



PEACE CORPS

Performance and Accountability Report

FISCAL YEAR 2015



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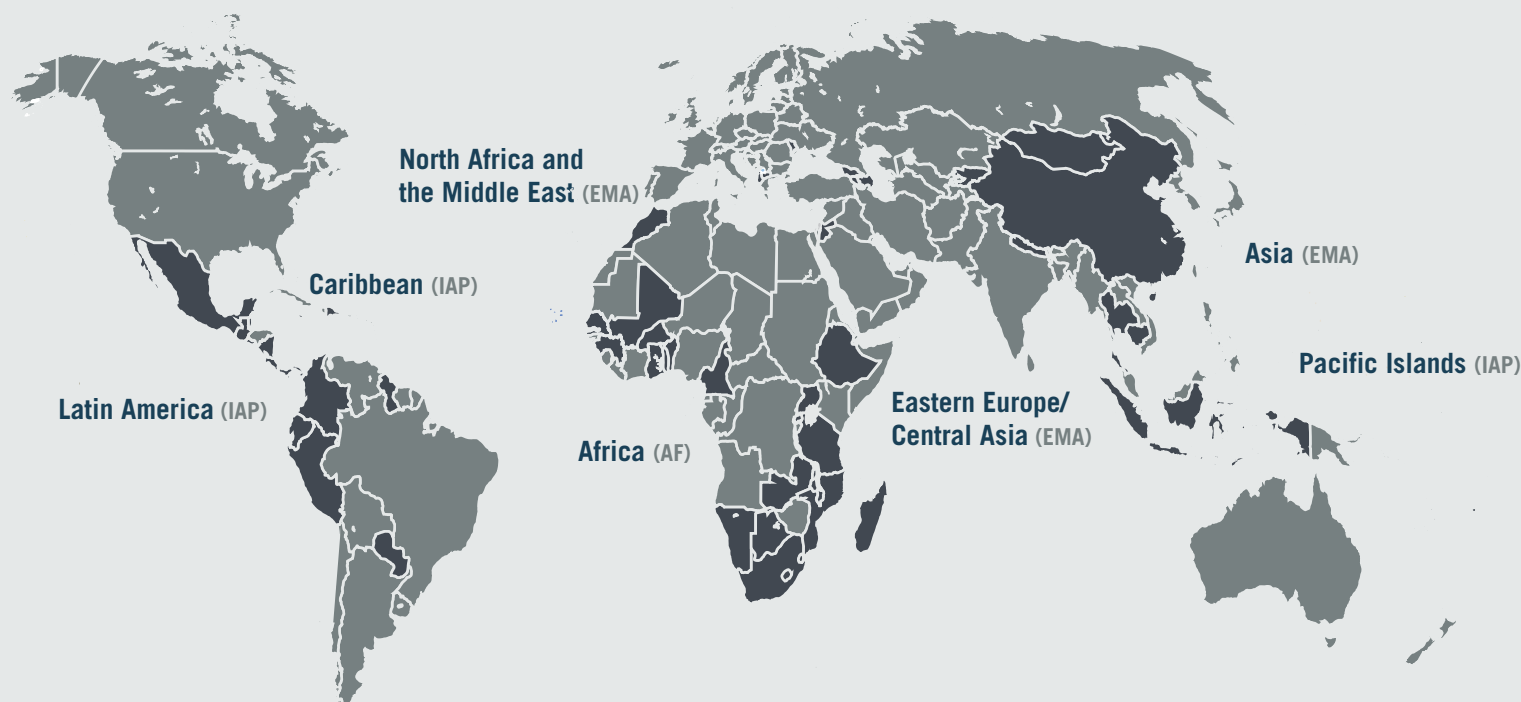
November 16, 2015



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or to the mailing address above.

Where Peace Corps Volunteers Serve



Latin America (IAP)

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

The Caribbean (IAP)

Dominican Republic
Eastern Caribbean:
Dominica
Grenada
St. Lucia
St. Vincent/Grenadines
Jamaica

North Africa and the Middle East (EMA)

Morocco

Africa (AF)

Benin
Botswana
Burkina Faso
Cameroon
Comoros
Ethiopia
Ghana
Lesotho
Liberia
Madagascar
Malawi
Mali
Mozambique
Namibia
Rwanda
Senegal
South Africa
Swaziland
Tanzania
The Gambia
Togo
Uganda
Zambia

Eastern Europe/ Central Asia (EMA)

Albania
Armenia
Georgia
Kosovo
Kyrgyz Republic
Macedonia
Moldova
Ukraine

Asia (EMA)

Cambodia
China
Indonesia
Mongolia
Nepal
Philippines
Thailand
Timor-Leste

Pacific Islands (IAP)

Fiji
Micronesia:
Federated States
of Micronesia
Palau
Samoa
Tonga
Vanuatu

AF | Africa Region

EMA | Europe, Mediterranean and Asian Region

IAP | Inter-America and the Pacific Region

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The Director of the Peace Corps

Washington, D.C.

On behalf of our Volunteers and staff around the world, I am pleased to present the Peace Corps' Performance and Accountability Report for FY 2015. This report provides financial and performance information that enables the President, Congress, and the public to assess the progress our agency has made over the past year toward achieving its strategic objectives, demonstrating accountability, and increasing operational effectiveness.

When the agency was established in 1961, the Peace Corps was an innovative idea; today, more than 220,000 returned Peace Corps Volunteers demonstrate the enduring strength of that idea. They have represented the United States in 140 countries and have left behind a legacy of shared values, improved relations, and sustainable community-based development. Their work—and that of our staff—is linked by a common effort to advance the agency's mission through three strategic goals:

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

As of September 30, 2015, 6,919 Volunteers are serving in 63 countries to accomplish these goals. In FY 2015, Congress appropriated \$379.5 million (compared to \$379 million in FY 2014) to support the work of Peace Corps Volunteers and the agency's operations around the world.

In FY 2015, the agency reopened its program in Comoros after a 20-year absence, restarted suspended programs in Ukraine and Liberia, and continued moving forward with plans to open or reopen programs in Myanmar (Burma) and Timor-Leste in FY 2016. The agency also made several operational decisions in FY 2015 to safeguard the health, safety, and security of our Volunteers. The program in Azerbaijan was suspended due to lack of agreement with the host government, and Volunteers were removed from Jordan due to regional security concerns.

The health, safety, and security of our Volunteers remain the Peace Corps' highest priorities. Improvements to the Sexual Assault Risk Reduction and Response (SARRR) program mandated by the Kate Puzey Peace Corps Volunteer Protection Act of 2011 continue as the agency incorporates a series of proactive training modules for staff service providers into the program. In addition, in July 2015, the agency launched a 24-hour anonymous sexual assault hotline—Peace Corps Sexual Assault Volunteer Education and Support (PC SAVES)—for all Volunteers worldwide.

During FY 2015, the Peace Corps joined the White House Let Girls Learn initiative to expand access to education for adolescent girls and young women around the world. Peace Corps Volunteers who live and work at the grassroots level have established the program in 11 countries during its first year, working to identify barriers to girls' education and empower local leaders to put lasting solutions in place.

Over the course of the past several years, the Peace Corps has undertaken the largest reform effort in agency history to improve its operations and provide better support to Volunteers. These changes have resulted in improved efficiencies that provide the basis for the agency to increase the number of Volunteers toward 10,000 in a managed and sustained way. FY 2015 marks the first full year that all Peace Corps applicants were able to choose their country of service and apply to specific programs through a streamlined application. Previously, just one in four candidates who started the application completed it. During FY 2015, that number skyrocketed to nine out of 10. The agency has also significantly reduced the length of time between the date a candidate applies and the date he or she is invited, from an average of seven months in FY 2014 to four months in FY 2015.

During FY 2015, the agency received 22,956 applications for two-year service positions—the highest number of applications received since 1975. Of these applicants, 36 percent self-identified as an ethnic or racial minority. When combined with applications to the Peace Corps Response program, the agency received a total of 24,848 applications in FY 2015, demonstrating great interest among the American people to serve in the Peace Corps.

Detailed analysis of the accomplishments and challenges related to each of the agency's 11 strategic objectives in FY 2015 may be found in the Performance Overview and Highlights Section.

Independent external auditors rendered an unmodified (clean) audit opinion on the agency's financial statements, with no material weaknesses identified by the auditors or through internal managerial reviews. My Unmodified Management Assurance Statement, along with that of the chief financial officer, in the Management Assurances Section provides reasonable assurance that the internal controls and financial management systems meet the specified objectives in the Federal Managers' Financial Integrity Act (FMFIA) with the exception of one nonconformance with the Federal Information Security Modernization Act of 2014. In accordance with OMB Bulletin No. 15-02, this is not considered a material weakness. The Peace Corps continues to prioritize resolution of the management and performance challenges issued by the Inspector General as well as long-standing audit significant deficiencies.

For the eighth consecutive year, the agency was awarded the Certificate of Excellence in Accountability Reporting from the Association of Government Accountants for its FY 2014 Performance and Accountability Report. The Peace Corps was also the only agency to receive the Best in Class award for the Most Comprehensive and Candid Presentation of Forward-Looking Information. Both awards reflect our sustained commitment to accountability and performance management.

The financial and performance data presented in this report are reliable and complete.

As we celebrate the agency's 55th anniversary in the coming year, the Peace Corps is better positioned than ever before to make a measurable difference in communities across the globe, in the lives of Volunteers, and in communities across our nation.



Carolyn Hessler-Radelet, Director

November 16, 2015

A photograph of a Peace Corps volunteer and a community member in Ghana planting a tree. The volunteer, wearing a patterned shirt and rubber boots, is bent over, working with a wooden stick in the soil. A community member, also in a patterned shirt, stands nearby. In the background, three women are watching. The scene is set in a lush, green environment with trees and foliage.

MANAGEMENT'S DISCUSSION AND ANALYSIS

*Peace Corps Volunteer plants a tree with
a fellow community member in Ghana.*



Mission and Overview of the Peace Corps

OUR MISSION

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

OUR VISION

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

WHO WE ARE

The Peace Corps has been a leader in international development and citizen diplomacy for more than 50 years across 140 countries. In a profoundly interdependent world, we tackle challenges that know no borders—such as climate change, pandemic disease, food security, and gender disparities.

Initially established by President John F. Kennedy by executive order on March 1, 1961, the Peace Corps was formally authorized by Congress on September 22, 1961, with passage of the Peace Corps Act.

Since its inception, the Peace Corps has been inspired by a mission of world peace and friendship. It functions as an independent agency within the executive branch of the U.S. government.

Today, the Peace Corps is more vital than ever, working in collaboration with partner organizations and using cutting-edge technologies and best practices to enhance its development impact.

The Peace Corps advances its mission through the work of its Volunteers—Americans who live and work abroad to tackle the most urgent needs of people around the world. Rather than providing monetary assistance to countries, the agency sends Volunteers to share their skills and experience while living and working alongside local individuals and communities. This unique community-based approach to development emphasizes intercultural understanding, capacity building, and sustainable results. Volunteers advance citizen diplomacy, build local capacity, and bring critical new skills and knowledge back to the United States. The experience they acquire while serving—whether it be professional growth in intercultural settings, a new language, or technical expertise—are invaluable to the United States, as is the commitment to public service that the Peace Corps hones and instills.

PEACE CORPS FACTS

HISTORICAL

Officially established:	March 1, 1961
Americans who have served:	220,000
Total host countries served:	140
Country that has hosted the most Volunteers historically:	Philippines (8,979)

CURRENT

Host countries:	63
Total Volunteers:	6,919
Largest program:	Senegal (283 Volunteers)
Gender:	63% female; 37% male
Racial/ethnic minorities:	28% of Volunteers
Average age:	28
Volunteers over 50:	7%



“The problems of the world cannot possibly be solved by skeptics or cynics whose horizons are limited by the obvious realities. We need men who can dream of things that never were and ask ‘why not?’”

—President John F. Kennedy

Core Values and Organizational Structure

CORE VALUES

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

VOLUNTEER WELL-BEING

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

QUALITY AND IMPACT

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

COMMITMENT TO NATIONAL SERVICE

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

DIVERSITY AND INCLUSION

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

EVIDENCE-BASED DECISIONS

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

INNOVATION

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

OUR ORGANIZATION

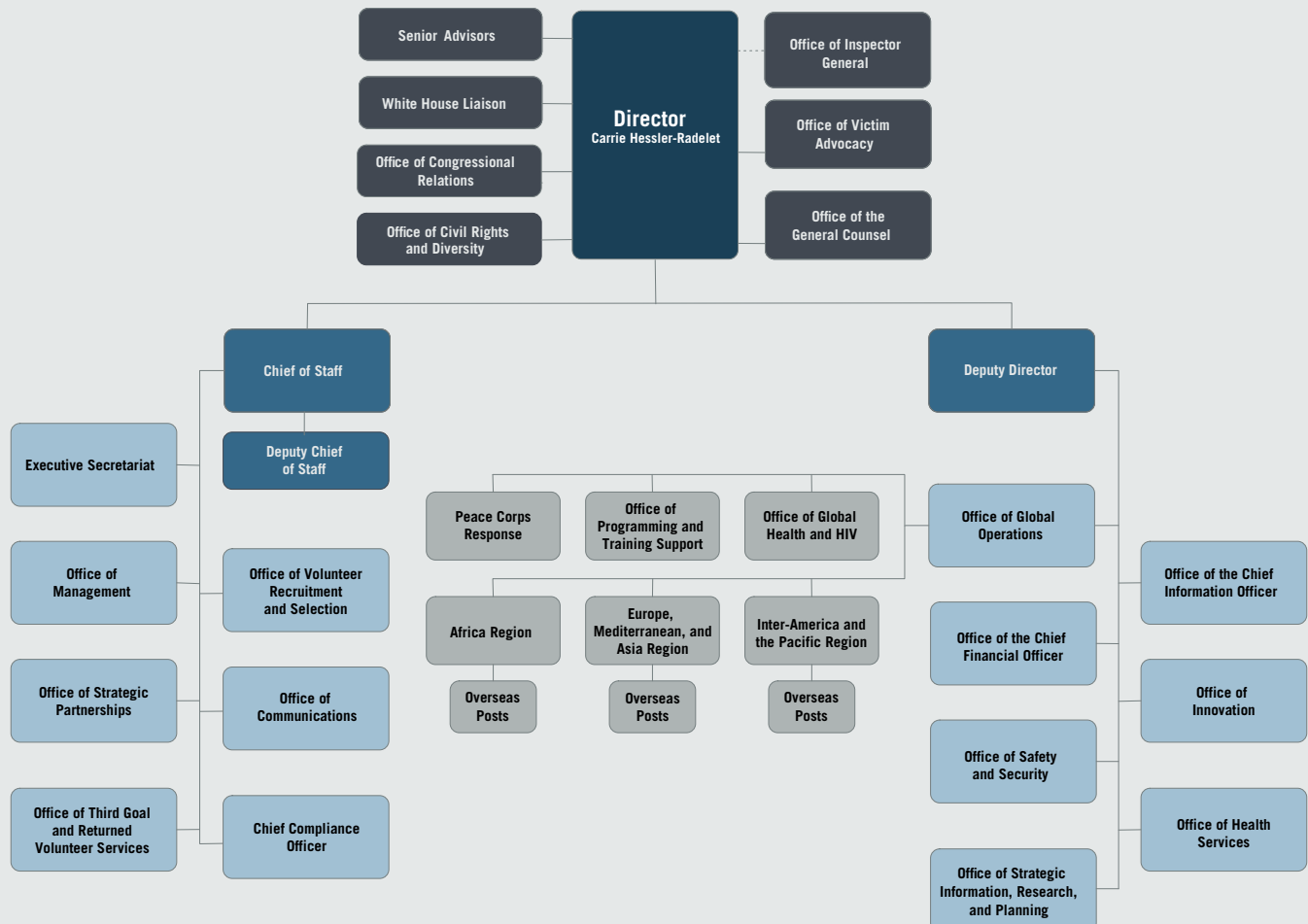
In FY 2015, the Peace Corps maintained active programs in 63 countries, administered by 59 overseas posts. The program in Jordan was temporarily suspended due to security concerns, and operations in Azerbaijan were suspended after 11 years due to a lack of agreement with the host government. FY 2015 also marked the return of Peace Corps Volunteers to Comoros after 20 years—the first re-entry since the agency announced the return of Volunteers to Nepal in 2012. Additionally in FY 2015, the agency restarted previously suspended programs in Ukraine and Liberia and continued moving forward with plans to open a program in Myanmar (Burma) and to reopen a program in Timor-Leste in FY 2016.

Each post is led by a country director and supported by safety and security, medical, programming, financial, training, and administrative staff. Overseas posts are organized into three geographically based regions: Africa (AF); Europe, Mediterranean, and Asia (EMA); and Inter-America and the Pacific (IAP).

The Peace Corps' domestic operations consist of supporting and providing strategic guidance to overseas posts, recruiting and selecting future Volunteers, promoting programs to encourage returned Volunteers to continue contributing to the Peace Corps mission, and performing central oversight functions.

An organizational chart follows.

Peace Corps Organizational Chart



OUR PEOPLE

In addition to its Volunteers, the Peace Corps' workforce—consisting of 1,109 U.S. direct hire staff and 2,938 host country staff (including short-term language and cross-cultural training staff)—is its greatest asset. The unique combination of U.S. direct hire staff and host country staff creates a flexible and vibrant workforce. The Peace Corps believes that having a diverse and inclusive agency is necessary to achieve its mission. As reflected in the agency's core values, inclusion is a staff development principle that the Peace Corps actively pursues. Recognizing that the long-term success of the agency in achieving its goals depends on having varied perspectives that drive innovation, the Peace Corps continues to build a culture of inclusion for its workforce by

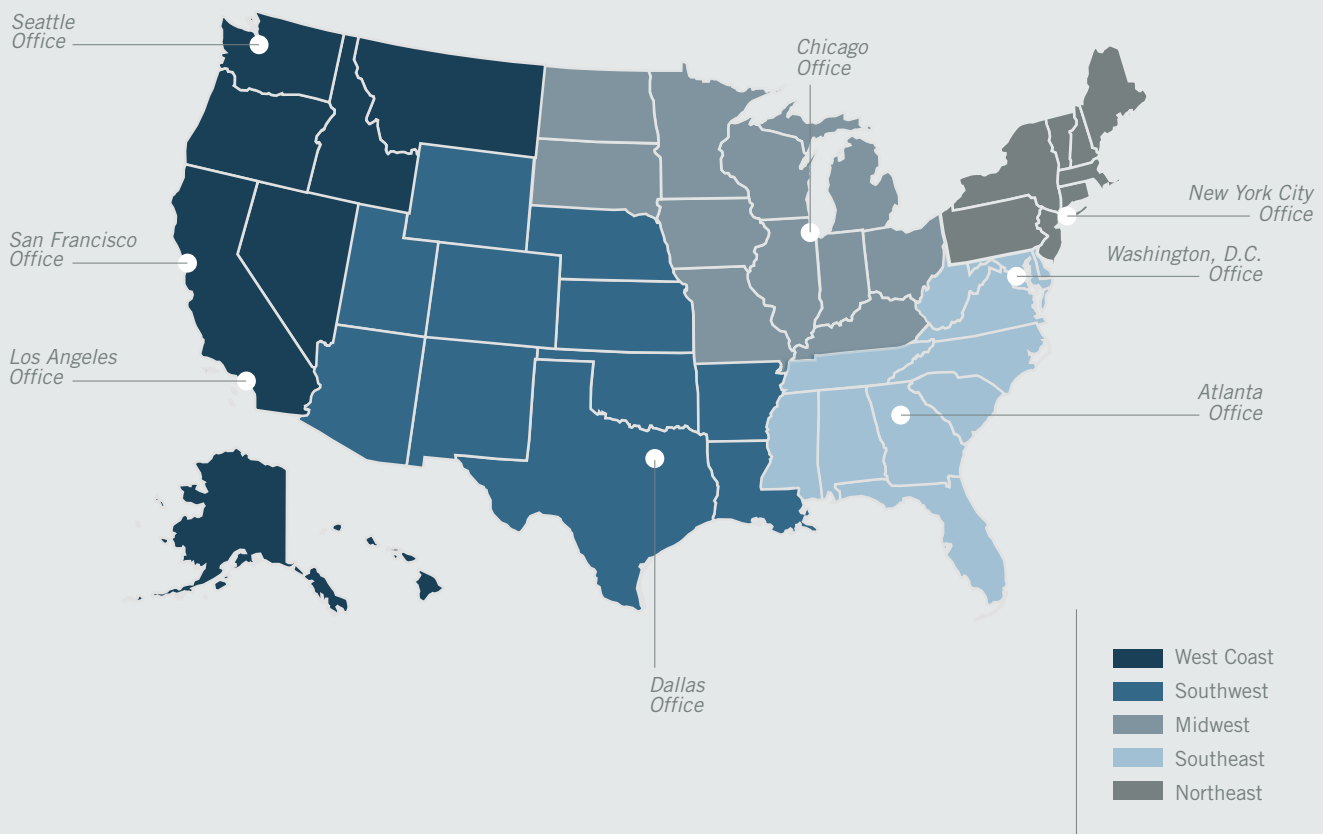
1. Building an organizational culture that connects each staff member to the Peace Corps mission,
2. Encouraging collaboration, flexibility, and fairness, and
3. Leveraging the diversity of skill sets throughout the agency so that all individuals are able to participate and contribute to their full potential.

By actively developing a culture of inclusion, the Peace Corps is able to maximize staff skills, talents, and overall performance.

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

Regional Office Breakdown

Recruiter Territories



Work of the Volunteers

The Peace Corps' approach to development is unique. Rather than providing direct monetary aid to host country governments, the agency provides technical assistance to local communities through the work of skilled Volunteers. By speaking local languages and living and working side by side with local partners and beneficiaries, Volunteers build mutual trust and develop a deep understanding of community needs and capacity. This enables the Peace Corps to contribute to host country development at the local level—where the world's most persistent development challenges have a direct human impact.

The Peace Corps' Approach to Development

The Work We Do



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

Volunteers live and work at the local, grassroots level.

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

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

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

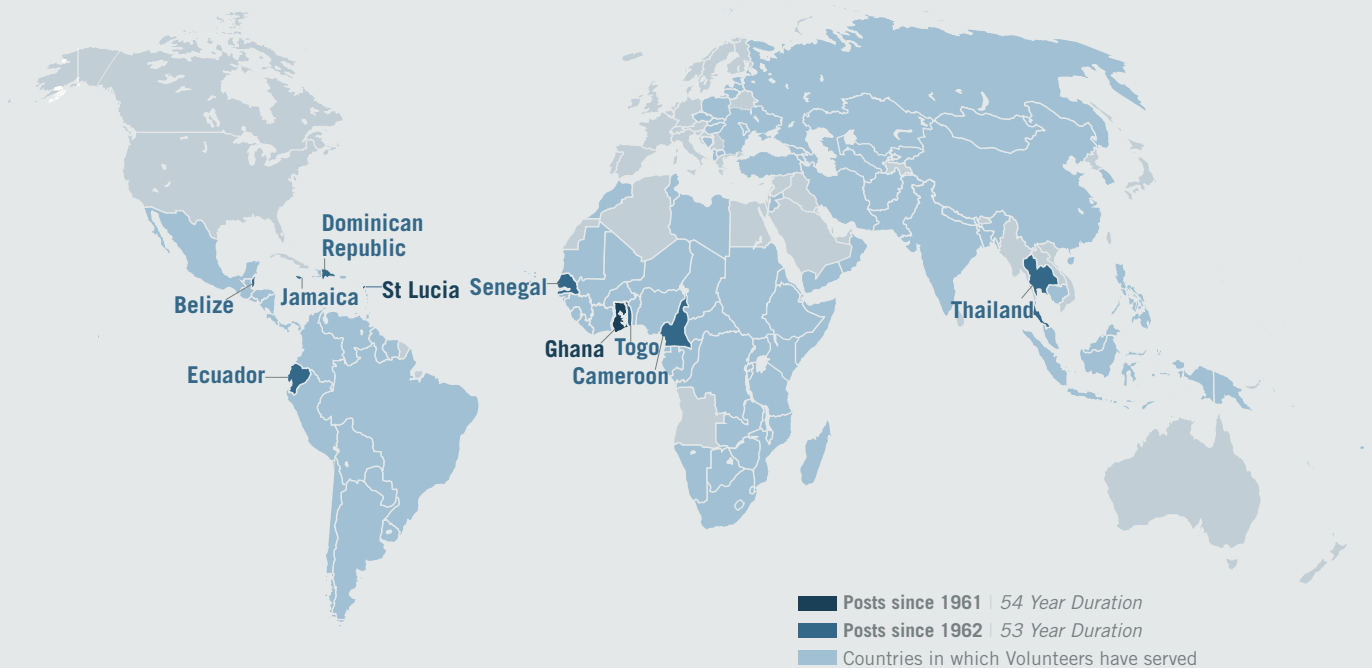
Local conditions are improved and those improvements are sustained after Volunteers leave.

Volunteers' work is not solely designed to advance local development outcomes (Strategic Goal One). To fully advance the Peace Corps mission, Volunteers are also tasked with building a better understanding of Americans in host country communities during their service (Strategic Goal Two). During and after their service, Volunteers serve as cultural ambassadors and are charged with increasing Americans' knowledge of other cultures (Strategic Goal Three). Returned Volunteers continue their service as global citizens by seeking opportunities to engage in public service and foster intercultural understanding here at home. The three Peace Corps strategic goals are dependent upon and reinforce one another, and Volunteers regularly contribute to each of them while working in their communities.

WHERE THE VOLUNTEERS SERVE

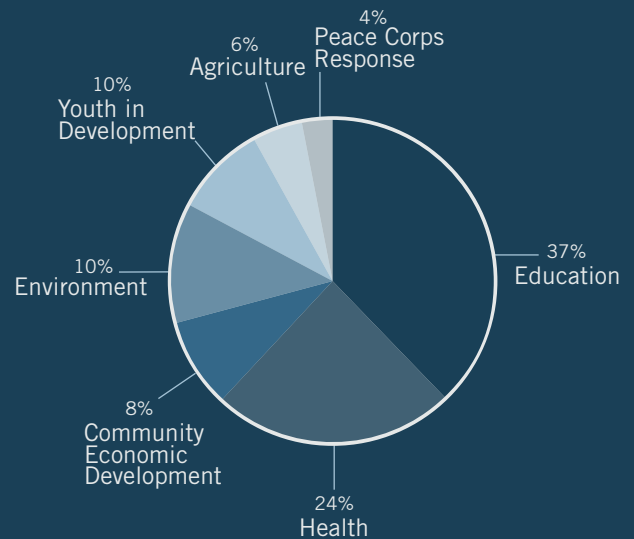
Longest Running Peace Corps Posts

Since the Peace Corps was established in 1961, more than 220,000 Americans have served in 140 countries as Peace Corps Volunteers. They have left behind a legacy of friendship and a strong commitment to sustainable community-based development. The Peace Corps is devoted to increasing its presence across the world while also preserving and strengthening long-standing relationships with its existing partners and host countries. Some countries have welcomed Volunteers for over 50 years, providing an opportunity for service that the agency greatly appreciates and will continue to honor through the work of its Volunteers.



PEACE CORPS PROGRAMMATIC SECTORS

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



AGRICULTURE

Volunteers: 444 (6 percent)

Countries: 10

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

Additional information on the Agriculture sector can be found at peacecorps.gov/agriculture.

Selected work by Agriculture Volunteers:

- 1 **Improved rice production in Madagascar:** A Peace Corps Volunteer in Madagascar introduced the System of Rice Intensification (SRI), a harvest-increasing rice farming technique, to a group of 40 lead farmers in her Farmer Field School. Her goal was to assist these farmers in producing more rice for their personal consumption and for sale in the local markets. SRI uses less seed and water, does not require off-farm resources, and can double or even triple rice yields. Most of the lead farmers have rice fields in high-visibility areas, creating great interest in SRI by other rice growers. Since learning this technique and seeing the improved results, many of the lead farmers have started to train fellow rice growers.
- 2 **Trees for improved nutrition and livelihoods in Nepal:** One Volunteer in Nepal started a tree project that focused on providing women, schools, and communities the opportunity to produce fruit trees that would provide additional sources of nutrition and income. Mango, lemon, lime, pear, lychee, orange, papaya, pomegranate, and guava trees were initially distributed to different localities and community members. The project was so successful at attracting interest that it was subsequently expanded to provide trees for other uses such as animal fodder, wood for construction and fuel, live fencing, and erosion control and prevention. Individuals receiving trees were instructed on proper planting techniques and how to best maintain and care for their trees. The tree project proved to be a great success with over 12,000 trees distributed to 200 individuals, including several women's groups, six schools and their respective communities, six village development committees, and one municipality.
- 3 **Cashew farming and beekeeping in Ghana:** A group of cashew farmers in rural Ghana approached the local Volunteer about forming a beekeeping association. Cashew farming and beekeeping are a natural fit. When bees pollinate cashew flowers, they increase the nut yield, and the honey provides farmers with

additional income to purchase food during Ghana's "hungry season." The environment is also improved, as beekeeping precludes the use of chemical herbicides or pesticides. Group members pooled their financial resources and acquired the necessary materials. The Volunteer conducted training workshops to teach the farmers how to build beehives and use proper beekeeping practices. The hives were successfully colonized, and a buyer has been purchasing the honey. Group membership has nearly doubled, more hives have been constructed, cashew yields and the farmers' yearly incomes have increased, and the use of chemicals has decreased.

VOLUNTEER VOICE: BAKING IN ZAMBIA

"Part of the Peace Corps mission is for Volunteers to bring various aspects of American culture to their respective host countries and communities. In many cases, the importing of American culture is inspired by the things that we miss from back home—whether that is American movies, music, or, in the case of this story, baked goods.

In my community, I bake on special occasions. In return for sharing my food, my host family shares their food as well, whether *munkoyo* (a fermented drink), fried termites, or pumpkin. Beyond the sharing of material foods, there is also the sharing of knowledge of how to prepare these foods—where to find the bark or root for the *munkoyo* drink or what the role of baking powder in baked goods is.

As my host mother watched me bake more and more pastries, cakes, and breads, she decided it would be worthwhile to organize a training on the subject for community members. Twenty-seven individuals attended a hands-on practicum where they discussed the basics of baking, how to turn baking into a viable income-generating activity, and how to include locally available ingredients. Finally, community members got their hands messy by baking pumpkin, banana, and vitamin A-rich



sweet potato cakes. We even constructed measuring devices out of old plastic bottles so that the participants could utilize the recipes provided during the training when they returned home.

I left the training with high hopes, thinking that people would adopt the baking techniques soon, but they did not. They simply did not have the confidence that following the same recipe and procedure as during the training would produce the same results. However, when the local agriculture show (a competition among cooperatives) came to our district, the cooperatives in my area were able to apply what they had learned, and the results surprised even the most confident members. The judges even came back at the end to buy the remaining cakes. I had cooperative members coming over to my house saying, '*Keki ya tanje zanoa chomene! Tamanya chomene kuphika keki.*' ('The pumpkin cake was very delicious! We know how to cook them very well.') After this initial success—achieved completely by themselves—the cooperative members continued to become more confident, baking cakes for a district agriculture show and for a competition put on by the first lady of Zambia."

COMMUNITY ECONOMIC DEVELOPMENT

Volunteers: 573 (8 percent)

Countries: 21

Community Economic Development Volunteers work with a variety of community stakeholders at the business/organization, household, and individual level. Volunteers help entire communities improve market linkages for local businesses, counsel cooperatives, assist microfinance institutions and savings and loan associations, support the formation of women's savings groups, teach business and financial literacy courses, provide agricultural value chain technical assistance to small-scale farmers, and organize business plan competitions for youth to inspire entrepreneurship, among countless other activities.

Additional information on the Community Economic Development sector can be found at peacecorps.gov/business.

Selected work by Community Economic Development Volunteers:

- 1 Professional curriculum development and technical training support in Mexico:** Volunteers in Mexico partnered with universities, research centers, vocational centers, and high schools to strengthen both the technical curricula of institutions

and the technical skills of individuals. One Volunteer led a committee of professors through a review of the university's material science and engineering master's and doctorate program curricula in order to enrich technical components. Another Volunteer developed a training-of-trainers workshop to equip teachers with the skills, materials, curricula, and career support approaches needed to implement computational thinking courses in Mexican high schools.

2 Soy-based food products in Burkina Faso: Volunteers in Burkina Faso supported women's groups in transforming the abundant soybean crop in order to promote income-generating activities and increase household food security. Specifically, Volunteers trained groups on post-harvest transformation techniques to turn soy into yogurt, milk, tofu, and other food products. These value-added soy products reduce the amount of post-harvest food waste (by transforming soybeans that otherwise would not sell) and generate additional income that empowers women to meet their families' household, health, nutritional, and educational needs. One Volunteer provided ongoing assistance to the women's soy cooperative in her village, helping the group calculate profit margins, package and advertise the products at a regional food market, and develop a contingency plan for maintaining steady inventory levels in cases of primary material supply interruption.

3 Open government and citizen engagement efforts in Albania: One Volunteer in Albania identified an opportunity for his community related to a U.S. Agency for International Development (USAID) local governance project that establishes citizen advisory panels. The Volunteer helped leaders in his host community enroll in the USAID project in order to form their own citizen advisory panel. With the Volunteer's support, the newly formed advisory panel brainstormed ways to promote increased community involvement in local affairs. The advisory panel decided to organize a fall wine festival where local vintners, members of both political parties, and the public could learn about opportunities for citizen engagement amid food, wine, live music, and fun. The citizen advisory panel continues to hold monthly meetings to engage citizens in the political process and serves as a liaison between public interests and the local government.

VOLUNTEER VOICE: INSPIRING YOUTH ENTREPRENEURSHIP IN PARAGUAY

"I have worked since March with the *Paraguay Emprende* ('Startup Paraguay') initiative, a collaborative effort of Peace Corps/Paraguay, the national government's Secretary of Youth, the Cooperativa Universitaria, and the Asociación de Jóvenes Empresarios, a nonprofit network of young entrepreneurs. I am happy to announce that we held our largest National Workshop and Business Plan Competition ever in August, awarding nearly US\$16,000 in fundraised startup capital to promising Paraguayan youth entrepreneurs whose business plans were judged the most likely to yield both sustainable enterprises and a positive community impact.

The 2015 event theme, *Realizar Tus Sueños* ('Achieve Your Dreams'), highlighted the possibility for Paraguayan youth to convert their entrepreneurial dreams into reality. Sessions during the three-day workshop concentrated on promoting the entrepreneurial spirit and on business plan implementation, networking, and financing. The expertise of Paraguayan organizations such as KOGA, a social enterprise incubator, and Fundación CIRD, an economic development nonprofit, enriched the delivery of these topics.

By the end of the workshop, 57 youth participants representing 11 departments of Paraguay presented their business plans, which had been developed over the past several months in entrepreneurship courses.

My fellow Community Economic Development Volunteers are actively engaged in co-facilitating these courses at their sites and pairing promising youth entrepreneurs with adult mentors who coach them throughout the local, regional, and national competition process. As the Paraguay Emprende initiative continues to grow in reach and strength with each new Peace Corps/Paraguay group, Volunteers are finding new opportunities and ever more creative ways to promote business development among the youth population in Paraguay."

EDUCATION

Volunteers: 2,580 (37 percent)

Countries: 40

The Peace Corps' Education projects focus on capacity building of counterparts and teachers, increasing student achievement, and engaging community members in school improvements and student learning. Education Volunteers work in the areas of Teaching English as a Foreign Language (TEFL), childhood literacy, and promoting math, science, and technology in schools. In addition to teaching and co-teaching with host country counterparts, Volunteers facilitate a wide variety of extracurricular activities for students and develop communities of practice for teachers.

Additional information on the Education sector can be found at peacecorps.gov/education.

Selected work by Education Volunteers:

- 1 **Literacy resource development in Tonga:** More than two dozen Volunteers in Tonga trained local teachers and artists to create and use culturally appropriate literacy instruction materials, developing over 30 books for primary-school students. The Tongan Ministry of Education has endorsed the use of these books in the 26 schools where the Volunteers currently serve, and the ministry plans to print the series of books for all primary schools nationwide. Once the project has been implemented across the country, approximately 16,000 Tongan children will be using these books.
- 2 **Literacy instruction training in The Gambia:** More than 30 Volunteers in The Gambia trained teachers on how to read aloud to primary-school children through a series of workshops known as the "Literacy Bike Trek." Six groups of Volunteers traveled by bicycle to village schools and conducted interactive workshops with teachers about reading aloud to students. At the end of the series, 239 trained teachers were able to participate in the global literacy event, World Read Aloud Day.
- 3 **Teaching English as a Foreign Language programs in Nicaragua:** Nearly 60 TEFL Volunteers in Nicaragua provided free, high-quality English language classes in multiple regions of the country. As secondary projects, Volunteers taught every English teacher in the department of Esteli, Nicaragua. All TEFL teachers received free English classes every weekend, supported and sponsored by Fundación Uno, and taught by various TEFL Volunteers from around the country.

VOLUNTEER VOICE: BUILDING STRONG RELATIONSHIPS WITH STUDENTS AND TEACHERS IN JAMAICA

"My primary assignment is to provide individual tutoring for the struggling readers at my school. Despite the lack of resources, I try to create an environment where technology and creative learning is present in every session. Through interactive lessons and tutoring, I was able to help improve the literacy and achievement rates of my students. I consider a large part of my success to be based on the strong relationships I have built with my students and the teachers with whom I work.

