



Peace Corps
Office of
INSPECTOR GENERAL

SEMIANNUAL REPORT TO CONGRESS

October 1, 2023, to March 31, 2024



Office of Inspector General

TOGETHER WE MAKE A BETTER PEACE CORPS

Established in February 1989, the Peace Corps Office of Inspector General (OIG) receives its legal authority from the Inspector General Act of 1978, as amended (IG Act). The IG Act establishes OIG as an independent entity within the Peace Corps. The law requires that the Inspector General keeps the Peace Corps Director and the Congress fully and currently informed about problems and deficiencies relating to the administration of agency programs and operations. OIG is authorized by law to review all Peace Corps programs and operations. OIG's work typically examines the agency's operational efficiency, effectiveness, financial stewardship, and compliance with Federal law, regulations, and agency policy.

OIG's role is to:

- Promote integrity, efficiency, effectiveness, and economy;
- Prevent and detect waste, fraud, abuse, and mismanagement; and
- Identify risk and vulnerabilities and offer expert assistance to improve the Peace Corps' programs and operations.

OIG accomplishes its mission through audits, evaluations, investigations, and other reviews.

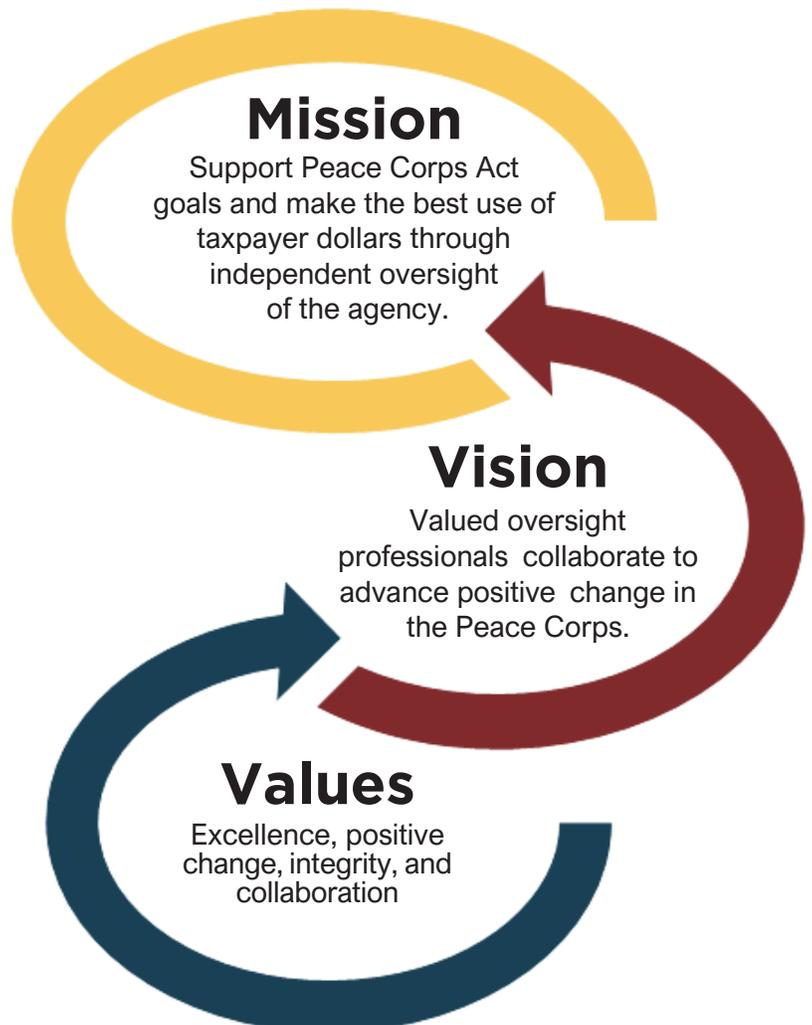
In accomplishing its mission, OIG is committed to:

Excellence: issuing accurate, timely, and reliable work products.

Positive change: making value-added recommendations to address issues and challenges with agency programs and operations.

Integrity: maintaining independence from the agency, meeting professional and ethical standards, and committing to continual improvement.

Collaboration: working together and promoting best practices within the office, with the agency, and with external stakeholders.



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Message from the Inspector General



During this semiannual reporting period, we worked with the agency to close several longstanding recommendations that, in some cases, had been open for more than a decade. We closed the final two recommendations from OIG's 2012 review of the five-year rule, which limits terms of Peace Corps employees to five years in certain positions. To address our recommendations, the agency is conducting an in-depth review of all functions in order to designate positions that are exempted from term limitations. These exemptions will allow for performance-based management consistent with merit principles rather than managing staff based on tenures.

We also closed our last recommendation issued in 2016 to improve the Office of Health Services' performance of root cause analyses. Making these improvements will allow the agency to better learn from patient safety events and help prevent future negative health outcomes. Implementing these recommendations will help address several management and performance challenges.

Additionally, during this period, our Evaluation Unit concluded its series of Post re-entry reviews with the publication of the Post Re-entry Health and Safety Review of Peace Corps/Cambodia. Based on our findings from the six re-entry reviews that we conducted between January 2022 and March 2024, the Evaluation Unit published an overview of the results in the Management Advisory Report: Assessment of Post Re-entry Health and Safety Reviews' Findings. Our office will continue to monitor the Peace Corps' management of its global re-entry process, with a focus on the health and safety of the Volunteers and Trainees. Moving forward, with the increasing number of Volunteers in the field, we announced our intention to conduct full scope country program evaluations addressing the broad range of activities and Volunteer support functions performed at Post.

