

The Peace Corps
Performance and
Accountability Report
Fiscal Year 2011





Peace Corps Performance and Accountability Report Fiscal Year 2011

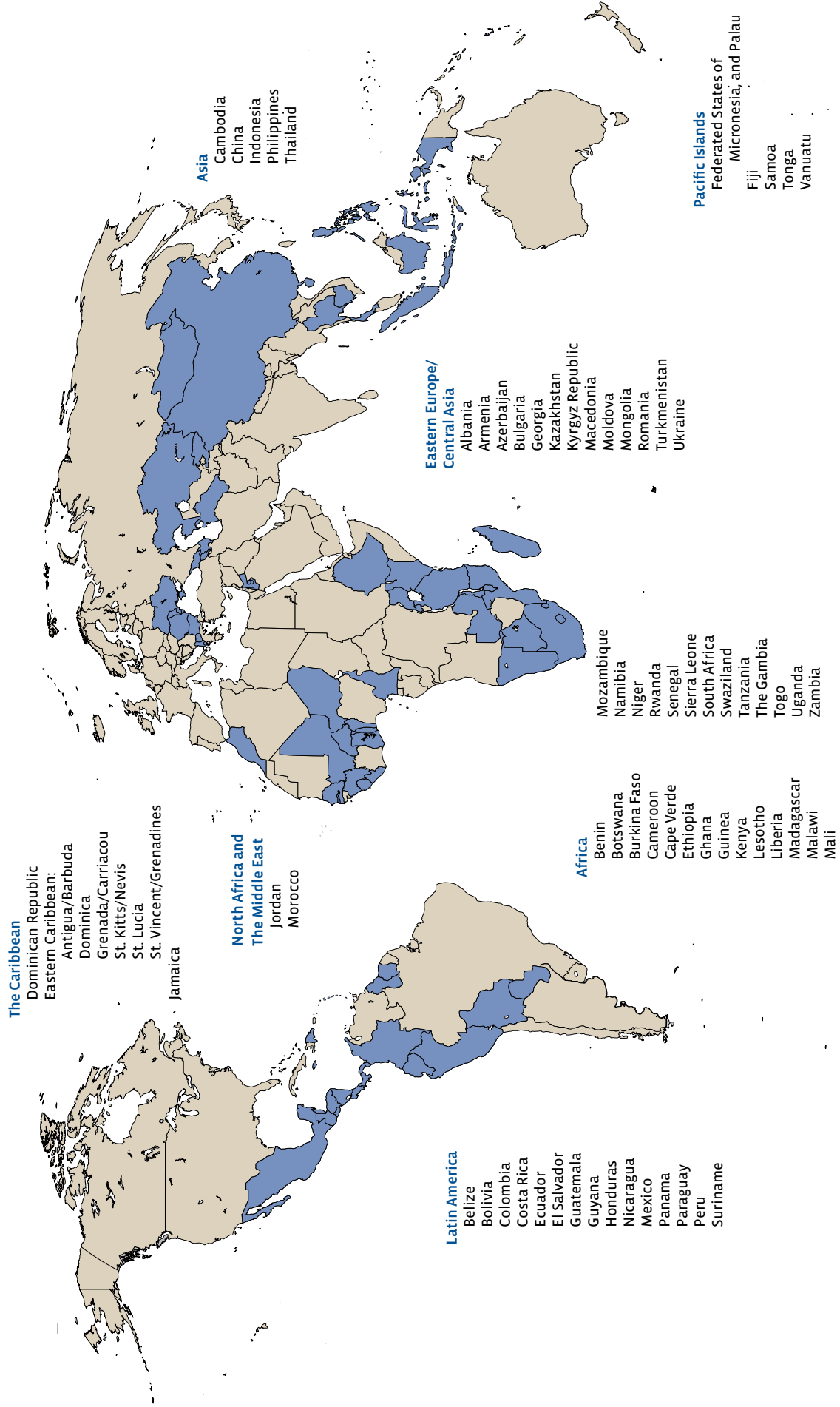
November 15, 2011



Paul D. Coverdell Peace Corps Headquarters
1111 20th Street NW, Washington, DC 20526

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Where Peace Corps Volunteers Serve



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A Peace Corps Volunteer helps build bottle schools in this Guatemalan community, comprised of people displaced during the Guatemalan Civil War. This school allows youth to continue their education beyond primary school. The school is constructed of 13,000 recycled plastic bottles, helping to solve a growing problem with trash in the area while increasing educational opportunities.

THE DIRECTOR OF THE PEACE CORPS WASHINGTON, D.C.

In our 50th anniversary year of service, I am pleased to present the Peace Corps' Performance and Accountability Report for fiscal year (FY) 2011. This report shows how we managed our resources, highlights the major accomplishments of the Volunteers and staff serving in the Peace Corps around the world, and outlines our plans to address future challenges. The financial and performance results in this report allow the President, the members of Congress, and the American people to assess the effectiveness of the agency's operations.

In 1960 then-Sen. John F. Kennedy challenged students at the University of Michigan to serve their country in the cause of peace by living and working in developing countries. Out of that inspiration, a new government agency was formed. In 1961, the Peace Corps was established with the simple but powerful mission to promote world peace and friendship. The three goals articulated at the outset continue to provide the foundation of this remarkable agency:

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

In accordance with the commitment to its core mission, the Peace Corps consistently evaluates and updates its operations to meet the changing needs of today's world. The agency balances an adherence to tradition with strategic innovation in the 76 host countries where Volunteers serve. This year, the agency faced the challenge of continuing to provide excellent direct support services to the 9,095 Volunteers—a 40-year high level—while managing the almost \$26 million cut in appropriated budget at mid-year. We made difficult decisions that included staff reductions, reducing program size, curtailing or postponing planned systems initiatives, and delaying the entrance dates for some applicants.

Furthermore, this year the agency did not enter or re-enter additional countries but focused instead on the unique and continuing needs of our existing host country partners. The Comprehensive Agency Assessment submitted to Congress in June 2010 articulates our vision: to make the Peace Corps a leader, in partnership with others, in the global effort to further human progress and foster understanding and respect among people. In carrying out that vision, we are making strategic decisions about the countries in which we operate and focusing on selected projects in those countries where we serve. The agency's Country Portfolio Review informed our decisions to end our programs in five countries by the end of FY 2013, and we are in the process of ending our programs in two other countries. Additionally, we are developing more standardized, higher quality training for Volunteers working in high impact projects.

We continue our unwavering commitment to the health and safety of Peace Corps Volunteers as the single most important priority of the agency. To that end, this year we implemented numerous reforms to provide more effective and compassionate support to our Volunteers, including the development and rollout of enhanced training for staff and Volunteers, establishment of an external panel of national experts on sexual assault, and the hiring of a nationally-recognized Victim Advocate. We will continue to work with our communities and with Congress as we implement these reforms. I am pleased to note that our Annual Performance Plan for FY 2012 includes new performance indicators relating to improving the safety, security, and support of Volunteers.

As an agency, we remain committed to improving performance to better meet the needs of host countries and fully support the well-being of Volunteers. In the third year of implementing the FY 2009-FY 2014 Strategic Plan, the Peace Corps' three core goals remain the focus of the agency's strategic planning efforts. Overall, the Peace Corps achieved success in 72 percent of its measurable indicators, a significant increase over last year. Moving forward, the agency will utilize the first FY 2012 Strategic Plan Quarterly Performance Review to identify performance improvement priorities and approaches.

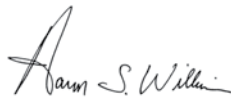
For the fifth consecutive year, independent external auditors rendered an unqualified (clean) audit opinion on the Peace Corps' financial statements, with no material weaknesses identified by the auditors or through internal managerial reviews and no instances of noncompliance with laws and regulations identified. The agency again received the Association of Government Accountants' *Certificate of Excellence in Accountability Reporting* for its FY 2010 Performance and Accountability Report. Financial and performance data presented in this report are complete and reliable due to the vigilant efforts of dedicated financial management and performance staff members throughout the agency.

Our system of internal control and the financial systems meet the Federal Managers' Financial Integrity Act (FMFIA) objectives and the framework in the Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Internal Control*, as shown in the management assurance statement that follows in Management's Discussion and Analysis.

The Message from the Chief Financial Officer in the Financial Section shows our financial management improvements implemented during this year and those planned for future years.

Our Volunteers are America's best and most cost-effective grassroots development workers, building relationships from the ground up as partners with communities around the globe. As a Volunteer in the Dominican Republic from 1967 to 1970, I stand united with today's Volunteers in supporting their outstanding day-to-day contributions to improve lives in the local communities where they live and work.

Sincerely,

A handwritten signature in cursive script that reads "Aaron S. Williams".

Aaron S. Williams, Director

November 15, 2011

Management's Discussion and Analysis



Sharing the importance of providing safe water sources for family gardens, a Natural Resource Management Volunteer works with her host family in Niger.



Overview of the Peace Corps at 50

Since 1961, over 200,000 Americans have served as Peace Corps Volunteers living and working side-by-side with local community members in 139 countries around the world—an extraordinary legacy of service. At the end of the agency's 50th year, 9,095 individuals, ranging in age from 20 to 84 and representing all 50 states, were working as Peace Corps Volunteers in 76 countries. Today, there are more Americans serving as Peace Corps Volunteers than at any point in the last 40 years.

Passing the torch from generation to generation, each new group of Volunteers advances Peace Corps' deep commitment to international Volunteer service. Many of the challenges that existed half a century ago are still with us today—challenges such as hunger, poverty and illiteracy. Volunteers are constantly improving the way these needs are addressed, in addition to more contemporary problems such as climate change and HIV/AIDS.