If I could give future Volunteers one piece of advice, it would be to find a way to bring something that you love and are passionate about into your service. For me, that was volleyball. Many of the children in my school had never played volleyball before and were eager to learn. I established a volleyball club and helped the kids organize practice and matches. Soon, the children were traveling outside of their small village to play other schools. By the end of the year, the school's volleyball team was traveling to Kingston to participate in the national championship tournament. Many of the children had never been to Kingston, and the experience opened their world. The Peace Corps has been a truly life-changing experience for us all."

ENVIRONMENT

Volunteers: 707 (10 percent)

Countries: 18

Environment Volunteers engage in a wide range of projects to help people worldwide live sustainably, ensuring that a healthy environment can provide the resources necessary for the well-being of current and future generations. Among other grassroots efforts, Environment Volunteers help local communities to reforest hillsides, control soil erosion, install renewable energy devices, construct fuel-efficient cookstoves, carry out sustainable agriculture practices, handle solid waste, and educate schoolchildren and adults on environmental issues. Volunteers assist their communities in implementing solid waste management programs, constructing fuel-efficient cookstoves, and planting trees.

Additional information on the Environment sector can be found at peacecorps.gov/environment.

Selected work by Environment Volunteers:

- 1 **Environmental education coaching in Nicaragua:** Thirty-seven Volunteers in Nicaragua brought environmental education into the classroom by working alongside more than 120 school teachers. The Volunteers coached the teachers on a variety of innovative teaching approaches, introducing improved classroom-management techniques, practicing scientific methods techniques outdoors, using puzzles and games like “Science Jeopardy” to energize students, and facilitating environmental debates. As a result, teachers replicated the training provided by Volunteers, and the Nicaraguan Ministry of Education developed an annual environmental plan for primary schools, including technical support for teachers.
- 2 **“Earth Hour” in Paraguay:** Earth Hour is a global campaign that seeks to combat climate change and raise environmental awareness and responsibility. Peace Corps/Paraguay worked with local schools and small businesses to lead a torch-lit procession of over 130 participants, culminating in the formation of a large “60+” (the global symbol for Earth Hour) with candles at the ruins of an 18th-century Jesuit mission in Paraguay, a UNESCO (United Nations Educational, Scientific and Cultural Organization) World Heritage Site.
- 3 **Soil conservation in Zambia:** Thirty-six Volunteers and their counterparts trained over 360 small-scale farmers to carry out new and improved soil conservation practices. These practices included introducing nitrogen-fixing trees into maize fields, implementing a range of soil enhancement measures, organizing grazing regimens, and incorporating other conservation farming techniques. Volunteers observed that farmers adopting these practices enjoyed successful farming seasons in spite of an extended drought that afflicted much of East Africa.

VOLUNTEER VOICE: HELPING A COMMUNITY CONFRONT WATER SHORTAGES IN JAMAICA

“Jamaica is the ‘Land of Wood and Water,’ but water is getting hard to come by. As once-reliable sources dwindle, many households will no longer have water.

Residents of one rural community designed their own water supply project to make water available to the community. They found a water source and laid out a pipeline route, but it was difficult to get funding from the local government since material costs were high, and the group did not have the resources to find grant opportunities or research funding sources.

The residents met the new Peace Corps Volunteer in their community (me) and eventually invited me to participate in the group. The project was discussed at a monthly meeting in May, and the group asked if I could help them find a funding source. In June, we had a project design workshop, visited the field location, and employed additional local resources, including a plumbing professional, to finalize the plan. The project fit well with the funding opportunity, and the group decided to proceed with the application.

To have a project find me—rather than the other way around—has been a special moment in my service. Community members had gotten to know me, we built trust and a relationship, and only then did they feel confident enough to bring forward their idea and project. All of that is to say that the community and group had this figured out and, when I came on board, all that was required was to get the information into one place. Time and trust led to a community having access to domestic water—and that is true service.”

FROM THE FIELD: THE PEACE CORPS DIRECTOR VISITS THE BUENA ESPERANZA DE PICHINCHA RECYCLING ASSOCIATION

In July 2015, Director Hessler-Radelet visited a Peace Corps Volunteer and a group of women in Quito, Ecuador, who make their living collecting and selling recyclable materials. The women are primarily single mothers whose sole source of income was the sale of these items. The Volunteer encouraged the use of basic protective gear (face masks, gloves, and hats), organized the women into teams for safety purposes, and helped them register as a legal association. The Volunteer has coached the 13 *gestores ambientales*, or “environmental promoters,” on team building, conflict resolution, and leadership skills to facilitate greater collaboration and strengthen the foundation of the new association. In addition, she introduced a number of innovative approaches for increasing wages: using a plastic compressor to convert recyclables before selling them, negotiating prices as a collective entity rather than competing with one another, and joining a cooperative of local artisans who make crafts from recycled materials. As a result of these new approaches and their teamwork, many of the women have reached the minimum monthly income for receiving health benefits and no longer need public assistance. In addition, the women now wear uniforms and are known as “recyclers” rather than as “scavengers.” This has had a significant impact on their perceived self-worth.

“The Volunteer has helped us with conflict resolution and communication so that we can work together as a team. Before she arrived, we couldn’t understand each other as coworkers. Thank you, [to our Volunteer], and thank you, Peace Corps, for sending us this Volunteer who has supported us and always believes in us.”

-President of the Buena Esperanza de Pichincha Recycling Association
Translated from Spanish



“We do not ‘give’ potential to those with whom we work; we help them to recognize it and build upon it.”

-Director Hessler-Radelet

HEALTH

Volunteers: 1,670 (24 percent)

Countries: 38

Peace Corps Health Volunteers work alongside community members to design and implement culturally appropriate and evidence-based activities that build the capacity and resilience of communities to effectively respond to their own health challenges. Volunteer activities generally focus on promoting behavior change, strengthening technical capacity, or organizing communities and health workers to provide health services. Volunteers' counterparts may be health facility staff, community health workers, community and traditional leaders, women's groups, youth, teachers, community-based organizations, nongovernmental organizations (NGOs), or other individuals interested in health initiatives. Health Volunteers are aligned with key U.S. government partners through whole-of-government health initiatives, including the U.S. President's Emergency Plan for AIDS Relief (PEPFAR), the President's Malaria Initiative, Feed the Future, and Saving Mothers Giving Life—all components of the Global Health Initiative.

Additional information on the Health sector can be found at peacecorps.gov/health.

Selected work by Health Volunteers:

- 1 **Health education and capacity building in Guatemala:** More than two dozen Volunteers in Guatemala provided training and ongoing support to health service providers on health education methodologies, such as strategies for behavior change communication and models of experiential learning. Through these efforts, Volunteers are building the capacity of more than 400 service providers across the country to conduct improved health promotion and outreach related to maternal and child health in their communities.
- 2 **Youth HIV prevention and soccer in Namibia:** Four Volunteers in Namibia implemented Grassroot Soccer, an evidence-based intervention program proven to reduce risky sexual behavior, decrease stigma, and improve students' knowledge, attitudes, and communication related to HIV and AIDS. Using sports-based activities and analogies that engage young people in a fun and accessible way, the Volunteers gained active participation of more than 100 youth ranging in age from 12–19 years old in health and HIV sessions. Worldwide, more than 200 Volunteers are engaged in Grassroot Soccer, reaching over 9,000 youth in FY 2015.
- 3 **Hand-washing and hygiene training in Tanzania:** A Volunteer in Tanzania worked closely with the headmaster of his community's primary school to mobilize community support for the construction of hand-washing stations and 24 toilets (12 each for girls and boys). To reinforce the importance of good hygiene behaviors, the Volunteer also organized training for all of the primary-school teachers to educate them on proper sanitation and hand-washing techniques.
- 4 **Healthy homes in Peru:** To address high rates of malnutrition and acute respiratory infections in children, more than 50 Volunteers in the Peace Corps' community health project in Peru conducted home visits for mothers with children under the age of three to provide educational sessions and counseling on childhood disease prevention, hygiene, and early childhood stimulation. They reported reaching more than 200 mothers with health education messages on childhood illness prevention.

VOLUNTEER VOICE: IMPROVING THE QUALITY OF COMMUNITY HEALTH SERVICES IN RURAL SENEGAL

"In my small community of 600 people, health services are provided through a community health structure known as a health hut, which serves my immediate village plus four neighboring villages. Shortly after arriving in my village, I was struck by how little the community utilized the health hut. If someone was sick or needed medicine, they would seek out my counterpart—the community health agent—at his house, and he would then open the health hut, conduct a consultation, and return to his home. In addition, outreach activities conducted by our community health workers were done sporadically, usually due to external requests by NGO partners or the Ministry of Health. Given the inconsistencies in service provision, I immediately saw an opportunity to do some basic organizational planning to improve the efficiency of services provided at the health hut.

I talked with my counterpart and identified all the members of our health committee, which had not met in over two years. We started by implementing monthly planning meetings and created an action plan that included health-promotion activities and home visits on topics relevant to health issues in the village. Furthermore, my counterpart and I discussed the need to set regular hours of operation for the health hut so that people would be aware of when they could access services. We now have set hours of operation where community members can be seen four days a week. We also focused on budgeting and management, agreeing to use some of the profits earned to pay community health workers a small stipend for their efforts and conduct some minor repairs to the health hut.

These changes have been gradual over time, and there are more organizational improvements to be made, but the result has been a health hut that functions more as it was originally intended. Local partners in the area have shared how impressed they are with the work we are doing. Even the village has noticed that more work is being done at our facility and in the community. As a Volunteer, there has been a deliberate focus on my part to implement each of these changes as trainings for my health workers, instilling in them the confidence and skills they will need to continue these processes well after I am gone. At first glance, this may not look like a very exciting project, but these small organizational changes have made a big impact on the effectiveness of the health services in my community."

YOUTH IN DEVELOPMENT

Volunteers: 682 (10 percent)

Countries: 16

Youth in Development Volunteers work with youth on projects that promote engagement in their communities and active citizenship. Volunteers across all sectors are trained to work with youth as community resources and as a means of enhancing the impact of their projects. Volunteers work with youth to promote healthy lifestyle choices related to sexual and reproductive health, physical activity, and substance abuse prevention. They prepare youth for work with financial literacy and vocational skills and engage youth as active citizens through volunteerism and service learning.

Additional information on the Youth in Development sector can be found at peacecorps.gov/youth.

Selected work by

Youth in Development Volunteers:

- 1 **Life skills and leadership in the Philippines:** A Volunteer and her counterparts implemented a week-long Camp GLOW (Girls Leading Our World) for more than 30 girls who had been victims of trafficking. The camp's activities focused on building the girls' self-esteem and knowledge of reproductive health, gender, and female empowerment. This is one example of how Volunteers globally use camps as a strategy to engage young people and invigorate local youth clubs. In the past year, 45,000 young people attended Volunteer-supported camps.
- 2 **Preparation for the world of work in Morocco:** A Volunteer and his counterpart conducted entrepreneurship classes for 20 young people in collaboration with a youth-centered nonprofit organization, INJAZ (Junior Achievement). In this workshop, high-school youth competed in teams to develop business plans for a hypothetical greeting card company. Each team's plan was judged for price, originality, creativity, and quality. More than 209 young people across Morocco have attended similar workshops learning important business planning skills that will prepare them for the world of work.
- 3 **Special Olympics in Mongolia:** Volunteers organized Mongolia's inaugural Special Olympics for more than 150 children and adults with intellectual disabilities. The competition brought together four special-needs schools to give the athletes an opportunity to discover new strengths while raising awareness. This project is one example of the work done as part of the Peace Corps' long-standing global relationship with Special Olympics.

VOLUNTEER VOICE: DEVELOPING LIFE SKILLS IN MONGOLIA

"During alcohol awareness week, one of the social sciences teachers at my school organized a speech competition where students in 10th and 11th grades spoke out about the dangers of alcohol abuse. The students became very animated and empowered by the opportunity to express their opinions in such a manner. Some of them, it seemed, were talented public speakers, drawing loud rounds of applause. Yet others, obviously interested and trying their hardest, seemed less confident in their abilities.

I approached a social sciences teacher with the idea of creating a club in which students could channel this passion and learn to express their opinions in a constructive manner within the confines of a safe and structured environment. We discussed the strong potential for the development of critical-thinking skills, which is practically absent in the traditional Mongolian curriculum, and decided to form a debate club. We met before each session to discuss the lesson plan, but my counterpart was fully in charge of the implementation of the strategy, engaging the students in the task at hand and honing their skills.

The growth of the members was astounding. The first result I observed was the students' new ability to work in teams toward a collective goal with virtually no conflict. They decided as a group who would speak in which order and what each person would say. Those that lacked confidence were actively encouraged by their teammates and the observers. This understanding of teamwork and cordial competitiveness gave rise to what I think was the most crucial result and the founding objective of the debate club: becoming comfortable with public speaking and successfully expressing ideas and beliefs through a constructive dialogue. Those students that had initially been shy and unsure of their talents blossomed into some of the most active participants and leaders. Their level of maturity and ability to encourage and motivate other students will have far-reaching implications as they transition from teenagers to fully grown adults."



PEACE CORPS RESPONSE

Volunteers: 263 (4 percent)

Countries: 31

Peace Corps Response Volunteers provide targeted assistance in short-term, specialized assignments worldwide. As part of this high-impact program, they undertake assignments of three to 12 months in one of the Peace Corps' six sectors as well as in disaster preparedness and response. Peace Corps Response Volunteers have advanced language, technical, and intercultural skills, enabling them to begin work quickly with their partner organizations, which include host country government institutions, local and international nongovernmental organizations (NGOs), and international development and relief organizations. With their ability to engage diverse populations effectively and adapt to changing situations, these individuals serve as agents of change in their assigned communities. Response Volunteers must be returned Peace Corps Volunteers, medical professionals, or U.S. citizens with significant professional experience.

Additional information on the Peace Corps Response program can be found at peacecorps.gov/response.

Selected work by Peace Corps Response Volunteers:

Physician and nurse education in Malawi, Tanzania, and Uganda:

Peace Corps Response places physician and nursing Volunteers through the Global Health Service Partnership. Since the program launched in 2012, nearly 100 physicians and nurses have reached more than 3,500 medical and nursing students in sub-Saharan Africa. In FY 2015, 39 nurses and 30 physicians taught students both in the clinical wards and in the classroom, utilizing best-practice teaching methods, including improvised scenarios, problem-based learning, Ask the Professor Rounds, and grand rounds. They supported their partner institutions and colleagues by developing communities of practice and facilitating learning opportunities for both faculty and students. Volunteers also strived to create professional development opportunities for colleagues, students, and local health-care professionals; journal clubs; leadership conferences; and departmental needs assessment survey tools. In countries that face a critical shortage of health care providers, Response Volunteers sustainably improved both the quality of medical and nursing education and the breadth of technical knowledge transferred to the next generation of health-care professionals by implementing practices that facilitate the provision and continued dissemination of high-level medical training.

VOLUNTEER VOICE: MAKING A DIFFERENCE, ONE WORD AT A TIME IN THE PHILIPPINES

"'Making a difference, one word at a time. That is our superpower.'"

—A quote from one of my first speech and language pathologist interns from the University of Santo Tomas here in the Philippines. Oh, the exuberance of youth.

I am a speech pathologist and autism resource specialist with over 20 years of experience who came to the Philippines as a Peace Corps Response Volunteer to supervise and train interns. What a perfect match it has been. When the Peace Corps says that Volunteer service is 'the toughest job you'll ever love,' it is certainly true. I retired and thought I would take it easy—not here. I cannot believe how hard I have worked, and I have loved every minute of it.

The Center for Excellence in Special Education in the Philippines (Stepping Stone) is a school with 35 special needs students and an additional 35 clients seen on an outpatient basis for speech and language therapy and occupational therapy. Ninety percent of the children have a medical diagnosis of autism, and 50 percent of them are nonverbal.

During my time here, I was able to double our space to accommodate four speech pathology interns. My interns came with knowledge of theory but limited ability and experience level to work with the challenging behaviors that often accompany

people with autism. I have been able to train the interns in the use of the Picture Exchange Communication System (a communication system for nonverbal children), using visual supports, music, social skills, and behavior management.

One of the things I feel has had a big impact on my interns is that, at the end of their rotation, I am required to do an evaluation of their work. My evaluation is always filled with many things I see them doing well. I also list areas to improve on, but mostly give them positive reinforcement. I have had several young women in tears as they were so unsure of themselves and what they were doing. It seems that no one has taken the time to encourage them. Many of these young men and women will be going back to their provinces, where they will be the only speech pathologist in the region. I hope to give them encouragement that they will make a difference, 'one word at a time' and use their superpower."

VOLUNTEER VOICE: PROMOTING ECOTOURISM AND ECONOMIC RECOVERY IN EL SALVADOR

"El Salvador is still recuperating from a devastating civil war that wracked the country from 1980–92, leaving at least 75,000 people dead and tens of thousands more displaced. My site was formed in 1990 by repatriated refugees who fled the country's civil war. After nearly a decade in refugee camps in Honduras, residents returned en masse 25 years ago to reclaim their livelihoods and dignity.

As part of this process, there is a concerted effort to develop tourism along the *Ruta de Paz* (Peace Highway) from Morazán's capital of San Francisco Gotera to El Salvador's border with Honduras. A butterfly zoo was strategically located along this route and is well-positioned to attract the attention of vacationers.

The butterfly exhibit was built in 2008 as an agricultural project to raise butterflies, but within two years, it was abandoned due to lack of knowledge and support on how to raise and rear butterflies. My job was to train local partners on how to cultivate butterflies and maintain a healthy habitat for them inside the exhibit. As time goes by, it is hoped that the zoo will play its part in entertaining and educating tourists on the beauty of butterflies while it continues to contribute to the economic well-being of the community."

Performance Overview and Highlights

The FY 2015 Performance and Accountability Report details the Peace Corps' progress on its goals and objectives during the second year of the FY 2014–2018 Strategic Plan (www.peacecorps.gov/strategicplan). The three goals outlined below serve as the foundation for the Peace Corps' approach to development and guide agency operations. These strategic goals are consistent with the three core goals articulated when the Peace Corps was first established in 1961 (The Peace Corps Act, Public Law 87-293–September 22, 1961, <http://go.usa.gov/cYrH5>).

STRATEGIC GOALS

The agency's highly interconnected three strategic goals are mutually reinforcing and serve to advance the Peace Corps mission of promoting world peace and friendship.



1

BUILDING LOCAL CAPACITY

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



2

SHARING AMERICA WITH THE WORLD

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



3

BRINGING THE WORLD BACK HOME

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

STRATEGIC OBJECTIVES

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

1. VOLUNTEER WELL-BEING

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

2. SERVICE OPPORTUNITY OF CHOICE

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

3. DEVELOPMENT IMPACT

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

4. CROSS-CULTURAL UNDERSTANDING

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

5. CONTINUATION OF SERVICE

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

6. DIVERSITY AND INCLUSION

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

7. SITE DEVELOPMENT

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

8. TRAIN UP

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

9. HIGH-PERFORMING LEARNING ORGANIZATION

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

10. GLOBAL CONNECTIVITY

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

11. MEASUREMENT FOR RESULTS

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

STRATEGIC PERFORMANCE IMPROVEMENT

“Over the past five years, we have carried out the most extensive reform effort this agency has ever undertaken...to strengthen and modernize all aspects of our operations. This reform is documented in our strategic plan—our blueprint for action.”

—Director Hessler-Radelet,
All-Hands speech at Peace Corps headquarters (June 26, 2015)

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

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

In FY 2015, the Peace Corps introduced several initiatives to further strengthen and institutionalize the agency's performance improvement system. By design, this system continually reinforces the links among agency policies and strategies, country-level strategic planning, project design and implementation, and monitoring and evaluation. The following three elements support the foundational framework for performance improvement at the Peace Corps:

• INTEGRATED PLANNING AND BUDGET SYSTEM (IPBS)

Headquarters offices and overseas posts develop strategic and operational plans to ensure their activities are aligned with and advance the agency's strategic goals and objectives. 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 that decision makers have the appropriate information to inform program, policy, and budget decisions.

• QUARTERLY STRATEGIC PLAN PERFORMANCE REVIEWS

The Peace Corps utilizes quarterly reviews as the primary mechanism for monitoring and assessing performance throughout the year. During these reviews, which are chaired by the Peace Corps Director and open to all staff, key officials from across the agency discuss performance data from the past quarter and develop strategies to meet performance targets by the end of the fiscal year. In preparation for each review, the agency determines the status of each of the 26 performance goals in the strategic plan based on both quantitative and qualitative analyses. This quarterly assessment of progress allows the agency to focus efforts on performance goals where there is the greatest need and opportunity for improvement.

• ANNUAL STRATEGIC REVIEW

Each year, the Peace Corps Director leads a one-day, forward-looking meeting with the active engagement of senior leadership from across the agency and open to staff at all levels. The goal is to inform the development of the next Annual Performance Plan. Prior to the meeting, lead offices identify challenges, opportunities, and possible realignments for each of the Peace Corps' 11 strategic objectives. Proposed action steps that emerge from the day's discussions are disseminated through a summary report, and select strategies are incorporated into the Annual Performance Plan for the following year. This annual meeting is a key opportunity for senior leadership to take part in a comprehensive discussion of long-term courses of action that will maximize organizational collaboration and creativity.

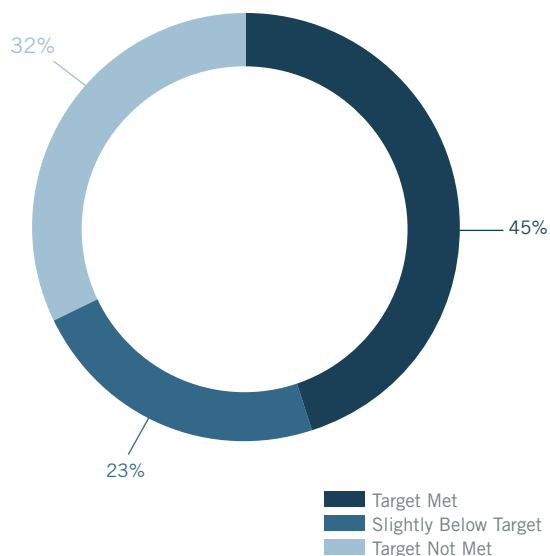
These three foundational performance elements establish a cycle of continuous assessment, adaptation, and cross-office collaboration. The regularity and reliability of this performance cycle encourage an approach to annual budget and resource management decisions that is truly evidence-based. In the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

SUMMARY OF PERFORMANCE RESULTS

This section provides a summary of the Peace Corps' performance in FY 2015. The agency's 11 strategic objectives, which contribute to the three interrelated strategic goals described above, are assessed through 26 measurable performance goals. Each performance goal includes a quantitative level of performance, or "target," to be accomplished within a specific timeframe. No target was set for performance goals in which baseline data was collected in FY 2015. Baseline data collected in FY 2015 will be used to inform performance goal targets for future years.

Below is a summary of FY 2015 results for all 26 performance goals in the agency's FY 2014–2018 Strategic Plan and FY 2015 Annual Performance Plan (www.peacecorps.gov/strategicplan). The Performance Section of this report discusses these results in greater detail.

OVERVIEW OF FY 2015 PERFORMANCE GOAL RESULTS¹



¹Percentages are calculated based on performance goals that have a defined target in FY 2015. This excludes four performance goals in which no target was set and baseline data was collected in FY 2015.

Target Met | 100% of the target set for FY 2015 has been met
 Slightly Below Target | 95-99% of the target set for FY 2015 has been met
 Target Not Met | Below 95% of the target set for FY 2015
 No Target Set | The agency did not set targets for performance goals for which baseline data was collected in FY 2015

Note: The chart on the next page references the footnotes below.

^a Due to the improvements to the Annual Volunteer Survey (AVS) in FY 2014, including modifying the response scales and reducing the length of the questionnaire by half, results from FY 2010–13 (shaded in gray) may not be directly comparable to results in FY 2014 and future years. However, year-to-year comparison of results from FY 2014 onward is possible. Targets set for FY 2015 and beyond have been revised in view of the higher than projected FY 2014 results.

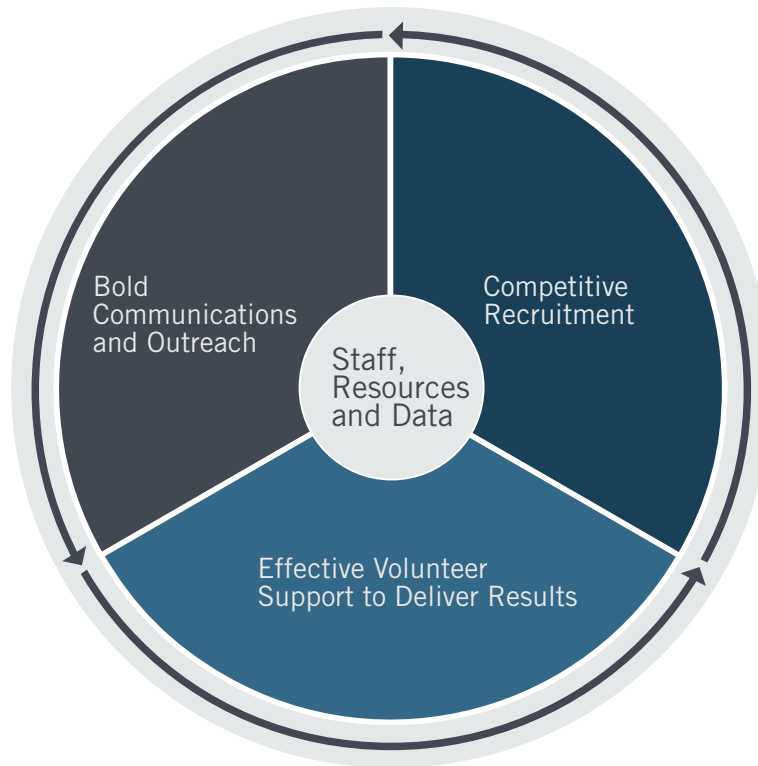
^b The definition of an application for Volunteer service was modified in FY 2014; results for FY 2010–13 are reported using the previous definition, which did not include Peace Corps Response and which did require that individuals submit both an application and a health history form. Under the updated definition, an "application" occurs when a qualified U.S. citizen submits a completed application for either the two-year Peace Corps Volunteer program or the short-term Peace Corps Response program. Results and targets for fiscal years 2014 and beyond are reported based on this new definition, which includes applications from both the two-year program and the Peace Corps Response program.

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

SUMMARY OF PERFORMANCE GOAL RESULTS FOR FY 2015

Performance Goal			Past Performance Results					FY 2015	
			2010	2011	2012	2013	2014	Result	Target
1. Volunteer Well-being	1.1 Increase Volunteer Satisfaction with Safety and Security Support		73%	73%	68%	71%	84% ^a	81%	76%
	1.2 Reduce Volunteer Dissatisfaction with Medical and Mental Health Support		7%	7%	7%	9%	9% ^a	10%	7%
2. Service Opportunity of Choice	2.1 Volunteer Requests Met		101%	97%	97%	90%	98%	97%	100%
	2.2 Increase Service Opportunities		8,655	9,095	8,073	7,209	6,818	6,919	8,200
	2.3 Increase Applications		13,430	12,206	10,091	10,118	19,151 ^b	24,848	22,000
	2.4 Reduce Time from Application to Invitation		--	10 months	11 months	6 months	7 months	4 months	4 months
3. Development Impact	3.1 Advance Community-Based Development Outcomes		--	--	--	--	76%	73%	No Target Set
	3.2 Strengthen Local Capacity		--	--	--	--	--	83%	No Target Set
	3.3 Improve Feedback to Volunteers		35%	39%	33%	38%	55% ^a	54%	59%
4. Cross-Cultural Understanding	4.1 Greater Understanding of Americans		--	--	--	--	94%	90%	No Target Set
	4.2 Increase Cross-Cultural Connections		--	--	--	--	57%	57%	60%
5. Continuation of Service	5.1 Support RPCV Career Transition		--	--	--	--	2,649	2,831	2,750
	5.2 Increase RPCV Engagement		--	--	--	--	9,754	10,866	10,000
6. Diversity and Inclusion	6.1 Increase Applicant Diversity		24%	26%	27%	30%	33%	35%	34%
	6.2 Build an Open and Inclusive Organizational Culture	U.S. direct hire staff	--	--	--	--	88%	83%	88%
		Host country staff	--	--	--	--	89%	92%	
		Volunteers	--	--	--	--	80%	76%	
7. Site Development	7.1 Improve Site Development		44%	42%	41%	42%	59% ^a	59%	62%
	7.2 Improve Counterpart Selection and Preparation		33%	31%	32%	32%	53% ^a	51%	55%
8. Train up	8.1 Improve Language Learning		--	--	--	--	63%	63%	55%
	8.2 Increase Effectiveness of Technical Training		44%	44%	44%	50%	63% ^a	63%	64%
9. High-Performing Learning Organization	9.1 Improve Staff Training	U.S. direct hire staff	49%	50%	50%	57%	55%	52%	56%
		Host country staff	--	--	--	--	--	66%	
	9.2 Increase Staff Tenure		--	--	3.5 years	4.5 years	4.0 years	4.2 years	No Target Set
10. Global Connectivity	10.1 Develop an Integrated Technology Platform		--	--	--	--	15%	45%	30%
	10.2 Facilitate Knowledge Sharing		--	--	--	--	77%	78%	80%
11. Measurement for Results	11.1 Conduct Baselines		--	--	--	--	0%	100%	75%
	11.2 Increase Evidence-Based Decisions		--	--	--	--	68%	86%	75%
	11.3 Using Evidence to Encourage Innovation		--	--	--	--	70%	43%	50%

PERFORMANCE HIGHLIGHTS



This section highlights four cross-cutting areas of focus that guide agencywide operations and support the goals outlined in the FY 2014–2018 Strategic Plan:

Effective Volunteer support
Competitive recruitment
Strong staff, resources and data
Bold communications and outreach

Comprehensive performance information on the agency's FY 2014–2018 Strategic Plan and FY 2015 Annual Performance Plan, including progress on all strategic objectives, all performance goal results, and the verification and validation of performance data, can be found in the Performance Section of this report.

In order to provide a holistic and comprehensive assessment of the performance highlights above, three key aspects are examined for each:

Progress and Effective Strategies: an overview of progress the agency made in FY 2015, as well as the strategies and resources used to achieve the intended results

Performance Challenges: underlying internal and external factors that may have affected the performance results

Next Steps: forward-looking agency plans to improve performance

EFFECTIVE VOLUNTEER SUPPORT

Progress and Effective Strategies: In FY 2015, the Peace Corps continued to institutionalize significant reforms, as well as new agencywide initiatives to enhance the safety, security, and health of Volunteers.

- Ongoing implementation of the Kate Puzey Peace Corps Volunteer Protection Act of 2011:** All of the Peace Corps' reform efforts include continual monitoring and evaluation to ensure Volunteers receive the best possible support. Based on the internal review of the Sexual Assault Risk Reduction and Response (SARRR) program that was initiated in FY 2014, significant revisions to policy and procedures were finalized in FY 2015. In July 2015, the Peace Corps launched a 24-hour anonymous sexual assault hotline. The Peace Corps Sexual Assault Volunteer Education and Support (PC SAVES) Helpline was made available to all Volunteers worldwide. Staff who provide support to victims of crime have completed mandatory SARRR training, and sexual assault response liaisons at all posts have been trained. Additional information about the Peace Corps' implementation of the Kate Puzey Peace Corps Volunteer Protection Act of 2011 is available at <http://go.usa.gov/cYYtw>.
- Combining Volunteer support with effective training:** The Peace Corps has strengthened its Volunteer-centered approach to safety, security, and health support by integrating superior health care and rapid incident response with increased Volunteer training. New data sources have enabled the agency to more accurately pinpoint effective practices and scale up new strategies to preserve the well-being of Volunteers once they are at their sites. In FY 2015, several new training modules were rolled out that empower Volunteers to develop their own personal safety plans and prevention practices. Volunteer well-being is the shared responsibility of staff and Volunteers. Providing effective training to support the well-being and resiliency of Volunteers allows them to focus on their assignments and minimize risk-taking behaviors.
- Effective training and retention of medical officers:** Volunteer survey data reveals a strong positive correlation between the tenure length of Peace Corps medical officers and both Volunteer satisfaction with health services and overall health outcomes. As a result, the agency has made medical officer hiring, training, and retention a priority to improve the services provided to Volunteers. Improvements include policy changes to streamline the medical officer hiring process, the development of a dashboard to track hiring metrics, and the establishment of a headquarters-based support unit to reduce the administrative burden on medical officers.



- Timely feedback on work reports:** Findings from Volunteer survey data has shown a strong relationship between perceived Volunteer effectiveness and timely, high-quality feedback on work reports. In FY 2015, post staff continued to expand feedback mechanisms to Volunteers regarding their work reports generated from the Volunteer Reporting Tool. Post staff provided constructive feedback on Volunteer work reports via email, text messages, and phone calls so that Volunteers are able to benefit from the experience and advice of staff as well as share successes and address challenges. Ongoing initiatives to improve feedback to Volunteers include training all posts on the use of the redesigned Volunteer Reporting Tool to support timely and high-quality feedback mechanisms and developing post standards on the frequency and quality of feedback provided to Volunteers on their work.

Performance Challenges: Volunteers serve in countries where there is frequently less economic, political, or environmental stability than in the U.S., with higher risks of crime, conflict, or disease outbreaks. While many of these conditions are outside of the agency's control, the Peace Corps actively seeks to mitigate their effect by employing prevention and response systems to ensure that Volunteers return home safely.

Next Steps: A new Health in All Policies approach to Volunteer well-being focuses on expanding practices to include areas outside of direct clinical care and security responses. Specifically, the agency is working to increase Volunteers' access to healthy lifestyles, psychological and emotional counseling, and coping mechanisms for adapting to their new environment. The agency is working to broaden knowledge of health and safety challenges as well as effective risk-mitigation practices.



BOLD COMMUNICATIONS AND OUTREACH

Progress and Effective Strategies: In FY 2015, the agency sought new opportunities to leverage bold communications and outreach, as well as to increase agencywide transparency to effectively share Volunteer impact with the American public, the Peace Corps community, and host countries and communities around the world.

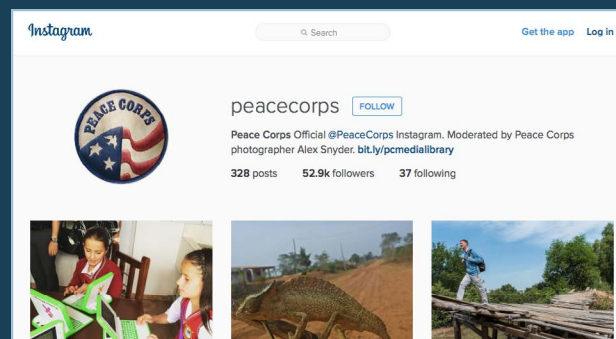
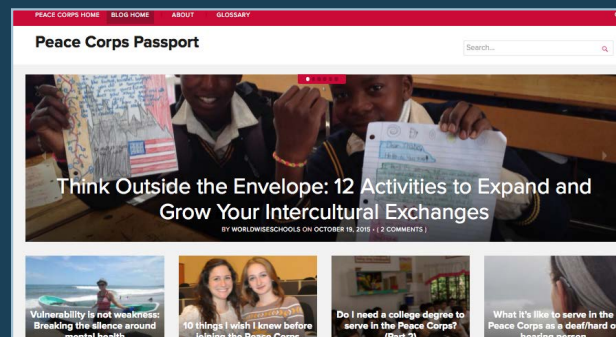
- **Operating with greater transparency:** Guided by President Obama's Memorandum on Transparency and Open Government, the Peace Corps operates with greater transparency than ever before. The agency is now providing more information to the public and making data available in ways that are useful for decision making by staff, Volunteers, and key external stakeholders. Additional information about the Peace Corps Open Government Initiative is available at <http://www.peacecorps.gov/about/open/>.
- **Using new platforms for storytelling:** The agency has dramatically increased online resources and opportunities for the public to learn more about the Peace Corps' impact through cross-cultural stories gathered from the field. Learn more about the agency's online resources in the next section, Learn and Interact: The Peace Corps' Public Presence.

Performance Challenges: One of the most significant obstacles to sharing stories about Volunteers' experiences and impact is the Peace Corps' wide—and often extremely remote—global presence. Access to technology and the Internet varies widely within and across the 59 overseas Peace Corps posts, leading to an array of country- and community-specific communications challenges.

Next Steps: The agency plans to continue and expand its social media presence in FY 2016. Given the disparity of the Peace Corps' Information Technology landscape, user-friendly and flexible technology platforms are particularly critical for empowering Volunteers, staff, and host country partners to exchange stories of impact easily in the field and at home. In addition, the agency is looking at ways technology can consolidate and strengthen its alumni network of returned Volunteers and guide a continued commitment to the Peace Corps mission after service.

LEARN AND INTERACT: THE PEACE CORPS' PUBLIC PRESENCE

EXPLORE A VIBRANT SOCIAL MEDIA PRESENCE



The Peace Corps uses social media to promote the mission of the agency and to increase competitive recruitment. The agency also strategically targets messaging to audiences on several social platforms, including Instagram, Twitter, Tumblr, and Facebook.

Instagram: <https://instagram.com/peacecorps/>

Twitter: <https://twitter.com/peacecorps/>

Tumblr: <http://peacecorps.tumblr.com/>

Facebook: <https://www.facebook.com/peacecorps/>



LEARN AND TRAVEL WITH PEACE CORPS PASSPORT

The Peace Corps community is large and diverse, comprising current and returned Volunteers, their friends and family, agency staff, institutional partners, and members of the international development and diplomatic communities. Promoting cross-cultural understanding is a strategic priority of the agency and directly supports two of the three strategic goals. The Passport Blog (<http://passport.peacecorps.gov/>) is a platform that the Peace Corps uses to elevate and promote cross-cultural stories gathered from the field. Peace Corps Passport provides an opportunity for current and returned Volunteers, Peace Corps staff, and thought leaders in international development to share their experiences and visions for Peace Corps service in the 21st century.

