



Peace Corps Office of Inspector General



Semiannual Report to Congress
October 1, 2007 - March 31, 2008

PEACE CORPS

OFFICE OF INSPECTOR GENERAL

Vision

To conduct audits, evaluations, and investigations that uphold the effectiveness, efficiency, and integrity of the agency in achieving the goals set forth in the Peace Corps Act that Peace Corps Volunteers help the people of the countries in which they serve in meeting their needs for trained manpower, and in helping promote a better understanding of the American people on the part of the people served, and a better understanding of other people on the part of the American people.

SEMIANNUAL REPORT TO CONGRESS

OCTOBER 1, 2007 – MARCH 31, 2008

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HIGHLIGHTS FROM THIS REPORT

MESSAGE FROM THE INSPECTOR GENERAL

I am pleased to present the Peace Corps Office of Inspector General's (OIG) Semiannual Report to Congress for the period of October 1, 2007 through March 31, 2008. This report is required by the Inspector General Act of 1978, as amended, and covers the work performed by the OIG during the period indicated. OIG activities during this reporting period demonstrate our continued commitment to promote and increase the effectiveness and efficiencies of Peace Corps programs and operations, as well as maintain standards established by the President's Council on Integrity and Efficiency (PCIE), the Executive Council on Integrity and Efficiency (ECIE), and other federal entities.

This reporting period has introduced many challenges to all aspects of the OIG. In December, H. David Kotz, who served as the Peace Corps Inspector General since February 2006, accepted a position with another federal agency. The OIG also lost five other employees to transfers and retirements and has had difficulty attracting new staff with the requisite skills to fill key positions throughout the organization.

Despite these challenges, the OIG has had numerous accomplishments during this reporting period. The Audit Unit, led by Assistant Inspector General for Audits Gerald Montoya, received a clean opinion on an external quality control review. This review encompasses the OIG's organizational structure, and policies and procedures that ensure conformity with generally accepted government auditing standards promulgated by the Comptroller General of the United States.

Furthermore, the Audit Unit completed five post audits: the Eastern Caribbean, Fiji, Georgia, Kazakhstan, and Peru; and performed follow-up audits in Armenia and China. The Audit Unit also issued two preliminary post audits (Azerbaijan and the Philippines), as well as ensured Agency compliance with the Federal Information Security Management Act and Financial Statements, which are a required annually.

Recent evaluations have focused on Agency-wide issues, such as the medical clearance process and safety and security of the Volunteer. The Evaluation Unit, led by Assistant Inspector General for Evaluations Shelley Elbert, issued the final report on the medical clearance process and a preliminary report on the evaluation of the Agency's overall safety and security procedures during this reporting period. While these and other overarching functions of the Peace Corps deserve inspection, staff turnover limited our ability to perform evaluations at overseas posts.

In the next reporting period, the Evaluation Unit will resume its traditional focus of evaluating management and program operations at overseas posts. In an effort

to improve the effectiveness of our own processes, we have updated our objectives and administrative processes for conducting post evaluations while maintaining the standards established by the President's Council on Integrity and Efficiency.

Additionally, as the Agency is currently developing the strategic plan for 2009-2014, we intend to gauge accountability in support of the Government Performance and Results Act. We plan to pilot our updated objectives and evaluation processes in the upcoming reporting period.

The Investigations Unit had to respond and investigate two separate Volunteer death incidents. We coordinated our response to these tragic matters with other Agency offices, as well as Regional Security Officers, the Armed Forces Institute of Pathology, and local police authorities. We also achieved success with our authority to coordinate the Agency's response to violent crimes against Volunteers through numerous initiatives including, providing victim advocacy assistance to Volunteers, transport of DNA evidence to the FBI, and preparing Volunteers for trial.

The Investigations Unit has also conducted Title 18 and other administrative and ethics investigations. In addition to our ongoing efforts to provide oversight of our Federal Employees' Compensation Act (FECA) claimants, we have also requested information to monitor transit subsidy benefits provided to Agency employees. In addition, we also investigated an audit finding involving missing funds in a Central American country and allegations of an assault in a West African Country.

In an effort to be more transparent and provide clarity about our operations, the Investigations Unit developed a brochure on the OIG's investigative authority and processes. This brochure will be provided to Volunteers who are witnesses or subjects of investigations.

To better coordinate with the Inspector General community, I attended Executive Council on Integrity and Efficiency meetings and provided input on matters that are of particular concern and/or unique to our OIG operations.

During my short tenure as the Acting Inspector General, I have reached out to various members of Peace Corps' senior staff and received valuable feedback about the three central services performed by this office. In addition to taking the time to revamp and update our evaluation processes and develop an instrument to explain the investigative process, the OIG will continue to strive for professionalism and transparency in all aspects of our dealings with the Agency, as well as the federal, private, and international community.

Geoffrey A. Johnson
Acting Inspector General

MANAGEMENT AND ADMINISTRATION

AGENCY CONTEXT

At the end of FY 2007, 8,079 Peace Corps Volunteers and Trainees were serving in 74 countries at 68 posts. This total includes: 184 Volunteers and Trainees funded by the President's Emergency Plan for AIDS Relief (PEPFAR) working on HIV/AIDS projects in nine countries and 33 Peace Corps Response Volunteers serving in short-term assignments in 10 countries. Eleven Peace Corps Response Volunteers were funded by PEPFAR.

The Volunteers and their programs are supported by 895 American direct hire staff: 194 overseas; 123 in the regional recruiting offices; and the remaining 578 in headquarters. Approximately 2,000 locally hired personnel complete post staffing. The Peace Corps also has corporate contracts domestically and overseas, principally for guard services and training, and expert consultants hires, largely for training and financial management.

OIG STAFFING

During the reporting period, there were several staff changes and departures in the Office of Inspector General.

On December 22, 2007, Inspector General H. David Kotz left the Peace Corps to join the Securities and Exchange Commission as Inspector General. Assistant Inspector General for Investigation Geoffrey A. Johnson is serving as Acting Inspector General. Senior Evaluator Shelley Elbert was promoted to Assistant Inspector General for Evaluations on November 11, 2007. In addition, Senior Special Agent Julie K. deMello has been Acting Assistant Inspector General for Investigations since December 22, 2007.

The Investigation, Audit, and Evaluation Units have all been adversely affected by staff departures. Special Agent Henry Mulzac left the OIG on November 30, 2007 after five years of service. On December 31, 2007, Senior Auditor Letty J. Collins retired after more than eight years of service. Senior Evaluators Lynn Khadiagala and Crist Chensvold left the Peace Corps in February 2008 for positions at the Department of Interior.

The OIG moved quickly to fill these vacant positions with the expectation of having all vacancies filled as soon as possible. Four new staff members joined the OIG during this reporting period.

Susan Gasper joined the OIG in October 2007 as an Evaluator. From 2005-2007, she was a manager at a local management and IT consulting firm where she focused

on analyzing, evaluating, and re-engineering business processes for government and private sector clients. Susan has also worked in the nonprofit sector as a Program Manager for the Russia and Eurasia Program at the Center for Strategic and International Studies and as a Philanthropic Fellow at Grantmakers of Western Pennsylvania. Susan was a Peace Corps Fellow at Carnegie Mellon University's Heinz School and graduated with a Master's in Public Policy and Management. She served in the last group of Peace Corps Volunteers in the Russia Far East and closed service in 2002.

Reuben Marshall joined the OIG in March 2008 as an Evaluator. Prior to the OIG, Reuben led the Africa Placement Unit in the Peace Corps Office of Volunteer Recruitment and Selection. Reuben served as a Volunteer in Cote d' Ivoire from 1996 - 1998. After completing Peace Corps Volunteer service, Reuben worked as a newspaper reporter and editor in central Virginia. Reuben then joined the International Rescue Committee's Refugee Resettlement Office in Charlottesville, Virginia, where he developed and coordinated interpreter and immigration services. Reuben earned his Bachelor's degree in Philosophy at St. John's College in Annapolis, Maryland.

