management Act (FISMA) of 2002 audit identified three “high” findings which we have determined to be, in essence, a material weakness.

The two material weaknesses notwithstanding, the agency’s qualified annual FMFIA assurance statement that follows in this section is supported by department and office heads assurance statements of compliance with effective internal controls throughout the Peace Corps as of September 30, 2013. Agency managers are responsible for designing, implementing, and monitoring internal controls (proper organization, policies and procedures) in their areas. Monitoring the effectiveness of internal control occurs in the normal course of conducting agency business over the course of each year. Assurance statements are based on information gathered from various sources including the managers’ personal knowledge of day-to-day operations and
existing controls, self-assessments, senior leadership meetings, audits of financial statements, Inspector General audits, reports, reviews, investigations, and evaluations. Agency manager’s reasonable assurance of compliance is further supported by risk assessments prepared earlier this year by department and office heads following reviews of operations in their area where no material weaknesses were identified. The risk assessments, though, did identify weaknesses of less severity than material weaknesses in a few select areas and those are being monitored closely and managed within the agency.

The two significant deficiencies from the FY 2012 financial statement audit were monitored through the agency’s corrective action plan and during periodic Senior Assessment Team meetings throughout the year. The monitoring and corrective efforts of the Senior Assessment Team led by the chief financial officer with members of agency top management were not successful, though, in fully resolving these significant deficiencies.

The agency’s internal control program is designed to ensure compliance with the goals, objectives, and requirements of the FMFIA and other federal regulations.

**Debt Management Controls**

As a small agency, the Peace Corps has only a limited amount of debt to manage under the provisions of the Debt Collection Improvement Act of 1996, OMB Circular A-129, Policies for Federal Credit Programs and Non-Tax Receivables, the Controller Alert, Improving Collection of Delinquent Debt issued January 4, 2013, and other laws. Quarterly reports are provided through the Treasury Report on Receivables and Debt Collection Activities. When applicable, the agency writes-off delinquent debt older than two years to not overstate the accounts receivable and generally closes out the debt at that point. A Certification Agreement with Treasury has been signed for calendar year 2014.

**Financial Management Systems Strategy**

A complex upgrade to the agency’s globally deployed multi-currency Oracle financial system, Odyssey, with its new sub-ledger accounting architecture was successfully completed by the in-house financial systems team during FY 2013. This improvement paved the way for financial reporting through the Governmentwide Treasury Account Symbol Adjusted Trial Balance System beginning in FY 2014.

Reducing the reliance on paper-based financial processing took another step forward with the upgraded personal services contractor application that automated error-prone manual calculations, reduced data entry, and eliminated the paper-based submission process for personal services contracts. As a result of the financial system automation and process improvements completed in FY 2013, the agency significantly reduced the number of documents mailed, re-entered, filed, and archived each year. Enhancements to the agency’s information technology (IT) infrastructure and overseas financial systems modules, scheduled for completion in FY 2016, will further reduce the remaining paper-based financial business processes.

The Treasury’s Payment Application Modernization will replace multiple applications across the federal agencies using Treasury disbursing services with a single standardized application to support improvements in the payment process. Enhancements to the financial system are underway and this agency will submit payment data in a newly developed standard input format in FY 2014.

The planned deployment of an agencywide commercial time keeping system was delayed until FY 2014 as the cross-service provider, Treasury, could not provide the necessary resources to support the implementation in FY 2013. The timekeeping system, which is much like that of the U.S. Agency for International Development, will expand and automate the ability to track, monitor, and capture the cost of capital projects once fully integrated with the Odyssey financial system. Initial implementation will only include domestic staff, and worldwide deployment to the posts could be as late as FY 2016.
An upgrade to the Hyperion Planning budget formulation and financial analysis software application is scheduled for completion during the second quarter of FY 2014. The system upgrade is necessary to ensure this core application continues to function as the agency upgrades IT infrastructure components.

The agency’s property accountability system deployed worldwide in late FY 2011 has not proven effective and is expected to be replaced in FY 2014.

Finally, the agency continues to operate as one program and, in lieu of adopting goal costing, is enhancing the use of performance and cost information in budgetary decision making.

The FMFIA management assurance statement that follows is consistent with the FY 2013 financial audit report.
FY 2013 FMFIA Qualified Assurance Statement

The Peace Corps assessed the effectiveness of internal controls to support effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations in accordance with the Federal Managers’ Financial Integrity Act (FMFIA) of 1982 Section 2 and OMB Circular A-123. Based on this assessment, the Peace Corps can provide a qualified statement of assurance for FY 2013 that its internal control over the effectiveness and efficiency of operations, financial reporting, and compliance with applicable laws and regulations was operating effectively. In FY 2013, one material weakness in the area of financial management and reporting and one material weakness in the area of information technology management were found.

The Peace Corps conducted its assessment of whether the financial management systems conform to government-wide financial systems requirements in accordance with FMFIA Section 4. Based on this assessment, the Peace Corps can provide reasonable assurance that its financial management systems are in compliance with the applicable provisions of FMFIA Section 4 and OMB Circular A-127 for FY 2013.

Carolyn Hessler-Radelet, Acting Director
December 13, 2013

Joseph L. Hepp, Jr.
Chief Financial Officer
December 13, 2013
Introduction to Agency Performance

The performance section details the results of the agency’s activities in FY 2013 to improve performance on the five strategic goals, 14 performance goals, and 40 performance indicators outlined in the agency’s FY 2013 annual performance plan. This is the fifth year of agency operations under the Peace Corps FY 2009-2014 strategic plan. The strategic plan and performance plan can be found at www.peacecorps.gov/open.

The performance section includes a discussion of the work that supports the agency’s strategic goals. The rationale for each indicator is included and describes how it relates to the achievement of performance goals. Subsequent discussion links the major agency activities associated with the indicator to the results achieved. Information is provided on how the agency will strengthen performance moving forward. Finally, the data source for each performance indicator is included.

The FY 2013 annual performance plan includes several indicators first included in FY 2012; as a result, trend data are not available for all indicators. Prior year trend data are provided when available.

Performance Management at the Peace Corps

The agency is deeply committed to performance improvement through the use of high-quality data and evidence. The Peace Corps Acting Director serves as the chief operating officer and oversees the agency’s performance management efforts. The Office of Strategic Information, Research, and Planning (OSIRP) is responsible for performance planning and reporting and works closely with offices across the agency to collect and analyze data to improve agency operations. The director of OSIRP serves as the performance improvement officer for the agency. The agency actively participates in the federal government’s Performance Improvement Council, as well as the Small Agency Council’s Performance Improvement Committee, in order to remain current with governmentwide performance improvement guidelines and best practices.

The agency ensures data are available and used by agency leadership and senior managers to inform decision making through the following processes:

• Quarterly strategic plan performance review sessions. Key officials from across the agency, including senior leadership, review performance data at the end of each quarter to share best practices and develop strategies to meet performance targets when areas for improvement are identified. A performance spotlight is identified during each quarterly meeting to highlight a particularly notable use of data in program, policy, or budget decisions.

• Integrated Planning and Budget System (IPBS). Through the IPBS, headquarters offices and posts develop strategic and operational plans in order to ensure that their activities are aligned with and advance the agency’s strategic goals. IPBS plans are developed during the agency’s budget formulation process; budgets are informed by the resource requirements of the IPBS plans. Through the IPBS, the agency is working to better link performance and budgeting processes to ensure decision makers have the appropriate information to inform program, policy, and budget decisions.

• Annual Country Portfolio Review. Each year, the agency conducts a comprehensive review of active and potential Peace Corps posts based on external and internal data. The Country Portfolio Review informs decisions about new country entries, country graduations (closures), and the allocation of Volunteers and other resources.

Verification and Validation of Performance Data

The agency’s FY 2013 performance results are based on reliable and valid data that are complete as of the end
of the fiscal year. The agency places great value and emphasis on continuously improving its performance reporting procedures and processes.

Data collection and reporting consistency is ensured by the use of detailed indicator data reference sheets that include operational definitions, data sources, and a comprehensive methodology for measuring each performance indicator. The agency ensures the data are complete and accurate through oversight and review by OSIRP. The major data sources are detailed below.

**Annual Volunteer Survey**

The Annual Volunteer Survey (AVS) is an anonymous, voluntary survey of all currently serving Volunteers. This comprehensive survey provides direct feedback from the Volunteers regarding agency activities and is a key data source informing performance improvement. In FY 2013, the agency reached the highest response rate in the history of fielding the survey since 1975—92 percent. The consistently high response rate from Volunteers minimizes total survey error. The survey is not, however, administered to a random sample of Volunteers and—as with other non-randomized surveys—therefore subject to non-response bias.

The demographic profile of the survey respondents is representative of the Volunteer population in key characteristics: age, sex, race, ethnicity, level of education, and status as a Volunteer. In FY 2013, AVS was administered exclusively online for the second year in a row. Responses to all AVS questions were directly provided by the Volunteers and housed in an external, electronic survey database. To ensure data quality, rigorous data cleaning procedures were applied to the dataset prior to analysis. Analyzed data were used to inform agency management about the Volunteers’ perspectives on key issues. The high response rate from Volunteers and the data verification and validation measures ensure the high level of AVS data accuracy needed for its intended use.

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

**Peace Corps Database Systems**

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

**Overseas post and headquarters office data call**

Overseas posts submit data for seven performance indicators through an online survey at the end of the fiscal year. Headquarters offices submit data for one indicator. Both overseas posts and headquarters offices submit information on the evaluation and research activities they conducted in FY 2013, including the findings generated and the actions taken in response to those findings. Leaders from all overseas posts and headquarters offices responded to the survey in FY 2013, thus providing valid performance data. The survey was designed with clear logic and data validation rules to minimize data entry error. The data were independently reviewed and anomalies were addressed and corrected to improve data quality. As a result, high data quality was established and the required level of accuracy was met.
Annual Performance Results

**Strategic Goal 1:** Enhance the capacity of host country individuals, organizations, and communities to meet their skill needs

- **Activities**
  - Ensure effective programs
  - Ensure effective training
  - Increase effectiveness of skills transfer

- **Outcomes**
  - Programs fulfill host country needs
  - Volunteers have necessary competencies to meet needs
  - Host country demonstrates enhanced capacity to meet needs

- **Impact**
  - Local conditions are improved
  - Communities have capacity to solve problems and serve as model for others

The Peace Corps supports the work of the Volunteers by developing effective projects in collaboration with host country governments and local communities and organizations, training Volunteers in the skills they need to build local capacity, and focusing on skills transfer to local individuals and community groups. The continued implementation of the Focus-In/Train-Up strategy—an agency-wide effort to focus on highly effective interventions and to provide Volunteers with world-class training—served to advance this strategic goal.

The agency was successful in strengthening local capacity in FY 2013. Eight of 11 performance targets were met.
## Performance Goal Results

<table>
<thead>
<tr>
<th>Performance Goals</th>
<th>Performance Indicators</th>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.1.1: Ensure the effectiveness of in-country programs</strong>&lt;br&gt; 1.1.1.a. Percentage of project managers who meet with their host country Project Advisory Committees</td>
<td>56%</td>
<td>85%</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.1.1.b. Percentage of posts that provide annual progress reports to their host country agency sponsors and partners for all of their projects</td>
<td>95%</td>
<td>90%</td>
<td>✗</td>
</tr>
<tr>
<td></td>
<td>1.1.1.c. Percentage of projected length of service actually served by Volunteers</td>
<td>87%</td>
<td>90%</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>1.1.1.d. Percentage of Volunteers who report their satisfaction with site selection and preparation as adequate or better</td>
<td>73%</td>
<td>73%</td>
<td>✓</td>
</tr>
<tr>
<td><strong>1.2.1: Ensure the effectiveness of in-country training</strong>&lt;br&gt; 1.2.1.a. Percentage of Volunteers who meet local language requirements for service per post testing standards</td>
<td>88%</td>
<td>91%</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.2.1.b. Percentage of Volunteers who report training as adequate or better in preparing them technically for service</td>
<td>84%</td>
<td>83%</td>
<td>✗</td>
</tr>
<tr>
<td></td>
<td>1.2.1.c. Percentage of Volunteers who report training as adequate or better in preparing them to work with their counterparts/community partners</td>
<td>82%</td>
<td>83%</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>1.2.1.d. Percentage of posts that provide monitoring and evaluation training to their Volunteers</td>
<td>90%</td>
<td>100%</td>
<td>✓</td>
</tr>
<tr>
<td><strong>1.3.1: Increase the effectiveness of skills transfer to host country individuals, organizations, and communities</strong>&lt;br&gt; 1.3.1.a Percentage of Volunteers who report their primary project work transferred skills to host country individuals and organizations adequately or better</td>
<td>87%</td>
<td>88%</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.3.1.b. Percentage of projects documenting measurable impact in building the capacity of host country nationals</td>
<td>86%</td>
<td>88%</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>1.3.1.c. Percentage of partner organizations at post that report their assigned Volunteer fulfilled their requested need for technical assistance</td>
<td>75%</td>
<td>61%</td>
<td>✗</td>
</tr>
</tbody>
</table>

✓ Target met  ✗ Target not met
**Performance Goal 1.1.1:** Ensure the effectiveness of in-country programs

**Indicator 1.1.1.a:** Percentage of project managers who meet with their host country Project Advisory Committees

<table>
<thead>
<tr>
<th></th>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>56%</td>
<td>85%</td>
<td>✓</td>
</tr>
</tbody>
</table>

**Rationale:** Effective projects ensure local support by taking into account the needs of the host country and local beneficiaries. Project Advisory Committees (PACs) are composed of agency staff, host country government officials, and local counterparts. They serve as advisory bodies to program managers to design, monitor, and assess projects.

**Discussion of Result:** The target was met. The agency held Project Advisory Committees for the vast majority of its projects—144 of 169 projects (85 percent). The use of PACs is now a widespread practice among posts to ensure local partners are engaged in project development and evaluation. Performance was much higher than expected and can be largely attributed to host country and local beneficiary involvement in project revisions through the Focus In/Train Up strategy.

The agency built on the success achieved last year by continuing to promote the practice across each region and providing additional resources. The major challenge cited by posts is turnover among their key local government partners which inhibits their ability to maintain stable PACs. Posts are exploring low-cost solutions for meeting with PACs, including holding meetings in the capital city to minimize travel costs and scheduling virtual meetings.

**Strengthening Future Performance:** The agency will continue to provide encouragement and guidance to all overseas posts for engaging PACs and share best practices among posts for operating PACs. Programming and training guidance will be updated in FY 2014, and the use of PACs will be highlighted as a best practice.

**Data Source:** Overseas post data call

**Indicator 1.1.1.b:** Percentage of posts that provide annual progress reports to their host country agency sponsors and partners for all of their projects

<table>
<thead>
<tr>
<th></th>
<th>FY 2012 Target</th>
<th>FY 2012 Result</th>
<th>Target Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>95%</td>
<td>90%</td>
<td>✗</td>
</tr>
</tbody>
</table>

**Rationale:** Annual progress reports describe the achievements of all projects at a post to host country agency sponsors and partners. By reporting annually to local stakeholders on the progress of projects, the agency documents the impact of its Volunteers and facilitates a dialogue with the host country on how best to increase the effectiveness of those projects.
**Discussion of Result: The target was not met.** Out of 62 posts, 56 posts provided annual reports to their host country partners for all of their projects—the highest percentage achieved since data has been collected on this indicator. Even though the target was not met, the agency has made substantial progress since last year.

All posts in the Europe, Mediterranean, and Asia region provided progress reports to partners for all of their projects—a notable accomplishment. The Africa region set a goal of 100 percent for its posts, and reported very significant progress this year. All but one post (96 percent) in the region developed annual reports for all projects—a marked improvement from the result last year (68 percent).

Identifying resources—including writers and funding for translations—to develop the annual reports remains a challenge. While the agency has developed several types of supplementary guidance regarding the development and delivery of annual reports, some posts also reported that the lack of a standard template for report content presents them with challenges in meeting the indicator. In addition, several posts also reported that in countries where local stakeholders are not accustomed to receiving electronic copies or accessing documents on the internet, expensive printed reports are expected, adding significant additional cost to the reports.

**Strengthening Future Performance:** The agency will continue to share best practices through regional conferences to improve how results are reported to local stakeholders. Best practices include, incorporating content from Peace Corps Volunteer Leaders, providing electronic versions of reports where locally acceptable, and using alternative forms for the reports, such as PowerPoint presentations, instead of long, technical documents.

**Data Source:** Overseas post data call

**Indicator 1.1.1.c: Percentage of projected length of service actually served by Volunteers**

<table>
<thead>
<tr>
<th></th>
<th>FY 2013</th>
<th>FY 2013</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target</td>
<td>87%</td>
<td>90%</td>
<td>Met</td>
</tr>
</tbody>
</table>

**Rationale:** Projects require a specific amount of Volunteer service time for effective implementation. A high percentage of projected length of service actually served indicates Volunteers are in their communities for a sufficient length of time to meet project goals.

**Discussion of Result: The target was met.** This measure provides one perspective on “early terminations” of Volunteers serving in the field. The result for FY 2013 indicates that Volunteers are serving more of their service time than they have in recent years—an achievement that ensures the agency’s investment in Volunteer resources yielded added results.

The agency works to reduce the number of Volunteers who leave service early. The unexpected departure of a
Volunteer can have a negative effect on the Volunteer’s project and the goals established between the Peace Corps and the host country. Moreover, it represents a lost investment for the Peace Corps, which devotes resources to recruit and train individuals for service. The agency reduces early terminations by utilizing a rigorous Volunteer selection process and by ensuring Volunteers receive the necessary training and support to be safe, healthy, and successful.

**Strengthening Future Performance:** The agency will analyze early termination measures, including the reasons cited by Volunteers and staff for resignations, to identify trends across regions, posts, and sectors that may point to opportunities for improvement.

**Data Source:** Peace Corps Database System

**Indicator 1.1.1.d:** Percentage of Volunteers who report their satisfaction with site selection and preparation as adequate or better

<table>
<thead>
<tr>
<th></th>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>73%</td>
<td>73%</td>
<td>✓</td>
</tr>
</tbody>
</table>

**Rationale:** To create an environment for effective projects, the agency must select work sites that provide meaningful work opportunities and support the health and safety of Volunteers. The appropriate selection and preparation of work sites is crucial to the effectiveness of a Volunteer and the success of the overall project.

**Discussion of Result:** *The target was met.* From FY 2008 to FY 2009, Volunteers’ satisfaction with site selection and preparation declined from 79 percent to 73 percent. Since FY 2009, the result has stabilized. While the target was met, the increase in Volunteers’ satisfaction is not statistically significant and may be the result of normal fluctuations in Annual Volunteer Survey responses.

Site selection and preparation standards were developed in FY 2013 and have been disseminated to posts. All three regions developed and distributed region-specific guidance and standards. The Inter-America and the Pacific region and Europe, Mediterranean, and Asia region sent out guidance and a site development handbook for posts. The Africa region rolled out the standards at the country director conference.

Volunteer site selection and preparation has been a challenge for several years. Constraints have included inadequate staffing levels, turnover of key staff such as country directors and directors of programming and training, inconsistent application of site selection and preparation protocols, and host country restrictions on the locations where Volunteers can serve. Effective site selection and preparation includes three major components: identifying appropriate sites, setting appropriate expectations with Volunteers, and regularly monitoring sites to provide support to Volunteers.

**Strengthening Future Performance:** The agency will collect feedback from posts to identify areas for improvement. The agency will continue to place a premium on the implementation of critical recommendations from Peace Corps safety and security officers that relate to posts’ adherence to site selection criteria.

**Data Source:** Annual Volunteer Survey
**Performance Goal 1.2.1:** Ensure the effectiveness of in-country training

**Indicator 1.2.1.a:** Percentage of Volunteers who meet local language requirements for service per post testing standards

<table>
<thead>
<tr>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>88%</td>
<td>91%</td>
<td>✓</td>
</tr>
</tbody>
</table>

**Rationale:** Volunteers must achieve sufficient language ability to maintain their safety and security, integrate into their community, and work effectively. A high percentage of Volunteers who meet local language requirements indicates that training has been effective in preparing Volunteers for service.

**Discussion of Result:** The target was met. In FY 2013, the agency continued to build on the improvements to the language training program through training-of-trainers sessions and language proficiency index certification workshops.

While the target was met, the agency focused on improving data quality for this indicator. Posts continue to face technical difficulties in recording benchmarks and scores consistently. As a result of issues with the database, only 80 percent of Volunteers in FY 2013 who were tested had their language scores recorded in the database. The agency conducted a root cause analysis of the problem to identify potential solutions. The agency also worked with posts to set benchmarks, record scores, and transfer paper records into the database. These efforts will result in data quality improvements in the future.

The high turnover among certified language instructors is another challenge. Language instructors are often only contracted during Volunteers’ three-month pre-service training, contributing to high turnover as instructors secure other full-time work. Some posts have experimented with converting part-time language instructor positions into full-time language and cultural facilitator positions to teach local languages during pre-service training, continue providing language tutoring throughout Volunteers’ service, and serve as a cultural resource as Volunteers integrate into their communities.

**Strengthening Future Performance:** To improve data quality, the agency has set an internal goal of collecting data for 100 percent of the Volunteers who are required to take a language test. The agency will also improve the database to correct the technical problems that posts face in recording language benchmarks and scores. Further, the agency will continue to pilot new strategies for improving the retention of language instructors. The agency will also expand the use of language testing at the end of Volunteers’ service to evaluate the language learning that has occurred throughout service.

**Data Source:** Peace Corps Database System
Indicator 1.2.1.b: Percentage of Volunteers who report training as adequate or better in preparing them technically for service

<table>
<thead>
<tr>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>84%</td>
<td>83%</td>
<td>✗</td>
</tr>
</tbody>
</table>

**Rationale:** The agency provides Volunteers with technical training to prepare them for local, project-specific work. Volunteers who have been adequately trained in technical areas have the competencies necessary to address host country needs.

**Discussion of Result:** The target was not met. While the target for this indicator was not met, performance improved from last year and significant progress was made in strengthening technical training.

In FY 2013, technical training packages were finalized for all Volunteer sectors through the Focus In/Train Up strategy. The Global Core training modules, required for all posts, were updated. Additionally, terminal learning assessment tools, which will help posts and headquarters clearly track the effect of training on Volunteer preparedness, were pilot-tested.

One of the primary challenges in strengthening technical training is the development and retention of technical trainers. Similar to language instructors, technical trainers are often seasonal employees. After their short-term contract expires, many trainers find other, full-time employment opportunities. This results in the loss of the agency’s investment in training technical staff on working effectively with Volunteers and delivering Peace Corps-specific training material.

**Strengthening Future Performance:** The agency will continue to implement and evaluate the Focus In/Train Up strategy to improve programming and training. The agency will also test alternative technical training staffing models, including converting technical training staff into full-time programming and training specialists that provide technical training and Volunteer project support throughout the year.

**Data Source:** Annual Volunteer Survey

Indicator 1.2.1.c: Percentage of Volunteers who report training as adequate or better in preparing them to work with their counterparts/community partners

<table>
<thead>
<tr>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>82%</td>
<td>83%</td>
<td>✔</td>
</tr>
</tbody>
</table>

**Rationale:** Volunteers build local capacity by working closely with local counterparts and partners. Counterparts and community partners connect Volunteers to local communities, and Volunteers must maintain and develop these relationships to ensure the sustainability of their work.
**Discussion of Result: The target was met.** The agency has consistently improved results on counterpart training for Volunteers.

The agency trains Volunteers on how to work successfully with local counterparts and partners with a focus on managing cultural differences.

In FY 2013, the agency included the *Understanding My Work Partner* training session for program managers in the Focus In/Train Up Global Core training curriculum required for all posts. The session builds staff skills in supporting Volunteers’ efforts to form positive work relationships with their counterparts. The agency also developed an intercultural learning strategy that, when operational, will help to determine the effectiveness of Volunteer cultural exchange efforts.

**Strengthening Future Performance:** Planned updates to the intercultural training provided to Volunteers will focus on workplace interactions. Data from the Annual Volunteer Survey suggests that Volunteers manage cultural differences more effectively in their community than with their counterparts. The agency also plans to launch a new standardized counterpart survey (piloted in FY 2013) to measure and track counterpart perceptions of the work of the Volunteers.

**Data Source:** Annual Volunteer Survey

**Indicator 1.2.1.d: Percentage of posts that provide monitoring and evaluation training to their Volunteers**

<table>
<thead>
<tr>
<th></th>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>90%</td>
<td>100%</td>
<td>✓</td>
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</tbody>
</table>

**Rationale:** When Volunteers are adequately trained in monitoring and evaluation (M&E), they will be better able to carry out their projects by more accurately assessing their achievement of project goals and making modifications in their approach when necessary.

**Discussion of Result: The target was met.** Standardized M&E training is now provided to Volunteers across the world during pre-service training. All posts provided M&E training to Volunteers in FY 2013. This significant achievement was due to the integration of M&E training into the Global Core training curriculum required for all Volunteers during pre-service training. The target was exceeded due to the implementation of the standardized Focus In/Train Up training packages.

Posts offered six standardized M&E sessions, developed through Focus-In/Train-Up:

- *Accomplishing Peace Corps’ First Goal*
- *Why we Monitor and Evaluate*
• How to Use Sector M&E Tools
• How we Report our Work
• How we Share our Progress
• How we Analyze Data

The agency increased M&E support to posts in FY 2013 by delivering three regional M&E workshops to build the skills of programming and training staff and prepare data collection tools for Volunteers. Through the workshops, the agency built a cadre of “M&E champions” to promote an M&E culture among Volunteers and staff and to develop training and tools to improve the use of M&E in the field.

**Strengthening Future Performance:** The agency will revise the six standard M&E sessions to reflect feedback gleaned from the three regional workshops. Moving forward, the agency will no longer set a target for this indicator in the annual performance plan as all posts are now required to provide M&E training to Volunteers and performance is already at a high level.

**Data Source:** Overseas post data call

**Performance Goal 1.3.1:** Increase the effectiveness of skills transfer to host country individuals, organizations, and communities

**Indicator 1.3.1.a:** Percentage of Volunteers who report their primary project work transferred skills to host country individuals and organizations adequately or better

<table>
<thead>
<tr>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>87%</td>
<td>88%</td>
<td>✔</td>
</tr>
</tbody>
</table>

**Rationale:** Volunteers build local capacity by transferring skills to host country individuals and organizations. Volunteers’ perception of their work is one indicator of the effectiveness of their capacity-building efforts.

**Discussion of Result:** The target was met. Since FY 2008, Volunteers have consistently reported their work transfers skills to host country individuals and organizations. This suggests that the vast majority of Volunteers feel they are prepared for and placed in environments where they can effectively transfer their skills to local partners.

Improved performance in FY 2013 is likely due to the redesign of all projects through the Focus In/Train Up strategy and the increased focus on M&E among Volunteers and staff.

**Strengthening Future Performance:** The development of a new Volunteer Reporting Tool (to be fully operational in FY 2014) will substantially improve Volunteers’ tools for monitoring and evaluating the success of their primary project work.

**Data Source:** Annual Volunteer Survey
Indicators 1.3.1.b: Percentage of projects documenting measurable impact in building the capacity of host country nationals

<table>
<thead>
<tr>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>86%</td>
<td>88%</td>
<td>✓</td>
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</table>

**Rationale:** The use of multiple sources, including host country beneficiaries, regarding Volunteers’ capacity-building efforts allows posts to form more evidence-based opinions on the impact of their Volunteers. As a result, project managers can replicate successes and address challenges in skill transfer.

**Discussion of Result:** The target was met. Of the 168 Peace Corps projects operational in FY 2013, the agency documented an increase in host country national capacity through two or more sources in 148 projects (88 percent). The agency collected data or evidence on the impact of Volunteers’ work in 166 projects (99 percent). The agency utilized the following sources to document the impact of Volunteers:

- Conversations with host country nationals during site visits (97 percent)
- Volunteer Reporting Tool (92 percent)
- Project Advisory Committees (74 percent)
- Direct observations by Peace Corps staff (67 percent)

In many cases, posts used planned, routine visits with counterparts, beneficiaries, and partners to collect data on Volunteer impact. Additionally, 12 posts collected impact data through the pilot of the new counterpart survey. The rollout of standard M&E training for Volunteers, as well as the intensive regional M&E workshops, has increased the M&E capacity of Volunteers and staff. Two dedicated, full-time M&E staff have also been hired in the Europe, Mediterranean, and Asia region (based at Peace Corps headquarters) and the Inter-America and the Pacific region (field-based). Volunteers and posts now have additional skills and tools to evaluate the effectiveness of projects in building the capacity of host country nationals.