READ ABOUT THE VOLUNTEER EXPERIENCE

Through programs such as the Blog It Home Competition, the Peace Corps encourages Volunteers to use social media and blogging to promote cross-cultural understanding. This program highlights and celebrates Volunteers from around the world who use their blogs to share other cultures with Americans. In 2015, the third-annual Blog it Home Competition reached more than 670,000 people on Facebook, and nominees garnered more than 20,000 votes.

Top Volunteer Blogs in 2015:

- Ecuador
- Ethiopia
- Jamaica
- Morocco
- Mozambique
- Philippines
- Senegal
- Zambia

DISCOVER OUR LEGACY

The Peace Corps Legacy Project is a path-breaking initiative led by the Peace Corps' former Chief of Staff Stacy Rhodes. It premiered on July 15, 2015, and features brief interviews with prominent global leaders who were influenced by a Peace Corps Volunteer. The interviews illustrate the lasting impact that Volunteers can have, not just on their local communities, but on their countries of service as well.

Sneak Peek: The Peace Corps Legacy Project
<https://youtu.be/5hMhqAZzArU>

RECENT STORIES:



Breakdancing to empower girls (Uganda)
<http://go.usa.gov/c3jEe>



Turning 80 in the Peace Corps (Ghana)
<http://go.usa.gov/cq62F>



Two 9-year-olds, 5,000 miles apart, are not so different after all (Moldova).
<http://go.usa.gov/cYYxY>

STRONG STAFF, RESOURCES, AND DATA

Progress and Effective Strategies: The Peace Corps strives to be a high-performing learning organization by investing in professional development for staff and effectively leveraging agency data to make evidence-based decisions. The agency continues to strengthen institutional memory by building sustainable systems that mitigate challenges related to human capital and staff tenure.

- **Assessing staff development and training needs:**

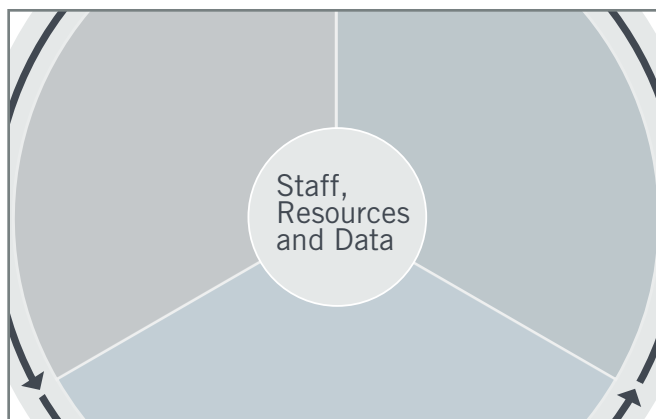
In FY 2015, the Peace Corps conducted an agencywide internal management assessment to identify training and staff development needs and best practices. Based on evidence and results from the assessment, the agency designed a comprehensive action plan to address staff needs and plans to establish a new Office of Staff Learning and Development in FY 2016.

- **Strengthening data and evaluation:**

The agency is continuing to develop its monitoring and evaluation capacity. In FY 2015, the Peace Corps institutionalized and improved two new annual surveys initiated in FY 2014: the Host Country Staff Survey and Global Counterpart Survey. When combined with the longstanding Annual Volunteer Survey, the Peace Corps now has a 360-degree view of its work from the perspectives of staff, Volunteers, and direct work partners in the host communities. All three surveys are now an ongoing part of program management and monitoring efforts, and their input is used in agency performance measures.

Performance Challenges: A unique law known as the five-year rule (FYR) limits the majority of U.S.-based and American overseas Peace Corps staff to five-year appointments, presenting several human resource challenges. The resulting high staff-turnover rate ensures the influx of fresh ideas into the agency, but also produces high transaction costs and challenges to retaining institutional memory.

Next Steps: In FY 2016, the Peace Corps will move forward in developing an agencywide staff development program and continue to invest in the Peace Corps' overall identity as a learning organization. The newly established Office of Staff Learning and Development will lead this effort through onboarding, job skills training, leadership development, coaching and mentoring, and a variety of other programs. The agency also plans to scale up staff information resources and knowledge-sharing platforms to encourage digital collaboration and bolster institutional memory. Additionally, the agency hopes to explore a legislative solution or modification to the human capital and knowledge management challenges posed by the FYR.



COMPETITIVE RECRUITMENT

Progress and Effective Strategies: Historic changes to the Volunteer application and selection process—also known as the Volunteer Delivery System—took place on July 15, 2014. Among these reforms, the application process was significantly shortened, and the introduction of choice now allows applicants to select their country of service. At the end of FY 2015, the Peace Corps saw a 40-year high in application numbers and an annual increase of 43 percent in applications since FY 2014. Today, applicants can expect to hear if they have been invited to serve with the Peace Corps less than four months after submitting their application, a substantial reduction from the average wait prior to the introduction of the reforms. The agency has continued to prioritize innovation, increase transparency, and reduce uncertainty for applicants since the initial reforms. Prospective applicants can browse service opportunities by country, work area, and departure date at peacecorps.gov/openings/.

- **Using Data to Improve the Volunteer Delivery System:**
The agency is effectively integrating data from different “touchpoints” in the Volunteer lifecycle to build a more comprehensive view of the strengths and weaknesses in the Volunteer Delivery System. By building a more comprehensive and data-driven view of the Volunteer lifecycle, the agency is able to make targeted improvements to recruitment, selection, and placement processes.
- **Building a culture of customer service:**
The Peace Corps continues to refine the application process using applicant feedback and user surveys.

Performance Challenges: With the dramatic influx of applications, the Peace Corps must ensure that the quality of potential Volunteers remains at a high caliber. In order to compare the quality of recruits pre- and post-reforms, the agency will gather feedback from posts that can only be provided after Volunteers who applied under the new system complete their service in FY 2017. This feedback will help the agency evaluate whether offering applicants a choice of country and sector is an effective method for improving performance on the Peace Corps’ three strategic goals.

Next Steps: In FY 2016, the agency will focus its efforts to embed and sustain successes from the reforms to the Volunteer Delivery System. The agency will broaden its data sources in FY 2016 to further facilitate effective evaluation and decision making. The agency is currently exploring how to utilize data now provided by applicants indicating the reasons for their geographic and sector preferences. Moving forward, the Peace Corps plans to provide even greater choice and transparency to applicants, allowing them to apply to specific positions rather than stating general preferences.



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

—Director Hessler-Radelet

Looking Forward

Over the past four years, the Peace Corps has effectively integrated far-reaching agencywide reforms and is better positioned than ever before to meet the ambitious global development goals of the 21st century.

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

Director Hessler-Radelet's vision for a results-driven Peace Corps emphasizes partnerships and innovation, using evidence-based decision making to drive sustainable community outcomes. Operationally, the agency has embraced change to bolster Volunteer support and modernize technology, both domestically and abroad. The Director has also emphasized a renewed commitment to documenting the agency's impact, to significantly advancing diversity and inclusion, and to reinventing the Peace Corps as the service opportunity of choice for Americans. As the agency approaches its 55th anniversary, it is well-positioned to deliver inspiring results to the American people and those around the world in the greatest need.



“...real, meaningful change in communities doesn’t happen from the top down, it happens from the ground up. It happens when you build on the strengths that already exist in those communities. It happens when you empower the leaders that are already there, and then they go on to empower others.”

—First Lady Michelle Obama
March 21, 2015
(Peace Corps Training Event in Siem Reap, Cambodia)

1 ENSURING VOLUNTEER WELL-BEING

Effective safety, security, and health support is vital to Volunteer success. A major challenge for the Peace Corps is ensuring the well-being of Volunteers while still maintaining a presence in areas of the world that benefit the most from their work. While some challenges are beyond the agency's control, the Peace Corps is committed to providing the most rigorous prevention and response systems and services possible.

The full implementation of the Kate Puzey Peace Corps Volunteer Protection Act of 2011 will continue to be a major focus for the agency. Significant revisions to the policy and procedures, which were made based on data and experience over the last two years, will be implemented in the field. This should result in even stronger response to Volunteers who have been victims of sexual assault. Post specific training on all revisions and an overall refresher for field staff will be held at each post in FY 2016.

As the health, safety, and security of Volunteers remain the Peace Corps' highest priority, the agency will work in FY 2016 to further strengthen Volunteer incident response and support systems. Additionally, the Peace Corps plans to establish a Health in All Policies initiative that will broaden training, knowledge, and accountability to preserve Volunteer well-being. The agency expects that this new initiative will further improve the agency's ability to reduce risks and respond effectively and compassionately to Volunteers who are victims of crime, including sexual assault. Additional information and continued updates on the agency's efforts to ensure the well-being of Volunteers can be found at www.peacecorps.gov/safety.

2 ADVANCING SUSTAINABLE DEVELOPMENT THROUGH STRATEGIC PARTNERSHIPS AND WHOLE-OF-GOVERNMENT INITIATIVES

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

Moving forward, the agency will work to strengthen its ability to deliver and document its development impact by modernizing Volunteer reporting mechanisms, piloting innovations in the field, and increasing evaluations and the use of evidence and research.

The agency plans to improve the structure of the standard two-year program by framing Volunteer work in the context of a project's full six-year lifecycle rather than an individual's two-year service. Recognizing that different skills may be needed for first-, second-, and third-generation Volunteers, the agency will work to customize program training, tools, and outcome reporting to align with project lifecycles. These measures will add significant value to the agency's strategic partnerships and external stakeholders.

Additional efforts planned in FY 2016 include expanding specialized models for Volunteer service such as offering shorter assignments and new Peace Corps Response opportunities.

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

—White House press release announcing U.S. Global Development Policy (PPD-6)

Let Girls Learn Initiative

On March 3, 2015, the White House launched Let Girls Learn, a whole-of-government initiative designed to help adolescent girls around the world attend and complete school (<https://www.whitehouse.gov/LetGirlsLearn>). As part of the U.S. government's commitment to Let Girls Learn, First Lady Michelle Obama and the Peace Corps have formed a powerful collaboration that will empower local leaders to put lasting solutions in place, elevate existing Volunteer programs, and leverage public and private sector partnerships. Peace Corps Volunteers who live and work at the grassroots level will be catalysts for change by supporting community-led solutions to reduce barriers that prevent adolescent girls from completing their education. In FY 2016, the agency will train thousands of Volunteers and community leaders to design sustainable, grassroots projects that focus on girls' education and development opportunities. In 2016, the Peace Corps' Let Girls Learn program will expand from the initial 11 countries to additional countries on an opt-in basis.

WHAT WE'LL DO: THE THREE PILLARS

PILLAR ONE | Empowering Leaders



The initiative will increase gender awareness by delivering targeted trainings that will reach thousands of Volunteers and tens of thousands of community leaders over the next six years and enable them to become champions of girls' education.

Read about one Volunteer's impact in Cambodia at:
<http://go.usa.gov/cq6ZA>

WHERE WE'LL GO: THE INITIAL 11 COUNTRIES

At the launch of the Let Girls Learn collaboration, the Peace Corps targeted 11 countries where the agency will most likely produce significant results. Through the grassroots development work that Volunteers do each and every day, they are well-positioned to work with communities to identify the barriers to education adolescent girls face.

Albania, Benin, Burkina Faso, Cambodia, Georgia, Ghana, Moldova, Mongolia, Mozambique, Togo, and Uganda

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

PILLAR TWO | Working Hand in Hand with Communities



Thousands of Volunteers work side by side with local leaders to achieve community-based solutions through the Peace Corps Partnership Program. From a school library to a technology camp for girls, under Let Girls Learn, Volunteers working on gender-related projects can now apply for support through a newly established girls' education fund.

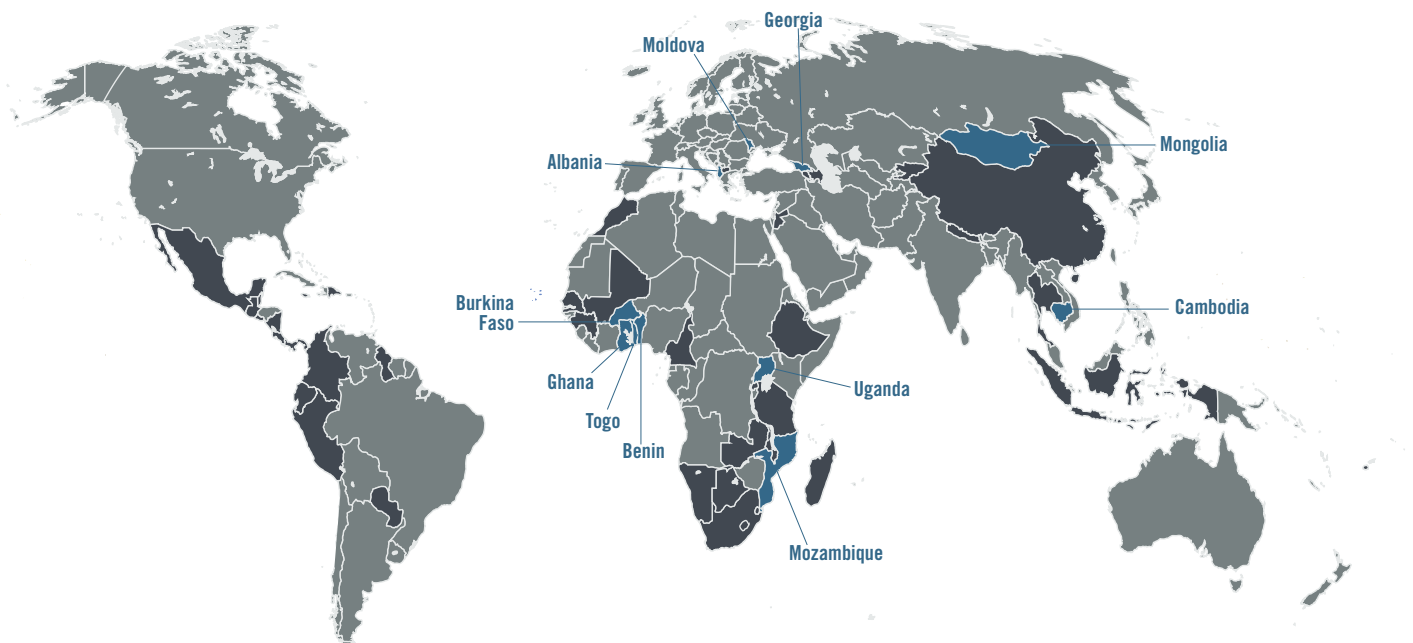
Read about one Volunteer's impact in Lesotho at:
<http://go.usa.gov/cq6ZJ>

PILLAR THREE | Increasing the Impact of Peace Corps Volunteers



A major component of the initiative will support Volunteers working to break down the barriers to girls' education in the communities they serve. Under Let Girls Learn, the Peace Corps will further strengthen its programmatic impact by expanding the number of Volunteers focused on advancing girls' education and empowerment through evidence-based interventions

Read about one Volunteer's impact in Moldova at:
<http://go.usa.gov/cq6Be>



3 RECRUITING TALENTED AND DIVERSE AMERICANS INTERESTED IN PUBLIC SERVICE

In FY 2015, the Peace Corps implemented the largest reforms to its recruitment process in the history of the agency. Applicants can now choose to apply to specific programs and/or countries based on their unique skill sets and individual goals. As a result, the agency observed a 32 percent annual increase in the number of applications for two-year Volunteer positions in FY 2015. As a result of these changes, the agency has greatly enhanced its internal capacity to meet the needs of each host country community that requests a Peace Corps Volunteer.

In FY 2016, the agency will focus on embedding these pivotal reforms in all aspects of the Peace Corps' infrastructure. A newly established office will play an instrumental role in building upon the successes of the recruitment reforms, facilitating data-generated decision making, and effectively utilizing new knowledge management tools. Additionally in FY 2016, the agency will increase its commitment to actively recruiting and supporting diverse applicants and Volunteers. To support this effort, the Peace Corps plans to expand its partnerships with universities and increase diversity skill-building and intercultural competence training to staff around the world.

4 STRENGTHENING DEVELOPMENT IMPACT THROUGH QUALITY EVALUATION

In FY 2015, the Peace Corps synchronized several monitoring and evaluation practices, advancing the analytic rigor of its work. In addition to increasing accountability, improving program management, and informing operational adjustments, the agency's increased use of varied data sources adds critical layers of perspective to the Peace Corps story, elevating the voice of Volunteers, staff, and partners.

To ensure that country programs and strategies are achieving their intended impact, an internal monitoring and evaluation task force made a number of recommendations to improve the Peace Corps' evaluation processes and proposed the agencywide adoption of a comprehensive evaluation agenda. This agenda includes several forward-looking strategies to ensure that every taxpayer dollar produces the highest impact in local communities.

In FY 2016, the agency will explore ways to further strengthen the agency's evidentiary system by incorporating theories of change and logical frameworks in project planning. The agency is also incorporating evaluation plans in program design and creating measurement systems that extend beyond the tenure of individual staff. The Peace Corps is working to ensure that these efforts will advance a robust culture of inquiry and evidence-based decision making, support organizational learning, and increase its accountability to all stakeholders.

“Strategic assessment and evaluation serve as a bridge—from good design to clear planning and on to effective practice. I am proud to see how far we have come as an agency in terms of using data systematically to ensure that our decisions are evidence-based and aligned with our strategies.”

—Director Hessler-Radelet,
FY 2015 Annual Strategic Review

5 BUILDING A GLOBAL IT INFRASTRUCTURE

In FY 2015, the Peace Corps made significant progress in addressing its global IT challenges by developing a comprehensive, agencywide technology plan. Based on an external assessment, the Peace Corps' IT strategy presents a new, forward-looking plan for modernizing and integrating its systems in support of staff and Volunteers operating in highly disparate technology landscapes.

While the ambitious IT transformation planned will demand significant time, resources, and adaptability, the agency anticipates cost savings in the long run and improved business processes. The technology improvements in FY 2016 and beyond will result in more seamless communications across the agency, increased global collaboration in real time, and policies and practices that promote responsible information sharing.

The Peace Corps continues to maintain a high priority on information and information system security to ensure information, operations, and assets are appropriately protected. In the past year, the agency successfully completed the remaining security assessments and authorizations of its seven Federal Information Security Modernization Act (FISMA) inventory systems that included compliance reviews and audits. Seven onsite security reviews were performed in China, Fiji, Ghana, Kosovo, Macedonia, Madagascar and Micronesia. Security was enhanced by placing Alien Vault devices at every international post and regional recruiting office, providing vision into what security events are occurring at posts in real time. A thorough review of the current system inventory was initiated that identified ways to improve the security assessments and authorizations documentation and overall security posture by restructuring the seven major systems currently in inventory.

Moving forward, the main focus will be on implementing the National Institute of Standards and Technology Risk Management Framework throughout the agency. Implementation necessitates foundational initiatives such as drafting overarching policies and procedures, role based/awareness training, continuous monitoring, configuration management (vulnerability, patching, and change management), plan of action and milestones management, and security baselining, instrumental in minimizing the threat landscape at the Peace Corps.

Analysis of Financial Statements

OVERVIEW OF FINANCIAL POSITION

An unmodified (clean) audit opinion was achieved on the FY 2015 financial statements. The financial activities of the agency were conducted in 59 posts in 63 countries in 73 currencies and even more languages and cultures. The FY 2015 funding position of the Peace Corps remained relatively the same as in FY 2014.

This analysis summarizes the financial position and results of operations, and addresses changes in the types or amounts of assets, liabilities, costs, and obligations. The principal 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.

Agency funds primarily consisted of appropriated funding by the Congress in the amount of \$379.5 million for FY 2015, compared to \$379 million appropriated in FY 2014. Appropriated funding was administered by the U.S. Department of Treasury. Budgetary Resources, though, were \$501.4 million in FY 2015, which compares favorably with the \$479.5 million in FY 2014. Budgetary Resources consisted mostly of the funds appropriated in FY 2015 increased by the available unobligated balance of prior year appropriated funds, recoveries of unexpired budget authority through downward adjustments of prior year obligations, and the spending authority from offsetting collections. Offsetting collections are largely the reimbursable work the agency performs on behalf of other federal agencies. Reimbursable work performed for initiatives of the nation administered by the U.S. Agency for International Development in FY 2015 chiefly consisted of \$15.4 million for Feed the Future and Global Education. The difference between the Appropriations amount reported on the Statement of Budgetary Resources and other financial documents was an increase of \$2.2 million for Appropriated Receipts Derived from Available Trust Funds (donations). In addition, the \$60 million in PEPFAR funds for work performed on behalf of the Department of State through allocation transfer is not reflected in the financial statements as those amounts are properly reported to the U.S. Department of Treasury by the Department of State.

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 Peace Corps continues to operate as one program with the sole mission of providing trained Volunteers to host countries to promote world peace and friendship. The agency enhances the use of performance and cost information in budgetary decision making through the Integrated Planning and Budget System, where posts and headquarters offices develop strategic plans and resource

requests to execute goals, as well as the annual strategic review, which provides performance information as an input to the budget formulation process.

A summary of the agency's financial activities in FY 2015 and FY 2014 is presented in the following table.

ANALYSIS OF FINANCIAL RESULTS

Changes in Financial Position from FY 2014 to FY 2015

(In Thousands)

NET Financial Condition	FY 2015	FY 2014
Fund Balance with Treasury	209,057	211,369
Accounts Receivable	4,467	3,092
PP&E	38,886	34,556
Prepaid Volunteer Living Allowances	1,772	1,836
Other Assets	5,156	3,890
Total Assets	\$ 259,338	254,743
Accounts Payable	8,963	9,883
Employee Benefits	145,956	149,107
Unfunded FECA Liability	32,983	33,348
Unfunded Annual Leave	11,256	10,289
Other Employment Related	6,123	3,586
Non-Entity Funds	23,493	20,225
FSN and PSC Severance	23,447	25,849
Other Liabilities	412	273
Total Liabilities	\$ 252,633	252,560
Unexpended Appropriations	157,215	158,343
Cumulative Results of Operations	(150,510)	(156,160)
Total Net Position	\$ 6,705	2,183
Net Cost of Operations	\$ 382,199	354,462
Budgetary Resources	\$ 501,424	479,545

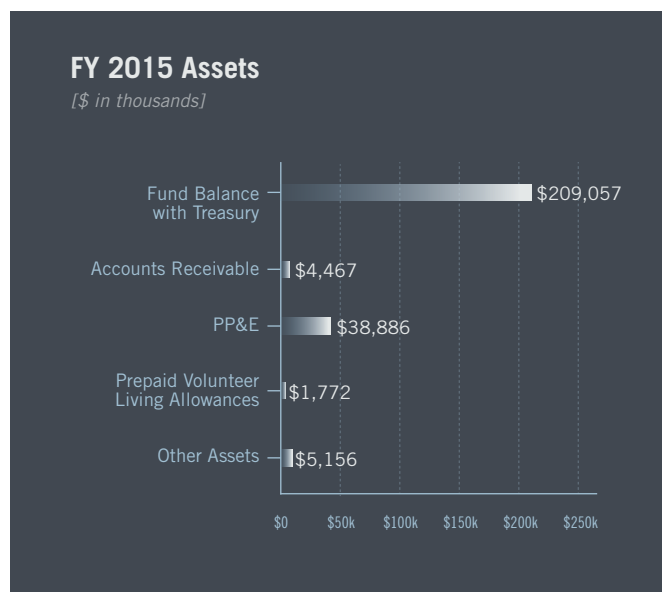
ASSETS – WHAT WE OWN AND MANAGE.

Assets are the amount of current and future economic benefits owned or managed by the Peace Corps to achieve its mission. Total Assets were \$259.3 million as of September 30, 2015, on the Balance Sheet. Assets increased by \$4.6 million from the FY 2014 assets of \$254.7 million. This increase occurred chiefly because of capitalization of newly acquired assets and prepaid balances for information technology subscriptions and maintenance fees.

As of September 30, 2015, the Fund Balance with Treasury and Property, Plant, and Equipment (PP&E) constituted the major portion of the agency's assets at 81 percent and 15 percent respectively. The Fund Balance with Treasury represented the amount in the agency's accounts with Treasury that were available only for the purposes for which the funds were appropriated to make expenditures and pay liabilities. This included balances for appropriated funds, special funds, trust funds, deposit funds and clearing accounts (Non-Entity Assets). PP&E consisted of tangible assets owned by the agency, reported by major class in detail in Note 5, General Property, Plant, and Equipment, Net.

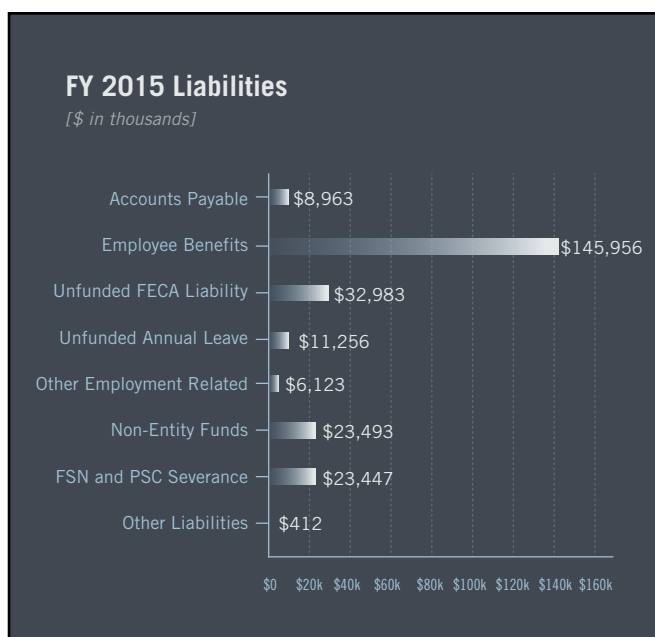
The FY 2015 Fund Balance with Treasury at \$209 million decreased by \$2.3 million due to a higher rate of expenditures in FY 2015. PP&E increased by \$4.3 million primarily due to purchase of information technology equipment and software.

Assets by type are shown in the chart below:

**LIABILITIES – WHAT WE OWE.**

Liabilities (probable future outflows or other sacrifice of resources as a result of past transactions or events) are the amounts owed by the Peace Corps. Total liabilities of \$252.6 million were reported on the Balance Sheet as of September 30, 2015, consistent with \$252.6 million in FY 2014.

Liabilities by Type are shown in the chart below:



ENDING NET POSITION – WHAT WE HAVE DONE OVER TIME.

Net Position represents the difference between the Assets and the Liabilities on the Balance Sheet as of September 30, 2015. The agency's Net Position increased in FY 2015 to \$6.7 million from \$2.2 million in FY 2014.

RESULTS (NET COST) OF OPERATIONS.

The Net Cost of Operations that presents the difference between the costs incurred less earned revenue increased in FY 2015 to \$382.2 million from the FY 2014 position of \$354.5 million. The increase occurred because of expenses associated with full-time employees, readjustment allowances for Volunteers, and personal services contractors.

LIMITATIONS OF THE FINANCIAL STATEMENTS

The principal financial statements have been prepared to report the financial position and results of operations of the Peace Corps, pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from the books and records of the entity in accordance with generally accepted accounting principles for federal entities and the formats prescribed by the Office of Management and Budget (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 (Pub. L. 97-255), presents the financial management systems strategy, and addresses key internal control issues.

Federal Managers' Financial Integrity Act

The FMFIA mandates that agencies establish effective internal control to provide reasonable assurance 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.

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

Internal Control Guidance and Implementation of the FMFIA

Guidance for implementing the FMFIA (31 U.S.C. 3512) is provided through OMB Circular A-123, Management's Responsibility for Internal Control, that further defines management's responsibility for internal control in federal agencies, including the financial management systems. Within the agency, Peace Corps Manual Section 784, Internal Control System, sets out the policies and procedures for establishing, assessing, correcting, and reporting on internal control. The Director's FY 2015 Unmodified Management Assurance Statement follows later in this section.

Internal Control Operations

During the FY 2015 financial statement audit, the agency achieved an unmodified (clean) audit opinion on the financial statements. Legal compliance was addressed through auditor testing of selected laws and regulations and no material weaknesses were identified. There were, though, three significant deficiencies and four instances of noncompliance with laws and regulations identified. See Appendix 1 for the planned timeframes for correcting FY 2015 audit weaknesses.

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

Assurances of compliance with internal controls were further supported by the performance of risk assessments during FY 2015 by department and office heads with no material weaknesses identified. Risk assessments did identify weaknesses of lesser severity than material weaknesses in a few areas and those were addressed by the Senior Assessment Team and will continue to be monitored closely within the agency this next year.

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

Improper Payments Information Act

As a small agency with only one program, the Peace Corps has no activities that are risk-susceptible to the threshold amounts in Memorandum M-15-02, Appendix C to OMB Circular A-123, Requirements for Effective Estimation and Remediation of Improper Payments (24 October 2014). This circular implements the requirements of the Improper Payments Elimination and Recovery Act of 2010 which amended the Improper Payments Information Act of 2002. Significant improper payments are defined as gross annual improper payments exceeding both 1.5 percent of program outlays and \$10 million of all program or activity made during the fiscal year reported or \$100 million (regardless of the improper payment percentage of total program outlays). While not rising to the level of the improper payment thresholds above, agency payments were reviewed during FY 2015 based on different dollar values, and those payments in the amount of \$250,000 and above were subjected to an extensive review through a semiannual system-generated report. Further, the Peace Corps is a full participant in the Treasury's "Do Not Pay" program operating through the Treasury Do Not Pay Business Center. Payees under consideration for payment are reviewed for eligibility through the pre-award component of the business center, payments then are re-verified in the pre-payment component, followed by post-payment data matching reviews.

Debt Management Controls

The Peace Corps manages a limited amount of debt under the provisions of the Debt Collection Improvement Act of 1996, OMB Circular A-129, Policies for Federal Credit Programs and Non-Tax Receivables, the Controller Alert, Improving Collection of Delinquent Debt issued January 4, 2013, and other laws. During FY 2015, the agency wrote off uncollectable debts and delinquent balances older than two years in the amount of \$13.4 thousand and submitted quarterly reports through the Treasury Report on Receivables.

Financial Management Systems Strategy

Strategy for the financial systems in FY 2015 was to stabilize the systems infrastructure and modernize the custom applications, with particular focus on the development of new browser-based software to replace the existing old client-based financial application used by overseas posts.

The main goal of the infrastructural improvements during this fiscal year was to ensure that the servers, databases, and applications were all at fully supported and secured levels of service. Additionally, IT security was improved by upgrades associated with user access authentication and Java versions.

Work continued in software development for the custom financial application used for overseas budget execution,

cashiering, and financial reporting. This is a significant multi-year effort that will improve financial processing and reporting overseas and streamline the integration with Oracle E-Business Suite, the Peace Corps' financial system of record. The pace of software development quickened in FY 2015, and the expected phased deployment to overseas posts is planned for FY 2017.

At the end of FY 2014, the Peace Corps awarded a contract for the procurement and implementation of a new asset management system that replaces the existing stand-alone asset management system and provides significantly more automation and functionality to better track and report on assets. During this fiscal year, the agency worked with the implementation partner to address the specific requirements for foreign currency procurements, to integrate with the financial system and the agency's software tracking system, and to begin training of headquarters and overseas staff responsible for asset management. The global implementation will be completed in FY 2016.

During FY 2015, the financial systems staff collaborated with other offices on the integration of new systems into the financial systems. Work continued on testing of a new timekeeping system that will better track payroll data and account for staff time related to capital projects in the fixed assets module. The new timekeeping system will be rolled out to all direct-hire staff in FY 2016. In addition, exploration and planning began for an E-Travel system that will integrate with the Purchasing and Accounts Payable modules of Oracle E-Business Suite. The Peace Corps entered into a collaborative agreement with the Department of Interior's National Business Center, a shared service provider for E-Travel, to begin the acquisition and implementation process in FY 2016.

The financial systems upgrades and enhancements put in place in FY 2015 and planned for the upcoming years will strengthen financial reporting, control of assets, internal controls, and reduce IT security risks.

The FMFIA Unmodified Management Assurance Statement that follows is consistent with the FY 2015 financial statement audit report.

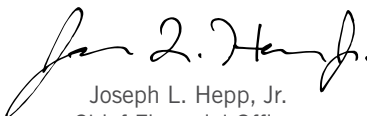
FY 2015 FMFIA Unmodified Management Assurance Statement

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 reasonable assurance for FY 2015 that its internal control over the effectiveness and efficiency of operations and financial reporting was operating effectively and no material weaknesses were found in the design or operation of the internal controls. Four instances, though, of noncompliance with applicable laws and regulations were identified.

The Peace Corps conducted its assessment of whether the financial management systems conform to governmentwide financial systems requirements in accordance with FMFIA Section 4. Based on this assessment, the Peace Corps can provide reasonable assurance that its financial management systems are in compliance with the applicable provisions of FMFIA Section 4 and OMB Circular A-123 for FY 2015 with the exception of one nonconformance with the Federal Information Security Modernization Act (FISMA) of 2014. In accordance with OMB Bulletin No. 15-02, this is not considered a material weakness. Details of the FISMA nonconformance are in Appendix 1.



Carolyn Hessler-Radelet
Director
November 16, 2015



Joseph L. Hepp, Jr.
Chief Financial Officer
November 16, 2015

PERFORMANCE SECTION

*Peace Corps Volunteers (far left and far right)
walk through a health facility in their
community in Uganda.*





Introduction

The Performance Section details the FY 2015 results of the 11 strategic objectives and the 26 performance goals in the FY 2014–2018 Strategic Plan and FY 2015 Annual Performance Plan, which can be found at www.peacecorps.gov/strategicplan.

The FY 2014–2018 Strategic Plan includes the long-range goals and objectives designed to advance the Peace Corps mission. The 2015 Annual Performance Plan lays out the strategies and activities the agency utilizes to accomplish these goals and objectives as well as the specific results the agency expects to achieve over time.

STRATEGIC PLAN FRAMEWORK

The FY 2014–2018 Strategic Plan and FY 2015 Annual Performance Plan include the following components:

- **Strategic goals** reflect the broad, long-term outcomes the agency works toward to achieve the Peace Corps mission to promote world peace and friendship through community-based development and cross-cultural understanding.
- **Strategic objectives** express the specific areas the agency will prioritize to achieve the strategic goals. Strategic objectives may support multiple strategic goals.
- **Strategies and activities** include the actions the agency intends to take to meet agency goals and objectives.
- **Performance goals** state a quantitative level of performance, or “target,” to be accomplished within a specific timeframe.
- **Lead offices**² are responsible for coordinating agencywide efforts to develop, implement, and report on plans to achieve each performance goal.

² In the FY 2017 Annual Performance Plan, the agency further strengthened accountability and cross-office collaboration by replacing **lead offices** with a combination of **goal lead(s)** (specific individuals across the agency with primary responsibility for a particular performance goal) and **partner offices** (offices that work in collaboration with the goal lead(s) to develop and implement strategies while also contributing to reporting on the performance goal).

STRATEGIC GOALS 1 2 3

The Peace Corps' three strategic goals are based on the three core goals outlined in the Peace Corps Act (1961). Each of the strategic goals is supported by multiple strategic objectives. In the figures below, the strategic objectives shaded blue directly contribute to the highlighted strategic goal.

1

BUILDING LOCAL CAPACITY

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

Strategic Objectives

1. Volunteer Well-Being	2. Service Opportunity of Choice	3. Development Impact	4. Cross-Cultural Understanding	5. Continuation of Service	6. Diversity and Inclusion
7. Site Development	8. Train Up	9. High-Performing Learning Organization	10. Global Connectivity	11. Measurement for Results	

2

SHARING AMERICA WITH THE WORLD

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

Strategic Objectives

1. Volunteer Well-Being	2. Service Opportunity of Choice	3. Development Impact	4. Cross-Cultural Understanding	5. Continuation of Service	6. Diversity and Inclusion
7. Site Development	8. Train Up	9. High-Performing Learning Organization	10. Global Connectivity	11. Measurement for Results	

3

BRINGING THE WORLD BACK HOME

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

Strategic Objectives

1. Volunteer Well-Being	2. Service Opportunity of Choice	3. Development Impact	4. Cross-Cultural Understanding	5. Continuation of Service	6. Diversity and Inclusion
7. Site Development	8. Train Up	9. High-Performing Learning Organization	10. Global Connectivity	11. Measurement for Results	

Performance Results by Strategic Objective

For the large majority of strategic objectives, progress in FY 2015 was achieved as planned. All strategic objectives were assessed and categorized in one of two ways:

STRATEGIC OBJECTIVE STATUS

NOTEWORTHY PROGRESS

The agency is exceeding its plans to achieve the strategic objective. Strategies and activities have been executed on or ahead of schedule.

AREA FOR IMPROVEMENT

Current strategies have not had the intended impact. An increased focus is needed by the agency to improve performance on the strategic objective. Some strategies and activities may have been executed, but more progress is needed to advance the strategic objective. Additional data may be needed to better understand performance.

VERIFICATION AND VALIDATION OF PERFORMANCE DATA

The agency's FY 2015 performance results are based on reliable and valid data that are complete as of the end of the fiscal year. Data collection and reporting consistency are ensured by the use of detailed performance goal data reference sheets, which include operational definitions, data sources, and a comprehensive methodology for measuring each performance indicator. The Office of Strategic Information, Research, and Planning reviews all performance data to ensure they are complete and accurate. Major data sources and verification and validation processes are described in detail in Appendix 2, Verification and Validation of Performance Data.