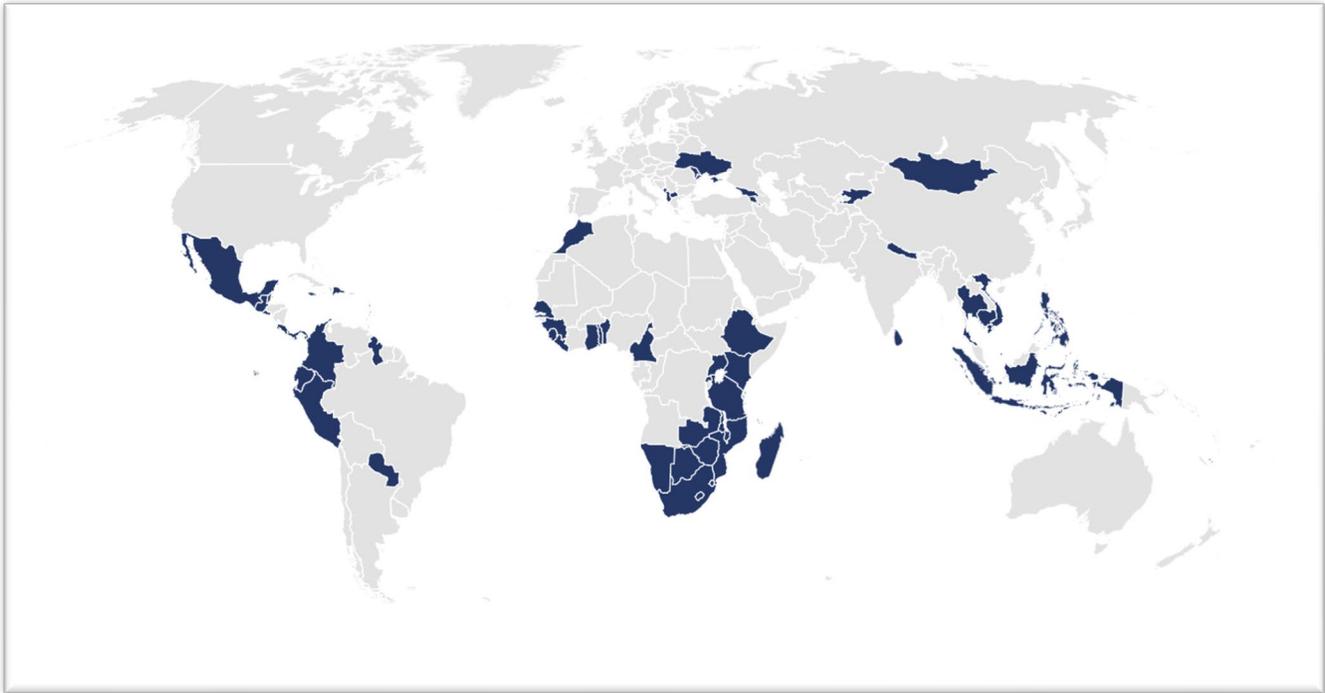
The Audit Unit focused on operations at Peace Corps headquarters, issuing two reports on agency policies and procedures. The Audit of the Peace Corps' FY 2023 Financial Statements determines whether the financial statements adequately present, in all material respects, the financial position of the agency for fiscal year 2023. Our second report, Management Advisory Report: Cybersecurity Breaches Highlight a Need for Improvement in Peace Corps' Incident Response, reviewed the agency's response process for cybersecurity incidents and its adherence to Federal and agency requirements. During the second half of fiscal year 2024, we will resume our Post audits, which focus on financial and administrative operations.

During the reporting period, the Investigation Unit produced seven reports of investigation regarding fraud, waste, abuse, and mismanagement in Peace Corps programs and operations, including two investigations of senior Government employees. Additionally, the Unit conducted three investigations of criminal or administrative misconduct and two sexual misconduct investigations.

Finally, I am pleased to share that on November 7, 2023, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) honored our office with an Award for Excellence in recognition of our joint evaluation and investigation review of Peace Corps' Response to Reports of Sexual Assaults at eight Peace Corps Posts. CIGIE also recognized an interagency team of the CIGIE Legislation Committee, which is chaired by the Peace Corps IG, for their legal and legislative assistance to Congress and the IG community. The team, which included two staff members from Peace Corps OIG and 10 staff members from other OIGs and CIGIE, supported Congressional efforts to strengthen the independence and oversight capabilities of IGs.

Joaquin Ferrao
Inspector General

Advice, Assistance, and Other Reportable Matters



Countries that have received Volunteers as of March 31, 2024*

Zambia	Togo	Madagascar	Guinea	Samoa
Dominican Republic	Senegal	Botswana	South Africa	Tanzania
Colombia	The Gambia	Eswatini	Kenya	Georgia
Namibia	Benin	Morocco	Mongolia	Armenia
Uganda	Rwanda	Cambodia	Thailand	Tonga
Mexico	Kyrgyz Republic	North Macedonia	Cameroon	Liberia
Ecuador	Ghana	Lesotho	Fiji	Nepal
Eastern Caribbean	Sierra Leone	Jamaica	Viet Nam	Malawi
Belize	Costa Rica	Albania & Montenegro	Indonesia	Moldova
Peru	Kosovo	Guyana	Timor-Leste	Sri Lanka
Paraguay	Panama	Guatemala	Philippines	

*The countries are listed in sequential order based on when the first Volunteers arrived in each country post-evacuation.

Agency Context

In March 2022, the Peace Corps began its first overseas redeployment of Volunteers since evacuating more than 6,000 Volunteers from Posts in 60 countries due to the coronavirus (COVID-19) pandemic.

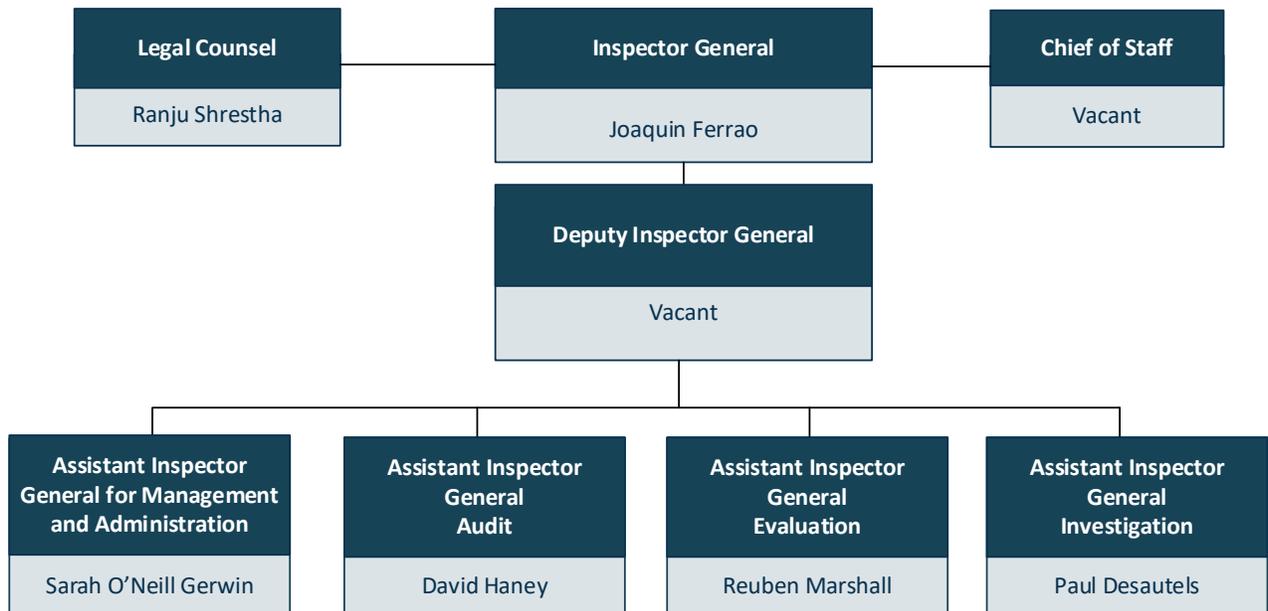
As of March 31, 2024, the Peace Corps has active Volunteer operations in 58 countries and 54 Posts, with a total of 2,592 active Volunteers and Trainees.



The Peace Corps reports that it has received 7,083 new Volunteer applications during this reporting period.

The agency’s overseas operations were supported by 2,554 locally hired personnel in host countries¹ and 819 U.S. direct hire staff, of whom 178 worked abroad and 641 worked at headquarters and other domestic locations.

OIG Organizational Chart



¹ The agency reports that 512 of the 2,554 locally hired personnel were short term hires and not necessarily engaged with the agency during the reporting period.