The lack of baseline data remains a major challenge. Without baseline data related to Volunteers’ work, the agency is unable to adequately measure the change in host country national capacity that occurs as a result of the work of Volunteers. The agency is taking steps to address this problem. Baseline data collection is now included in the new country entry guide, ensuring that this becomes a standard operating procedure.

**Strengthening Future Performance:** Improvements to the Volunteer Reporting Tool will be completed in FY 2014. The combination of an improved reporting tool, increased baseline data collection, and standard M&E training will allow Volunteers to report progress on standard sector indicators, including those indicators tracking behavior change, more accurately. In addition, the agency will launch a standardized counterpart survey to measure the influence of Volunteers and their project work on host country national capacity building from the perspective of those with whom they work most closely.

**Data Source:** Overseas post data call
**Indicator 1.3.1.c: Percentage of partner organizations at post that report their assigned Volunteer fulfilled their requested need for technical assistance**

<table>
<thead>
<tr>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>75%</td>
<td>61%</td>
<td>✓</td>
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</table>

**Rationale:** Positive feedback from partner organizations about the work of Volunteers indicates that the Peace Corps is effective in transferring skills to local beneficiaries.

**Discussion of Result:** *The target was not met.*

Volunteers partnered with more than 6,000 organizations in FY 2013, and 61 percent reported their assigned Volunteer fulfilled their requested need for technical assistance.

Partners cited the training provided by Volunteers, regardless of the sector, and their work with youth as the primary examples of how they met the partners’ need for technical assistance. A partner in Morocco commented on the assigned Volunteer:

“The [Volunteer] has a unique way in his interactions and interpersonal communication. He has been able to impress the youth, and they are coming in increasing numbers because he has been able to adapt to his environment ... in a very short time. Participation has increased due to his calm, patient demeanor. He's a leader for the youth.”

The lack of reliable data collection methods and tools for this indicator remains a major constraint. As a result, 19 posts did not report on the indicator. From the 42 posts that reported, 89 percent of partner organizations report their assigned Volunteer fulfilled their need for technical assistance.

**Strengthening Future Performance:** Posts currently collect data for this indicator through a variety of means. The new counterpart survey will serve as a tool for the standard collection of counterpart feedback.

**Data Source:** Overseas post data call

**Strategic Goal 2:** Promote a better understanding of Americans on the part of host country individuals, organizations, and communities served by Volunteers

---

**Activities**
- Volunteers promote host country national learning about Americans through their work and life experiences

**Outcomes**
- Host country individuals and communities learn about Americans through shared experiences with Volunteers

**Impact**
- Individuals and communities are more willing to trust and work with Americans
- Peace and friendship develops between the American people and people in other countries
Volunteers promote a better understanding of Americans by becoming an integral part of the communities where they serve—forging long-lasting relationships with local people and working collaboratively to address the goals of the local community.

Information from the Host Country Impact Studies that have been conducted since 2008 suggests that Volunteers have been successful in promoting a better understanding of Americans; however, the lack of consistent feedback from the people with whom the Volunteers live and work hampers the agency’s ability to monitor progress year to year. In FY 2013, two of three performance targets were met. One indicator was monitored.

### Performance Goal Results

<table>
<thead>
<tr>
<th>Performance Goal</th>
<th>Performance Indicators</th>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1.1: The work and life experiences of Volunteers in country promote host country national learning about Americans</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1.1.a. Percentage of Volunteers who report their training prepared them to manage cultural differences during service adequately or better</td>
<td>90%</td>
<td>93%</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>2.1.1.b. Percentage of posts conducting supervisory and counterpart training on working effectively with Volunteers</td>
<td>95%</td>
<td>100%</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>2.1.1.c. Percentage of host country nationals who report positive opinions of Americans through their interactions with Volunteers</td>
<td>Monitor</td>
<td>--</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td>2.1.1.d. Percentage of Volunteers who report their activities and interactions help promote a better understanding of Americans on the part of the peoples served</td>
<td>68%</td>
<td>67%</td>
<td>✗</td>
<td></td>
</tr>
</tbody>
</table>

✓ Target met  ✗ Target not met

**Performance Goal 2.1.1:** The work and life experiences of Volunteers in country promote host country national learning about Americans

**Indicator 2.1.1.a: Percentage of Volunteers who report their training prepared them to manage cultural differences during service adequately or better**

<table>
<thead>
<tr>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>90%</td>
<td>93%</td>
<td>✓</td>
</tr>
</tbody>
</table>

**Rationale:** To promote a better understanding of Americans in the communities where they serve, Volunteers must first learn how to live and work in communities with cultures different than their own. Training provided by the Peace Corps builds skills in managing cultural differences and living and working in a culturally appropriate manner.
Discussion of Result: *The target was met.* Performance has been sustained at a high level since FY 2008. The agency continues to measure and set targets for this indicator to ensure this high level of achievement is sustained. As a result, the agency works to maintain performance at the 90 percent level or better to focus scarce resources on improving training where it is most needed.

The *Managing Cultural Differences* session remains one of the most highly-rated training sessions provided by the Peace Corps. In FY 2013, following the hiring of a specialist in intercultural learning, the agency also developed an intercultural learning strategy to enhance support to Volunteers in managing the cultural differences they encounter in their project work.

**Strengthening Future Performance:** The agency will continue to provide Volunteers with standardized intercultural training sessions to prepare them to appropriately manage cultural differences in their communities. The agency has also hired a specialist in intercultural learning to implement the intercultural learning strategy which will provide additional support for Volunteers in this area.

**Data Source:** Annual Volunteer Survey

**Indicator 2.1.1.b: Percentage of posts conducting supervisory and counterpart training on working effectively with Volunteers**

<table>
<thead>
<tr>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>95%</td>
<td>100%</td>
<td>✔</td>
</tr>
</tbody>
</table>

**Rationale:** Supervisors and counterparts who receive training on working effectively with Volunteers better understand American culture and Peace Corps’ approach to development. When supervisors and counterparts are well-equipped to help Volunteers adjust to the local community and pursue their project objectives, Volunteers are better positioned to promote local learning about Americans.

**Discussion of Result: The target was met.** All posts offered supervisory and counterpart training this year.

The agency helps to build relationships between counterparts and Volunteers by providing both with strategies for working effectively together. The training of counterparts complements the sessions provided to Volunteers on working effectively with their counterparts and community partners (discussed in indicator 1.2.1.c).

Counterpart training sessions in FY 2013 contributed to setting appropriate expectations for counterparts about the role of the Volunteer and how they will collaborate. Many posts reported that making the training interactive and engaging host country participants in the development and facilitation of the training were the most successful strategies. In Uganda, for example,
a second-year Volunteer and her counterpart participated in the training session by offering their shared perspective on the Volunteer/counterpart relationship.

**Strengthening Future Performance:** The agency piloted a counterpart survey at multiple posts across all regions and sectors in FY 2013. The results will help refine the instruments and methods used in the Peace Corps’ first standardized counterpart survey to be launched agencywide in FY 2014. The survey will provide data directly from counterparts on a number of topics, including the effectiveness of both formal and informal counterpart training.

**Data Source:** Overseas post data call

**Indicator 2.1.1.c: Percentage of host country nationals who report positive opinions of Americans through their interactions with Volunteers**

<table>
<thead>
<tr>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monitor</td>
<td>--</td>
</tr>
</tbody>
</table>

**Rationale:** A positive change in host country nationals’ opinions of Americans through interactions with Volunteers indicates that host country nationals are learning about Americans.

**Discussion of Result:** Results for this indicator are based on findings from Host Country Impact Studies. Host Country Impact Studies are independent evaluations of the impact of Volunteers based on information collected directly from host country counterparts, beneficiaries, and host families. They are significantly less costly than impact evaluations typically conducted by other development organizations. However, due to resource constraints, only a few studies can be completed each year. Therefore, results cannot be generalized to agency efforts worldwide, and targets are not set for this indicator. Results are monitored, however, and the insights gathered from the studies help to inform management decisions.

No new Host Country Impact Studies were conducted in FY 2013. As a result, data are not available for this indicator.

Since FY 2008, 24 studies have been conducted of projects in 24 countries. In total, more than 3,000 interviews of host country nationals were conducted to capture their perceptions on how Volunteers met the needs of the community and promoted a better understanding of Americans. During FY 2013, six of the studies were finalized and published on the Peace Corps website: Fiji, Ghana, Nicaragua, Paraguay, Thailand, and Togo.

Results from the studies suggest that the combination of frequent social and professional interactions between Volunteers and host country nationals builds relationships of trust and increases understanding, leading to changes in opinions. Exemplifying a common theme from counterpart responses, one Volunteer counterpart in Thailand described their new perspective on Americans: “I remember the enthusiasm, strong commitment, and determination of the Volunteer.”

Published studies, as well as short summaries, can be found at www.peacecorps.gov/open/evaluations. The agency plans to publish all completed studies by FY 2014.

**Strengthening Future Performance:** The agency will conduct a meta-analysis of completed Host Country Impact Studies by the end of the second quarter of FY 2014. A new counterpart survey will also provide evidence on the effect of Volunteers on improving the perception of Americans among host country nationals.

**Data Source:** Host Country Impact Studies
**Indicator 2.1.1.d:** Percentage of Volunteers who report their activities and interactions help promote a better understanding of Americans on the part of the peoples served

<table>
<thead>
<tr>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>68%</td>
<td>67%</td>
<td>X</td>
</tr>
</tbody>
</table>

**Rationale:** Volunteers’ perceptions of the impact of their activities and interactions are one measure of the degree to which they are promoting host country nationals’ learning about Americans.

**Discussion of Result:** *The target was not met.* The agency has maintained a steady level of performance since the measure was modified in the FY 2011 Annual Volunteer Survey to capture Volunteers’ perceptions of the impact of both their activities and their interactions rather than solely the impact of their work. Previous indicators did not fully capture the interactions that Volunteers have with local people outside of their assigned projects.

Volunteers regularly report a more modest view of their impact in promoting a better understanding of Americans when compared to direct assessment by host country counterparts or beneficiaries themselves. The reason for this discrepancy is not entirely clear, but may be due to a variety of factors: the outcomes and impacts of the Volunteer’s work may not be immediately evident, Volunteers may need (and are now receiving) additional training on how to more accurately assess and report the impact of their work, and counterparts and beneficiaries are in a position to take a longer view of the impact that several generations of Volunteers have had in their communities.

**Strengthening Future Performance:** Volunteers should begin to develop a more accurate understanding of their impact with the implementation of standardized M&E training through the Focus In/Train Up strategy. The new counterpart survey will also provide impact information that can be triangulated with Volunteer perceptions and other data.

**Data Source:** Annual Volunteer Survey

**Strategic Goal 3:** Foster outreach to Americans through agency programs that assist Volunteers and returned Volunteers to help promote a better understanding of other peoples on the part of Americans

**Strategy: Increase Americans’ awareness of other peoples and cultures**

<table>
<thead>
<tr>
<th>Activities</th>
<th>Outcomes</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volunteers share their experiences with family, friends, and the American public</td>
<td>Americans have increased awareness and knowledge of other cultures and global issues</td>
<td>Americans have increased interaction with overseas communities</td>
</tr>
<tr>
<td>Increase returned Volunteers’ cultural outreach to the American public through Peace Corps programs</td>
<td></td>
<td>Organizations and individuals in the U.S. and abroad have sustainable partnerships to address global issues</td>
</tr>
</tbody>
</table>
Volunteers, both during and after their term of service, share their experiences with family, friends, and the American public. In doing so, they increase Americans’ awareness of other cultures and global issues. The agency manages programs and hosts events to facilitate Volunteers’ and returned Volunteers’ efforts to promote a better understanding in the United States of the people, cultures, and countries where they served.

In FY 2013, three of five performance targets were met. Initiating and strengthening operations in the Office of Third Goal and Returned Volunteer Services, established in 2012, was the agency’s principal strategy for improving third goal outreach this year.

### Performance Goal Results

<table>
<thead>
<tr>
<th>Performance Goal</th>
<th>Performance Indicators</th>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>3.1.1: Volunteers share their in-country experiences with family, friends, and the American public</strong></td>
<td>3.1.1.a. Percentage of Volunteers who report active participation in the Coverdell World Wise Schools/Correspondence Match Program</td>
<td>27%</td>
<td>13%</td>
<td>✗</td>
</tr>
<tr>
<td></td>
<td>3.1.1.b. Number of individuals and organizations supporting the Peace Corps Partnership Program</td>
<td>10,500</td>
<td>10,549</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>3.1.1.c. Percentage of Volunteers who report sharing their experiences with family, friends, and/or the American public</td>
<td>98%</td>
<td>100%</td>
<td>✓</td>
</tr>
<tr>
<td><strong>3.1.2: Increase returned Volunteers cultural outreach to the American public through Peace Corps programs</strong></td>
<td>3.1.2.a. Number of returned Volunteers participating in agency-initiated activities</td>
<td>10,500</td>
<td>10,206</td>
<td>✗</td>
</tr>
<tr>
<td></td>
<td>3.1.2.b. Number of educational institutions where returned Volunteers engage in third goal activities</td>
<td>810</td>
<td>1,485</td>
<td>✓</td>
</tr>
</tbody>
</table>

✓ Target met  ✗ Target not met
Performance Goal 3.1.1: Volunteers share their in-country experiences with family, friends, and the American public

Indicator 3.1.1.a: Percentage of Volunteers who report active participation in the Coverdell World Wise Schools/Correspondence Match Program

<table>
<thead>
<tr>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>27%</td>
<td>13%</td>
<td>x</td>
</tr>
</tbody>
</table>

Rationale: The Coverdell World Wise Schools/Correspondence Match Program provides opportunities for American youth and teachers to learn about the customs and cultures of different countries through cross-cultural educational curriculum and interactions with currently serving Volunteers.

Discussion of Result: The target was not met. The agency has continued to face challenges in increasing active participation in the Correspondence Match program. The FY 2013 result (13 percent) declined slightly from FY 2012 (15 percent).

The low result can partially be attributed to measurement error. Volunteers report on this indicator via the Annual Volunteer Survey, which is conducted during the summer months when the American schools that Volunteers are interacting with are not in session. If asked the same question during a time of year when American schools are in session, Volunteers may respond differently.

To identify opportunities to improve the program, the agency’s Leadership Development Academy chose to study the Correspondence Match program for its capstone project. The Academy identified specific barriers to the success of the program and developed recommendations for performance improvement.

Strengthening Future Performance: The agency will implement the Correspondence Match program recommendations provided by the Leadership Development Academy, such as encouraging Volunteers to identify the educators they will work with prior to initiating their service and exploring the use of partnerships to connect educators and classrooms to Volunteers.

Data Source: Annual Volunteer Survey

Indicator 3.1.1.b: Number of individuals and organizations supporting the Peace Corps Partnership Program

<table>
<thead>
<tr>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>10,500</td>
<td>10,549</td>
<td>✔</td>
</tr>
</tbody>
</table>

Rationale: By donating to a community-driven, Volunteer-developed Peace Corps Partnership Program project (http://donate.peacecorps.gov), American individuals and organizations learn about host country
communities and the issues they face. Donors build their understanding about different peoples and cultures and about global development issues.

**Discussion of Result: The target was met.** In FY 2013, 10,549 donors to the program made 11,141 donations for a total of more than $2 million to 810 Volunteer projects. While the target was exceeded, there was a decrease in the total number of donors in FY 2013. This was due primarily to a decrease in the overall number of Volunteers in the field which reduced the number of Volunteer-initiated Peace Corps Partnerships Program projects.

In FY 2013, the agency established a new web-based grants management system and consolidated grant applications from Volunteers into one process. These changes have expanded Volunteers’ options for securing small grants for projects and consolidated grants management into a faster, more transparent process.

**Strengthening Future Performance:** The Peace Corps Partnership Program will celebrate its 50th anniversary in FY 2014. The agency will work to give the program greater visibility and reach out to additional donors in conjunction with this anniversary. Streamlining the website used to post projects and make donations will continue through FY 2014.

**Data Source:** Peace Corps Database System

**Indicator 3.1.1.c: Percentage of Volunteers who report sharing their experiences with family, friends, and/or the American public**

<table>
<thead>
<tr>
<th></th>
<th>FY 2013</th>
<th>FY 2013</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target</td>
<td>98%</td>
<td>100%</td>
<td>Met</td>
</tr>
</tbody>
</table>

**Rationale:** When Volunteers share their experiences with family, friends, and the American public, the American people develop a better understanding of other cultures and global issues.

**Discussion of Result: The target was met.** In FY 2013, according to the Annual Volunteer Survey results, essentially 100 percent of Volunteers reported sharing their experiences with the American public. All but 16 of more than 6,400 respondents indicated involvement in such activities.

The agency continues to measure and set targets for this high-performing indicator to ensure currently serving Volunteers are engaged in third goal activities. In the past, third goal activities have been thought of as primarily the work of returned Volunteers who have already completed their assignments and returned to the United States. In reality, currently serving Volunteers are well-positioned to promote a better understanding of the people and cultures where they live and work, particularly as the internet and mobile technology increasingly spreads to the communities where Volunteers serve.
The impact of technology can be seen in the mechanisms that Volunteers use to share their experiences. From FY 2011 to FY 2013, Volunteers’ use of social media to tell their stories increased from 67 percent to 80 percent. Additionally, 56 percent of Volunteers developed personal websites or blogs, compared to 53 percent in FY 2011. The Blog It Home contest is one example of an agency activity that encourages currently serving Volunteers to engage in third goal activities. The contest spotlighted the work that Volunteers do to create web blogs to share their experiences abroad with readers at home and across the world.

**Strengthening Future Performance:** As technology evolves, the agency will continue to explore new ways to facilitate sharing Volunteer experiences with the American public.

**Data Source:** Annual Volunteer Survey

**Performance Goal 3.1.2:** Increase returned Peace Corps Volunteers’ cultural outreach to the American public through Peace Corps programs

**Indicator 3.1.2.a:** Number of returned Volunteers participating in agency-initiated activities

<table>
<thead>
<tr>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>10,500</td>
<td>10,206</td>
<td>X</td>
</tr>
</tbody>
</table>

**Rationale:** When returned Volunteers participate in agency-initiated activities, they share their Peace Corps experiences with the American public, increasing awareness of other peoples, cultures, and global issues.

**Discussion of Result:** The target was not met. Returned Volunteers have an ongoing responsibility to build a better understanding of peoples across the world. They continue service by sharing their experiences with the American public, promoting volunteerism, and engaging in public service. The agency sponsors a number of activities that provide returned Volunteers with opportunities to promote the third goal and to aid in Volunteers’ transition back to the United States after their assignment.

The engagement of returned Volunteers through agency-initiated activities continued its upward trend in FY 2013. The agency invited returned Volunteers to share their experiences at Peace Corps general information sessions throughout the United States to help recruit the next generation of Volunteers. The agency held two national returned Volunteer career conferences and four regional returned Volunteer events to help recently returned Volunteers translate their experiences to friends, family, employers, and the public. Notably, the agency held its’ first-ever Third Goal Mobilization Summit, a two-day interactive event that brought returned Volunteers together to exchange ideas and acquire new tools to help Americans better understand the countries where Volunteers serve.

With the expansion of the Office of the Third Goal and Returned Volunteer Services in FY 2013, the agency made progress in improving third goal and returned Volunteer services, including the development of a job posting site for returned Volunteers (www.peacecorps.gov/resources/returned/careerlink) and improvement in marketing and promotion for Peace Corps week which yielded an increase in returned Volunteer registration by more than 300 participants.
Strengthening Future Performance: Moving forward, the agency plans to improve the training that Volunteers receive on the importance of promoting the third goal and continuing their service when they complete their Volunteer assignments. The agency is also planning to develop surveys for returned Volunteers and employers that hire returned Volunteers to identify opportunities to improve the career and transition services that the agency provides to returned Volunteers.

Data Source: Office of Third Goal and Returned Volunteer Services and Office of Volunteer Recruitment and Selection

Indicator 3.1.2.b: Number of educational institutions where returned Volunteers engage in third goal activities

<table>
<thead>
<tr>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>810</td>
<td>1,485</td>
<td>✓</td>
</tr>
</tbody>
</table>

Rationale: Through Peace Corps programs with educational institutions, returned Volunteers promote a better understanding of global issues and other cultures on the part of American youth, students, and faculty.

Discussion of Result: The target was met. The target was significantly exceeded due to increased promotion of Peace Corps Week and more complete data collection resulting from additional staffing resources in the Office of Third Goal and Returned Volunteer Services.

This indicator tracks the number of educational institutions involved in the Coverdell World Wise Schools Speakers Match Program and the Coverdell Fellows Program.

Through the Speakers Match program, K–12 schools and youth organizations request returned Volunteers to visit and share their experiences. The Coverdell Fellows Program connects returned Volunteers with graduate programs in colleges and universities across the country. Through the program, Returned Volunteers earn a graduate degree while completing an internship in an underserved U.S. community. In the process, they share their experience as a Volunteer with their colleagues, friends, and the individuals they are serving.

In FY 2013, returned Volunteers spoke at 1,401 educational institutions through the Speakers Match program. In addition, 84 graduate schools enrolled 586 returned Volunteers through the Coverdell Fellows Program.

Strengthening Future Performance: The agency will increase opportunities for returned Volunteers by reaching out to new potential partners for the Speakers Match and Coverdell Fellows programs. The agency will expand the geographic reach of the Coverdell Fellows program across the country, work to identify minority-serving institutions as partners, and seek out partnerships in new degree areas to provide returned Volunteers with more graduate school options.

Data Source: Office of Third Goal and Returned Volunteer Services and Office of Strategic Partnerships
**Strategic Goal 4:** Provide Volunteers who represent the diversity of Americans to meet the evolving technical needs of host countries

**Strategy:** Recruit a skilled and diverse Volunteer corps

<table>
<thead>
<tr>
<th>Activities</th>
<th>Outcomes</th>
<th>Impact</th>
</tr>
</thead>
</table>
| - Recruit Volunteers who balance the skill needs at post with the available applicant pool  
- Manage Volunteer recruitment functions effectively and efficiently  
- Recruit and place Volunteers who reflect the diversity of America | - Volunteers provided at post meet the evolving technical needs of host countries  
- Trainees assigned to serve overseas represent the diversity of America | - Individuals and communities gain a more accurate understanding of and are more willing to trust and work with Americans  
- Local conditions are improved  
- Communities have capacity to solve problems and serve as model for others |

The agency meets the skill needs of local communities by recruiting and selecting individuals who have the skills, experiences, and maturity to be successful Peace Corps Volunteers. Priority is also placed on ensuring that Volunteers reflect the diversity of America as this contributes to a better understanding of Americans on the part of host countries.

In FY 2013, two of five performance targets were met. The agency’s sustained focus on diversity recruitment over the past few years has resulted in continued high performance, moving the agency closer to a Volunteer corps that better represents the American public. At the same time; however, the agency has also seen a reduction in the percentage of Volunteer positions that were ultimately filled by applicants for service. A result of the decrease in the number of applications for Peace Corps service and inefficiencies in the Volunteer Delivery System related to the implementation of a new electronic applicant processing system.

**Performance Goal Results**

<table>
<thead>
<tr>
<th>Performance Goals</th>
<th>Performance Indicators</th>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4.1.1: Recruit Volunteers who balance the needed manpower and technical needs at post with the available applicant pool and its skills</strong></td>
<td>4.1.1.a. Percentage of trainees requested for generalist assignments</td>
<td>66%</td>
<td>69%</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>4.1.1.b. Percentage of trainee requests filled by trainee inputs</td>
<td>95%</td>
<td>90%</td>
<td>❌</td>
</tr>
<tr>
<td><strong>4.1.2: Manage Volunteer recruitment functions in an effective and efficient manner</strong></td>
<td>4.1.2.a. Nominee attrition rate</td>
<td>26%</td>
<td>28%</td>
<td>❌</td>
</tr>
<tr>
<td></td>
<td>4.1.2.b. Number of days from application to invitation</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>
### Performance Section

#### Performance Goals

<table>
<thead>
<tr>
<th>Performance Goals</th>
<th>Performance Indicators</th>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4.2.1: Recruitment and Volunteer placement efforts reflect the diversity of Americans</strong></td>
<td>4.2.1.a. Percentage of applications from individuals age 50 and older</td>
<td>8.5%</td>
<td>5.3%</td>
<td>✗</td>
</tr>
<tr>
<td></td>
<td>4.2.1.b. Percentage of applications from individuals of diverse ethnicities</td>
<td>26%</td>
<td>30%</td>
<td>✓</td>
</tr>
</tbody>
</table>

- ✓ Target met
- ✗ Target not met

#### Performance Goal 4.1.1: Recruit Volunteers who balance the needed manpower and technical needs at posts with the available applicant pool and its skills

**Indicator 4.1.1.a: Percentage of trainees requested for generalist assignments**

<table>
<thead>
<tr>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>66%</td>
<td>69%</td>
<td>✓</td>
</tr>
</tbody>
</table>

**Rationale:** This indicator is designed to balance overseas posts’ needs for skilled Volunteers with the applicant pool traditionally interested in Peace Corps service: recent college graduates with limited professional experience.

**Discussion of Result:** *The target was met.* Out of the 3,591 trainees requested by posts in FY 2013, 69 percent were requested for generalist assignments. These assignments have lower skill requirements and are typically filled by recent college graduates with limited professional experience.

In FY 2013, the agency finalized a review of all Volunteer projects based on the sector schematics and technical training packages developed through the Focus In/Train Up strategy. This agencywide initiative was designed to realign programming and training to leverage the skills of recent college graduates and provide Volunteers with the skills they need to be successful.

**Strengthening Future Performance:** Moving forward, the agency will better connect the skill requirements for Volunteer service with the new sector and project structure. This change will provide the agency with better information on which skills Peace Corps applicants need to develop in order to successfully transfer skills as Volunteers.

**Data Source:** Peace Corps Database System
**Indicator 4.1.1.b: Percentage of trainee requests filled by trainee inputs**

<table>
<thead>
<tr>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>95%</td>
<td>90%</td>
<td>✗</td>
</tr>
</tbody>
</table>

**Rationale:** The agency responds to trainee requests by recruiting and selecting individuals for Peace Corps service (trainee inputs). This indicator measures the result of the agency’s efforts to meet posts’ requested levels of Volunteers that will enable them to meet their programs’ technical needs.

**Discussion of Result:** The target was not met. This indicator is the primary indicator of success of the Volunteer Delivery System: it provides a direct measure of the agency’s ability to recruit, retain, select, and field Volunteers at the right time and with the requested skills from host countries.

Declining performance on this indicator from FY 2012 to FY 2013 (a seven percentage point reduction) is largely due to the steady decrease in the number of applications received for service and the challenges associated with implementing a new application processing system.

The agency received 10,118 applications for service this year, 10,091 in FY 2012, and 12,206 in FY 2011. The low number of applications has produced challenges in meeting the demand for skilled Volunteers at the quantity requested by posts.

A new electronic application processing system went live in FY 2012, and much of FY 2013 was devoted to learning the new system, dual-processing the individuals who applied under the old system, and changing processes to leverage the new technology.

**Strengthening Future Performance:** Increasing the number of applications received for service is a major agency priority. Significant process and structural changes are currently underway and will be implemented moving forward, including reducing the length of the Volunteer application, expediting the application process, providing applicants with greater transparency and choice regarding their potential Volunteer assignments, and other reforms designed to improve the application experience.