Performance Goal Results

Each performance goal was assessed and categorized in one of four ways:

TARGET MET 100 percent of target

SLIGHTLY BELOW TARGET 95–99 percent of target

TARGET NOT MET Below 95 percent of target

NO TARGET SET The agency did not set targets for performance goals for which baseline data was collected in FY 2015. Baseline data collected in FY 2015 are predominately measured by new data sources, including the Global Counterpart Survey, the Host Country Staff Survey, and elements of the Volunteer Reporting Tool. Baseline data collected in FY 2015 from these new sources will be used to develop targets for future years.

STRATEGIC OBJECTIVE 1: VOLUNTEER WELL-BEING

FY 2015 Status | **NOTEWORTHY PROGRESS**

Supports Strategic Goals 1, 2, and 3

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

Volunteers serve in local communities often under hardship conditions where the health-care infrastructure and security environments differ from those of the U.S. The Peace Corps develops rigorous prevention and response systems and services to support the safety, security, and physical and emotional health of Volunteers.

The agency has implemented several critical reforms to ensure the optimal safety, security, and health of Volunteers. The Peace Corps will continue to evaluate the effectiveness of these reforms, and a new measure for assessing Volunteer safety and security will be incorporated in the FY 2017 Annual Performance Plan.

KEY STRATEGIES AND ACTIVITIES

- **Finalize implementation of the Kate Puzey Peace Corps Volunteer Protection Act of 2011:**

The agency continued to move toward full implementation of the act, including continuing execution and improvement of the Sexual Assault Risk Reduction and Response (SARRR) program. In addition to implementing mandatory policy changes, the agency provided extensive sexual assault training for Volunteers and staff in FY 2015. Moving forward, the agency plans to monitor and evaluate the SARRR program to improve effectiveness, reduce the risk of sexual assault, and ensure Volunteers receive compassionate, timely and comprehensive support. Additional information can be found at <http://go.usa.gov/crPcH>.

- **Improve Volunteer training and support:**

Volunteer well-being is a shared responsibility of staff and Volunteers. Providing support and effective training related to the well-being and resiliency of Volunteers allows them to focus on their assignments and minimize risk-taking behaviors. In FY 2015, the agency updated pre-service and in-service training sessions on mitigating safety risks and maintaining physical and emotional health. The Peace Corps also accelerated a new initiative in which Volunteers will develop their own individualized safety and security plans.

- **Strengthen the role of Peace Corps medical officers:**

Data from previous years has consistently shown a strong relationship between high-quality Peace Corps medical officers and content, healthy Volunteers. In FY 2015, the agency broadened the role of the medical officer, integrating them into more aspects of site development and the Volunteer lifecycle and elevating the position to one of the leadership roles at posts. Improving the retention of high-quality medical officers is expected to increase Volunteer satisfaction with medical and mental health support.

Performance Goal 1.1 Results

1.1

INCREASE VOLUNTEER SATISFACTION WITH SAFETY AND SECURITY SUPPORT

Increase the percentage of Volunteers who report feeling “satisfied” or “very satisfied”^a with safety and security support to 82 percent by FY 2018

FY 2015 Status TARGET MET						
	FY '10	FY '11	FY '12	FY '13	FY '14	FY '15
Target	--	--	--	--	--	76%
Result	73%	73%	68%	71%	84% ^b	81%

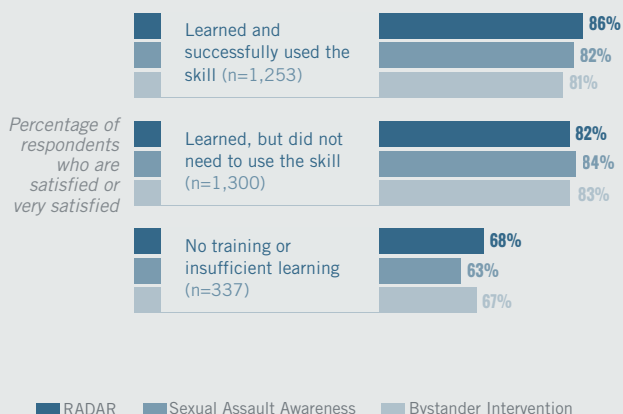
^a Includes the top two positive response options on a five-point balanced scale.

^b Due to the improvements to the Annual Volunteer Survey (AVS) in FY 2014, including modifying the response scales and reducing the length of the questionnaire by half, results from FY 2010–13 may not be directly comparable to results in FY 2014 and future years. However, year-to-year comparison of results from FY 2014 onward is possible. Targets set for FY 2015 and beyond have been revised in view of the higher than projected FY 2014 results.

ANALYSIS

The target was met in FY 2015. This performance goal provides an assessment of the agency's safety and security prevention and response systems from the perspective of the end user: the Volunteer. The agency emphasizes effective Volunteer safety and security training as the cornerstone of a rigorous Volunteer safety and security program. This program is designed to enable Volunteers to assess their own situations in order to reduce risk as well as to respond to crime and security incidents. Volunteers who felt they had learned personal security skills in their training were more satisfied with Peace Corps safety and security support overall than those who felt their training had been insufficient. While 81 percent of Volunteers report satisfaction with safety and security support overall, the graph below breaks down three different types of safety and security training Volunteers receive: Recognize, Assess, Decide, Act, Reassess (RADAR), Sexual Assault Awareness and Impact Training, and Bystander Intervention Training (BIT). Volunteers report similar levels of satisfaction for these three types of training, all of which are offered during pre-service training.

Satisfaction with Safety and Security Support by Type of Training and Level of Perceived Learning



Note: These results are based on Volunteer responses to the following questions: “How satisfied are you with the following types of support provided by in-country Peace Corps staff: Safety and security?”; “Have you used your “RADAR” or personal security skills in the past 12 months?”; “Have you used Sexual Assault Awareness skills to mitigate unwanted sexual advances in the past 12 months?”; and “Have you used Bystander Intervention skills in the past 12 months?”

Data Source: Annual Volunteer Survey
Lead Office: Office of Safety and Security

Performance Goal 1.2 Results

1.2

REDUCE VOLUNTEER DISSATISFACTION WITH MEDICAL AND MENTAL HEALTH SUPPORT

Reduce the percentage of Volunteers dissatisfied^a with medical and mental health support to 7 percent by FY 2016

FY 2015 Status TARGET NOT MET						
	FY '10	FY '11	FY '12	FY '13	FY '14	FY '15
Target	--	--	--	--	8%	7%
Result	7%	7%	7%	9%	9% ^b	10%

^a Includes the bottom two negative response options on a five-point balanced scale.

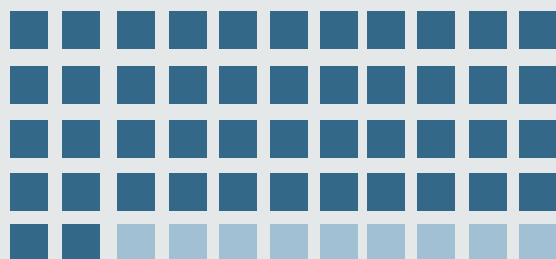
^b Due to the improvements to the Annual Volunteer Survey (AVS) in FY 2014, including modifying the response scales and reducing the length of the questionnaire by half, results from FY 2010–13 may not be directly comparable to results in FY 2014 and future years. However, year-to-year comparison of results from FY 2014 onward is possible. Targets set for FY 2015 and beyond have been revised in view of the higher than projected FY 2014 results.

ANALYSIS

The target was not met in FY 2015. This performance goal provides an assessment of the agency's health-care support to Volunteers from their perspective as end users and focuses on a reduction in dissatisfaction levels. The Peace Corps provides direct medical care for its Volunteers, and several factors may contribute to their satisfaction, including disease incidence, satisfaction with Peace Corps medical officers, the quality of local providers and medical facilities, as well as expectations of care and treatment that may differ from what is available in resource-restrained countries. Analysis of FY 2015 survey data shows the average of 10 percent dissatisfaction is largely driven by responses from Volunteers in nine countries where more than 15 percent were dissatisfied by the medical care provided by their medical officers. The remaining 46 countries were closer to the seven percent target. It should be noted that Volunteer satisfaction with health services is only one measure of quality health care and does not constitute an objective measure of the actual health status of Volunteers. The agency will continue to explore health indicators in an effort to determine the best subset of variables that would track objective measures of Volunteer health and well-being.

Dissatisfaction with Health Care Received from PCMO(s) among Volunteer Respondents

Fifty five countries surveyed



46 15% Or Fewer Dissatisfied **9** More Than 15% Dissatisfied

Note: This result is based on the following question: “How satisfied are you with the health care that you have received from your PCMO(s)?” Volunteers who responded that they had not received any healthcare from the PCMO in the past 12 months were not included in this analysis.

Data Source: Annual Volunteer Survey
Lead Office: Office of Health Services

STRATEGIC OBJECTIVE 2: SERVICE OPPORTUNITY OF CHOICE

FY 2015 Status | **NOTEWORTHY PROGRESS**

Supports Strategic Goals 1, 2, and 3

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

Increasing the quantity and quality of Volunteer applications is essential in order to position the agency to provide development assistance that is responsive to local community needs and to promote cross-cultural understanding between the United States and other countries through the work of skilled Volunteers. Changes to the application and selection process have resulted in a 32 percent increase in applications from September 30, 2014 to September 30, 2015. Due to the increased pool of highly capable applicants, the Peace Corps anticipates that these changes will improve the agency's ability to provide higher-quality trainees to overseas posts.

KEY STRATEGIES AND ACTIVITIES

- **Sustain improvements to the application process:**

As a result of changes to the application process, applicants can now choose the programs and countries to which they would like to apply. In FY 2015, on average, 94 percent of invitees' country preferences were honored, either through their preference for a specific country or their willingness to serve "anywhere." At least 96 percent of invitees' sector preferences were honored, either through their preference for a specific sector or their willingness to serve in any sector. In addition to significantly shortening the amount of time needed to complete an application (reduced from eight hours to one hour), the period from when an individual applied to when he or she was invited to Peace Corps service was reduced from an average of 7 months in FY 2014 to 4 months in FY 2015.

- **Utilize market research and new information sources to inform decision making:**

An extensive market research study by the agency in FY 2015 yielded fruitful results. The research focused on primary influencers of future applicants to better understand the brand and value of the Peace Corps from the perspectives of core prospects (18- to 26-year-olds) and future prospects (15- to 17-year-olds). The agency plans to utilize these findings to inform marketing and recruitment

strategies that are deliberate and data-driven. Additionally, the agency employed new tools to generate data for effective decision making in the placement process. The implementation of a "soft skills" questionnaire and a new interview rating tool has allowed placement officers to better rank candidates in the applicant pool.

- **Increase service opportunities abroad:**

In FY 2015, the agency worked to increase the number and variety of service opportunities in the field. In collaboration with our strategic partners, the agency explored new ways to increase the number of specialized Volunteer positions as well as to bolster support for new Peace Corps Response positions. As a result, the Peace Corps Response program has grown almost 13 percent in FY 2015 and over 30 percent since FY 2012.

Performance Goal 2.1 Results

2.1

VOLUNTEER REQUESTS MET

Field 100 percent of the Volunteers requested by overseas posts each year

FY 2015 Status | **SLIGHTLY BELOW TARGET**

	FY '10	FY '11	FY '12	FY '13	FY '14	FY '15
Target	--	95%	95%	95%	100%	100%
Result	101%	97%	97%	90%	98%	97%

Data Source: Peace Corps database
Lead Office: Office of Volunteer Recruitment and Selection

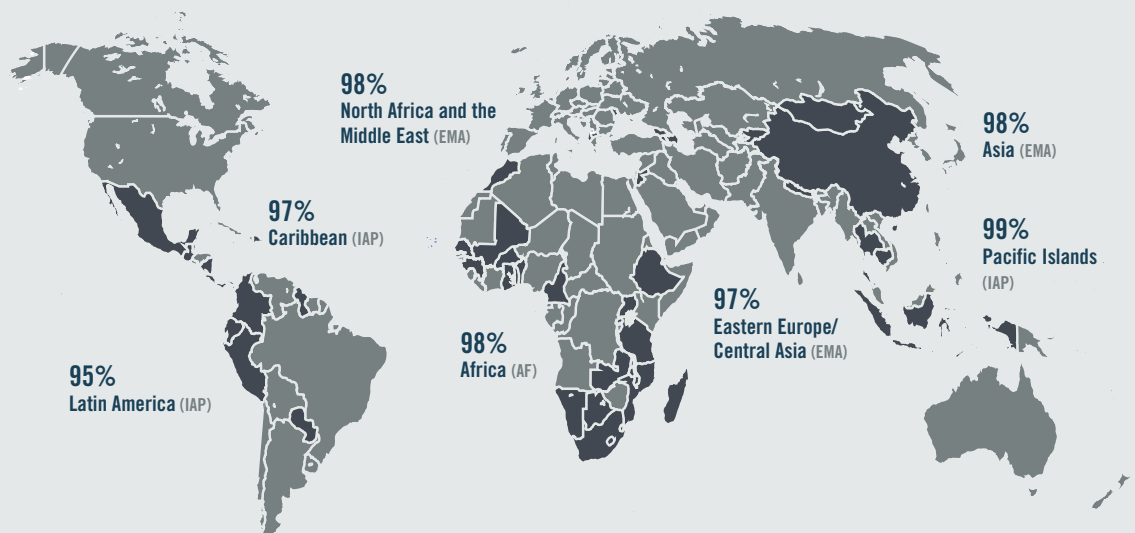
ANALYSIS

The FY 2015 results are slightly below target. Since the pool of talented, culturally sensitive Volunteers is the foundation upon which Peace Corps projects are built, measuring the agency's ability to fully address overseas posts' programming needs by meeting their requests for skilled Volunteers is a direct outcome measurement. While the Peace Corps has more than enough qualified applicants to meet the requests made by posts, attrition between the final date for applicants to join a new training group and the group's actual date of departure from the United States is still the primary challenge to reaching a 100 percent fill rate. This attrition occurs for a number of reasons, including the following: (1) changes in the number of Volunteers requested by posts; (2) posts' caution in requesting more Volunteers than they need to compensate for attrition out of concern that they may receive more Volunteers than they are prepared to receive; (3) invitees withdrawing their applications after accepting their invitation but before their departure date for reasons not related to the Peace Corps; and (4) invitees not receiving medical or legal clearance in a limited number of cases. The agency will continue to improve upon attrition mitigation strategies—including researching ways to strengthen the engagement of invitees during the pre-departure environment—in order to meet the Volunteer requests of posts.

Volunteers who report they facilitated direct interactions between American and host country individuals and communities

Percent of Annual 2015 Volunteer Survey Respondents who Facilitated Cross-Cultural Connections

AF | Africa Region
EMA | Europe, Mediterranean and Asian Region
IAP | Inter-America and the Pacific Region



Performance Goal 2.2 Results

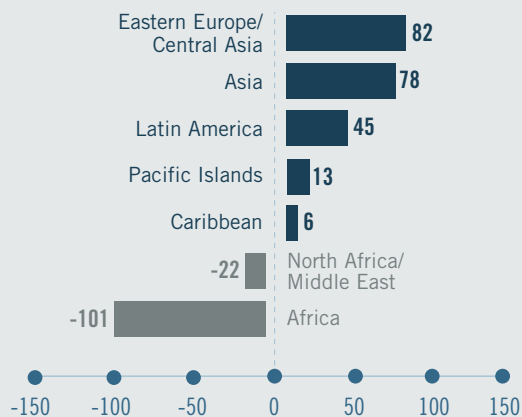
2.2

INCREASE SERVICE OPPORTUNITIES

Increase the number of Volunteers serving annually to 10,000 by FY 2018

FY 2015 Status TARGET NOT MET						
	FY '10	FY '11	FY '12	FY '13	FY '14	FY '15
Target	--	--	--	--	7,600	8,200
Result	8,655	9,095	8,073	7,209	6,818	6,919

Change in the Number of Volunteers and Trainees from FY 2014 to FY 2015



ANALYSIS

The target was not met. In FY 2015, the Peace Corps maintained active programs in 63 countries, administered by 59 overseas posts. Program closings and temporary program suspensions present substantial challenges to steadily increasing the number of Volunteers in the field. In FY 2015, the program in Jordan was temporarily suspended due to security concerns, and operations in Azerbaijan were suspended after 11 years due to a lack of agreement with the host government. In FY 2016, the agency plans to open a program in Myanmar (Burma) and to reopen a program in Timor-Leste. The figure below shows the change in the number of Volunteers in the field by sub-region, providing geographic context for the growing and shrinking presence of the Peace Corps in different areas of the world. The Africa region accounts for the largest decrease in Volunteers in FY 2015; this is primarily attributed to the number of Volunteers who were temporarily evacuated from Guinea, Liberia, and Sierra Leone due to the Ebola outbreak in FY 2014. In the Asia region, the increase was led by growth in the Philippines. In Eastern Europe and Central Asia, Kosovo and Ukraine contributed the most to the increase in the number of Volunteers.

Data Source: Peace Corps database
Lead Office: Office of Global Operations

Performance Goal 2.3 Results

2.3

INCREASE APPLICATIONS

Increase applications for Volunteer service to 25,000 by FY 2018

FY 2015 Status TARGET MET						
	FY '10	FY '11	FY '12	FY '13	FY '14	FY '15
Target	--	--	--	--	20,000	22,000
Result	13,430	12,206	10,091	10,118	19,151 ^a	24,848

^a The definition of an application for Volunteer service was modified in FY 2014; results for FY 2010-13 are reported using the previous definition, which did not include Peace Corps Response and which did require that individuals submit both an application and a health history form. Under the updated definition, an “application” occurs when a qualified U.S. citizen submits a completed application for either the two-year Peace Corps Volunteer program or the short-term Peace Corps Response program. Results and targets for fiscal years 2014 and beyond are reported based on this new definition, which includes applications from both the two-year program (22,956) and the Peace Corps Response program (1,892). In FY 2014, 17,336 applications were received for the two-year program.

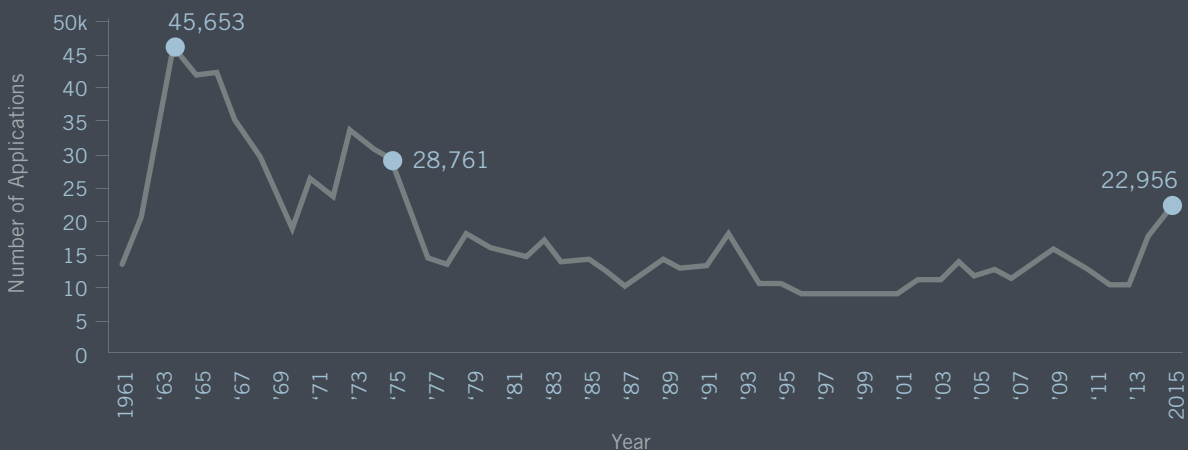
ANALYSIS

The target was met. The dramatic increase in the number of applications for Peace Corps service—currently at a 40-year high—is a clear indication of the competitiveness of the Peace Corps as a service opportunity of choice. The agency expects the revitalized recruitment and application processes in place will sustain high application numbers and ensure that there are multiple applicants for each Volunteer request.

Data Source: Peace Corps database
Lead Office: Office of Volunteer Recruitment and Selection

Two-Year Applications Received

[FY 1961–2015]



Performance Goal 2.4 Results

2.4

REDUCE TIME FROM APPLICATION TO INVITATION

Reduce the average time from application to invitation to no more than 3 months by FY 2016

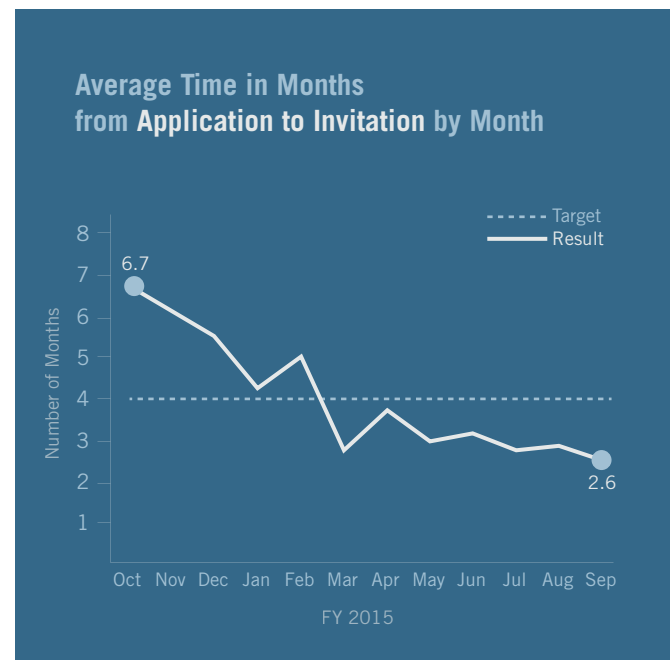
FY 2015 Status | TARGET MET

	FY '10	FY '11	FY '12	FY '13	FY '14	FY '15
Target	--	--	--	--	5 months	4 months
Result	--	10 months	11 months	6 months ^a	7 months	4 months

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

ANALYSIS

The target was met. Recent improvements, such as the elimination of nominations and medical pre-screening as well as the overall simplification of the application process, have reduced the average time from application to invitation. The wait time decreased steadily throughout FY 2015 from a high of 6.7 months at the beginning of the first quarter to 2.6 months by the end of the fourth quarter. The average time for FY 2015 was 4.2 months.



Data Source: Peace Corps database
Lead Office: Office of Volunteer Recruitment and Selection

PEACE CORPS APPLICATION PROCESS



STRATEGIC OBJECTIVE 3: DEVELOPMENT IMPACT

FY 2015 Status | AREA FOR IMPROVEMENT

Supports Strategic Goals 1 and 2

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

The Peace Corps contributes to local development outcomes and strengthens local capacity by implementing Volunteer projects that utilize technical interventions proven to be successful. The agency also partners with other U.S. government, nongovernmental, and private sector development organizations to enhance Volunteers' impact through knowledge, skill, and resource sharing.

The Peace Corps has prioritized further strengthening its capacity to measure the development impact of its Volunteers. Additional data are needed, however, to fully document the degree to which the agency's strategies for programming, training, and evaluation are sufficient to lead toward gains in local development efforts.

KEY STRATEGIES AND ACTIVITIES³

- **Revise Volunteer project frameworks:**

In response to a recommendation in the 2010 Comprehensive Agency Assessment (<http://go.usa.gov/cq6A9>) to bring greater focus to projects and more targeted training to Volunteers, the agency has invested in a multiyear effort to revise project frameworks in order to provide clear, concise logic to link goals, objectives, and activities with indicators of success. All Peace Corps posts around the world revised their Volunteer project frameworks in FY 2013 and were provided feedback from headquarters. This effort has continued in FY 2014 and FY 2015 in relation to project openings, reviews, and closings. It has resulted in project frameworks that contain a more streamlined set of indicators and targets against which Volunteers report their results.

- **Actively participate in presidential and whole-of-government initiatives:**

Due to their location, intercultural competency, and language skills, Peace Corps Volunteers are well-positioned to expand the reach and enhance the efficacy of major development initiatives in local communities. Volunteers work on projects related to several presidential and whole-of-government initiatives, including the Energy and Climate Partnership of the Americas, Feed the Future, the Global Health Initiative, the President's Emergency Plan for AIDS Relief (PEPFAR), the Global Education Framework Agreement, the President's Malaria Initiative, and, most recently, Let Girls Learn.

- **Establish regional standards for feedback to Volunteers:**

The agency recognizes the critical importance of providing timely and quality feedback to Volunteers on their work. To ensure that they benefit from the expertise of staff and the best practices of other Volunteers, the agency has established regional standards for the timeliness and frequency of this feedback. Dedicated staff members at all posts have been tasked with providing feedback to Volunteers on the quality of the data they provide on project indicators. Monitoring and evaluation coordinators are now onboard at many posts and are particularly important in facilitating this process. Some posts have also begun organizing collective reviews of project accomplishments among groups of Volunteers at Peace Corps trainings and conferences.

- **Develop tools for data collection and feedback:**

During FY 2015, a successful effort by multiple offices in headquarters led to streamlining the number of standard sector indicators. Guidance was provided to support posts in meeting data quality expectations for the indicators they are using. To further improve data quality, the agency invested in the development of tools for Volunteers to use in reporting the results of their work. In addition, revisions to the Volunteer Reporting Tool in FY 2014 and FY 2015 have allowed posts to manage their projects in a central database. Volunteers use this database to report their activities against project indicators. Program managers are able to immediately respond with feedback and questions. Additionally, data from Volunteers and posts can be rolled up to a central headquarters-based location and returned back to posts rapidly. This allows for more timely evidence-based decision making.

³ Detailed information about Volunteer activities related to the achievement of Strategic Objective 3: Development Impact can be found in the Work of the Volunteers Section.

Performance Goal 3.1 Results

3.1

ADVANCE COMMUNITY-BASED DEVELOPMENT OUTCOMES

Increase the percentage of projects with documented gains on community-based development outcomes

FY 2015 Status NO TARGET SET						
	FY '10	FY '11	FY '12	FY '13	FY '14	FY '15
Target ^a	--	--	--	--	--	--
Result	--	--	--	--	76%	73% ^b

^a The agency did not set targets for performance goals for which baseline data was collected in FY 2015.

^b FY 2015 results are preliminary and will be updated with the FY 2017 Annual Performance Plan to be issued with the FY 2017 Congressional Budget justification in February 2016. It is expected that when the final Volunteer reports are submitted, the result will increase as it did in FY 2014.

ANALYSIS

This performance goal is measured using data from 19 standard sector indicators—reported by Volunteers in the Volunteer Reporting Tool (VRT)—which summarize their achievements across the Peace Corps' six programmatic sectors. This performance goal's result is based on an analysis of every project that includes one or more of the selected standard sector indicators in a Peace Corps post's project framework. In FY 2015, 104 projects in 51 posts included one or more of the 19 selected indicators. Within this set of 104, projects were considered to have demonstrated "gains" if their results for at least one of the indicators selected to measure this goal met the following two thresholds: (1) At least 25 percent of Volunteers reported results and (2) at least 25 percent of the annual target was achieved. This was a new performance goal in FY 2014. As such, the agency used baseline data from FY 2014 to establish the target beginning in FY 2016.

Data Source: Volunteer Reporting Tool
Lead Office: Office of Global Operations

Performance Goal 3.2 Results

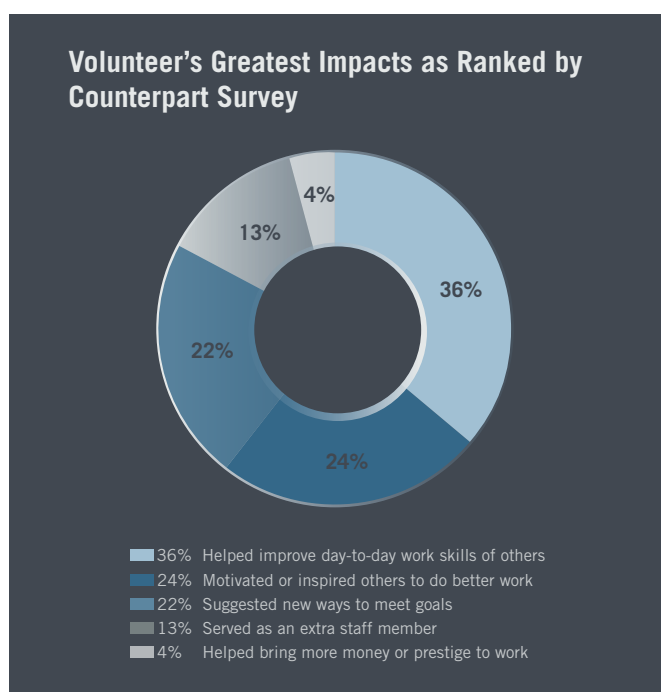
3.2

STRENGTHEN LOCAL CAPACITY

Increase the percentage of projects with documented gains in the capacity of host country individuals

FY 2015 Status NO TARGET SET						
	FY '10	FY '11	FY '12	FY '13	FY '14	FY '15
Target ^a	--	--	--	--	--	--
Result	--	--	--	--	--	83%

^a The agency did not set targets for performance goals for which baseline data was collected in FY 2015.



Note: Results may not add to 100 percent due to rounding. The FY 2015 result for this performance goal was based on the following question: "Thinking of all of the Volunteers who you may have worked with, which of the following is the way in which those Volunteers have had the largest impact on your work, and which would you say is the way in which they have made the smallest impact?" (n=396).

ANALYSIS

The agency launched its first survey of host country counterparts—the primary work partners of Volunteers—in FY 2014, reaching 1,436 out of an estimated 5,800 counterparts globally (approximately 25 percent). The survey questions were designed to measure the counterparts' perception of their own and their community's capacity developed through working with Peace Corps Volunteers. In FY 2014, the percentage of surveyed counterparts was not sufficient to draw global or sector-specific results. As a result, the agency continued collecting baseline data in FY 2015 using a revised approach that focused on a random sample of 400 counterparts globally. The agency was able to survey 397 of these 400 counterparts, thereby representing the entire population of Peace Corps counterparts worldwide.

In order to minimize the potential for positive bias that might occur with a direct question on capacity development, the counterparts were asked to rank the importance of five Volunteer contributions to their work (identified in previous work) as proof of impact by counterparts, but only three of which were considered by the Peace Corps to be evidence of capacity development. Results for this performance goal were calculated as a percentage of the projects in which host country counterparts reported capacity development as Volunteers' primary impact on their projects.

Eighty-three percent of counterparts indicated that their Volunteers' primary impact was related to capacity development. Counterpart responses that indicated that the largest impact of a Volunteer was "helped to improve the day-to-day work skills," "motivated or inspired others to do better work," or "suggested new ways to meet goals" were counted as evidence of capacity development. Responses that indicated that the largest impact of a Volunteer was "served as an extra staff member" or "helped to bring more money or prestige" were not counted as evidence of capacity development.

Data Source: Global Counterpart Survey
Lead Office: Office of Global Operations

Performance Goal 3.3 Results

3.3

IMPROVE FEEDBACK TO VOLUNTEERS

Increase the percentage of Volunteers satisfied^a with the timeliness and quality of feedback provided on their work to 68 percent by FY 2018

FY 2015 Status TARGET NOT MET						
	FY '10	FY '11	FY '12	FY '13	FY '14	FY '15
Target	--	--	--	--	40%	59%
Result	35%	39%	33%	38%	55% ^b	54%

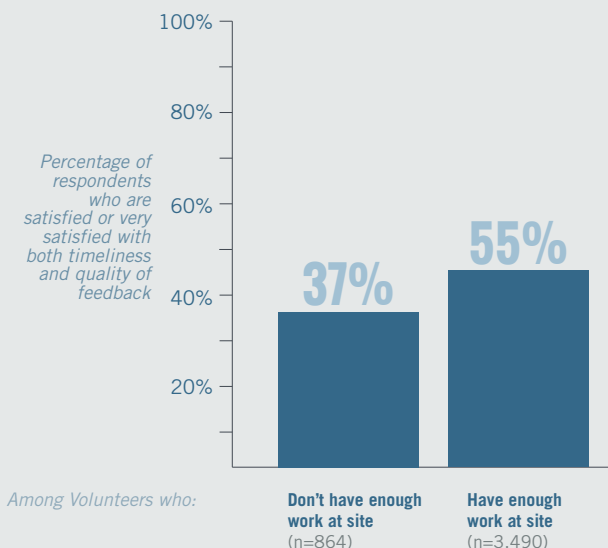
^a Includes the top two positive response options on a balanced five-point scale.

^b Due to the improvements to the AVS in FY 2014, including modifying the response scales and reducing the length of the questionnaire by half, results from FY 2010-13 (shaded in gray) may not be directly comparable to results in FY 2014 and future years. However, year-to-year comparison of results from FY 2014 onward is possible. Targets set for FY 2015 and beyond have been revised in view of the higher than projected FY 2014 results.

ANALYSIS

The target was not met in FY 2015. Volunteers live and work in local communities that are often long distances away from Peace Corps staff. When Volunteers receive timely, high-quality feedback on their work from staff via email, text messages, phone calls, responses to the Volunteer Reporting Tool, or other mechanisms, they are able to benefit from the experience and advice of staff, share successes, and address challenges. This interaction contributes to the ability of Volunteers to achieve their project outcomes. Notably, a little over half of all Volunteers who responded on the AVS reported feeling satisfied with the timeliness and quality of the feedback provided by Peace Corps staff on their work. The individual results on the two survey questions used to measure this performance goal showed that 61 percent of respondents were satisfied with timeliness of the feedback that they received, while 63 percent were satisfied with quality of feedback. Work availability at site proved highly correlated to Volunteer satisfaction with feedback on work reports. Volunteers who felt they had enough work at site were, on average, more satisfied with feedback on work reports than Volunteers who did not feel they had enough work at site. Additionally, Volunteers who were satisfied with the feedback received, on average, worked 10 more hours per week on their primary and secondary projects than Volunteers who were dissatisfied with the feedback they received. A number of new measures—including regional standards for feedback to Volunteers—have been implemented and are expected to lead to further improvement in FY 2016.

Volunteer Satisfaction with both timeliness and quality of feedback



Data Source: Annual Volunteer Survey
Lead Office: Office of Global Operations

STRATEGIC OBJECTIVE 4: CROSS-CULTURAL UNDERSTANDING

FY 2015 Status | AREA FOR IMPROVEMENT

Supports Strategic Goals 1, 2, and 3

Build a deeper understanding of other cultures by developing long-lasting connections between American and host country individuals and communities

Volunteers advance cultural understanding between the United States and the communities where they serve by living and working side by side with local partners and by sharing their experiences with family, friends, and the American public both during their service and when they return to the U.S. Through comprehensive intercultural⁴ learning opportunities, Volunteers acquire skills that allow them to not only understand other cultures but to navigate among cultures appropriately, responsibly, and effectively. In this way, Volunteers serve as cultural ambassadors between host countries and the United States, promoting mutual understanding among peoples through daily interactions and the use of new technology. Based on FY 2015 results, more progress is needed to improve outcomes related to cross-cultural understanding and facilitated interactions between Volunteers and host country communities. The agency is working to provide Volunteers and staff with effective training and resources that reflect recent advances in intercultural competence.

KEY STRATEGIES AND ACTIVITIES⁵

- **Develop intercultural competence training and tools:** Intercultural competence encompasses the knowledge, skills, and attitudes necessary to communicate effectively and appropriately with people from other cultures. In FY 2015, the agency released new online intercultural competence training for both staff and Volunteers. In FY 2016, the agency will adopt newly designed intercultural competency tools for Peace Corps trainees, Volunteers, host country staff, U.S. direct hire staff, host families, and counterparts that will better equip them to interact and communicate effectively and appropriately across cultures.
- **Leverage new platforms to promote cross-cultural understanding:** In FY 2015, the agency redesigned aspects of the Correspondence Match program to facilitate independently identified “matches” between Volunteers and U.S. teachers,

improved methods for collaboration through social media, and the promotion of new technologies to enable communication between host and home communities. Additionally, the agency hosted eight model events where a Volunteer and a member of his or her host community participated in video chats with members of the American public. For more information on how the Peace Corps facilitates cross-cultural understanding in classrooms across the country, visit <http://go.usa.gov/cYY8k>.

⁴ The term “intercultural” emphasizes the diversity found within groups and the complex multicultural context in which the Peace Corps operates.

⁵ Volunteer activities related to the achievement of Strategic Objective 4: Cross-Cultural Understanding can be found in the Work of the Volunteers Section.

Performance Goal 4.1 Results

4.1

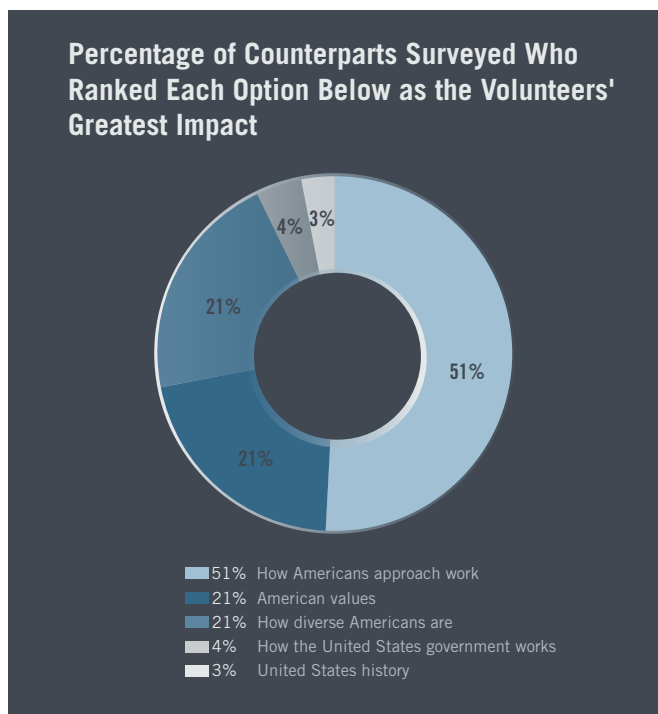
GREATER UNDERSTANDING OF AMERICANS

Increase the percentage of counterparts who report a greater understanding of Americans after working with a Volunteer

FY 2015 Status NO TARGET SET						
	FY '10	FY '11	FY '12	FY '13	FY '14	FY '15
Target ^a	--	--	--	--	--	--
Result ^b	--	--	--	--	94%	90%

^a The agency did not set targets for performance goals for which baseline data was collected in FY 2015.