Review of Agency Regulations, Policies, and Procedures

OIG continues to provide advice and assistance to the Peace Corps Senior Policy Committee and other offices by commenting on the drafts of new or updated policies, procedures, and other documents governing agency organization or practice.

During this reporting period, OIG reviewed 15 policies and procedures. Topics included: Office of Global Operations organization, mission, and functions; response to sexual assault; performance management program; management of overseas emergencies; medical services program; Volunteer conduct; Volunteer allowances; service re-enrollments, reinstatements, and transfers; early termination of service; Volunteer health care coverage; direct hire merit selection and promotion; billing and collection procedures, debts, and claims; enterprise risk management; records management; and leave for Volunteers/Trainees.

OIG Outreach



OIG participated in four virtual overseas staff trainings during this reporting period. On October 19, 2023, OIG conducted three consecutive trainings on best practices and common deficiencies identified by OIG. Over the course of these trainings, OIG briefed a total of 15 participants consisting of multiple Country Directors, Directors of Management and Operations, Directors of Programming and Training, Program Managers, and other overseas staff.

OIG held another informative in person session on October 30, 2023, for 11 Peace Corps Medical Officers.

OIG Support for Background Checks

During the reporting period, OIG supported the agency’s standard operating procedure for background checks, which integrates and automates requests for OIG record checks. Any individual who worked or volunteered for the Peace Corps and seeks to return as staff or as a Volunteer undergoes an OIG record check. This supplements the agency’s onboarding process to produce accurate and complete background checks for employment and Volunteer Services.



This process helps the agency comply with the employee and Volunteer background check requirements of the Sam Farr and Nick Castle Peace Corps Reform Act of 2018. During this reporting period, OIG conducted 347 records checks, of which 115 were for potential staff and 232 were for potential Volunteers and Virtual Service Pilot participants.

Overview



The Audit Unit conducts independent audits and reviews of agency programs and operations that support the Peace Corps mission. The objectives of OIG audits are to independently examine the financial and administrative operations of the Peace Corps; to promote economy and efficiency; and to ensure compliance with Federal law, regulations, and Peace Corps policy.

Audits examine a wide array of agency activities carried out at overseas Posts, as well as examining agency-wide operations that affect multiple offices. Auditors report their conclusions and recommendations based on data and document analysis, interviews, and direct observation. OIG also monitors the agency’s progress in correcting systemic weaknesses identified in audit reports.

Audits and other reviews² are conducted under the direction and guidance of the Assistant Inspector General for Audits. OIG audits are performed in accordance with the U.S. Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States.

Ongoing Work

Along with the final reports detailed in the next section of this report, the Audit Unit continues its work on the Oversight and Monitoring of the Peace Corps’ Domestic Awarded Contracts and Pre-award Process for Domestic Awarded Contracts. The Unit has also begun its work on a review of the Peace Corps’ compliance with the Payment Integrity Information Act of 2019 for fiscal year (FY) 2023, along with an audit of Post operations in Uganda.



² Other reviews include Management Implication Reports (MIR) and Management Advisory Reports (MAR), which are conducted in accordance with OIG Directives.

Agency-Wide Audits

Audit of the Peace Corps' FY 2023 Financial Statements

In November 2023, OIG issued its final report on the Audit of the Peace Corps' Financial Statements for FY 2023. OIG contracted with Williams, Adley & Company-DC LLP (Williams Adley), an independent certified public accounting firm, to audit the Peace Corps' financial statements as of September 30, 2023, and 2022. This audit was conducted in accordance with GAGAS; the standards applicable to financial audits contained in the Generally Accepted Accounting Principles (GAAP); and the Office of Management and Budget (OMB) Bulletin No. 24-01, Audit Requirements for Federal Financial Statements.

Williams Adley's report for FY 2023 includes an opinion on the Peace Corps' financial statements, conclusions on internal controls over financial reporting, and compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements. In its audit, Williams Adley found the following:



- The financial statements were fairly presented, in all material respects, in accordance with GAAP.
- There was one significant deficiency related to improper internal controls over financial reporting:
 - *Inadequate internal controls over property, plant, and equipment* – there are gaps in the internal control framework in the areas of recording, capitalizing, and tracking property.
- There was one significant deficiency related to information technology (IT) as it pertains to internal controls over financial reporting:
 - *Lack of effective information technology security* – the agency lacked a comprehensive risk management program and a fully defined continuous monitoring strategy.
- There was one instance of reportable noncompliance with the provisions of applicable laws, regulations, contracts, and grant agreements, which are required to be reported under GAGAS or OMB guidance:
 - The Peace Corps did not fully comply with the Federal Information Security Modernization Act of 2014 as it did not meet the Department of Homeland Security's required maturity level of Managed and Measurable.

The financial statements were fairly presented, in all material respects, in accordance with GAAP.

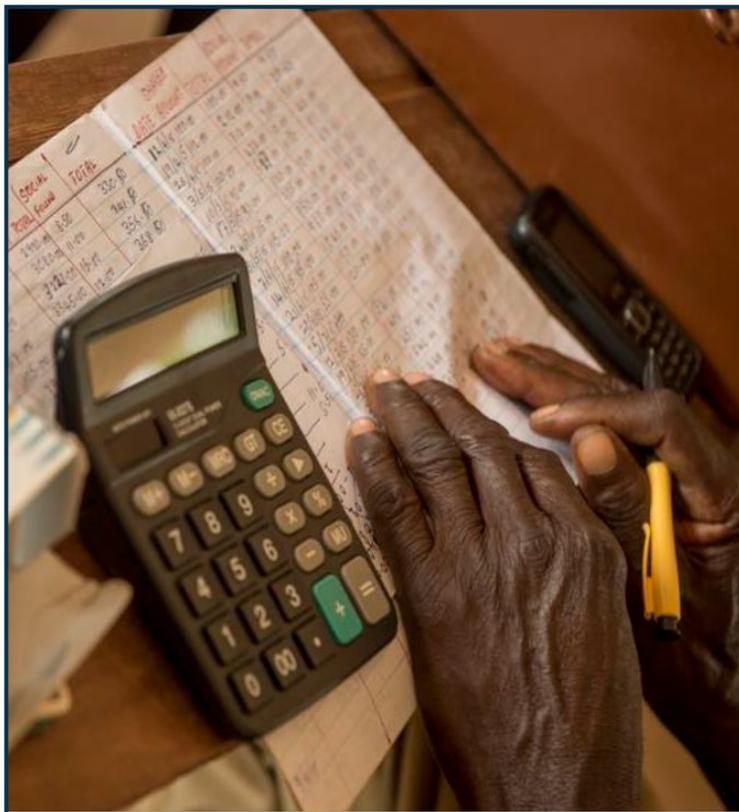
OIG's review of Williams Adley's report and related documentation disclosed no instances where Williams Adley did not comply, in all material respects, with GAGAS. As required by OMB Circular A-136, Financial Reporting Requirements, the auditors' report was

published in the Peace Corps' FY 2023 Agency Financial Report. Additionally, Williams Adley issued a separate letter to Peace Corps management noting two additional internal control weaknesses that were considered less severe than a significant deficiency. Williams Adley noted the following

additional concerns regarding internal controls:

- There were inadequate controls surrounding the processing of personnel actions, specifically with newly hired and separated employees.
- There were inadequate controls to ensure that users are deactivated in a timely manner when they leave the Peace Corps.