April Thompson joined the OIG in March 2008 as an Evaluator. April comes from the Government Accountability Office where for four years she prepared evaluative reports and testimonies related to the U.S. Coast Guard and other federal programs. Prior to this, April was a research analyst at California State University, Monterey Bay, where she authored the first campus strategic plan progress report and helped improve campus safety and academic advisement through survey and analytic research. She recently volunteered as a program evaluation consultant for the United States Holocaust Memorial Museum. April earned a Master of Arts in International Policy Studies and a Certificate in Public Administration from the Monterey Institute of International Studies.

Kevin Doherty joined the OIG in March 2008 as a Special Agent. He graduated from Bridgewater State College with a Bachelor's degree in psychology and is pursuing his Master's degree in Criminal Justice online from the University of Wisconsin. He is a former Marine and criminal investigator with the Department of Energy (DOE). He served as lead investigator for a number of criminal and administrative cases with DOE and also served as lead protective agent for Secretary's of Energy Spencer Abraham and Dr. Samuel Bodman. Kevin has traveled extensively with the government, including China, Cuba, Haiti, Brazil, the former Soviet Union, and the Middle East. He worked for the State Department and provided personal security to U.S. Ambassadors Khalilzad and Crocker in Iraq.

The OIG also commandeered the services of Thomas O'Connor in November 2007, as an expert consultant with the OIG Evaluation Unit. Tom brings over 30 years of experience conducting performance audits for the Government Accountability Office and the U.S. Agency for International Development. He has provided expert advice

to the Evaluation Unit enhancing their evaluation procedures and ensured that the unit is in compliance with federal regulations for OIG program evaluations.

At the end of the reporting period, the positions of Inspector General, Deputy Inspector General, and Inspector General Counsel are vacant. Additionally, the OIG has had challenges acquiring staff with the knowledge, skills, and abilities necessary to conduct audits and investigations.

ADVICE AND ASSISTANCE PROVIDED TO THE AGENCY AND OTHERS

During this reporting period, we provided advice to management on a number of serious issues that were brought to our attention. This advice was conveyed in written form and through briefings and meetings with the Director of the Agency and other senior-level Peace Corps officials.

PROPOSED TRANSFER OF THE VIOLENT CRIMES OVERSIGHT

In February 2008, the Peace Corps Director met with the Acting Inspector General to discuss a proposed transfer of violent crimes oversight from the Office of Inspector General to the Office of Safety and Security. On March 4, 2008, the Associate Director for Safety and Security met with the Acting Inspector General to discuss the terms and timeframes for the potential transfer.

The Agency provided a blue-print or concept paper to the Acting Inspector General outlining how it proposed to manage violent crimes against Volunteers. The proposed measures included: (1) increased reliance upon host country national police to conduct crimes and investigations of Volunteers; (2) little or no need for experienced and trained criminal investigators to accomplish oversight of violent crimes, rather, Peace Corps Safety and Security Officers (PCSSOs) would coordinate this function while maintaining their current work responsibilities; and (3) the rescission and revocation of the Violent Crimes Protocol, and memorandums and sections of the Peace Corps Manual pertaining to violent crimes. The Agency's proposal did not address the role of the OIG to investigate any assaults or suspicious deaths of Volunteers.

The OIG provided written and verbal concerns to the Agency about the proposed transfer, which was initially to occur on June 1, 2008. In light of the OIG's ongoing gains in victim advocacy and achieving justice when Volunteers become victims of violent crimes, we questioned the feasibility of the Office of Safety and Security providing oversight of violent crimes against Volunteers, in particular, the Agency's reliance on PCSSOs. We advised the Agency that our major concerns over the proposed transfer of function were as follows:

- 1) Peace Corps Safety and Security Officers (PCSSOs) are not trained to conduct criminal investigations. We questioned how PCSSOs will be able to derive investigative authority to forward evidence to the FBI for analysis or present a case to the Justice System. *They are not recognized law enforcement officials or criminal investigators.*
- 2) PCSSOs may not be able to perform their current work responsibilities in addition to violent crimes, which can occur at anytime, during a 24 hour basis,

7 days a week. *This mission and function currently consumes 70%-90% of the time of the OIG's four-person Investigations Unit.*

- 3) We also questioned how responding to violent crimes will be prioritized with existing PCSSO work. *Protecting and processing crime scenes, collecting and admitting DNA evidence for analysis, interviewing victims and witnesses of violent crimes, coordinating with post, headquarters, local authorities, the RSO, and other investigative activities are time-consuming and must be conducted within prescribed time frames according to both U.S. legal standards and in the local legal systems.*
- 4) Additionally, we are concerned about notifying PCSSOs of a violent crime in a timely manner. *There are currently no provisions for them to receive Blackberries or other devices whereby 24/7 notifications can be made so an immediate response can be rendered.*

Furthermore, we advised the Agency that its proposed reliance on host country law enforcement agencies where Peace Corps programs operate is problematic. These agencies are generally under-staffed, under-trained, under-paid, and are ill-equipped to provide an adequate and effective response to violent crimes. The police often lack transportation, fuel, radios, ballistic vests, latex gloves, evidence bags, cameras, among other tools needed to respond to incidents of sexual assault, and violent crimes, including death.

Currently, the Agency's "Protocol: Violent Crimes Against Volunteers," gives the OIG the responsibility to "coordinate the interagency investigation of assaults, rapes, and other violent crimes – as well as deaths – committed against Peace Corps Volunteers. This includes, but is not limited to, primary coordination with the Department of Justice, Federal Bureau of Investigation, Diplomatic Security Service, and other domestic law enforcement and criminal investigative agencies....The Office of Inspector General will serve as the principal office for guidance to Country Directors and other agency officials on all related matters including, but not limited to retaining local counsel, as appropriate."

The Agency should proceed with extreme caution to ensure continuity of Peace Corps investigative support and effective response to violent crimes against Volunteers. Regardless of which Peace Corps office responds to violent crimes, any transfer of function must not limit or prohibit the OIG's ability to investigate any and all crimes involving Peace Corps and its resources. Peace Corps management should refrain from policy decisions that can be construed as interfering with the objectivity and independence of the OIG.

INVESTIGATION OF MISSING FUNDS AT PEACE CORPS/GUATEMALA

In January 2008, we investigated a potential loss of funds from Peace Corps/Guatemala. During a routine post audit, we identified a potential loss of Peace Corps funds due to the mismanagement and a lack of effective internal control over the billings and collections process. The OIG assigned an auditor and an investigator to respond to this incident.

We continue to research Peace Corps headquarters records in an effort to account for refunds that may have been collected at headquarters level. The post has reported that they

have taken actions to improve internal controls and accountability of Peace Corps funds.

ONLINE COLLABORATION TOOLS

We previously reported on our concerns over the Agency's use of on-line collaboration tools. Specifically, the OIG called management's attention to significant vulnerabilities that existed with respect to the lack of internal controls in connection with two online collaboration tools, Peace-Wiki and Peace-Guru, which Peace Corps intends to deploy.

Our concerns include:

- Deployment of these collaboration tools before appropriate content controls are in place.
- Possible duplication of a similar collaboration tools in various stages of development.
- Inadequate cost analysis to determine the long-term financial impact of deploying such tools from initial investment and throughout the life of the program.

During this reporting period, Peace Corps management met with us to identify a strategy to address our concerns. As a result of our meeting, the Agency will conduct a limited pilot of these online tools. An outcome of the limited pilot will be to clearly define and document content controls, reduce duplication of similar tools in various stages of development, and the capability of the Peace Corps to support the tools long-term.

We will continue to provide advice and assistance to the Agency as they move forward with their plans to implement online collaboration tools to improve Volunteer access to evolving technologies.

ACCOUNTABILITY OF MEDICAL SUPPLIES

OIG audits of overseas posts and audits by our external auditor during the last four financial statement audits at the agency have identified a deficiency related to the accountability of medical supplies at Peace Corps overseas posts.

Each Peace Corps post maintains a medical supplies inventory consisting of pharmaceuticals, controlled substances, and associated items. The supplies are used in providing medical care for over 8,000 Volunteers that are posted overseas in countries served by the Peace Corps. During audit remediation meetings chaired by Peace Corps management, we have provided expert advice on establishing more effective internal control and improving accountability of medical supplies.