^b This result is based on the following question: "Have you learned anything new about the United States or Americans through your interactions with Peace Corps Volunteers?"



Note: The FY 2015 result for this performance goal was based on the following question: "Which of the following is the thing that you have learned the most about through working with Peace Corps Volunteers, and which is the thing that you have learned the least about through working with Peace Corps Volunteers?" (n=356).

ANALYSIS

This performance goal is measured through the Global Counterpart Survey, first launched in FY 2014. Counterparts work closely with Volunteers and their increased understanding of the United States and the American people is a result of sustained day-to-day interactions with Volunteers. Nine in 10 Peace Corps counterparts reported that they learned something new about the United States after working with Volunteers. The FY 2015 result is based on survey data collected from a random sample of counterparts. As a result, it has a lower margin of error than the census of counterparts that the agency attempted in FY 2014. It is, thus, a more reliable reflection of counterpart sentiment.

The survey included a supplemental question about the specific content that the counterparts reported learning through working with Peace Corps Volunteers. (See graph). Counterparts reported that they learned most about how Americans approach work, followed by American values and diversity. This data provides information on one aspect of the impact of Volunteers on the Peace Corps' goal of promoting a better understanding of Americans.

Data Source: Global Counterpart Survey
Lead Office: Office of Global Operations

Performance Goal 4.2 Results

4.2

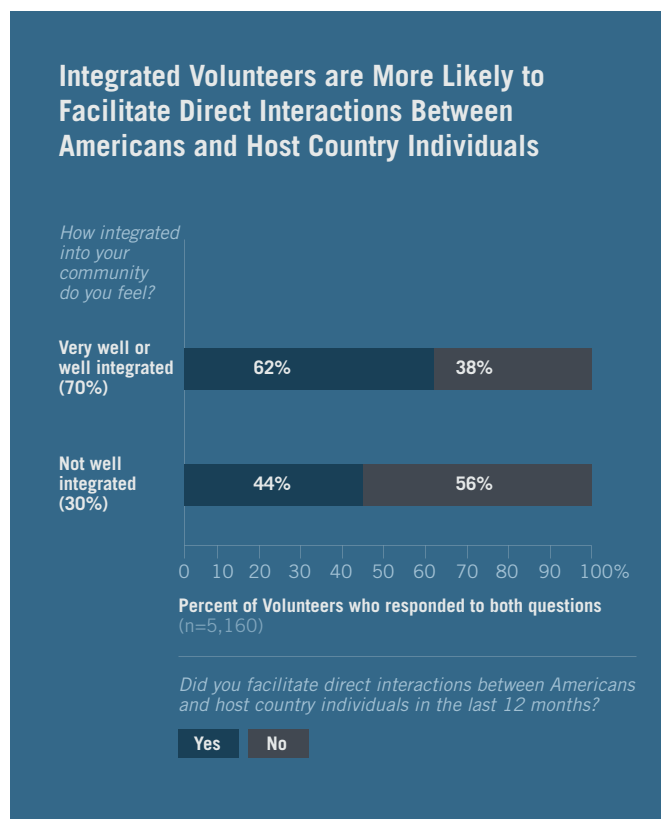
INCREASE CROSS-CULTURAL CONNECTIONS

Increase the percentage of Volunteers who report they facilitated direct interactions between American and host country individuals and communities to 62 percent by FY 2016

FY 2015 Status SLIGHTLY BELOW TARGET						
	FY '10	FY '11	FY '12	FY '13	FY '14	FY '15
Target	--	--	--	--	--	60%
Result	--	--	--	--	57%	57%

ANALYSIS

FY 2015 results were slightly below the target. This performance goal captures Volunteers' work to facilitate direct in-person and virtual interactions between Americans and host country peoples through participation in match programs, social media, in-person visits, web conferences, and other mechanisms. This question was included in the Annual Volunteer Survey for the first time in FY 2014 and therefore trend data is not available. In FY 2015, the agency worked to improve Volunteer integration by strengthening Volunteer training and Volunteer resources related to intercultural competence. Increases in Volunteers' intercultural competence allow for more culturally appropriate and mutually beneficial interactions with host country individuals. As shown in the following graph, well-integrated Volunteers were far more likely to facilitate direct interactions between Americans and host country individuals. The agency expects that the adoption of the newly designed intercultural competence tools and training for Volunteers will improve performance in FY 2016.



Data Source: Annual Volunteer Survey
Lead Offices: Office of Overseas Programming and Training Support, Office of Third Goal and Returned Volunteer Services

STRATEGIC OBJECTIVE 5: CONTINUATION OF SERVICE

FY 2015 Status | AREA FOR IMPROVEMENT

Supports Strategic Goal 3

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

More than 220,000 Americans have served as Peace Corps Volunteers since 1961—a significant “domestic dividend” of skilled and dedicated individuals who continue serving the American public and the overseas communities where they lived and worked long after they return home. By providing tools and resources to Volunteers to ease their transition after service, such as career counseling and best practices for sharing their experiences and promoting service, the Peace Corps is positioning returned Volunteers to be active contributors to the agency's Third Goal. The agency also encourages returned Volunteers to share their experiences with family, friends, and the public; build and maintain connections among Americans and host country individuals and communities; and recruit the next generation of Volunteers. Significant additional work to advance the Peace Corps mission is undertaken directly by the returned Peace Corps Volunteer community through returned Volunteer groups and the actions of individual returned Volunteers—-independent of the agency. Notably, a significant number of returned Volunteers continue their service as international development or foreign policy specialists.

KEY STRATEGIES AND ACTIVITIES:

- **Leverage social media platforms to build returned Peace Corps Volunteer (RPCV) networks:**

The agency facilitated RPCV connections and career services through public platforms, such as LinkedIn, Facebook, and Twitter. At the end of FY 2015, there were nearly 13,000 RPCVs on LinkedIn, 2,400 RPCV Friends and Family Facebook Group members, and 1,600 Twitter followers. The effective use of public platforms also provided more opportunities than ever before for RPCVs to share their stories and facilitate cross-cultural understanding.

- **Strengthen RPCV services through online resources:**

The agency provided career and Third Goal-related resources to the RPCV community on the Peace Corps website

(<http://go.usa.gov/c36K4>). Improvements in FY 2015 included new resources on the RPCV Virtual Career Center and expanding the “Bring the World Home” section, which provides tools to help RPCVs share their stories.

- **Expand RPCV career events across the country:**

In FY 2015, the agency worked to offer career events to RPCVs at a variety of locations outside of Washington, D.C. The Peace Corps held its first four-day career conference in Seattle and piloted a new Virtual Career Conference that included participants from across the country.

Performance Goal 5.1 Results

5.1

SUPPORT RPCV CAREER TRANSITION

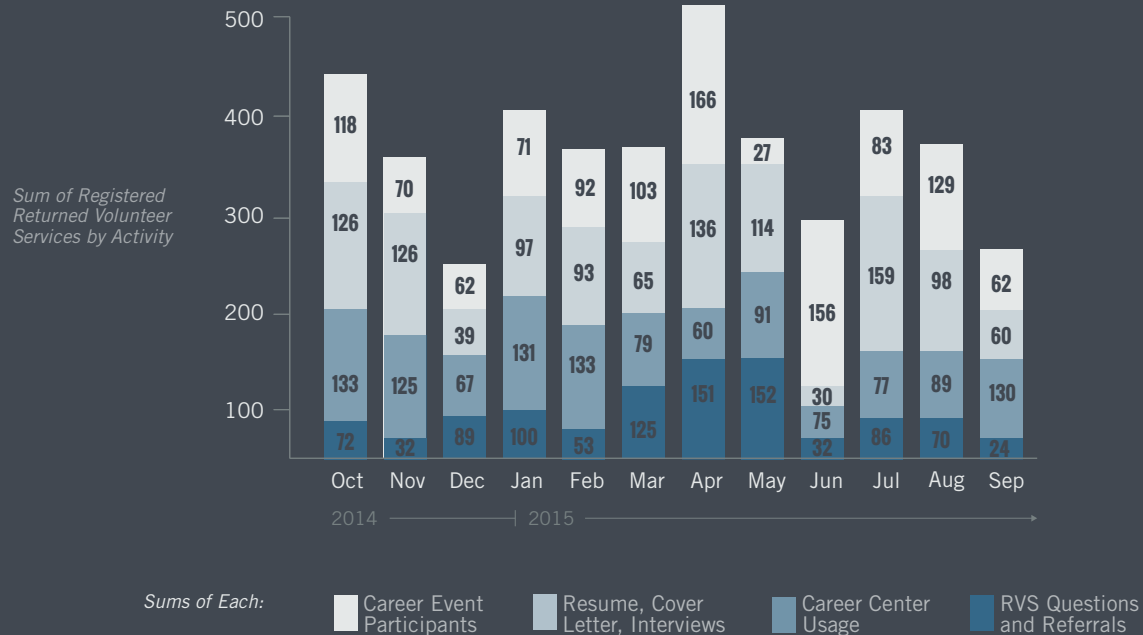
Increase the number of returned Volunteers who access the Peace Corps' career services to 3,000 by FY 2016

FY 2015 Status TARGET MET						
	FY '10	FY '11	FY '12	FY '13	FY '14	FY '15
Target	--	--	--	--	2,500	2,750
Result	--	--	--	--	2,649	2,831

ANALYSIS

The target was met. The career services included in the measure for this performance goal are career conferences and fairs, employer panels, employer information sessions, career-focused webinars, résumé reviews, mock interviews, and career service consultations provided at headquarters and regional recruitment offices. The figure below displays the number of RPCVs who accessed these different types of the Peace Corps' career services for FY 2015 by month.

Overview of Returned Volunteer Services (RVS) in FY 2015



Data Source: Peace Corps administrative records
Lead Office: Office of Third Goal and Returned Volunteer Services

Performance Goal 5.2 Results

5.2

INCREASE RPCV ENGAGEMENT

Increase the number of returned Volunteers who participate in agency-supported Third Goal activities to 16,000 by FY 2018

FY 2015 Status TARGET MET						
	FY '10	FY '11	FY '12	FY '13	FY '14	FY '15
Target	--	--	--	--	8,000	10,000
Result	--	--	--	--	9,754	10,866

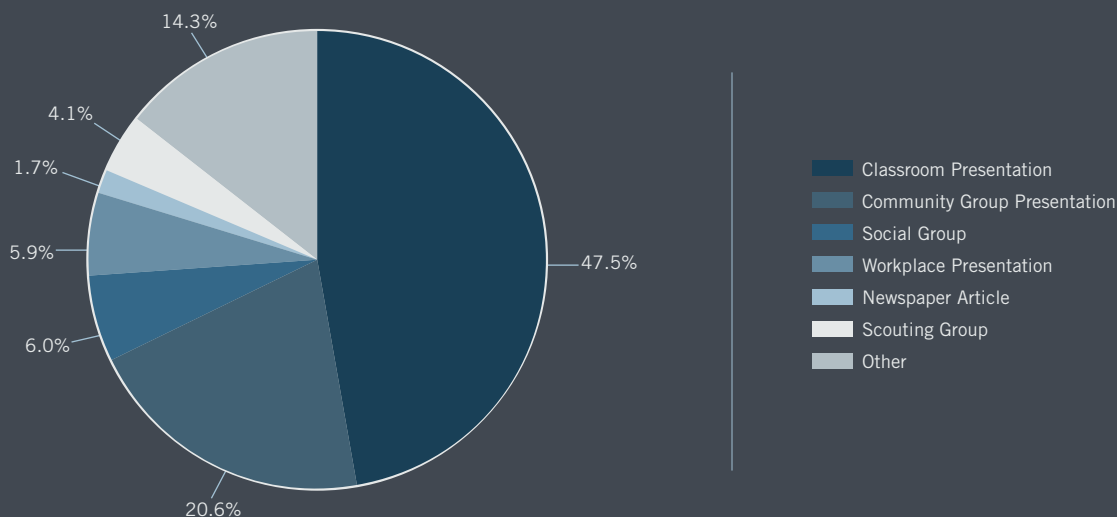
ANALYSIS

The target was met. This performance goal measures RPCV participation in agency-supported activities to increase Americans' awareness and knowledge of other cultures, including the Coverdell World Wide Schools Speakers Match program, Peace Corps Week, Third Goal conferences and summits, and recruitment events. The majority of agency-supported Third Goal events are conducted at the Peace Corps headquarters in Washington, D.C., and at regional recruitment offices across the country. To expand the reach of Third Goal activities beyond agency-lead events, the Peace Corps will take steps to increase the resources and materials available for returned Volunteers to independently conduct Third Goal activities in their communities. Strategies to improve performance on this measure in the next year include further improving communication platforms for returned Volunteers, supporting the development of independent Volunteer alumni groups by providing materials on the promotion of the Third Goal, and developing a "Third Goal and Returned Volunteer Services" curriculum to be included in pre-departure, pre-service, and close-of-service training for Volunteers.

Data Source: Peace Corps administrative records

Lead Office: Office of Third Goal and Returned Volunteer Services

Third Goal Activity Breakdown in FY 2015



STRATEGIC OBJECTIVE 6: DIVERSITY AND INCLUSION

FY 2015 Status | **NOTEWORTHY PROGRESS**

Supports Strategic Goals 1, 2, and 3

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

The Peace Corps recruits a diverse workforce and Volunteer corps to ensure that Volunteers are well-positioned to serve as cultural ambassadors in the local communities where they live and work. To promote a better understanding of America, it is critical that Volunteers represent the rich diversity of the U.S. population. In addition, since many staff are drawn from the pool of returned Volunteers, a diverse Volunteer corps contributes to building a more diverse workforce. To harness and support the unique perspectives of a diverse Peace Corps, the agency fosters an inclusive culture that encourages collaboration, flexibility, fairness, and meaningful ongoing dialogue.

KEY STRATEGIES AND ACTIVITIES

- **Launch the Diversity Governance Council:**

The Peace Corps formally constituted the charter of its new Diversity Governance Council and held the inaugural meeting in September 2015. Senior staff will participate in the council's quarterly meetings along with agency diversity practitioners and representatives from each employee resource group. The activities planned for this council include developing a four-year diversity and inclusion strategic plan and overseeing its implementation, monitoring compliance with Peace Corps regulations and presidential orders, facilitating the appointment of senior liaisons for employee groups, serving as a forum to address key issues, and providing advice to agency leadership.

- **Integrate diversity, inclusion, and intercultural competence:**

In FY 2015, the Peace Corps linked its diversity and inclusion efforts with intercultural competence. The agency developed intercultural training and consultations that specifically target Volunteers and the post staff who train Volunteers. Both the creation of the Diversity Governance Council and the development of a diversity dashboard have served as catalysts for cross-office collaboration throughout the agency. In FY 2016, the Peace Corps will revise its training for directors, managers, and supervisors to address new diversity and inclusion goals in addition to Equal Employee Opportunity policies and principles.

- **Reach underrepresented populations:**

The Peace Corps is committed to maintaining a diverse Volunteer corps that represents the U.S. population. In FY 2015, the agency sought new ways to reach underrepresented communities and retain diverse candidates throughout the application process. In FY 2015, the Peace Corps collaborated with strategic partners, local and regional groups connected to diverse communities, and returned Volunteer groups to support the engagement of diverse communities and potential applicants. The agency intends to build upon existing programs and develop a plan for a mentoring program to connect recently returned Volunteers with current Peace Corps applicants to improve retention. A new performance goal to advance this objective has been included in the FY 2017 Annual Performance Plan.

- **Strengthen employee resource groups:**

Peace Corps employee resource groups are created by employees around a shared area of interest or diversity aspect. They are supported by the agency to promote networking, career development, community service, and cross-cultural understanding. Each group developed a charter for its members and has a member of the senior staff serve as liaison between the group and other agency leaders. The Peace Corps currently has employee resource groups to support staff of African, Asian/Pacific Islander, and Hispanic ancestry; Jewish faith and ancestry; members of the LGBTQA (lesbian, gay, bisexual, transgender, queer, and ally) communities; parents; women; veterans; as well as groups on "mindfulness" (meditation and relaxation for managing stress) and non-denominational faith. These groups are open to all Peace Corps employees. The Peace Corps has also added full-time staff positions dedicated to promoting diversity in the agency.

Performance Goal 6.1 Results

6.1

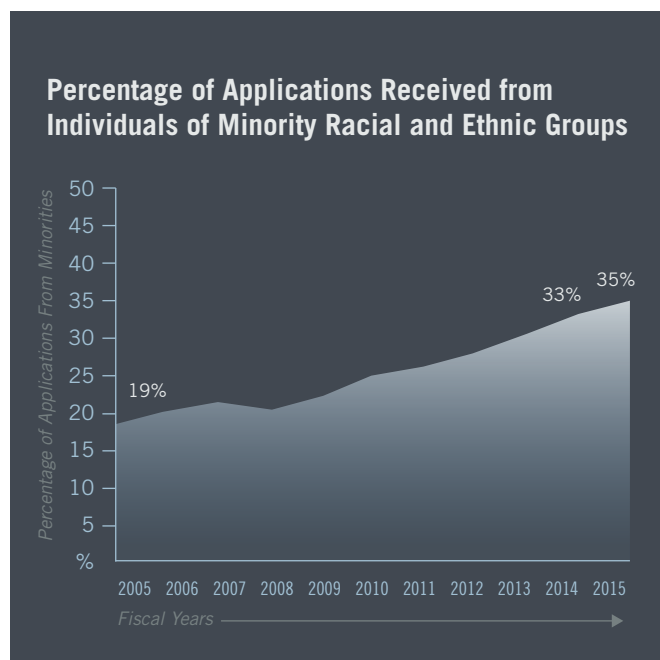
INCREASE APPLICANT DIVERSITY

Increase applications for Volunteer service from individuals of minority racial and ethnic groups to 35 percent by FY 2016

FY 2015 Status TARGET MET						
	FY '10	FY '11	FY '12	FY '13	FY '14	FY '15
Target	--	--	25%	26%	32%	34%
Result	24%	26%	27%	30%	33%	35%

ANALYSIS

The target was met. In recognition of the fact that Peace Corps projects generally require at least a bachelor's degree level of education, targets were developed based on diversity data from the college-degreed population of the United States. Minority racial and ethnic groups include the following designations on the Peace Corps application: Hispanic or Latino, Black or African American, Native Hawaiian or other Pacific Islander, Asian, American Indian or Native Alaskan, and two or more races. In the past decade, the percentage of applications from minorities has nearly doubled from 19 percent in FY 2005 to 35 percent in FY 2015. The two largest minority groups are Hispanics (13 percent) and blacks or African-Americans (12 percent).



Data Source: Peace Corps database

Lead Office: Office of Volunteer Recruitment and Selection

Performance Goal 6.2 Results

6.2

BUILD AN OPEN AND INCLUSIVE ORGANIZATIONAL CULTURE

Increase the percentage of Peace Corps Volunteers, U.S. direct hire staff, and host country staff who report that the agency has an open and inclusive organizational culture^a to 90 percent by FY 2016

FY 2015 Status TARGET NOT MET						
	FY '10	FY '11	FY '12	FY '13	FY '14	FY '15
Target	--	--	--	--	85% ^b	88%
Result	U.S. direct hire staff					
	--	--	--	--	88%	83%
	Host country staff					
	--	--	--	--	89%	92%
	Volunteers					
	--	--	--	--	80%	76%

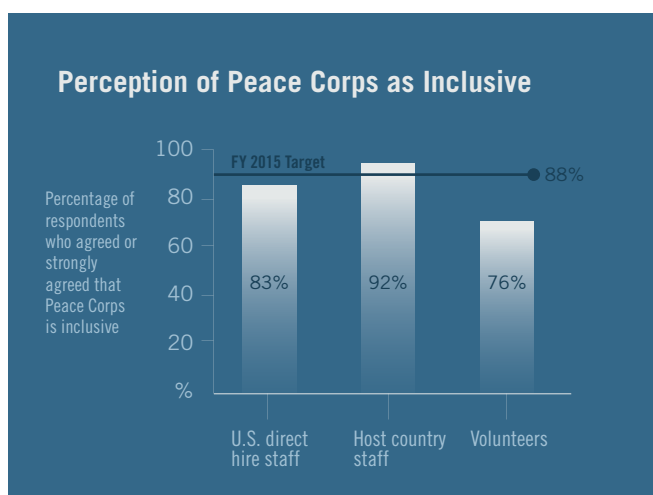
^a Includes the top two positive responses on a five-point balanced scale to the question: "To what extent do you agree or disagree that the organizational culture of the Peace Corps (including staff and Volunteers) is inclusive of diverse people?"

^b The FY 2014 target only applied to U.S. direct hire staff and was based on an estimate derived from contextual information from the Employee Viewpoint Survey. Based on the collection of baseline data from host country staff and Volunteers through the Host Country Staff Survey and Annual Volunteer Survey, respectively (shaded in gray), targets for FY 2015 and beyond apply to all three groups. These results are based on 943 U.S. direct hire staff; 1,502 host country staff; and 5,189 Volunteers.

ANALYSIS

The target was not met among U.S. direct hire staff or Volunteers; it was met among host country staff. As a result, the overall target was not met. For this performance measure, an open and inclusive organizational culture constitutes a positive working environment as reflected in the interactions among members of the Peace Corps organization as a whole (e.g., Volunteers, post staff, and headquarters staff). This performance measure assesses the Peace Corps' level of inclusivity by analyzing the perception of openness and inclusion of these groups with respect to race, ethnicity, age, sex, disability, religion, sexual orientation, veteran status, family status, and gender identity or expression.

Results from FY 2015 illustrate a difference between the perceptions of staff and Volunteers on the degree to which the Peace Corps' organizational culture is open and inclusive. Ninety-two percent of host country staff, 83 percent of U.S. direct hire staff, and 76 percent of Volunteers agreed that the organizational culture of the Peace Corps (including staff and Volunteers) is inclusive of diverse people. The agency's efforts to improve performance on this goal focus on narrowing this gap by facilitating the development of employee resource groups that are well-positioned to represent the perspective of their members. Currently, these groups are primarily utilized by headquarters staff. Discussions are underway to expand their reach to overseas staff and Volunteers.



Data Sources: Annual Volunteer Survey, Employee Viewpoint Survey, Host Country Staff Survey
Lead Office: Office of Civil Rights and Diversity

STRATEGIC OBJECTIVE 7: SITE DEVELOPMENT

FY 2015 Status | AREA FOR IMPROVEMENT

Supports Strategic Goals 1 and 2

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

Before a Volunteer arrives in his or her country of service, the Peace Corps works to ensure that he or she will have meaningful work opportunities that meet the development needs of the local community and that there are local partners interested in working alongside the Volunteer. The agency also verifies that each work site can support the Volunteer's safety, security, and medical and mental health needs. This foundation allows each Volunteer to focus on building relationships and strengthening local capacity both when he or she arrives in the community and throughout service.

KEY STRATEGIES AND ACTIVITIES

- Assess key drivers of effective site development:**
 In FY 2015, the agency prioritized the rigorous analysis of two valuable data sources that inform site development: the Global Counterpart Survey and the Annual Volunteer Survey (AVS). Key findings from the AVS results shed new light on Volunteers' perceptions of their sites and enable the agency to reassess site development priorities and strategies. Specifically, survey results showed that Volunteer site perception primarily consists of two broad areas: community demand for the Volunteer (as manifested in the perceived availability of quality work) and Volunteer comfort level (as manifested in the perceived degree of community integration, perceived safety risks, and the health-related lifestyle choices they make). Interestingly, Volunteer site perception was not associated with a number of other potentially relevant conditions, including housing adequacy, distance to other Volunteers, time spent with host families, and ongoing support functions provided by the Peace Corps, such as medical or administrative support.
- Implement site development procedures:**
 In FY 2015, the agency worked to implement the regional site development and monitoring standards, first introduced in FY 2014. In addition to adding staff in order to appropriately respond to new requirements at posts, the agency made progress on adapting site development criteria, policies, and procedures to specific conditions at each post. As a result, posts reported having clearer and better defined procedures to identify sites where Volunteers will have the resources they need. In FY 2016, the agency will continue to review and prioritize requests for additional resources in order for posts to continue to improve the site development process.

Performance Goal 7.1 Results

7.1

IMPROVE SITE DEVELOPMENT

Increase the percentage of Volunteers satisfied^a with site selection and preparation to 68 percent by FY 2018

FY 2015 Status | SLIGHTLY BELOW TARGET

	FY '10	FY '11	FY '12	FY '13	FY '14	FY '15
Target	--	--	--	--	44%	62%
Result	44%	42%	41%	42%	59% ^b	59%

^a Includes the top two response options on a five-point balanced scale.

^b Due to the improvements to the Annual Volunteer Survey (AVS) in FY 2014, including modifying the response scales and reducing the length of the questionnaire by half, results from FY 2010–13 may not be directly comparable to results in FY 2014 and future years. However, year-to-year comparison of results from FY 2014 onward is possible. Targets set for FY 2015 and beyond have been revised in view of the higher than projected FY 2014 results.

ANALYSIS

FY 2015 results were slightly below the target. This performance goal measures the percentage of Volunteers satisfied with site selection and preparation conducted by Peace Corps post staff. Site selection criteria address the planned work role for the Volunteers, the potential for integration, living arrangements, vulnerability to natural disasters, communication, availability of a local counterpart, transportation, access to essential health care and other support services, the security climate, and cooperation with host authorities. Consistent with FY 2014 results, Volunteer satisfaction with site selection and preparation remains heavily correlated with Volunteers' perception of having adequate work at their sites. In FY 2015, nearly all respondents (97 percent) who perceived that they had high-quality work indicated that they liked their sites. Interestingly, the greatest difference between those who were satisfied with their site selection and preparation and those who were not satisfied related to the preparation of their counterparts. Volunteers who liked their site were 110 percent more likely to agree that host country individuals with whom they would be working were prepared for their arrival. The top five key drivers of Volunteer satisfaction with site selection and preparation are detailed in the graph below. By further analyzing these components of effective site development, the agency plans to develop targeted strategies on critical aspects of the site development process to improve future performance.

TOP FIVE DRIVERS OF VOLUNTEER SATISFACTION

1. Community members were prepared for the Volunteer's arrival.
2. Work is meaningful.
3. Work matches the Volunteer's skills.
4. Sufficient work is available.
5. Work relates to community needs.

Data Source: Annual Volunteer Survey
Lead Offices: Africa Region; Europe, Mediterranean, and Asia Region;
Inter-America and the Pacific Region

Performance Goal 7.2 Results

7.2

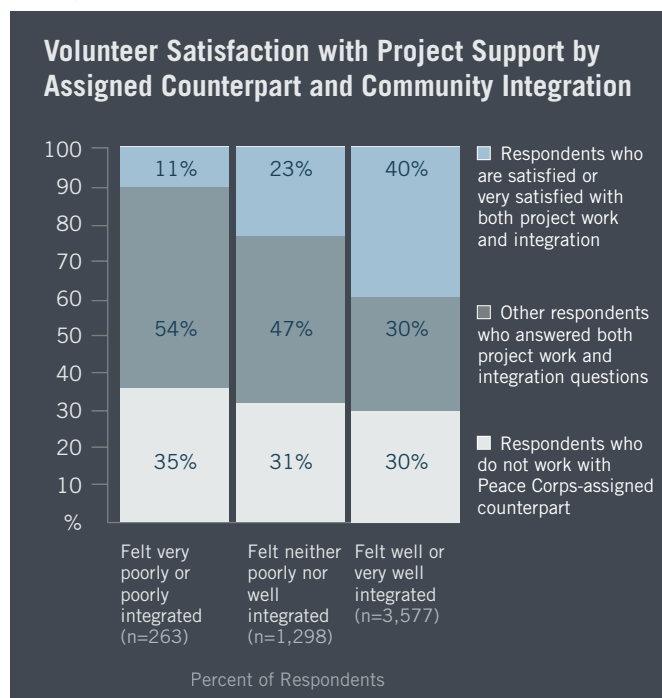
IMPROVE COUNTERPART SELECTION AND PREPARATION

Increase the percentage of Volunteers who are satisfied^a with the community integration and project work support provided by their assigned counterpart to 61 percent by FY 2018

FY 2015 Status TARGET NOT MET						
	FY '10	FY '11	FY '12	FY '13	FY '14	FY '15
Target	--	--	--	--	34%	55%
Result	33%	31%	32%	32%	53% ^b	51%

^a Includes the top two response options on a five-point balanced scale.

^b Due to the improvements to the AVS in FY 2014, including modifying the response scales and reducing the length of the questionnaire by half, results from FY 2010-13 (shaded in gray) may not be directly comparable to results in FY 2014 and future years. However, year-to-year comparison of results from FY 2014 onward is possible. Targets set for FY 2015 and beyond have been revised in view of the higher than projected FY 2014 results.



ANALYSIS

The target was not met. This performance goal measures the percentage of Volunteers who are satisfied with both the community integration and project work support provided by their assigned counterpart. While Volunteers work with a variety of local partners throughout their service, the Peace Corps selects and assigns local counterparts to Volunteers when they first arrive at their sites to help integrate them into their communities and to serve as resources for their project work. Effective Volunteer integration in local communities is particularly critical to both Goal One and Goal Two success. When analyzed separately, Volunteers who felt more integrated in their communities were also more satisfied with the support provided by their counterpart. Additionally, respondents who were satisfied with their Peace Corps-assigned counterparts communicated with them more frequently, on average, than those who were less than satisfied.

Recent Global Counterpart Survey data demonstrates that counterparts are aware of the critical nature of Volunteer integration. When asked for open-ended suggestions for increasing Volunteer impact in their communities, many more counterparts recommended an increased focus on integration, particularly through Volunteers' cultural competency, than specific technical skills. The agency expects that increased cultural competency in both counterparts and Volunteers will lead to greater integration, which will lead to more satisfied Volunteers.

Note: Results may not add to 100 percent due to rounding.

Data Source: Annual Volunteer Survey
Lead Offices: Africa Region; Europe, Mediterranean, and Asia Region; Inter-America and the Pacific Region

STRATEGIC OBJECTIVE 8: TRAIN UP

FY 2015 Status | AREA FOR IMPROVEMENT

Supports Strategic Goals 1 and 2

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

High-quality training is central to the success of Volunteers. The Peace Corps invests in technical training to ensure that Volunteers have the necessary skills to lead and/or facilitate capacity-building efforts at the local level. Training also focuses on building Volunteers' language skills and intercultural competence to advance their technical work and to facilitate cultural integration and mutual understanding. Providing a continuum of learning throughout service ensures that Volunteers receive the tools and support they need.

KEY STRATEGIES AND ACTIVITIES

- Expand training modalities:**
 In FY 2015, the Peace Corps expanded its training modalities to provide staff, trainees, and Volunteers with distance learning opportunities through e-learning and virtual classrooms. Successful e-learning training initiatives completed in FY 2015 included two online courses for Volunteers on the Peace Corps' Teaching English as a Foreign Language (TEFL) Certificate Program, an "HIV Basics" course for Volunteers, and a "Keys to Culture" course for all agency staff. The expansion of e-learning initiatives to diversify training delivery methods has enabled Volunteers to build their own continuum of learning outside of specified training and in-person events. For FY 2016, the agency has planned improvements to the online platform for staff knowledge management and exchange. The agency will continue to collaborate across offices and appropriate partners to ensure that coordinated learning paths are consistent and strategic in design and delivery. Training improvements include a self-directed, pre-departure learning program for invitees that will strengthen the link of pre-departure learning to training throughout service, as well as the development of distance learning programs to facilitate continuous learning.
- Evaluate the Peace Corps' technical training:**
 In FY 2015, the agency began the initial stages of a full-scale evaluation of technical training and key drivers of training effectiveness. Progress to date includes a submitted scope of work for the evaluation and an assembled evaluation team with representation from both headquarters and overseas post staff. In FY 2016, the evaluation planning will be completed, data collection and analysis activities launched and completed, and a final report—with clear, actionable recommendations—drafted and distributed to agency leadership. As sector-based technical training is one of the agency's most critical processes and a cornerstone to Volunteer success, the evaluation findings will inform agencywide strategies and evidence-based decision making for several years.

Performance Goal 8.1 Results

8.1

IMPROVE LANGUAGE LEARNING

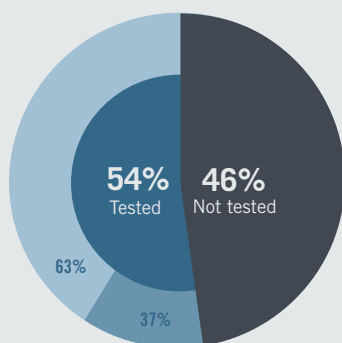
Increase the percentage of Volunteers tested at close of service who achieve the “advanced” level or above on the language proficiency interview to 70 percent by FY 2018

FY 2015 Status TARGET MET						
	FY '10	FY '11	FY '12	FY '13	FY '14	FY '15
Target	--	--	--	--	50%	55%
Result	--	--	--	--	63%	63%

ANALYSIS

This performance goal measures the percentage of Volunteers who achieve an “advanced” or “superior” level score on their language proficiency interview at their close of service. Although the target was met in FY 2015, the result represents only 54 percent of the Volunteers who closed their service. FY 2015 was the first year the Peace Corps required all posts to conduct close-of-service language testing for all Volunteers. The agency anticipates that results for this performance goal will change once all Volunteers are tested at close of service, but does not yet have sufficient evidence to indicate the direction of that change.

Percentage of Volunteers who are Tested and Percentage who Achieved an Advanced Level or Above



Of the Volunteers who were tested at close of service, 63% achieved an **advanced level or above**.

Data Source: Peace Corps database
Lead Offices: Office of Overseas Programming and Training Support; Africa Region; Europe, Mediterranean, and Asia Region; Inter-America and the Pacific Region

Performance Goal 8.2 Results

8.2

INCREASE EFFECTIVENESS OF TECHNICAL TRAINING

Increase the percentage of Volunteers who report that their technical training was effective^a in preparing them to work at their site to 67 percent by FY 2018

FY 2015 Status SLIGHTLY BELOW TARGET						
	FY '10	FY '11	FY '12	FY '13	FY '14	FY '15
Target	--	--	--	--	52%	64%
Result	44%	44%	44%	50%	63% ^b	63%

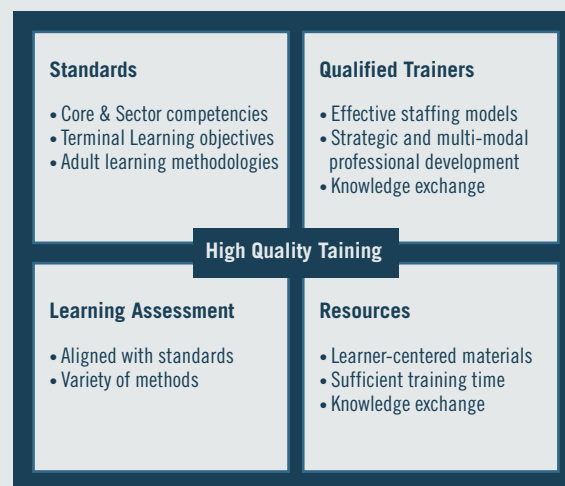
^a Includes the top two positive response options on a five-point balanced scale.

^b Due to the improvements to the Annual Volunteer Survey (AVS) in FY 2014, including modifying the response scales and reducing the length of the questionnaire by half, results from FY 2010–13 may not be directly comparable to results in FY 2014 and future years. However, year-to-year comparison of results from FY 2014 onward is possible. Targets set for FY 2015 and beyond have been revised in view of the higher than projected FY 2014 results.

ANALYSIS

FY 2015 results were slightly below the target. This performance goal measures the percentage of Volunteers who reported that their training was effective in preparing them to perform the technical aspects of their work. Technical training includes the instruction Volunteers receive during pre-service training, in-service training, and other post-sponsored events that cover work activities related to their assigned project framework. In FY 2016, the agency will conduct an evaluation on the effectiveness of technical training to determine key levers of performance, both at overseas posts and at headquarters. The findings of the evaluation will provide more objective data on the effectiveness of technical training to supplement the data currently available from Volunteers.

Evaluating the Key Levers of Technical Training Effectiveness



Data Source: Annual Volunteer Survey
 Lead Offices: Office of Overseas Programming and Training Support;
 Africa Region; Europe, Mediterranean, and Asia Region; Inter-America
 and the Pacific Region

STRATEGIC OBJECTIVE 9: HIGH-PERFORMING LEARNING ORGANIZATION

FY 2015 Status | AREA FOR IMPROVEMENT

Supports Strategic Goals 1, 2 and 3

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

Due to the five-year rule—the unique law that limits the majority of U.S.-based and American overseas staff to five-year appointments—the Peace Corps is routinely faced with high staff turnover that produces significant human capital and knowledge management challenges. The goal of this strategic objective is to mitigate these management challenges by laying the foundation for a high-performing learning organization through investments in staff development. The agency strives to increase retention of its employees to the fullest extent of the law, while recognizing the need to maximize knowledge exchange and institutional memory.

The Peace Corps employs multiple strategies for its work in this area, guided by three organizing principles: coordination, collaboration, and communication. Understanding that learning occurs through multiple means and modalities, a variety of resources have been made available to staff, including training workshops, conferences, self-directed learning, online resources, communities of practice, and staff exchanges.