As grassroots ambassadors for the United States, Peace Corps Volunteers represent the best America has to offer. They help dispel misperceptions about the United States and counter anti-American sentiment in areas of the world that might otherwise have little direct exposure to Americans. They reflect the diversity of America and represent its values, generosity, and hope. Based on the results achieved, the Peace Corps is widely recognized as a highly efficient and cost-effective mechanism addressing host country needs and deepening cross-cultural understanding between Americans and those they serve.

Volunteers join the Peace Corps because they want to help others, but they often return convinced they received more from the experience than they gave. For the rest of their lives, they demonstrate a deep commitment to helping their fellow citizens understand people in other countries. This overseas experience leads many returned Volunteers to continue to serve—at the international, national, and community levels. Their actions reflect Peace Corps' belief that understanding and respect are indispensable ingredients of peace.

Peace Corps is the largest service model of its kind in the world, transcending national boundaries, languages, religions, and classrooms. Despite a well-deserved reputation for excellence, the agency is constantly searching for new ways in which to balance the pursuit of its long-standing mission with the spirit of innovation.

The agency begins the next 50 years dedicated to maintaining the ideals of its founders while addressing the dreams of future generations. Secretary of State Hillary Clinton expressed the nation's gratitude when she said, "On this 50th anniversary of the Peace Corps, the United States honors the over 200,000 Americans who have answered the call to serve and thanks the 139 countries that have welcomed Peace Corps Volunteers as family and friends. Let us take this opportunity to remember President Kennedy's and Sargent Shriver's vision and rededicate ourselves to a world of deeper understanding, where every man, woman, and child has the opportunity to live up to his or her potential."

President Obama and British Prime Minister David Cameron announced a formal partnership in May 2011, between the Peace Corps and the Voluntary Service Overseas to combine forces to capitalize on their joint work and increase their impact in reducing poverty, improving organizational effectiveness, and sharing best practices in training, systems, and innovation. The partnerships will target investment where it can do the most good and deliver the best results for the poorest people by developing volunteer programs that are more effective in engaging poor communities in shaping their own future.



Mission and Organizational Structure

Mission Statement

Promoting world peace and friendship—the mission of the Peace Corps—is as important today as it was 50 years ago. That mission continues to be defined by Peace Corps' three core goals, expressed in the Congressional Act that created the agency in 1961:

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

Peace Corps' unique approach to development combines sustainable community development with the expansion of cross-cultural understanding between the American people and the countries and communities where Volunteers serve. The medium- and long-term impact of their work contributes to more stable communities and builds the number of sustainable partnerships between the United States and other countries. Through these partnerships, Volunteers help to advance collaboration on a range of critical global issues.

Since the first Volunteers heeded President Kennedy's call to service, Peace Corps has been sending talented Americans throughout the world to fulfill Peace Corps' Goal One. In response to requests for technical assistance from their host government, Volunteers carry out work that responds to the needs of host country governments and the local communities in which they serve.

Volunteers serve only in those countries where they have been invited by the host government. At the end of FY 2011, Volunteers were serving in 76 countries in Africa, Asia, the Caribbean, Eastern Europe, Central

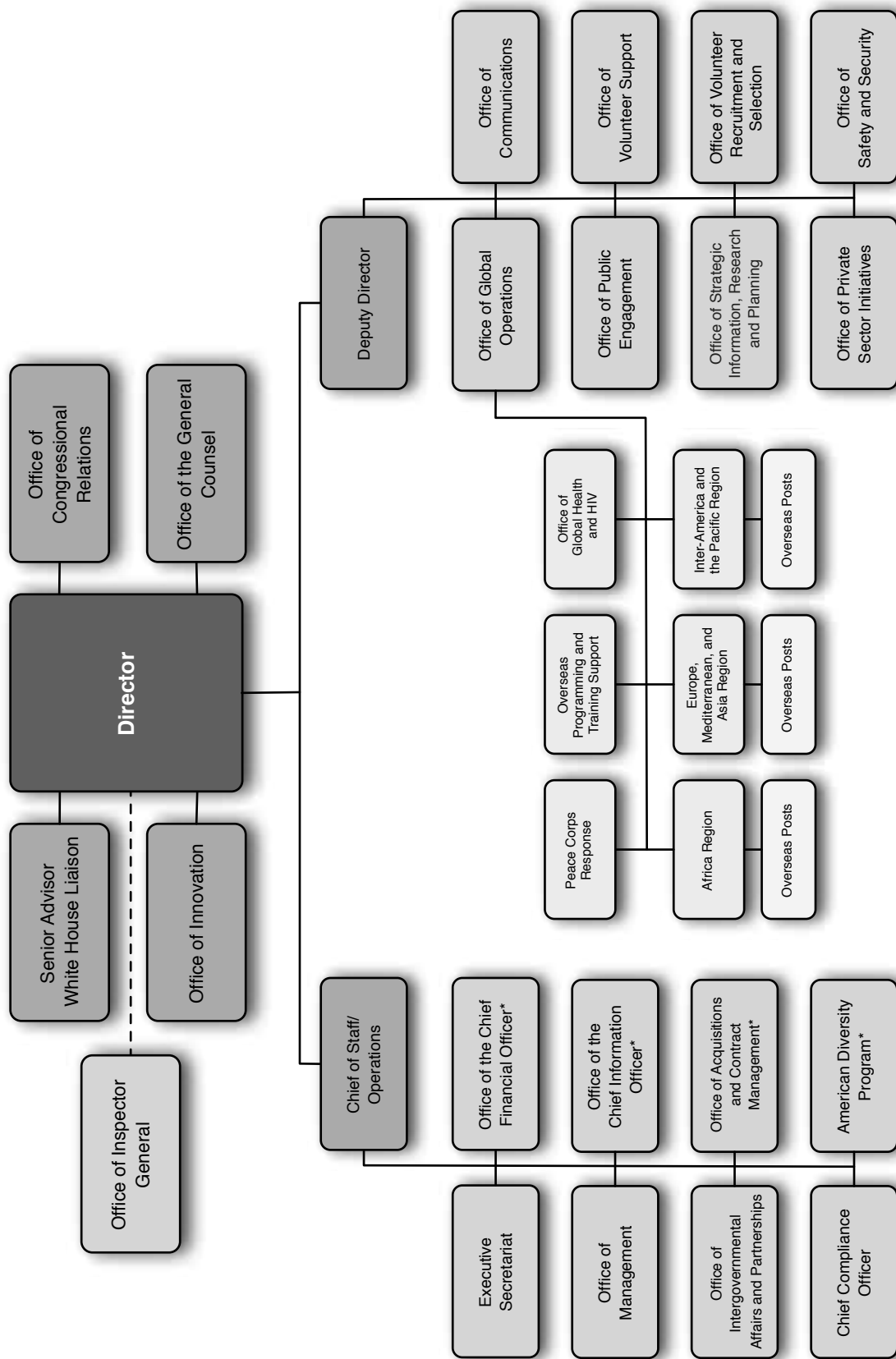
To learn more about the Peace Corps, please visit our website: www.peacecorps.gov.

Asia, Latin America, North Africa, the Middle East, and the Pacific Islands. Requests for partnerships with new countries and for additional Volunteers from current partner countries far exceed the agency's capacity to respond within its current budget.

The Peace Corps' people-to-people development model is unique. Volunteers collaborate with local communities, strategic partners, and other U.S. government agencies to address host country development goals at both the individual and community levels. Volunteers live and work in underserved communities, speaking the local languages and learning the culture and customs of the people they serve. They support the development efforts of other U.S. government agencies at the community level.

Over their 27 months of service, Volunteers pursue the dual objectives of sustainable development and citizen diplomacy. The friendships they establish lead to better cross-cultural understanding between the Volunteers and their host families and local partners, advancing attainment of Peace Corps' Goal Two.

When Volunteers return home, their work continues. By sharing the knowledge gained from their experiences while serving in the developing nations of the world, returned Volunteers contribute to Peace Corps' Goal Three. At the same time, they help to lay a crucial foundation to the development of peace and friendship today and for generations to come. As President Obama stated in his Presidential Proclamation—50th Anniversary of the Peace Corps, "Returned Volunteers, enriched by their experiences overseas, bring a deeper understanding of other cultures and traditions back to their home communities in the United States."



* In their functions as Chief Financial Officer, Chief Information Officer, American Diversity Program Manager, and the Chief of Acquisitions and Contract Management, the incumbents report directly to the Director.

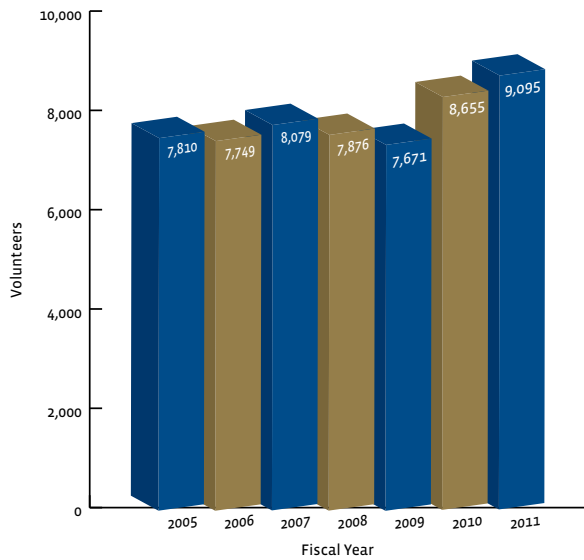


Work of the Volunteers

Overview

Volunteer activities are the primary way the Peace Corps delivers assistance to host countries and the central method for meeting the agency's three core goals. The number of Volunteers, trainees, and Peace Corps Response Volunteers serving in the Peace Corps as of September 30, 2011, was 9,095. This number included 635 Volunteers funded by the President's Emergency Plan for AIDS Relief (PEPFAR). Changes in the number of Volunteers over the last seven years are related to the available appropriated funds and agency priorities.