Peace Corps management is currently revising guidance, developing a standard system for maintaining inventory records, and establishing new procedures for conducting periodic inventories of medical supplies.

AUDITS AND PROGRAM EVALUATIONS

OVERVIEW

The Peace Corps' OIG focuses principally on the programs, financial and administrative operations, and staff support that sustain Peace Corps Volunteers serving around the world. We accomplish this through audits and evaluations of the Agency's posts overseas and its functions in headquarters and domestic recruiting offices.

Both individual staff members and multi-disciplined teams carry out these reviews. For some highly technical audits, we also contract with independent auditing firms and individual experts.

Audits examine operations and financial transactions to ensure that good management practices are being followed and that resources are adequately protected in accordance with laws and regulations. Our audits are conducted in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States.

Most of our audits focus on the operations and management of Peace Corps' overseas posts, which include a review of financial and administrative practices and the safety and security of persons and property. We also conduct audits of specific headquarters and regional activities, as well as contract and follow-up audits, as needed. In addition, the Accountability of Tax Dollars Act provides the OIG with the responsibility for the annual audit of Peace Corps' financial statements. Furthermore, the Federal Information Security Management Act specifies that the OIG annually review the information security program of the Agency, which has become a component of our annual audit function.

Program evaluations review the operation and administration of a specific unit of the Peace Corps or may involve a limited review of a particular problem, issue, or function.

Most evaluations are of overseas posts and provide management with a comprehensive assessment of how overseas programs are functioning. This includes a review of the Volunteers' sites and assignments, their safety and security, the quality of their training, the quality of the support provided to them, and the adequacy of the post's administrative infrastructure to manage the program. Evaluations have traditionally focused on the effectiveness, satisfaction, and well-being of the Volunteers, including their housing, health care, and safety. Evaluators interview

a representative sample of 20% or more of the Volunteers at their sites, and interview appropriate Peace Corps staff and some of the Volunteers' co-workers and supervisors. In compliance with the President's Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency Standards, our evaluation process and procedures standards were updated during this reporting period.

SUMMARY OF AUDITS AND EVALUATIONS

PRESIDENT'S COUNCIL ON INTEGRITY AND EFFICIENCY: EXTERNAL PEER REVIEW

The Audit Unit underwent an external peer review and received an unmodified (clean) opinion for the three-year period ending September 30, 2007. The peer review, conducted by a fellow member of the President's Council on Integrity and Efficiency, determined that the design of the Office of Inspector General's quality control system met the associated standards established by the Comptroller General of the United States.

The Inspector General Act of 1978 requires that each Office of Inspector General organization comply with generally accepted government auditing standards (GAGAS) and implement and maintain an internal quality control system for its audit work. The internal quality control system typically consists of the four following characteristics:

- Policies and procedures that establish internal guidance and audit requirements,
- Supervisory review process,
- A quality control process for each audit (such as independent referencing), and
- A quality assurance program.

The 1988 amendment to the Inspector General Act of 1978 requires that each Office of Inspector General undergo an external peer review to verify compliance with GAGAS and applicable quality control standards. GAGAS requires external peer reviews at least once every three years.

External peer reviews of Inspectors' General organizations are conducted by independent federal auditors assigned by the President's Council on Integrity and Efficiency and Executive Council on Integrity and Efficiency.

PEACE CORPS FISCAL YEAR 2007 FINANCIAL STATEMENT AUDIT

The OIG contracted with Urbach Kahn and Werlin LLP (UKW), an independent certified public accounting firm to audit the financial statements as of September 30, 2007 and 2006, and for the years then ended. The contract required that the audit be done in accordance with generally accepted government auditing standards; the OMB's Bulletin 07-04, *Audit Requirements for Federal Financial Statements*; and the

Government Accountability Office/President's Council on Integrity and Efficiency Financial Audit Manual. UKW's audit report for FY 2007 included: (1) an opinion on the financial statements, (2) a report on internal controls, and (3) a report on compliance with laws and regulations.

In the audit of the Peace Corps, UKW found that the financial statements were fairly presented, in all material respects, and in conformity with generally accepted accounting principles for the year-ended September 30, 2007. They reported that there were no material weaknesses related to internal controls. OMB Bulletin 07-04 defines a material weakness as a significant deficiency, or combination of significant deficiencies, that results in a more than remote likelihood that a material misstatement of the financial statements will not be prevented or detected. However, UKW's report on internal controls did identify some significant deficiencies:

- Certain controls associated with property, plant, and equipment were inadequate and need to be improved.
- Internal controls over the business processes relating to undelivered orders and accounts payable need to be enhanced.
- The Office of Chief Financial Officer's policy on accounting for host country contributions is not consistent with generally accepted accounting principles related to preparation of financial statements, presentation, and disclosure.
- Certain weaknesses related to the Peace Corps' information technology control environment require corrective actions.

OMB Bulletin 07-04 defines a significant deficiency as a deficiency in internal control, or a combination of deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected. The term "significant deficiency" replaces the term "reportable condition." UKW found no reportable noncompliance with laws and regulations it tested.

In connection with the audit contract, the Office of Inspector General reviewed UKW's report and related documentation and made inquiries of its representatives regarding the audit. To fulfill our responsibilities under the Chief Financial Officers Act for ensuring the quality of the audit work performed, OIG monitored UKW's audit of the Peace Corps' Fiscal Year 2007 Financial Statements in accordance with generally accepted auditing standards. Specifically, we reviewed UKW's audit approach and planning; evaluated the qualifications and independence of its auditors; monitored the progress of the audit at key points; examined UKW's working papers related to audit planning, testing, and assessing internal control over the financial reporting process; reviewed the audit reports to ensure compliance with generally accepted government auditing standards; coordinated issuance of the audit reports; and performed other procedures we deemed necessary.

As required by OMB Circular A-136, Financial Reporting Requirements, this audit report has been published within the Peace Corps Fiscal Year 2007 Performance and Accountability Report. In addition, a separate letter describing internal control weaknesses which do not meet the definition of a significant deficiency, was issued directly to Peace Corps management.

FEDERAL INFORMATION SECURITY MANAGEMENT ACT REVIEW

The Federal Information Security Management Act (FISMA) mandates that federal agencies establish effective information security protections and a program to secure its information systems from unauthorized access, use, disclosure, modification, and other harmful impacts. These requirements must be met through adherence to specific guidelines established by the National Institute of Standards and Technology (NIST). FISMA also requires OIGs to review their Agency's information security programs annually. The Office of Management and Budget (OMB) is responsible for reporting to Congress on the overall progress of the federal government in meeting FISMA requirements. This is accomplished through a data collection tool that OMB requires each agency to complete and provide to them annually. Both the agency and their respective OIG are required to submit responses designed to measure progress by October 1 of each year using the OMB data collection tool.

The OIG contracted with Urbach Kahn and Werlin LLP to perform the annual review of the Peace Corps information security program and provide the OIG with data associated with the OMB reporting requirements. The review concluded that Peace Corps has made significant progress toward becoming fully compliant with FISMA. Specifically, the Agency has developed a comprehensive system inventory including Federal Information Processing Standards 199 system classifications. Peace Corps Office of the Chief Information Officer also implemented Information Technology Security Requirements based on NIST Special Publication 800-53, *Recommended Security Controls for Federal Information Systems*; published a Certification and Accreditation (C&A) process guide; implemented a C&A tool; and began the process of preparing several systems for accreditation. Additionally, Peace Corps issued one Authorization to Operate (ATO) and four Interim Authorizations to Operate (IATO) for Peace Corps' general support systems and major applications during the year. Furthermore, Peace Corps has begun annual security awareness training for all employees and contractors through the use of WebStart, an automated training tool. However, Peace Corps still faces some important challenges to refine its information security program. For example, although the Peace Corps' financial reporting system, Odyssey, has received an ATO, and four other systems have received an IATO, it is critical that all twelve systems become fully certified and accredited to meet FISMA requirements. Also, contingency plans have not been completed for five of the Peace Corps' systems and the Agency was not in full compliance with related applicable NIST requirements for two of its twelve systems.