The agency is in the process of implementing multiyear initiatives to improve staff training and professional development for both U.S. direct hire staff (USDH) and host country staff. Additional progress is needed over time to realize this strategic objective.

KEY STRATEGIES AND ACTIVITIES

- Invest in a learning management system:**
 The Peace Corps has allocated resources toward the development of a centralized learning management system, Peace Corps (PC) University. A significant overhaul of existing PC University content is underway to increase the functionality of the courses and ease of use. Through the acquisition of a new learning management system, PC University will include learning events to support staff development in addition to courses mandated by federal regulations and Peace Corps policy. It is also intended to include the capability to track individual development plans to support comprehensive learning for staff around the world.
- Improve knowledge management:**
 The agency created an enabling environment for knowledge management through the coordination of training and professional development, strengthened onboarding and off-boarding protocols, and the launch of the demonstration site for PCLive, a new online platform for Peace Corps Volunteers and staff to exchange knowledge and information. Volunteers will be able to access PCLive to search for relevant materials, share resources, and ask questions. Staff are able to use this new platform as a digital community to connect with Volunteers. It will serve as a key resource for best practices and new innovations.
- Expand staff learning and development:**
 In FY 2015, an Internal Management Assessment on worldwide staff training recommended the creation of a new office for staff learning and development. Funding for this office was approved in FY 2015, and the Office of Staff Learning and Development will be established in FY 2016, drawing upon existing staff positions and the alignment of roles and responsibilities to streamline staff training development and to achieve other operating efficiencies. The Peace Corps has also made progress in developing a mentoring and coaching program for its staff, including components for host country staff that focus on effective strategies for advancing their careers and for working with Volunteers.

Performance Goal 9.1 Results

9.1

IMPROVE STAFF TRAINING

Increase the percentage of staff who are satisfied^a with the training they received to do their job to 62 percent by FY 2018

FY 2015 Status | TARGET NOT MET

	FY '10	FY '11	FY '12	FY '13	FY '14	FY '15
Target	--	--	--	--	54% ^b	56%
Result	U.S. direct hire staff					
	49%	50%	50%	57%	55%	52%
	Host country staff					
	--	--	--	--	62%	66%

^a Includes the top two positive response options on a balanced five-point scale.

^b The FY 2014 target only applied to U.S. direct hire staff and was based on actual results from the Employee Viewpoint Survey. Based on the collection of baseline data from host country staff through the 2014 Host Country Staff Survey, targets for FY 2015 and beyond apply to both U.S. direct hire staff and host country staff.

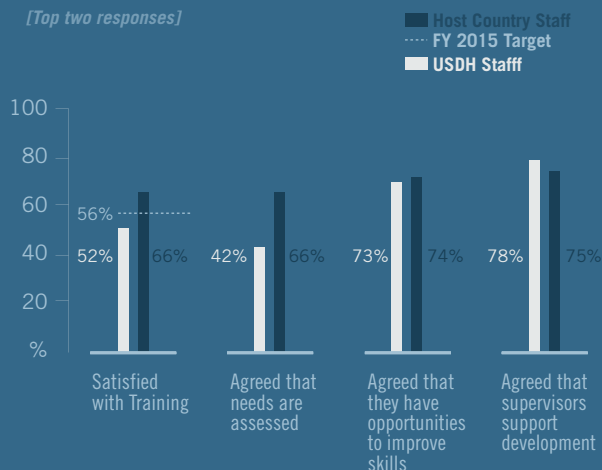
ANALYSIS

The target was met for the host country staff group, but not for the U.S. direct hire respondent group. As a result, the overall target was not met. Among the 2,950 host country staff, 2,084 had an email address where they were able to receive the survey. Seventy-three percent of the staff with an email address (1,530 people) answered at least one question on the survey.

Other staff responses provide additional insights into how the agency supports staff training and development. The vast majority of the staff who responded to these two surveys agreed that they are given a real opportunity to improve their skills (73 percent of U.S. direct hire and 74 percent of host country staff respondents) and that supervisors in their units support employee development (78 percent of U.S. direct hire and 75 percent of host country staff respondents). It is interesting to note, however, that U.S. direct hire staff appear to be less likely than host country staff to agree that their training needs are assessed.

Responses to Training and Staff Development Questions

[Top two responses]



Note: The graph shows the top two positive response options to the following question: “How satisfied are you with the training you received for your present job?” (respondents: 924 USDH staff and 1,495 host country staff). The graph also includes those who “agree” or “strongly agree” with these statements: “My training needs are assessed” (948 USDH staff and 1,508 host country staff); “I am given a real opportunity to improve my skills at the Peace Corps” (950 USDH staff and 1,510 host country staff); and, “Supervisors in my unit/at my post support employee development” (935 USDH and 1,513 host country staff).

Data Sources: Employee Viewpoint Survey and Host Country Staff Survey
Lead Offices: Office of Human Resource Management; Office of Overseas Programming and Training Support

Performance Goal 9.2 Results

9.2

INCREASE STAFF TENURE

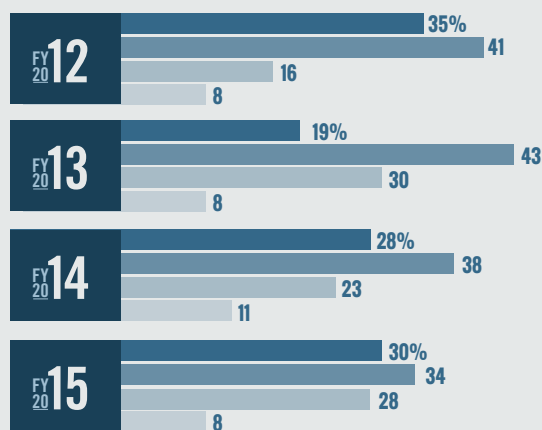
Increase the average tenure of U.S. direct hire staff to 4 years by FY 2016

FY 2015 Status NO TARGET SET						
	FY '10	FY '11	FY '12	FY '13	FY '14	FY '15
Target	--	--	--	--	--	--
Result ^a	--	--	3.5 years	4.5 years	4.0 years	4.2 years

^a Results for FY 2012 to FY 2014 have been updated since the FY 2014 Performance and Accountability Report with the inclusion of data on additional staff who left the agency in those years. Those results are calculated for all staff who separated from the Peace Corps in each fiscal year using 8.5 years as the maximum time that any staff person could be extended as an employee of the Peace Corps. These results do not include senior executive staff in political appointments since their tenure is affected by factors external to the Peace Corps' human resources system, such as changes in administration. The data are based on 183 employees who left the agency in FY 2012, 165 in FY 2013, 155 in FY 2014, and 178 in FY 2015.

Length of Tenure by Tour and by Fiscal Year

Percentage of staff leaving grouped by tour



ANALYSIS

Staffing at the Peace Corps is governed by the Peace Corps Act, which limits the appointments of most U.S. direct hire staff working in domestic and overseas offices to five years. The Peace Corps Act allows the Director to extend appointments for one additional year at her/his discretion and to offer an additional "tour" of 30 months for up to 15 percent of the U.S. direct hire staff. These additional appointments are generally offered to employees who have demonstrated an exceptional record of performance in order to achieve one of the following purposes: to promote continuity of functions in administering the Peace Corps; to permit individuals working at overseas posts to work in the United States; to permit individuals working in the United States to work at overseas posts; and to permit individuals working in a recruitment, selection, or a training role to serve in another capacity. Within the overall five-year limit, the agency works to retain high-performing employees for as long as possible in order to minimize staffing gaps.

For the purpose of this performance goal, "average tenure" refers to the median months between an employee's enter-on-duty date and his or her separation date. Within the legislative limit of five years, the target for this goal is set at four years, in recognition of the fact that staff are aware of the five-year limit and will begin seeking other opportunities in their fourth year at the agency.

The Peace Corps continues to employ multiple strategies, both to increase staff tenure and to mitigate the effects of turnover, including improving the off-boarding process by investing in learning and knowledge management systems and by collaborating with other federal government agencies to place staff with noncompetitive eligibility. The rationale for these measures is that the additional support provided to assist Peace Corps staff in finding their next position allows them to delay their job search until much later in their five-year appointment. More time is needed to evaluate the effects of recent personnel staffing changes, including providing all employees with an initial five-year tour of duty (rather than an initial tour of 30 months with an option to extend for a second tour of 30 months), a policy change that began in the second quarter of FY 2013.

Note: Results may not add to 100 percent due to rounding.

Data Source: Peace Corps database

Lead Office: Office of Human Resource Management

STRATEGIC OBJECTIVE 10: GLOBAL CONNECTIVITY

FY 2015 Status | **NOTEWORTHY PROGRESS**

Supports Strategic Goals 1, 2 and 3

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

Although the Peace Corps operates in challenging host country environments, the rapid pace of improvement in connectivity and technology globally is creating new opportunities. The Peace Corps has embarked on an ambitious agencywide IT transformation effort focused on providing tools to allow staff and Volunteers to better communicate, collaborate, and report on their impact.

KEY STRATEGIES AND ACTIVITIES

- Build modern and flexible systems that improve data access:**
 The Peace Corps has made progress on retiring old applications and developing new systems that are compatible with evolving technology. The agency retired a full 45 percent of legacy systems by the end of FY 2015. The agency is developing plans for significant migrations to cloud-based systems in FY 2016.
- Develop and implement a comprehensive, agencywide IT strategy:**
 In order to guide IT planning and future decision making, the agency completed an independent assessment of its IT strategy and operations in FY 2015. A team of external experts conducted the assessment which resulted in a forward-looking strategy for supporting staff and Volunteers with the most effective technology. The assessment team has been re-engaged to support a centralized planning and prioritization effort around a range of potential technology projects.
- Improve the agency's knowledge exchange platform:**
 The agency relaunched an updated version of PCLive—the Peace Corps' knowledge and information exchange platform for Volunteers and staff—in FY 2015. In addition, the agency completed a significant market research effort around cloud-based email, productivity, and collaboration tools to prepare for migration to a cloud-based system in FY 2016, which will provide the agency's increasingly mobile workforce with much-needed tools.

Performance Goal 10.1 Results

10.1

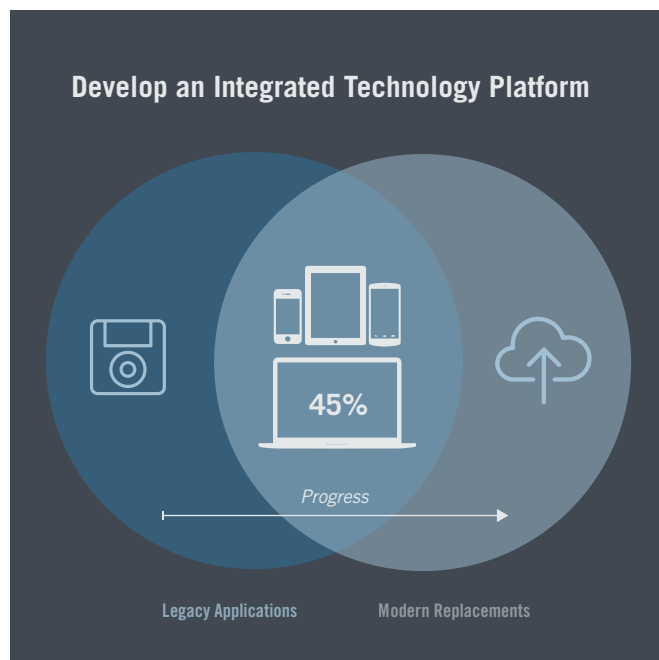
DEVELOP AN INTEGRATED TECHNOLOGY PLATFORM

Retire all legacy applications and consolidate functions into an integrated platform by FY 2018

FY 2015 Status TARGET MET						
	FY '10	FY '11	FY '12	FY '13	FY '14	FY '15
Target	--	--	--	--	10%	30%
Result	--	--	--	--	15%	45%

ANALYSIS

In FY 2014, the agency completed an audit of its legacy applications—defined as systems based on outdated technology that is no longer fully supported by the Peace Corps. Through the audit, the agency identified 131 legacy applications, one-third of which were identified as low-impact applications that could be retired without replacement. Other applications are being consolidated into the platform modernization project. In FY 2014, 19 of the low-impact applications were retired. In FY 2015, an additional 40 applications were retired.



Data Source: Peace Corps administrative records
Lead Office: Office of the Chief Information Officer

Performance Goal 10.2 Results

10.2

FACILITATE KNOWLEDGE SHARING

Increase the percentage of Volunteers who report that they use the digital materials provided by the Peace Corps in their work to 85 percent by FY 2016

FY 2015 Status SLIGHTLY BELOW TARGET						
	FY '10	FY '11	FY '12	FY '13	FY '14	FY '15
Target	--	--	--	--	--	80%
Result ^a	--	--	--	--	77%	78%

^a This question on the use of digital materials was included in the Annual Volunteer Survey for the first time in FY 2014; therefore, trend data is not available. This result is based on the following question: "How often did you use Peace Corps digital materials in your work in the last 12 months?" (n=5,183).

ANALYSIS

FY 2015 results were slightly below the target. This performance goal measures the frequency of Volunteers' use of the digital materials provided by the Peace Corps in their work, including materials received by email or downloaded through knowledge-sharing platforms such as PCLive. While Volunteers reported high usage of Peace Corps digital materials overall, survey results suggest that internet access is a constraint for some Volunteers in fully utilizing the digital materials provided by the Peace Corps. Twenty-four percent of Volunteers reported having used digital materials daily or weekly. Another 27 percent reported having used digital materials at least monthly, and 26 percent used them less than once a month.

Data Source: Annual Volunteer Survey
Lead Office: Office of Overseas Programming and Training Support

STRATEGIC OBJECTIVE 11: MEASUREMENT FOR RESULTS

FY 2015 Status | **NOTEWORTHY PROGRESS**

Supports Strategic Goals 1, 2 and 3

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

The Peace Corps has significantly expanded its emphasis on evidence-based decision making and has newly developed capacity in monitoring, evaluation, evidence-gathering, and analysis, both in the posts abroad and at headquarters. These steps support the development of a larger culture of inquiry that encourages a critical mass of staff at all levels of the agency to question assumptions, test reality, and critically review current practices.

KEY STRATEGIES AND ACTIVITIES

- **Ensure program planning includes monitoring and evaluation (M&E) functions from the outset:**

The agency has now hired M&E specialists at over half of its overseas posts and increased analytic staff at headquarters. It also established an M&E Task Force to streamline and better integrate monitoring and evaluation with programming. According to the recommendations of the task force, the agency will focus on more explicitly linking program theory with practice, using evidence in planning, and increasing the use of theories of change, logic models, and business cases.

- **Expand the collection of baseline data for new country entries:**

In order to better evaluate the impact Peace Corps Volunteers have in the communities and countries they serve, the agency collected baseline data in a new country entry using a standardized approach for the first time in FY 2014 when it launched a program in Kosovo. The agency collected baseline data for a second country when it re-entered Comoros in FY 2015 after a 20-year absence. In FY 2016, the Peace Corps expects to conduct similar studies for new country entries and country re-entries, including Myanmar (Burma) and Timor-Leste (where Volunteer input was postponed from FY 2015 to FY 2016). While still receiving some technical support from headquarters, new Peace Corps posts will take on a greater role in developing baselines in FY 2016, thereby maximizing their utility of baselines in program development during the crucial start-up phase.

- **Institutionalize new data sources:**

In FY 2015, the agency improved two surveys developed for initial use in FY 2014—the Global Counterpart Survey and the Host Country Staff Survey. In addition, significant improvements to the Annual Volunteer Survey (AVS) made in FY 2014 were maintained in FY 2015, enhancing the agency's ability to generate accurate trend data into the future. Opinion data from these three key populations (counterparts, host country staff, and Volunteers), combined with data from the Volunteer Reporting Tool (VRT), provide the most comprehensive and quantitative measurement of the Peace Corps' work in its history. Changes to survey questions and the VRT will be minimized going forward, while staff will support the collection of data and data-quality checks as an essential element of agency operations.

Performance Goal 11.1 Results

11.1

CONDUCT BASELINES

Increase the percentage of new country entries^a and new Volunteer project frameworks where baseline data has been collected or compiled to 100 percent by FY 2016

FY 2015 Status TARGET MET						
	FY '10	FY '11	FY '12	FY '13	FY '14	FY '15
Target	--	--	--	--	50%	75%
Result	--	--	--	--	0% ^b	100%

^a The term “new country entries” includes both countries that the Peace Corps is entering for the first time as well as countries it is returning to after a sustained absence.

^b Peace Corps Volunteers collected baseline data in Kosovo shortly after arriving at their sites. Since the indicator in FY 2014 was framed as data collection prior to the arrival of the Volunteers, the timing of that baseline did not meet the criteria for this goal.

ANALYSIS

The agency successfully initiated baseline data collection in Comoros—the one new country that Volunteers entered in FY 2015. The Volunteer project in Comoros is focused on education, and baseline data collection is concentrated on students’ English proficiency. The data collected and the analysis of the results will eventually inform an evaluation of the impact of Volunteers working in the country.

The agency made preparations to collect baseline data in Timor-Leste, the second planned new country entry for FY 2015. However, the input of Volunteers was postponed until the first quarter of FY 2016; results for the Timor-Leste baseline will be reported in FY 2016.

Beginning in FY 2015, the agency revised the calculation for this performance goal to allow for the collection of baseline data either before the arrival of Volunteers or for a short period after their arrival. This revision recognizes that there is a delay between when Volunteers arrive at their sites and when the results of their work become apparent. It also allows posts to use Volunteers for data collection to inform project evaluations, as there are limited existing sources of data in many of the locations where Volunteers serve. This modification to the calculation allows the Peace Corps to collect baseline data that provide an accurate measure of Volunteers’ accomplishments over time while still maintaining methodological rigor.

In the case of Education projects, many primary baseline data collection activities cannot occur until the academic year begins, as students and teachers must be available for interviews, observation, and testing. Given that Volunteers typically arrive at their sites at the beginning of the academic year, baseline data collection necessarily begins after Volunteers’ arrival.

In all sectors, the specific geographic areas within a community or region where a Volunteer will work may not be fully identified until he or she arrives at site. In these cases baseline data collection may need to be delayed.

Data Source: Peace Corps administrative records
Lead Offices: Office of Global Operations; Office of Strategic Information, Research, and Planning

Performance Goal 11.2 Results

11.2

INCREASE EVIDENCE-BASED DECISIONS

Increase the percentage of posts and headquarters offices that demonstrate the use of evidence in program, policy, and/or budget decisions to 100 percent by FY 2016

FY 2015 Status TARGET MET						
	FY '10	FY '11	FY '12	FY '13	FY '14	FY '15
Target	--	--	--	--	50%	75%
Result	--	--	--	--	68%	86%

ANALYSIS

This performance goal is measured through an annual data call to all posts and headquarters offices requesting that they provide the best example of an evidence-based decision that their post or office made that fiscal year in the areas of program, policy, or budget. All respondents were asked two questions: (1) What types of high-quality evidence were used to make the decision and (2) what was the expected level of impact of that decision on performance and/or cost-effectiveness. For the purposes of this calculation, the following were considered to be sources of high-quality evidence: official agencywide surveys; a formal evaluation with a defined methodology and analysis plan; a logic model to inform a project's plan and design; the agency's Country Portfolio Review summary or dataset; in-depth interviews with a formal questionnaire; focus group discussions with a structured question guide; administrative data, such as language test scores, data on early terminations, or budget; and data from established business processes or products, such as help desk tickets or numbers of applications. At least one of these data sources was a required element of this analysis. In addition, the office or post had to assert that the evidence-based decision would likely have at least a modest impact on their operations. Based on this analysis, a total of 87 percent of posts and 83 percent of headquarters offices used high-quality evidence for an overall result of 86 percent.

Data Source: Peace Corps administrative records
Lead Office: Office of Strategic Information, Research, and Planning

Performance Goal 11.3 Results

11.3

USING EVIDENCE TO ENCOURAGE INNOVATION

Increase the percentage of posts and headquarters offices that conduct structured pilots to test new approaches to advance programmatic goals and/or address management challenges

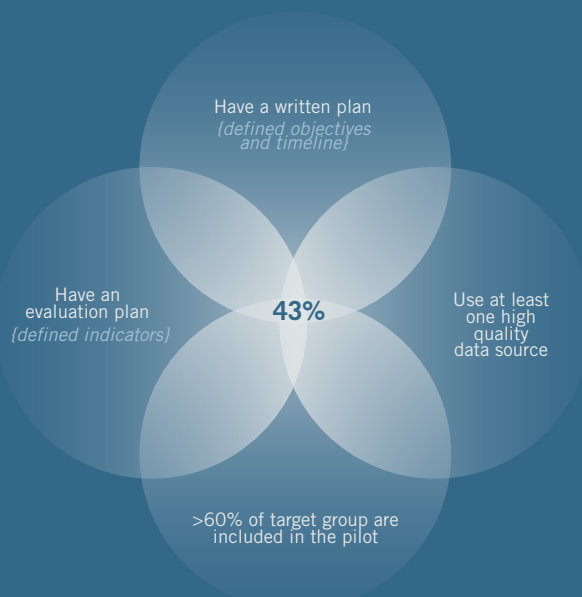
FY 2015 Status | TARGET NOT MET

	FY '10	FY '11	FY '12	FY '13	FY '14	FY '15
Target	--	--	--	--	--	50%
Result	--	--	--	--	70%	43%

ANALYSIS

This performance goal is measured through an annual data call to posts and headquarters offices. The open-ended data call results from FY 2014 were used to develop the criteria for a structured, quantitative focus for the FY 2015 analysis. The data for this goal were measured as a proportion of the 18 posts and 10 offices that reported conducting a pilot in FY 2015. All responses were screened to ensure that they met all of the criteria below. Overall, 12 of the 28 pilots (44 percent of posts and 40 percent of headquarters offices) met these criteria. All posts and offices were asked to indicate which elements of a structured pilot had been developed using a provided checklist. The results were analyzed to ensure that each pilot included a combination of the following elements, at a minimum: (1) defined indicators (measures of success or failure) or an evaluation plan, (2) a written plan for data collection and analysis and/or key elements of the plan, including defined objectives and a timeline with a defined start and end date; and, (3) at least one source of high-quality evidence. The sources of “high-quality evidence” for this analysis were the same as those cited in Performance Goal 11.2. Finally, to be considered a “pilot,” with potential for scalability, the activity was expected to involve less than 60 percent of the target population. Posts with a greater percentage of the target population were seen as already implementing a revised practice or policy.

Elements of the Analysis of Pilot Projects



43% Met all criteria

Data Source: Peace Corps administrative records

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

Evaluation and Research

The Peace Corps undertook a major review of its monitoring and evaluation (M&E) resources in FY 2015 in an effort to strengthen and streamline its operations. Evaluation and research are critical to achieving a better understanding of agency performance on strategic objectives, providing actionable information to decision makers, identifying opportunities in project development, and demonstrating the impact of Volunteers to stakeholders.

In response to the 2010 Comprehensive Agency Assessment, the Peace Corps launched a number of new processes in recent years, including hiring M&E coordinators in over half of the agency's posts and in multiple headquarters offices. In addition, an M&E task force was created.⁶

THE TASK FORCE'S RECOMMENDATIONS IN FY 2015 CENTERED ON THREE NEEDS:

- Explicitly linking theory with practice, evidence with planning, and programming with data through the use of logic models, theories of change, baseline development, and a renewed focus on data quality
- Simplifying M&E processes by outlining core competencies for new M&E staff, identifying clear roles and responsibilities across different functional units, and reducing the number of standardized project indicators reported by posts
- Using visually compelling templates to communicate the impact of Volunteers work in each Peace Corps sector

Once implemented, these recommendations will lower barriers for participation in monitoring, evaluation, and research activities for offices and posts across the Peace Corps. While all of the recommendations may not be endorsed or implemented in FY 2015, the efforts of the task force represent a major milestone in advancing evaluation, research, and evidence-based planning for the agency.

Descriptions of the major evaluation and research activities conducted by the agency in FY 2015, as well as how they relate to agency strategic objectives, are provided below. Activities in FY 2015 relate to improving recently expanded or newly introduced sources of evidence; generating new insights through research; evaluating Peace Corps processes, initiatives, and impact; and strengthening the agency's capacity to use evidence.

Summaries of performance audits and evaluations conducted by the Office of Inspector General are also provided in this section. Publicly available research and evaluation results and other data may be found at www.peacecorps.gov/open.

⁶ The Peace Corps' MRE Task Force changed its name in FY 2015 to the M&E Task Force to reflect the acronym more commonly used in the field of international development.

MAJOR EVALUATION AND RESEARCH ACTIVITIES

IMPROVING SOURCES OF EVIDENCE	RELATED STRATEGIC OBJECTIVES
<p>Maintaining improvements to the Annual Volunteer Survey.</p> <p>The Annual Volunteer Survey (AVS)—celebrating its 40th anniversary in 2015—is one of the primary sources of evidence used by the agency to inform operations. In FY 2014, the agency substantially redesigned the survey questionnaire to improve data quality by reducing measurement error, strengthening respondent confidentiality, and shortening the survey by half. By maintaining these improvements and reducing the survey length even further in FY 2015, the agency is well on its way to being able to provide truly comparable, multiyear trend data to internal and external stakeholders. As a result of these enhancements to the AVS, the agency has gained a more accurate understanding of the perspectives of Volunteers. In FY 2016, the agency will expand data transparency to include regional and post-level AVS results on its open data site. Learn more about the Peace Corps’ Open Data Initiative at www.peacecorps.gov/about/open.</p>	<ul style="list-style-type: none"> 1. Volunteer Well-Being 3. Development Impact 4. Cross-Cultural Understanding 6. Diversity and Inclusion 7. Site Development 8. Train Up 10. Global Connectivity
<p>Global Counterpart Survey.</p> <p>In FY 2014, the agency conducted its first Global Counterpart Survey, designed to provide information on the impact of Volunteers on local communities from the perspectives of Volunteers’ primary work partners. After reaching approximately 25 percent of counterparts globally in last year’s attempted census, agency leaders decided to administer future surveys as a random sample. In the second-annual survey fielded in FY 2015, the agency received 397 responses from the 400 counterparts who comprised the random sample. With this simplified yet robust design, the agency now has a globally representative set of data that accurately expresses the sentiment of Volunteers’ partners in the host communities.</p>	<ul style="list-style-type: none"> 3. Development Impact 4. Cross-Cultural Understanding
<p>Host Country Staff Survey.</p> <p>In FY 2015, the Peace Corps launched its second agencywide survey to systematically gather perspectives from host country staff. The survey included all questions asked in FY 2014 related to staff training and the degree to which the Peace Corps has an inclusive culture. Additionally, the FY 2015 survey posed several new questions about the agency’s success in achieving its larger mission of community-based development and cross-cultural understanding. In order to accommodate host country staff with limited English skills, this year’s survey was professionally translated into French and Spanish. Another major improvement in FY 2015 was the expansion of the frame of potential respondents by approximately 10 percent through the enhancement of staff email lists.</p>	<ul style="list-style-type: none"> 6. Diversity and Inclusion 9. High-Performing Learning Organization

GENERATING NEW INSIGHTS THROUGH RESEARCH	RELATED STRATEGIC OBJECTIVES
<p>Analysis of Volunteers' motivation to serve and perception of their sites.</p> <p>Based on the 2014 AVS data, the agency conducted an analysis of Volunteers' motivation to serve in the Peace Corps. Applying advanced statistical analysis techniques, the agency found that, while the three major motivators of altruism, adventure, and practical/career considerations have not changed in the last 40 years, their relative influence on the Volunteer corps has. Altruism is overtaking adventure as the primary motivation to become a Peace Corps Volunteer. Additionally, the Peace Corps' theoretical model of Volunteer site perception was tested through log-linear analysis. A major finding was that, out of all the elements the agency manages or supports to enhance site development, the biggest drivers of Volunteer satisfaction were the quality of available work, level of community integration, and the level of safety and health risks that Volunteers perceived at their sites. The complete study results can be found in the 2014 Annual Volunteer Survey Report, available at http://go.usa.gov/cYYhB.</p>	<ul style="list-style-type: none"> 1. Volunteer Well-Being 3. Development Impact 4. Cross-Cultural Understanding 7. Site Development 8. Train Up
<p>Finalizing market research on Peace Corps brand perception among Millennials.</p> <p>In FY 2015, the agency completed a multiphase market research project to better understand the Peace Corps' brand perception, application interest, and barriers to service among Millennials and their primary influencers (e.g., parents). The findings were disseminated to executive staff in the fourth quarter of FY 2015 and included the general consensus that altruism must be presented as the central theme in messaging around the Peace Corps brand. This market research will be used to inform a marketing campaign in FY 2016.</p>	<ul style="list-style-type: none"> 2. Service Opportunity of Choice

EVALUATING PEACE CORPS PROCESSES, INITIATIVES, AND IMPACT	RELATED STRATEGIC OBJECTIVES
<p>Volunteer Delivery System evaluation.</p> <p>In FY 2015, the agency completed an eight-month evaluation of the effectiveness and impact of recent reforms to the Volunteer Delivery System. These reforms included changes to the application and selection process, a reorganization of the Office of Volunteer Recruitment and Selection, an increase in recruitment and placement staff, and investments in technology and public outreach. Part of the evaluation included an extensive staffing analysis with return on investment calculated for categories of staff by gains in Volunteer applications. The evaluation findings supported decisions made in FY 2015 to merge two regional recruiting offices and to extend the contracts of certain field-based recruiters.</p>	<p>2. Service Opportunity of Choice</p>
<p>Project baselines in Comoros and Timor-Leste.</p> <p>In FY 2015, the agency continued the collection of baseline data for new Volunteer programs, constituting the first stage of future program evaluations. The Peace Corps' new TEFL program in Comoros received its first input of Volunteers at the end of the fourth quarter in FY 2015, and a new economic and agricultural development program in Timor-Leste will welcome its first Volunteers in the first quarter of FY 2016. Peace Corps staff collected data in Comoros in FY 2015 through direct observation and key stakeholder interviews prior to the arrival of Volunteers at their sites, and through pre-testing students immediately after Volunteers arrived at their sites. Preparations for baseline data collection began for Timor-Leste in FY 2015 and will be implemented in early FY 2016. Moving forward, staff will explore the collection of project-related data from communities that do not receive Volunteers. If successful, these data will serve as counterfactuals and provide evidence for an eventual quasi-experimental impact evaluation. The agency expects to initiate a similar evaluation for its new country entry into Myanmar (Burma) in FY 2016.</p>	<p>3. Development Impact 4. Cross-Cultural Understanding 11. Measurement for Results</p>
<p>Country Portfolio Review.</p> <p>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 allocations of Volunteers and other resources. The review conducted in FY 2015 focused on Volunteer safety and security, medical infrastructure, host country need, development impact, cross-cultural impact, host country commitment and engagement, post management, congruence with U.S. government development priorities, and cost. The review included data from the following external sources: the World Bank, the United Nations Development Programme, the United Nations Office on Drugs and Crime, the U.S. Department of State, the Pew Research Center, Transparency International, the International Disaster Database, and the World Health Organization. Internal data sources included administrative and financial data, results from surveys of post staff, and AVS results. Through the review, the agency has begun using a host of indicators to match posts' plans for expansion with past performance. As a result, the agency recommended smart growth strategies to ensure that increases in Volunteer numbers occur where there is the greatest opportunity for success. The review also highlighted the continued challenge represented by low levels of Volunteer satisfaction with technical training, which will begin undergoing a formal evaluation in FY 2016. For the first time in FY 2015, the findings of the Country Portfolio Review were open to all Peace Corps staff.</p>	<p>1. Volunteer Well-Being 2. Service Opportunity of Choice 3. Development Impact 4. Cross-Cultural Understanding 7. Site Development 8. Train Up</p>

EVALUATING PEACE CORPS PROCESSES, INITIATIVES, AND IMPACT	RELATED STRATEGIC OBJECTIVES
<p>Global analysis of Host Country Impact Studies.</p> <p>The agency initiated a global analysis of the Host Country Impact Studies conducted between 2008 and 2011. These country- and project-specific studies were designed to measure how effectively Volunteers' activities met the technical needs of host countries and promoted a better understanding of Americans. A global analysis of these studies will provide the agency and external stakeholders with additional information and insights on the impact of Volunteers across several countries and projects. In FY 2015, the agency conducted a thorough analysis of the comparability of every numeric variable found across all 24 individual studies to facilitate the global analysis. This analysis will seek to identify broader trends in Peace Corps successes and challenges during the period under study and point to areas for improvement in the future. The reports and summaries are available at www.peacecorps.gov/about/open/evaluations.</p>	<p>3. Development Impact 4. Cross-Cultural Understanding</p>

PILOTING NEW APPROACHES TO SOLVE PERSISTENT PROBLEMS	RELATED STRATEGIC OBJECTIVES
<p>More efficient psychological service delivery to Volunteers.</p> <p>Based on a successful pilot conducted in FY 2014, the agency adopted the use of an evidence-based mental health assessment tool called PROMIS for all posts. As a result, agreement over the clinical assessment of Volunteers between post-based Peace Corps medical officers and the headquarters-based Counseling and Outreach Unit increased from 26 percent to 76 percent. The increased consensus enabled medical officers to refer Volunteers for further psychological intervention with greater support and validation, resulting in more efficient service delivery.</p>	<p>1. Volunteer Well-Being</p>
<p>Utility of Duolingo for self-directed language learning.</p> <p>In FY 2015, 13 posts participated in a pilot to test the value of Duolingo in developing language skills before trainees arrive in their country of service. Duolingo is a free Web and mobile app with over 100 million users. The Peace Corps has tracked the French and Spanish language development among 953 invitees who are participating in the pilot during various stages of their preparation for service. The results will be analyzed with standard Peace Corps language testing data to determine if and how Duolingo affects language learning for Volunteers.</p>	<p>1. Volunteer Well-Being 7. Site Development 10. Global Connectivity</p>

STRENGTHENING AGENCY CAPACITY TO USE EVIDENCE	RELATED STRATEGIC OBJECTIVES
<p>Office- and system-based dashboards.</p> <p>The agency expanded the use of dashboards for several offices and major systems to provide agency leadership and staff with timely, actionable, and meaningful information to inform decisions. In FY 2015, the agency added new dashboards for three offices for internal management purposes.</p>	<p>11. Measurement for Results</p>
<p>Investments in M&E capacity at posts and headquarters offices.</p> <p>In 2015, the agency hired new M&E staff at overseas posts and in two headquarters offices. More than half of all posts globally now have a dedicated M&E specialist. The development of M&E capabilities at posts continues through targeted workshops and trainings related to data collection, analysis, and reporting.</p>	<p>11. Measurement for Results</p>

AUDITS AND EVALUATIONS CONDUCTED BY THE OFFICE OF 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 leadership, which then takes appropriate action to address the concerns that have been identified. Open recommendations are tracked by the agency's chief compliance officer, who is responsible for assuring that actions are documented and advising OIG when actions have been confirmed.

The OIG conducted the following program evaluations and performance audits in FY 2015. A complete list of all OIG audits and evaluations conducted during FY 2015 may be found at <http://www.peacecorps.gov/about/inspgen/reports/>.

PERFORMANCE SECTION

<p>Country Program Evaluations</p> <p>Peace Corps/Sierra Leone (IG-15-01-E) Peace Corps/Lesotho (IG-15-02-E) Peace Corps/Guatemala (IG-15-03-E) Peace Corps/Benin (IG-15-04-E)</p>	<p>Through country program evaluations, OIG sought answers to four main questions:</p> <ul style="list-style-type: none"> • Had the post developed and implemented programs intended to increase the capacity of host country communities? • Did training prepare Volunteers for Peace Corps service? • Had the post provided adequate support and oversight to Volunteers? • Were post resources and management practices adequate for effective operations?
<p>Final Report on the Program Evaluation of the Peace Corps' Training of Overseas Staff (IG-14-07-E). Note: This final report was issued on September 30, 2014, the last day of the 2014 fiscal year.</p>	<p>The objective of this evaluation was to assess the Peace Corps' provision and management of training for all overseas staff. OIG identified mandatory training requirements and described the training programs available to overseas staff. OIG also reviewed the way the agency manages staff training, how it tracks and measures training effectiveness, and how it manages the training budget.</p>
<p>Final Audit Report: Follow-Up Audit of the Peace Corps' Volunteer Safety and Security Program (IG-15-03-A)</p>	<p>The objectives of this follow-up audit were to determine and assess whether:</p> <ul style="list-style-type: none"> • The memorandum of understanding (MOU) between the Peace Corps and the Department of State, Bureau of Diplomatic Security Office (DOS/DS), was disseminated and communicated to safety and security personnel. • Peace Corps safety and security officer recommendations were effectively tracked, monitored, and implemented. • The qualifications and trainings of safety and security officers and safety and security managers were consistent with their roles and responsibilities.
<p>Management Advisory Report: The Peace Corps' Cloud Computing Pilot Program (IG-15-01-SR)</p>	<p>The purpose of this report was to bring to the Director's attention our significant concerns regarding the implementation of the agency's cloud computing program.</p>
<p>Management Advisory Report: The Peace Corps' Volunteer Health Care Administration Contract (IG-15-03-SR)</p>	<p>The purpose of this report was to bring to the Director's attention our significant concerns regarding the Peace Corps' contract for administering Volunteer health care.</p>
<p>Country Post Audits</p> <p>Peace Corps/Cameroon (IG-15-01-A) Peace Corps/Nepal (IG-15-02-A) Peace Corps/Madagascar (IG-15-04-A) Peace Corps/Guyana (IG-15-05-A) Peace Corps/Vanuatu (IG-15-06-A)</p>	<p>The overall objective in auditing overseas posts is to determine whether the financial and administrative operations are functioning effectively and in compliance with Peace Corps policies and federal regulations during the period under audit.</p>

A young man with dark hair, wearing a teal polo shirt, is seated at a desk in a computer lab. He is looking intently at a computer monitor. In the background, other computer monitors and a desktop unit are visible on shelves. The scene is dimly lit, with a blueish tint.