**Data Source:** Peace Corps Database System

**Performance Goal 4.1.2: Manage Volunteer recruitment functions in an effective and efficient manner**

**Indicator 4.1.2.a: Nominee attrition rate**

<table>
<thead>
<tr>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>26%</td>
<td>28%</td>
<td>✗</td>
</tr>
</tbody>
</table>

**Rationale:** “Nominees” are applicants who have been determined to be eligible, suitable, and skilled for Peace Corps service. Significant agency resources are spent processing nominees through the Volunteer Delivery
A higher percentage of nominees who become trainees indicate greater effectiveness and efficiency of Volunteer recruitment functions.

**Discussion of Result: The target was not met.** While a certain percentage of applicants are expected to drop out of the process, the agency works to reduce dropouts to the extent possible. The Peace Corps has minimal influence, however, over some of the reasons that applicants cite for dropping out, such as financial or family responsibilities, choosing to attend graduate school, or simply no longer being interested in Peace Corps service. However, the agency can, for example, mitigate some dropouts related to poor communication between the agency and the applicant or lengthy processing times.

With the launch of the new electronic application processing system in FY 2012, the agency modified the medical and placement process to extend invitations to applicants earlier in the process in an effort to improve retention. More data is needed to form conclusions on the effectiveness of this strategy.

**Strengthening Future Performance:** The agency will develop an applicant retention strategy to encourage more qualified and talented applicants to complete the process. Improvements listed under indicator 4.1.1.b will also likely result in increased applicant retention.

**Data Source:** Peace Corps Database System

**Indicator 4.1.2.a:** Number of days from application to invitation

<table>
<thead>
<tr>
<th></th>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>--</td>
<td>--</td>
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</tr>
</tbody>
</table>

**Rationale:** Reducing the processing time for applicants contributes to higher retention of applicants and reduces congestion in the system.

**Discussion of Result:** A target was not set for this indicator. As a result of process changes with the electronic application processing system, the agency could not reliably measure the three stages of the application process that together constitute this indicator. As a result, a target was not set for this indicator in FY 2013.

The length of the processing time for applicants continues to be a challenge. For individuals who entered-on-duty in FY 2013, the time from the submission of their application to the start of their Peace Corps service averaged more than 13 months. Reducing the processing time for applicants is a major priority for the agency in FY 2014 and beyond.

**Strengthening Future Performance:** The agency will reduce the length and complexity of the application process to improve the application experience and increase applications. The agency will also identify bottlenecks in the current process and develop strategies for reducing applicant wait time.

**Data Source:** Peace Corps Database System
Performance Goal 4.2.1: Recruitment and Volunteer placement efforts reflect the diversity of Americans

Indicator 4.2.1.a: Percentage of applications from individuals age 50 and older

<table>
<thead>
<tr>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.5%</td>
<td>5.3%</td>
<td>✗</td>
</tr>
</tbody>
</table>

**Rationale:** The majority of Peace Corps applicants are recent college graduates with limited professional experience. Increasing applications from individuals age 50 and older will provide posts with Volunteers with greater professional experience who better represent the diversity of America.

**Discussion of Result:** The target was not met. In FY 2013, 536 individuals age 50 and older applied to serve as Peace Corps Volunteers, 5.3 percent of all applications. Of the Volunteers serving in FY 2012, eight percent were ages 50 and older.

Performance continues to decline on this indicator. The resources allocated to the recruitment of individuals age 50 and older have been reduced significantly over the last few years due to shifts in agency priorities.

At the same time, the agency continues to work with partners to maintain a presence in the age 50 and older community. Notably, the agency collaborated with AARP and the Foreign Service Officers Retiree Association in marketing and outreach.

**Strengthening Future Performance:** The agency will continue to conduct targeted outreach to Americans age 50 and older to encourage their participation in the Peace Corps. This effort will primarily leverage existing strategic partnerships to expand the reach of Peace Corps recruiting efforts.

**Data Source:** Peace Corps Database System

Indicator 4.2.1.b: Percentage of applications from individuals of diverse ethnicities

<table>
<thead>
<tr>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>26%</td>
<td>30%</td>
<td>✓</td>
</tr>
</tbody>
</table>

**Rationale:** Increasing the number of applications from individuals of underrepresented ethnic and racial groups will result in a Volunteer population that more accurately reflects the diversity of America.

**Discussion of Result:** The target was met. The agency has made diversity recruitment a priority, and performance continues to improve. In FY 2013, 30 percent of applications came from individuals of diverse ethnicities, defined as individuals who disclosed the following race and ethnic designations in the submission of their Peace Corps application: Hispanic or Latino, Black or African American, Native Hawaiian or Other Pacific Islander, Asian, and/or American Indian or Alaska Native.

The Peace Corps devoted significant attention to diversity recruitment in FY 2013 including increasing the
The Peace Corps devoted significant attention to diversity recruitment in FY 2013 including increasing the Islander, Asian, and/or American Indian or Alaska Native. Hispanic or Latino, Black or African American, Native Hawaiian or Other Pacific ethnicities, defined as individuals who disclosed the following race and ethnic designations in the submission of their Peace Corps application. Performance continues to improve. In FY 2013, 30 percent of applications came from individuals of diverse groups will result in a Volunteer population that more accurately reflects the diversity of America.

**Rationale:**

**Indicator 4.2.1.b:** Increasing the number of applications from individuals of underrepresented ethnic and racial groups to identify strategies for improvement.

**Data Source:** Peace Corps Database System

Strengthening Future Performance:

The agency established formal partnerships with Alpha Phi Alpha Fraternity Incorporated and Kappa Alpha Psi Fraternity Incorporated to expand the pan-hellenic outreach network. Through this partnership, the agency has engaged more than 100 undergraduate students to assist Peace Corps recruiters in reaching out to members of these service-minded organizations.

The agency has also increased its outreach to first and second generation U.S. citizens—who possess the necessary cross-cultural skills and an affinity for international service. The agency continues to collaborate with Hispanic communities through activities with organizations such as the National Council of La Raza and the Hispanic Association of Colleges and Universities.

Retention of applicants from these ethnic groups remains a challenge. In FY 2013, 30 percent of applicants were from these ethnic groups, compared to 24 percent of the Volunteer population. The time period when these dropouts occur is known (from application to nomination); however, the key factors that contribute to this discrepancy are currently unknown.

**Strengthening Future Performance:** The agency will evaluate the challenges of retaining applicants from underrepresented racial and ethnic groups to identify strategies for improvement.

**Data Source:** Peace Corps Database System
Strategic Goal 5: Implement the Peace Corps mission in an effective and efficient manner through the provision of high quality Volunteer support with optimal health care, safety and security support, and effective management of resources.

The Peace Corps maximizes Volunteers’ well-being by employing rigorous safety and security prevention and response systems and providing Volunteers with high-quality medical and mental health services. The agency effectively and efficiently manages its human and financial resources and continuously reviews critical work processes for additional areas for improvement.

In FY 2013, five of 13 performance targets were met. Indicator 5.1.1.e is monitored, and a target is not set. The agency made progress on key Volunteer safety, security, and health reforms, including, the implementation of the Kate Puzey Peace Corps Volunteer Protection Act of 2011.

Performance Goal Results

<table>
<thead>
<tr>
<th>Performance Goals</th>
<th>Performance Indicators</th>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1.1. Enhance the safety and security of Volunteers</td>
<td>5.1.1.a. Percentage of Peace Corps Volunteers who report their safety and security training is effective or very effective</td>
<td>73%</td>
<td>71%</td>
<td>❌</td>
</tr>
<tr>
<td></td>
<td>5.1.1.b. Percentage of Posts that have their safety and security systems reviewed by a Peace Corps safety and security officer</td>
<td>33%</td>
<td>31%</td>
<td>❌</td>
</tr>
<tr>
<td></td>
<td>5.1.1.c. Percentage of all critical Volunteer safety and security recommendations made by Peace Corps safety and security officers implemented by posts by the agreed upon time</td>
<td>88%</td>
<td>84%</td>
<td>❌</td>
</tr>
<tr>
<td></td>
<td>5.1.1.d. Percentage of Volunteers who report they feel more than adequately safe or very safe where they live and work</td>
<td>91%</td>
<td>83%</td>
<td>❌</td>
</tr>
<tr>
<td></td>
<td>5.1.1.e. Ratio of unreported serious crimes to reported serious crimes</td>
<td>Monitor results</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance Goals</td>
<td>Performance Indicators</td>
<td>FY 2013 Target</td>
<td>FY 2013 Result</td>
<td>Target Met</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------</td>
<td>----------------</td>
<td>----------------</td>
<td>------------</td>
</tr>
<tr>
<td><strong>5.1.2: Provide quality medical and mental health services to trainees and Volunteers</strong></td>
<td>§5.1.2.a. Percentage of Peace Corps Volunteers who rate their satisfaction with health care received from Peace Corps medical officers as adequate or better</td>
<td>94%</td>
<td>91%</td>
<td>❌</td>
</tr>
<tr>
<td></td>
<td>§5.1.2.b. Percentage of Peace Corps Volunteers who report the emotional support they received from staff as adequate or better</td>
<td>83%</td>
<td>82%</td>
<td>❌</td>
</tr>
<tr>
<td></td>
<td>§5.1.2.c. Percentage of Peace Corps Volunteers who report adequate or better support in coping with stress from living and working in their community</td>
<td>76%</td>
<td>76%</td>
<td>✓</td>
</tr>
<tr>
<td><strong>5.2.1: Provide effective and responsive financial management that accurately reflects domestic and overseas operations</strong></td>
<td>§5.2.1.a. Percentage of posts and headquarters offices that manage resources within approved budgets and operational plans</td>
<td>95%</td>
<td>75%</td>
<td>❌</td>
</tr>
<tr>
<td></td>
<td>§5.2.1.b. Percentage of posts and headquarters offices whose Integrated Planning and Budgeting System (IPBS) strategic goals support the agency's strategic plan goals</td>
<td>98%</td>
<td>98%</td>
<td>✓</td>
</tr>
<tr>
<td><strong>5.2.2: Ensure the effective management of Peace Corps resources</strong></td>
<td>§5.2.2.a. Conduct a Country Portfolio Review process to assess and formulate financial and Volunteer resource allocations at all posts</td>
<td>Complete annually</td>
<td>Completed</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>§5.2.2.b. Percentage of posts and headquarters offices that adhere to agency-wide staffing policies and procedures</td>
<td>90%</td>
<td>82%</td>
<td>❌</td>
</tr>
<tr>
<td></td>
<td>§5.2.2.c. Percentage of posts and headquarters offices that benefit from collaboration with global strategic partners</td>
<td>83%</td>
<td>84%</td>
<td>✓</td>
</tr>
<tr>
<td><strong>5.2.3: Ensure the optimal performance of critical Peace Corps processes</strong></td>
<td>§5.2.3.a. Identify at the beginning of the fiscal year and complete by the end of the fiscal year improvements to one mission-critical work process</td>
<td>Complete annually</td>
<td>Completed</td>
<td>✓</td>
</tr>
</tbody>
</table>

✓ Target met  ❌ Target not met
Performance Goal 5.1.1: Enhance the safety and security of Volunteers

Indicator 5.1.1.a: Percentage of Peace Corps Volunteers who report their safety and security training is effective or very effective

<table>
<thead>
<tr>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>73%</td>
<td>71%</td>
<td>X</td>
</tr>
</tbody>
</table>

**Rationale:** Safety and security training throughout Volunteers’ service is designed to build awareness of cross-cultural issues that may affect personal safety, in-country risks and ways to mitigate those risks, and reporting procedures should a crime occur. Volunteers’ perceptions are an indication of the effectiveness of the agency’s safety and security training.

**Discussion of Result: The target was not met.** Volunteers have consistently given high ratings to their safety and security training, and performance has remained stable even with the higher standard set in the target last year (the indicator measures “effective or very effective” responses compared to the “adequate or better” standard utilized in years past). While the target was not met this year, the level of performance was maintained from the previous year. This year, all posts implemented the four standardized safety and security training sessions: personal security, sexual assault awareness, reporting procedures, and bystander intervention. However, an evaluation of the implementation of the standardized training revealed that two posts had slightly modified the training sessions. Those issues have now been addressed, and next year, the Office of Safety and Security will monitor all posts’ compliance with the standardized training requirements to avoid deviations from the required content.

**Strengthening Future Performance:** A number of policy and procedure changes related to safety and security have been finalized in the past year. The standard training packages will be updated in FY 2014 to reflect these changes.

**Data Source:** Annual Volunteer Survey

Indicator 5.1.1.b: Percentage of posts that have their safety and security systems reviewed by a Peace Corps safety and security officer

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<th>FY 2013 Target</th>
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<tr>
<td>33%</td>
<td>31%</td>
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**Rationale:** Each post’s safety and security system is designed to prepare for and support the safety and security needs of Volunteers. Posts’ safety and security systems are continuously reviewed to ensure they reflect the current safety conditions of the country. Every three years, a full system review is conducted to ensure each post’s systems reflect agency policy.
Discussion of Result: The target was not met. Regional Peace Corps safety and security officers reviewed the safety and security systems of 19 posts (31 percent of posts). This indicator was designed to ensure that the safety and security systems of all posts are reviewed every three years. The full safety and security review is comprised of five distinct components: a review of compliance with Peace Corps manual sections related to safety and security, a review of the legal environment in the country, a review of Volunteer death procedures with key staff, a risk assessment, and a waiver to co-locate offices at the U.S. Embassy (if applicable). Issues identified in the review process are assessed by the agency and corrective action is taken. The agency’s response to recommendations by Peace Corps safety and security officers is tracked through indicator 5.1.1.c.

Strengthening Future Performance: At the beginning of each year, the agency will communicate which posts are scheduled for a full security review. This will give posts the time needed to take any necessary corrective actions prior to the review and help to ensure that the agency’s response to unexpected events at other posts do not pose a challenge to conducting these scheduled reviews.

Data Source: Office of Safety and Security

Indicator 5.1.1.c: Percentage of all critical Volunteer safety and security recommendations made by Peace Corps safety and security officers implemented by posts by the agreed upon time

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<th>FY 2013 Target</th>
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<th>Target Met</th>
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<tbody>
<tr>
<td>88%</td>
<td>84%</td>
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Rationale: Peace Corps safety and security officers develop recommendations for improvement based on reviews of posts’ safety and security systems. A number of these recommendations are deemed critical and necessary to complete within a fixed period of time. The timely implementation of these critical recommendations is essential to providing a system that supports the safety and security of Volunteers.

Discussion of Result: The target was not met. Recommendations are considered “critical” when they identify corrective actions that must be implemented to ensure the safety and security of Volunteers, such as actions that reduce the likelihood or impact of adverse threats or events. A response team composed of safety and security and regional staff meet throughout the year to identify which recommendations are to be deemed “critical.” In FY 2013, 211 critical recommendations were due for completion and 178 were implemented (84 percent).

Challenges in implementing critical recommendations include scheduling conflicts for identifying critical recommendations, funding constraints, ownership for closing recommendations, and data management issues.
resulting from collecting and analyzing data from 61 posts across the world.

**Strengthening Future Performance:** An improved process management system will enable the agency to keep better track of safety and security recommendations by designating a timeframe and a person responsible for closing the recommendation that is visible to all of the parties involved in the process.

**Data Source:** Office of Safety and Security

**Indicator 5.1.1.d: Percentage of Volunteers who report they feel more than adequately safe or very safe where they live and work**

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<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
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<tbody>
<tr>
<td>91%</td>
<td>83%</td>
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**Rationale:** When Volunteers report that they feel safe where they live and work, this indicates that the systems the agency has developed to ensure the safety and security of Volunteers have been successful from the perspective of the Volunteers.

**Discussion of Result:** The target was not met. Volunteer satisfaction with the safety and security support provided by the agency has consistently ranked the highest when compared to other types of support provided by the Peace Corps: the vast majority of Volunteers have reported that they feel safe where they live and work. To encourage continuous performance improvement in this arena, the agency sets high targets for this indicator. While the target was not met this year, the result was higher than in the previous year. The most significant improvement from last year relates to Volunteers’ perceptions of safety where they live—an increase from 79 percent in FY 2012 to 81 percent in FY 2013.

According to the FY 2013 Annual Volunteer Survey, the Peace Corps’ support in the site selection and development process is one of the major drivers of Volunteers’ perceptions of safety. The agency is responsible for selecting and monitoring Volunteer sites to ensure that there is appropriate work for the Volunteer, the community is supportive, and safety and security risks are minimal and controlled. Agency efforts to improve site selection and development are noted in indicator 1.1.1.d.

Recognizing that Volunteers’ sense of safety is also driven by personal factors (such as stress or mental health), the agency provides Volunteers with mental health and emotional support (detailed in indicators 5.1.2.b and 5.1.2.c) and with rigorous training on risk identification and management. Improvements to safety and security training are detailed in indicator 5.1.1.a.

**Strengthening Future Performance:** The agency will continue to improve its safety and security systems, including the reforms related to the implementation of the Kate Puzey Peace Corps Volunteer Protection Act. The agency will also improve the standard safety and security training modules through rigorous training evaluations.

**Data Source:** Annual Volunteer Survey
**Indicator 5.1.1.e: Ratio of unreported serious crimes to reported serious crimes**

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<th>FY 2013 Target</th>
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**Rationale:** A reduction in the ratio of unreported serious crimes will provide the agency the information it needs to provide care and support for victims of crime that previously did not feel comfortable disclosing these incidents. Improved reporting will allow the agency to provide additional support to Volunteers and produces a more accurate account of safety and security issues in the country.

**Discussion of Result:** The agency did not fully implement the measurement tools necessary for monitoring the results for this indicator in FY 2013; as a result, data is not available.

Modeled on a measure from the Department of Defense, this indicator is designed to demonstrate the discrepancy between *reported* serious crimes and *unreported* serious crimes. *Reported* serious crimes are defined as incidents disclosed by the Volunteer to post or headquarters staff and catalogued in a secure agency database. For the purpose of this indicator, *unreported* serious crimes are not directly reported by the Volunteer to post or headquarters staff but may be disclosed anonymously. Data on *unreported* serious crimes is currently gathered through the Annual Volunteer Survey (AVS). While the AVS provides valid data on Volunteers’ experiences and perceptions, it is not designed specifically as a crime victimization survey.

In FY 2013, the Peace Corps made significant progress in developing the Security Incident Questionnaire, a new crime victimization survey. The agency hired a survey expert to manage the survey and will pilot the survey in November through December 2013. The survey will be fielded later in FY 2014 to Volunteers who are approaching the end of their assignment. Security Incident Questionnaire data will provide the agency with more accurate information to estimate crime rates and help the agency better understand the factors related to underreporting serious crime incidents.

**Strengthening Future Performance:** The agency will administer the Security Incident Questionnaire in FY 2014 to more accurately measure *unreported* serious crimes.

**Data Source:** Office of Safety and Security

**Performance Goal 5.1.2: Provide quality medical and mental health services to trainees and Volunteers**

**Indicator 5.1.2.a: Percentage of Peace Corps Volunteers who rate their satisfaction with health care received from Peace Corps medical officers as adequate or better**

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<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
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<td>94%</td>
<td>91%</td>
<td>X</td>
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**Rationale:** Measuring the health status of the patient and patient satisfaction are the two primary methods for determining quality of health care. Volunteers reporting on their satisfaction with the health care they receive from Peace Corps medical officers is a direct indication of the quality of Peace Corps health care.
Discussion of Result: The target was not met. Overall, Volunteer satisfaction with Peace Corps medical officers is traditionally very high. The result in FY 2013 is consistent with this trend. This high performance can be attributed to the agency’s focus on continuous process improvement, hiring top health-care professionals, and regular training and development. The slight decline this year is in all likelihood due to turnover among medical personnel at posts.

Under the guidance of the agency’s internal Health Care Quality Assurance Council, the Peace Corps implemented the following key initiatives in FY 2013 to systematically improve the medical and mental health services provided to Volunteers:

- **Improved staffing model**: The agency established a rover Peace Corps medical officer program to address medical staff turnover—one of the drivers of Volunteer dissatisfaction. Additional regional medical staff were hired to increase the agency’s capacity to care for Volunteers.

- **Organizing continuing medical education conferences across disciplines**: Through its continuing medical education conferences, the agency bridged multiple disciplines and offices to ensure a holistic approach to supporting the well-being of Volunteers. The Office of Safety and Security and the Office of Victim Advocacy, as well as the Counseling and Outreach Unit and Office of Medical Services, participated in continuing medical education conferences in FY 2013 with topics that included changes to agency policies related to the care of victims of sexual assault, medical supply inventory, and stress reduction for medical staff.

- **Implementing electronic medical records**: The agency made major progress in implementing the electronic medical records system in FY 2013. After conducting market research and going through the bidding process, a contract for the system was signed—a major milestone. The agency also made a significant step toward implementing electronic medical records by converting the applicant medical screening process to a fully electronic clearance process. This resulted in a significant reduction in the time and money that applicants spend in the application process.

**Strengthening Future Performance**: The agency will continue to strengthen the quality of its medical and mental health services by focusing on improving Volunteer satisfaction under the guidance of the Health Care Quality Assurance Council.

**Data Source**: Annual Volunteer Survey

**Indicator 5.1.2.b: Percentage of Peace Corps Volunteers who report the emotional support they received from staff as adequate or better**

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<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
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<tr>
<td></td>
<td>83%</td>
<td>82%</td>
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**Rationale**: Volunteers experience a range of emotions as they address the complexities of development work in their communities—from a sense of accomplishment and pride to loneliness, isolation, and frustration. At the same time, they are often far removed from the social support networks to which they are accustomed (e.g., their family and friends). Peace Corps staff play a critical role in providing Volunteers with tools and support to sustain their emotional health.

**Discussion of Result: The target was not met.** Despite falling just short of the FY 2013 target, the result is an improvement over last year. This improvement, in addition to the increased activity to better support
the emotional and mental health needs of Volunteers, suggests that the agency is making good progress on this important issue.

All agency staff members are responsible for providing emotional support to Volunteers, including country directors, program managers, and medical officers. Volunteers can also seek professional help provided by counselors in the Counseling and Outreach Unit. In addition, support to victims of crime is provided by the Office of Victim Advocacy. The agency educates Volunteers on mechanisms for dealing with the unique stress factors of Peace Corps service.

In FY 2013, the agency engaged in the following activities to improve the emotional support and mental health services provided to Volunteers:

- Conducted extensive training of country directors and safety and security coordinators on how to improve the emotional support they provide Volunteers
- Raised awareness of the Counseling and Outreach Unit among Volunteers from 70 percent last year to 79 percent
- Trained all Counseling and Outreach professionals in evidence-based intervention in sexual assault cases
- Provided extensive support to families of deceased Volunteers and affected post staff through overseas visits
- Conducted proactive outreach and advocacy assistance to more than 600 Volunteers who were victims of crime
- Initiated a change management process related to sexual assault and victimization through a top-down approach to organizational culture change

**Strengthening Future Performance:** To improve the quality of emotional support and mental health services, the agency will initiate an assessment of in-country mental health support to allocate agency resources based on the different levels of mental health support capabilities across countries. The agency will continue building partnerships with nongovernmental organizations and corporate sponsors in countries where Volunteers serve to develop holistic emotional support for all Volunteers and to provide healing opportunities for Volunteers who are victims of crime. The agency will expand the services provided by the Office of Victim Advocacy by hiring additional staff members.

**Data Source:** Annual Volunteer Survey

**Indicator 5.1.2.c:** Percentage of Peace Corps Volunteers who report adequate or better support in coping with stress from living and working in their community

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<tr>
<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
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<td>76%</td>
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**Rationale:** The top four factors that Volunteers associate with stress—their primary project, counterparts or community members, communicating in the local language, and cultural adjustments—are related to living and working in their local communities. As a result, the support provided by the agency in coping with this stress is...
critical component of the agency’s emotional support and mental health services.

**Discussion of Result:** *The target was met.* In FY 2013, the agency made significant improvement in supporting Volunteers to cope with stress—a four percentage-point increase from last year.

The agency supports Volunteers through training on appropriate coping mechanisms and providing direct support through medical officers, country directors, program managers, and counseling staff.

In addition to providing direct emotional and mental health support to Volunteers, the agency trains Volunteers to prevent and mitigate stress with a complement of stress prevention tools and strategies. The success of this training is indicated by the increase in the percentage of Volunteers who reported they did not need support in coping with stress (45 percent of Volunteers in FY 2013, compared to 19 percent in FY 2012).

Additionally, as Volunteers’ satisfaction with their worksites can be a major stressor, the agency’s continuing efforts to improve site selection and preparation may also have contributed to an upward turn on this indicator.

**Strengthening Future Performance:** The agency will focus on improving site selection and preparation to reduce potential stress factors before Volunteers arrive. Having a well-prepared site may also reduce stress between Volunteers and their counterparts and local community members, who will be more fully aware of the Peace Corps’ unique mission and approach to development. Additionally, the agency will continue evaluating its approaches to the psychological care and support of Volunteers and further improve the counseling skills of post staff.

**Data Source:** Annual Volunteer Survey

**Performance Goal 5.2.1:** Provide effective and responsive financial management that accurately reflects domestic and overseas operations

**Indicator 5.2.1.a:** Percentage of posts and headquarters offices that manage resources within approved budgets and operational plans

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<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
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<tr>
<td></td>
<td>95%</td>
<td>75%</td>
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**Rationale:** Effective financial management includes formulating and executing budgets in a manner consistent with operational plans.

**Discussion of Result:** *The target was not met.* The agency under executed its budget in FY 2013 while operating under a six-month continuing resolution and facing great uncertainty about the amount of the appropriated funding for the year. The agency was ultimately appropriated a budget almost $20 million lower than in FY 2012. Facing the constraints of the prolonged continuing resolution period and the lower appropriated level of funding, the agency executed its approved budgets and operational plans cautiously on a delayed schedule. Another factor affecting the low execution rate of the budget was that the number of Volunteers on board was lower than the projected numbers.
Strengthening Future Performance: Given that Congressional actions are outside the control of the agency, leadership will work more closely with regions, posts, and domestic offices in FY 2014 to monitor the timely execution of funds.

Data Source: Office of the Chief Financial Officer

Indicator 5.2.1.b: Percentage of posts and headquarters offices whose Integrated Planning and Budgeting System (IPBS) strategic goals support the agency’s strategic plan goals

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<th>FY 2013 Target</th>
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<tr>
<td></td>
<td>98%</td>
<td>98%</td>
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Rationale: When the activities and goals of posts and headquarters offices are aligned with the agency’s strategic goals, the agency is supporting efforts that advance its mission.

Discussion of Result: The target was met. In conjunction with the annual budget process, each post and headquarters office submits a multi-year strategic plan through the Integrated Planning and Budgeting System (IPBS). Posts and headquarters offices are given the opportunity to identify how their organizational goals relate to the agency’s strategic goals. In FY 2013, 19 of 21 headquarters offices and all eligible posts submitted IPBS strategic plans that specified support for the agency’s strategic goals.

The IPBS process was improved in FY 2013 by the rollout of the standardized electronic IPBS strategic plan template to all posts. As a result of the standardized electronic template, the agency now has detailed information on the goals, objectives, and indicators of all offices and posts in a format that will allow for more detailed analysis.

The agency also reduced the span of time covered by IPBS strategic plans from three years to two years. This change better aligns IPBS strategic plans with the agency’s budget processes.

Strengthening Future Performance: The agency will work to incorporate the IPBS strategic planning process with the other components of Peace Corps’ performance management and budgeting processes, including budget formulation, operating plan development, annual performance planning, and quarterly and annual performance reporting. By more closely linking its performance and budgeting processes, the agency will ensure that policy, program, and budget decisions are rooted in the agency’s strategic vision and priorities and informed by high-quality data and evidence.

Data Source: Office of Strategic Information, Research, and Planning
Performance Goal 5.2.2: Ensure the effective management of Peace Corps resources

Indicator 5.2.2.a: Conduct a Country Portfolio Review process to assess and formulate financial and Volunteer resource allocations at all posts

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<td>FY 2013</td>
<td>Result</td>
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<td></td>
<td>Completed</td>
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**Rationale:** Financial and Volunteer resources allocated to posts represent a significant portion of the agency’s budget. By conducting a standardized, annual review of the Peace Corps’ major investments, the agency is demonstrating its effective management of resources.

**Discussion of Result:** The target was met. The Country Portfolio Review process includes three major components: data collection, analysis, and the development of observations and recommendations. Each of these components was completed as part of the Country Portfolio Review process in FY 2013.