PC/EASTERN CARIBBEAN: AUDIT

We conducted an audit of Peace Corps/Eastern Caribbean February 11 – March 2, 2007. The Peace Corps began its program in the Eastern Caribbean in 1961. At the time of our visit, there were 122 Volunteers serving in six island states: St. Lucia, St. Vincent and the Grenadines, St. Kitts and Nevis, Grenada, Dominica, and Antigua. Peace Corps/Eastern Caribbean's project areas included small business development, information and communication technology, health education, community development, and special education.

We found that the post's financial and administrative operations were not functioning effectively. The post was not complying with certain federal guidance and several Peace Corps policies and procedures. Some of the more significant findings are summarized below:

- Imprest fund administrative procedures related to physical security of cash, accountability, reconciliations, and reporting of fund shortages were not being followed.
- Maintenance of required records was inadequate and not in compliance with applicable Peace Corps guidance.
- Records related to billings and collections were not maintained in accordance with applicable policies, some billings were not being made, and there was an incidence of improper collections.
- Support for bills of collection related to host country contributions was insufficient, expenditures against the contributions did not meet Peace Corps requirements, and a tax exempt status associated with certain contributions may not comply with applicable local tax laws.
- Monitoring of grants related to Small Project Assistance was inadequate and as a result some funds were inappropriately used.
- Property inventory records were not accurate, complete, or current and segregation of duties surrounding maintaining inventory records and performing inventories was inadequate.
- Policies and procedures related to the maintenance and review of post vehicle management records were not being followed.
- Procurement policies and procedures were not being followed and associated files were incomplete and inadequate.
- Government credit card purchases were not always being approved by an authorizing official prior to making such purchases.
- Peace Corps requirements for maintaining time and attendance records on a daily basis was not being met.
- Policies and procedures for regularly scanning computers for viruses, daily back-ups, and access were not being followed.
- IT technical support at the post was inadequate and unreliable at outlying Peace Corps operations within the Eastern Caribbean.

Management concurred with 73 of 76 recommendations and did not concur with three recommendations. At the end of the reporting period, 38 recommendations are closed and 38 remain open.

PC/Fiji: AUDIT

We conducted an audit of Peace Corps/Fiji April 11 – May 4, 2007. The Peace Corps began its program in Fiji in 1968. The Peace Corps discontinued the Fiji program in 1998; however, it was re-established in 2003. At the time of our visit, there were 49 Volunteers working in Fiji. Peace Corps/Fiji's current project areas include environmental resource management and community health.

We found that the post's financial and administrative operations were generally functioning effectively and complied with Peace Corps' policies and procedures. However, certain areas relating to operations at the post needed to be improved. Some of the more significant findings are summarized below:

- Confidential Volunteer medical information was inappropriately included on some non-medical administrative documents maintained by the post.
- Applicable guidance on use of appropriated funds was not followed regarding participation in certain training programs.
- Records related to billings and collections were not maintained in accordance with applicable policies and procedures.
- Host country contributions were not accurately or consistently recorded.
- Inventory of medical supplies was not complete, accurate, and performed on a regularly scheduled basis as required by Peace Corps policy.

Management concurred with 25 of 26 recommendations and did not concur with one recommendation. At the end of the reporting period, 23 recommendations are closed and three remain open.

PC/GEORGIA: AUDIT

We conducted an audit of Peace Corps/Georgia September 14 – October 5, 2007. This was the post's first audit since its opening in fiscal year 2001. Over 250 Volunteers have served in Georgia. At the time of our audit, Volunteers were working in the areas of English education and business and social entrepreneurship.

The post has had six administrative officers and four country directors since its start-up. At the time of the audit, the administrative officer had been at the post seven months; the country director, approximately one year. We noted that the country director and administrative officer had corrected a number of deficiencies which occurred prior to their arrivals at the post.

As enumerated below, we found that the post's financial and administrative operations still required improvement in several areas:

- Billing and collection procedures and related internal controls were inappropriate and inadequate.
- Volunteer settling-in surveys were not conducted in fiscal year 2006.
- Host country contributions by the Georgian government were not reflected in the operating plan.
- Travel vouchers were not always submitted timely and some contained errors in preparation.
- The official time and attendance records contained discrepancies.
- The procurement files did not contain five-year security investigation updates for the staff members requiring them.
- The swearing-in cable contained the new Volunteers' full social security numbers.

Management concurred with 11 of 15 recommendations and did not concur with three recommendations, and partially concurred with one recommendation. At the end of the reporting period, all 15 recommendations are closed.

PC/KAZAKHSTAN: AUDIT

We conducted an audit of Peace Corps/Kazakhstan July 18 – August 3, 2007. The Peace Corps arrived in Kazakhstan in 1993, soon after the country had declared its independence from the Soviet Union. Over 800 Volunteers have since served in Kazakhstan. At the time of our visit, Volunteers were working in two program areas: English education and organizational and community assistance.

From October 1, 2005 through the time of our audit, six different individuals, permanent and temporary duty, served as country director; three served as programming and training officer; and four served as administrative officer. At the time of the audit, the country director and the programming and training officer had been at the post approximately five months; the administrative officer, approximately one year.

Our audit found that, in general, Peace Corps/Kazakhstan's financial and administrative operations were functioning effectively and complied with Agency policies and federal regulations. However, as summarized below, we noted a number of areas which required improvement:

- Quarterly imprest fund verifications were not always performed by the country director.
- Volunteer settling-in allowance surveys were not conducted for fiscal years 2007 and 2006, and a living allowance survey was not conducted for fiscal year 2006.
- The purchase card was, on several occasions, used inappropriately.
- Daily vehicle usage logs were not reviewed on a weekly basis.

- Travel vouchers were not always submitted timely and some contained errors in preparation.
- Complete certificates of acceptance were not obtained for several of the post's leases.
- Procurement files were incomplete: the results of regional security officer's security clearance investigations were missing from some contractors' files, and intelligence background information certifications were not on file.

Management concurred with 21 of 22 recommendations and did not concur with one recommendation. At the end of the reporting period, 15 recommendations are closed and seven remain open.

PC/PERU: AUDIT

We conducted an audit of Peace Corps/Peru April 30 – May 25, 2007. The Peace Corps began its program in Peru in 1962. The Peace Corps discontinued the Peru program in 1975; however, it was re-established in 2001. At the time of our visit, there were 132 Volunteers working in Peru. Peace Corps/Peru's project areas included small business development, community health, youth development, and environmental education.

We found that the post's financial and administrative operations were generally functioning effectively and complied with Peace Corps' policies and procedures. However, certain areas relating to operations at the post needed to be improved. Some of the more significant findings are summarized below:

- The post's imprest fund was out of balance and certain administrative procedures related to the physical security over cash were not being followed.
- Required independent surveys to determine Volunteer allowance levels had not been performed.
- Records related to billings and collections were not maintained in accordance with applicable policies and procedures and separation of duties over this process were inadequate.
- Reconciliation of obligations and liquidations was not effective.
- Inventory records related to property did not indicate where the property was kept, rendering them incomplete and insufficient for purposes of confirming the existence of assets.
- Official procurement files were incomplete and not in accordance with Peace Corps policy.
- Policies and procedures related to the maintenance and review of post vehicle management records were not followed.
- Several staff members had not completed mandatory annual security awareness training and had not signed required user verification forms related to use of Peace Corps IT equipment.

- Peace Corps requirements for preparing and reviewing certain time and attendance records were not met.

Management concurred with 23 of 24 recommendations and did not concur with one recommendation. At the end of the reporting period, 20 recommendations are closed and four remain open.

PC/ARMENIA: FOLLOW-UP AUDIT

During the period September 6 – 12, 2007, we conducted a follow-up to our audit carried out August 9 – 27, 2004. Management had concurred with all 12 audit recommendations in our report. As the result of our follow-up audit, we verified that appropriate action was taken on nine of the 12 audit recommendations, and we determined that three recommendations required additional action. Subsequent to our visit, the post took required action on two of the three reopened recommendations.