FINANCIAL SECTION

*Peace Corps Volunteer works with students to
teach computer literacy.*



Message from the Chief Financial Officer

In FY 2015, the agency was appropriated \$379.5 million to fully support the work of the Volunteers and the supporting staff. The appropriated funding level remained relatively static when compared to the \$379 million appropriated in FY 2014. In the financial statements and notes in this section it is difficult to show the actual complexity of our global mission in 59 posts in 63 countries in 73 currencies. This year, I particularly want to thank the financial management workforce here at the headquarters and around the globe for their efforts in planning, executing, and accounting for our resources so effectively and for upholding the financial management mission of the agency.

The Peace Corps achieved an unmodified (clean) audit opinion on the financial statements during the FY 2015 financial statement audit conducted by Kearney & Company, P.C., an external independent auditor. The agency's long-standing Property, Plant, and Equipment significant deficiency was closed during this audit. The audit did, though, identify three significant deficiencies and four instances of noncompliance with laws and regulations that are addressed in Appendix 1, Status of Audit Weaknesses.

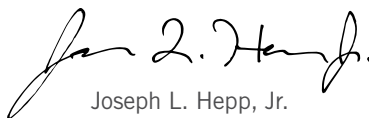
This year, the extensive financial systems changes implemented during FY 2014 were stabilized, and the financial systems staff continues to push forward with plans to develop new browser-based software to replace existing old client-based financial application used by overseas posts for budget execution, cashiering, and financial reporting. This significant multi-year software development effort will be deployed in phases to the overseas posts in FY 2017.

The agency's new timekeeping system was tested during FY 2015 and that will be rolled out to all direct-hire staff in FY 2016. Additionally, the E-Travel system that is being pursued through a collaborative agreement with the Department of Interior's National Business Center will be integrated with the financial system and implemented in FY 2016.

A plan is underway to implement the requirements of the Digital Accountability and Transparency Act of 2014 (DATA Act) so that financial data will be available prior to the May 9, 2017, Treasury and OMB required reporting date.

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 recognize that the financial statement audit issues require continued attention and improvement. We are committed to addressing those and will strive toward achievement of more effective internal controls that meet or exceed accountability objectives.



Joseph L. Hepp, Jr.
Chief Financial Officer
November 16, 2015

Financial Statements

Peace Corps
Consolidated Balance Sheets
As of September 30, 2015 and 2014
(In Thousands)

	<u>2015</u>	<u>2014</u>
Assets		
Intragovernmental		
Fund Balance With Treasury (Notes 2 and 3)	\$ 209,057	\$ 211,369
Accounts Receivable (Note 4)	3,914	2,758
Total Intragovernmental	212,971	214,127
Accounts Receivable, Net (Note 4)	553	334
General Property, Plant, and Equipment, Net (Note 5)	38,886	34,556
Other		
Prepaid Volunteer Living Allowances (Note 6)	1,772	1,836
Other Assets (Note 7)	5,156	3,890
Total Assets	<u>\$ 259,338</u>	<u>\$ 254,743</u>
Liabilities		
Intragovernmental		
Accounts Payable	\$ 883	\$ 396
Other		
Unfunded FECA Liability (Note 8)	32,983	33,348
Other Liabilities (Notes 8 and 9)	109	71
Total Intragovernmental	33,975	33,815
Accounts Payable	8,080	9,487
Veterans Benefits (Note 8)	145,956	149,107
Other		
Other Employment Related Liability (Note 8)	2,035	333
Non-Entity Funds (Note 2)	23,493	20,225
Accrued Funded Payroll and Leave	4,088	3,253
Unfunded Annual Leave (Note 8)	11,256	10,289
Other Liabilities (Notes 9 and 11)		
FSN and PSC Severance Liability	23,447	25,849
Other Liabilities	303	202
Total Liabilities	252,633	252,560
Commitments and Contingencies (Note 11)		
Net Position		
Unexpended Appropriations	157,215	158,343
Cumulative Results of Operations	(150,510)	(156,160)
Total Net Position	<u>\$ 6,705</u>	<u>\$ 2,183</u>
Total Liabilities and Net Position	<u>\$ 259,338</u>	<u>\$ 254,743</u>

The accompanying notes are an integral part of these statements

Peace Corps
Consolidated Statements of Net Cost
For The Years Ended September 30, 2015 and 2014
(In Thousands)

	<u>2015</u>	<u>2014</u>
Program Costs:		
Gross Costs	\$ 392,316	\$ 364,502
Less: Earned Revenue (Note 12)	<u>(10,117)</u>	<u>(10,040)</u>
Net Cost of Operations	<u><u>\$ 382,199</u></u>	<u><u>\$ 354,462</u></u>

The accompanying notes are an integral part of these statements

Peace Corps
Consolidated Statements of Changes in Net Position
For The Years Ended September 30, 2015 and 2014
(In Thousands)

	<u>2015</u>	<u>2014</u>
Cumulative Results of Operations:		
Beginning Balances	\$ (156,160)	\$ (161,632)
Budgetary Financing Sources:		
Appropriations Used	380,424	350,413
Donations and Forfeitures of Cash and Cash Equivalents	2,267	2,846
Other Financing Sources (NonExchange):		
Transfers-In/Out Without Reimbursement	(65)	510
Imputed Financing (Note 18)	5,223	6,165
Total Financing Sources	387,849	359,934
Net Cost of Operations	382,199	354,462
Net Change	5,650	5,472
Cumulative Results of Operations	(150,510)	(156,160)
Unexpended Appropriations:		
Beginning Balance	158,343	129,818
Budgetary Financing Sources:		
Appropriations Received	379,500	379,000
Other Adjustments	(204)	(62)
Appropriations Used	(380,424)	(350,413)
Total Budgetary Financing Sources	(1,128)	28,525
Total Unexpended Appropriations	157,215	158,343
Net Position	<u>\$ 6,705</u>	<u>\$ 2,183</u>

The accompanying notes are an integral part of these statements

Peace Corps
Combined Statements of Budgetary Resources
For The Years Ended September 30, 2015 and 2014
(In Thousands)

	<u>2015</u>	<u>2014</u>
Budgetary Resources:		
Unobligated Balance Brought Forward, Oct 1	\$ 91,361	\$ 72,018
Recoveries of Unpaid Prior Year Obligations	13,086	11,616
Other Changes in Unobligated Balance	(204)	(62)
Unobligated Balance from Prior Year Budget Authority, Net	104,243	83,572
Appropriations (Discretionary and Mandatory)	381,740	379,006
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	15,441	16,967
Total Budgetary Resources	<u>\$ 501,424</u>	<u>\$ 479,545</u>
Status of Budgetary Resources:		
Obligations Incurred (Note 13)	\$ 431,898	\$ 388,184
Unobligated Balance, End of Year:		
Apportioned	55,378	79,458
Exempt from Apportionment	2,602	2,102
Unapportioned	11,546	9,801
Total Unobligated Balance, End of Year	69,526	91,361
Total Budgetary Resources	<u>\$ 501,424</u>	<u>\$ 479,545</u>
Change in Obligated Balance		
Unpaid Obligations:		
Unpaid Obligations, Brought Forward, Oct 1	\$ 106,592	\$ 97,280
Obligations Incurred	431,898	388,184
Outlays (Gross)	(399,974)	(367,256)
Recoveries of Prior Year Unpaid Obligations	(13,086)	(11,616)
Unpaid Obligations, End of Year	125,430	106,592
Uncollected Payments:		
Uncollected Pymts, Fed Sources, brought forward, Oct 1	(6,809)	(4,011)
Change in Uncollected Pymts, Fed Sources	(2,583)	(2,798)
Uncollected Pymts, Fed Sources, End of Year	(9,392)	(6,809)
Memorandum (non-add) entries:		
Obligated Balance, Start of year	\$ 99,783	\$ 93,269
Obligated Balance, End of year	<u>\$ 116,038</u>	<u>\$ 99,783</u>
Budget Authority and Outlays, Net		
Budget Authority, Gross (Discretionary and Mandatory)	\$ 397,181	\$ 395,973
Actual Offsetting Collections (Discretionary and Mandatory)	(12,858)	(14,169)
Change in Uncollected Pymts, Fed Sources (Discretionary and Mandatory)	(2,583)	(2,798)
Budget Authority, Net	<u>\$ 381,740</u>	<u>\$ 379,006</u>
Outlays, Gross (Discretionary and Mandatory)	\$ 399,974	\$ 367,256
Actual Offsetting Collections (Discretionary and Mandatory)	(12,858)	(14,169)
Outlays, Net (Discretionary and Mandatory)	387,116	353,087
Distributed Offsetting Receipts	(1,616)	(1,193)
Agency Outlays, Net (Discretionary and Mandatory)	<u>\$ 385,500</u>	<u>\$ 351,894</u>

The accompanying notes are an integral part of these statements

Notes to the Financial Statements

Note 1 Significant Accounting Policies

a) Reporting Entity

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

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 August 4, 2015. The statements should be read with the realization that they are for a component of the U.S. government, a sovereign entity.

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

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

The financial statements represent intragovernmental and public activities. The intragovernmental balances, revenues, and costs reflect financial transactions between the Peace Corps and other federal agencies. Public activities are those with non-governmental customers, including Volunteers, contributors, employees, contractors, and vendors.

Federal Financial Statements

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

c) Basis of Accounting

Accounting principles encompass both accrual and budgetary transactions. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or

payment of cash. Under the budgetary basis, however, fund availability is recorded based upon legal considerations and constraints. The agency receives financing sources through direct appropriations from the general fund of the U.S. Treasury and offsetting collections to support its operations. “Appropriations Used” recognizes that appropriation authority has been applied against received goods and services.

d) Fund Accounting Structure

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

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

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

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

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

e) Budget Authority

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

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

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

f) Revenues and Other Financing Sources

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

g) Fund Balance with 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, 2015, cashier imprest funds represented by cash on hand, checks on hand, interim advances, and cashier checking account balances totaled approximately \$1,049,197 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 their useful life of five years for assets acquired FY 2013 and prior and six years for purchases made on or after FY 2014. The agency uses an estimated salvage value of 40 percent for vehicles. Land and anything attached to it, such as buildings, located overseas are capitalized at their fair market value at the time of transfer, regardless of their acquisition cost. Buildings are depreciated with a ten year asset life. Acquisitions that do not meet these criteria are recorded as operating expenses. Assets are capitalized at historical cost and depreciated using the straight-line method.

I) Accounts Payable and Other Liabilities

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

m) Employee Benefits

- I. *Federal Employees' Compensation Act (FECA) Accrued Claims* - FECA provides income and medical cost protection to covered federal civilian employees injured on the job, to employees who have incurred work-related occupational diseases, and to beneficiaries of employees whose deaths are attributable to job-related injuries or occupational diseases through the Department of Labor (DOL). The FECA liability consists of two components. The first component is based on actual claims paid by DOL but not yet reimbursed by the Peace Corps. The Peace Corps reimburses DOL as funds are appropriated for this purpose, generally resulting in a two-year lag in payment. This is the liability for the actual claims paid by DOL to be reimbursed by the Peace Corps.
- II. *Future Workers Compensation Benefits* - The second component of FECA is the estimated actuarial liability for future benefit payments as a result of past events. This liability includes death, disability, medical, and miscellaneous costs. DOL determines this component annually as of September 30, and the Peace Corps recognizes an unfunded liability to DOL for estimated future payments.
- III. *Accrued Leave* - A liability for annual leave is accrued as leave is earned and paid when leave is taken or employment terminates. Accrued annual leave is paid from future funding sources and is reflected as a liability not covered by budgetary resources. Sick and other leave is expensed as taken.
- IV. *Employee Health Benefits and Life Insurance* - The agency's employees are eligible to participate in the contributory Federal Employees Health Benefit Program and the Federal Employees Group Life Insurance Program. The agency contributes to each program to pay for current benefits.
- V. *Post-Retirement Health Benefits and Life Insurance* - Agency employees who may be eligible to participate in the Federal Employees Health Benefit Program and the Federal Employees Group Life Insurance Program could continue to do so during retirement. The Office of Personnel Management (OPM) has provided the agency with cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The agency recognizes a current cost for these and other retirement benefits at the time of employment with the agency. The other retirement benefit expense is financed by OPM and offset by the agency through the recognition of an imputed financing source on the Statement of Changes in Net Position.
- VI. *Employee Retirement Benefits* - Peace Corps direct hire employees participate in one of three retirement systems: Civil Service Retirement System, Federal Employees Retirement System, or the Foreign Service Retirement and Disability System. Foreign Service National (FSN) employees at overseas posts who were hired prior to January 1, 1984, are covered under the Civil Service Retirement System. FSNs hired after that date, as well as most host country residential personal services contractors (PSC), are covered under a variety of local compensation plans in compliance with the host country's local laws and regulations.

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

- VII. *Valuation of Host Country Resident Personal Services Contractor Severance and Retirement Liability* - The Peace Corps is generally liable for separation or retirement payments to eligible PSCs in countries that require payments under local labor laws. The estimate of the current and future costs of the severance and retirement liability is determined quarterly.
- VIII. *Valuation of Foreign Service National Liability* - The Peace Corps is generally liable for separation or retirement payments to FSNs who are employed by the agency in countries that require payments under local labor laws. The estimate of the current and future costs of the severance and retirement liability is determined quarterly.

n) Commitments and Contingencies

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

o) Funds from Dedicated Collections

Under 22 U.S.C § 2509(a)(4) of the Peace Corps Act, the agency is authorized to accept gifts of voluntary service, money, or property, for use in the furtherance of the purposes of its mission. The donated monies received by the agency from non-federal sources meet the prescribed criteria of Funds from Dedicated Collections. The amount of donations received was \$2,233,840 as of September 30, 2015 and \$1,836,567 as of September 30, 2014.

p) Use of Estimates

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

q) Interest on Late Payments

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

r) Intragovernmental Net Costs

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

s) Adjustments to Maintain Inherent Account Relationship Integrity

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

t) Allocation Transfer

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

u) Fiduciary Activities

Fiduciary activities consist of Host Country Contributions provided to the Peace Corps by the host country government which are accepted under the authority of Section 22 U.S.C. 2509(a)(4) of the Peace Corps Act. These contributions provide host country support for the Peace Corps and help defray expenses, enabling the agency to use its budget more effectively. The host country retains ownership though the funds are deposited in special foreign currency accounts in the U.S. Treasury. 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.

Non-Entity Assets	September 30, 2015 (In Thousands)	September 30, 2014 (In Thousands)
Deposit Fund	\$ 22,556	\$ 19,806
Clearing Accounts	937	419
Total Non-Entity Assets	23,493	20,225
Total Entity Assets	235,845	234,518
Total Assets	\$ 259,338	\$ 254,743

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

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

Note 3 Fund Balance with Treasury

Fund Balances	September 30, 2015 (In Thousands)	September 30, 2014 (In Thousands)
Appropriated Funds	\$ 159,416	\$ 163,143
Special Funds	20,444	22,460
Trust Funds	5,704	5,541
Non-Entity Assets (Note 2)	23,493	20,225
Total	\$ 209,057	\$ 211,369
Status of Fund Balance with Treasury	September 30, 2015 (In Thousands)	September 30, 2014 (In Thousands)
Unobligated Balance		
Available	\$ 57,980	\$ 81,560
Unavailable	11,546	9,801
Obligated Balance Not Yet Disbursed	116,038	99,783
Non-Budgetary FBWT	23,493	20,225
Total	\$ 209,057	\$ 211,369

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.

Note 4 Accounts Receivable, Net			
Accounts Receivable as of September 30, 2015 (In Thousands)	Accounts Receivable, Gross	Allowance for Doubtful Accounts	Accounts Receivable, Net
Intragovernmental	\$ 3,914	\$ -	\$ 3,914
Other	553	-	553
Total	\$ 4,467	\$ -	\$ 4,467
Accounts Receivable as of September 30, 2014 (In Thousands)	Accounts Receivable, Gross	Allowance for Doubtful Accounts	Accounts Receivable, Net
Intragovernmental	\$ 2,758	\$ -	\$ 2,758
Other	334	-	334
Total	\$ 3,092	\$ -	\$ 3,092

Intragovernmental receivables are due from other federal agencies for services provided under 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, 2015 and September 30, 2014.

Note 5 General Property, Plant, and Equipment, Net				
Components of Fixed Assets as of September 30, 2015 (In Thousands)	Useful Life in Years	Cost	Accumulated Depreciation	Net Book Value
Land		\$ 43	\$ -	\$ 43
Buildings	10	463	178	285
Construction in Progress		230	-	230
General Property, Plant, and Equipment	5–10	4,694	2,030	2,664
Vehicles	5–6	24,821	8,593	16,228
IT Hardware	3–15	16,426	8,938	7,488
Leasehold Improvements	2–10	7,562	4,097	3,465
Internal-Use Software in Development		4,920	-	4,920
Internal-Use Software	3–9	38,389	34,826	3,563
Total		\$ 97,548	\$ 58,662	\$ 38,886
Components of Fixed Assets as of September 30, 2014 (In Thousands)	Useful Life in Years	Cost	Accumulated Depreciation	Net Book Value
Land		\$ 43	\$ -	\$ 43
Buildings	10	463	116	347
Construction in Progress		417	-	417
General Property, Plant, and Equipment	5–10	4,735	1,932	2,803
Vehicles	5–6	23,768	8,962	14,806
IT Hardware	3–15	19,500	13,444	6,056
Leasehold Improvements	2–10	6,338	2,869	3,469
Internal-Use Software in Development		4,564	-	4,564
Internal-Use Software	3–9	35,361	33,310	2,051
Total		\$ 95,189	\$ 60,633	\$ 34,556

As of September 30, 2015, 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.

Note 6 Prepaid Volunteer Living Allowances		
	September 30, 2015 (In Thousands)	September 30, 2014 (In Thousands)
Prepaid Volunteer Living Allowances	\$ 1,772	\$ 1,836

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.

Note 7 Other Assets		
	September 30, 2015 (In Thousands)	September 30, 2014 (In Thousands)
Travel Advances to Employees	\$ 694	\$ 403
Relocation Advances to Employees	19	-
Prepaid Rent	3,350	2,908
Other Advances	1,093	579
Total Other Assets	\$ 5,156	\$ 3,890

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

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

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

Other Advance - Other Advances include prepayments of periodic expenses for IT maintenance costs.

Note 8 Liabilities Not Covered by Budgetary Resources		
	September 30, 2015 (In Thousands)	September 30, 2014 (In Thousands)
Intragovernmental Liabilities		
Unfunded FECA Liability	\$ 32,983	\$ 33,348
Unfunded Employment-Related Liability	90	-
Public Liabilities		
Unfunded Annual Leave	11,256	10,289
Unfunded Employment-Related Liability	2,035	333
Federal Employee and Veterans Benefits	145,956	149,107
Non-Entity Liabilities	23,493	20,225
Total Liabilities Not Covered by Budgetary Resources	\$ 215,813	\$ 213,302
Total Liabilities Covered by Budgetary Resources	\$ 36,820	\$ 39,258
Total Liabilities	\$ 252,633	\$ 252,560

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

Unfunded Annual Leave - A liability for annual leave is accrued as leave is earned and paid when leave is taken or when the individual terminates. The balance represents the estimated value of annual leave earned but not taken as of September 30, 2015 for U.S.-hired employees. The valuation of the accrued annual leave for FSN employees and the foreign national PSCs has been estimated for this financial statement. There were 106 FSNs and 2,832 foreign national PSCs working for the Peace Corps at the end of the September 30, 2015. 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 DOL for the agency.

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

Note 9 Other Liabilities		
	September 30, 2015 <i>(In Thousands)</i>	September 30, 2014 <i>(In Thousands)</i>
Intragovernmental		
Advances from Others	\$ 19	\$ 71
Other Liabilities		
Contingent Liability (Note 11)	303	202
FSN and PSC Severance/Retirement Liability	23,447	25,849
Total Other Liabilities	\$ 23,769	\$ 26,122

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.

Foreign Service National Liability (FSN) and Host Country Resident Personal Services Contractor (PSC) Severance and Retirement Liability - The estimated future liability cost to be paid to eligible FSNs and foreign national PSCs upon separation from the agency. FSN and PSC Severance/Retirement Liability are considered non-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 with the General Services Administration (GSA) for its building in Washington, DC and its regional recruiting offices throughout the continental U.S. GSA leases commercial facilities and provides spaces in federal buildings for occupancy by the agency. Occupational Agreements range from five to ten year terms, however, leased spaces can be vacated within a 120-day notice to GSA. Future operating lease payments for domestic leases are depicted below:

Fiscal Year	Future Lease Payments <i>(In Thousands)</i>
Fiscal Year 2016	6,739
Fiscal Year 2017	6,421
Fiscal Year 2018	4,253
Fiscal Year 2019	613
Fiscal Year 2020	499
After Fiscal Year 2020	765
Total Future Lease Payments	\$ 19,290

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 \$302,800 as of September 30, 2015 and \$202,035 as of September 30, 2014. 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 \$575,000 as of September 30, 2015 and \$300,000 as of September 30, 2014.

Note 12 Intragovernmental Costs and Exchange Revenue

	September 30, 2015 (In Thousands)	September 30, 2014 (In Thousands)
Intragovernmental Costs	\$ 71,694	\$ 66,812
Intragovernmental Earned Revenue	(9,744)	(9,853)
Total Intragovernmental	\$ 61,950	\$ 56,959
Public Costs	\$ 320,622	\$ 297,690
Public Earned Revenue	(373)	(187)
Total Public	\$ 320,249	\$ 297,503
Total Net Cost	\$ 382,199	\$ 354,462

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

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

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

	September 30, 2015 (In Thousands)		September 30, 2014 (In Thousands)	
	Direct	Reimbursable	Direct	Reimbursable
Category A	\$ 418,003	\$ 10,468	\$ 372,508	\$ 10,310
Exempt from Apportionment	3,427	-	5,366	-
Total Obligations Incurred	\$ 421,430	\$ 10,468	\$ 377,874	\$ 10,310

All obligations incurred are Category A or Exempt from Apportionment.

Note 14 Undelivered Orders at the End of the Period

	September 30, 2015 (In Thousands)	September 30, 2014 (In Thousands)
Undelivered Orders – End of Period	\$ 95,860	\$ 73,327

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

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

<i>(In Millions)</i>	Budgetary Resources	Obligations Incurred	Distributed Offsetting Receipts	Net Outlays
Combined Statements of Budgetary Resources	\$ 480	\$ 388	\$ (1,193)	\$ 353
Distributed Offsetting Receipts			1,193	
Budget of the U.S. Government	476	388	-	355
Difference	\$ 4	\$ -	\$ -	\$ (2)

The Budget of the United States (also known as the President's Budget), with actual numbers for FY 2015 was not published at the time that these financial statements were issued. The President's Budget is expected to be published in February 2016, and can be located at the OMB website <http://www.whitehouse.gov/omb/budget> and will be available from the U.S. Government Printing Office. The above chart displays the differences between the Combined Statements of Budgetary Resources (SBR) in the FY 2014 Performance and Accountability Report and the actual FY 2014 balances included in the FY 2016 President's Budget. The differences are attributable to activities associated with expired funds that are excluded from the President's Budget.

Note 16 Fiduciary Activities

Schedule of Fiduciary Activity <i>(In Thousands)</i>	HCC Cash 2015	HCC Cash 2014	HCC In-Kind 2015	HCC In-Kind 2014
Fiduciary Net Assets, Beginning	\$ 746	\$ 887	\$ -	\$ -
Contributions	604	658	2,803	2,717
Disbursements	(606)	(799)	(2,803)	(2,717)
Increase/(Decrease) in Fiduciary Net Assets	(2)	(141)	-	-
Fiduciary Net Assets, Ending	\$ 744	\$ 746	\$ -	\$ -
Schedule of Fiduciary Net Assets <i>(In Thousands)</i>	HCC Cash 2015	HCC Cash 2014	HCC In-Kind 2015	HCC In-Kind 2014
Fiduciary Net Assets				
Cash and Cash Equivalents	\$ 745	\$ 887	\$ -	\$ -
Less: Liabilities	1	-	-	-
Total Fiduciary Net Assets	\$ 744	\$ 887	\$ -	\$ -

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 \$2,802,574.10 in fair market value were received at posts through the end of September 30, 2015, for services, supplies, equipment, and facilities. The host country cash balance is \$744,774 as of September 30, 2015.

Note 17 Reconciliation of Net Cost of Operations (Proprietary) to Budget		
	September 30, 2015 <i>(In Thousands)</i>	September 30, 2014 <i>(In Thousands)</i>
Resources Used to Finance Activities:		
Budgetary Resources Obligated:		
Obligations Incurred	\$ 431,898	\$ 388,184
Less: Spending Authority from Offsetting Collections and Recoveries	28,527	28,583
Obligations Net of Offsetting Collections and Recoveries	403,371	359,601
Less: Offsetting Receipts	(1,616)	(1,193)
Net Obligations	404,987	360,794
Other Resources		
Transfers in/out without reimbursement (+/-)	(65)	510
Imputed financing from costs absorbed by others	5,223	6,165
Net resources used to finance activities	5,158	6,675
Total resources used to finance activities	410,145	367,469
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 (+/-)	(21,176)	(5,626)
Budgetary offsetting collections and receipts that do not affect net cost of operations	-	1,840
Resources that finance the acquisition of assets	(14,158)	(12,178)
Other resources or adjustments to net obligated resources that do not affect net cost of operations (+/-)	628	(510)
Total resources used to finance items not part of the net cost of operations	(34,706)	(16,474)
Total resources used to finance the net cost of operations	375,439	350,995
Components Requiring or Generating Resources in Future Periods:		
Future Funded Expenses	2,495	1,088
Changes in Actuarial Liability	(3,151)	(4,290)
Components not Requiring or Generating Resources:		
Depreciation and amortization	7,584	6,722
Other (+/-)	(168)	(53)
Total Components of Net Cost of Operations that will not require or generate resources	6,760	3,467
Net Cost of Operations	\$ 382,199	\$ 354,462

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

Note 18 Imputed Financing		
	September 30, 2015 <i>(In Thousands)</i>	September 30, 2014 <i>(In Thousands)</i>
Federal Employees Health Benefit Program	\$ 4,796	\$ 4,038
Federal Employees Group Life Insurance Program	16	15
Civil Service Retirement System	423	559
Federal Employees Retirement System	(32)	1,532
Foreign Service Retirement and Disability System	20	21
Total Imputed Costs	\$ 5,223	\$ 6,165

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.

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Inspector General's Audit Transmittal Letter_____

**Office of Inspector General**

To: Carolyn Hessler-Radelet, Director

From: Kathy A. Buller, Inspector General

Joanin Funn for K.B.

Date: November 6, 2015

Subject: Audit of Peace Corps' Fiscal Year 2015 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) 2015 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.

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

We contracted with Kearney, an independent certified public accounting firm, to audit the Peace Corps' consolidated financial statements as of September 30, 2015 and 2014. The contract required that the audit be done in accordance with U.S. *Generally Accepted Government Auditing Standards* (GAGAS), OMB audit guidance, and the *Government Accountability Office/President's Council on Integrity and Efficiency Financial Audit Manual*.

Kearney's reports for FY 2015 include: (1) an opinion on the financial statements, (2) conclusions on internal control over financial reporting, and compliance with applicable provisions of laws, regulations, contracts, and grant agreements. In its audit of the Peace Corps, Kearney found:

- The financial statements were fairly presented, in all material respects, in conformity with GAGAS principles.

- There were no material weaknesses in internal control.¹
- Three significant deficiencies related to internal control were disclosed by Kearney:²
 - Information technology security needs improvement. Kearney cited continuous monitoring and the agency's risk management program as areas needing improvement.
 - De-obligation of unliquidated obligations (ULO) is not always timely. Specifically, Kearney cited that an effective ULO control environment is not being maintained and needs to be strengthened and better integrated into the agency's obligation review process.
 - Effective controls over the agency's obligations are not being maintained. Kearney indicated that steps need to be taken to improve and integrate the obligation process.
- Four instances of reportable noncompliance were found relating to complying with applicable provisions of laws, regulations, contracts, and grant agreements which are required to be reported under GAGAS or OMB guidance. Kearney found that the Peace Corps did not fully comply with:
 - OMB Circular A-11 relating to the timely, complete, and accurate reporting of federal agency consolidated financial statements.
 - 31 U.S.C § 1501, regarding the requirement for documentary evidence of government obligations.
 - Federal Information Security Modernization Act of 2014.
 - Ethics in Government Act of 1978 associated with the timely reviewing of annual Public Financial Disclosure Reports.

OIG Evaluation of Kearney's Audit Performance

In connection with the contract, we reviewed Kearney's reports, related documentation and inquired of its representatives. Our review, as differentiated from an audit in accordance with GAGAS, was not intended to enable us to express, and we do not express, opinions on the Peace Corps' financial statements or conclusions about the effectiveness of internal control or compliance with laws, regulations, contracts, and grant agreements. Kearney is

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

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

responsible for the attached auditor's reports dated November 6, 2015 and the conclusions expressed in the reports. However, our review disclosed no instances where Kearney did not comply in all material respects, with GAGAS.

We would like to express our appreciation to the Peace Corps staff involved in working with the auditors and issuing the financial statements within the established OMB milestones. Their professionalism, cooperation, and timely responsiveness 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 Judy Leonhardt, at 202-692-2914.

Attachment

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

Auditor's Report



1701 Duke Street, Suite 500, Alexandria, VA 22314
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INDEPENDENT AUDITOR'S REPORT

To the Director and Inspector General of United States Peace Corps

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the United States Peace Corps (Peace Corps), which comprise the consolidated balance sheets as of September 30, 2015 and 2014, the related consolidated statements of net cost and changes in net position, and the combined statements of budgetary resources (hereinafter referred to as the "consolidated financial statements") for the years then ended, as well as the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Peace Corps as of September 30, 2015 and 2014 and its net cost of operations, changes in net position, and budgetary resources for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

Reports on Internal Control, Compliance, and Other Matters

In accordance with *Government Auditing Standards* and OMB Bulletin No. 15-02, we have also issued a report, dated November 6, 2015, on our consideration of the Peace Corps' internal control over financial reporting and on our tests of the Peace Corps' compliance with provisions of applicable laws, regulations, contracts, and grant agreements, and other matters for the year



ended September 30, 2015. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, not to provide an opinion on internal control over financial reporting or on compliance and other matters. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and OMB Bulletin No. 15-02 and should be considered in assessing the results of our audits.

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

Alexandria, Virginia
November 6, 2015



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

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

We have audited the consolidated financial statements of the United States Peace Corps (Peace Corps) as of and for the year ended September 30, 2015, and we have issued our report thereon dated November 6, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the 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. Given these limitations, during our audits, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings, that we consider to be significant deficiencies.



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

Compliance and Other Matters

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

The Peace Corps' Response to Findings

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

Purpose of this Report

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

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

Alexandria, Virginia
November 6, 2015



Schedule of Findings

Significant Deficiencies

I. Information Technology Security (Repeat Condition)

The Peace Corps' information technology (IT) internal control structure, both for the General Support Systems and critical financial reporting applications, did not include a comprehensive risk analysis, proof 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:

- During fiscal year (FY) 2015, the Office of the Chief Information Officer continued the process of implementing a Continuous Monitoring Program. However, it was not fully implemented at the information system level in accordance with its current Information Security Continuous Monitoring (ISCM) strategy. The Federal Information Security Modernization Act of 2014 (FISMA) Evaluation Team identified the following control deficiencies:
 - One of seven FISMA reportable systems of non-financial applications has an expired Authorization to Operate
 - The Peace Corps has not implemented a capability to detect unauthorized connections to its networks
 - Security weaknesses identified by vulnerability assessments were not tracked and monitored within the Cyber Security Assessment and Management (CSAM) tool using the Plan of Action and Milestones process.
- The Peace Corps does not have a robust agency-wide Risk Management Program to manage information security risks. While OCIO has formalized an overall Risk Management strategy in February 2014, there was no evidence that demonstrated that the agency was able to identify, assess, respond, and monitor information security risk at the entity or business process levels. The Senior Assessment Team holds regular meetings with the Chief Information Officer and Risk Executive to discuss the agency's risk posture; however, this process does not follow any formal standard. In addition, the Peace Corps has not developed relevant security policies and procedures to effectively manage the FISMA system inventory, establish system boundaries, and conduct appropriate Security Testing and Evaluation as part of the Security Assessment and Authorization (SA&A) process. Specifically, the FISMA Evaluation Team identified the following control deficiencies:
 - Two conflicting system inventory lists (i.e., operating systems and databases) were maintained
 - External system connections were not documented within the official system repository, the CSAM tool



- Three major applications (i.e., Volunteer Delivery Service, Management Services System, and Safety and Security System) were missing up-to-date authorization packages.

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

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

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

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

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



II. Untimely De-Obligation of Unliquidated Obligations (Repeat Condition)

Unliquidated Obligations (ULO) represent: 1) the cumulative amount of orders, contracts, and other binding agreements for which the goods or services ordered have been paid for but have not yet been received or 2) the goods or services have been received but payment has not yet been made. Agencies should maintain policies, procedures, and information systems to ensure that ULOs represent future Federal outlays. Failure to maintain an effective ULO control environment may result in difficulties in managing funds, improper payments, inaccurate budgetary reports, and violations of Federal regulations.

The Peace Corps records obligations in its financial management system when it enters into a binding agreement, such as a contract or purchase order, to purchase goods or services. Once recorded, obligations remain open until they are fully reduced by disbursements or de-obligated or the appropriation that is funding the obligation is canceled. As invoices are received and payments are made, obligations are liquidated by the amount of the payments.

The Peace Corps reported domestic and overseas ULOs worth \$91 million as of June 30, 2015. Kearney evaluated the validity and liquidation status of domestic and overseas non-Federal ULOs with a statistical sample of 36 and judgmentally sampled the 10 largest domestic Federal ULOs. The combined 46 domestic and overseas ULOs sampled had a recorded value of \$4.5 million, and Kearney noted:

- Eleven domestic non-Federal ULOs in the statistical sample, valued at \$612,582, should have been de-obligated. These errors produced a projected error of \$1,077,807
- One out of 10 judgmentally sampled domestic Federal ULOs, valued at \$65,251, should have been de-obligated as of June 30, 2015. This error comprised 5% of the sampled domestic Federal ULO balance.

In total, Kearney identified 12 exceptions with a recorded value of \$677,833 that the Peace Corps should have de-obligated. The 12 identified exceptions produced a projected likely error of approximately \$1,077,807 in the non-Federal ULO balance as of June 30, 2015.

In addition, Kearney tested 42 additional overseas ULOs during post visits and identified one open ULO, valued at \$2,489, that should have been de-obligated.

The Peace Corps' failure to maintain an effective domestic ULO control environment in which invalid open obligations are identified and de-obligated in a timely manner may result in difficulties in managing funds, improper payments, inaccurate budgetary reports, and possible violations of Federal regulations.



Recommendation #2: Kearney recommends that the Peace Corps take steps to strengthen and better integrate its obligation process, including the following:

- Review open obligations and ensure the ultimate disposition of open obligations is formally documented, reviewed, and certified by a senior official in a timely and routine manner
- Continue to provide annual training on related policies and procedures to ensure consistency between posts
- Review policy regarding the de-obligation of domestic obligations.



III. Budgetary Accounting (New Condition)

The Peace Corps should record an obligation in its financial management system when it enters into a binding agreement, such as a contract or purchase order, to purchase goods and services. Agencies should only record legitimate obligations, which would include a reasonable estimate of the Government's potential liability. Agencies should maintain policies, procedures, and information systems to ensure that obligations represent future Federal outlays, comply with laws and regulations, and are appropriately approved. In order to determine the status of appropriations, obligations must be recorded in the accounting records on a factual and consistent basis. Failure to maintain effective obligation controls may result in difficulties managing funds, improper payments, inaccurate budgetary reports, and violation of Federal regulations, including the Antideficiency Act.

Kearney statistically sampled 45 new obligations, valued at \$8,070,169, created October 1, 2014 through June 30, 2015, and noted the following issues:

- Two obligations were recorded in Odyssey after the period of performance began. For both obligations, the delay between the obligation date recorded in Odyssey and the period of performance start date was seven days
- The two obligation exceptions consisted of a \$115,000 modification to an existing contract and a \$1,839,032 contract that was not signed before the period of performance

Additionally, during post visits, Kearney noted that three obligation samples were created in Financial Operations Room (FOR) Post prior to an approved obligating document and one expense sample had two obligations created for the same purchase order.

The Peace Corps recorded obligations that were not supported by binding agreements. In analyzing obligations of the Peace Corps as of September 30, 2015, Kearney identified 215 obligations with original obligation amounts between \$0.01 and \$1.00 created as placeholders for future obligations. The Peace Corps could not provide evidence of binding agreements to support these obligations. However, 31 United States Code (U.S.C.) § 1501 requires documentary evidence for Government obligations.

Obligations that are not recorded timely in the financial information system preclude the effective operation of automated controls and may increase the risk that goods or services may be acquired and/or received prior to an authorized obligation certifying the availability of funds or prior to an authorized contract or purchase order being established. The process of authorizing the obligation and certifying fund availability ensures the completeness of the recorded obligation balances.

Establishing obligations for inaccurate amounts limits the Peace Corps' ability to evaluate program accomplishments and identify additional funding requirements.



Recommendation #3: Kearney recommends that the Peace Corps take steps to strengthen and better integrate the obligation process, including implementing a process to reduce the delay between execution and data entry.