Management concurred with the report’s 13 recommendations, and all remain open at the end of this reporting period. All recommendations issued in this report are part of a regular 12-month audit cycle. As a result, recommendations made during a given fiscal year will remain in an open status during the entire subsequent fiscal year.



Other Reviews

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



IG-24-01-SR

In December 2023, OIG issued a report on the Peace Corps' response process for cybersecurity incidents and its adherence to Federal and agency requirements. The Audit Unit reviewed the agency's actions taken during three separate cybersecurity incidents that occurred between June 2022 and July 2023. The review found that:

- The Peace Corps did not have a sufficient incident response plan to detect threat activity, respond to a threat incident, or contain it.
- The Peace Corps was not in compliance with Federal requirements or Peace Corps' policy for timely notification of cyber breaches.
- The Peace Corps' network monitoring software was not effective in detecting malicious activity within the Peace Corps information technology (IT) environment.

The Peace Corps' network monitoring software was not effective in detecting malicious activity within the Peace Corps' IT environment.

Since the first incident in June 2022, the agency improved its cybersecurity incident response capabilities. The agency has also implemented four key recommendations from this report that improved its network monitoring software, established an incident response plan, developed procedures to ensure that the appropriate parties are notified when cyber incidents have occurred, and properly configured its network monitoring software.

The agency should continue to improve its incident response program by completing the three remaining recommendations in this report, which includes implementing adequate data logging, updating internal policies, and practicing continuous network monitoring.

The agency should continue to improve its incident response program by completing the three remaining recommendations in this report, which includes implementing adequate data logging, updating internal policies, and practicing continuous network monitoring.

Overview

The Evaluation Unit provides the agency with independent evaluations and reviews of agency programs, operations, or policies at overseas Posts and domestic offices. Evaluations address efficiency and effectiveness, identify best practices, and recommend improvements. Evaluators also participate in cross-Unit reviews with OIG auditors and investigators.

Evaluation reports provide timely, credible information that is useful to managers, policymakers, and others. Evaluations and other reviews³ are conducted under the direction and guidance of the Assistant Inspector General for Evaluations. Evaluations are typically performed in accordance with the Council of the Inspectors General on Integrity and Efficiency’s Quality Standards for Inspection and Evaluation.



Ongoing Work



An evaluation team completed its field work for an evaluation on the agency’s Medical Technical Guidelines and is drafting the report. Another evaluation team has begun its field work for an evaluation of the challenges the agency faced in recruiting, selecting, and placing Volunteers following the global evacuation caused by the COVID-19 pandemic. Additional field work is also underway for two country program evaluations: Guyana and Madagascar. These two country program evaluations are the first to be conducted by the Evaluation Unit since the global evacuation.⁴

³ Other reviews include MIRs and MARs, which are conducted in accordance with OIG Directive 2020-03 – Revision to Reporting Procedures for MIRs and MARs.

⁴ OIG has performed six Post Re-entry Reviews with a limited scope focused on Volunteer health and safety.

Evaluations of Operations Abroad



Post Re-entry Health and Safety Review of Peace Corps/Cambodia

IG-24-01-E

On May 16, 2022, the Peace Corps notified the United States Congress that Peace Corps/Cambodia intended to resume operations as early as September 2022. The first intake of 2 reinstated Volunteers arrived in September 2022, and 36 two-year Volunteers arrived in October 2022. On July 7, 2023, OIG announced this review to assess Peace Corps/Cambodia's compliance with specific agency policies and procedures related to Volunteer and trainee health and safety and the re-entry process.

The OIG review found that the Post complied with most of the reviewed policies and procedures, however, evaluators identified five areas of non-compliance. OIG found that:



- the Post's medical action plan (MAP) did not meet agency requirements;
- the Post agreement to use the Embassy health unit as a backup provider was expired;
- the Post did not have Health Care Facility and Consultant Assessments and Facility Surveys;
- Volunteer contact information needed to be updated; and
- most of the Volunteers' houses inspected did not have a method of extinguishing a fire in the kitchen area, and in some cases gas tanks were placed too close to the gas stoves.

The report contained six recommendations directed to the Post and headquarters. Management concurred with all six recommendations in the report, and three remain open at the end of this reporting period.

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

IG-24-02-SR

Volunteers returned to service starting in March 2022 following the unprecedented evacuation of all Peace Corps Volunteers due to the COVID-19 pandemic. OIG launched a series of Post re-entry health and safety reviews (re-entry reviews) to address congressional interest and provide ongoing oversight of the critically important areas of Volunteer health and safety as they returned to the Posts.

The six Posts reviewed were Cambodia, Colombia, Dominican Republic, Ecuador, Morocco, and Zambia. This management advisory report summarized OIG’s findings across six re-entry reviews conducted since January 2022.

Timeline of Post Re-Entry Review Publications



The report also included an assessment of an additional nine Posts’ compliance with agency policies in two challenge areas OIG identified during the re-entry reviews. The nine Posts included Belize, Eswatini, Jamaica, Kyrgyz Republic, Madagascar, Nepal, North Macedonia, Paraguay, and Rwanda.

OIG found that generally, the Posts complied with policies and procedures related to Volunteer and Trainee health and safety. Four reviews found that the Posts failed to fully comply with medical technical guidelines (TG) related to medical action plans (TG 385) and healthcare facility and consultant assessments (TG 204).

The additional assessment of nine Posts found that four Posts did not complete their MAPs in accordance with agency guidance and eight Posts did not complete their consultant and referral facility assessments in accordance with agency guidance.

The additional assessment of nine Posts found that four Posts did not complete their Medical Action Plans in accordance with agency guidance and eight Posts did not complete their consultant and referral facility assessments in accordance with agency guidance. The report, issued in March 2024, made seven recommendations directed to the agency, which remain open at the end of this reporting period.

Overview

The Investigation Unit is authorized to conduct investigations of alleged criminal and administrative violations of law, regulation, and policy in Peace Corps programs and operations, both domestically and internationally. The Unit investigates allegations involving Peace Corps staff, contractors, Volunteers, and other individuals conducting transactions with the Peace Corps. Allegations are made by Peace Corps stakeholders, such as Volunteers, Trainees, staff, contractors, other Federal entities, and the public.

The Investigation Unit receives allegations through audits, evaluations, Hotline complaints, and other means. OIG investigators have full law enforcement authority, including the authority, upon probable cause, to seek and execute warrants for arrest, search premises, and seize evidence. They are authorized to carry firearms and to make arrests without a warrant while engaged in official duties. In addition, OIG receives substantial investigative support from the Department of State, Bureau of Diplomatic Security.

The Investigation Unit continues to implement the Sam Farr and Nick Castle Peace Corps Reform Act of 2018 provisions regarding independent reviews of the facts and circumstances surrounding Volunteer deaths. It is the practice of the Investigation Unit to review the details of each incident to assess whether further investigation is required. During this reporting period, no Volunteer deaths were reported.