The remaining reopened recommendation related to Volunteer settling-in and living allowance surveys. We found that independent surveys were not used in conjunction with Volunteer surveys to determine the adequacy of the settling-in allowance. We also found that the independent living allowance surveys were performed only in the capital, Yerevan, where no Volunteers were situated.

At the end of the reporting period, 11 recommendations are closed and one recommendation remains open.

PC/CHINA: FOLLOW-UP AUDIT

During the period February 11 - 22, 2008, we conducted a follow-up to our audit carried out March 7 – 26, 2006. Management had concurred with 18 of the 19 audit recommendations in our report. As the result of our follow-up audit, we verified that appropriate action was taken on 15 of the 19 audit recommendations, and we reopened four recommendations that required additional action. Subsequent to our visit, the post took needed action on one of the four recommendations.

The three reopened recommendations related to the following areas:

- Travel vouchers were not always submitted within five working days after completing travel, as required by Peace Corps policy.
- Vehicle usage logs were not being properly reviewed, signed, and dated.
- Authorization from the U.S. Disbursing Officer to allow a non-direct hire staff to function as the post's cashier was not on file; the matter was being followed up by headquarters.

At the end of the reporting period, 16 recommendations are closed and three recommendations remain open.

MEDICAL CLEARANCE SYSTEM: PROGRAM EVALUATION

We conducted an evaluation of Peace Corps' Medical Clearance System, which is responsible for medically screening applicants to ensure that Peace Corps posts are provided healthy Volunteers who can serve for 27 months without undue disruption. The Medical Clearance System is one component of the Volunteer Delivery System, a continuous cycle of Volunteer recruitment, screening, and placement.

The Medical Clearance System evaluation systematically analyzed a host of complex issues from both the applicants' and the Peace Corps staffs' perspectives including the screening review systems and procedures, the screening review timeframe, medical screening guidelines, communicated guidance, transparency, interoffice communication, customer service, staff training, and the reimbursement fee schedule.

The Office of Medical Services Screening unit, responsible for operating the Medical Clearance System, reviewed 7,517 medical files and cleared 5,323 applicants in FY 2006. In fiscal year 2006, the average time from to process an application from the date received until the applicant entered on duty was 335 days. On average, applicants over the age of 50 years took 122 more days to process compared to applicants under 50 years of age. The greatest time difference between applicants 50 years and older and those under 50 years of age occurred during the medical review; older applicants took an average of two months longer to medically screen than under 50 applicants.

Despite some improvements to the Medical Clearance System, the following areas need additional improvement:

- Staff in the Office of Medical Services and the Quality Improvement Unit have not been proactive in implementing quality and process improvements to the Medical Clearance System. Standard Operating Procedures for screening applicants do not exist and Standard Operating Procedures for the storage of confidential medical information were not enforced.
- Screening data was generally unreliable and analysis techniques were not supportive of performance measurement and process improvement efforts.
- Applicants were frustrated that Peace Corps did not provide them with an average timeframe or cost for completing the Medical Clearance System process. Poorly organized and unclear instructions confused some applicants and their health care providers. These conditions also increased the time to complete the clearance process for some applicants.

- The Peace Corps had identified but not implemented technological improvement to the Medical Clearance System that would improve transparency and accessibility.
- Many recommendations identified in previous reports to improve the Medical Clearance System have not been implemented.

Management concurred with 40 of 55 recommendations, partially concurred with nine recommendations, and did not concur with six recommendations. At the end of the reporting period, 32 recommendations are closed and 23 remain open.

INVESTIGATIONS

OVERVIEW

The Investigations Unit responds to allegations of administrative and criminal wrongdoing, fraud, and violent crimes that are forwarded to the Office of Inspector General through various means, including: OIG audits and evaluations, hotline complaints, Volunteers, Trainees, staff, other federal entities and the general public. We also investigate ethics and conflicts of interest violations. The Office of Inspector General is charged by law with the conduct of criminal investigations. Specifically, the Inspector General is authorized by statute to develop policy for the conduct of investigations, and to coordinate and supervise both domestic and overseas investigations. Investigators work with other offices within the Peace Corps and/or with other agencies, including Immigration and Customs Enforcement (ICE), the State Department's Diplomatic Security Services (DSS), the Federal Bureau of Investigation (FBI), and the Department of Justice public prosecutors, as appropriate.

With over 8,000 Volunteers in more than 70 countries, incidents of crime against them have become increasingly more commonplace. Part of the Agency's support to Volunteers who become victims is a protocol under which country directors report incidents of violent crimes to the OIG. The OIG manages and coordinates the Agency's part of the investigative and prosecution process from the reported initial incident to the closing of the case. We coordinate the investigation of the crimes with the country director, various headquarters offices (e.g., the Office of Medical Services, Office of Safety and Security), DSS and the embassy's Regional Security Officer (RSO), and host country law enforcement. In particular, OIG special agents work with the RSO to locate and apprehend suspects and collect the best evidence for local trial. This might include preparation of witness statements, developing photo spreads, or obtaining DNA analysis. As needed, we accompany witnesses back to the country where the crime occurred for lineups, depositions, and trial. We consult and coordinate with the Department of Justice's Office of Foreign Litigation and receive assistance from the FBI, including the forensic laboratory at Quantico and the overseas legal attachés, the Armed Forces Institute of Pathology at the Walter Reed Army Medical Center, and the Secret Service Forensic Services Division. Our role in coordinating investigations and assisting in the prosecution of violent crimes against Peace Corps Volunteers requires a high volume of work but also gives us the opportunity to help curb violence against Peace Corps Volunteers.

To ensure our effectiveness in the area of violent crimes, the OIG operates a 24 hours a day, seven days a week, duty officer system whereby country directors can make direct and immediate contact with criminal investigators in this office to coordinate responses to violent crimes against Volunteers and assist the victims of crime. Early intervention and coordinated support has enhanced the quality of overseas

investigations. We may, in limited circumstances, also arrange for a local lawyer to be hired to help a prosecutor make a case against the perpetrator of the crime. The 2004 “Equal Access to Justice Act” and other Congressional enactments, as well as the Attorney General’s guidance, provide a prescriptive framework for the OIG’s victim advocacy responsibilities and authority.

INVESTIGATION OF THE DEATH OF A VOLUNTEER

In a Pacific island country, a Volunteer was killed in a sudden, unexpected, traumatic manner. The community members stated that a tree had fallen on the Volunteer; a host country national from a neighboring village also died in the same event. An OIG special agent was dispatched to investigate the circumstances surrounding the death. The OIG arranged for a charter helicopter to travel to the remote location, and photographed, videotaped, processed, and collected evidence at the death scene. There were no local police authorities available to conduct an investigation, no telecommunication capability, no medical facilities, and very limited transportation to the remote area where the Volunteer died.

The OIG learned that community members waited approximately three hours prior to notifying the Peace Corps post of the Volunteer’s death. The body was removed from the scene prior to Peace Corps’ staff arrival. The OIG recommended that an autopsy be performed to establish cause of death, based on unresolved issues related to the manner of death as described by community members. The OIG offered to fly an Armed Forces Institute of Pathology (AFIP) forensic team to the host country to perform the autopsy, or to have them travel to the Volunteer’s home of record to perform the autopsy. Due to the Volunteer’s family wishes, an autopsy was not performed, so the actual cause of death could not be established.

INVESTIGATION OF THE DEATH OF A VOLUNTEER

In a South American country, a Volunteer was killed by a booby-trap gun in a rural, wooden area. The OIG Investigations Unit responded by sending a team to country to investigate the circumstances. OIG special agents interviewed community members, other Volunteers, and worked with the local police to examine the death scene, collect evidence, and conduct follow-up interviews. OIG special agents photographed and videotaped the scene, collected, reviewed, and analyzed cell phone records, cameras, laptops, and journals that belonged to the Volunteer. With host country approval, OIG special agents conducted additional interviews with villagers, and coordinated with the local police to collect further evidence. The OIG coordinated with AFIP to have a forensic team respond to country to assist with an autopsy. The investigation is ongoing.