Recommendation #4: Kearney recommends that the Peace Corps implement controls that ensure that only valid obligations are recorded. In addition, the Peace Corps should provide training to the Director of Management Operations and Financial Assistants to help them understand why they should not create placeholder obligations.

* * * * *



Noncompliance and Other Matters

IV. OMB Circular Number A-11, *Preparation, Submission, and Execution of the Budget* (Repeat Condition)

As discussed in *Section III: Budgetary Accounting*, Kearney statistically sampled 45 new obligations, created October 1, 2014 through June 30, 2015, and noted that the Peace Corps recorded two obligations after the start of the period of performance. During post visits, Kearney also noted that three obligations sampled were created prior to an approved obligating document and one expense sample had two obligations created for the same purchase order.

V. 31 U.S.C. § 1501, *Documentary evidence requirement for Government obligations* (New Condition)

As discussed in *Section III: Budgetary Accounting*, obligations are definite commitments that create a legal liability of the Government for payment. The Peace Corps should only record legitimate obligations; Kearney noted that the Peace Corps recorded obligations that were not supported by binding agreements.

VI. FISMA (Repeat Condition)

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

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

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

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

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



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

Kearney evaluated 100% of the Peace Corps' 28 Public Financial Disclosure Forms (i.e., OGE-278). We noted the DAEO did not start the review of four OGE-278s within the required 60 days of receipt of the employees OGE-278. The DAEO started these reviews 67, 78, 84, and 93 days late, respectively.

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



APPENDIX A: STATUS OF PRIOR YEAR DEFICIENCIES

Three issues were noted relating to internal control over financial reporting in the *Independent Auditor's Report on Internal Control over Financial Reporting and Compliance with Applicable Provisions of Laws, Regulations, Contracts, and Grant Agreements* on the Peace Corps' FY 2014 consolidated financial statements.¹ The table below presents a summary of the current year status of these issues.

Prior Year Internal Control Significant Deficiencies

Control Deficiency	2015 Status	2014 Status
Property, Plant, and Equipment	Closed	Significant Deficiency
Information Technology Internal Control Environment	Significant Deficiency	Significant Deficiency
Untimely De-Obligation of Unliquidated Obligations	Significant Deficiency	Significant Deficiency

¹ *Independent Auditor's Report on the Peace Corps' 2014 and 2013 Financial Statements*

AGENCY COMMENTS TO THE AUDITOR'S REPORT

Peace Corps has reviewed the Auditor's Report and concurs with the findings in the report.



OTHER INFORMATION

*Natural resource management Volunteer
works with local farmers to create an irrigation
system to water soy fields in Malawi.*




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



Office of Inspector General

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

FROM: Kathy A. Buller, Inspector General 

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

DATE: October 30, 2015

In accordance with the Reports Consolidation Act of 2000, the Office of Inspector General (OIG) is submitting what it has determined to be the most significant management and performance challenges facing the Peace Corps. The challenges discussed in the attachment to this memo are to be included in the agency's Performance and Accountability Report for fiscal year (FY) 2015.

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

- IT Security Management (first reported in FY 2009)
- Business Processes (first reported in FY 2011)
- Excessive Personnel Turnover (first reported in FY 2012)
- Training Overseas Staff (FY 2014)
- Acquisition and Contract Management (new for FY 2015)

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

cc: Laura Chambers, Chief of Staff
Carlos Torres, Senior Advisor to the Director
Becca Sharp, Deputy Chief of Staff
Lyzz Ogunwo, White House Liaison
Rudy Mehrbani, General Counsel
Carl Sosebee, Senior Advisor

Joseph Hepp, Chief Financial Officer
Paul Shea, Deputy Chief Financial Officer
Linda Brainard, Chief Acquisition Officer
Francisco Reinoso, Chief Information Officer
Vincent Groh, Deputy Chief Information Officer
Alan Price, Associate Director, Office of Management
Garry Stanberry, Deputy Associate Director, Office of Management
Paul Jung, Associate Director, Office of Health Services
Helen Lowman, Associate Director, Volunteer Recruitment and Selection
Melissa Silverman, Director of Communications
Shawn Bardwell, Director for Safety and Security
Ken Yamashita, Acting Director for Office of Global Operations
Cathryn Thorup, Director, Office of Strategic Information, Research and Planning
Sonia Stines Derenoncourt, Director, Office of Overseas Programming and Training
Marie McLeod, Director, Office of Global Health and HIV
Kate Beale, Director, Peace Corps Response
Tonia Wellons, Associate Director, Office of Strategic Partnerships
Sue Larson, Contractor, Office of the Chief Financial Officer

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 operations. They also provide significant guidance that serves to prevent the occurrence of serious information security incidents. The Federal Information Security Management Act of 2002 (FISMA), as amended, is central to the federal environment's IT security program.¹ The objective of FISMA is to develop a comprehensive framework to protect the government's information, operations, and assets. Since FY 2009, OIG has reported in its management and performance challenges that the Peace Corps has not achieved full compliance with FISMA or fully implemented an effective IT security program. Some of the identified issues have been outstanding for over seven years and the agency has struggled to implement corrective actions.

Further complicating this challenge, the Peace Corps has been trying to modernize its IT environment. Despite good intentions, there has not been adequate attention paid to IT security and its implications for the network and sensitive information. For example, in FY 2015, the Peace Corps participated in a cloud email pilot program with GSA. This program neither followed the proper acquisition policies or processes, nor conducted a standard security assessment prior to initiating the pilot. The agency has since suspended the pilot program and began pursuing cloud email through appropriate agency processes making IT security a key component of the acquisition.

Progress in Addressing Challenge

Management has made some progress in strengthening the Peace Corps' IT security management programs through measures taken to improve its FISMA compliance, beginning with the onboarding of a new Chief Information Security Officer. The agency has developed and begun implementing key policies and procedures, such as user access management, incident response and reporting, and user security awareness and training. However, there are a number of FISMA issue areas that were discussed in prior year challenge statements that have not been fully resolved. For example: although management has initiated a continuous monitoring program, including documenting some of the agency's systems and their associated risk, the program does not contain all the required components and remains incomplete; some configuration management processes have not been fully implemented; contingency plan testing weaknesses still exist at overseas posts, headquarters, and regional recruiting offices; and systems security assessment documentation has not been completely updated and is not being reviewed periodically by key stakeholders. Furthermore, the Peace Corps has not fully implemented a comprehensive agency- wide risk management program that is effective in monitoring, identifying, and assessing security weaknesses, and resolving related problems at the entity, business process, and information system levels, in-line with the National Institute of Standards and Technology Risk Management Framework.

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

What Needs to be Done

Achieving full compliance with FISMA and other federal laws and regulations that apply to managing the Peace Corps' IT security infrastructure is critical to having a program that is effective in ensuring the agency's information, operations, and assets are adequately protected. The Peace Corps needs to place greater emphasis on improving its information security program, including accomplishing greater FISMA compliance, and timely remediation of IT security weaknesses that have been identified internally, and through the annual FISMA audit and other reviews. The Peace Corps will need to place a sharper focus on improving its IT security program by assigning sufficient qualified personnel and prioritizing the agency time and resources necessary to become fully FISMA compliant and eliminate weaknesses. Implementation of the Risk Management Framework will facilitate the tailoring of an information security program that meets Peace Corps' mission/business needs across a decentralized organization.

Key OIG Resources

[Peace Corps' FY 2014 Performance and Accountability Report](#)

[Peace Corps' FY 2015 Performance and Accountability Report](#)

[Management Advisory Report: The Peace Corps' Cloud Computing Pilot Program](#)

[OIG Semiannual Report to Congress, April 1 to September 30, 2015](#)

Challenge Business Processes

Why This Is a Challenge

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

Volunteer Safety and Security

In May 2012, the Peace Corps Director and the Department of State (DOS) signed a memorandum of understanding (MOU) to formalize the relationship and further define and clarify individual roles and responsibilities for overseas safety and security regarding Peace Corps staff and Volunteers. However, consistent implementation of the agency's responsibilities remains a challenge because the agency's safety and security program is decentralized, with the responsible staff located within multiple offices both at headquarters and overseas.

The lack of consistent communications with DOS regional security officers (RSOs) has impacted the agency's implementation of the MOU. In a follow up audit of the Volunteer Safety and Security Program we found Peace Corps safety and security officers' (PCSSO) trip reports were not consistently reported to the Regional Security Officer (RSO) as required by the MOU. The audit also found that there is no consistent communication structure between Peace Corps and the RSO and there is a lack of agency guidance on how to report serious incidents to the RSO. In the report we noted that almost half of the serious incidents we analyzed were not reported to RSOs in a timely manner.

Further, on September 1, 2013, in response to the Kate Puzey Act, the Peace Corps changed its crime reporting system to remove sensitive sexual assault details. However, the Peace Corps erroneously stopped sending RSOs details for all crime incidents, not just those classified as sexual assaults. It took over six months for RSOs to receive any official explanation from the Peace Corps about the reporting change. This communication failure damaged the relationship between the Peace Corps and the RSOs.

Data Management

Although the Peace Corps is working on modernizing some of its businesses processes, OIG audits and evaluations continue to find that several essential business functions remain largely paper-based, such as processes for travel, medical supply management, payment vouchers, and several human resource functions (leave approval, performance appraisals, training records, and travel compensation time). The Peace Corps lack of automated business processes has led to inefficiencies and duplication of efforts, and makes data more prone to human error.

The agency lacks a centralized case management system to document the response to sexual assault incidents and services provided to victims. In a 2012 evaluation report, OIG recommended the agency develop a case management system and noted the lack of a centralized system makes it difficult to confirm the quality or consistency of care provided to victims or to identify and correct lapses in services or response provided to victims.

Property Management

At year end the Peace Corps reported having a total property net book value of \$38.9 million. OIG and Peace Corps external audits continue to find issues with property system reliability. In FY 2012, the agency implemented a new property accountability system to better manage its assets; however, significant problems with data accuracy have persisted through FY 2015.

Progress in Addressing the Challenge

The agency's safety and security program has begun to mature in recent years, with the development of more vigorous roles and responsibilities for the safety and security manager position, updated guidance materials, and more formal involvement of security experts in the hiring of overseas security personnel. The agency is currently working with Department of State to revise and update the MOU.

The Peace Corps has implemented, and is working to implement, several systems to better manage agency records. Specifically, the Office of Volunteer Recruitment and Selection implemented the Database of Volunteer Experience to manage volunteer applicant data, and in August 2012, the Office of Health Services implemented a medical applicant exchange system. The agency has completed piloting an electronic medical records system that will provide online storage of Volunteer medical data. Full implementation of the system at over 90 percent of Peace Corps posts is planned for October 2015.

In FY 2015 the agency initiated the development of a case management system which it expects will become operational in FY 2016 and would allow the agency to verify that appropriate services are being provided to victims of assault, to assess performance and training of staff, and to comply with all of the requirements of the Kate Puzey Volunteer Protection Act of 2011.

Progress is also being made to address property management deficiencies. The Office of the Chief Financial Officer is in the process of replacing the existing property management system. The agency plans to perform pilot tests at six Peace Corps posts during the first quarter of FY 2016, with full implementation of the new system scheduled for February 2016. According to management the replacement system has greater capability and they are confident that it will significantly improve property inventory accuracy.

What Needs To Be Done

The agency needs to continue to assess its operations and modernize its business processes accordingly. Furthermore, agency business processes must also support effective internal control and provide for access to reliable data. For the safety and security program, in addition to providing training, the agency should put in place formal guidance to ensure roles and responsibilities are defined and the MOU requirements are understood by all involved parties. Additionally, the Peace Corps needs to continue its focus on developing or acquiring more modern and automated systems to replace business processes that are manual or rely on inadequate systems. The agency also needs to complete the design and implementation of a centralized case management system for sexual assault incidents so that they are able to verify appropriate services have been provided, sexual assault response requirements have been met, assess performance, and provide feedback to responders to make process improvements.

Key OIG Resources

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

[Final Audit Report: Training Peace Corps' Overseas Staff](#)

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

[Review of the Peace Corps' Implementation of Guidelines Related to Volunteer Victims of Rape and Sexual Assault](#)

[Final Audit Report on the Follow-up Audit of the Peace Corps' Safety and Security Program](#)

[OIG's FY 2016 Annual Plan](#)

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

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

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. OIG’s evaluation found that the FYR, as intended, enabled the agency to create a constant flow of new employees including Returned Peace Corps Volunteers; avoid the inflexibility associated with the civil service system; and prevent employees from working their entire career at the Peace Corps. However, the FYR accelerated the annual pace of employee turnover to between 25 percent and 38 percent, quadruple the average turnover rate in the federal government. OIG estimated that over the five- year period from 2005-09, excessive turnover driven by the FYR accounted for

approximately 60 percent of \$20.7 million in total turnover management costs.² Excessive personnel turnover at the Peace Corps exacerbated a range of common management challenges. Excessive turnover has undermined the agency's ability to retain employees on the basis of performance; to conduct succession planning; to manage the continuity and transfer of essential knowledge, skills, and abilities; to provide training and professional development to staff; and to deploy its workforce efficiently. In addition, the FYR weakened the agency's ability to attract and retain highly qualified professionals in the areas of contracting, financial management, information technology, human resources management, and medical support. It has also led to frequent staffing gaps in mission-critical positions overseas.

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

Progress in Addressing the Challenge

As highlighted in the FY 2013 Management and Performance Challenges, the agency revised certain policies and practices related to the administration of its personnel system. Specifically, it started to make initial appointments of 60 months for new staff and converted the staff members that were on 30-month tours to 60-month appointments; it has maximized the allowable percentage (15 percent) of staff employed for an additional 30-month tour beyond the 5-year limit; it exercised its authority to retain more employees for "special circumstances" through 12-month extension appointments; and it implemented an exit survey in November 2013 to better understand the reasons for employee departures. The agency informed OIG in July 2015 that where appropriate, it had hired additional "experts" (who are not subject to the FYR) to mitigate the loss of institutional memory and capacity caused by excessive personnel turnover.³

Additionally, the agency has compiled a list of individuals ("intermittent experts" and "rovers") with experience in mission-critical positions overseas that it can call upon in order to fill vacant overseas positions until a permanent replacement is on board.

However, the agency has not provided documentation to OIG that would allow for a review and response to the steps it has taken to address the 5 recommendations we made in our 2012 final report on the impacts of the FYR. As of September 2015, all five recommendations remain open. They are: (1) to reduce the rate of employee turnover and increase direct hire employees' length of employment; (2) to identify which functions should be subject to periodic turnover, and implement a process to manage turnover; (3) to identify the core business functions and

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

³ The OIG has not examined whether the agency's use of this authority has been an appropriate mitigation strategy to counter the impact of excessive turnover.

positions that suffer from frequent staff turnover, and determine and implement a process for acquiring and retaining qualified personnel; (4) to raise expectations among supervisors to address employee performance issues and provide supervisors with the training and support; and (5) 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. Six audit recommendations OIG made in its report on the Peace Corps overseas staffing to improve how the agency hires certain overseas staff also remain open.

What Needs To Be Done

The agency needs to address each of the five recommendations from the final report on the impacts of the FYR and the six relevant open recommendations from the final report on Peace Corps overseas staffing.

Key OIG Resources

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

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

Challenge Training Overseas Staff

Why This Is a Challenge

The Peace Corps relies on its overseas staff to ensure the success of its programs around the world. Overseas staff members have many responsibilities; including identifying jobs where Volunteers can be productive and contribute to host country development needs, managing financial and administrative operations, and ensuring the health and safety of Volunteers. Even though they work outside of the United States, overseas staff often has to abide by the rules of the federal government, including those related to ethics, contracting, and whistleblower protection. Ensuring overseas staff has the skills and information they need for their jobs requires training.

In September 2014, OIG issued its final report on the training the Peace Corps provides to its overseas staff. During this evaluation, OIG reviewed the training provided on a number of different topics, including cashier functions, classified materials handling, continuing medical education, medical overseas staff training, confidential handling of Volunteer allegations, contracting functions, equal opportunity employment, ethics, information security, purchase card, sexual assault policy, supervisory training, and travel card training. Although there were many areas where the agency dedicated resources to staff training, OIG work uncovered a number of challenges.

An underlying problem was that the agency did not have a central office to develop, manage, and coordinate the training of overseas staff. The responsibility for managing training was largely decentralized, with different headquarters offices and posts responsible for identifying training needs, developing and delivering training, and using their own methods and systems to track training participation. There was no senior official to develop a learning strategy for the entire agency and ensure the Peace Corps had the financial and human resources needed to implement the strategy.

Another significant challenge was that the agency did not have a training coordinator for host country nationals (HCNs), who make up over 90 percent of Peace Corps' overseas workforce. Even though HCNs made up the majority of Peace Corps' overseas workforce, the agency had not always extended the same training opportunities to them.

The agency's primary training and orientation for overseas staff members, called overseas staff training (OST), was not available to every staff member. According to OIG data, as of November 2013, only 18 percent of all overseas staff (and nine percent of HCNs) hired between 2008 and 2013 had attended OST. The agency lacked an alternate mechanism for orienting new post staff members. Without a comprehensive, standardized orientation and training program for all overseas staff, each post decided what information would be provided to new staff. This created variability in the quality of staff training, and there was no assurance that new staff was properly trained on important policies and procedures.

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

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

Progress in Addressing the Challenge

In its response to the 2014 OIG report on training overseas staff, the agency committed to take further action to improve its training program. The Peace Corps conducted an Internal Management Assessment on worldwide staff training during this year. As a result of this assessment the agency initiated the establishment of the Office of Staff Learning and Development, to be overseen by the Associate Director for Management. According to the Peace Corps, the purpose of this new office is to "promote a culture of learning and professional development for Peace Corps staff."

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

The agency has upgraded its learning management systems (LMS) and reports that its LMS will enable it to reliably track and report on important training for staff and Volunteers, including, for example, training for staff on the agency's policies and procedures for responding to a sexual assault against a Volunteer. OIG has not yet assessed the effectiveness of the agency's learning management systems.

What Needs To Be Done

OIG issued 25 recommendations in its 2014 report, and closed 11 in FY 2015 based on documentation of actions the agency had taken; 14 recommendations remain open. The agency addressed a number of recommendations to provide specific types of training required by law or agency policy. The recommendations aimed at addressing the systemic issues uncovered during the evaluation remain open, including: to designate responsibility for the oversight of the agency's staff training program; to implement a training needs assessment process; to create a standardized training program for new overseas staff; and to implement an improved learning management system.

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

Key OIG Resources

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

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

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

Challenge Acquisitions and Contract Management

Why This Is a Challenge

During FY 2015 the Peace Corps obligated \$160.8 million in contract costs for goods and services, or approximately 42 percent of their total annual budget. This included \$63.8 million for domestic contractual costs and about \$97 million related to overseas operations. As illustrated here, the cost of contracts usually represents a significant part of an agency's budget, resulting in significant challenges to risk management. Managing federal contracting more effectively has continuously appeared on the Government Accountability Office's "High Risk List" since 1990. The issues related to federal contracting have become more apparent in recent years and the Peace Corps is not an exception as the government as a whole focuses more attention on effectively managing contracts. For the Peace Corps, the timely and cost-effective acquisition of essential goods and services is critical to supporting Volunteers assigned to remote areas throughout the world and accomplishing its multi-faceted mission. To achieve continuous improvement and minimize the risks associated with contracts it is also important that the agency follow Peace Corps policies, laws, and regulations that are applicable to government procurement.

We included acquisitions and contract management as one the agency's greatest management and performance challenges in both FY 2009 and 2010. Staff resourcing of the Peace Corps' acquisition workforce was highlighted as a significant challenge in the past and continues to

impact the agency's ability to effectively manage its contracting workload. Resourcing of the acquisition workforce encompasses being able to recruit and retain a sufficient number of experienced and skilled contracting professionals to manage the workload and efficiently meet the needs of its customers.

Progress in Addressing Challenge

Since first reporting the significant management and performance challenges facing the Peace Corps' contracting operation, some improvements had been made. Many of those improvements were attributed to remediation of OIG audit recommendations made in March 2010. During this remediation period the Peace Corps' progress included increasing the contracting office's professional staff and upgrading certain personnel positions; ensuring that contracting officer's representatives received minimum technical training; strengthening internal contracting policies; eliminating unnecessary cost reimbursement contracts; increasing surveillance over high risk contracts; and improving its overall acquisition planning. However, in a recent audit of the Peace Corps' largest contract we noted significant issues of noncompliance with laws, regulations, and Peace Corps policy. Also, in some cases the same deficient conditions found during the 2010 audit had recurred and certain areas of improvement had deteriorated or were not apparent. For example, we determined that the acquisition planning for the contract reviewed was untimely and flawed. We also noted that surveillance over this high risk contract was ineffective. Further, based on information regarding personnel turnover during FY 2015, the contracting operation experienced high turnover rates that have significantly challenged its capability to effectively manage its workload. Some of this turnover can be linked to the Peace Corps' legislative mandate to limit most assignments at the agency to a maximum of five years. We reported the negative impact on Peace Corps' personnel recruitment and retention that resulted from term assignments in a 2012 report. This area continues to be a significant challenge and is discussed in more detail earlier in this memorandum in our management and performance challenge entitled "Excessive Personnel Turnover."

What Needs to be Done

Peace Corps management needs to ensure they consistently maintain an acquisition workforce that possesses the necessary experience and skill sets capable of effectively managing its contracting workload. To accomplish this they will need to improve their program for recruiting, retaining, and training the agency's contracting professionals. Significant improvements in reducing excessive personnel turnover can be achieved through implementation of recommendations made in our report, "Impacts of the Five Year Rule on Operations of the Peace Corps" discussed earlier in this memorandum. The agency also needs to assess its contracting policy and procedural weaknesses related to governance compliance, acquisition planning, and contract surveillance and take active and timely steps to strengthen these areas.

Key OIG Resources

[Final Audit Report: Peace Corps Process for Soliciting, Awarding, and Administering Contracts](#)
[Final Evaluation Report: Impacts of the Five Year Rule on Operations of the Peace Corps](#)
[Management Advisory Report: Peace Corps' Volunteer Health Care Administration Contract](#)

Summary of Financial Statement Audit and Management Assurances

SUMMARY OF FINANCIAL STATEMENT AUDIT

Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
<i>Total Material Weaknesses</i>	0	0	0	0	0

SUMMARY OF MANAGEMENT ASSURANCES

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)

Statement of Assurance	Unqualified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
<i>Total Material Weaknesses</i>	0	0	0	0	0	0

Effectiveness of Internal Control over Operations (FMFIA § 2)

Statement of Assurance	Unqualified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
<i>Total Material Weaknesses</i>	0	0	0	0	0	0

Conformance with Financial Management System Requirements (FMFIA § 4)

Statement of Assurance	Systems conform, except for the below nonconformance, to financial management system requirements					
Nonconformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
FISMA	1	0	0	0	0	1
<i>Total Nonconformances</i>	1	0	0	0	0	1

DEFINITION OF TERMS

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

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

Resolved: The total number of material weakness that have dropped below the level of materiality in the current year.

Consolidated: The combining of two or more findings.

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

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

A photograph of a person in a blue shirt working in a garden. The person is bent over, tending to a raised garden bed. The garden bed is filled with soil and has several small green plants growing in it. To the left of the garden bed, there are large, dark green plants with prominent, palmate leaves. The ground is a mix of dirt and some sparse grass. The overall scene is outdoors and appears to be a community or hospital garden.

APPENDICES

Health Volunteer works with a hospital to grow a garden to provide fresh vegetables to patients who cannot afford vitamin pills in Senegal.



Appendix 1 | Status of Audit Weaknesses

The FY 2015 financial statement audit report by Kearney & Company, P.C., external independent auditor, begins on page 116 and was transmitted through the Inspector General. The report identified three significant deficiencies and four instances of noncompliance with laws and regulations.

The three significant deficiencies identified include the Information Technology Security (Repeat Condition), the Untimely De-Obligation of Unliquidated Obligations (Repeat Condition) and Budgetary Accounting (New Condition), and the status of each is shown below in Part I Significant Deficiencies. The four instances of noncompliance shown below in Part II include Budgetary Accounting (OMB Cir No. A-11) (1) and (31 U.S. Code § 1501) (2), Federal Information Security Modernization Act of 2014 (FISMA) (Repeat Condition), and Filing of Public Reports (Ethics in Government Act of 1978) (Repeat Condition). Both parts identify whether corrective actions are on target to achieve resolution or whether progress slipped. Both parts also show FY 2015 Completed Corrective Actions and FY 2016 and Out Planned Corrective Actions.

	<u>Status at End of Year</u>	<u>Projected Resolution Date</u>
PART I – Significant Deficiencies		
Information Technology Security	Open as Projected	Sep 2017
Untimely De-Obligation of Unliquidated Obligations	Open	Jul 2016
Budgetary Accounting (New Condition)	Open	Jul 2016

Information Technology Security – On Target – No Slippage

FY 2015 Completed Corrective Actions

1. Completed deployment of the remaining 15 AlienVault devices to actively perform continuous diagnostic monitoring of all posts in real time
2. Adopted Office of Personnel Management (OPM) executive and privilege level role based training
3. Completed Gap Analysis for the Risk Management agency strategy
4. Completed remaining security assessments and authorizations of the seven FISMA systems
5. Restructured the seven FISMA systems

FY 2016 and Out Planned Corrective Actions

1. Conduct executive and privilege level role based training
2. Develop Risk Management framework

Untimely De-Obligation of Unliquidated Obligations – Slippage

FY 2015 Completed Corrective Actions

1. Implemented an audit process to strengthen the review of obligations and the process for establishing and liquidating obligations.
2. Implemented procedures to address the closing of obligations when a post closes.

FY 2016 Planned Corrective Actions

1. Strengthen the focus of the open obligations review to ensure all open obligations are formally documented, reviewed, and certified timely on a routine basis.
2. Provide more training to posts on obligations and the policies and procedures for de-obligation.
3. Review and strengthen the policy regarding the de-obligation of domestic obligations.
4. Reinforce training on the de-obligation of domestic obligations.

Budgetary Accounting – New Condition - Open

FY 2016 Planned Corrective Actions

1. Strengthen oversight and ensure obligations are not started by the posts after the period of performance begins.
2. Implement policies to ensure posts record only legitimate obligations supported by binding agreements.
3. Reinforce training on obligations procedures for the posts.

	<u>Status at End of Year</u>	<u>Projected Resolution Date</u>
PART II – Noncompliances		
Budgetary Accounting (OMB Circular No. A-11 (1) and 31 U.S.C. Code § 1501 (2))	New Condition	Jul 2016
FISMA	Open – On Target – No Slippage	Sep 2017
Filing of Public Reports (Ethics in Government Act of 1978)	Open – Slippage	Jun 2016

Budgetary Accounting (OMB Circular No. A-11 (1) and 31 U.S.C. Code § 1501 (2) – New Condition

See Budgetary Accounting FY 2016 Planned Corrective Actions in Part I above

Federal Information Security Modernization Act (FISMA) of 2014

FY 2015 Completed Corrective Actions

1. Continued the identification and analysis of all external connections
2. Assessed all remaining FISMA system packages to include system security plans, standards for security categorization, and minimum security requirements.

FY 2016 and Out Planned Corrective Actions

1. Complete the identification and analysis of all external connections
2. Replace all existing ColdFusion applications

Filing of Public Reports (Ethics in Government Act of 1978)

FY 2015 Completed Corrective Actions

1. Conducted Active Engagement and Oversight between White House Liaison and General Counsel Ethics Officer

FY 2016 Planned Corrective Action

1. Strengthen internal oversight to ensure all OGE-278 forms will be reviewed in accordance with the Federal regulations. The Ethics team will implement a monthly status check process and the Office of General Counsel Policy and Program Analyst will ensure that all reviewing attorneys are beginning their review within the required timeframe.

Appendix 2 | Verification and Validation of Performance Data

Data collection and reporting consistency are supported by the use of detailed performance goal data reference sheets, which include operational definitions, data sources, and a comprehensive methodology for measuring each performance goal. The agency ensures the data are complete and accurate through oversight and review by the Office of Strategic Information, Research, and Planning. The major data sources for performance goals in the FY 2014–18 Strategic Plan and FY 2017 Annual Performance Plan are detailed below.

ANNUAL VOLUNTEER SURVEY

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

In FY 2014, the agency substantially redesigned the survey questionnaire to improve data quality by reducing measurement error, strengthening respondent confidentiality, and shortening the survey by half. By maintaining these improvements and reducing the survey length even further in FY 2015, the agency is well on its way to being able to provide truly comparable, multiyear trend data to internal and external stakeholders. As a result of these enhancements to the AVS, the agency has gained a more accurate understanding of the perspectives of Volunteers.

The 2015 AVS was fielded from June 8 to August 14, 2015, and 90.6 percent of Volunteers completed the survey. The high response rate from Volunteers and the data verification and validation measures utilized minimize total survey error at the global level. The survey is not, however, administered to a random sample of Volunteers. As with other non-randomized surveys, the AVS is subject to non-response bias.

Survey respondents in FY 2015 reflected the Peace Corps' overall composition by gender, age, geographic location, and length of service. Responses to all AVS questions were directly provided by the Volunteers and housed in an external, electronic survey database. To ensure data quality, rigorous data cleaning procedures were applied to the dataset prior to analysis. The results were used to inform agency leadership about the Volunteers' perspectives on key issues.

It is worth noting that, as with any survey, the AVS reflects the experiences and opinions of Volunteers at a fixed point in time and can be influenced by various factors, such as major external

events or the ability to recall information. The agency takes into consideration both statistical and practical significance to account for variation in AVS results from year to year. Thus, nominal percentage point movements may not be practically meaningful or significant. In using AVS results, the agency reviews longer-term trends to account for normal, expected variations in responses.

EMPLOYEE VIEWPOINT SURVEY

The Employee Viewpoint Survey is administered to all U.S. direct hire staff annually. The survey measures employees' perceptions about how effectively the agency is managing its workforce. The agency utilizes the survey results to compare working conditions at the Peace Corps with other federal government agencies and to identify opportunities to improve workforce management. In 2014, the Peace Corps ranked third among small federal agencies in the Best Places to Work index published by the Partnership for Public Service.

The demographic profile of survey respondents is consistently representative of the U.S. direct hire staff. In 2015, 96 percent of employees completed the survey. The survey is administered electronically, and with very few exceptions (related to the Peace Corps' performance goals), most questions are identical to the Federal Employee Viewpoint Survey fielded each year across the federal government by the Office of Personnel Management.

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

GLOBAL COUNTERPART SURVEY

In FY 2014, the agency conducted its first Global Counterpart Survey, designed to provide information on the impact of Volunteers on local communities from the perspectives of Volunteers' primary work partners.

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

The survey was administered either over the phone or in person from May 4 through July 3, 2015, by overseas staff. Global results are drawn from a randomly selected group of 400 respondents, of whom 397 were interviewed by post staff in 2015. Additional post-level results are provided to any post interviewing at least 75 percent of its Volunteers' counterparts, but the results reported in this document are based on the globally representative sample.

Data quality challenges include potential interviewer error and ambiguity in the total survey population. The interviews are conducted by staff experienced in project fieldwork and counterpart communication but who may not have extensive survey interviewing and data collection experience. Issues of translation, variation in interview styles, and accuracy of coding may have unpredictable influences on the results. The agency is addressing this challenge by providing extensive tools, training, and support to staff and by closely monitoring survey results to identify inconsistencies. Prior to initiating the interviews, three training sessions were conducted via WebEx for interested post staff. The agency also provided translations of the survey into French and Spanish.

Determining the survey population is a challenge. Since no direct sampling frame exists that lists all Volunteer counterparts at all posts, Volunteers are used as a selection proxy for the counterparts who make up the random sample. In addition, there are multiple utilizations and interpretations of the title "counterpart" across the agency, which will influence the survey population. To address this, the agency has defined counterpart as the Volunteer's primary work partner as reflected in post records for his or her primary project. In cases where a Volunteer no longer has any working relationship with their post-assigned counterpart, the Volunteer is asked to identify their primary work partner. For the purposes of Performance Goals 3.2 and 4.1, it is assumed that each Volunteer will have one official counterpart.

HOST COUNTRY STAFF SURVEY

The Host Country Staff Survey is a short, confidential, voluntary survey designed to learn more about the agency's impact in the posts where it operates by gathering input from host country staff for two performance goals in the agency's strategic plan, as well as achievements in the Peace Corps' Goals One and Two. The survey was administered online from August 10 to September 11, 2015, and was completed by 52 percent of the total host country staff population. The survey includes 14 questions covering the following topics: diversity and inclusion, staff training, contributions to the Peace Corps' goals, development impact, and job satisfaction.

In future years, the agency expects to expand the survey to include additional questions to more fully capture the perspectives of host country staff on a range of topics related to post operations and support.

As in 2014, the primary data quality challenge with the survey in FY 2015 was the development of the sampling frame. Identifying and contacting all host country staff proved difficult; some staff members in administrative or support positions did not have official email addresses. Due to this challenge, the sampling frame in FY 2014 only consisted of the host country staff who could be reached via email (approximately 2,050 out of 2,950 staff). Overall, 37 percent of all eligible host country staff responded to the survey in FY 2014. Additionally, while the FY 2015 Host Country Staff Survey was offered in English, French, and Spanish, limited ability in those languages, as well as factors such as lack of computer access or familiarity with online survey tools for some staff, may have contributed to non-response bias.

PEACE CORPS DATABASES

The agency maintains several database systems to collect Volunteer and program information. In order to maintain data integrity and ensure that the appropriate data entry methodology is followed, only authorized staff who have been properly trained can access key systems. Regular reconciliation processes among 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 is appropriately transferred among different applications. The required level of accuracy to provide current and historical information about programs and Volunteers is met through database rules and business processes. Where data limitations do exist, largely due to data-entry compliance in isolated systems, they are noted in the appropriate performance goal section.

PEACE CORPS ADMINISTRATIVE RECORDS

The agency collects data annually from headquarters offices and overseas posts that do not exist in a centrally managed database through an online data call (survey). Responses are housed in an external, electronic database. Data cleaning procedures are applied to the dataset prior to analysis. Staff in positions of leadership at all overseas posts and headquarters offices are required to complete the survey. The survey is designed with clear logic and data validation rules to minimize data entry error. The data are independently reviewed by the Office of Strategic Information, Research, and Planning and anomalies are addressed to improve data quality. Other data are collected from specific headquarters offices individually.

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

VOLUNTEER REPORTING TOOL

Volunteers report on their work and the progress they are making toward their project outcomes through the Volunteer Reporting Tool (VRT). The VRT is also utilized to report on Volunteers' contributions to agency strategic partners, such as the President's Emergency Plan for AIDS Relief and Feed the Future.

Since the development of the first version of the VRT, the agency has made numerous enhancements to improve the user experience, reduce data entry errors, and improve reporting. Volunteer reports are submitted to overseas post staff through the VRT on a quarterly or semi-annual basis. Staff review all reports and work with Volunteers to verify data and correct anomalies prior to end-of-year analysis. The agency provides in-depth VRT training and support to Volunteers and staff to ensure data are collected, analyzed, and reported properly. The agency has also developed data collection tools for the project indicators related to Performance Goal 3.1 to standardize the methods that Volunteers use to collect data prior to entry into the VRT.

The primary data quality challenge that remains is ensuring an adequate percentage of Volunteers report on the project indicators related to Performance Goal 3.1. The agency is addressing this challenge by working with overseas posts to encourage higher reporting rates and by appropriately documenting and considering reporting rates when conducting analyses.

Appendix 3 | Glossary of Acronyms

AF	Africa Region
AVS	Annual Volunteer Survey
BIT	Bystander Intervention Training
CSAM	Cyber Security Assessment and Management
DAEO	Designated Agency Ethics Official
DOL	Department of Labor
DOS	Department of State
EMA	Europe, Mediterranean, and Asia Region
FASAB	Federal Accounting Standards Advisory Board
FECA	Federal Employees Compensation Act
FISMA	Federal Information Security Modernization Act
FMFIA	Federal Managers' Financial Integrity Act
FOR	Financial Operations Room
FSN	Foreign Service National
FYR	Five-Year Rule
GAGAS	Generally Accepted Government Auditing Standards
GSA	General Services Administration
HCN	Host Country National
IAP	Inter-America and the Pacific Region
IPBS	Integrated Planning and Budget System
ISCM	Information Security Continuous Monitoring
IT	Information Technology
LMS	Learning Management System
M&E	Monitoring and Evaluation
MOU	Memorandum of Understanding
NGO	Nongovernmental Organization
OCIO	Office of the Chief Information Officer
OGE	Office of Government Ethics
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPM	Office of Personnel Management
OST	Overseas Staff Training
PCMO	Peace Corps Medical Officer
PCSSO	Peace Corps Safety and Security Officer
PC UNIVERSITY	Peace Corps University
PCV	Peace Corps Volunteer
PEPFAR	President's Emergency Plan for AIDS Relief
PP&E	Property, Plant, and Equipment
PSC	Personal Services Contractor
RADAR	Recognize, Assess, Decide, Act, Reassess

RPCV	Returned Peace Corps Volunteer
RSO	Regional Security Officer
RVS	Returned Volunteer Services
SA&A	Security Assessment and Authorization
SARRR	Sexual Assault Risk Reduction and Response
SBR	Statement of Budgetary Resources
SRI	System of Rice Intensification
TEFL	Teaching English as a Foreign Language
ULO	Unliquidated Obligations
USAID	U.S. Agency for International Development
USDH	U.S. Direct Hire
VRT	Volunteer Reporting Tool

A background photograph of two young children in a rural, arid environment. The child in the foreground is a young girl with dark skin, wearing a light-colored, patterned shirt, looking towards the camera. Behind her, another child is visible, holding a large, clear plastic bottle balanced on their head. The background is a blurred landscape of dry earth and sparse vegetation under bright sunlight.

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