Investigations of Criminal or Administrative Misconduct

Report of Misconduct by Locally Employed Staff in the Africa Region



OIG received a notification from a Post that multiple Peace Corps drivers at that Post were possibly tampering with or disabling the camera systems that are used for monitoring driving conditions, also called drive-cam. The drive-cam systems are safety measures that are required for operating Peace Corps vehicles in many countries in the region.

An OIG investigation determined that three Peace Corps drivers at the Post had violated agency policy by tampering with the wiring of the drive-cam system to temporarily disable the recording of erratic driving behaviors. During the investigation, OIG obtained admissions from three drivers who confirmed they had purposely interrupted the power to the installed drive-cams to circumvent any detection of their driving behaviors. Additionally, the repeated tampering of the wiring caused residual power failures to the systems. The results of the investigation were referred to the agency for action. The drivers were placed on administrative leave pending the OIG’s investigation, and ultimately resigned. The vehicles were sent to the Embassy for drive-cam reinstallation.

Report of Potential PROTECT Act Violation in The Inter-America and the Pacific Region

OIG received a complaint that a Peace Corps Volunteer (PCV) may have violated the Prosecutorial Remedies and Other Tools to End the Exploitation of Children Today Act of 2003 (PROTECT Act) by kissing several of their students. As alleged, the students’ approximate ages would be 14 years old.



OIG determined this allegation originated with an individual who was not the complainant. When interviewed, the individual requested confidentiality as a confidential source (CS). The CS altered their original claim limiting the allegation to one instance and placing the age of the alleged victim outside of the criminal jurisdiction. The PCV subject denied the allegations. The OIG investigation could not substantiate the remaining allegation but referred its findings to the agency.

Although required by agency policy to immediately report an alleged violation to the Peace Corps or the OIG, the CS did not report the allegation when it was brought to the CS’ attention because the CS was concerned the subject PCV would retaliate. This matter was the subject of a separate referral to the agency.

Reported Violation of Network Breach Policy at Headquarters

OIG received an allegation that a senior agency IT official intentionally failed to notify the OIG of a network breach. Per agency policy, the Peace Corps is required to notify the OIG of network breaches. While the investigation did not find evidence of intent, it did substantiate the allegation that the senior agency IT official failed to properly advise the OIG of the network breach in violation of agency policy until reminded by another agency official. The results of the investigation were provided to the Peace Corps for action. The agency counseled the employee and reported that it updated the Incident Response Plan procedures.

Sexual Misconduct Investigations

Report of Sexual Assault by a Volunteer in the Africa Region

OIG received an allegation of non-aggravated sexual assault and harassment of three PCVs by another PCV. When reported, the conduct had purportedly occurred on several occasions over the course of several months in a 1-year span. OIG's investigation revealed testimonial evidence to support the allegations, wherein the three PCVs separately confirmed the offending PCV had sexually assaulted and sexually harassed them. OIG attempted to interview the accused PCV, who declined to be interviewed and subsequently resigned from the Peace Corps. The agency inserted an Attachment J⁵ into the PCV's record of service.



Report of Fraternalization by Locally Employed Staff in the Africa Region

OIG received multiple complaints including an allegation of fraternization by Language and Cultural Facilitators (LCFs) with several Volunteers and Trainees (V/Ts). OIG made initial notification to Peace Corps management officials, who took significant action by terminating the contracts of two LCFs. Amid this management action, OIG received a separate fraternization complaint, alleging that an LCF at the same site had been fraternizing with a V/T. OIG's investigation revealed evidence to support the allegation. During an OIG interview, the LCF confirmed engaging in behavior with a V/T that was in violation of the Peace Corps fraternization policy. The LCF subsequently resigned.

⁵ Attachment J is a notation in a V/T record of service utilized by the Peace Corps when: (1) there is an allegation of serious misconduct but the V/T early terminates before a disciplinary action was either initiated or ruled out; or (2) when the Country Director learns of the allegation after the V/T leaves service.

Investigations of Senior Government Employees (SGE)

Report of SGE Misconduct in Peace Corps Headquarters

OIG received multiple complaints against a Peace Corps SGE, including that they engaged in prohibited personnel practices and awarded Federal funds to personal associates. The OIG investigation found substantial evidence that the SGE inquired about protected traits during a period when the SGE was making personnel decisions.

The SGE also did not disclose a personal relationship with a compensated consultant and failed to consider other vendors despite receiving guidance to do so from the agency's acquisition and contract office. The SGE attempted to steer certain contracts that fell under the micro-purchase threshold, without competition or review, to known personal associates. Moreover, the SGE granted workplace flexibilities without following proper agency policies and procedures. The matter was not referred to the Department of Justice (DOJ) but was referred to the Peace Corps, and the SGE subsequently resigned.

Report of SGE Misconduct in Peace Corps Headquarters

OIG received a complaint that a Peace Corps SGE attempted to misuse their authority and position to hire a specific applicant into a sensitive government position for which the SGE knew the applicant to be unqualified, providing an unfair advantage to the applicant.

OIG substantiated the allegation and further, found the SGE had previously attempted to abuse their authority to favor the same person at a prior Federal agency. Moreover, the SGE failed to divulge certain required disclosures on national security background documentation. When questioned by OIG, the SGE provided untruthful responses. The matter was referred to the DOJ on January 23, 2023, and DOJ stated they would not proceed with prosecution on February 23, 2023. The matter was referred to the Peace Corps. As of the end of the reporting period, the SGE's security clearance was revoked.

1. List of Reports: Audits, Program Evaluations, and Other Reports

Agency-wide Audits	Page
<u>Audit of the Peace Corps' Financial Statements FY 2023</u>	6

Evaluation Operations Abroad	Page
<u>Post Re-Entry Health and Safety Review of Peace Corps Cambodia (IG-24-01-E)</u>	10

Other Reports	Page
<u>Management Advisory Report: Assessment of Post Re-entry Health and Safety Reviews' Findings (IG-24-02-SR)</u>	10
<u>Management Advisory Report: Cybersecurity Breaches Highlight a Need for Improvement in Peace Corps' Incident Response (IG-24-01-SR)</u>	8

2. Reports with Questioned Costs, Unsupported Costs, and Funds to Be Put to Better Use

Rec. No.	Questioned Costs ⁶	Unsupported Costs ⁷	Funds to Be Put to Better Use ⁸	Recommendation Status at the End of the Reporting Period
Reports for which final action had not been taken at the commencement of the reporting period.				
<i>IG-23-01-A: Audit of the Peace Corps Management of Peace Corps' Management of Payroll Benefits for U.S. Direct Hires</i>				
2	\$1,550			Open
3	4,383			Open
12	13,011			Open
13	3,880			Open
22	135,612			Open
24	1,279			Open
27	48,501			Open
28	153,738			Open
30	112,690			Open
Total	9	474,644		
Reports Issued This Reporting Period				
Total	0	0		
Total recommendations which no final action has been taken at the end of the reporting period				
Total	9	474,644		

⁶ Questioned Cost – A cost that is an alleged violation of government or Peace Corps regulations. For example: prohibited purchases and expenditure of funds for purposes that do not relate to the Peace Corps mission.

⁷ Unsupported Cost – A cost that is not supported by adequate documentation.