Number of Volunteers



The Peace Corps' Approach to Development

The main focus of Volunteer activities is to build individual capacities so community members (students, farmers, clients served by a nongovernmental organization (NGO) or others) are empowered to improve their own quality of life.

Volunteers help local stakeholders learn to identify and prioritize what they would like to change. Volunteers combine their existing knowledge and experience with the new skills they learn through

Peace Corps in order to achieve that change. As a result of this approach, development is not just about creating gardens, but organizing and working with people to establish and maintain their own gardens.

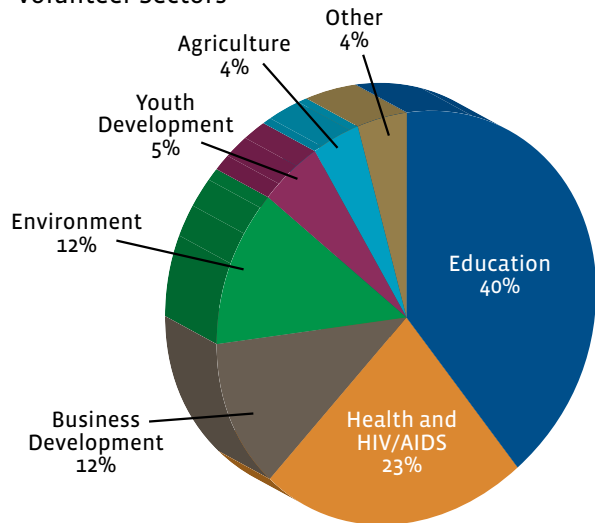
To be effective and for their work to be sustained after they leave, Volunteers design capacity-building activities at several different but integrated levels: individuals, organizations, and communities.

Volunteer Sectors

The Volunteers' work focuses on projects in six sectors:

- Agriculture
- Business Development
- Education
- Environment
- Health and HIV/AIDS
- Youth Development

Volunteer Sectors



Agriculture

Agriculture Volunteers are involved in addressing two critical global issues: food security and climate change. Their projects focus on improving the long-term productivity of

farmers' fields by promoting environmentally-sustainable and organic farming. Many of the techniques promoted by Volunteers also help communities adapt to a changing climate. Agriculture Volunteers often work with farmers' groups, nongovernmental organizations, and community-based organizations, such as women's associations or youth clubs, as their primary partners.

The sustainable production practices promoted by Volunteers help communities achieve food security. Agriculture projects address food security issues by promoting crop diversification and encouraging production and proper utilization of more nutritious foods. Volunteers work with farmers to improve soil and water management, integrate trees on farms, and use natural inputs to control pests. Volunteers work side-by-side with men and women on their field crops, testing new varieties and promoting family and school vegetable gardens. Using a value-chain approach—an analysis of the opportunities and key stakeholders involved in a particular industry from inputs to the point of sale to the customer—Volunteers help communities market and improve storage of their agricultural products, as well as develop new value-added products. In FY 2011, 372 Volunteers worked on agricultural projects.

Notable Agricultural Activities:

Selling agricultural products: Volunteers in **Nicaragua** helped implement three environmentally green markets in three local jurisdictions. Over 25 producers are participating in these markets every two weeks, obtaining better prices for their produce, and opening new market opportunities by being more visible to more clients and buyers.

A Volunteer Vignette: Changing Lives through Information

“About four years ago, the Panamanian governmental agricultural agency (MIDA) provided 18 farmers in my community with a set of tools and rice seeds to build and implement rice tanks,” reported an agricul-

tural Volunteer. [A rice tank is an integrated fish and rice farming system that provides a higher-yielding and more environmentally friendly alternative to slash and burn hillside rice cultivation.] “But... there was no follow-up training on how to plant, manage, or harvest in rice tanks. The farmers planted and managed the rice tanks as they normally would [plant] rice on the hillsides. As a result, many abandoned the tanks altogether after they did not produce higher yields over traditional cultivation.

After starting service in my community, we identified the need to teach people how to manage rice tanks for a sustainable yield, so I organized a two-day Farmer Field School with MIDA. Over the two-day training, the farmers built seed beds, made organic fertilizer, prepared the rice tank, transplanted the seedlings, and managed the water level in the rice tank. A few months have passed since the training, and the farmers who participated are now putting into practice the techniques they learned. They are realizing they can cultivate rice without clearing more land or using large amounts of chemical fertilizers or pesticides. ‘We simply had no idea how to work in the rice tanks,’ commented one farmer. ‘We were given tools and told to dig them, but nothing more.’ Now, with better information and renewed motivation, farmers are planting rice tanks that sat fallow for years and are reaping better results than ever before. Farmers using the rice tank method will benefit from a healthier and more sustainable way of life for their families and the environment.”



Business Development

Volunteers in the business development sector train and advise entrepreneurs in business planning, marketing, financial management, product design and distribution, and customer service. Activities to help people launch or expand a business range from teaching business and financial literacy to assisting microcredit programs, village savings and loan associations, and cooperatives in establishing or improving their operations.

Volunteers also help small businesses learn how to market their products by using websites and social media to advertise and by developing linkages to larger markets. These businesses include small-scale agribusiness (fruits, vegetables, and small livestock), ecotourism ventures, and handicrafts. Some of the activities focus on helping members of disadvantaged groups—orphans, at-risk youth, and victims of trafficking—learn new skills so they can enter the workforce.

Volunteers may also work with entire communities to improve market linkages for local businesses, to start community-run businesses—such as ecotourism initiatives—and to coordinate overall community economic development by creating partnerships among the government, NGOs, and the business sector.

Volunteers' work also focuses on strengthening organizations to increase their capacity to: improve governance (develop mission statements, strategic plans, and by-laws); improve project management; raise public awareness; raise funds; increase outreach; and improve client services.

Community projects engage citizens and municipal officials in new ways, empowering small communities to mobilize to address issues at local levels with their own resources. Volunteers are often catalysts for change and define their particular roles in response to their host communities. Community development projects may encompass any combination of disciplines depending on local priorities and resources.

The agency continues to field a significant number of business volunteers. In FY 2011, 1,140 Volunteers worked in business development. Volunteers who work in this sector have graduate or undergraduate degrees and experience in government, business, non-profit organizations, organizational development, computer sciences and liberal arts.

Notable Business Development Activities:

National Entrepreneurship Curriculum: The Nicaraguan Ministry of Education integrated Peace Corps' *La Empresa Creativa* (The Creative Business) business course into the national high school curriculum. The guide that Volunteers developed was considered more hands-on and practical than any other available materials so it was officially added to the 10th and 11th grade technical and vocational classes at all public and private schools. Students learn how to start their own businesses, generate income, and create employment. Peace Corps is working on implementing training-of-trainers sessions for teachers and is developing a certification for teachers who have been trained by Volunteers.

Improved Access to Markets: Morocco Volunteers organized craft fairs in the major cities. Participating artisans targeted a new customer base and attended workshops on product quality, marketing, cost accounting for accurate pricing, grant writing, leadership, and succession planning. Each artisan received an individual product quality consultation on the requirements for export. The fairs reached potential buyers from the expatriate, host country, and retail communities who wanted to support traditional handicrafts by buying directly from the artisans and supporting fair wages to artisans. The craft fairs helped artisans build professional networks, product development, market studies and product testing, and improved communication with customers.



Education

Education continues to be the largest technical area in which Volunteers work, with 40 percent of the Volunteers serving in educational settings. Education projects cut across all levels, from pre-school through primary and secondary schools, to universities and teacher training colleges. Often Volunteers serving in other sectors also teach classes in English, tutor students in a vari-

ety of subjects or otherwise participate in informal teaching or training.

Volunteers work with students in classrooms and/or in after-school activities; directly teach students or work with local teachers to co-teach or team teach; and provide workshops for teachers that focus on participatory and experiential learning, classroom management, and resource development. They promote strong Parent-Teachers' Associations and community involvement in education. The main goal remains the same: to better prepare students for their active participation in a globalized world.

In FY 2011, 3,654 Volunteers served in 54 education projects in posts around the world. Volunteers serving in the education sector have degrees and experience in primary education, teacher training, secondary education, special education, math, science, and English.

English teachers have always been in high demand from host country partners, as countless studies have shown the impact of having a native speaker of English in the classroom in reference to English language acquisition. Often the lessons incorporate contemporary content relevant to the development challenges facing the communities in which they live. In Africa, for example, Volunteers integrate health and HIV/AIDS prevention strategies into their lessons.

In FY 2011, the agency developed a new Teaching English as a Foreign Language (TEFL) core curriculum. The curriculum is a standardized training program to help Volunteers with little or no language teaching experience become effective English language teachers. The core curriculum provides a practicum with opportunities for practice teaching and peer observation. The TEFL curriculum was pilot-tested in four workshops around the world, receiving positive reactions and useful suggestions to make the curriculum even stronger.

Notable Education Activities:

Belize established a partnership with the Toledo Teachers for a Better Belize. This partnership works with under-resourced and low-performing rural schools. Each Volunteer works as a teacher trainer for several days each week in his/her village school. Volunteers support school-wide action plans for research-based literacy instruction, using team teaching to train teachers and develop outreach activities with community members to promote early childhood learning and school readiness programs.