The Peace Corps uses data developed by third-party international institutions in conjunction with internal data collected by the agency. The Country Portfolio Review contains high-quality objective and subjective input, including survey data that directly incorporates the perspectives of Volunteers and staff in the field.

The Country Portfolio Review informs the agency’s Volunteer and financial allocation decisions. More specific details on these decisions are provided in the Evaluation and Research: Evidence for Decision Making section.

**Strengthening Future Performance:** The agency is enhancing the way Country Portfolio Review data is presented to senior leadership in order to better inform Volunteer allocation decisions.

**Data Source:** Office of the Director

Indicator 5.2.2.b: Percentage of posts and headquarters offices that adhere to agency-wide staffing policies and procedures

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<td>Target</td>
<td>Met</td>
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<tr>
<td>FY 2013</td>
<td>Result</td>
<td></td>
</tr>
<tr>
<td>90%</td>
<td>82%</td>
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**Rationale:** Agency-wide staffing policies and procedures are consistent with federal government standards and compatible with local labor requirements. The effectiveness of the agency’s workforce is increased when employees are aware of these policies and procedures and are engaged in a meaningful performance appraisal process.

**Discussion of Result:** The target was not met. In FY 2013, 17 out of 21 headquarters offices (81 percent) fully implemented all three of the staffing policies and procedures that are measured. Additionally, 50 out of the 61 posts measured by this indicator (82 percent) fully complied with the requirement.

The agency provides regular status updates to headquarters offices regarding their mid-year reviews and end-year performance appraisals to encourage timely
submissions. New employee orientations take place during the first three days of work for all new employees and include sessions on the Peace Corps’ personnel practices.

The agency made significant improvement this year as a result of a major push to encourage headquarters offices to complete mid-year performance reviews and year-end performance appraisals for all U.S. direct hire employees by the end of the year. The agency also raised the profile of employee performance management by hiring an employee and labor relations manager—a position that has been vacant for two years—to oversee the performance appraisal and management process. Additionally, the agency piloted a new performance appraisal program to better connect employees’ individual goals with the goals in the agency’s strategic plan.

Overseas posts also focused on implementing staffing policies and procedures to both comply with agency directives and to improve employee productivity and satisfaction. The Armenia post, for example, creates individual development plans for all personnel and reviews them twice each year. The post budgets for individual development costs for each staff member and encourages staff exchanges to share best practices and build skills. Staff in Peru take part in a candid self-assessment process during the performance appraisal process to help employees reach the next level of their personal development.

Challenges related to this indicator include allocating time to complete human resources tasks, training supervisors to properly execute the performance appraisal system, and providing opportunities for staff development.

**Strengthening Future Performance:** The agency will implement the new performance appraisal system based on information gathered during the pilot phase. The agency will increase its focus on employee training by hiring a training manager to oversee the training program for U.S. direct hire staff. The agency will also institute a coaching and mentoring program for supervisors to build skills in employee performance management. Finally, the agency will launch a host country staff viewpoint survey to capture the perspectives and opinions of local staff—some of whom have served the agency for decades. This new survey will provide information critical to the agency’s work to identify areas for improvement.

**Data Source:** Overseas post and headquarters office data call

**Indicator 5.2.2.c: Percentage of posts and headquarters offices that benefit from collaboration with global strategic partners**

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<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
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<tr>
<td>83%</td>
<td>84%</td>
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**Rationale:** The agency collaborates with external global strategic partners to increase the reach and impact of Volunteers in the field in support of common goals and national initiatives. An increase in the percentage of posts and headquarters offices that benefit from strategic partnerships indicates the agency is leveraging these partnerships more effectively.

**Discussion of Result:** *The target was met.* The agency collaborated with the following global strategic partners in FY 2013:
As a result of a review of existing global strategic partnerships and opportunities for new partnerships, the agency signed memoranda of understanding with two new global strategic partners in FY 2013: the Johns Hopkins University School of Public Health and the Korean International Cooperation Agency. The agency signed memoranda of understanding with two new strategic partners at the end of FY 2012 not reported for this indicator last year: Mondelez International and the Water and Development Alliance.

Global strategic partners provide the agency with key technical support, resources for fielding Volunteers, assistance with strategic project development, and financial/in-kind support. For example, Togo was able to
hold two monitoring, reporting, and evaluation workshops with the support of partners. The Nicaragua post noted, “The small grant funding that we receive from a variety of sources serves as a kick start to much of our work. We have accomplished a lot [through these small grants].”

Common challenges reported with regard to increasing the benefits of working with global strategic partners include significant reporting requirements and high administrative costs associated with managing these partnerships locally.

**Strengthening Future Performance:** The agency will continue reviews of its global strategic partnerships to ensure that only those relationships where the benefit to the Peace Corps outweighs the cost are maintained. Additionally, the agency will pursue partnerships in sectors, regions, and headquarters offices where a mutually beneficial opportunity for collaboration exists. The agency will also work to reduce the reporting and administrative burden of managing partnerships.

**Data Source:** Overseas post and headquarters office data call

**Performance Goal 5.2.3:** Ensure the optimal performance of critical Peace Corps processes

**Indicator 5.2.3.a:** Identify at the beginning of the fiscal year and complete by the end of the fiscal year improvements to one mission-critical work process

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<th>FY 2013 Target</th>
<th>FY 2013 Result</th>
<th>Target Met</th>
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<tr>
<td>Complete annually</td>
<td>Completed</td>
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**Rationale:** Identifying and completing improvements to at least one mission-critical work process each year provides the agency with the opportunity to direct its focus toward a specific area of performance improvement, contributing to more efficient and effective operations.

**Discussion of Result:** *The target was met.* This indicator requires the identification of one mission-critical work process for improvement at the strategic plan performance review session for the first quarter of the fiscal year (typically held in January/February). The improvements are also required to be completed by the end of the fiscal year.

Formally announced at the quarter one strategic plan performance review session in FY 2013, the chief operating officer selected the development of an executive dashboard of key Volunteer Delivery System metrics as the mission-critical work process to improve by the end of the fiscal year.

The dashboard increases the ability of senior leaders and managers to have up-to-date access to information regarding the processes related to requesting, recruiting, selecting, and fielding Peace Corps Volunteers. The dashboard tracks key performance indicators once a month to allow agency leadership to monitor performance and adjust operations when necessary.

**Strengthening Future Performance:** The Volunteer Delivery System dashboard will be reviewed regularly to ensure the metrics are useful and actionable.

**Data Source:** Office of the Director
Evaluation and Research: Evidence for Decision Making

The demand for data and evidence to inform decision making has never been higher at the Peace Corps. Bolstered by the sustained commitment of agency leadership to improving operations, the agency’s expanding culture of performance improvement is nurtured through high-quality data and evidence developed both in the field and at headquarters.

Peace Corps’ Evaluation Framework

In FY 2013, the agency finalized an overarching evaluation framework to provide the agency, for the first time in its history, with a systematic framework for conducting evaluation and research activities across the agency to better demonstrate the impact of the Volunteers and generate data and evidence for performance improvement efforts. Consistent with this new framework, the agency took a series of steps in FY 2013 that have expanded the Peace Corps’ capacity to monitor, evaluate, and report on progress toward agency goals, to ensure processes are operating efficiently, and to identify or develop evidence to inform resource allocation decisions:

- **Establishment of an agency-wide evaluation agenda:** The agency is in the process of developing the evaluation agenda for FY 2014. Topics may include a review of the implementation of the Focus In/Train Up strategy, performance evaluations on agency performance goals where insufficient progress has been made, and a review of the Volunteer application process. Implementing the agency-wide evaluation agenda will require coordination across offices and posts—a key step in integrating the evaluation and research activities that already occur throughout the agency.

- **New regional Monitoring, Reporting, and Evaluation conferences for key staff:** Monitoring, reporting, and evaluation conferences were held in all three regions to build the skills of programming and training staff and prepare data collection tools for Volunteers. Through these conferences, the agency strengthened the monitoring, reporting, and evaluation culture at overseas posts and made significant progress in developing the tools that Volunteers need to fully report on their activities.

- **Improved monitoring and evaluation (M&E) training and tools for Volunteers:** All posts provided standard M&E training to Volunteers in FY 2013. The training sessions include topics on how to use data collection tools, how to analyze data, and how the agency reports progress toward goals. Additionally, a redesigned Volunteer Reporting Tool, which will include a significantly improved user interface, is scheduled for completion and roll-out in early FY 2014. As the agency continues to build the capacity of Volunteers to report on their project activities and provides them with the necessary data collection tools, the volume and quality of data related to Volunteers’ impact will increase.

- **Increased staff capacity for evaluation and research:** At Peace Corps headquarters and in the field, the agency is increasing staff capacity to engage in evaluation and research activities. The Director’s office has restructured the office responsible for strategic planning, evaluation, and data management to focus additional attention on developing new data and evidence for decision making; the office has also hired new evaluation and survey specialists. In addition, two full-time M&E specialists (one based at Peace Corps headquarters, one field-based) have been hired to work specifically with overseas posts on M&E.

- **Focus on baseline data collection in the new strategic plan:** The agency has included a performance goal related to baseline data collection in the draft Strategic Plan (FY 2014–2018) currently under development. The performance goal will set a target for the percentage of projects where baseline data has been collected or compiled. Conducting baseline surveys or compiling baseline data from partner organizations, when combined with measurements related to Volunteer project activities, will allow the agency to demonstrate
with confidence the impact of Volunteers on specific projects. In addition, the agency is preparing to
develop models for the collection of baseline data for new country entries and as components of evaluation
frameworks created for pilot activities and other new initiatives.

Through these improvements, the agency is positioning itself for a major push over the next few years to
improve the development and use of new and existing evidence to better demonstrate the impact of Volunteers
and improve Peace Corps programs.

Major Evaluation and Research Activities in FY 2013

Evaluation and research activities are conducted at overseas posts and in a variety of headquarters offices.
Agency studies completed and approved for public distribution can be found at www.peacecorps.gov/open.

In FY 2013, the agency conducted the following major evaluation and research activities:

- Annual Volunteer Survey
- Country Portfolio Review
- Standardized reports on the Host Country Impact Studies
- Counterpart Survey Pilot
- Evaluations by headquarters offices and overseas posts

The Peace Corps Office of Inspector General also conducted a variety of audits and evaluations.

While the specific purposes of the agency’s evaluation and research work varied, the findings from the
studies were used to assess progress toward the agency’s goals and identify actions to further improve agency
performance. The results informed decisions at all levels in the agency, and, in some cases, served to identify
promising practices.

Annual Volunteer Survey

The Annual Volunteer Survey (AVS) is the agency’s primary vehicle for ensuring that the voice of the Volunteer
is heard by agency leadership. The rich information provided through the AVS informs management decisions
at all levels—from overseas posts to headquarters. As a result of a heightened focus on using proven best
practices from the online survey industry, the FY 2013 AVS recorded the highest response rate in the history of
the survey, with 92 percent of Volunteers participating. This high overall response rate, and the fact that more
than 97 percent of respondents completed 90 percent or more of the survey, signifies that the data is more
highly representative of the total Volunteer population than ever before.

The AVS asks Volunteers to assess the impact of their work, the effectiveness of their Peace Corps’ training,
in-country staff support, their personal health and safety, and, their overall satisfaction with their Volunteer
service. In FY 2013, the AVS included an abridged set of safety and security questions in preparation for the
launch of a dedicated crime victimization survey to be conducted in early FY 2014.

Findings

The results of the FY 2013 AVS provided the agency with critical insights into Volunteers’ views and their in-
country experiences. Results indicated a slight increase in satisfaction with the support provided by the Peace Corps for living and working in communities, as well as the percentage feeling safe at home and work. Some key results follow:

- Volunteers reported they effectively transferred knowledge and skills to help build the capacities of the host country individuals with whom they worked (88 percent). (Strategic Goal One)

- Two out of three Volunteers reported that their work and activities promote a better understanding of Americans among host country nationals with whom they live and work. (Strategic Goal Two)

- All (100 percent) Volunteers reported that they share their overseas experiences in the Peace Corps with Americans back home. (Strategic Goal Three)

- The percentage of Volunteers who report adequate or better satisfaction with site selection and preparation rose one point to 73 percent. (Strategic Goal One)

- The percentage of Volunteers who report adequate or better satisfaction with health services remains high, compared to other indicators of satisfaction, despite falling two points from 92 to 90 percent. (Strategic Goal Five)

**Actions Taken**

Findings from the FY 2013 AVS are only available at the end of the fiscal year, and actions based upon the results generally would take place in FY 2014. An exception this year, however, was the decision to conduct an analysis of high- and low-performing posts with regard to Volunteers’ satisfaction with medical services. This analysis was completed in the four weeks between the availability of survey data and the end of the fiscal year in order to examine possible reasons for a two percentage point drop in what is traditionally a very high-scoring indicator as quickly as possible.

Actions taken in FY 2013 as a result of FY 2012 AVS data include a continued focus on improving emotional support through post staff training and visits to lower-performing sites by the Office of Health Services; the inclusion of a performance goal in the draft Strategic Plan (FY 2014-2018) to improve the quality and timeliness of feedback provided by project managers to Volunteers on their work, and the creation of a color-coded summary categorization of posts’ strengths and weaknesses from the Volunteers’ perspective by the Office of Global Operations to inform investments in quality improvement.

**Country Portfolio Review**

The Peace Corps completed its third annual Country Portfolio Review in the first quarter of FY 2013. The Country Portfolio Review addresses a key recommendation of the Comprehensive Agency Assessment, a major evaluation of agency operations completed in FY 2010. The assessment challenged the agency to “target the Peace Corps’ resources and country presence across countries according to specific country selection criteria to maximize grassroots development impact and strengthen relationships with the developing world.”

The Country Portfolio Review represents one of the initial stages of the annual planning and budgeting cycle and is used to inform decisions on potential new country entries, possible country phase-outs, as well as the allocation of Volunteers and resources.

The Country Portfolio Review includes data from internal and external sources in areas such as country need, safety and security, medical infrastructure, host country commitment and engagement, post operations, program impact, cost, and congruence with U.S. development priorities (Strategic Goals One, Two, and Five). Findings
were thoroughly reviewed and discussed by senior management at a retreat held in the first quarter of FY 2013.

Findings
Through the Country Portfolio Review completed in FY 2013, the agency found that it is meeting the needs of host countries with its unique approach to development. While indicating host countries’ relative levels of development and candidacy for eventual graduation (closure of program), the review also identified country programs that had achieved the greatest improvements in safety and security and Volunteer support through the application of specific procedural enhancements, such as standard site visit protocols.

The review also provided evidence of the performance improvements that innovative and long-term investments can achieve in countries with heightened complexity (Indonesia) or projects undergoing significant change (several countries in Africa).

Actions Taken
The Country Portfolio Review in FY 2013 further supported the agency’s earlier decision to increase the Volunteer population in Africa and to graduate (close) programs in Antigua/ Barbuda, Bulgaria, Cape Verde, Romania, St. Kitts/Nevis, Suriname, and Turkmenistan. It was also instrumental in deciding how to allocate resources for the placement of 300 Volunteers.

Host Country Impact Studies
In FY 2008, the agency initiated a series of Host Country Impact Studies. These country- and project-specific impact evaluations are designed to measure how effectively Volunteers’ activities are meeting the technical needs of host countries and promoting a better understanding of Americans (Strategic Goals One and Two). The agency has completed 24 Host Country Impact Studies since FY 2008, interviewing approximately 3,000 beneficiaries, counterparts, and host families across all three regions in which the Peace Corps operates.

Findings
The last Host Country Impact Studies were conducted in FY 2012, and the results obtained by the local researchers were reported to the posts immediately upon completion of the field work. While there are no new findings to report for FY 2013, the agency did finalize the analysis and publish six country reports based on the work of the local researchers on the agency’s website; Fiji, Ghana, Nicaragua, Paraguay, Thailand (which included two separate reports evaluating two different programs) and Togo. These reports include a thorough review of the quantitative data—supported by a careful analysis of the qualitative data—presented in a format that is standard for all the country reports. As such, it includes additional findings, conclusions, and recommendations from those contained in the reports produced by the local researchers.

In addition to these in-depth standard reports, short summary reports were also published for each study.

Actions Taken
The Host Country Impact Studies have been the agency’s primary mechanism for demonstrating the longer-term impact of Volunteers. These studies are unique in that they assess the impact of the Volunteers from the perspective of host country nationals—the counterparts, beneficiaries and host families with whom the Volunteers work and live. The studies provide both qualitative and quantitative feedback on the agency’s impact on Strategic Goals One and Two.
Counterpart Survey Pilot

Recognizing the value of the information provided by the Host Country Impact Studies, the agency initiated a pilot for surveying local counterparts on a larger scale in FY 2013. The Counterpart Survey pilot included questions similar to those utilized in Host Country Impact Studies to gather feedback on the impact of Volunteers on local development outcomes and building a better understanding of Americans. The pilot was conducted to determine how to best collect information on Volunteer impact directly and more regularly from counterparts compared to contracting local researchers to complete only a limited number of studies each year.

The Counterpart Survey pilot included surveying counterparts in 14 countries spread across the three regions and six sectors in which the Peace Corps operates. Interviews were conducted utilizing multiple methods—such as in-person interviews, online surveys, and phone conversations—thereby testing the pros and cons of each method. The headquarters offices and posts participating in the pilot discussed the parameters of the pilot, challenges, and promising practices throughout the process.

Feedback from the pilot will be critical to developing a survey that can be fielded globally across more than 60 countries. After analysis of the pilot is complete, the Peace Corps will launch a global counterpart survey in FY 2014.

Evaluation and research activities conducted by overseas posts

Posts conduct evaluations to improve their country programs and increase the impact of Volunteers (Strategic Goals One, Two, and Three). In FY 2013, 42 percent of posts reported completing at least one evaluation or research activity. Most activities were process evaluations and surveys of satisfaction among various categories of stakeholders, including the satisfaction of minority Volunteers in Azerbaijan, program partners in Mexico, and host country national staff in Uganda.

Findings

The evaluations conducted by posts in FY 2013 focused on the successes and challenges of meeting project objectives. While using a variety of methodologies—including on-line surveys, focus groups, and desk research of secondary sources—most evaluations relied on host country national sources to better understand their country’s development needs, what works or does not work in existing project frameworks, and/or partner satisfaction with Peace Corps programming. Posts that conducted evaluations continued to cite high satisfaction from local partners with the work of the Volunteers.

While significant gains have been made in FY 2013 through regional M&E trainings and the addition of a limited number of M&E staff, posts continue to be limited in the types of evaluation and research activities they can conduct due to a paucity of M&E resources at overseas posts.

Actions Taken

Posts used information gathered from these evaluations to modify their programs and operations to better meet the Peace Corps’ goals. For example, in Peru, post staff studied human development indicators for each region of the country using recent census data. They cross-referenced these findings with historical information on the Peace Corps’ safety, security and project success at sites throughout the country. The results helped staff target activities to areas that held greater potential for positive impact, and assigned 85 percent of all new Volunteers to six contiguous northern regions of the country. In Sierra Leone, the post conducted an evaluation of Peace Corps Response programs in country through in-depth interviews and a focus group of partners working in institutions currently being served by the program. The review of best practices, constraints and opportunities led to the
Evaluation and research activities conducted by headquarters offices

Peace Corps Headquarters offices conducted essential program evaluations in support of Strategic Goals One, Two, and Three, as well as cost-benefit evaluations and operational assessments related to Strategic Goals Four and Five.

Examples of evaluation activities completed by headquarters offices follow.

**Findings and Actions Taken**

- **In-depth analysis of Communications operations:** In FY 2013, the Office of Communications underwent a 360-degree review of its strategy and activities, including an in-depth strength, weaknesses, opportunities, and threats analysis. The review identified the prioritization of audiences and messaging as the biggest challenges. As a result, the agency has significantly redesigned the office and created a dedicated Digital Team, folding all video, photo and social media operations under the direction of a single Digital Director for maximum efficiency and impact.

- **Annual Peace Corps Response Survey:** Peace Corps Response conducts a Close-of-Service survey that is completed by each Peace Corps Response Volunteer and distributes global and post-level data to all posts participating in the program. Peace Corps Response uses the findings to continually monitor and evaluate the program's expansion and inform improvements to discrete processes, such as the design of interview questions for applicants, support tools for posts, pre-departure language tools, and pilot orientation guidelines.

- **Design of a Monitoring and Evaluation System for the Sexual Assault Response Program:** In keeping with recent legislation, the Office of Safety and Security designed an M&E system specifically for the Sexual Assault Response Liaison program, identifying best practices for conducting a crime victimization survey, moderating focus groups among Safety and Security Coordinators to evaluate and inform improvements in the global core training of Volunteers, and policy training for safety and security staff. Findings and resulting activities have been shared with the Sexual Assault Advisory Council.

- **Evaluation of the Small Project Assistance Program:** The Office of Strategic Partnerships collaborated with the U.S. Agency for International Development to support discrete projects in local communities as part of Jordan's Youth in Development and Education sector programs. Although there was clear evidence of skills transfer to beneficiaries, stakeholders called for greater involvement by communities in project design and implementation, a recommendation which has been incorporated into future Small Project Assistance programming.

**Audits and Evaluations conducted by the Office of the Inspector General**

The Peace Corps Office of Inspector General (OIG) regularly conducts audits and evaluations of the effectiveness of programs that support Volunteers. The objectives of OIG audits and evaluations vary by project, but most aim to recommend improvements that will increase the effectiveness and efficiency of Peace Corps operations and strengthen the agency's ability to implement country programs that increase host country capacity. OIG audits and evaluations are submitted to agency management, which then takes appropriate action to address the concerns that have been identified. Open recommendations are managed by
the agency’s chief compliance officer, who is responsible for assuring that management actions are documented and advising OIG when the implementation has been confirmed. OIG audits and evaluations can be found at www.peacecorps.gov/oig.

In FY 2013, the OIG issued seven audit reports and four evaluation reports on country programs. The audits were conducted in Jamaica, South Africa, Malawi, and Zambia, in addition to a review of the Peace Corps’ management of grants to Volunteer projects, the agency’s 50th anniversary program, and medical inventory issues. Program evaluations were conducted in Colombia, Malawi, Namibia, and Moldova. The program evaluation reports addressed issues such as the extent to which the post developed and implemented programs that met agency goals and provided sufficient training, health care, support, and oversight to Volunteers to enable them to increase host country capacity and promote cross-cultural understanding.

The lower number of audit and evaluation reports compared to prior years is a result of the OIG’s focus in FY 2013 on the implementation of the requirements of the Kate Puzey Peace Corps Volunteer Protection Act. A final report on this topic will be issued in the first quarter of FY 2014.

Program Evaluations Conducted by the Office of Inspector General

Colombia

The OIG found that the Peace Corps has successfully managed the reopening of this post since 2010, after nearly two decades of closure for security reasons, with adequate security and programmatic infrastructure in place to support an effective Volunteer Corps. The most significant challenges identified were the safety and security and community integration issues related to the concentration of Volunteers in the major urban areas along the Caribbean coast.

Major Recommendations

• Assess security conditions along Colombia’s Caribbean coast and identify new sites outside of major urban areas where Volunteers can safely live and work

• Develop a strategy to mitigate and help Volunteers better manage stressors connected to their service

• Assess the viability of the community integration approach to Volunteer safety for urban sites

• Identify a host family policy that results in Volunteers having more successful host family relationships

• Assess the sufficiency of current office space and secure additional office space, if needed

• Review and complete the medical evacuation plan

• Set expectations regarding the timeliness of staff feedback to Volunteers on their work reports and ensure that staff uses the Volunteer Reporting Tool to support Volunteers and communicate project results

• Adjust training to ensure Volunteers clearly understand their role as Volunteers

Actions Taken or Planned

In response to the program evaluation, the agency has developed a comprehensive strategy to help Volunteers mitigate Colombia-specific stressors, implemented reforms to the host family policy, reviewed options for additional office space, reviewed and completed the medical evaluation plan, adopted changes to improve feedback to Volunteers, and improved Volunteer training focused on resiliency and adaptation.
Malawi

The OIG found that, after the turnover of all U.S. direct hire staff at the post in 2011, the incoming management team encountered significant funding shortfalls caused by issues with the post's financial management processes and headquarters oversight. The evaluation revealed additional management issues, including unclear and duplicate roles and responsibilities and difficulties collecting and reporting performance data. While the OIG determined that the Peace Corps program addresses some of Malawi's most pressing development needs, Ministry officials were poorly informed about Volunteers' project goals and activities. At the same time, Volunteers were very satisfied with staff support in the areas of safety and security, medical, and administrative support. In other areas, the post struggled to provide adequate support and oversight to Volunteers.

Major Recommendations

• Ensure that the post’s operating plan funds essential operations with appropriated funds rather than host country contributions

• Ensure project frameworks are aligned with Volunteer Reporting Forms, train Volunteers to collect and record performance data, and require programming staff to provide timely and substantive feedback to Volunteers

• Align grant-related training with the Peace Corps approach to development

• Establish project advisory committees

• Establish, implement, and document adherence to procedures for developing, selecting, and approving sites, including Peace Corps Response sites

• Survey Volunteers to assess the effectiveness of staff communications and make adjustments if necessary

• Monitor the effectiveness of technical training and make appropriate improvements

Actions Taken or Planned

In response to the program evaluation, the agency has ensured that essential operations are not dependent on host country contributions, aligned Volunteer Reporting Forms with the project frameworks, implemented standardized training on monitoring and evaluation to improve the collection of performance data, set clear expectations with staff on providing timely and substantive feedback to Volunteers, and reviewed communication methods with Volunteers.

Namibia

The OIG found that the post is building a strong programming foundation through the Focus-In/Train Up strategy and continues to work on aligning its projects according to the goals of this agencywide initiative. Although the post’s relationships with host country stakeholders appeared generally positive, the post did not provide them with a comprehensive annual report or have project advisory committees. Additionally, key staff members were not sufficiently involved in the Volunteer site development process and the availability of medical and health resources were not fully assessed for Volunteer sites. In general, the evaluation revealed that post had developed a solid Volunteer support structure. However, issues were identified related to Volunteer safety and emergency preparedness.

Major Recommendations
• Ensure that site identification and selection is collaborative and consistent across projects through the participation of all relevant staff

• Improve the accessibility of site history files

• Develop project advisory committees for each project

• Assess technical training and make adjustments when necessary to improve the effectiveness of training for the education and health sectors

• Examine the local language training and testing program

• Ensure that medical staff conduct site visits

• Improve the completion of site locator forms

• Review emergency action planning and identify any deficiencies

• Develop a comprehensive annual report for stakeholders that addresses all projects

**Actions Taken or Planned**

In response to the program evaluation, the agency has continued to include key staff in the site identification and selection process, improved site history files, conducted meetings with project advisory committees, improved the technical training program, expanded language learning opportunities for Volunteers, implemented measures to improve the site locator form, developed and disseminated a comprehensive annual report for stakeholders, and completed a comprehensive update of the emergency action plan.

**Moldova**

The OIG found that Moldova is a strong performing post with qualified and dedicated staff that has been well-managed despite undergoing a complete turnover of all U.S. direct hire staff in 2012. The post has a strong programming foundation and has applied the Focus In/Train Up strategy to all of its projects. The post’s comprehensive site selection process has placed Volunteers in meaningful assignments with strong counterparts and good host families. However, Volunteers placed in urban sites faced challenges in integrating into their communities. The training program is effective at helping trainees prepare for service, and the post has developed a solid Volunteer support structure. However, the evaluation indicated issues related to Volunteer safety and emergency preparedness.

**Major Recommendations**

• Ensure safety and security incidents are properly documented in site history files in a centralized location

• Establish specific criteria for placing Volunteers in urban sites

• Define how language proficiency interview results are to be used for swearing-in decisions and define a course of action for trainees who fail to meet minimum language proficiency requirements

• Develop and implement a comprehensive trainee assessment tool

• Ensure all Volunteers are familiar with consolidation points

• Establish a system to ensure that housing deficiencies are corrected before the Volunteer arrives at site
**Actions Taken or Planned**

In response to the program evaluation, the agency has updated the process for collecting and documenting site history information, implemented a process for review and approval of all Volunteer sites, updated the housing policy, piloted a trainee assessment tool, conducted an emergency action plan consolidation test, and modified the housing checklist.
Message from the Chief Financial Officer

The Peace Corps is firmly committed to sustaining the highest standard for financial accountability and reporting. Kearney & Company, P.C., independent auditors, conducted their first financial statement audit of this agency during FY 2013 and issued an unmodified (clean) audit opinion. The agency has received unqualified audit opinions for the past seven consecutive years from other independent audit firms.