MISSING VOLUNTEER INVESTIGATION

In September 2007, the OIG organized a multi-agency team that included personnel from the State Department, FBI, Bolivian officials, Rhode Island State Police, to conduct a search for a missing Volunteer in a remote valley in Bolivia. The search was conducted after a review of documents and follow-up interviews disclosed the last known location of the missing Volunteer. In October 2007, several probable bone fragments found by the search team were examined by AFIP forensic personnel and were determined to be non-human. OIG special agents are still pursuing historical records documents from the multiple agencies that have been involved in the investigation of the missing Volunteer to identify outstanding issues.

INVESTIGATION OF AN ASSAULT AND ALLEGED VOLUNTEER MISCONDUCT

In a West African country, a Volunteer notified the OIG that she was assaulted by two intoxicated fellow Volunteers while all attended a Peace Corps Volunteer training graduation ceremony. The complainant told the OIG that her teeth were fractured as a result of the assault and she was subsequently provided with substandard medical care, which ultimately resulted in her medical separation from the Peace Corps.

Two Volunteers admitted they were intoxicated at the graduation ceremony after party and had given each other piggy back rides for the purpose of bumping into fellow Volunteers. Their actions resulted in the complainant being knocked to the ground and fracturing her teeth. Other Volunteers told the OIG they observed Volunteers throwing chairs into the swimming pool and over the walls of the hotel, and a Volunteer entering the pool without payment. The OIG brought these matters to the attention of Peace Corps management and subsequently learned that the Volunteers who committed these infractions resigned in lieu of administrative separation.

The complainant also informed the OIG that two Peace Corps sub-offices were regularly abused by members of the Volunteer community and had a “frat-like atmosphere.” In addition, several Volunteers informed the OIG that a small group of Volunteers had engaged in illegal drug use and excessive alcohol abuse. Of particular concern, the OIG learned that one Volunteer made cannabis-laced brownies and provided them to an unsuspecting Volunteer at the Peace Corps sub-office. That Volunteer consequently fell ill and had to seek medical treatment. This particular matter was referred to the U.S. Department of Justice, but declined for prosecution.

INVESTIGATIONS OF FEDERAL EMPLOYEES’ COMPENSATION ACT RECIPIENTS

The OIG Investigations Unit continues to monitor Federal Employees’ Compensation Act (FECA) claims. At present, the Peace Corps has approximately 1,300 open FECA claims and the agency spends roughly \$11 million dollars for former Volunteers and staff who were injured or became ill on the job or during their

service. Unlike other Federal entities, per section 10.730 Workers Compensation Programs, “[a]ny injury sustained by a volunteer or volunteer leader while he or she is located abroad shall be presumed to have been sustained in the performance of duty, and any illness contracted during such time shall be presumed to be proximately caused by the employment.” This also includes any pre-existing condition that may have been aggravated by Peace Corps service. In addition, the Peace Corps’ five-year rule and Volunteer special status under the FECA program limit the possibility that these individuals will return to work.

During this reporting period, the OIG obtained the names of potentially deceased FECA recipients; the Investigations Unit investigated 23 of these files. In addition, we investigated liability suits filed by FECA claimants.

OMS identified \$51,301 in overpayments; \$174,181.25 in annual disability and medical costs; for an actuarial savings of \$2,948,034.20. The Investigations Unit looks forward to coordinating upcoming visits with OMS to review claims at U.S. Department of Labor’s Workers Compensation Offices and conduct follow-up investigations during the next reporting period.

VIOLENT CRIMES AGAINST VOLUNTEERS

Overseas posts are required to report immediately to the OIG and RSO any incident of a specified list of violent crimes against Volunteers. Early notification and response is critical to a successful investigation and prosecution, which may assist in a victim’s recovery, serve as a protective deterrent, and remove violent persons from society.

Violent crimes that are to be reported to the OIG and RSO include:

- Volunteer Death (under any circumstances)
- Kidnapping
- Rape and Attempted Rape
- Major Sexual Assault
- Robbery
- Aggravated Assault
- Major Physical Assault
- Burglary with Volunteer/Trainee present (or attempted)
- Death Threat
- Intimidation/Stalking (also Domestic Violence)

Crimes are reported to the OIG through the telephone number 202-692-2911 or the crime hotline at violentcrimehotline@peacecorps.gov, from which the Inspector General and investigative personnel receive notification on a 24/7 basis to assure prompt assistance and coordination in their investigation. For overseas crimes, the OIG partners with the Criminal Investigative Liaison Branch (CIL) of the Bureau of

Diplomatic Security to facilitate communications and support to the victim and to the Peace Corps post. During this reporting period, approximately 265 preliminary inquiries were opened, which resulted in the initiation of 15 investigations.

We have also established a dedicated law enforcement liaison line (911@peacecorps.gov) for other federal and foreign law enforcement agencies to access OIG investigative personnel on a 24/7 basis. This resource for coordination among law enforcement agencies may be the first of its kind.

We have three special agents whose primary responsibility is to oversee the cases in one of the Agency's three geographic overseas regions: Africa; Inter-America and Pacific; and Europe, Mediterranean, and Asia. This pairing allows them to develop closer coordination with overseas counterparts and better understand the characteristics of each country and its criminal justice system. A fourth special agent principally oversees the Agency's FECA initiatives.

CLOSED CASES OF VIOLENT CRIME AGAINST VOLUNTEERS

- The OIG previously reported a brutal rape and assault in an Eastern European country against a Volunteer by three host country national males. All three defendants were convicted; however, the U.S. Embassy and OIG instructed the host country attorney retained by the OIG to appeal the sentences for being too lenient. The government reevaluated the sentencing and determined that the elements of the rape had not been properly evaluated by the lower court. The upper court subsequently sentenced two suspects to nine years imprisonment (originally six year sentences) and the third defendant to six years imprisonment (originally probation).
- An OIG special agent escorted a Volunteer back to a South American country for a legal proceeding and to revisit to the crime scene. The Volunteer related the events of the night she was raped in front of the judge and the defense team. The case was elevated to the supreme court to render a verdict and sentencing for the suspect. The suspect was found guilty and sentenced to eight years in prison.
- An OIG special agent coordinated with the post in a West African country to retain counsel to represent a Volunteer for a sexual assault trial. The OIG special agent traveled to the post and accompanied the Volunteer, attorney, and other staff to the trial site. The suspect was found guilty and sentenced to three years probation and a fine.
- Two OIG special agents accompanied a former Volunteer back to the Pacific region for a rape trial. This was the first DNA case tried in the local legal system. The OIG supported the investigation by: providing guidance and direction to the country director, the Peace Corps Medical Officer, and the local forensic doctor regarding the collection and preservation of biological evidence; through coordination with the U.S. Embassy regional security office; and through direct support and victim advocacy for the Volunteer. An OIG special agent

met with the local police regarding the investigation. While in country, the OIG special agent collected additional evidence at the crime scene and received biological evidence from a suspect held in police custody. The OIG special agent transported the biological evidence collected from the crime scene to the U.S. for analysis by the FBI laboratory. The DNA evidence proved conclusively that the suspect in custody is the perpetrator of the crime. This confirmation provided the impetus for the host country to collect and transmit its own forensic evidence to a New Zealand laboratory. The OIG coordinated with the host country prosecutor, and assisted the former Volunteer with trial preparation, logistics, and security to promote a favorable outcome. The suspect was found guilty on five charges of rape and one charge of kidnapping. Sentencing in the case is set for May 2008.