Team Teaching: Several posts reported incremental success using team teaching strategies and approaches. **The Federated States of Micronesia** received positive feedback from principals and counterparts and saw requests for Volunteers increase, even with the growing presence of competing organizations such as World Teach and the Japan International Cooperation Agency. **Moldova** noted that Volunteers spent the majority of their classroom hours team-teaching with Moldovan partners, sharing duties for planning, conducting, and evaluating the learning activities for the same group of learners.

Volunteer Vignette: Educating and Empowering Girls in Burkina Faso

"My friend Zallé and I started the Association for the Promotion of Girls and Women with a simple conversation," said one Volunteer. "We had had this conversation many times during my first three months at site, but this time it was different. We were at a restaurant discussing the differences in gender roles and social issues that affect women in the United States and in Burkina Faso. On the subject of early teenage pregnancy, Zallé repeated his argument that it was the girls' fault, resulting from wearing provocative clothes. At the same time, he began listening to my perspective. 'Doesn't the problem also fall, at least somewhat, on the shoulders of the men involved?' I asked. The conversation progressed to a discussion of how low self-esteem and lack of encouragement from

family and society at large can result in girls having trouble succeeding in high school. When I explained that girls and women in America were in practically the same boat only decades ago, his surprise turned into a call for action. He began to see these social problems and sexist attitudes as something people could change rather than an unfortunate and static reality.

The end of the conversation echoed in my head for days: 'More people should know about these things,' he said. The idea proceeded, as most things do here, little by little. We settled on developing a small, diverse group of men, women, boys and girls to plan different activities to help girls and women in our community. We called ourselves the Association for the Promotion of Girls and Women. Our mix of ages and sexes gave us different perspectives and also proved that it is everyone's responsibility to work on these social problems, not just the girls and women themselves. We met regularly and hosted several events. We taught adolescent girls about reproductive anatomy and puberty, held a program for nearly two hundred adolescent girls and boys on contraception, and organized a four-day Healthy Futures Girls' Camp.

The initiatives taken by this motivated group were inspiring but what always struck me the most was that at these meetings, I often wasn't the one proposing these ideas or encouraging the members to pursue them. All that was needed was to get these people together and say 'Hey! How about we start doing things to try and help girls and women?' and off they went."



Environment

Volunteers who work on environmental activities are leaders, in collaboration with their host country partners, in grassroots efforts to protect the environment. Their work involves teaching others to produce and cul-

tivate trees, improve soils, and protect fields from erosion. Environmental education within schools is frequently part of their work. Volunteers train teachers to integrate more interactive teaching methods that focus on the environment into their curriculum. They also collaborate with schools and other organizations to promote environmental education in other ways, such as through clubs, youth camps, and awareness campaigns. Increasingly, Volunteers help communities manage solid waste. Volunteers help develop income-generation activities such as eco-tourism, products made from leaves of the shea tree, and crafts that create incentives for conservation of natural resources. In FY 2011, 1,098 Volunteers worked in environment projects.

Notable Environment Activities:

Conservation: The impact of the Volunteers in **Fiji** working in marine conservation is noteworthy. Volunteers successfully implemented and supported marine-protected areas with their community partners. Nearby villages saw an increase in fish and other marine life along their shoreline for the first time in 10 years.

Environmental Action: Volunteers' work has had a national impact. The Green Brigades (*Brigadas Verdes*) in the **Dominican Republic** were launched as environmental youth groups by Volunteers. They have since evolved into a national movement. The groups joined forces with a national youth leadership and service organization, *Sirve Quisqueya* (Serve Quisqueya), and now serve as the organization's environmental arm. The *Brigadas* help youth develop leadership and life skills while serving their community by protecting the environment. There are currently 125 groups throughout the country.

Recycling and livelihoods: In the **Philippines**, **Mali**, and a number of other countries, Volunteers have helped youth and women's groups turn plastic bags into purses. They collect and wash discarded plastic bags and crochet them into colorful handbags

and change purses. The impact on the women is significant, as they have gained financial independence by turning trash into fashion.



Health and HIV/AIDS

Health Volunteers work with local, regional, and national partners to improve both health care systems and individual health in primarily rural and periurban communities where conditions tend to be worse.

The agency's health projects target the specific health risks and needs of the various regions the agency serves. Africa health projects focus on malaria and HIV/AIDS; Inter-America and Pacific projects focus on water, sanitation and hygiene; and the Inter-America and Pacific region and the European, Mediterranean and Asia region focus on non-communicable diseases. Additionally, Volunteers address a common set of health issues, including HIV/AIDS, hygiene, maternal-child health, and healthy diets. In all of these activities, Volunteers provide assistance with problem-solving, introduce innovation and technology, and leverage appropriate resources to address health needs.

Health education benefits youth across all regions, both in and out of school. Peace Corps' core approaches include increasing knowledge about common diseases and health issues, promoting behavior change, and capacity-building among community members, community health workers, and grassroots organizations to prevent and mitigate the major causes of morbidity and mortality.

Volunteers work on HIV/AIDS prevention and care often as part of a comprehensive community health project. While the work can be their primary assignment, many work on HIV/AIDS projects as secondary projects. Life skills training continues to be at the center of Volunteers' HIV/AIDS prevention work, particularly when targeting youth. Increasingly, Volunteers are assigned to assist HIV/AIDS-related

nongovernmental organizations in increasing their technical, managerial, and administrative capacities.

The Peace Corps is collaborating with the U.S. Department of State's Office of the Global AIDS Coordinator to support the U.S. government's commitment to worldwide HIV/AIDS care, prevention, and treatment through the President's Emergency Plan for AIDS Relief (PEPFAR).

In fiscal year 2011, 2,054 health Volunteers served in 46 countries working in 48 health projects.

Notable Health Activities:

Guinea Worm Eradication: In January 2011, the government of **Ghana** and the Center for Disease Control announced that after "seven consecutive months of zero cases reported since May 2010, and 14 months after reporting its last known uncontained case in October 2009, Ghana has finally conquered Guinea worm disease." As announced on the Carter Center's website, "*The U.S. Peace Corps assisted the country's Guinea Worm Eradication Program by providing health education and social mobilization at the village level.*"

Malaria Control: In **Senegal**, due to the efforts of Volunteers and their partners, each community member in an entire district in Senegal, for the first time, received a bed net (universal coverage) and benefited from behavior change activities. The Peace Corps has been playing an instrumental role in a village-by-village follow-up campaign to ensure continued success. As a result of the bed-net distribution campaign initiated by Peace Corps, the government of Senegal and the President's Malaria Initiative adopted the Peace Corps distribution approach to support universal coverage efforts in the four regions of Senegal with the highest levels of malaria.

Infant and Young Child Nutrition: Since 2002, Volunteers in Africa have been implementing the Positive Deviance/Hearth Nutrition Model, aimed at addressing malnutrition among children and

changing infant and young child nutritional practices. Nutritional rehabilitation results collected by the Peace Corps in **Mali, Burkina Faso, and Guinea** reveal that on average, 42 percent of children gained at least 200 grams during the 12-day Hearth Nutrition intervention period. One month from the initial start date, 66 percent of children had gained at least 200 grams, with the average weight gain being 448 grams. This increase showed that care providers continued to use learned behaviors well after the end the health activity.



Youth Development

Youth development is a critical component of the Peace Corps' work. Recent figures estimate that 68 percent, or roughly two-thirds, of all the people with whom Volunteers work are young men and women under the age of 25. Volunteers work with youth in all sectors, but youth development is unique in the Peace Corps as it is both a project sector area—designed to support the capacities of young people—and an agency initiative that promotes an asset-based approach that can be used to strengthen the overall impact of the Volunteers' work in a community.

The agency's model for working with young people emphasizes valuing youth as resources to be developed, rather than as problems to be solved; including youth in all aspects of an activity; and building on existing capacities.

In FY 2011, 444 Volunteers worked in the youth development sector in schools, communities, camps, and clubs. Volunteers work with youth in challenging circumstances, including those living in institutions, orphaned and vulnerable due to HIV/AIDS, and/or out-of-school young people.

According to the FY 2011 Annual Volunteer Survey, 10 percent of all current Volunteers indicated that working with youth is one of the primary activities of their work assignment.

Notable Youth Development Activities:

Improved Civic Awareness and Participation: In **Moldova**, Volunteers worked with an NGO on its civic education project—*The Village*. The project develops children's understanding of democracy and civil society through a practical and interactive approach. Through the project, youth learn skills to identify and address community needs. As a result of implementing this project, the local NGO expanded its vision from reaching more than 10 kids to expanding nationwide. It has trained 25 Volunteers and more than 20 community facilitators. The organization's next project is to lobby the Ministry of Education to introduce the program into the national civic education curriculum. A website has also been set up where participants can share information and evaluate the program's impact.

In **Honduras**, the Municipal Development project has been the catalyst for the Federation of Organizations for the Development of Honduras, the *Universidad Pedagógica Nacional (Pedagogical University of Honduras)* and the Center for Civic Education to sign an agreement to integrate Project Citizen into their curricula. Peace Corps is in the process of ensuring that civic education is incorporated into the national curriculum. **Paraguay** has noted an increase in teachers' knowledge and use of participatory methods for teaching civic education, and the formation of local youth leaders.

Civic Engagement in Tonga was supported by Volunteers through the development of an NGO, the Tonga National Youth Congress. The organization promotes national youth service by Tongans. This culminated in the Tonga National Youth Congress being the only NGO to be active, staffed, and funded in all island groups of the Kingdom.

Volunteer Vignette: Bulgaria's "Circle of Friends" Builds a Spirit of Volunteerism

"I work in an orphanage with children and youth who have disabilities. Frequently, children with

disabilities are extremely isolated and do not have many opportunities to develop social relationships. I wanted to address these issues to help improve their quality of life, so I designed a 10-week summer social integration project with two other Peace Corps Volunteers and my host organization.