Our success in accountability reporting was further recognized by a sixth awarding of the coveted Association of Government Accountants’ Certificate of Excellence in Accountability Reporting for the FY 2012 Performance and Accountability Report. Behind this effort is the immense amount of financial work performed not only by my own dedicated financial management staff but also other devoted financial and performance management professionals throughout the agency in 65 countries, supporting the work of the Volunteers around the world. During FY 2013, we processed more than 660 thousand financial transactions in 76 currencies.

Peace Corps appropriation of funding was negatively affected by the sequestration budget cuts, as with all federal agencies, and came in at slightly more than $356 million for FY 2013, compared to $375 million in FY 2012. The agency remains committed to supporting its Volunteers through their 27 months of service; however, uncertainties in future funding levels can make this challenging.

Agency managers worked through Senior Assessment Team meetings and the corrective action plan to correct the two significant deficiencies in internal control identified in the FY 2012 financial statement audit. Those significant deficiencies were Property, Plant, and Equipment (PP&E) and Information System Security both of which were prior year audit findings. FY 2013 financial statement audit work also revealed a significant deficiency in accrual validation. We will continue to focus our efforts to fully resolve both of the repeat significant deficiencies as well as the new significant deficiency.

Our independent auditor identified several accounting concerns with regards to the accounting treatment of proceeds of sale funds as well as the calculation and classification of Personal Service Contractor and Foreign Service National severance liability funds. This material weakness resulted in a restatement of Peace Corps’ FY 2012 financial statements. We have corrected the accounting treatments and classifications and have taken significant steps to improve the calculation methodology of these funds. We will continue to work to establish a more sophisticated tool for assessing an accurate severance liability.

Though an agency-wide inventory of Property, Plant, and Equipment was conducted during FY 2013, unresolved asset reconciliation issues remain. Other corrective actions performed include updating and issuing Manual Section 511 on Personal Property Management and Manual Section 711, Accounting for Property, Plant, and Equipment, which will further strengthen PP&E internal controls going forward. Funding was approved for a new, commercial Property Accountability System which will be implemented in phases during FY 2014 and FY 2015. Progress made this year in addressing Information System Security includes implementing backup tape encryption and improving data center access management. Posts were provided IT contingency planning templates and corrective actions are ongoing to implement the United States Government Configuration Baseline on workstations worldwide. Additionally, our planning and strategy efforts have laid the foundation for future IT improvements.

Financial management improvements implemented during FY 2013 include the following:

- Upgraded the Oracle financial system with new sub-ledger accounting architecture, capping a two-year complex effort by the in-house financial systems team
- Implemented financial system functionality to process new taxation requirements and began issuing payments in U.S. dollars to overseas personal services contractors, treating contractors as U.S. Direct Hire personnel consistent with passage of the Kate Puzey Peace Corps Volunteer Protection Act of 2011
Integrated the President's Emergency Plan for AIDS Relief (PEPFAR) funding into Hyperion Planning, the agency's budget formulation and financial analysis software, and generated the PEPFAR Implementation Plan for submission to Department of State

Recovered $10.2 million through open obligation reviews by closing or adjusting obligations in current and expired funds

The administration’s directed FY 2013 savings in agency operations related to conferences are being captured and conferences over $100 thousand are externally reported on the agency’s website, http://www.peacecorps.gov/FY2012_PC_Conferences_Spending_Report.pdf. Conference requests are subjected to varying levels of approval depending on the estimated cost of each conference. The Inspector General is notified of each conference over $20 thousand and the Deputy Director or the Chief of Staff approves conferences with estimated total costs that exceed $80 thousand. Conferences estimated to cost over $500 thousand require approval from the Director. In January 2013, the last reporting period, no conferences exceeded this threshold and the agency does not expect that any single conference will exceed this threshold in the next reporting period.

Looking forward, an upgrade to the Hyperion Planning budget formulation and financial analysis software application is scheduled for completion during the second quarter of FY 2014. The system upgrade is necessary to ensure this core application continues to function as the agency upgrades IT infrastructure components.

The agency continues to operate as one program with the single purpose of providing trained Volunteers to host countries to promote world peace and friendship and, in lieu of adopting goal costing, is enhancing the use of performance and cost information in budgetary decision making.

The audited financial statements and notes that follow are reliable and complete and were prepared in accordance with generally accepted accounting principles for federal government entities.

We continue to promote effective internal controls, to seek new improvements in financial management, and will further focus future efforts to resolve audit recommendations.

Joseph L. Hepp, Jr.
Chief Financial Officer
December 13, 2013
### Peace Corps

#### Balance Sheets

As of September 30, 2013 and 2012

(In Thousands)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012 Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intragovernmental</td>
<td></td>
<td></td>
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<tr>
<td>Fund Balance With Treasury (Notes 2 and 3)</td>
<td>$188,687</td>
<td>$180,689</td>
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<tr>
<td>Accounts Receivable (Note 4)</td>
<td>2,958</td>
<td>2,324</td>
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<td><strong>Total Intragovernmental</strong></td>
<td>191,645</td>
<td>183,013</td>
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<td>Accounts Receivable, Net (Note 4)</td>
<td>208</td>
<td>221</td>
</tr>
<tr>
<td>General Property, Plant, and Equipment, Net (Note 5)</td>
<td>29,987</td>
<td>35,176</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid Volunteer Living Allowances (Note 6)</td>
<td>2,010</td>
<td>2,220</td>
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<td>Other Assets (Note 7)</td>
<td>3,440</td>
<td>3,369</td>
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<tr>
<td><strong>Subtotal Other</strong></td>
<td>5,450</td>
<td>5,589</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td>$227,290</td>
<td>$223,999</td>
</tr>
</tbody>
</table>

| **Liabilities**  |            |               |
| Intragovernmental|            |               |
| Accounts Payable | $1,074 | $1,544 |
| Other            |        |               |
| Unfunded FECA Liability (Note 8) | 32,297 | 30,558 |
| Other Liabilities (Note 9) | 224 | 429 |
| **Subtotal Other** | 32,521 | 30,987 |
| **Total Intragovernmental** | 33,595 | 32,531 |
| Accounts Payable | 35,530 | 33,892 |
| Federal Employee and Veterans Benefits (Note 8) | 153,397 | 139,531 |
| Other            |            |               |
| Other Employment Related Liability (Note 8) | 98 | 63 |
| Non-Entity Funds (Note 2) | 23,400 | 27,742 |
| Accrued Funded Payroll and Leave | 2,394 | 5,762 |
| Unfunded Annual Leave (Note 8) | 9,755 | 9,415 |
| Other Liabilities (Notes 9 and 11) | 935 | 820 |
| **Subtotal Other** | 36,582 | 43,802 |
| **Total Liabilities** | 259,104 | 249,756 |
| Commitments and Contingencies (Note 11) |     |               |
| Net Position     |            |               |
| Unexpended Appropriations | 129,818 | 114,526 |
| Cumulative Results of Operations | (161,632) | (140,283) |
| **Total Net Position** | $(31,814) | $(25,757) |
| **Total Liabilities and Net Position** | $227,290 | $223,999 |

The accompanying notes are an integral part of these statements.
Peace Corps

Statements of Net Cost
For Years Ended September 30, 2013 and 2012
(In Thousands)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012 Restated</th>
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</thead>
<tbody>
<tr>
<td>Gross Costs</td>
<td>$381,873</td>
<td>$401,556</td>
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<tr>
<td>Less: Earned Revenue (Notes 12 and 13)</td>
<td>$10,031</td>
<td>$6,969</td>
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<tr>
<td><strong>Net Cost of Operations</strong></td>
<td><strong>$371,842</strong></td>
<td><strong>$394,587</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.
### Peace Corps
#### Statements of Changes in Net Position
For Years Ended September 30, 2013 and 2012
(In Thousands)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012 Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cumulative Results of Operations:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning Balances</td>
<td>$ (140,283)</td>
<td>$ (128,353)</td>
</tr>
<tr>
<td>Adjustments:</td>
<td></td>
<td></td>
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<tr>
<td>Corrections of Errors</td>
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<td>1,509</td>
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<tr>
<td>Beginning Balances, As Adjusted</td>
<td>(140,283)</td>
<td>(126,844)</td>
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<td><strong>Budgetary Financing Sources:</strong></td>
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<tr>
<td>Appropriations Used</td>
<td>339,336</td>
<td>366,589</td>
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<tr>
<td>Donations and Forfeitures of Cash and Cash Equivalents</td>
<td>387</td>
<td>41</td>
</tr>
<tr>
<td>Transfers-In/Out Without Reimbursement</td>
<td>5,280</td>
<td>7,757</td>
</tr>
<tr>
<td><strong>Other Financing Sources (Non-Exchange):</strong></td>
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<td></td>
</tr>
<tr>
<td>Donations and Forfeitures of Property</td>
<td>-</td>
<td>(81)</td>
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<tr>
<td>Transfers-In/Out Without Reimbursement</td>
<td>(154)</td>
<td>990</td>
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<tr>
<td>Imputed Financing (Note 20)</td>
<td>5,644</td>
<td>5,852</td>
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<tr>
<td><strong>Total Financing Sources</strong></td>
<td>350,493</td>
<td>381,148</td>
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<tr>
<td><strong>Net Cost of Operations</strong></td>
<td>371,842</td>
<td>394,587</td>
</tr>
<tr>
<td><strong>Net Change</strong></td>
<td>(21,349)</td>
<td>(13,439)</td>
</tr>
<tr>
<td><strong>Cumulative Results of Operations</strong></td>
<td>(161,632)</td>
<td>(140,283)</td>
</tr>
<tr>
<td><strong>Unexpended Appropriations:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning Balance</td>
<td>114,526</td>
<td>97,955</td>
</tr>
<tr>
<td>Adjustments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corrections of Errors</td>
<td>-</td>
<td>8,882</td>
</tr>
<tr>
<td>Beginning Balances, As Adjusted</td>
<td>114,526</td>
<td>106,837</td>
</tr>
<tr>
<td><strong>Budgetary Financing Sources:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriations Received</td>
<td>375,000</td>
<td>375,000</td>
</tr>
<tr>
<td>Other Adjustments</td>
<td>(20,372)</td>
<td>(722)</td>
</tr>
<tr>
<td>Appropriations Used</td>
<td>(339,336)</td>
<td>(366,589)</td>
</tr>
<tr>
<td><strong>Total Budgetary Financing Sources</strong></td>
<td>15,292</td>
<td>7,689</td>
</tr>
<tr>
<td><strong>Total Unexpended Appropriations</strong></td>
<td>129,818</td>
<td>114,526</td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td>$ (31,814)</td>
<td>$ (25,757)</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.
# Management's Discussion and Analysis

## Financial Section

The accompanying notes are an integral part of these statements.
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 core mission of the Peace Corps is to promote world peace and friendship by making available to interested, less developed countries men and women of the United States qualified for service abroad and willing to serve, even under conditions of hardship if necessary. The Peace Corps’ goals are to help the people of interested countries in meeting their need for trained men and women; to help promote a better understanding of Americans on the part of the peoples served; and to help promote a better understanding of other peoples on the part of Americans.

b) Basis of Presentation

The financial statements present the financial position, the net cost of operations, and changes in net position, along with budgetary resources activities of the agency pursuant to the requirements of 31 U.S.C. 3515 (b). They have been prepared using Peace Corps’ books and records in accordance with agency accounting policies, the most significant of which are summarized in this note. The statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements are presented in accordance with the applicable form and content requirements of OMB Circular A-136, Financial Reporting Requirements, issued October, 2013. The statements should be read with the realization that they are for a component of the U.S. government, a sovereign entity.

The financial activities of the agency are categorized between entity and non-entity assets and reported and non-reported balances. Entity assets are those assets which the agency has authority to use in it 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.

c) Basis of Accounting

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

d) Fund Accounting Structure

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

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

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

Deposit Funds—These funds consist of monies held temporarily by the Peace Corps as an agent for others. These include allowance and allotment accounts for employees and Volunteers. The balances in these funds are non-entity assets and are included in the financial statements.

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

e) Budget Authority

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

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

Peace Corps has discretionary and mandatory spending of its budget authority. The general funds, which are funded by multi-year appropriations from Congress are discretionary. The special and trust funds, which were authorized from permanent laws are considered mandatory spending.

f) Revenues and Other Financing Sources

Peace Corps’ operations are financed through appropriations, proceeds from the sale of property, and inter-agency agreements. For financial statement purposes, appropriations are recorded as a financing source and reported on the Statement of Changes in Net Position at the time they are recognized as expenditures.

g) Fund Balance with the Treasury

Fund Balance with the U.S. Treasury consists of general, special, and trust funds that are available to pay current liabilities and finance authorized purchase commitments, and special funds that periodically are direct-financing reimbursements to the appropriated funds.

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

The funds that make up post cashiers’ imprest funds belong to the U.S. Treasury through DOS’s accountability. These funds are routinely used to pay for small-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 paying for any losses incurred by the cashiers that would normally fall on the account holder. All international payments made by DOS on behalf of the Peace Corps are charged to the Peace Corps and reduce the applicable Peace Corps’ appropriation unexpended balance in U.S. Treasury records. As of September 30, 2013, cashier imprest funds represented by cash on hand, checks on hand, interim advances, and cashier checking account balances totaled
approximately $910,000 in U. S. dollar equivalents.

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

h) Foreign Currency

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

i) Accounts Receivable

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

j) Advances and Prepayments

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

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

k) Property, Plant, and Equipment (PP&E)

The agency capitalizes property, plant, and equipment that has an individual acquisition cost of $25,000 or greater, a useful life of two years or more, is not intended for sale in the ordinary course of business, and is intended to be used or available for use by the entity. Aggregate purchases of General Property, Plant, and Equipment in the amount of $500,000 or greater are capitalized. Costs incurred for major building rehabilitations of $25,000 or greater are initially recorded as Construction in Progress then after project completion are transferred to Leasehold Improvement and amortized over the remaining life of the lease. Software purchased for $25,000 or developed for internal use at a cost of $25,000 or greater is capitalized and amortized over its expected life (currently 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 its useful life of five years. The agency uses an estimated salvage value of 40 percent for vehicles. Land and anything attached to it, such as buildings, located overseas are capitalized at their fair market value at the time of transfer, regardless of their acquisition cost. Buildings are depreciated with a ten year asset life. Acquisitions that do not meet these criteria are recorded as operating expenses. Assets are capitalized at historical cost and depreciated using the straight-line method.

l) Accounts Payable and Other Liabilities

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

m) Employee Benefits

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

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

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

IV. Employee Health Benefits and Life Insurance—The agency’s employees are eligible to participate in the contributory Federal Employees Health Benefit Program and the Federal Employees Group Life Insurance Program. The agency contributes to each program to pay for current benefits.

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

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

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

VII. Valuation of Host Country Resident Personal Services Contractor Severance and Retirement Liability—The Peace Corps is generally liable for separation or retirement payments to eligible host country resident personal services contractors (PSCs) in countries that require payments under local labor laws. The estimate of the current and future costs of the severance and retirement liability is determined quarterly.

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

n) Commitments and Contingencies

The agency is involved in various administrative proceedings, legal actions, and claims arising in the ordinary course of business. Contingencies are recognized as a liability when a future outflow or other sacrifice of resources is probable and measurable.

o) 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.

p) 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, P.L. 97–177, as amended.
q) **Intragovernmental Net Costs**

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

r) **Adjustments to Maintain Inherent Account Relationship Integrity**

In order to correct the relationships between the proprietary and budgetary accounts, a high-level analysis was performed. Cash balances were adjusted to align with the U.S. Treasury fund balance to permit the agency to pass edit checks and submit FACTS II reports to Treasury. All of the adjustments for FY 2013 were immaterial.

s) **Allocation Transfer**

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

t) **Fiduciary Activities**

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

### Note 2 Non-Entity Assets

Non-entity assets are composed of deposit fund and clearing accounts. These funds are not available for the use of the Peace Corps and are not part of the Peace Corps’ resources. The Peace Corps monitors collections, status, and distribution. Below, as information, are the U.S. Treasury fund balances of non-entity assets which are non-governmental.

<table>
<thead>
<tr>
<th>Non-Entity Assets</th>
<th>September 30, 2013 (In Thousands)</th>
<th>September 30, 2012 (In Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Volunteer Readjustment Allowance</td>
<td>22,891</td>
<td>26,723</td>
</tr>
<tr>
<td>Clearing Accounts</td>
<td>509</td>
<td>1,019</td>
</tr>
<tr>
<td>Total Non-Entity Assets</td>
<td>23,400</td>
<td>27,742</td>
</tr>
<tr>
<td>Total Entity Assets</td>
<td>203,890</td>
<td>196,257</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$ 227,290</strong></td>
<td><strong>$ 223,999</strong></td>
</tr>
</tbody>
</table>

*Deposit Fund*—The Volunteer readjustment allowance is an allowance earned by Volunteers for each month of satisfactory service and payable upon their return to the United States.

*Clearing Accounts*—The proceeds of sales funds represent cash received from the sale of assets, primarily vehicles, and are available once transferred to Peace Corps appropriated funds to be reinvested in a like-kind replacement purchase (e.g., proceeds from vehicle sales used to purchase replacement vehicles).
The Fund Balance with Treasury is equal to the unobligated balance of funds plus the obligated balance not yet disbursed.

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

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

Non-Budgetary Fund Balance with Treasury—This represents non-entity assets of the agency.

Accounts Receivable, Gross

Intragovernmental receivables are due from other federal agencies for services provided per reimbursable agreements.

Other accounts receivable are due from nonfederal 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, 2013 and September 30, 2012.
As of September 30, 2013, Peace Corps’ fixed assets include internally developed software and those assets that are reflected as active in the property management databases. These assets are located at headquarters in Washington, D.C., the seven regional offices, and the overseas posts. Values for all assets other than internally developed software were obtained from data extracted from the databases. Values for internally developed software were derived from the most reliable available data for each system. There are no restrictions on the use or convertibility of General Property, Plant, and Equipment owned by the Peace Corps. Improvements for a building owned in Swaziland totaling $390,000 were capitalized in FY 2013.

**Prepaid Volunteer Living Allowances**—Payments of Volunteer living allowances are made prior to the entitlement month so the posts can ensure timely payments of the allowances to the Volunteers. These payments are pre-positioned so that Volunteers will not incur a financial burden for their living costs.
Management's Discussion and Analysis

**Financial Section**

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

**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.

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

### Note 7 Other Assets

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2013 (In Thousands)</th>
<th>September 30, 2012 (In Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel Advances to Employees</td>
<td>$451</td>
<td>$442</td>
</tr>
<tr>
<td>Relocation Advances to Employees</td>
<td>27</td>
<td>2</td>
</tr>
<tr>
<td>Prepaid Rent</td>
<td>2,870</td>
<td>2,855</td>
</tr>
<tr>
<td>Other Advances</td>
<td>92</td>
<td>70</td>
</tr>
<tr>
<td>Total Other Assets</td>
<td>$3,440</td>
<td>$3,369</td>
</tr>
</tbody>
</table>

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

**Unfunded Annual Leave**—A liability for annual leave is accrued as leave is earned and paid when leave is taken or when the individual terminates. The balance represents the estimated value of annual leave for U.S.-hired employees earned but not used as of September 30, 2013. Payments are charged to the appropriation current at the time of payment. The valuation of the accrued annual leave for Foreign Service National employees and the Foreign National PSCs has been estimated for this financial statement. There were approximately 150 Foreign Service Nationals and 1,900 Foreign National PSCs working for the Peace Corps at the end of the fourth quarter. Annual leave earned is based on local labor law requirements. Annual leave is paid out of current appropriations when taken.

**Unfunded Employment-Related Liability**—A liability for the estimated severance of Foreign National PSCs. Lump-sum payments are generally made to eligible international long-term personal services contractors based on local labor law requirements for separation. These payments are made when the individual terminates and are paid out of current appropriations.

**Federal Employee and Veterans Benefits**—Liability for the actuarial value of future payments for FECA as estimated by the Department of Labor for the agency.

**Liabilities Covered by Budgetary Resources**—Liabilities covered by budgetary resources include accounts payable for goods and service received by the agency, other liabilities as shown in Note 9 and the liability for the separation and retirement payments for eligible PSCs and FSNs.
Advances from Others—The balance of amounts advanced by other federal entities for goods and services to be furnished (e.g., money advance for Small Project Assistance grants.) All advances are considered current liabilities.

Note 10 Leases

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

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

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Future Lease Payments (In Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Year 2014</td>
<td>$6,784</td>
</tr>
<tr>
<td>Fiscal Year 2015</td>
<td>$6,633</td>
</tr>
<tr>
<td>Fiscal Year 2016</td>
<td>$6,591</td>
</tr>
<tr>
<td>Fiscal Year 2017</td>
<td>$6,196</td>
</tr>
<tr>
<td>Fiscal Year 2018</td>
<td>$4,028</td>
</tr>
<tr>
<td>After Fiscal Year 2018</td>
<td>$1,140</td>
</tr>
<tr>
<td>Total Future Lease Payments</td>
<td>$31,372</td>
</tr>
</tbody>
</table>

Note 11 Commitments and Contingencies

In the opinion of the management and legal counsel, the agency is liable for contingent liabilities related to administrative proceedings, legal actions, or claims associated with employee grievances that are probable and measurable in the amount of $935,000 as of September 30, 2013 and $820,000 as of September 30, 2012. These contingencies are considered current liabilities.

Disclosure is required if there is a reasonable possibility that a loss may be incurred. The likelihood of a reasonable possibility of a loss related to administrative proceedings, legal actions, or claims related to employee grievances are estimated to be $150,000 as of September 30, 2013 and $450,000 as of September 30, 2012.

Note 12 Intragovernmental Costs and Exchange Revenue

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2013 (In Thousands)</th>
<th>September 30, 2012 (In Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intragovernmental Costs</td>
<td>$63,521</td>
<td>$56,493</td>
</tr>
<tr>
<td>Intragovernmental Earned Revenue</td>
<td>9,636</td>
<td>6,762</td>
</tr>
<tr>
<td>Total Intragovernmental</td>
<td>$53,885</td>
<td>$49,731</td>
</tr>
<tr>
<td>Public Costs</td>
<td>$318,352</td>
<td>$345,063</td>
</tr>
<tr>
<td>Public Earned Revenue</td>
<td>$395</td>
<td>$207</td>
</tr>
<tr>
<td>Total Public</td>
<td>$317,957</td>
<td>$344,856</td>
</tr>
<tr>
<td>Total Net Cost</td>
<td>$371,842</td>
<td>$394,587</td>
</tr>
</tbody>
</table>
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.

### Note 13 Exchange Revenue

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2013</th>
<th>September 30, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intragovernmental Earned Revenues</td>
<td>$ 9,636</td>
<td>$ 6,762</td>
</tr>
<tr>
<td>Earned Revenues from the Public</td>
<td>395</td>
<td>207</td>
</tr>
<tr>
<td><strong>Total Exchange Revenues</strong></td>
<td><strong>$ 10,031</strong></td>
<td><strong>$ 6,969</strong></td>
</tr>
</tbody>
</table>

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

### Note 14 Apportionment Categories of Obligations Incurred: Direct vs. Reimbursable

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2013</th>
<th>September 30, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Direct</td>
<td>Reimbursable</td>
</tr>
<tr>
<td>Category A</td>
<td>$ 359,785</td>
<td>$ 10,401</td>
</tr>
<tr>
<td>Exempt from Apportionment</td>
<td>5,597</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Obligations Incurred</strong></td>
<td><strong>$ 365,382</strong></td>
<td><strong>$ 10,401</strong></td>
</tr>
</tbody>
</table>

All obligations incurred are Category A or Exempt from Apportionment.

### Note 15 Undelivered Orders at End of the Period

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2013</th>
<th>September 30, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undelivered Orders – End of Period</td>
<td>$ 63,753</td>
<td>$ 56,628</td>
</tr>
</tbody>
</table>

The undelivered orders are budgetary obligations with and without advances/prepayments placed against federal budget authority where no goods or services have been received.

### Note 16 Explanation of Differences between the SBR and the Budget of the U.S. Government

<table>
<thead>
<tr>
<th></th>
<th>Budgetary Resources</th>
<th>Obligations Incurred</th>
<th>Net Outlays</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of Budgetary Resources</td>
<td>$ 463</td>
<td>$ 392</td>
<td>$ 375</td>
</tr>
<tr>
<td>Budget of the U.S. Government</td>
<td>$ 486</td>
<td>$ 394</td>
<td>$ 368</td>
</tr>
<tr>
<td><strong>Difference</strong></td>
<td><strong>$ (23)</strong></td>
<td><strong>(2)</strong></td>
<td><strong>$ 7</strong></td>
</tr>
</tbody>
</table>

The differences between the FY 2012 SBR and the FY 2012 actual numbers presented in the FY 2014 Budget of the United States Government are summarized in the table above. The President’s Budget with actual numbers for FY 2013 has not yet been published, and is expected to be published in FY2014, and to be made available at http://www.whitehouse.gov/omb. The difference between the agency’s SBR and the Budget of the U.S. Government is attributable to the restatement of the FY 2012 financial statements as explained in Note 18, the activities associated with the miscellaneous contribution received by Peace Corps on behalf of Volunteers, and non-reported balance for expired appropriations in the President’s Budget.
Host Country Contributions are provided to Peace Corps by the host government and are accepted under the authority of Section 22 U.S.C. 2509(a) (4) of the Peace Corps Act. These contributions indicate host country support for the Peace Corps and help defray expenses, enabling the agency to use its budget more effectively. The host country retains ownership though the funds are deposited to special foreign currency accounts in the U.S. Treasury. In the event the funds are not used, funds are returned to the host country.

The agency received cash and in-kind contributions from host countries. In-kind contributions estimated at $4.2 million in fair market value were received at posts through the end of September 30, 2013, for services, supplies, equipment, and facilities. The host country cash balance is $800,000 as of September 30, 2013.

Peace Corps restated its FY 2012 financial statements due to correction of errors in the reporting of the Foreign Service National (FSN) Separation Liability Trust Fund and the Agency Contributions, Host Country Resident Contractors’ (PSC) Separation Liability Fund. These two distinct funds were established to provide for separation and severance pay for to host country residents (host country national and third country national) engaged with the Peace Corps. Separation pay represents the long-term liabilities that have accrued over years of service according to the local labor laws and the terms of the contracts for the PSC or the Local Compensation Plan for the FSNs. Prior to this year, the agency was classifying these funds as non-entity assets, based upon the agency’s interpretation of Statement of Federal Financial Accounting Standards (SFFAS) No. 1, Accounting for Selected Assets and Liabilities. As non-entity, the balances related to the FSN and PSC Separation Liability Funds were excluded in the agency’s Statement of Net Costs, Statement of Changes in Net Position, and the Statement of Budgetary Resources. Therefore, any accrued liability and payments of severance were not being reported accordingly. Classification of the PSC and FSN Liability Funds as non-entity materially misstated the financial statements in prior years.

Annually, Peace Corps calculates the estimated liability of the severance earned by the FSNs and PSCs based upon their years of service with the agency. The estimated liability is funded using government contributions from the operating or general fund account. The estimated liability for a specific year is normally funded, via contribution, based on the levels determined by the agency. The remaining amount of the liability that is yet to be funded is recognized as an unfunded employment liability. During the FY 2013 audit, the agency also identified an overstatement in the recognized unfunded employment liability at the beginning of FY 2012.

The overall impact of the restatement as it relates to the FSN Separation Liability Trust Fund and the PSC Separation Liability Funds to FY 2012 was a net increase to the agency’s Net Position of $9.2 million with an offsetting decrease in overall Total Liabilities of the agency. The agency’s Gross Costs increased by $8.8 million and Total Budgetary Resources increase by $9.7 million.