- During this reporting period, a Volunteer was raped in a Caribbean country. The OIG coordinated with the Regional Security Officer and the post to provide victim advocacy resources and information to the Volunteer. The Volunteer was medically evacuated to Washington, DC where she met with OIG special agents on several occasions. The Volunteer decided not to prosecute and returned to the country to complete her service.
- In a prior reporting period, the OIG reported that a Volunteer was stabbed multiple times in an East Asian country. Through immediate intervention and emergency surgery the Volunteer survived. Host country police continue their investigation. One subject has been apprehended and remains in custody, while a second subject is still at large. During this reporting period, the OIG continued to coordinate with the U.S. Embassy and the post to promote justice in this crime and ensure that the jailed subject is tried for the attack.
- In an African country, a Volunteer was raped by an acquaintance at a hostel. The Volunteer filed a police report and made a formal statement with the public prosecutor. Witnesses were interviewed and some of their statements conflicted with the victim's statement. The public prosecutor's office did not believe that the case was viable for prosecution, but asked the victim to decide if she wanted to pursue charges. After careful consideration and consultations with the OIG regarding the evidence and conflicting witness statements, the Volunteer chose to withdraw formal charges against the subject.
- A West African post notified the OIG that a Volunteer received a death threat from his landlord for allegedly engaging in sexual contact with a 13-year-old host country national. An OIG agent was dispatched to the post to investigate the allegations. The OIG special agent collected sworn statements from witnesses, the host country minor, and the Volunteer. The Regional Security Officer and the OIG agent interviewed the Volunteer, who denied the charges. The OIG special agent retrieved evidence, including physical evidence from the Volunteer's home and DNA samples. The OIG also seized the Volunteer's external computer hard drive and imaged the Volunteer's laptop computer. The analysis of the

imaged and seized hard drives revealed no evidence of child pornography or other illegal activity.

ACTIVE INVESTIGATIONS OF VIOLENT CRIME CASES

- In a prior reporting period, the OIG reported on the murder of a Volunteer in a Southern Asian country. A suspect was apprehended and remains in custody. During this period, the OIG special agent worked with the local attorney to support trial efforts, which included sifting through collected evidence, photographs, reports, and witness statements. The OIG special agent aided in the search for local witnesses to appear in court, and organized the travel of a U.S. citizen witness who was with the Volunteer the day that she disappeared. The OIG special agent testified in court about the OIG's role in the consensus-based search model effort used to locate the victim, the body recovery, and the on-scene identification of the Volunteer. Per the family's request, the OIG has updated the family members on the case and trial, and responded to questions asked about recovery efforts, manner of death, and post-mortem findings. The trial is ongoing.
- A Volunteer serving in Asia was raped by a host country national male in the foyer of an apartment building. The police subsequently retrieved text messages sent by the subject immediately following the incident in which he apologized and asked for forgiveness. The suspect admitted to the attack during police questioning. Local authorities are not aggressively pursuing the rape investigation, in part because the victim only had minor injuries, and the suspect recanted his confession and claimed the encounter was consensual. The OIG retained an attorney experienced in sex crime issues to work with the local prosecutor's office to maximize chances of conviction. The attorney recently advised the OIG that the host country prosecutor wants to dismiss the charges. The OIG is coordinating with the U.S. Embassy to request that the host government make a fair and unbiased assessment of the facts before dismissing the case.
- A Volunteer serving in the Caribbean reported that she had been raped during an electrical blackout. The Volunteer was en route to her home on a motorcycle taxi when the driver pulled up to a house to allegedly talk to a friend. The driver invited the Volunteer to come inside the house, where she was accosted by another subject and raped. The OIG aided the Volunteer in obtaining financial assistance to help with medical repercussions associated with the rape. The OIG also collected evidence to aid in the identification of the perpetrator. The investigation is ongoing.
- An OIG special agent accompanied a former Volunteer back to a Caribbean country for the trial of an aggravated assault. The OIG also coordinated logistics for a U.S. Embassy FSNI in Barbados to assist in this matter. The Volunteer had been stabbed twice and was medically separated from Peace Corps as a result of

his injuries. The trial was heard at the Magistrate's Court, and a police prosecutor was assigned to the case. However, the prosecutor was ill-prepared and conducted no trial preparation with the Volunteer. The defendant had a private attorney. Ultimately, the police prosecutor withdrew the charges against the defendant. In response, the OIG special agent and FSNI met with the Deputy Police Commissioner, and followed up with the post and the U.S. Embassy to draft a letter to the Police Commissioner. The Volunteer is prepared to return for future hearings in this matter.

- In a Caribbean country, a Volunteer was the victim of an attempted rape. The police identified and apprehended a suspect. An OIG special agent assisted the post in hiring a lawyer to represent the Volunteer. At the preliminary hearing, the judge presiding over the case decided there was enough evidence for the case to go to trial, which has been scheduled for April 2008.
- In a West African country, a Volunteer was raped. An OIG special agent contacted the Volunteer to explain prosecution options. The Volunteer chose to press charges and will return to the country for trial. The OIG special agent coordinated with the post to retain counsel to represent the Volunteer. The case is awaiting trial.
- As was previously reported, a Volunteer was raped at another Volunteer's home by an acquaintance in a South American country. The defendant stated that he had no physical contact with the Volunteer in his official statement to the local police. The OIG special agent had met with the Deputy Attorney General who commented that if the defendant's DNA was found on or in any of the evidence collected, a prosecution could be pursued. In July 2007, the OIG special agent returned to the post and subsequently transported a second set of biological samples to the FBI laboratory for DNA analysis. In March 2008, the FBI indicated that the defendant's DNA was found in the evidence. This case is ongoing.
- In a Central American country, a Volunteer was robbed and a U.S. citizen friend was gang raped. An OIG special agent coordinated with the local police, prosecutors, and forensic analysts. Three suspects were captured and their DNA was collected for comparison with evidence collected from the victim. Because the country does not yet have DNA analysis capabilities, the OIG special agent took custody of the DNA evidence and brought it to the FBI lab in Quantico, Virginia. Results of the analysis are pending.
- A female Volunteer serving in Central Asia reported she had had been raped and robbed by multiple host country males over the course of two nights. When the Volunteer notified the police of this matter, the investigating officials informed the local Peace Corps office and the embassy that the Volunteer could potentially be charged for criminal conduct, because she had allowed 15 to 17 year old males into her home and allegedly provided them alcohol. The Volunteer was

subsequently allowed to return to the United States for medical treatment. The case has been forwarded to the local prosecutor's office where charges against the five host country nationals are under consideration.

TITLE 18 CRIMINAL AND OTHER INVESTIGATIONS CONDUCTED

- During this reporting period, the OIG investigated allegations that the agency had allowed visitors into the Peace Corps headquarters facility who lacked government-issued identification, which is a violation of Peace Corps' policy. The investigation determined that on several occasions, visitors arrived at the Peace Corps facility without valid government-issued identification. However, the visitors were verbally cleared by security management to pass through the checkpoint after security screenings and were deemed by same to pose no apparent risk. As a result of the OIG investigation, Peace Corps amended its policy to allow security management limited, case-by-case discretion to allow visitors without valid government-issued identification to enter the Peace Corps facility. However, the OIG notes that this policy change does not address the need that such discretion must be formally documented in writing for accountability of all visitors that enter the Peace Corps facility.
- The OIG was notified that a Peace Corps employee from an African country had been apprehended for smuggling two kilograms of heroin into the United States. An OIG special agent is assisting the Department of Homeland Security with the investigation into the circumstances surrounding the illegal possession, transportation, and importation of heroin by the employee. The employee was on official annual leave when she was stopped and arrested at JFK International Airport. The OIG investigation is ongoing and we will determine whether any of the criminal activity involved Peace Corps resources or official cover.
- In April 2007, the Government Accountability Office issued a report on the fraud and abuse of the federal transit benefits program by federal workers. This report prompted the Peace Corps OIG to examine its employees who receive metro benefits for fraud and abuse of the Agency's transit benefits program. The OIG has gathered information regarding the Agency's employees who are receiving benefits and our investigation is ongoing.
- The OIG was notified that several attempts to withdraw cash using a credit card belonging to a Volunteer serving in East Africa were made in a European country. An OIG special agent contacted the Volunteer's parents and local banking institution to provide the host country police with details of the attempted transactions. The Volunteer has since been issued a new credit card. The host country police concluded their investigation due to insufficient evidence.
- The OIG received a number of ethics allegations regarding a particular staff person in a Central American country. From August 2007 through January

2008, the OIG coordinated with the RSO to conduct an investigation and determined that the allegations were unfounded.

- Two OIG special agents traveled to a South American country to interview staff members and Volunteers regarding thefts from Volunteers' lockers that occurred at the Peace Corps office. The investigation was inconclusive due to the amount of people who had access to the area and the amount of time from when the thefts occurred to when it was reported to the OIG. It was recommended by the RSO that new, more secured lockers be ordered.