We called the project Circle of Friends and recruited typical teenagers from a local high school to become 'buddies' with the children in the orphanage. We had several pre-meetings with the teenagers to prepare them for what they would experience once we started going to the orphanage. We trained the teenagers how to be empathetic and to help the children complete activities instead of doing the activities for them.

Throughout the project, the children began to look forward to Wednesday afternoons and their faces lit up in recognition when their buddies arrived. The children were given the opportunity to be in a different environment, to be with different people, and to be in a happy social environment. They smiled, interacted, and created beautiful artwork that now decorates the rooms and halls of the orphanage. They were given the chance just to be kids, to make friends, and to experience social relationships they might not otherwise have been able to experience.

The project has also made an impact on the teenage volunteers. By the end of the summer, the teenager 'buddies' started coming to the orphanage to be with the children several days a week, not just on project days. The summer is over, but every Wednesday, teenagers still come to the orphanage to do art projects with the kids. They have taken over the project and lead the art sessions each week. I can see how proud they are of themselves and how much they enjoy helping the children. I know Circle of Friends will continue throughout the year."

In the Peace Corps' recent Legacy video, *50 Years of the Peace Corps*, Director Williams observed, "Peace Corps sends Volunteers into host communities to build the bridges of understanding that will foster friendship, that will foster peace and build the kind of future that we all strive for. We are not just witnesses to a country's development, we are participants. We have taught English to thousands of children and teachers, we have worked alongside farmers to improve crops, we have taught computer technology powered by solar panels in rural villages, and we have delivered HIV/AIDS prevention messages to thousands of young adults. We are on the ground changing lives and changing history."





Agency Performance Goals and Results

Annually the agency measures its performance against the indicators and targets outlined in the Peace Corps' Performance Plan for Fiscal Years 2009-2011 (available at <http://www.peacecorps.gov/open/>). Over the first three years of the Strategic Plan, the agency has steadily improved overall performance.

Year-to-Year Indicator Overview			
	FY 2009	FY 2010	FY 2011
Targets Met	23 of 36	24 of 36	26 of 36
Targets Met (Percentage)	64%	67%	72%

Strategic Goals and Agency Core Goals

The Peace Corps' Strategic Plan identifies the five strategic goals the agency seeks to achieve between FY 2009 and 2014. The first three strategic plan goals align with the agency's three core goals; strategic plan goals four and five address support for Volunteers and effective management practices.

Outcome Goals and Performance Goals

Each strategic goal is supported by outcome goals that define the results the agency expects to achieve in order to reach the long-term strategic goals. In turn, each outcome goal is supported by one or more performance goals, which define the concrete, measurable objectives the agency expects to achieve. These performance goals are in turn supported by specific performance indicators and targets.

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

The agency assists host country individuals, organizations, and communities to meet their needs by providing trained Volunteers to build local capacity.

Peace Corps Volunteers work with partners to teach skills that will allow them to continue to meet their own needs. Volunteers also support the development efforts of other U.S. government agencies, reaching well beyond their geographic scope.

Public Benefit: Volunteers employ a participatory approach to development, building partnerships on a daily basis with host country individuals and communities. Americans benefit from the good will that comes from long-term friendships which contribute to creating a more stable world.

Performance at a Glance

The agency met almost all of the performance targets for this strategic goal in FY 2011. The agency sent well-trained Volunteers who reported their work successfully transferred skills to their partners.

Facilitating sustainable development outcomes: The Peace Corps made significant progress in collaborating with host country partners through annual reporting and active participation in project plan development and review. Through the expertise provided by strategic partners, the agency improved the quality of training, ensuring Volunteers have the technical skills to meet the needs of the host country.

Focusing on highly-effective, targeted Volunteer projects: The agency sharpened its programming focus, per one of the priority recommendations of the Comprehensive Agency Assessment, by identifying the most highly successful projects around the world and preparing new training materials to prepare Volunteers for service. While the unique challenges of HIV/AIDS outreach shaded Volunteers' perceptions of their effectiveness, feedback from host country nationals indicated Volunteers are indeed making a significant contribution in the fight against HIV/AIDS.



In collaboration with the President's Malaria Initiative (PMI), Peace Corps developed a campaign, "Stomp Out Malaria." More than 3,000 Volunteers in 17 high-incidence countries in Africa mobilized to engage in the fight to reduce the incidence of malaria by half.

Volunteers distributed insecticide-treated bed nets and boosted indoor residual spraying. They became involved in grassroots awareness campaigns on prevention and treatment, community-level planning and mobilization for universal bed net distribution, and, surveillance and data collection and analysis for monitoring and evaluation. The campaign takes full advantage of Peace Corps' unique "delivery capacity" at the grassroots level. Volunteers and staff participated in a two-week "malaria boot camp" in Senegal, with training provided by experts from PMI, the Center for Disease Control, U.S. Agency for International Development, Malaria No More, Johns Hopkins, the University of South Florida, and other partner organizations.

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

One of the core expectations for Volunteers is to "Recognize that you will be perceived, in your host country and community, as a representative of the people, cultures, values, and traditions of the United States of America."

Public Benefit: The women and men who serve as Volunteers represent some of the finest characteristics of the American people: generosity of spirit, a strong work ethic, a commitment to service, and a collaborative approach to problem solving. Through

their interactions with Volunteers, host country individuals and communities gain a more complete understanding of the United States and become more willing to engage with and trust Americans.

Performance at a Glance

The agency failed to meet two of the three measured performance targets for this strategic goal. While 90 percent of the Volunteers reported satisfaction with their cross-cultural training, the target of 93 percent was not reached. The Volunteers were unsure that their work helped promote a better understanding of Americans. The original indicator measuring host country nationals' views of Americans is no longer being used. However, an alternative measure showed that 90 percent of host country nationals said their opinions of Americans were more positive after interacting with Volunteers.

Host Country Impact Studies: The studies provided evidence that host country nationals developed more realistic and well-rounded impressions of Americans from social as well as work interactions and their opinions became more positive as a result.

New cross-cultural training curriculum: The agency is developing standard cross-curriculum training for Volunteers that will help them better integrate into their communities. The curriculum is part of the Focus In/Train Up initiative and will be fully operational in FY 2012.

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

Volunteers not only serve as goodwill ambassadors overseas on behalf of the American people, they also bring their experiences back home to increase Americans' awareness and knowledge of other cultures and global issues.

Public Benefit: Returned Volunteers are the domestic dividend of the Peace Corps. Volunteers who learn about another culture and then share that knowledge with Americans at home help other Americans gain cross-cultural insights. As a result, Americans may become more interested in and engaged with the global community.

Performance at a Glance

The agency met all of its performance targets.

50th Anniversary activities: Current and returned Volunteers participated in agency-initiated outreach activities in record numbers in FY 2011. The agency's 50th anniversary activities provided unique opportunities for the Peace Corps community to engage with the American public.

New Third Goal strategies: The agency developed several new strategic approaches to reaching out to the American public. The new *Engage. Expand. Enlighten.* campaign encouraged returned Volunteers to share their Peace Corps experiences in elementary, secondary, and post-secondary classrooms in their communities and help recruit the next generation of Volunteers through local recruitment events. The strategy also included an online "Increase Peace" referral program (www.peacecorps.gov/increasepeace/) and an invitation to upload a story and/or photo to the Peace Corps Digital Library (<http://collection.peacecorps.gov/>).

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

This strategic goal contributes to Peace Corps' core goals one and two by improving systems that manage the supply and demand of Volunteers, managing efficient and effective Volunteer recruitment processes, and increasing the recruitment of diverse individuals who meet the demand for specific skill sets.

Public Benefit: When Volunteers are recruited who have the skills and experience requested by host countries, they are better positioned to work with host communities to improve local conditions and build capacity for communities to solve their own problems.

Performance at a Glance

The agency met half of its performance targets. The Peace Corps was able to provide Volunteers to posts that met their countries' technical needs; however, the decrease in the number of Volunteers requested, due to mid-year budget cuts, caused high levels of inefficiency in agency operations. While the recruitment of mid-career to age 50 and older applicants was limited, the agency surpassed the target for attracting applicants from diverse ethnicities.

Volunteer Delivery System improvements: The development of new technologies to improve the efficiency of Volunteer recruitment and selection was advanced. The agency moved ahead with changes—strategic, structural, and process—to recruit and retain talented and diverse applicants. These reforms, in response to the Comprehensive Agency Assessment, included: realigning regional offices; analyzing the diversity of the agency's applicant pool and developing new initiatives to increase the numbers of ethnically diverse Volunteers; and improving the application process to provide applicants with more choice concerning their country of service. These changes will take effect in FY 2012.

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

The effective management of Peace Corps' domestic and overseas operations, including human and financial resources, is critical to carrying out the mission

of the agency. Providing high quality support for the Volunteers ensures they can successfully meet their project objectives.

Public Benefit: Effective management practices ensure that the agency is utilizing the resources of the American taxpayers to achieve optimal performance. Providing high quality support for the Volunteers ensures they are safe and healthy during their service and can successfully meet their project objectives.

Performance at a Glance

In two of the goal areas, provision of health care and management effectiveness, the agency met its performance targets. Performance targets were not met for some safety and security indicators, and the agency has strengthened safety and security measures to better protect Volunteers.

Safety and Security reforms: The far-reaching reforms reflect the agency's emphasis on a victim-centered approach to safety and security and incident response, which includes how post and headquarters staff members handle all crimes. The agency collaborated closely with the Department of Justice and the Department of Defense in the development of these reforms.