⁸ Funds to Be Put to Better Use – Funds that could be used more efficiently if management took actions to implement and complete a recommendation.

3. Recommendations on Which Corrective Action Has Not Been Completed

Type of Report	Number of Recommendations Open at the End of the Reporting Period	Number of Recommendations Open for More than 180 Days
Audits and Evaluations	33	33
Special Reports	15	2
Other	20	n/a ⁹

Audits and Evaluations

Audit of the Peace Corps' Management of Payroll Benefits for U.S. Direct Hires (IG-23-01-A) 23 of 30 recommendations open since November 29, 2022

Recommendation 2: OIG recommended that the Chief Human Capital Officer ensure approximately \$1,550 in salary overpayments due to incorrect locality rates are resolved by issuing Administrative Billings and Collections bills and/or request waiver approvals from the Chief Financial Office.

Potential Cost Savings Identified: \$1,550

Recommendation 3: OIG recommended that Chief Human Capital Officer issue retroactive locality payments to the three underpaid individuals for approximately \$4,383.

Potential Cost Savings Identified: \$4,383

Recommendation 4: OIG recommended that Chief Human Capital Officer and Office of Chief Financial Officer establish a process to review and reconcile retroactive adjustments to ensure that the correct amounts are reflected in the payroll transactions.

Recommendation 5: OIG recommended that the Chief Human Capital Officer ensures that human resource management staff are trained to research errors that need retroactive adjustments.

Recommendation 6: OIG recommended that the Chief Human Capital Officer ensures that the standard operating procedures for Position Management System Online are updated to include the review of duty station codes when employees are promoted.

Recommendation 9: OIG recommended that the Senior Policy Committee and Office of Chief Financial Officer update the waiver process to allow for increased transparency in the approval process timeline, require that waiver justifications have accurate waiver amounts, and document how the bill was ultimately resolved.

⁹ All recommendations issued in conjunction with the Audit of the Peace Corps' Financial Statements and Review of the Peace Corps' Information Security Program are part of a normal 12-month audit cycle. As a result, recommendations made during a given fiscal year will remain in an open status during the entire subsequent fiscal year.

Recommendation 10: OIG recommended that Office of Chief Financial Officer develop a report to track payroll bills, collections, and waivers to properly account for improper payments for payroll transactions.

Recommendation 12: OIG recommended that the Chief Human Capital Officer ensure employees receive appropriate retroactive compensation for delayed within grade increases totaling approximately \$13,011.

Potential Cost Savings Identified: \$13,011

Recommendation 13: OIG recommended that the Chief Human Capital Officer ensure that the employee is billed, or a Chief Financial Officer approved waiver is processed for the within grade salary overpayments totaling approximately \$3,880.

Potential Cost Savings Identified: \$3,880

Recommendation 15: OIG recommended that the Chief Human Capital Officer establish and implement procedures to detect and prevent clerical errors from on-boarding, processing re-assignments, and multiple personnel actions that could affect other areas such as within grade increases.

Recommendation 17: OIG recommended that Office of Chief Financial Officer develop reports using data received from payroll files to assist with resolving discrepancies such as employee's names, social security numbers, pay period covered dates, and individual transaction amounts.

Recommendation 18: OIG recommended that Office of Chief Financial Officer ensure journal vouchers are timely processed to be included in the monthly reconciliation process.

Recommendation 19: OIG recommended that Office of Chief Financial Officer establish and implement a process to review, reconcile, and resolve discrepancies identified during the three-way reconciliation process between National Finance Center reports, Treasury, and the general ledger.

Recommendation 20: OIG recommended that Office of Chief Financial Officer document the monitoring process in a standard operating procedure that records the process and assigns accountability for reconciling, recording and correcting errors during the monthly reconciliation.

Recommendation 21: OIG recommended that Office of Chief Financial Officer and Chief Human Capital Officer develop and implement a process to track all unresolved errors, investigate, and record corrective actions.

Recommendation 22: OIG recommended that Chief Human Capital Officer and Office of Chief Financial Officer reconcile charges totaling approximately \$135,612 with National Finance Center to determine if the two payments (\$97,780 and \$37,832) were allowable and request a correction if they are unallowable.

Potential Cost Savings Identified: \$135,612

Recommendation 23: OIG recommended that the Office of Chief Financial Officer develop and implement a process to reconcile variances in employees' payroll to detect unusual transactions.

Recommendation 24: OIG recommended that Chief Human Capital Officer and Office of Chief Financial Officer bill, request CFO approval to waive, or collect the unallowable payments hazard pay totaling \$710 and health benefits paid by the agency for \$569.

Potential Cost Savings Identified: \$1,279

Recommendation 26: OIG recommended that the Chief Human Capital Officer ensure the incorrect retirement categories are changed and retroactively adjusted for 35 employees.

Recommendation 27: OIG recommended that the Chief Human Capital Officer ensure approximately \$48,501 in

salary overpayments for retirement are resolved by issuing Administrative Billing and Collection bills and/or requesting waiver approvals from the Chief Financial Officer.

Potential Cost Savings Identified: \$48,501

Recommendation 28: OIG recommended that the Chief Human Capital Officer ensure employees that were over charged approximately \$153,738 in retirement deductions receive refunds.

Potential Cost Savings Identified: \$153,738

Recommendation 29: OIG recommended that the Chief Human Capital Officer review the accuracy of the refunds already issued to employees and make necessary corrections.

Recommendation 30: OIG recommended that the Chief Human Capital Officer and Office of Chief Financial Officer ensure agency contribution rates were accurately adjusted to reflect retroactive corrections for approximately \$79,473 in underpayments and \$33,217 in overpayments.

Potential Cost Savings Identified: \$112,690

Audit of the Peace Corps' Volunteer Payments and Collections at the End of Service (IG-23-02-A)

1 of 9 recommendations open since March 31, 2023

Recommendation 3: OIG recommended that the Office of Chief Financial Officer develops an automated process to calculate evacuation allowance payments.¹⁰

Evaluation of Human Resources Management for Overseas Contract Staff (IG-23-08-E)

9 of 9 recommendations open since September 29, 2023

Recommendation 1: OIG recommended that the agency assigns a key role in the organizational structure that has the overall responsibility to manage human resources for overseas PSCs.

Recommendation 2: OIG recommended that the agency creates or modifies data collection tools to gather the data necessary to conduct comprehensive reviews of human resources management for overseas PSCs that could improve performance outcomes and operational effectiveness.

Recommendation 3: OIG recommended that the agency conducts a comprehensive review of human resources management for overseas PSCs to improve performance outcomes and operational effectiveness.

Recommendation 4: OIG recommended that the agency develops a plan to implement improvements identified in the comprehensive review of human resources management for overseas PSCs.

Recommendation 5: OIG recommended that the agency ensures that each Post establishes a hiring process that includes a standard timeline for hiring and clarifies the responsibilities of staff that have a role in the process.

¹⁰ The agency did not concur with this recommendation.

Recommendation 6: OIG recommended that the agency establishes grievance policies and procedures for overseas PSCs that includes guidance about how grievances are raised and resolved.