TABLE 1: LIST OF REPORTS : AUDITS, EVALUATIONS, AND INSPECTIONS

PEACE CORPS/EASTERN CARIBBEAN	AUDIT
PEACE CORPS/FIJI	AUDIT
PEACE CORPS/GEORGIA	AUDIT
PEACE CORPS/KAZAKHSTAN	AUDIT
PEACE CORPS/PERU	AUDIT
PEACE CORPS/ARMENIA	FOLLOW-UP AUDIT
PEACE CORPS/CHINA	FOLLOW-UP AUDIT
MEDICAL CLEARANCE SYSTEM	PROGRAM EVALUATION

TABLE 2: REPORTS ISSUED WITH QUESTIONED COSTS OR FUNDS PUT TO BETTER USE

	VALUE	NOTE
AUDIT OF PEACE CORPS/EASTERN CARIBBEAN	\$ 31,591.80	1
AUDIT OF PEACE CORPS/PERU	\$ 5,933.83	2
TOTAL OF REPORTS ISSUED WITH COSTS QUESTIONED OR FUNDS PUT TO BETTER USE	\$ 37,525.63	

NOTE:

1. Cashier advances.
2. Imprest fund and unliquidated obligations.

**TABLE 3: STATUS OF REPORTS ISSUED BY
OIG WITH COSTS QUESTIONED**

	NUMBER OF REPORTS	VALUE
A. REPORTS ISSUED PRIOR TO THIS PERIOD		
For which no management decision had been made on any issue	0	
For which some decisions had been made on some issues	0	
B. REPORTS ISSUED DURING THE PERIOD	1	\$6,743.21
TOTAL OF CATEGORIES A AND B	1	\$6,743.21
C. FOR WHICH FINAL MANAGEMENT DECISIONS WERE MADE DURING THIS PERIOD	1	\$6,743.21
D. FOR WHICH NO MANAGEMENT DECISIONS WERE MADE DURING THE PERIOD	0	
E. FOR WHICH MANAGEMENT DECISIONS WERE MADE ON SOME ISSUES DURING THE PERIOD	0	
TOTAL OF CATEGORIES C, D, AND E	1	\$6,743.21

**TABLE 4: STATUS OF REPORTS ISSUED BY
OIG WITH FUNDS PUT TO BETTER USE**

	NUMBER OF REPORTS	VALUE
A. REPORTS ISSUED PRIOR TO THIS PERIOD		
For which no management decision had been made on any issue	0	
For which some decisions had been made on some issues	0	0
B. REPORTS ISSUED DURING THE PERIOD	2	\$30,782.42
TOTAL OF CATEGORIES A AND B	2	\$30,782.42
C. FOR WHICH FINAL MANAGEMENT DECISIONS WERE MADE DURING THIS PERIOD	2	\$30,782.42
D. FOR WHICH NO MANAGEMENT DECISIONS WERE MADE DURING THE PERIOD	0	0
E. FOR WHICH MANAGEMENT DECISIONS WERE MADE ON SOME ISSUES DURING THE PERIOD	0	0
TOTAL OF CATEGORIES C, D, AND E	2	\$30,782.42

TABLE 5: REPORTS WITH RECOMMENDATIONS ON WHICH CORRECTIVE ACTION HAS NOT BEEN COMPLETED

RECOMMENDATIONS OPEN 60 DAYS OR MORE

REPORT	DATE ISSUED	NUMBER OF OPEN RECOMMENDATIONS
PC/Eastern Caribbean: Audit	12/20/2007	38
PC/Fiji: Audit	1/10/2008	3
Federal Information Security Management Act	1/15/2008	5

RECOMMENDATIONS OPEN 120 DAYS OR MORE

REPORT	DATE ISSUED	NUMBER OF OPEN RECOMMENDATIONS
PC/Armenia: Audit	10/24/2007	1
PC/Kazakhstan: Audit	10/30/2007	7
FY 07 Agency Financial Statements: Audit	11/13/2007	11

RECOMMENDATIONS OPEN 180 DAYS OR MORE

REPORT	DATE ISSUED	NUMBER OF OPEN RECOMMENDATIONS
FY 04 Agency Financial Statements: Audit	11/15/2004	2
Audit of the Safeguarding of Social Security Numbers	3/4/2004	1
FY 05 Agency Financial Statements: Audit	11/15/2005	3
Travel Policies and Procedures: Audit	6/27/2006	5
PC/Cameroon: Evaluation	10/23/2006	15
PC/China: Audit	3/30/2007	1
PC/Panama: Audit	6/22/2007	4
PC/Eastern Caribbean: Evaluation	6/25/2007	9
PC/Cameron: Audit	8/31/2007	2
PC/Senegal: Audit	9/25/2007	6

TABLE 6: SUMMARY OF INVESTIGATIVE ACTIVITY

CASES	NUMBER
Cases opened as of 10/1/2007	74
Cases opened during 10/1/2007 - 3/31/2008	17
Cases closed that were previously opened	39
Cases opened and closed during 10/1/2007 - 3/31/2008	0
Total open cases as of 3/31/2008	60
Referrals for Department of Justice Prosecution	5
Referrals for Agency Administration Action	1

DOMESTIC COURT ACTIONS	NUMBER
Trial(s) Pending	0
Convictions	0
Acquittals	0
Judgments	0
Fines/Restitutions	0

OVERSEAS COURT ACTIONS	NUMBER
Trial(s) Pending	6
Convictions	5
Acquittals	0
Judgments	0
Fines/Restitutions	0

MONETARY RESULTS	NUMBER
Annual Savings	0
Recoveries/Restitution	0
Cost Avoidance	0

ADMINISTRATIVE ACTIONS	NUMBER
Employees (Resignations and Terminations)	7
Other Employee Actions	0
Other Persons/Businesses	0

TABLE 7: SUMMARY OF HOTLINE AND OTHER COMPLAINTS

Complaints Received	13
Complaints Closed	14
Awaiting OIG Action	1
Resulted in Investigations	1
Resulted in Audits	0
Resulted in Evaluations	0
Referred to Agency Management	0
Referred to Other Agency	0
No Action Needed	11

TABLE 8: REFERENCES TO REPORTING REQUIREMENTS OF THE INSPECTOR GENERAL ACT

The Inspector General Act of 1978, as amended, specifies reporting requirements for Semiannual Reports to Congress. The requirements are listed below and indexed to the applicable page.

ACT REFERENCE	REPORTING REQUIREMENTS	PAGE
Section 4(a)(2)	Review of legislation and regulations	None
Section 5(a)(1)	Significant problems, abuses, and deficiencies	6 – 20
Section 5(a)(2)	Significant recommendations for corrective actions	6 – 20
Section 5(a)(3)	Prior significant recommendations on which corrective action has not been completed	35
Section 5(a)(4)	Matters referred to prosecuting authorities	29 – 30
Section 5(a)(5)	Summary of instances where information was refused	None
Section 5(a)(6)	List of audit reports, including evaluations, inspections, and reviews	31
Section 5(a)(7)	Summary of significant reports	10 – 20
Section 5(a)(8)	Statistical table - questioned costs	33
Section 5(a)(9)	Statistical table - funds put to better use	34
Section 5(a)(10)	Summary of previous audit reports without management decisions	None
Section 5(a)(11)	Significant revised management decisions	None
Section 5(a)(12)	Significant management decisions with which the Inspector General disagrees	None
Section 5(a)(13)	Information under Federal Financial Management Improvement Act of 1996	None

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 program or personnel should call or write the Office of Inspector General.

Call:

Main Office	(202) 692-2900
Hotline	(800) 233-5874
Violent Crime Notifications	(202) 692-2911

Write:

Peace Corps
Attn: Inspector General
1111 - 20th St., N.W.
Washington, DC 20526

Or

Peace Corps
Attn: Inspector General
P.O. Box 57129
Washington, DC 20037-7129

Email:

Hotline:	OIG@peacecorps.gov
Violent Crime Notifications:	violentcrimehotline@peacecorps.gov

Information received is held in confidence to the maximum feasible extent.

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