Strengthened management and operations: This fiscal year the agency implemented many of the operational reforms recommended by the Comprehensive Agency Assessment, including a country portfolio review process to better inform financial and Volunteer allocation decisions at each post. As a result, key agency stakeholders collaborated to make informed resource allocation decisions. Further, with the dissemination of a staff handbook to posts, all operating units are now covered by standardized personnel practices.



FY 2011 Performance Summary		
Performance Goal	Description	Targets Met
	Strategic Goal 1: Enhance the capacity of host country individuals, organizations, and communities to meet their skill needs	9 of 10
1.1.1	Ensure the effectiveness of in-country programs	3 of 3
1.2.1	Ensure the effectiveness of in-country training	3 of 3
1.3.1	Increase the effectiveness of skills transfer to host country individuals, organizations, and communities	3 of 4
	Strategic Goal 2: Promote a better understanding of Americans on the part of host country individuals, organizations, and communities served by Volunteers	1 of 3
2.1.1	The work and life experiences of Volunteers in-country promote host country national learning about Americans	1 of 3
	Strategic Goal 3: Foster outreach to Americans through agency programs that assist Volunteers and returned Peace Corps Volunteers to help promote a better understanding of other peoples on the part of Americans	5 of 5
3.1.1	Volunteers share their in-country experiences with family, friends, and the American public	3 of 3
3.1.2	Increase returned Peace Corps Volunteers' cultural outreach to the American public through Peace Corps programs	2 of 2
	Strategic Goal 4: Provide Volunteers who represent the diversity of Americans to meet the evolving technical needs of host countries	3 of 6
4.1.1	Recruit Volunteers who balance the needed manpower and technical needs at posts with the available applicant pool and its skills	2 of 2
4.1.2	Manage Volunteer recruitment functions in an effective and efficient manner	0 of 2
4.2.1	Recruitment and Volunteer placement efforts reflect the diversity of Americans	1 of 2
	Strategic Goal 5: Implement the Peace Corps mission in an effective and efficient manner through the provision of high quality Volunteer support with optimal health care, safety and security support, and effective management of resources	8 of 12
5.1.1	Enhance the safety and security of Volunteers	1 of 4
5.1.2	Provide quality medical and mental health services to trainees and Volunteers	3 of 3
5.2.1	Provide effective and responsive financial management that accurately reflects domestic and overseas operations	1 of 2
5.2.2	Ensure the effective management of Peace Corps resources	2 of 2
5.2.3	Ensure the optimal performance of critical Peace Corps processes	1 of 1



Looking Forward

The Peace Corps is dedicated to combining innovative approaches, a commitment to performance improvement, and the knowledge and skills gained through a five-decade record of achievement to ensure that its next 50 years are even better than the last. Priority safety and security reforms introduced for Volunteers in FY 2011 will be further expanded and institutionalized. The Comprehensive Agency Assessment (www.peacecorps.gov/open) continues to inform the vision for improving Peace Corps operations and, alongside implementation of the agency's Annual Performance Plan, will advance agency objectives in key areas.

Volunteer Health, Safety, and Security

The safety and security of Peace Corps Volunteers will continue to be the agency's highest priority. Numerous reforms were introduced in FY 2011 to better protect the health, safety, and security of Volunteers and provide compassionate support to Volunteers who are victims of crime.

In FY 2012, the agency will build upon these improvements to further strengthen the Volunteer safety and security system. Partnerships with key organizations such as the Department of Defense, the Department of Justice, and the Rape, Abuse and Incest National Network will be deepened and expanded. A new safety and security survey for Volunteers will be designed and fielded in FY 2012 to gather additional data regarding unreported crimes and Volunteers' satisfaction with safety and security measures. The information provided by Volunteers from this survey will be used in on-going efforts to ensure their safety.

The agency will also improve the oversight of key safety and security efforts through new indicators in its Annual Performance Plan for FY 2012. Revised safety and security indicators will directly measure the effectiveness of safety and security training, prevention, and response systems in each Peace Corps country; compliance with agency policies; and the changing security conditions in each country.

Importantly, a new performance indicator will gauge Volunteer confidence in reporting serious crime incidents. Several indicators will also provide proxy measures of Volunteer safety and security, including a new indicator to set targets for Volunteer satisfaction with site selection and preparation.

New Performance Indicators

A major emphasis in FY 2012 will be the implementation of new performance indicators, which will appear in the agency's Annual Performance Plan for FY 2012. The changes in the agency's performance indicators are designed to accomplish several key objectives: integrating the Comprehensive Agency Assessment into Peace Corps' performance management system; raising the standard of performance measurement on safety and security to better reflect the agency's emphasis on Volunteer safety and security; aligning activities with the U.S. government's new Global Development Policy; and, advancing evidence-based monitoring and evaluation. The agency's Annual Performance Plan for FY 2012 is ambitious in scope and reflects the emphasis the agency places on performance improvement across all five strategic goals.

The agency will ensure the indicators modified, replaced, or added for FY 2012 are well understood by the responsible units at headquarters and in the field and that programs are in place to respond to new challenges and opportunities.

Presidential Policy Directive on Global Development

The agency is strategically aligned with the U.S. government's Global Development Policy (GDP) announced in September 2010. The Annual Performance Plan is designed to advance the GDP's emphasis on performance improvement and evidence-based management. New indicators focus on two specific areas emphasized by the GDP: strategic partnering (with other U.S. government agencies,

NGOs, and multilateral organizations) and monitoring and evaluation. In addition, the agency will continue to sharpen its programmatic focus on highly effective, targeted interventions, an overarching priority of the new policy.

In FY 2012, the agency will ensure its programming is serving to advance the Administration's Partnership for Growth initiative—a key component of the GDP. Peace Corps Volunteers extend the impact of U.S. development programs to the most remote corners of the world and currently serve in all four Partnership for Growth countries: El Salvador, Ghana, the Philippines, and Tanzania. For example, the agency will consider the feasibility of providing additional Teaching English as a Foreign Language education Volunteers in El Salvador to respond to the perceived lack of vocational education aimed at developing skills needed in the labor market, particularly English language skills. Engagement in the education and youth sectors in the Philippines will continue to provide direct support to the human capacity development priority of the policy. Finally, two Host Country Impact Studies will be completed in FY 2012 in Ghana and El Salvador (studies in the Philippines and Tanzania were completed in 2011 and 2010 respectively).

Focus In/Train Up

Peace Corps is working aggressively to focus on key development sectors and train our Volunteers for excellence. A limited number of the most highly-effective projects will be scaled up to maximize the skills and enthusiasm of the Volunteers, 85 percent of whom are young professionals. In support of this initiative, Peace Corps is designing world-class training and comprehensive support to prepare its Volunteers in these sectors. Measurement of the outcomes will be increasingly rigorous as the standard indicators for each sector, based on the state-of-the art in the field, are finalized and put into place.

Recommendations from the Comprehensive Agency Assessment included in the Annual Performance Plan will be further institutionalized into agency opera-

tions. One of the most significant recommendations is to focus on a smaller number of highly-effective, targeted technical interventions and to improve training to prepare Volunteers for their work. This initiative, Focus In/Train Up, will be the major focus of programming and training in FY 2012.



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The Focus In/Train Up initiative will institute standard global development indicators to better gauge the impact of development work abroad. The agency is making strategic investments to improve training for Volunteers at every stage, to ensure they are well-prepared to excel in meaningful jobs.

Strategic Partnerships

Moving forward, the agency will continue to strengthen its relationships with strategic partners developed over the last two years and engage others in an effort to expand Volunteers' impact abroad and enhance Volunteer recruitment and cross-cultural outreach to Americans.

Peace Corps Volunteers support the development efforts of other U.S. government agencies, reaching well beyond their geographic scope. One area

of programming that will receive priority attention in FY 2012 is the Stomp Out Malaria initiative in Africa. This campaign takes full advantage of the Peace Corps' unique "delivery capacity" at the grassroots level and will continue to be implemented at the country-level by Peace Corps and the President's Malaria Initiative in conjunction with other partners. In FY 2012, the program will be extended to other countries in the region. In addition, the agency will continue implementing the Energy and Climate Partnership of the Americas, an interagency agreement with the State Department that provides \$1 million to the Peace Corps to address energy and climate problems. Three Peace Corps countries have been added to the initial list of eight countries participating in this partnership.

Monitoring and Evaluation

The agency is moving decisively into a new era of measuring and evaluating impact to improve performance. Major advances were made in the monitoring and evaluation processes under the FY 2009-FY 2014 Strategic Plan (www.peacecorps.gov/open). The challenge going forward is to coordinate and integrate the monitoring and evaluation activities undertaken at various levels within the agency and to standardize the collection and consistent use of data to inform management decisions across all posts and headquarters offices. These actions will support the Comprehensive Agency Assessment's recommendation that the agency continue improving its ability to demonstrate the impact of its work.

Looking forward, the agency will develop an agency-wide evaluation policy that articulates the Peace Corps' philosophy of participation, transparency, and local engagement to generate and apply knowledge. The agency will build Volunteers' evaluation capacity with a mandatory monitoring and evaluation course included as a core competency in the Volunteers' training and improve data collection and analysis tools for capturing the work of the Volunteers. The monitoring and evaluation capacity of host country staff and

project partners will also be strengthened. Further, standard outcome indicators will be developed for Volunteer work activities in all six major sectors allowing the agency to aggregate the results of its work across the world.

This increased focus on monitoring and evaluation will create a learning environment in the agency, supporting improved performance and further facilitating evidence-based management.