A second restatement to correct errors involves the funds received by the agency from proceeds of sales. Purchases of assets used with proceeds of sales are not considered a use of an appropriation. Therefore, when the replacement occurs, the recordation of the appropriations used is only recorded to the extent that appropriated dollars were used for the purchase. The agency did not record the appropriate accounting transactions for assets purchased with
proceeds in accordance with U.S. Treasury’s Financial Management Services’ United States Standard General Ledger
and but recorded the purchase as if the funds were appropriated. From FY 2007 to FY 2011, the agency purchased
property using proceeds amounting to $8.8 million and another $2.1 million in FY 2012. The restatement for the
proceeds of sales increased Unexpended Appropriations by $10.9 million and decreased Cumulative Results of
Operations.

The following schedules show the original FY 2012 and the restated FY 2012 with the corresponding adjustments
related to the correction of errors for the FSN Separation Liability Trust Fund and the PSC Separation Liability Fund,
presented as Restatement Adjustment #1, and the correction of errors related to the proceeds of sales, presented as
Restatement Adjustment #2. As of FY 2013, the agency has corrected all errors and implemented the proper
accounting treatment for any future transactions related to the two restatements.
### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### FINANCIAL SECTION

#### Balance Sheet (In Thousands)

<table>
<thead>
<tr>
<th></th>
<th>Original 2012</th>
<th>Restatement Adjustment #1</th>
<th>Restatement Adjustment #2</th>
<th>Restated 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intragovernmental</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund Balance With Treasury</td>
<td>$180,689</td>
<td>$-</td>
<td>$-</td>
<td>$180,689</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>2,324</td>
<td></td>
<td></td>
<td>2,324</td>
</tr>
<tr>
<td>Total Intragovernmental</td>
<td>183,013</td>
<td></td>
<td></td>
<td>183,013</td>
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<tr>
<td>Accounts Receivable, Net</td>
<td>221</td>
<td></td>
<td></td>
<td>221</td>
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<tr>
<td>General Property, Plant, and Equipment, Net</td>
<td>35,176</td>
<td></td>
<td></td>
<td>35,176</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid Volunteer Living Allowances</td>
<td>2,220</td>
<td></td>
<td></td>
<td>2,220</td>
</tr>
<tr>
<td>Other Assets</td>
<td>3,369</td>
<td></td>
<td></td>
<td>3,369</td>
</tr>
<tr>
<td>Subtotal Other</td>
<td>5,589</td>
<td></td>
<td></td>
<td>5,589</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$223,999</td>
<td>$-</td>
<td>$-</td>
<td>$223,999</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intragovernmental</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>$1,544</td>
<td>$-</td>
<td>$-</td>
<td>$1,544</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unfunded FECA Liability</td>
<td>30,558</td>
<td></td>
<td></td>
<td>30,558</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>429</td>
<td></td>
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<td>429</td>
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<tr>
<td>Subtotal Other</td>
<td>30,987</td>
<td></td>
<td></td>
<td>30,987</td>
</tr>
<tr>
<td>Total Intragovernmental</td>
<td>32,531</td>
<td></td>
<td></td>
<td>32,531</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>10,559</td>
<td>23,333</td>
<td></td>
<td>33,892</td>
</tr>
<tr>
<td>Federal Employee and Veterans Benefits</td>
<td>139,531</td>
<td></td>
<td></td>
<td>139,531</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Employment Related Liability</td>
<td>4,660</td>
<td>(4,597)</td>
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<td>3</td>
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<tr>
<td>Non-Entity Funds</td>
<td>55,739</td>
<td>(27,997)</td>
<td></td>
<td>27,742</td>
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<tr>
<td>Accrued Funded Payroll and Leave</td>
<td>5,762</td>
<td>-</td>
<td></td>
<td>5,762</td>
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<tr>
<td>Unfunded Annual Leave</td>
<td>9,415</td>
<td>-</td>
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<td>9,415</td>
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<tr>
<td>Other Liabilities</td>
<td>820</td>
<td></td>
<td></td>
<td>820</td>
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<tr>
<td>Subtotal Other</td>
<td>76,396</td>
<td>(32,594)</td>
<td></td>
<td>43,802</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$259,017</td>
<td>$ (9,261)</td>
<td>$-</td>
<td>$249,756</td>
</tr>
<tr>
<td><strong>Commitments and Contingencies</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unexpended Appropriations</td>
<td>103,531</td>
<td>-</td>
<td>10,995</td>
<td>114,526</td>
</tr>
<tr>
<td>Cumulative Results of Operations</td>
<td>(138,549)</td>
<td>9,261</td>
<td>(10,995)</td>
<td>(140,283)</td>
</tr>
<tr>
<td>Total Net Position</td>
<td>$ (35,018)</td>
<td>$ 9,261</td>
<td>$-</td>
<td>$ (25,757)</td>
</tr>
<tr>
<td>Total Liabilities and Net Position</td>
<td>$223,999</td>
<td>$-</td>
<td>$-</td>
<td>$223,999</td>
</tr>
</tbody>
</table>
### Statement of Net Cost (In Thousands)

<table>
<thead>
<tr>
<th>Program Costs:</th>
<th>Original 2012</th>
<th>Restatement Adjustment #1</th>
<th>Restatement Adjustment #2</th>
<th>Restated 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Costs</td>
<td>$392,669</td>
<td>$8,887</td>
<td>$-</td>
<td>$401,556</td>
</tr>
<tr>
<td>Less: Earned Revenue</td>
<td>$6,969</td>
<td>-</td>
<td>-</td>
<td>$6,969</td>
</tr>
<tr>
<td>Net Cost of Operations</td>
<td>$385,700</td>
<td>$8,887</td>
<td>$-</td>
<td>$394,587</td>
</tr>
</tbody>
</table>
### Statement of Changes in Net Position (In Thousands)

<table>
<thead>
<tr>
<th></th>
<th>Original 2012</th>
<th>Restatement Adjustment #1</th>
<th>Restatement Adjustment #2</th>
<th>Restated 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cumulative Results of Operations:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning Balances</td>
<td>$ (128,353)</td>
<td>$ -</td>
<td>$ -</td>
<td>$ (128,353)</td>
</tr>
<tr>
<td>Adjustments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corrections of Errors</td>
<td>-</td>
<td>10,391</td>
<td>(8,882)</td>
<td>1,500</td>
</tr>
<tr>
<td>Beginning Balances, As Adjusted</td>
<td>(128,353)</td>
<td>10,391</td>
<td>(8,882)</td>
<td>(126,844)</td>
</tr>
<tr>
<td><strong>Budgetary Financing Sources:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriations Used</td>
<td>368,702</td>
<td>-</td>
<td>(2,113)</td>
<td>366,589</td>
</tr>
<tr>
<td>Donations and Forfeitures of Cash and Cash Equivalents</td>
<td>41</td>
<td>-</td>
<td>-</td>
<td>41</td>
</tr>
<tr>
<td>Transfers-In/Out Without Reimbursement</td>
<td>-</td>
<td>7,757</td>
<td>-</td>
<td>7,757</td>
</tr>
<tr>
<td><strong>Other Financing Sources (Non-Exchange):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations and Forfeitures of Property</td>
<td>(81)</td>
<td>-</td>
<td>-</td>
<td>(81)</td>
</tr>
<tr>
<td>Transfers-In/Out Without Reimbursement</td>
<td>990</td>
<td>-</td>
<td>-</td>
<td>990</td>
</tr>
<tr>
<td>Imputed Financing</td>
<td>5,852</td>
<td>-</td>
<td>-</td>
<td>5,852</td>
</tr>
<tr>
<td><strong>Total Financing Sources</strong></td>
<td>375,504</td>
<td>7,757</td>
<td>(2,113)</td>
<td>381,148</td>
</tr>
<tr>
<td><strong>Net Cost of Operations</strong></td>
<td>385,700</td>
<td>8,887</td>
<td>-</td>
<td>394,587</td>
</tr>
<tr>
<td><strong>Net Change</strong></td>
<td>(10,196)</td>
<td>(1,130)</td>
<td>(2,113)</td>
<td>(13,439)</td>
</tr>
<tr>
<td><strong>Cumulative Results of Operations</strong></td>
<td>(138,549)</td>
<td>9,261</td>
<td>(10,995)</td>
<td>(140,283)</td>
</tr>
<tr>
<td><strong>Unexpended Appropriations:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning Balances</td>
<td>97,955</td>
<td>-</td>
<td>-</td>
<td>97,955</td>
</tr>
<tr>
<td>Adjustments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corrections of Errors</td>
<td>-</td>
<td>-</td>
<td>8,882</td>
<td>8,882</td>
</tr>
<tr>
<td>Beginning Balances, As Adjusted</td>
<td>97,955</td>
<td>-</td>
<td>8,882</td>
<td>106,837</td>
</tr>
<tr>
<td><strong>Budgetary Financing Sources:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriations Received</td>
<td>375,000</td>
<td>-</td>
<td>-</td>
<td>375,000</td>
</tr>
<tr>
<td>Other Adjustments</td>
<td>(722)</td>
<td>-</td>
<td>-</td>
<td>(722)</td>
</tr>
<tr>
<td>Appropriations Used</td>
<td>(368,702)</td>
<td>-</td>
<td>2,113</td>
<td>(366,589)</td>
</tr>
<tr>
<td>Total Budgetary Financing Sources</td>
<td>5,576</td>
<td>-</td>
<td>2,113</td>
<td>7,689</td>
</tr>
<tr>
<td><strong>Total Unexpended Appropriations</strong></td>
<td>103,531</td>
<td>-</td>
<td>10,995</td>
<td>114,526</td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td>$ (35,018)</td>
<td>$ 9,261</td>
<td>$ -</td>
<td>$ (25,757)</td>
</tr>
</tbody>
</table>
## Statement of Budgetary Resources (In Thousands)

<table>
<thead>
<tr>
<th></th>
<th>Original 2012</th>
<th>Restatement Adjustment #1</th>
<th>Restatement Adjustment #2</th>
<th>Restated 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budgetary Resources:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unobligated Balance, Brought Forward, Oct 1</td>
<td>$51,089</td>
<td>$ -</td>
<td>$ -</td>
<td>$51,089</td>
</tr>
<tr>
<td>Adjustment to Unobligated Balance Brought Forward, October 1</td>
<td></td>
<td>1,981</td>
<td></td>
<td>1,981</td>
</tr>
<tr>
<td>Unobligated Balance Brought Forward, October 1, as Adjusted</td>
<td>$51,089</td>
<td>1,981</td>
<td></td>
<td>53,070</td>
</tr>
<tr>
<td>Recoveries of Prior Year Unpaid Obligations</td>
<td>$9,590</td>
<td></td>
<td></td>
<td>9,590</td>
</tr>
<tr>
<td>Other Changes in Unobligated Balance</td>
<td>(709)</td>
<td></td>
<td></td>
<td>(709)</td>
</tr>
<tr>
<td>Unobligated Balance from Prior Year Budget Authority, Net</td>
<td>$59,970</td>
<td>1,981</td>
<td></td>
<td>61,951</td>
</tr>
<tr>
<td>Appropriations (Discretionary and Mandatory)</td>
<td>$375,000</td>
<td>7,363</td>
<td></td>
<td>382,363</td>
</tr>
<tr>
<td>Spending Authority from Offsetting Collections (Discretionary and Mandatory)</td>
<td>$18,091</td>
<td>394</td>
<td></td>
<td>18,485</td>
</tr>
<tr>
<td><strong>Total Budgetary Resources</strong></td>
<td>$453,061</td>
<td>$9,738</td>
<td>$ -</td>
<td>$462,799</td>
</tr>
</tbody>
</table>

| **Status of Budgetary Resources:** |               |                            |                           |               |
| Obligations Incurred            | $386,590      | $5,100                     | $ -                       | $391,690      |
| Unobligated Balance, End of Year: |                         |                            |                           |               |
| Apportioned                     | $58,968       |                            |                           | 58,968        |
| Exempt from Apportionment       | $41           | 4,664                      |                           | 4,705         |
| Unapportioned                   | $7,462        | (26)                       |                            | 7,436         |
| **Total Unobligated Balance, End of Year** | $66,471      | 4,638                      | $ -                       | $71,109       |
| **Total Budgetary Resources**  | $453,061      | $9,738                     | $ -                       | $462,799      |

| **Change in Obligated Balance** |               |                            |                           |               |
| **Unpaid Obligations:**         |               |                            |                           |               |
| Unpaid Obligations, Brought Forward, Oct 1 | $71,165       | $ -                        | $ -                       | $71,165       |
| Adjustments to unpaid obligations, start of year |                      | 23,131                    |                           | 23,131        |
| Obligations Incurred            | $386,590      | 5,100                      | $ -                       | 391,690       |
| Outlays (Gross)                 | (379,287)     | (4,900)                    | $ -                       | (384,187)     |
| Recoveries of Prior Year Unpaid Obligations | (9,590)       |                           |                           | (9,590)       |
| Unpaid Obligations, End of Year (Gross) | $68,878       | 23,331                     | $ -                       | 92,209        |

| **Uncollected Customer Payments:** |               |                            |                           |               |
| Uncollected Pymts, Fed Sources, brought forward, Oct 1 | (1,233)       |                           |                           | (1,233)       |
| Change in Uncollected Pymts, Fed Sources | (9,138)       |                           |                           | (9,138)       |
| Uncollected Pymts, Fed Sources, End of Year | (10,371)      |                           |                           | (10,371)      |

| **Memorandum (non-add) entries:** |               |                            |                           |               |
| Obligated Balance, Start of year | $69,932       | $ 23,131                   | $ -                       | $93,063       |
| Obligated Balance, End of year  | $58,507       | $ 23,331                   | $ -                       | $81,838       |

| **Budget Authority and Outlays, Net:** |               |                            |                           |               |
| Budget Authority, Gross (Discretionary and Mandatory) | $393,091      | $ 7,757                    | $ -                       | $400,848      |
| Actual Offsetting Collections (Discretionary and Mandatory) | (8,953)       |                           |                           | (8,953)       |
| Change in Uncollected Customer Payments from Federal Sources (Discretionary and Mandatory) | (9,138)       |                           |                           | (9,138)       |
| Budget Authority, Net (Discretionary and Mandatory) | $375,000      | $ 7,757                    | $ -                       | $382,757      |
| Outlays, Gross (Discretionary and Mandatory) | $379,287      | $ 4,900                    | $ -                       | $384,187      |
| Actual Offsetting Collections (Discretionary and Mandatory) | (8,953)       |                           |                           | (8,953)       |
| Agency Outlays, Net (Discretionary and Mandatory) | $370,334      | $ 4,900                    | $ -                       | $375,234      |
### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### FINANCIAL SECTION

As of September 30, 2013

<table>
<thead>
<tr>
<th>Resources Used to Finance Activities:</th>
<th>Direct</th>
<th>Reimbursable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obligations Incurred</td>
<td>$365,382</td>
<td>$10,401</td>
<td>$375,783</td>
</tr>
<tr>
<td>Less: Spending Authority from Offsetting Collections and Recoveries</td>
<td>14,487</td>
<td>3,018</td>
<td>17,505</td>
</tr>
<tr>
<td>Obligations Net of Offsetting Collections and Recoveries</td>
<td>350,895</td>
<td>7,383</td>
<td>358,278</td>
</tr>
<tr>
<td>Less: Offsetting Receipts</td>
<td>1,770</td>
<td></td>
<td>1,770</td>
</tr>
<tr>
<td>Net Obligations</td>
<td>$352,665</td>
<td>$7,383</td>
<td>$360,048</td>
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<tr>
<td>Other Resources</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations and Forfeitures of Property</td>
<td>-$</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers in/out without reimbursement (+/-)</td>
<td>($154)</td>
<td>($154)</td>
<td>($154)</td>
</tr>
<tr>
<td>Imputed financing from costs absorbed by others</td>
<td>5,644</td>
<td></td>
<td>5,644</td>
</tr>
<tr>
<td>Net resources used to finance activities</td>
<td>$5,490</td>
<td>-</td>
<td>$5,490</td>
</tr>
<tr>
<td>Total resources used to finance activities</td>
<td>$358,155</td>
<td>$7,383</td>
<td>$365,538</td>
</tr>
</tbody>
</table>

| Resources Used to Finance Items Not Part of the Net Cost of Operations: | | |
| Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided (+/-) | ($6,844) | ($7,382) | ($14,226) |
| Resources that fund expenses recognized in prior periods | 13,866 | 13,866 |
| Budgetary offsetting collections and receipts that do not affect net cost of operations | 5,280 | | 5,280 |
| Resources that finance the acquisition of assets | (4,424) | (4,424) |
| Other resources or adjustments to net obligated resources that do not affect net cost of operations (+/-) | 154 | | 154 |
| Total resources used to finance items not part of the net cost of operations | $8,032 | ($7,382) | $650 |

| Total resources used to finance the net cost of operations | $366,187 | $1 | $366,188 |

| Components Requiring or Generating Resources in Future Periods: | | |
| Future Funded Expenses | (4,143) | (4,143) |
| Employer Contribution to Employee Benefits | 1,773 | 1,773 |

| Components not Requiring or Generating Resources: | | |
| Depreciation and amortization | 7,813 | 5 | 7,818 |
| Other (+/-) | 206 | | 206 |

| Total Components of Net Cost of Operations that will not require or generate resources | 5,649 | 5 | 5,654 |

| Net Cost of Operations | $371,836 | $6 | $371,842 |

---

**Note 19: Reconciliation of Net Cost of Operations to Budget**

<table>
<thead>
<tr>
<th></th>
<th>Direct</th>
<th>Reimbursable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of September 30, 2013</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resources Used to Finance Activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Obligations Incurred</td>
<td>$365,382</td>
<td>$10,401</td>
<td>$375,783</td>
</tr>
<tr>
<td>Less: Spending Authority from Offsetting Collections and Recoveries</td>
<td>14,487</td>
<td>3,018</td>
<td>17,505</td>
</tr>
<tr>
<td>Obligations Net of Offsetting Collections and Recoveries</td>
<td>350,895</td>
<td>7,383</td>
<td>358,278</td>
</tr>
<tr>
<td>Less: Offsetting Receipts</td>
<td>1,770</td>
<td></td>
<td>1,770</td>
</tr>
<tr>
<td>Net Obligations</td>
<td>$352,665</td>
<td>$7,383</td>
<td>$360,048</td>
</tr>
<tr>
<td>Other Resources</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations and Forfeitures of Property</td>
<td>-$</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers in/out without reimbursement (+/-)</td>
<td>($154)</td>
<td>($154)</td>
<td>($154)</td>
</tr>
<tr>
<td>Imputed financing from costs absorbed by others</td>
<td>5,644</td>
<td></td>
<td>5,644</td>
</tr>
<tr>
<td>Net resources used to finance activities</td>
<td>$5,490</td>
<td>-</td>
<td>$5,490</td>
</tr>
<tr>
<td>Total resources used to finance activities</td>
<td>$358,155</td>
<td>$7,383</td>
<td>$365,538</td>
</tr>
<tr>
<td>Resources Used to Finance Items Not Part of the Net Cost of Operations:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided (+/-)</td>
<td>($6,844)</td>
<td>($7,382)</td>
<td>($14,226)</td>
</tr>
<tr>
<td>Resources that fund expenses recognized in prior periods</td>
<td>13,866</td>
<td>13,866</td>
<td></td>
</tr>
<tr>
<td>Budgetary offsetting collections and receipts that do not affect net cost of operations</td>
<td>5,280</td>
<td></td>
<td>5,280</td>
</tr>
<tr>
<td>Resources that finance the acquisition of assets</td>
<td>(4,424)</td>
<td>(4,424)</td>
<td></td>
</tr>
<tr>
<td>Other resources or adjustments to net obligated resources that do not affect net cost of operations (+/-)</td>
<td>154</td>
<td></td>
<td>154</td>
</tr>
<tr>
<td>Total resources used to finance items not part of the net cost of operations</td>
<td>$8,032</td>
<td>($7,382)</td>
<td>$650</td>
</tr>
<tr>
<td>Total resources used to finance the net cost of operations</td>
<td>$366,187</td>
<td>$1</td>
<td>$366,188</td>
</tr>
<tr>
<td>Components Requiring or Generating Resources in Future Periods:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Future Funded Expenses</td>
<td>(4,143)</td>
<td>(4,143)</td>
<td></td>
</tr>
<tr>
<td>Employer Contribution to Employee Benefits</td>
<td>1,773</td>
<td>1,773</td>
<td></td>
</tr>
<tr>
<td>Components not Requiring or Generating Resources:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>7,813</td>
<td>5</td>
<td>7,818</td>
</tr>
<tr>
<td>Other (+/-)</td>
<td>206</td>
<td></td>
<td>206</td>
</tr>
<tr>
<td>Total Components of Net Cost of Operations that will not require or generate resources</td>
<td>5,649</td>
<td>5</td>
<td>5,654</td>
</tr>
<tr>
<td>Net Cost of Operations</td>
<td>$371,836</td>
<td>$6</td>
<td>$371,842</td>
</tr>
<tr>
<td>Note 19  Reconciliation of Net Cost of Operations to Budget</td>
<td>As of September 30, 2012 (In Thousands)</td>
<td>Direct</td>
<td>Reimbursable</td>
</tr>
<tr>
<td>----------------------------------------------------------</td>
<td>----------------------------------------</td>
<td>--------</td>
<td>--------------</td>
</tr>
<tr>
<td>Resources Used to Finance Activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budgetary Resources Obligated:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Obligations Incurred</td>
<td>$384,210</td>
<td>$7,480</td>
<td>$391,690</td>
</tr>
<tr>
<td>Less: Spending Authority from Offsetting Collections and Recoveries</td>
<td>13,213</td>
<td>14,862</td>
<td>28,075</td>
</tr>
<tr>
<td>Obligations Net of Offsetting Collections and Recoveries</td>
<td>370,997</td>
<td>(7,382)</td>
<td>363,615</td>
</tr>
<tr>
<td>Less: Offsetting Receipts</td>
<td>2,154</td>
<td>2,154</td>
<td></td>
</tr>
<tr>
<td>Net Obligations</td>
<td>$373,151</td>
<td>(7,382)</td>
<td>$365,769</td>
</tr>
<tr>
<td>Other Resources</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations and Forfeitures of Property</td>
<td>$81</td>
<td>-</td>
<td>(81)</td>
</tr>
<tr>
<td>Transfers in/out without reimbursement (+/-)</td>
<td>990</td>
<td>990</td>
<td></td>
</tr>
<tr>
<td>Imputed financing from costs absorbed by others</td>
<td>5,852</td>
<td>5,852</td>
<td></td>
</tr>
<tr>
<td>Net resources used to finance activities</td>
<td>$6,761</td>
<td>-</td>
<td>$6,761</td>
</tr>
<tr>
<td>Total resources used to finance activities</td>
<td>$379,912</td>
<td>(7,382)</td>
<td>$372,530</td>
</tr>
<tr>
<td>Resources Used to Finance Items Not Part of the Net Cost of Operations:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in budgetary resources obligated for goods, services and benefits</td>
<td>$4,419</td>
<td>$7,383</td>
<td>$11,802</td>
</tr>
<tr>
<td>Budgetary offsetting collections and receipts that do not affect net cost of operations</td>
<td>6,410</td>
<td>6,410</td>
<td></td>
</tr>
<tr>
<td>Resources that finance the acquisition of assets</td>
<td>41</td>
<td>45</td>
<td>(3,544)</td>
</tr>
<tr>
<td>Other resources or adjustments to net obligated resources that do not affect net cost of operations (+/-)</td>
<td>115</td>
<td></td>
<td>115</td>
</tr>
<tr>
<td>Total resources used to finance items not part of the net cost of operations</td>
<td>$7,396</td>
<td>$7,428</td>
<td>$14,824</td>
</tr>
<tr>
<td>Total resources used to finance the net cost of operations</td>
<td>$387,308</td>
<td>$46</td>
<td>$387,354</td>
</tr>
<tr>
<td>Components Requiring or Generating Resources in Future Periods:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Future Funded Expenses</td>
<td>(2,715)</td>
<td>(2,715)</td>
<td>(2,715)</td>
</tr>
<tr>
<td>Employer Contribution to Employee Benefits</td>
<td>(234)</td>
<td>(234)</td>
<td></td>
</tr>
<tr>
<td>Components not Requiring or Generating Resources:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>10,238</td>
<td>10,238</td>
<td></td>
</tr>
<tr>
<td>Other (+/-)</td>
<td>(56)</td>
<td>(56)</td>
<td></td>
</tr>
<tr>
<td>Total Components of Net Cost of Operations that will not require or generate resources</td>
<td>7,233</td>
<td></td>
<td>7,233</td>
</tr>
<tr>
<td>Net Cost of Operations</td>
<td>$394,541</td>
<td>$46</td>
<td>$394,587</td>
</tr>
</tbody>
</table>
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 that are paid by other federal entities.

<table>
<thead>
<tr>
<th>Note 20</th>
<th>Imputed Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>September 30, 2013 (In Thousands)</td>
</tr>
<tr>
<td>Federal Employees Health Benefit Program</td>
<td>$ 3,926</td>
</tr>
<tr>
<td>Federal Employees Group Life Insurance Program</td>
<td>16</td>
</tr>
<tr>
<td>Civil Service Retirement System</td>
<td>577</td>
</tr>
<tr>
<td>Federal Employees Retirement System</td>
<td>1,091</td>
</tr>
<tr>
<td>Foreign Service Retirement and Disability System</td>
<td>34</td>
</tr>
<tr>
<td>Total Imputed Costs</td>
<td>$ 5,644</td>
</tr>
</tbody>
</table>
Inspector General's Audit Transmittal Letter

Office of Inspector General

To: Carolyn Hessler-Radelet, Acting Director
From: Kathy A. Buller, Inspector General
Date: December 13, 2013
Subject: Audit of Peace Corps’ Fiscal Year 2013 Financial Statements

This letter transmits the reports of Kearney & Company, P.C. (Kearney) on its financial statement audit of the Peace Corps’ Fiscal Year (FY) 2013 Financial Statements. As required by the Accountability of Tax Dollars Act of 2002, the Peace Corps prepared financial statements in accordance with Office of Management and Budget (OMB) Circular No. A-136, Financial Reporting Requirements, and subjected them to audit.

Audit Reports on Financial Statements, Internal Control, and Compliance with Applicable Provisions of Laws, Regulations, Contracts, and Grant Agreements

We contracted with Kearney, an independent certified public accounting firm, to audit the Peace Corps’ financial statements as of September 30, 2013. The contract required that the audit be done in accordance with U.S. generally accepted government auditing standards, OMB audit guidance, and the Government Accountability Office/President’s Council on Integrity and Efficiency Financial Audit Manual.

Kearney’s reports for FY 2013 include: (1) an opinion on the financial statements, (2) conclusions on internal control over financial reporting, and (3) compliance with applicable provisions of laws, regulations, contracts, and grant agreements. In the audit of the Peace Corps, Kearney found:

- The financial statements were fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles.
• Kearney reported one material weakness in internal control\(^1\) related to Financial Management Analysis and Reporting. Internal controls over financial reporting failed to prevent or detect misstatements that resulted in a restatement of the fiscal year 2012 financial statements.

• Kearney’s report on internal control identified three significant deficiencies:\(^2\)
  
  ▪ Internal control over property, plant, and equipment needs to be improved. Improvements needed are related to recording, tracking, and physical verification of property.
  
  ▪ Information system security controls need improvement. The auditor cited security program management, continuous monitoring, risk management and access controls, as areas needing improvement.
  
  ▪ Internal controls over Accounts Payable need improvement. Specifically, the auditor cited the lack of controls related to the subsequent validation of accrued payables.

• Kearney noted three instances of reportable noncompliance with applicable provisions of laws, regulations, contracts, and grant agreements which are required to be reported under Government Auditing Standards or OMB guidance.
  
  ▪ The Peace Corps failed to comply with OMB Circular A-11 for the reporting of the Peace Corps reporting entity, the Statement of Budgetary Resources, and the SF-132.
  
  ▪ The Peace Corps does not have effective controls over financial reporting which resulted in a failure to comply with the Federal Managers’ Financial Integrity Act of 1982.
  