Recommendation 7: OIG recommended that the agency establishes a standard operating procedure that ensures staff handbooks are updated timely and effectively.

Recommendation 8: OIG recommended that the agency ensures that Posts develop and document an awards program that outlines eligibility criteria and process.

Recommendation 9: OIG recommended that the agency develops and implements a plan to train USDH and local staff for their human resources management responsibilities.

Special Reports

Management Advisory Report: Volunteer Drug Use (IG-18-01-SR)

2 of 6 recommendations open since August 7, 2018

Recommendation 1: OIG recommended that the Director of the Peace Corps provide country directors with additional support to resolve allegations of drug involvement under manual section 204, 3.5.1 and specifically consider the efficacy of reasonable suspicion drug testing as a means of doing so.

Recommendation 2: OIG recommended that the Office of General Counsel review the evidentiary standard required to administratively separate a Volunteer suspected of involvement with drugs to determine whether the standard, and its application, is consistent with promoting the integrity of the program and continues to serve the policy interest of the Peace Corps.

Management Advisory Report: Cybersecurity Breaches Highlight a Need for Improvement in Peace Corps' Incident Response (IG-24-01-SR)

3 of 7 recommendations open since December 19, 2023

Recommendation 2: OCIO implement adequate data logging in compliance with applicable NIST guidance.

Recommendation 4: OCIO implements and updates the agency's cybersecurity incident response plan to align with Manual Section 899 to include the Office of Inspector General and other required offices in breach notifications.

Recommendation 7: OCIO ensure that the PC network is continuously monitored to mitigate the risk of cyberthreats

Entry Health and Safety Review /PC Cambodia (IG-24-01-E)

3 of 6 recommendations open since March 18, 2024

Recommendation 1: The Country Director and the medical unit revise the MAP to include all the information required in Medical Technical Guideline 385 and ensure that the health unit's hardcopy of the MAP meets agency requirements.

Recommendation 2: The Office of Health Services and the Country Director either identify a local backup medical provider or renew the Post’s agreement with the State Department.

Recommendation 3: The Peace Corps Medical Officers work with the Country Director and the Peace Corps quality improvement unit to develop an appropriate strategy for conducting medical consultant assessments that meets the requirements of Medical Technical Guideline 204.

Management Advisory Report: Assessment of Post Re-entry Health and Safety Reviews’ Findings (IG-24-02-SR)

7 of 7 recommendations open since March 15, 2024

Recommendation 1: The Office of Health Services details what the Medical Action Plan review process at the Post level should include.

Recommendation 2: The Office of Health Services ensures that Technical Guidelines 204 and 385 are clear and consistent on how to distinguish, and when to include, community and referral facilities in the Post Medical Action Plan and Regional Medical Action Plans, and that Peace Corps Medical Officers are trained on the distinction.

Recommendation 3: The Office of Health Services collaborates with the Posts to implement a uniform tracking system to ensure referral facility and consultant assessments comply with Technical Guideline 204.

Recommendation 4: The Office of Health Services ensures that the Posts develop schedules to assess referral consultants and facilities in compliance with Technical Guideline 204.

Recommendation 5: The Office of Health Services ensures that their health unit assessments certify that all referral facilities and consultants listed in the Medical Action Plan have been assessed.

Recommendation 6: The Office of Health Services trains Peace Corps Medical Officers on the appropriate use of each Technical Guideline 204 Attachment.

Recommendation 7: The Office of Health Services updates Technical Guideline 204 to clarify whether Peace Corps Medical Officers must complete either a referral facility, consultant assessment, or both.

Other

Financial Statement Audit Recommendations

Summary of Internal Control Issues Over the Peace Corps' Financial Reporting			
Issue	Year First Identified	Agency Concurrence with Issue	Open Recommendations
Information Technology Security	2013	Concur	6
Inadequate Internal Controls over Property, Plant, and Equipment	2019	Concur	3
Inadequate Controls Surrounding Processing of Personnel Actions	2020	Concur	4
Total Open Recommendations			13

Federal Information Security Management Act (FISMA) Review Recommendations

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

7 of 7 recommendations open since September 30, 2023

Recommendation 1: OIG recommended that the Peace Corps develops a strategy and structure that integrates information security into the agency's business operations. This should include an established responsibility for assessing information security risks in all agency programs and operations and providing this analysis to senior leadership, including the ERM Council, for decision-making.

Recommendation 2: OIG recommended that the Peace Corps include the CISO at the ERM Council meetings to provide insights on cybersecurity risks.

Recommendation 3: OIG recommended that the Peace Corps further define and implement the ERM program to ensure information security risks are communicated and monitored at the system, business process, and entity levels.

Recommendation 4: OIG recommended that the Peace Corps improve its incident response process to ensure incidents are properly defined, promptly identified, and effectively remediated.

Recommendation 5: OIG recommended that the Peace Corps consistently improve and implement its inventory management process to ensure information system, hardware, and software inventories are accurate, complete, and up to date.

Recommendation 6: OIG recommended that the Peace Corps improve its vulnerability and patch management processes by consistent and timely remediation of critical and high vulnerabilities as well as patching.

Recommendation 7: OIG recommended that the Peace Corps complete and fully implement an identity credential and access management program.

4. Summary of Hotline and Other Complaints

Complaints Received

Complaints	Total
Complaints Received via Hotline	104
Complaints Received via Other Sources ¹¹	6
Total Complaints (All Sources)	110

Overview of Complaint Activity¹²

Complaint Activity	Total
Resulted in Investigations	5
Resulted in Preliminary Inquiries	7
Resulted in Audits or Evaluations	0
Referred to Agency Management	76
Referred to Other Agency	1
No Action Needed	20

¹¹ These complaints are largely a result of outreach by OIG staff and were received by email, phone calls, and conversations.

¹² The following actions summarize the disposition of complaints received by OIG. In some instances, one complaint can result in multiple actions. In other cases, multiple complaints may be received about the same issue, resulting in one referral or result. The results reflect complaint activities that occurred during this reporting period; in some instances, the complaint may have been received during a prior reporting period.

5. Summary of Investigative Activities and Outcomes

Investigative Activities	Preliminary Inquiries ¹³	Cases
Open at the beginning of the reporting period	11	10
Opened during the reporting period	7	5
Closed during the reporting period	14	5
Total open at the end of the reporting period	4	10

Referrals	Total
Persons referred for criminal prosecution (Department of Justice)	1
Persons referred for criminal prosecution (state and local authorities) ¹⁴	-
Cases referred to the Department of Justice	1
Cases referred to agency management for administrative action	4
Cases referred to agency management for other information/ action	1
Referrals to other agencies	-

Reports	Total
Investigative reports issued	5

Court Actions	Total
Criminal information and indictments	-
Trial(s) pending	-
Ongoing prosecution ¹⁵	-
Convictions	-
Judgments	-

Administrative Actions	Total
Employee ¹⁶ resignations and terminations	5
Other employee actions ¹⁷	2
Suspension/debarment referrals	-

Monetary Results	Total
Annual savings	-
Recoveries/restitution ¹⁸	-
Cost avoidance	-

¹³ Preliminary inquiries are initiated for complaints which either (1) are received from a Peace Corps source (e.g., staff, Volunteer, contractor) or (2) relate to a matter within the jurisdiction of OIG. A preliminary inquiry is limited in scope to the verification of information in a complaint or allegation and to confirm that it falls within the jurisdiction of OIG.