Volunteer Delivery System Improvements

The agency is developing innovative ways to adapt its Volunteer recruitment and assignment models in order to better meet host country skill needs and offer Volunteer opportunities to a greater number of Americans. The redesign of the Volunteer Delivery System will reach a major milestone in FY 2012 when the new platform for the Peace Corps and Peace Corps Response Volunteer applications goes live. The new system, the Database of Volunteer Experience (DOVE), will improve the transparency, speed, and efficiency of the application process. It will also ensure that the agency has better information regarding Volunteer requests from overseas posts and that overseas posts are better informed about the available applicant supply.

The agency has been moving to a more decentralized recruitment model that allows service opportunities to be offered to more Americans. More college and field-based recruiters will place recruitment staff closer to the populations they are recruiting. The field-based recruiters will also be more cost-effective, as the travel costs to reach prospective applicants will be reduced.

The agency's Peace Corps Response program provides posts with highly-skilled Volunteers for short-term, high-impact assignments. Currently, the program is open only to returned Volunteers. Moving forward, Peace Corps Response opportunities will be expanded beyond the returned Volunteer community,

based upon a Comprehensive Agency Assessment recommendation. Short-term assignments will be offered to individuals with more than 10 years of professional experience and the unique specialized skills host countries are requesting. Opening Peace Corps Response to all skilled and experienced Americans will help the agency better respond to the need for higher technical skills. In addition, this move will provide service opportunities to individuals who are skilled and motivated to serve but who cannot devote two years to service.

Summary

The strength of the Peace Corps is its Volunteers. The planned improvements and initiatives outlined here are designed to support the work they do in serving communities across the world. Volunteers represent the best of America—exemplifying in action the American value of helping people build better lives for themselves. Looking forward, the agency recommits itself to providing Volunteers with the skills and support they need to carry out this important work.



Spending time with children in a library, this Jamaica Volunteer shares the importance of reading.



Analysis of Financial Statements

Overview

An unqualified (clean) audit opinion was achieved on the FY 2011 financial statements for the fifth sequential year. The Congressional appropriation totaled \$375 million less the enacted reduction of \$750,000 in FY 2011 and \$400 million in FY 2010. The overall decrease of \$25.8 million in appropriated funds at mid-year caused the agency to reduce staff, reduce program size, curtail or postpone planned systems initiatives, and delay the reporting dates for some applicants. The accounting system continues to be constrained and cannot accurately correlate actual costs with applied overhead to the agency strategic goals and outputs. The agency has two years in which to obligate appropriated funds and another five years in which to complete the payout process.

Analysis of Financial Results

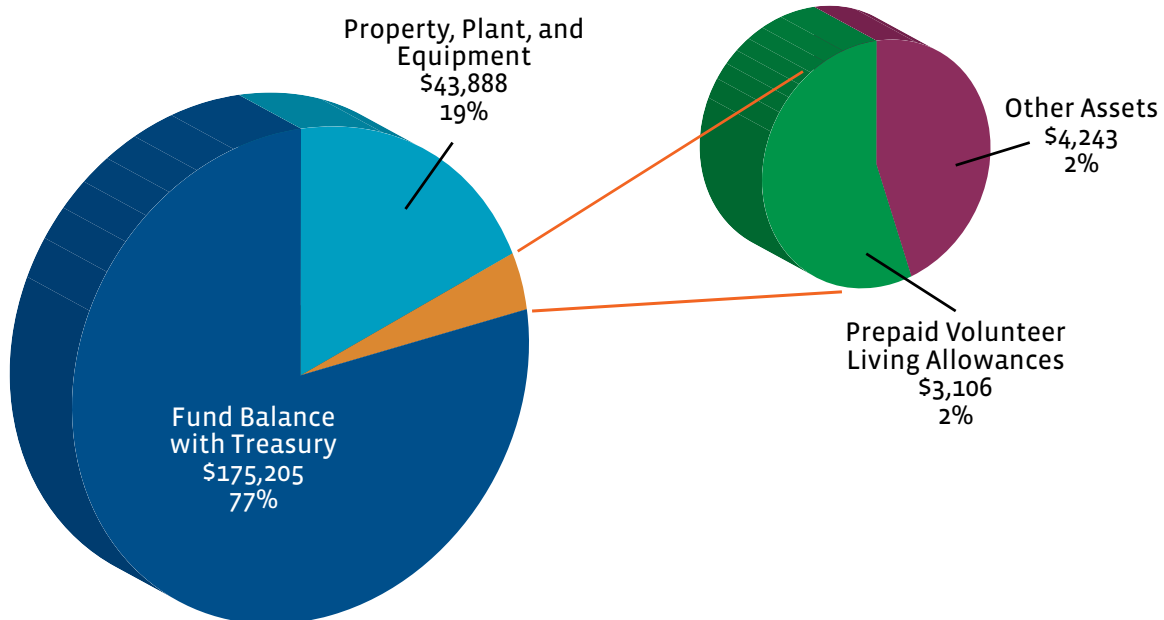
Assets – What We Own and Manage. As of September 30, 2011, the Peace Corps' total assets were \$226.4 million on the Balance Sheet. Almost all of the assets, 77 percent, were in the Fund Balance with Treasury with 19 percent of the assets being in Property, Plant, and Equipment (PP&E). The overall asset decrease of \$2.7 million when compared to the FY 2010 total assets of \$229.1 million was due to the decrease in appropriated funding for FY 2011.

Within the Fund Balance with Treasury, the \$14.5 million decrease was mainly due to the reduction in appropriated funding for FY 2011. This decrease in Assets was partially offset by the \$12.0 million increase in PP&E as a result of improvements to the Peace Corps headquarters facility and an increase in equipment.

Agency assets are shown in the chart below:

FY 2011 Assets by Type

(\$ in Thousands)



Liabilities – What We Owe. Total liabilities of \$256.8 million were reflected on the Balance Sheet at the end of FY 2011. Liabilities increased \$6.8 million from the FY 2010 level of \$250.0 million primarily due to increased funding of Personal Services Contractor (PSC) Severance liability and Estimated Severance of Foreign National PSCs (\$7.2 million) plus an increase in the Volunteer Readjustment Allowance of \$6.6 million to support the higher number of Volunteers in service. These increases were partially offset by decreases of \$5.8 million in Accounts Payable and \$5 million in employee benefits.

Net Cost – Results of Operations. The net cost of operations increased from \$386.4 million in FY 2010 to \$390.3 million in FY 2011. The gross costs of the agency increased by \$4.9 million during FY 2011 due to an increase of almost \$900,000 in Unfunded Federal Employees Compensation Act (FECA) Liability and increases in personnel costs, medical care, and medical personal services contracts.

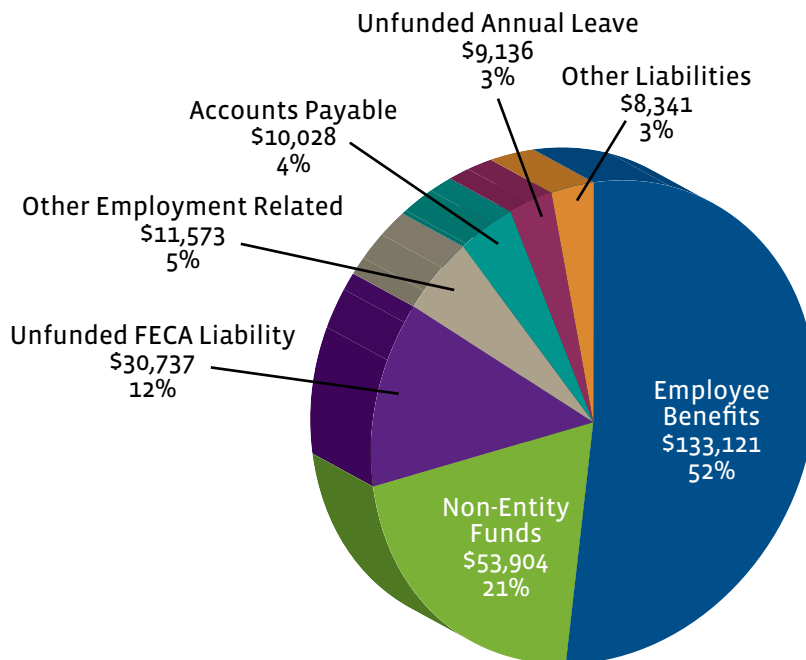
Limitations of the Principal Financial Statements

The principal financial statements have been prepared to report the financial position and results of operations of the Peace Corps, pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from the entity's books and records in accordance with generally accepted accounting principles for federal entities and the formats prescribed by the Office of Management and Budget (OMB), the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records.

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

FY 2011 Liabilities by Type

(\$ in Thousands)





Analysis of Systems, Controls, and Legal Compliance

Management Assurances

Federal Managers' Financial Integrity Act

The Federal Managers' Financial Integrity Act (FMFIA) of 1982 requires agencies to establish accounting and administrative controls to include program, operational, and administrative areas, in addition to accounting and financial management. The implementation of internal accounting and administrative controls must provide reasonable assurance that (i) obligations and costs are in compliance with applicable law; (ii) funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and (iii) revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the assets. The FMFIA establishes overall requirements for internal control and requires that the agency head evaluate and report annually on the control and financial systems that protect the integrity of federal programs (Section 2 and Section 4 of FMFIA, respectively). OMB Circular A-123, *Management's Responsibility for Internal Control*, implements the FMFIA and defines management's responsibility for internal control in federal agencies. Further, OMB Circular A-127, *Financial Management Systems*, prescribes policies and standards to follow in managing financial management systems.