OIG Evaluation of Kearney’s Audit Performance

In connection with the contract, we reviewed Kearney’s reports and related documentation and inquired of its representatives. Our review, as differentiated from an audit in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, opinions on Peace Corps’ financial statements or conclusions.
about the effectiveness of internal control or conclusions on compliance with applicable provisions of laws, regulations, contracts, and grant agreements. Kearney is responsible for the attached auditor's reports dated December 13, 2013 and the conclusions expressed in the reports. However, our review disclosed no instances where Kearney did not comply, in all material respects, with U.S. generally accepted government auditing standards.

We would like to extend our thanks to the Peace Corps staff involved in issuing the financial statements within the established OMB milestones. Their professionalism, courtesy, and cooperation allowed us to overcome the many challenges associated with performance of the audit and our oversight of the audit process. If you or a member of the Peace Corps staff has any questions about Kearney's audit or our oversight, please contact me or Assistant Inspector General for Audit Bradley Grubb, at 202-692-2914.

Attachment

cc: Stacy Rhodes, Chief of Staff
    Joseph Hepp, Chief Financial Officer
    Dorine Andrews, Chief Information Officer
    Daljit Bains, Chief Compliance Officer
INDEPENDENT AUDITOR’S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the United States Peace Corps (Peace Corps), which comprise the consolidated balance sheet as of September 30, 2013, the related consolidated statements of net cost and changes in net position, and the combined statement of budgetary resources (hereinafter referred to as the “financial statements”) for the year then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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. 14-02, Audit Requirements for Federal Financial Statements. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit 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 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 also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Peace Corps as of September 30, 2013, and its net cost of operations, changes in net position, and budgetary resources for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As part of our audit of the 2013 financial statements, we also audited the adjustments described in Note 18 that were applied to restate the fiscal year (FY) 2012 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the FY 2012 financial statements of the Peace Corps other than with respect to the adjustments. Accordingly, we do not express an opinion or any other form of assurance on the FY 2012 financial statements as a whole.

The Peace Corps’ financial statements as of September 30, 2012 were audited by other auditors whose report, dated November 8, 2012, expressed an unqualified opinion on those statements.

Other Reporting Responsibilities

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Inspector General’s Statement on the Peace Corps’ Management and Performance Challenges, Summary of Financial Statement Audit and Management Assurance Tables, the information in the Improper Payments Information Act section, the Message from the Director of the Peace Corps, the information in the Performance section, and the Message from the Chief Financial Officer are presented for purpose of additional analysis and are not required.
parts of the financial statements. Such information has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Independent Auditor’s Report on Internal Control Over Financial Reporting and Compliance with Applicable Provisions of Laws, Regulations, Contracts, and Grant Agreements**

In accordance with Government Auditing Standards and OMB Bulletin No. 14-02, we have also issued a report, dated December 13, 2013, on our consideration of the Peace Corps’ internal control over financial reporting and our tests of the Peace Corps’ compliance with certain provisions of laws, regulations, contracts, and grant agreements, for the year ended September 30, 2013. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting, or on compliance and other matters. That report is an integral part of an audit performed in accordance with Government Auditing Standards and OMB Bulletin No. 14-02, and in considering the entity’s internal control over financial reporting and compliance.

Alexandria, Virginia
December 13, 2013
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND COMPLIANCE WITH APPLICABLE PROVISIONS
OF LAWS, REGULATIONS, CONTRACTS, AND GRANT AGREEMENTS

To the Acting Director and Inspector General of the Peace Corps

We have audited the accompanying financial statements of the United States Peace Corps (Peace Corps), which comprise the consolidated balance sheet as of and for the year ended September 30, 2013, the related consolidated statements of net cost and changes in net position, and the combined statement of budgetary resources (hereinafter referred to as the “financial statements”) for the year then ended, and have issued our report thereon, dated December 13, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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. 14-02, Audit Requirements for Federal Financial Statements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Peace Corps’ internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Peace Corps’ internal control. Accordingly, we do not express an opinion on the effectiveness of the Peace Corps’ internal control. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 14-02. We did not test all internal controls relevant to operating objectives, as broadly defined by the Federal Managers’ Financial Integrity Act of 1982 (FMFIA), such as those controls relevant to ensuring efficient operations.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. We consider one of the deficiencies described in the accompanying Schedule of Findings to be a material weakness.
A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings to be significant deficiencies.

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

Compliance with Applicable Provisions of Laws, Regulations, Contracts, and Grant Agreements

As part of obtaining reasonable assurance about whether the Peace Corps’ financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. We also tested certain provisions of other laws and regulations specified in OMB Bulletin No. 14-02. We limited our tests of compliance to these provisions and did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the Peace Corps. However, providing an opinion on compliance with these provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards, and are described in the accompanying Schedule of Findings.

Peace Corps’ Response to Findings

The Peace Corps’ management has provided its response to our findings in a separate memorandum attached to this report. The Peace Corps’ response was not subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and OMB Bulletin No. 14-02 in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Alexandria, Virginia
December 13, 2013
Schedule of Findings

Material Weakness

I. Financial Management Analysis and Reporting (New Condition)

The Peace Corps’ internal control over financial reporting was not properly designed to prevent or detect material misstatements. During fiscal year (FY) 2013, the audit process identified errors related to the reporting of fund balances, separation liabilities, proceeds of sales, financial reporting and analysis, and budgetary reporting, some of which necessitated a restatement of prior year amounts and material adjustments to current year amounts. These material adjustments and restatements are discussed below.

Reporting of Fund Balances

The Peace Corps did not report two Treasury Account Symbols (TAS) in accordance with OMB Circular A-11 guidance and the Department of the Treasury’s (Treasury) fund definition. The Peace Corps reported the two TASs on the Balance Sheet as non-entity cash and an offsetting non-entity liability. The Peace Corps funds both TASs with expenditure transfers from appropriated funds, as required by Public Law.

OMB Circular A-11 requires that the Peace Corps report the two TASs in its basic financial statements and accompanying footnotes based on fund classification as trust and special funds. Statements of Federal Financial Accounting Concepts (SFFAC) No. 2 provides conclusive criteria for the definition of the reporting entity, as those funds are reported under the organization in “Federal Programs by Agency and Account,” which is a section of the Analytical Perspectives included in the Budget of the United States Government.

The Peace Corps failed to report these funds, which resulted in material misstatements, including an approximately $8.9M understatement of gross costs on the Statement of Net Cost and an approximately $9.2M overstatement of cumulative results of operations. On the Statement of Budgetary Resources, the Peace Corps understated its budgetary resources and unpaid obligations by approximately $9.7M and $23.3M, respectively.

Separation Liabilities

The Peace Corps had not reviewed the methodology used to estimate the separation liabilities for Foreign Service Nationals (FSN) and Personal Service Contractors (PSC) since 2007. Kearney & Company, P.C.’s (Kearney) audit testing revealed inconsistencies in the calculation of separation liabilities. The Peace Corps updated the personnel information, local laws and regulations, and compensation plan parameters, upon which the liabilities calculations are based. Upon review and update of the estimation methodology, the Peace Corps determined that the FY 2013 separation liabilities, which were originally estimated at $34.4M, were overstated by approximately $9.7M. Additionally, the FY 2012 separation liabilities, totaling $33.6M, were overstated by approximately $9.5M.
Proceeds of Sales

The United States Standard General Ledger (USSGL) states that agencies should record the use of appropriated funds when the amounts are appropriated from the General Fund of the Treasury via Treasury Appropriation Warrants, or received via allocation transfers from TASs appropriated by the General Fund of the Treasury. The Peace Corps incorrectly recorded asset purchases utilizing appropriated funds when the funding for the purchase of the asset originated from proceeds from asset sales. This resulted in approximately $11M in overstatements to unexpended appropriations and cumulative results of operations balances as of FY 2012.

Financial Reporting and Analysis

The Peace Corps does not have sufficient controls related to the review and approval of its financial statements. Further, underlying data analysis did not prevent or detect errors in financial reporting. During the course of the FY, the Peace Corps failed to identify the following errors:

- An invalid TAS was active within the Peace Corps’ financial management system, Odyssey
- A difference of $2.5M between the assets and the sum of the liabilities and net position on certified financial statements
- The absence of footnote disclosures required by OMB Circular A-136
- An error on the Statement of Budgetary Resources, Distributed Offsetting Receipts line of approximately $600,000
- The root cause(s) of approximately $900,000 in unsupported adjustments recorded by the Peace Corps in order to pass Federal Agency Centralized Trial Balance System (FACTS) II edit checks.

Budgetary Reporting

The Peace Corps did not estimate collections for the FY on its Standard Form (SF)-132, Apportionment and Reapportionment Schedule, in accordance with OMB Circular No. A-11 requirements.

Effects: The Peace Corps cannot ensure complete and accurate financial reporting, including the following:

- Inability to prevent or detect material misstatements or operational anomalies
- Inability to comply with applicable laws, regulations, and other guidance, including OMB A-11, OMB A-136, and the USSGL
- Improper classification of funds or improper inclusion/exclusion of funds from the financial statements may lead to misstatements and inconsistent reporting in the financial statements.

* * * * *
Significant Deficiencies

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

The Peace Corps’ property, plant, and equipment (PP&E) internal control structure contains several weaknesses, including review and approval of asset additions, accurate capitalization of acquisition costs, reconciliation between asset listings, and timely recognition of property disposals and impairment. Despite organizational efforts to improve inventory management, the Peace Corps does not account for PP&E in an accurate, consistent, and timely manner. Specific PP&E internal control weaknesses include the following:

- **Review of Fixed Asset Entries** – The Peace Corps maintains detailed property records within the Fixed Assets Module of the Odyssey financial system. The Office of Accounting and Financial Reporting (AFR) does not have a formal process to review and approve entries in the Fixed Assets Module. Review and approval of entries is necessary in order to facilitate the timely identification of errors and inaccuracies, in addition to preventing fraudulent entries. During our audit, Kearney noted the following issues:
  - The Peace Corps did not properly capitalize 17 new additions, as of June 30, 2013, in the Fixed Assets Module within Odyssey in a timely manner. Differences between the reporting periods when the asset was placed into service and when it was capitalized in Odyssey ranged from two to three reporting periods after the acquisition date, with a total cost of approximately $289,000 and a book value of approximately $267,000.
  - The Peace Corps did not record 15 of 22 new additions, as of September 30, 2013, in the Fixed Assets Module within Odyssey in a timely manner. Differences between the reporting periods when the asset was placed into service and when it was capitalized in Odyssey ranged from four to 15 reporting periods after the acquisition date. As of September 30, 2013, the total cost of the additions not recorded timely was approximately $796,000 and the net book value was approximately $655,000. Further, the total cost of the additions of approximately $318,000 and the book value of approximately $218,000 were recorded in FY 2013 but should have been recorded in FY 2012.
  - The Peace Corps recorded a duplicate asset in the amount for approximately $886,000. The duplicate asset was corrected within one accounting period; however, the correction was not processed using the appropriate general ledger (GL) accounts. The final correction was not processed for eight accounting periods.
  - The Peace Corps lacked documentation to support the allocation of a $30,000 purchase price between land and buildings.
  - The Peace Corps could not provide supporting documentation for costs related to leasehold improvements, representing a total cost of approximately $402,000 with a net book value of approximately $111,000.

- **Reconciliation of Property Records** – The Peace Corps also maintains a detailed vehicle tracking system (Vehicle Management Information System [VMIS]), a “master” vehicle tracking spreadsheet, and personal property inventory maintained in BarTracks.
Data between the inventory management tracking system and the asset management system (i.e., the Fixed Assets Module within Odyssey) is not automatically interfaced, which requires the involvement of multiple offices to assess the completeness and accuracy of asset management records.

- **Vehicle Cost** – The Peace Corps does not have an effective control structure to ensure it captures all capitalizable costs related to vehicle acquisition, including clearing agents, freight costs, etc., and receives appropriate supporting documentation in order to facilitate vehicles’ entry into the Fixed Assets Module. Failure to identify all capitalizable costs may result in understated PP&E balances and inaccurate financial reporting.

- **Asset Impairment and Obsolescence Procedures** – The Peace Corps has no standardized procedures regarding the identification and subsequent accounting treatment of obsolete and impaired assets. This may lead to inconsistent treatment among Posts, and potentially erroneous financial statements. Current year procedures identified impaired/obsolete assets in two of five Post visits that were not reflected in the accounting records. Further, our procedures identified property in the Fixed Assets Module for Posts no longer supporting volunteer activity and closed country programs where the Peace Corps no longer conducts mission activities. For example:
  - One asset (Asset Number C0070) should have been disposed, as it has not been in use since late 2010. The book value of the asset was approximately $22,000 as of June 30, 2013. As of September 30, 2013, the asset had been removed from the Fixed Assets Module.
  - The Peace Corps has seven country programs and a Regional Recruiting Office (RRO) that are partially or fully closed; however, the assets have not been removed from the Fixed Assets Module, whether through transfer to another Post or the Department of State for disposal. This resulted in:
    - Approximately 130 information technology (IT) hardware, IT software, generators, and disposed vehicle assets assigned to a closed Post and a closed RRO remained on the fixed assets listing as of September 30, 2013 with a total cost of approximately $288,000 and a book value of $188,000. The relevant Post and regional location were closed between FYs 2011 and 2012.
    - Approximately 592 IT hardware, IT software, generators, and disposed vehicle assets assigned to six suspended/closed Posts remained on the fixed assets listing as of September 30, 2013 with a total cost of $978,000 and a book value of $197,000. The relevant Posts were closed between FYs 2012 and 2013, based on congressional notification of Posts’ ceasing operations; however, the Peace Corps did not estimate asset impairments and potential losses in the period in which the assets were removed from service.
  - The Peace Corps did not remove eight assets from the Fixed Assets Module within Odyssey in the corresponding accounting period, ranging from two to three months, in which the disposal was recorded.
  - The Peace Corps could not provide disposal forms for five IT hardware asset disposals tested.
**Effects:** The Peace Corps cannot ensure complete and accurate financial information regarding PP&E. The inability to address these control deficiencies provides the following:

- The opportunity for fraud, waste, and abuse
- Loss of asset accountability, which introduces operational risk related to the ability to execute the Peace Corps’ mission
- Decreases in the uniformity and standardization of procedures, resulting in inconsistent treatment of assets and increasing the difficulty in completing consolidated reports
- Increase in the likelihood of financial reporting misstatements due to improperly capitalized costs or delayed recognition of asset impairments, as well as incomplete or inaccurate property data used in making management and budgeting decisions
- Decrease in the likelihood of identification of risks and proper mitigation of those risks.

**III. Information Technology Security (Repeat Condition)**

The Peace Corps’ IT internal control structure, both for the General Support Systems (GSS) and critical financial reporting applications, did not include a comprehensive risk analysis, evidence of effective monitoring of design and performance, and evidence of an ability to identify and respond to changing risk profiles. The Peace Corps’ IT control environment included design and operation weaknesses that, when combined, are considered to be a significant deficiency, as summarized below:

- The Peace Corps has not implemented an agency-wide continuous monitoring program, including no processes effectively implemented to periodically conduct assessments of selected security controls or security metrics used for reporting and monitoring the security posture of the system to appropriate organization officials
- The Peace Corps did not consistently perform vulnerability scans during the FY ending September 30, 2013, and the Peace Corps could not demonstrate consistent application of vulnerability scans across all servers and network devices applicable to the Peace Corps’ financial systems. Without proper implementation of policy and defined procedures that govern vulnerability scans, there is a higher likelihood that the Peace Corps’ financial information systems may be exposed to unknown/undetected security weaknesses/vulnerabilities, which increases the risk of successful exploitation
- The Peace Corps did not implement an agency-wide risk management program to manage information security risks. Specifically, the Peace Corps did not provide guidance on how to assess, respond, and monitor information security risk at the agency level. Further, the Peace Corps did not effectively manage its system inventory and ensure that the Security Assessment and Authorization process was properly performed for its information systems
- The Peace Corps’ Domestic Active Directory User Listing, dated August 13, 2013, included:
  - 374 generic, service, or test accounts have not been disabled
  - 13 user accounts were not accessed in over 90 days
  - 10 user accounts remained active after the employees associated with the accounts had separated from the Peace Corps. One of the 10 user accounts accessed Active
Directory after the employee associated with the account had separated from the Peace Corps.

**Effects:** IT controls consist of those internal controls that are dependent on information systems processing, and include general controls and application controls. General controls and application controls are not likely to be effective due to weaknesses in the Peace Corps’ information security program. Security program policies and procedures apply to all, or a large segment of, the Peace Corps’ information systems. The effectiveness of these procedures is a significant factor in determining the effectiveness of controls at the application level.

Application-level controls are not likely to be effective due to weaknesses in information security program controls. Weaknesses in security management can result in increased risk that application-level controls are not consistently applied, which could render accounting process controls ineffective by circumvention or modification. Specifically, the following could occur:

- The lack of a continuous monitoring strategy prevents the Peace Corps from clearly understanding the security state of its information systems over time. Failure to implement a comprehensive Information Security Continuous Monitoring (ISCM) strategy that considers key application-level and GSS controls increases the risk that inappropriate or unusual activity could go undetected, possibly allowing fraudulent or unauthorized transactions.
- Out-of-date security patches/software versions could expose the application to vulnerabilities that may be exploited, which may impact the integrity of the Odyssey application and financial data. Inconsistently applied vulnerability scanning procedures could increase the risk of exposure to undetected/unknown security weaknesses and vulnerabilities.
- The lack of a formal risk management program that considers the impact of mission and business processes could leave the Peace Corps’ management unaware of information security risks affecting organizational processes and supporting systems. Without this knowledge, management may not identify and prioritize risks to business transaction flows as they relate to its financial systems and data.
- Inactive and separated user accounts are candidates for internal and external hackers. These accounts may also be exploited for use by unauthorized individuals to circumvent segregation of duties or least privilege controls. Ultimately, ineffective account management practices may lead to unauthorized or illegal access to Peace Corps resources. Additionally, the failure to disable unnecessary accounts could result in security breaches, corrupted data integrity, or impaired availability of data to support financial reporting and operations.

**IV. Accounts Payable Accrual (New Condition)**

The Peace Corps does not have adequate internal controls in place to ensure that accounts payable accruals are reasonably estimated and validated. Agencies need to estimate liabilities for goods and services received for which they have not yet received an invoice by the financial statement date. Agencies must accumulate sufficient, relevant, and reliable data on which to
base accrual estimates, and agency management should ensure that adequate documentation is available to support the estimates. Further, agencies should perform a validation to ensure that the estimate is reasonable. The Peace Corps did not perform testing or other analyses to validate the predictive accuracy of estimation models against actual data. This lack of formal validation limits the Peace Corps’ ability to ensure that its current estimation methodology is consistent with actual events.

Effect: Failure to validate estimations may result in erroneous financial statements and failure to timely identify emerging financial risks.

* * * * *
Noncompliance and Other Matters

V. OMB Circular Number A-11, Preparation, Submission, and Execution of the Budget (New Condition)

The recognition and measurement of budgetary information reported in the Statement of Budgetary Resources and the SF-132, Apportionment and Reapportionment Schedule, should be based on budget terminology, definitions, and guidance in OMB Circular No. A-11, Preparation, Submission, and Execution of the Budget. However, as discussed in our report on internal control, we found that the Peace Corps does not have effective controls over external financial reporting. Specifically, the Peace Corps failed to comply with OMB Circular A-11 for the reporting of the Peace Corps reporting entity, the Statement of Budgetary Resources, and the SF-132.

VI. Federal Managers’ Financial Integrity Act of 1982 (New Condition)

FMFIA requires the implementation of internal accounting and administrative controls that provide reasonable assurance that:

- Obligations and costs are in compliance with applicable laws
- Funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation
- 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 maintain accountability over the assets.

However, as discussed in our report on internal control, we found that the Peace Corps does not have effective controls over financial reporting.

VII. Federal Information Security Management Act of 2002 (FISMA)

FISMA requires agencies to develop, document, and implement an agency-wide information security program to provide information security for the information and information systems that support the operations and assets of the agency, including those provided or managed by another agency, contractor, or other source.

As noted in its Assurance Statement, the Peace Corps disclosed an instance of noncompliance with FISMA that is required to be reported under Government Auditing Standards and OMB Bulletin No. 14-02.

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

* * * * *
APPENDIX A: STATUS OF PRIOR YEAR FINDINGS

In the Independent Auditor’s Report on the United States Peace Corps (Peace Corps) fiscal year (FY) 2012 financial statements, the predecessor auditor noted two deficiencies related to internal control over financial reporting. The table below presents a summary of the current year status of these issues.

Table 1 – Prior Year Significant Internal Control Deficiencies

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<tr>
<th>Control Deficiency</th>
<th>FY 2012 Status</th>
<th>FY 2013 Status</th>
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<tr>
<td>Property, Plant, and Equipment</td>
<td>Significant Deficiency</td>
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<tr>
<td>Information Technology Security</td>
<td>Significant Deficiency</td>
<td>Significant Deficiency</td>
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AGENCY COMMENTS TO THE AUDITOR’S REPORT

Peace Corps has reviewed the Auditor’s Report and concurs with the findings in the report.
The Inspector General’s Statement on the Peace Corps’ Management and Performance Challenges

Office of Inspector General

TO: Carrie Hessler-Radelet, Acting Peace Corps Director
Daljit Bains, Chief Compliance Officer

FROM: Kathy A. Buller, Inspector General

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

DATE: November 27, 2013

In accordance with the Reports Consolidation Act of 2000, OIG is submitting what it has determined to be the most significant management and performance challenges facing the Peace Corps. The challenges discussed in the attachment to this memo are to be included in the agency’s PAR for FY 2013. OIG has concluded that the following six areas present significant challenges at the Peace Corps.

This year’s challenge areas are:

- IT Security Management (first reported in FY 2009)
- Business Processes and Information Systems (FY 2011)
- Volunteer Safety and Security (reported under Business Processes and Information Systems in FY 2011)
- Excessive Personnel Turnover (FY 2012)
- Programming and Volunteer Training (FY 2012)
- Accountability of Medical Supplies (FY 2012)

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

Attachment
Peace Corps’ Management and Performance Challenge Areas

Challenge  Information Technology Security Management

Why This is a Challenge
An effective information technology (IT) security program helps protect an agency’s data from being misused by both internal and external sources and minimizes the potential of having its most sensitive data compromised. The federal laws and regulations governing IT security are specifically designed to strengthen an agency’s management of its related programs and provides for significant enhancements in the capability to prevent serious information security incidents from occurring. A cornerstone of IT security in the federal environment is the Federal Information Security Management Act (FISMA).1 Its overall goals include the development of a comprehensive framework to protect the government’s information, operations, and assets. Since Fiscal Year (FY) 2009, OIG has reported in its management and performance challenges that the Peace Corps has not achieved full compliance with FISMA. OIG continues to find that FISMA compliance is a management and performance challenge for the Peace Corps.

Progress in Addressing the Challenge
Management has not progressed in strengthening the Peace Corps’ IT security management programs through greater FISMA compliance and in some cases has regressed since FY 2012. Several issue areas associated with FISMA compliance that were discussed in prior year challenges statements have not been fully resolved. For example, some processes for configuration management have not been completely implemented; various contingency plan testing weaknesses still exist at both overseas posts and headquarters; performance of required risk assessments is not being consistently accomplished; and systems security planning documentation has not been completely updated. Further, the Peace Corps is lacking an effective Plan of Action and Milestones process. Absent an effective Plan of Action and Milestones process it cannot efficiently track and remediate known security weaknesses or cross-reference them to the agency’s budget system as required by the Office of Management and Budget (OMB). Other identified high risk deficiencies include an ineffective information security risk management framework and lack of a program for performing continuous monitoring of agency systems.

What Needs To Be Done
Achieving full compliance with FISMA and other federal laws and regulations that apply to managing the Peace Corps’ IT security infrastructure is critical to establishing a program that ensures the agency’s information, operations, and assets are adequately protected. The Peace Corps needs to place greater emphasis on improving FISMA compliance and timely remediation of IT security weaknesses that have been identified through internal, OIG FISMA, and other reviews. This will require sufficiently prioritizing agency time and resources to eliminate weaknesses and improve its IT security program.

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1 Pub. L. No. 107-347. The law was passed by Congress and signed by the President as part of the E-Government Act of 2002.
Key OIG Resources
Peace Corps FY 2012 Performance and Accountability Report
OIG Semiannual Report to Congress, October 1, 2012 to March 31, 2013

Challenge  Business Processes and Information Systems

Why This Is a Challenge
Although the Peace Corps continues to streamline operations and improve the technology that supports key business and Volunteer support processes, it is constrained by limited resources and inadequate planning. A responsive management team that provides quality support services to Volunteers will require enhanced business processes and modern information systems. Agency business processes must also support effective internal controls and access to reliable data. OIG’s work disclosed some common problems related to maintaining effective internal controls. According to OMB Circular A-123, “Management is responsible for establishing and maintaining internal control to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations.” It is imperative that agency management implements the necessary automated and manual controls throughout its processes to ensure the desired results are achieved.

Property Management
The Peace Corps reported having property valued at $35.2 million in FY 2012. Accountability over Peace Corps property, such as vehicles, furniture, and computer equipment, continues to present challenges for management. The agency implemented a new property accountability system in FY 2012. However, OIG audits found problems with the implementation, including incorrect information loaded into the system from the start. In addition, OIG’s external auditor continues to report internal control gaps over property, plant, and equipment.

Data Management
As the agency automates business processes, proper data management is essential to ensure the accessibility, usefulness, and accuracy of data. OIG audits and evaluations have identified several essential functions that remain largely paper-based, such as travel, medical supply management, payment vouchers, and several human resource functions (for example, leave approval, performance appraisals, and travel compensation time). As a result, data is more prone to human error and less easily analyzed for management decisions, and data management processes are less efficient than an automated workflow.

In addition, offices should carefully consider what controls are automated and how to gain efficiency as they automate more functions. For example, the agency implemented an automated system for posts to request Volunteer payments. When the system was implemented, the process for making non-recurring payments to Volunteers no longer required the full review of a financial management officer (FMO). Although the FMO examined a selection of the payments, it was not a sufficient number or statistical sample as required by federal regulation. As a result, payments totaling $2.8 million were made to Volunteers from FY 2010 to FY 2013 that were not properly certified.
Progress in Addressing the Challenge
This challenge relates to various agency functions that are managed by different offices. Progress improving processes or systems is dependent on the managing offices’ priorities and resources. Several offices have placed high importance on reviewing their processes, identifying key controls, and developing sustainable procedures and system solutions to ensure efficient and effective operations. For example, the agency realigned several offices that manage small grants into one office, the Office of Strategic Partnerships. In doing so, the agency aligned processes, re-evaluated controls, and implemented new procedures to ensure posts and Volunteers received clear and consistent guidance on using small grants to further their work. The agency is also developing a grants management enterprise system to automate workflow and maintain data. Another example is the Volunteer Delivery System, which automated and modernized the recruitment, placement, and medical clearance processes. As a result, the applicant processing time was shortened, paperwork was significantly reduced, and staffing resources were saved by adding automated controls and reviews. In addition, by automating many of the paper files containing personally identifiable information, the agency has reduced the risk of personal and medical information being lost or stolen.

In FY 2014 the agency plans to continue streamlining operations and improving the technology that supports key business processes, including a customer relationship management database that supports several offices and functions and a medical supply management system.

What Needs To Be Done
The agency must continue to assess its operations and identify ways to streamline and improve its business processes. Competing agency priorities requires that senior management must prioritize initiatives and coordinate efforts. Proper prioritization and coordination will help management to allocate the appropriate resources and manage the changes in an efficient and effective manner.