¹⁴ Includes foreign courts.

¹⁵ Includes overseas criminal proceedings.

¹⁶ Volunteers/trainees are included as Peace Corps staff for the purpose of reporting investigative activity.

¹⁷ Includes administrative actions that are less than resignation or termination, for example: letters of reprimand, counseling, and retraining.

¹⁸ Includes potential recoveries.

6. References to Reporting Requirements of the Inspector General Act, as Amended

5 U.S.C Section Reference	Reporting Requirements	Section	Page
§ 404(a)(2)	Review of legislation and regulations	Advice and Assistance	4
§ 405(a)(1)*	Significant problems, abuses, and deficiencies and associated reports and recommendations for corrective action made by the Office	Audits and Evaluations	5, 8
§ 405(a)(2)	Recommendations made before the reporting period for which corrective action has not been completed, including potential costs savings associated with the recommendation	Table 3	19
§ 405(a)(3)	Summary of significant investigations closed during the reporting period	Investigations and Table 5	12, 26
§ 405(a)(4)	Total number of convictions during the reporting period resulting from investigations	Investigations and Table 5	12, 26
§ 405(a)(5)	List of audit, inspection, and evaluation reports, including the total dollar value of questioned costs, unsupported costs, and funds to be put to better use, and if a management decision had been made by the end of the reporting period	Audits, Evaluations, and Table 2	5, 8, 18
§ 405(a)(6)	Information regarding any management decision made during the reporting period with respect to any audit, inspection, or evaluation issued during a previous reporting period	Table 2	18
§ 405(a)(7)	Information under the Federal Financial Management Improvement Act of 1996	N/A	-
§ 405(a)(8) – (10)	The results of the last peer review conducted by another OIG	Appendix A: Reporting of Peer Reviews	29
§ 405(a)(11)	Statistical table - investigative reports issued; persons referred for criminal prosecution; indictments and criminal information	Table 5	26
§ 405(a)(13)	Investigations involving a senior government employee where allegations of misconduct were substantiated	Investigations	16
§ 405(a)(14)	Instances of whistleblower retaliation	N/A	-

§ 405(a)(15)	Interference with Independence	N/A	-
§ 405(a)(16)	Detailed descriptions of the particular circumstances of each:		
	(A) inspection, evaluation, and audit conducted by the Office that is closed and was not disclosed to the public	N/A	-
	(B) investigation conducted by the Office involving a senior Government employee that is closed and was not disclosed to the public	N/A	-

* All references to 5 U.S.C. § 405 include the noted “Amendments Not Shown in Text.”

Appendix A: Reporting of Peer Review

Pursuant to Section 989C of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law No. 111-203),¹⁹ OIG reports the following peer review information:

Office of Audit

No peer review of the Peace Corps OIG's Audit Unit was conducted within this reporting period. The date of the last peer review conducted by another OIG was in March 2023, when the Denali Commission OIG issued its System Review Report of the Peace Corps OIG Audit Unit for the period ending September 30, 2022. The Audit Unit received a rating of "pass," the highest rating available. The peer review found that the Audit Unit's system of quality control was suitably designed and achieved adequate compliance. The Denali Commission did not provide any recommendations in the System Review Report.

The Peace Corps OIG's Audit Unit did not conduct any peer reviews within this reporting period. Previously, the Audit Unit completed a peer review of the National Credit Union Administration (NCUA) Office of Inspector General (OIG) audit organization in March 2022, for the period ending September 30, 2021.

Office of Evaluation

In August 2023, the Corporation for Public Broadcasting (CPB) OIG completed an external peer review of Peace Corps OIG's Evaluation Unit for the period April 1, 2020, to March 31, 2023. The review assessed the extent to which the Peace Corps OIG complied with the CIGIE Quality Standards for Inspection and Evaluation, December 2020 (Blue Book), and included a review of the Peace Corps OIG's internal policies and procedures implementing the Blue Book standards, and a review of selected inspection and evaluation reports. CPB OIG determined that the Peace Corps OIG's policies and procedures generally were consistent with the Blue Book standards addressed in the external peer review, and that the reports reviewed generally complied with the Blue Book standards and the Peace Corps OIG's internal policies and procedures. CPB OIG did not issue any recommendations.

The Peace Corps OIG's Evaluation Unit did not conduct any external peer reviews within this reporting period. Previously, the Evaluation Unit completed an external peer review of the Export-Import Bank of the United States OIG in August 2022, for the period March 31, 2019, through March 31, 2022.

Office of Investigation

In April 2019, the Export-Import Bank of the United States OIG conducted a peer review of the Peace Corps OIG Investigation Unit for the period ending February 15, 2019. The review focused on the Peace Corps OIG's internal safeguards and management procedures for its investigative operations. The review team found all the examined areas to be compliant with CIGIE's quality standards for investigations and quality

¹⁹ Section 989C of the Dodd-Frank Wall Street Reform and Consumer Protection Act amended Section 5(a) of the Inspector General Act of 1978 (5 U.S.C. § 405(a)).

assessment review guidelines, as well as the Attorney General Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority.

In August 2017, Peace Corps OIG agents conducted an investigative peer review of the Department of Commerce OIG for the 12-month period ending April 30, 2017. The peer review was conducted by OIG's investigative staff under the direction of the Assistant Inspector General for Investigations, with the support of the National Aeronautics and Space Administration OIG's resident agent in charge of the Computer Forensic Laboratory. We provided our results to the Department of Commerce OIG in October 2017. The review found that the Department of Commerce OIG was compliant with CIGIE's quality standards for investigations and quality assessment review guidelines, as well as the Attorney General Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority.

Appendix B: Contract Audit Reports

Pursuant to Section 845(a) of the National Defense Authorization Act for Fiscal Year 2008 (Public Law No. 110-181), OIG reports on final contract audit reports with significant audit findings. During this reporting period, OIG did not issue any audit reports meeting the “significant audit findings” criteria established in Public Law No. 110-181.

Appendix C: Human Trafficking Reporting

Pursuant to Section 122 of Subtitle B, Trafficking Victims Prevention and Protection Reauthorization Act ([Public Law No. 117-348](#)), OIG reports on the number of suspected violations reported, the number of investigations, the status and outcomes of such investigations, and recommended actions to improve the programs and operations of the agency relating to trafficking-in-persons. During this reporting period, OIG reports no relevant information meeting the criteria established in Public Law No. 117-348.

Help Promote the Integrity, Efficiency, and Effectiveness of the Peace Corps

Anyone knowing of wasteful practices, abuse, mismanagement, fraud, or unlawful activity involving Peace Corps programs or personnel should contact the Office of Inspector General. Reports or complaints can also be made anonymously.

Contact OIG

Reporting Hotline:

U.S./International: 202.692.2915

Toll-Free (U.S. only): 800.233.5874

Email: OIG@peacecorpsoig.gov

Online Reporting Tool: peacecorpsoig.gov/contact/hotline

Mail: Peace Corps Office of Inspector General
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