Key OIG Resources
OIG FY 2014 Annual Plan
Management Advisory Report: Certification of Volunteer Payments
Recurring Issues: OIG Post Audits and Evaluations FYs 2009-2011

Challenge  Volunteer Safety and Security

Why This Is a Challenge
While Peace Corps service is often a fulfilling, life-defining opportunity, there are inherent safety risks, including the risk of sexual assault or other serious crime incidents. The agency has identified Volunteer safety and security as a primary objective and a responsibility of staff, Volunteers, and trainees. In 2011, sexual assault victims, agency officials, and subject matter experts testified before Congress, and victims called on the agency to adopt the highest standards for response and care. During the past two years the agency has developed policies, response
protocols, and Volunteer safety and security training programs mandated by Congress under the Kate Puzey Volunteer Protection Act of 2011 (Kate Puzey Act).\footnote{Pub. L. No. 112-57.}

The Kate Puzey Act required that the agency enter into a memorandum of understanding (MOU) specifying the duties and obligations of the Peace Corps and the Department of State Bureau of Diplomatic Security (DOS/DS) with respect to the protection of Volunteers and staff members, including investigations of safety and security incidents and crimes committed against Volunteers and staff. The need for formal agreement between the agency and DOS/DS to clarify roles and responsibilities when crimes are committed against Volunteers was cited by OIG in its 2010 Audit of the Volunteer Safety and Security Program and in testimony by the Inspector General before Congress as an important element to ensure that a thorough response effort is carried out. While the execution of the MOU in 2012 was an important milestone, how the agreement is implemented will determine whether it enhances Volunteer safety and security.

Additionally, despite improvements, posts continue to struggle to fully and consistently implement agency safety and security policies and procedures. Further, the agency has not developed a system to ensure safety and security recommendations are implemented by posts. During FY 2014 OIG will perform a follow-up review of OIG’s FY 2010 audit to determine if progress has been made.

Many of the policies and Volunteer training modules mandated by the Kate Puzey Act were developed, issued and implemented during FY 2013, along with staff training on roles and responsibilities related to Volunteer sexual assault and serious crime. Some significant elements of the policy went into effect on September 1, 2013, such as a process for victims to make restricted reports and assigning a Sexual Assault Response Liaison at every post. Given the considerable changes made to these policies, the decentralized nature of the Volunteer safety and security program, and the number of headquarters and overseas personnel with safety and security roles, it will be a management challenge to adequately train and oversee staff to ensure compliance with agency policies and delivery of required services to victims of crime.

**Progress in Addressing the Challenge**

In 2011 the agency issued a seven-point Commitment to Sexual Assault Victims statement to Volunteers and staff that spelled out a framework for response to sexual assault victims predicated on compassion, safety, open communication, and respect for privacy. A victim advocate was hired and an office established to work with Volunteers, post and headquarters staff to enhance response and care. As noted, the agency made progress by entering into an MOU with DOS/DS, defining roles and responsibilities for responding to staff and Volunteer safety and security incidents overseas. Additionally, as required by the Kate Puzey Act, Volunteer sexual assault risk reduction and response (SARRR) training was developed incorporating best practices in the field and consultation with subject matter experts. Initial Volunteer survey results indicated that it was effective. The agency has trained some, but not all overseas staff, on the sexual assault policies, and intends to train all relevant staff once the comprehensive sexual assault policies have been finalized.
The agency developed the Coordinated Agency Response System (CARS) to assist in the coordination of appropriate services to Volunteers who are victims of crime. CARS is also intended to enhance post and headquarters-level compliance and implementation of sexual assault policies and procedures in support of Volunteers who are victims of crime.

The agency has addressed high crime environments in Latin America by making significant programmatic and support changes in the field. For example, in 2011 the agency identified posts in Latin America at greater risk for serious crime incidents. The agency used that data to initiate programming changes in key areas, including transportation, geographic distribution of Volunteers and, in some cases, post closures. The agency reported that their actions resulted in a 30% decrease in serious crimes against Volunteers in the region.

**What Needs To Be Done**
The majority of the 60 posts OIG visited from 2009-13 struggled to fully implement agency safety and security policies and procedures. While the agency continues to improve aspects of its safety and security program, it has not yet established some critical processes. One such process is a system to ensure safety and security recommendations are implemented by posts, specifically with regards to emergency action plans and consolidation points, Volunteer housing, and site locator forms. The agency has established instructions to assist in these areas; however, additional training and monitoring would ensure more consistent implementation at posts. Volunteer SARRR training was implemented in 2011 and all Volunteers who received Pre-Service Training (PST) received SARRR training. However, SARRR training is not provided consistently to Peace Corps Response Volunteers, who do not receive PST. The agency will need to update its written guidelines and provide applicants and Volunteers with the required information and training once the comprehensive sexual assault policies have been finalized. The agency will need to ensure that all overseas staff have been trained on its sexual assault policies and carefully track completion of on-line training.

Additionally, the agency does not use a centralized case management system to verify that sexual assault response requirements have been fulfilled, assess performance, and make process improvements. In addition to providing training and guidance on implementation of the MOU to agency staff, the agency should ensure that country directors engage with U.S. Embassy’s regional security officers to review field implementation of the MOU, including support services available under the agreement.

**Key OIG Resources**
- OIG FY 2014 Annual Plan
- Final Evaluation Report: Peace Corps Sexual Assault Risk Reduction and Response Training
- Final Evaluation Report: Peace Corps Volunteer Sexual Assault Policy
- Final Report: Review of the Peace Corps’ Implementation of Guidelines Related to Volunteer Victims of Rape and Sexual Assault
- Recurring Issues: OIG Post Audits and Evaluations FYs 2009-2011
- IG's Congressional Testimony House Committee on Foreign Affairs
- IG's Congressional Testimony Senate Foreign Relations Subcommittee

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³ Peace Corps Response provides qualified professionals the opportunity to undertake short-term assignments in various programs around the world.
Final Audit Report: Peace Corps Volunteer Safety and Security Program
Final Program Evaluation Report: Volunteer Safety and Security

Challenge  Excessive Personnel Turnover

Why This Is a Challenge
In June 2012, OIG issued its final report on the impacts of the “five-year rule” (FYR) on operations of the Peace Corps. Peace Corps management concurred with the report’s five recommendations. The FYR became law in 1965 and limited employment of Peace Corps’ U.S. direct hire personnel to five consecutive years worked over two separate ‘tours’ of 2.5 years each. OIG’s evaluation found that the FYR, as intended, enabled the agency to create a constant flow of new employees including returned Peace Corps Volunteers; avoid the inflexibility associated with the civil service system; and prevent employees from working their entire career at Peace Corps. However, the FYR accelerated the annual pace of employee turnover to between 25 percent and 38 percent, quadruple the average turnover rate in the federal government. The average tenure of agency employees over the past 10 years was just under three years. Excessive personnel turnover at Peace Corps exacerbated a range of common management challenges. Excessive turnover has undermined the agency’s ability to retain employees on the basis of performance; conduct succession planning; manage the continuity and transfer of essential knowledge, skills, and abilities; provide training and professional development to staff; and deploy its workforce efficiently.

In addition, the FYR weakened the agency’s ability to attract and retain highly qualified professionals in the areas of contracting, financial management, information technology, human resources management, and medical support. It led to frequent staffing gaps in mission-critical positions overseas. Further, the practice of employing staff on 30-month tours compromised performance management by allowing supervisors to avoid actively managing underperforming employees. OPM recently characterized this unintended effect of the FYR as “a threat to effective performance management and mission accomplishment, and a risk to effective [human capital] management in accordance with the merit system principles and in compliance with Federal laws, rules, and regulations.” OIG estimated that over the five-year period from 2005-09, excessive turnover driven by the FYR accounted for approximately 60 percent of $20.7 million in total turnover management costs.¹

Progress in Addressing the Challenge
In March 2013, the agency revised certain policies related to the administration of its personnel system. These changes included: appointing new hires for a period of five years rather than thirty months, adjusting probationary periods relative to the longer appointments (with a goal of generally converting current employees to five-year appointments), and clarifying procedures for separating employees during their probationary period.

¹ This estimate only included direct costs and did not take into account costs that were more difficult to quantify, including: the loss of expertise when high-performing staff appointments ended; reductions in productivity; or gaps in institutional memory and knowledge.
These recent policy and procedural changes will need to be assessed against their intended purposes, i.e., reduced turnover and enhanced recruitment.

**What Needs To Be Done**
Although the Peace Corps concurred with the five recommendations OIG made to reduce the negative effects the FYR has had on agency operations, all five remain open. The open recommendations are: (1) that the Director carry out the necessary reforms to the FYR to reduce the rate of employee turnover and increase the average length of employment of the agency’s direct hire employees; (2) that the Director identify which functions should be subject to periodic turnover to meet the needs of the agency, and implement a process to manage turnover so that the agency retains qualified personnel on the basis of merit and performance; (3) that the Director identify the agency’s core business functions and positions that currently suffer from frequent staff turnover and lack of continuity, and determine and implement a process for acquiring and retaining qualified personnel to perform those functions on the basis of merit and performance; (4) that the agency raise expectations among supervisors to actively address employee performance issues and provide supervisors with the training and support to correct inadequate performance and separate employees who do not improve; and (5) that the agency put in place more robust processes and systems to gather and analyze data on the causes of unwanted, early employee resignations, and develop data-driven solutions to curb the pace at which employees resign early.

**Key OIG Resources**
*Final Evaluation Report: Impacts of the Five Year Rule on Agency Operations*

**Challenge  Programming and Volunteer Training**

**Why This Is a Challenge**
Programming and Volunteer training are at the heart of the Peace Corps’ operations and enable the agency to achieve its primary mission. In 2012 OIG issued the report, *Recurring Issues: OIG Post Audits and Evaluations Fiscal Years 2009 - 2011*, which identified recurring management and performance challenges associated with the agency’s ability to effectively place, train, and support Volunteers. OIG has continued to identify and report challenges related to programming and Volunteer training in its country program evaluation reports issued in FY 2012 and FY 2013, with common problem areas being site development, the adequacy and applicability of Volunteer training, and coordination with host country ministries and project partners.

**Site Development**
Placing Volunteers in sites where they are safe, healthy, and productive is essential to their success. Insufficient site development can result in inappropriate sites where Volunteers struggle to achieve programming goals. Seventy-three percent of OIG evaluation reports issued in FYs 2009-13 contained recommendations related to site development. Posts frequently had not established or documented clear site development processes, nor ensured that staff had been sufficiently trained to carry out their site development responsibilities. Many posts also failed to ensure that Volunteer housing had been thoroughly inspected and adhered to housing criteria.
**Volunteer Training**
Training provides Volunteers with important knowledge and skills needed for productive and fulfilling service. Seventy-three percent of the posts OIG evaluated in FYs 2009-13 had training deficiencies. Language and technical training were two areas commonly in need of improvement. In some posts, technical training lacked relevance to Volunteers’ sites or was not practical enough to prepare them to carry out primary assignments. Some posts needed to make improvements in language training, particularly in local language instruction or access to tutors or other self-directed language training methods during service. Posts frequently needed better methods to assess training effectiveness and take well-informed steps to improve training.

**Host Country/Project Partner Coordination**
Sixty-two percent of the posts OIG evaluated in FYs 2009-13 reported that post relationships with host country ministries and project partners needed improvement. Some posts have not adequately engaged key project partners in programming, including project design and implementation. Others have not sufficiently communicated project results and Volunteer achievements to host partner ministries and organizations. Not all posts had established formal communication methods that brought multiple parties together, such as project advisory committees. Furthermore, some posts had not developed and maintained memoranda of understanding with host country ministries and project partners. Without a structured way to work with project partners, posts were not able to take full advantage of their partners’ expertise.

**Progress in Addressing the Challenge**
The agency has demonstrated an awareness of these issues and has taken several steps to increase its focus on them.

**Site Development**
In 2012, the agency added an indicator in its annual performance plan that measures Volunteers’ satisfaction with site selection and preparation. The performance plan stated that the agency was going to improve guidance to posts and set appropriate expectations with Volunteers regarding site selection and preparation. The Inter-America and the Pacific region developed standardized site development and monitoring guidance in 2012 and in 2013 both the Europe, Mediterranean, and Asia and Africa regions issued versions of standardized site development and monitoring guidelines. As these guides are implemented the agency hopes to see improvements to site development and progress with Volunteer satisfaction regarding site selection and preparation.

**Volunteer Training**
Since 2011, the agency has been implementing a “Focus In/Train Up” initiative designed to improve programming and Volunteer training. The agency reports Focus In/Train Up is on track to reduce the number of total projects from 211 in FY 2009 to 161 in FY 2014, a 24 percent reduction. The agency has developed standardized learning objectives that are currently being piloted and are expected to be rolled out globally in FY 2014. The agency has also provided monitoring and evaluation training to overseas programming and training staff to better measure the effectiveness of programming and training. Although progress has been made, posts are still implementing important components of these initiatives designed to improve the delivery and assessment of Volunteer training.
Host Country/Project Partner Coordination

The agency created the Office of Strategic Partnerships in February 2012 to assist posts in developing and implementing partnerships. In addition, the FY 2012-14 annual performance plans include an indicator that measures the percentage of project managers who meet with local partners as part of a project advisory committee (PAC). According to the 2012 Performance and Accountability Report, PAC use increased from 33 percent of all projects in FY 2011 to 69 percent of projects in FY 2012. The agency reports that in FY 2013, the level of PAC use increased to 85 percent.

What Needs To Be Done

There are a variety of factors that contribute to issues with site development, Volunteer training, and host country/project partner coordination. In some cases, improved staff training would help make sure that staff are knowledgeable of important manual sections and guidance they need to follow. In other cases, headquarters needs to provide posts with the management tools, information technology, and oversight that will help them carry out agency policy and procedures.

Key OIG Resources

Recurring Issues: OIG Post Audits and Evaluations FY 2009-2011
Country Program Evaluation Reports FY 2009-13

Challenge Accountability of Medical Supplies

Why This Is a Challenge

The Peace Corps maintains medical supplies to provide Volunteers with needed vaccinations, medications, and emergency medical support. Posts must maintain appropriate levels of medical supply inventory to provide quality Volunteer medical care. Peace Corps policy establishes the controls over the procurement, receipt, storage, dispensation, and disposal of medical supplies. The controls are designed to ensure Volunteers’ medical needs are met in a timely manner, that medical supplies are not expired and are authentic, and that medical supply inventory records are accurate and complete. Failure to fully implement medical supply policies creates opportunities for theft, diversions, waste, or other abuses at the posts that could have a serious negative impact on Volunteers’ health.

OIG first began reporting medical supply accountability as a systemic weakness in FY 2008. At that time, the Peace Corps substantially revised its medical supply policies and procedures to provide adequate separation of duties; track the purchasing, dispensing, and disposing of medical supplies; and mitigate the risk of loss or theft. However, consistent implementation of these medical supply policies across all posts has been a recurring issue. OIG post audits and investigative work repeatedly found that posts did not fully comply with agency policy and were not ensuring medical supplies were properly secured. Specifically, OIG found that posts were not consistently establishing proper separation of duties, physically safeguarding medical supplies, and implementing an effective process to track and record medical supplies as they were received, transferred, dispensed, and disposed.
Progress in Addressing the Challenge
During FY 2013 the Office of Health Services (OHS) continued to provide training and support to posts that struggled to implement the policy. In addition, OHS enhanced its oversight and analyses of medical supply inventory submissions from posts by identifying posts with significant discrepancies and conducting follow-up. The agency reported its follow-up included twenty-three full site assessments, seven site assisted trainings, on-going review of Special Designated Drugs inventory, individual country feedback on policy adherence and overseas staff training for medical officers and country directors. Two of OIG’s four post audits issued in FY 2013 found that post was generally in compliance with the Peace Corps’ medical supply policies; an improvement over prior years.

OHS has contracted for an electronic medical record system. The requirements for this system includes an electronic medical inventory tracking component that will index and track medical inventory and provide reports for management to use in overseeing the supplies across the world. Management anticipates that this system will help improve medical supply accountability. The system is expected to be rolled-out for FY 2015, and in early 2016, OHS will begin tracking and analyzing base line data.

What Needs to Be Done
Because of the limited number of staff at posts, several key medical supply responsibilities are assigned to staff that have other primary duties. As a result, these responsibilities may not receive the priority and attention to detail necessary to identify errors and stop theft or fraud. Headquarters and post management must provide sufficient training and oversight of staff to ensure policy is followed.

When the Peace Corps implements an automated medical supply inventory system, it must develop a work process that maintains the necessary separation of duties, tracks the supplies at a transaction level, and reports on lost or stolen supplies. The agency must clearly communicate the roles and responsibilities regarding the information system and train staff on its use. In the meantime, the agency must continue to train post staff on the various roles and responsibilities, emphasize to posts the importance of following policy, and hold posts accountable when controls are not in place and operating effectively.

Key OIG Resources
OIG FY 2014 Annual Plan
Capstone Report: 2012 Medical Inventory Issues
Management Advisory Report: Breakdown of Internal Controls of PC/Burkina Faso Medical Unit
Recurring Issues: OIG Post Audits and Evaluations FYs 2009-2011
## Summary of Financial Statement Audit and Management Assurances

### TABLE 1: Summary of Financial Statement Audit

<table>
<thead>
<tr>
<th>Material Weaknesses</th>
<th>Beginning Balance</th>
<th>New</th>
<th>Resolved</th>
<th>Consolidated</th>
<th>Reassessed</th>
<th>Ending Balance</th>
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</thead>
<tbody>
<tr>
<td>Total Material Weaknesses</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
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</table>

**Audit Opinion**: Unmodified

**Restatement**: Yes

### TABLE 2: Summary of Management Assurances

#### Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)

<table>
<thead>
<tr>
<th>Statement of Assurance</th>
<th>Qualified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Material Weaknesses</td>
<td></td>
</tr>
<tr>
<td>Beginning Balance</td>
<td>New</td>
</tr>
<tr>
<td>Total Material Weaknesses</td>
<td>0</td>
</tr>
</tbody>
</table>

#### Effectiveness of Internal Control over Operations (FMFIA § 2)

<table>
<thead>
<tr>
<th>Statement of Assurance</th>
<th>Qualified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Material Weaknesses</td>
<td></td>
</tr>
<tr>
<td>Beginning Balance</td>
<td>New</td>
</tr>
<tr>
<td>Total Material Weaknesses</td>
<td>0</td>
</tr>
</tbody>
</table>

#### Conformance with Financial Management System Requirements (FMFIA § 4)

<table>
<thead>
<tr>
<th>Statement of Assurance</th>
<th>Systems conform to financial management system requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Conformances</td>
<td>Beginning Balance</td>
</tr>
<tr>
<td>Total Non-Conformances</td>
<td>0</td>
</tr>
</tbody>
</table>

Financial Statements

Improper Payments Information Act

The Improper Payments Information Act of 2002, P.L. No. 107-300, as amended by the Improper Payments Elimination and Recovery Act of 2010, P. L. No. 111-204, requires agencies to annually report information on improper payments to the President and Congress. OMB Circular A-123 Appendix C, Requirements for Effective Management and Remediation of Improper Payments, defines “significant improper payments” as improper payments that exceed both 1.5 percent of program payments and $10 million of all program or activity payments or $100 million (regardless of the error rate). Generally, an improper payment is any payment that should not have been made or that was made in an incorrect amount under statutory, contractual and administrative or other legally applicable requirements. Incorrect amounts are overpayments and underpayments (including inappropriate denials of payment or service). Improper payments include any payment that was made to an ineligible recipient or for an ineligible service, duplicate payments, payments for services not received, and payments that are for the incorrect amount.

As a small agency with only one program, the Peace Corps has no activities that are risk-susceptible to the amounts in the above specified thresholds, including the change from 2.5 percent of program payments to 1.5 percent which became effective in FY 2013. All payments are subject to review although the review can be different based on the dollar amount and type of the payment. The requesting official who wants the goods or services and later certifies that the goods or services have been received performs the initial review of payment documentation. The requesting official’s supervisor later reviews the payment prior to payment release. Then, the budget officer or administrative officer performs another review in conjunction with ensuring funds have been obligated. Once these steps are completed, payment is examined and determined to be legal, proper, and correct by an authorized certifying officer to issue the payment. Recipients of pre-payments and pre-award of contracts are matched against the “Do Not Pay List” network of databases established in accordance with OMB Memorandum M-12-11, Reducing Improper Payments through the “Do Not Pay List,” dated April 12, 2012 and prior Executive Orders and Memorandums. Payments made by overseas posts are examined through a selective voucher sampling process in the headquarters. Those payments are processed through the International Treasury Services program of the Department of State’s Global Financial Services Centers. Further, payments made in the United States are processed through the U.S. Treasury, Kansas City Finance Center. Finally, all payments in the amount of $250,000 and above are reviewed extensively through a semi-annual system-generated report.
Appendix 1

Status of Material Weakness and Significant Deficiencies


The first table identifies the anticipated resolution dates for the Material Weakness and confirms the status as of the end of FY 2013. This is a new finding and is related to an insufficient calculation of severance liabilities, a restatement of FY12 financial statements, and financial reporting and analysis issues:

<table>
<thead>
<tr>
<th>Material Weakness</th>
<th>Status at End of FY 2013</th>
<th>Anticipated Resolution Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Management Analysis and Reporting</td>
<td>Open</td>
<td>June 2014</td>
</tr>
</tbody>
</table>

This year’s accomplishments (corrective actions) are shown in the second table along with the planned corrective actions for FY 2014 for each Significant Deficiency:

<table>
<thead>
<tr>
<th>Material Weakness</th>
<th>Corrective Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Management Analysis and Reporting</td>
<td>1. Corrected current year accounting treatment for proceeds of sale funds</td>
</tr>
<tr>
<td>FY 2013 Accomplishment</td>
<td>1. Completed a restatement of FY12 Financial Statements</td>
</tr>
<tr>
<td></td>
<td>2. Corrected accounting treatment of severance liability funds</td>
</tr>
<tr>
<td>FY 2014 Accomplishments</td>
<td>3. Corrected prior year accounting treatment of proceeds of sale funds</td>
</tr>
<tr>
<td>FY 2014 Planned Actions</td>
<td>1. Develop and implement a more rigorous methodology and calculation tool for a monthly assessment of Peace Corps’ severance liability</td>
</tr>
<tr>
<td></td>
<td>2. Record severance liability into a separate liability account for display on financial statements</td>
</tr>
<tr>
<td></td>
<td>3. Design and implement system control edit checks for self-balancing accounts in agency trial balance and accurate financial statements</td>
</tr>
<tr>
<td></td>
<td>4. Develop a research methodology for properly identifying and resolving reconciling items</td>
</tr>
<tr>
<td></td>
<td>5. Implement a more thorough review process for accounting adjustments and financial statement preparation</td>
</tr>
<tr>
<td></td>
<td>6. Institute standard operating procedures to ensure coordination of all CFO offices when recording financial statements</td>
</tr>
</tbody>
</table>
The third table identifies the anticipated resolution dates for the three Significant Deficiencies and confirms their status as of the end of FY 2013. Two of the Significant Deficiencies (Property, Plant, and Equipment and Information Security Technology) have been open in previous years with numerous corrective actions being accomplished each year followed by the identification of new audit recommendations in these Significant Deficiencies annually. One Significant Deficiency, Accrual Validation is a new finding:

<table>
<thead>
<tr>
<th>Significant Deficiencies</th>
<th>Status at End of FY 2013</th>
<th>Anticipated Resolution Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controls over Property, Plant and Equipment Need Improvement</td>
<td>Open</td>
<td>Sep 2014</td>
</tr>
<tr>
<td>Information Technology Security</td>
<td>Open</td>
<td>Sep 2014</td>
</tr>
<tr>
<td>Accrual Validation</td>
<td>Open</td>
<td>Sep 2014</td>
</tr>
</tbody>
</table>

This year’s accomplishments (corrective actions) are shown in the fourth table along with the planned corrective actions for FY 2014 for each Significant Deficiency:

<table>
<thead>
<tr>
<th>Significant Deficiencies</th>
<th>Corrective Actions</th>
</tr>
</thead>
</table>
| Controls over Property, Plant, and Equipment Need Improvement | 1. Updated Manual Section 511, Personal Property Management  
2. Approved Funding for New Property Accountability System  
3. Updated Manual Section 711, Accounting for Property, Plant, and Equipment  
4. Conducted Agencywide Inventory with Reconciliation Issues  
5. Generated Exception Reports to facilitate Inventory Reconciliation  |
| FY 2013 Accomplishments                                | 1. Procure New Property Accountability System  
2. Validate System’s Internal Controls  
3. Conduct Data Verification and Clean-up  
4. Implement and deploy Property Accountability System  |
| Information System Security Controls Need Improvement  | 1. Implemented back up Tape Encryption  
2. Improved Data Center Access Management  
3. Provided Posts IT Contingency Planning Templates  
4. Updated Manual:  
  - Section 545, Mobile Information Technology Device Policy  
  - Section 547, Use of Government Technology Services and Equipment  
5. Completed 97% Employee and Contractor Annual Security Based Training  
6. Improved internal and boundary vulnerability scans  
7. On-going Actions to implement the configuration baselines |
| FY 2014 Planned Actions | 1. Complete implementation of the Agency’s Risk Management Framework  
2. Expand disaster recovery testing  
3. Formally sign agency Memorandum of Understandings with Third Party System Providers  
4. Obtain agency approval for the following Forms and Guide:  
   - Remote Access and Mobile IT Device Use Guide  
   - Remote Access Request Form  
   - User Verification Form (For Initial IT Training) |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrual Validation</td>
<td>Corrective Actions</td>
</tr>
<tr>
<td>FY 2013 Accomplishments</td>
<td>1. Established and performed substantive testing to assess the accuracy of estimated accruals</td>
</tr>
</tbody>
</table>
| FY 2014 Planned Actions | 1. Continue to perform and refine the accrual testing process  
2. Provide training to CORs and CFO staff for better understanding of accrual process |
Appendix 2
Glossary of Acronyms

AC-2  Account Management*
AVS  Annual Volunteer Survey
BIA  Business Impact Analysis
CARS  Coordinated Agency Response System
CCB  Change Control Board
CM-1  Configuration Management Policy and Procedures*
CM-2  Baseline Configuration*
CP-4  Contingency Plan Testing and Exercises*
DOL  Department of Labor
DOS  Department of State
EAP  Emergency Action Plan
FDCC  Federal Desktop Core Configurations
FECA  Federal Employees Compensation Act
FISMA  Federal Information Security Management Act
FITU  Focus In/Train Up
FMFIA  Federal Managers' Financial Integrity Act
FMO  Financial Management Officer
FSN  Foreign Service National
FYR  Five-Year Rule
GSA  General Services Administration
GPRA-MA  Government Performance and Results Modernization Act of 2010
IAP  Inter-America and the Pacific Region
IPBS  Integrated Planning and Budgeting System
IT  Information Technology
KCO  Kearney & Company
MD&A  Management's Discussion and Analysis
M&E  Monitoring and Evaluation
MOU  Memorandum of Understanding
MP-5  Media Transport*
NIST  National Institute of Standards and Technology
NIST SP  National Institute of Standards and Technology Special Publication
OCFO  Office of the Chief Financial Officer
OCIO  Office of the Chief Information Officer
OGE  U.S. Office of Government Ethics
OHS  Office of Health Services
OIG  Office of Inspector General
OMB  Office of Management and Budget
OPM  Office of Personnel Management
OSIRP  Office of Strategic Information, Research, and Planning
PAC  Project Advisory Committee
PAR  Performance and Accountability Report
PE-2  Physical Access Authorizations*
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>PEPFAR</td>
<td>President’s Emergency Plan for AIDS Relief</td>
</tr>
<tr>
<td>POA&amp;M</td>
<td>Plan of Actions and Milestones</td>
</tr>
<tr>
<td>PP&amp;E</td>
<td>Property, Plant, and Equipment</td>
</tr>
<tr>
<td>PSC</td>
<td>Personal Services Contractor</td>
</tr>
<tr>
<td>PST</td>
<td>Pre-Service Training</td>
</tr>
<tr>
<td>RA-3</td>
<td>Risk Assessment*</td>
</tr>
<tr>
<td>RA-5</td>
<td>Vulnerability Scanning*</td>
</tr>
<tr>
<td>SARRR</td>
<td>Sexual Assault Risk Reduction and Response</td>
</tr>
<tr>
<td>TIS</td>
<td>Technical Information Subcommittee</td>
</tr>
<tr>
<td>USGCB</td>
<td>U.S. Government Configuration Baseline</td>
</tr>
</tbody>
</table>

*NIST SP 800-53