Financial Management Systems

The agency has a highly automated globally deployed multi-currency financial system, Odyssey, encompassing budgeting, projects, financials, procurement, cashiering, human resources, and payroll. This system significantly reduced duplicate data entry and continues to enforce standard business processes, workflows, data validation and funds control

throughout the agency. Odyssey is in the process of being upgraded to the latest version of the software product available from the commercial vendor. The financial system upgrade will further improve financial and budget management agencywide and allow uninterrupted vendor technical support. This upgrade will also leverage support for new integration and reporting requirements of the Treasury, OMB, and the General Services Administration. When the agency's recently purchased inventory management system becomes operational in FY 2012, the financial system will be integrated, reducing manual reporting data entry for capital assets and improving internal controls over those assets. Long-term financial management system plans include continuing to make strides to reduce paper-based processes through the implementation of a document scanning and management system. Other long-term plans include expanding project and performance-based budgeting capability through the agencywide deployment of a commercial time keeping system integrated with Odyssey.

The Peace Corps carries the torch of President Kennedy's dream, and responds to President Obama's call to service—for, in President Obama's words during his campaign, "Change will not come if we wait for some other person or some other time. We are the ones we've been waiting for. We are the change that we seek."

Internal Control within the Peace Corps

The Peace Corps achieved its fifth consecutive unqualified (clean) financial audit opinion during the FY 2011 annual financial statement audit. No material weaknesses or instances of noncompliance with laws and regulations were identified. The assurance

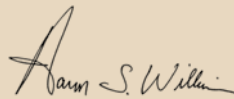
statement is consistent with the FY 2011 audit report. The agency's internal control program is governed internally by Manual Section 784, *Internal Control System*, in addition to guidance reflected above. The reviews, audits, investigations and evaluations conducted by the Office of Inspector General during FY 2011 further supported the agency's internal control program. Significant deficiencies and audit recommendations were monitored through the

agency's corrective action plan in meetings and documents. Assessments of risk by the department and office heads across the agency identified no material weaknesses during FY 2011. Annual management assurance statements completed by the department and office heads as of September 30, 2011, attested to the adequacy of internal controls and did not reveal any material weaknesses.

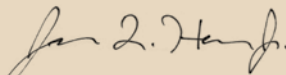
FY 2011 Annual FMFIA Assurance Statement

The Peace Corps assessed the effectiveness of internal controls to support effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations in accordance with the Federal Managers' Financial Integrity Act (FMFIA) of 1982 Section 2 and OMB Circular A-123. Based on this assessment, the Peace Corps can provide reasonable assurance for FY 2011 that its internal control over the effectiveness and efficiency of operations, financial reporting, and compliance with applicable laws and regulations was operating effectively and no material weaknesses were found in the design or operation of the internal controls.

The Peace Corps conducted its assessment of whether the financial management systems conform to government-wide financial systems requirements in accordance with FMFIA Section 4. Based on this assessment, the Peace Corps can provide reasonable assurance that its financial management systems are in compliance with the applicable provisions of FMFIA Section 4 and OMB Circular A-127 for FY 2011.



Aaron S. Williams, Director
November 15, 2011



Joseph L. Hepp, Jr., Chief Financial Officer
November 15, 2011

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Performance Section



An Education Volunteer teaches English to students during a summer school session in Sierra Leone.



Agency Performance

Introduction to Agency Performance

The Performance Section presents the agency's performance in Fiscal Year 2011—the third year of agency operations under the FY 2009-FY 2014 Strategic Plan. This section discusses the agency's progress on the five strategic goals and 38 performance indicators outlined in the agency's Performance Plan for Fiscal Years 2009-2011.

The rationale for each indicator describes how it measures strategic, outcome, and performance goals. Subsequent discussion links the major agency activities associated with the indicator to the results achieved. Finally, information is provided on how the agency will strengthen performance moving forward. The data source for each performance indicator also is included.

Plans and schedules for achieving performance indicators where the targets were not met are presented in the appropriate sections where available. Moving forward, the agency will utilize the first Strategic Plan Quarterly Performance Review session to discuss areas of improvement and will monitor progress in quarterly sessions throughout the year.

Trend data from FY 2009 to FY 2011—comparing performance targets to results—is included, and where available, baseline data from FY 2008 is also provided. Since the agency only started to use the current performance indicators in FY 2009, performance data prior to FY 2009 is not available for these indicators.

The agency developed some new and revised performance indicators, which will be introduced in the Annual Performance Plan for FY 2012, along with updated targets for some of the other performance indicators.

Performance Improvement and Data Quality

The agency is strongly committed to performance improvement through the use of high quality performance data. The Office of Strategic Information, Research and Planning (OSIRP) is responsible for performance planning and reporting and works closely with agency stakeholders to collect and analyze performance data to improve operations of the agency. Additionally, the director of OSIRP serves as the performance improvement officer for the agency. The agency ensures data are accurate and used by leaders to inform decision making through the following steps:

- **Strategic Plan Quarterly Performance Review sessions.** Key agency stakeholders, including senior management, review performance data at the end of each quarter to ensure data collection standards are followed and to develop strategies to meet performance targets when areas for improvement are identified.
- **Performance indicator data reference sheets.** Data collection and reporting consistency is ensured by the use of detailed indicator data reference sheets, which include operational definitions, data sources, and a comprehensive methodology for measuring each performance indicator.
- **Independent data quality checks.** OSIRP independently reviews the completeness and accuracy of performance data submitted from business units.

Verification and Validation of Performance Data

The agency utilizes several data sources to measure performance indicators. The Annual Volunteer Survey (AVS) provides data for 12 indicators. Overseas posts submit data for six indicators, and headquarters offices supply data for the remaining 20 indicators through Peace Corps Enterprise Database systems.

Annual Volunteer Survey

The AVS is a voluntary survey and provides feedback directly from the Volunteers regarding agency activities. The consistently high response rate from Volunteers (86 percent in FY 2011) ensures the responses reliably represent the Volunteers.

The demographic profile of respondents is compared to all Volunteers in service to confirm respondents are representative of the Volunteer population as a whole. In FY 2011, the AVS respondents were appropriately representative of the Volunteers. Responses to AVS questions are entered by Volunteers and housed in an external, electronic survey database. Faulty data are cleaned prior to analysis and constitute only a small percentage of overall responses. Analyzed data are used to inform management of the Volunteers' perspective on key issues. The high response rate from Volunteers and verification and validation measures ensure the high level of AVS data accuracy needed for its intended use.

Peace Corps Enterprise Database Systems

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

Overseas posts

Overseas posts submit data for six performance indicators through an online survey at the end of the fiscal year. Senior leaders from all overseas posts responded to the survey in FY 2011, providing valid performance data. The survey was designed with clear logic to minimize data entry error. Data were independently reviewed and anomalies were addressed and corrected to improve data quality. The survey gathers the activities of overseas posts. As all posts responded to the survey in FY 2011 and high data quality was established, the required level of accuracy was met.

Summary

The agency's FY 2011 performance results are based on reliable and valid data that are complete as of the compilation of results at the end of the fiscal year. The agency places great value and emphasis on continuously improving its performance reporting procedures and processes.



Annual Performance Results

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

Performance Management Framework



Performance Summary:

The agency met all but one of the 10 performance targets for this strategic goal in FY 2011.

Outcome Goal 1.1: Country programs fulfill host country skill needs

The agency met the technical skill needs of the host country by facilitating active local participation in the design of all Volunteer projects, a key step in garnering local support. The Volunteers chosen to serve were well-supported by the agency ensuring that they served the essential amount of time to fill the skill needs of the host country. Finally, post staff continued its collaboration with partners and stakeholders by reporting on the results of the work through annual progress reports.

Outcome Goal 1.2: Volunteers have the competencies necessary to implement a country program

The agency successfully provided Volunteers with the needed technical and language training to ensure they had the necessary skills to serve their host communities.

Outcome Goal 1.3: Host country individuals, organizations, and communities demonstrate an enhanced capacity to meet their own needs

Significant improvement was made in building local capacity in FY 2011. The agency continued to measure the results of the Volunteers' work. Volunteer-reported data on the effectiveness of skills transfer were validated

through objective Host Country Impact Studies, with 86 percent of host country national respondents reporting Volunteers helped them build their capacity. While the unique challenges of HIV/AIDS outreach shaded Volunteers' perceptions of their effectiveness, feedback from host country nationals indicated Volunteers are making a significant contribution in the fight against HIV/AIDS—an observation that Volunteers are often not able to make because impacts are often seen after they leave service.

Performance Indicator Summary

	Performance Indicator	FY 2009 Target Met	FY 2010 Target Met	FY 2011 Target	Result	Target Met
1.1.1.a	Percentage of project plans that meet the expressed needs of the host country	Yes	Yes	95%	100%	Yes
1.1.1.b	Percentage of posts that provide annual progress reports to their host country agency sponsors and partners	No	No	85%	87%	Yes
1.1.1.c	Enhance the average length of service of Volunteers to equal or exceed 21 months	Yes	Yes	21 mo	22.3 mo	Yes
1.2.1.a	Percentage of Volunteers who meet local language requirements for service per post testing standards	Yes	Yes	85%	85%	Yes
1.2.1.b	Percentage of Volunteers reporting training as adequate or better in preparing them technically for service	Yes	Yes	75%	79%	Yes
1.2.1.c	Percentage of Volunteers reporting training as adequate or better in preparing them to work with their counterparts	Yes	Yes	65%	78%	Yes
1.3.1.a	Percentage of Volunteers reporting that their work transferred skills to host country individuals and organizations adequately or better	Yes	Yes	75%	86%	Yes
1.3.1.b	Percentage of Volunteers who report their HIV/AIDS education and outreach work is effective or better	No	No	85%	59%	No
1.3.1.c	Percentage of projects that document increases in host country national capacity	Yes	Yes	80%	97%	Yes
1.3.1.d	Percentage of partner organizations reporting their assigned Volunteer fulfilled their requested need for technical assistance	Yes	Yes	70%	82%	Yes

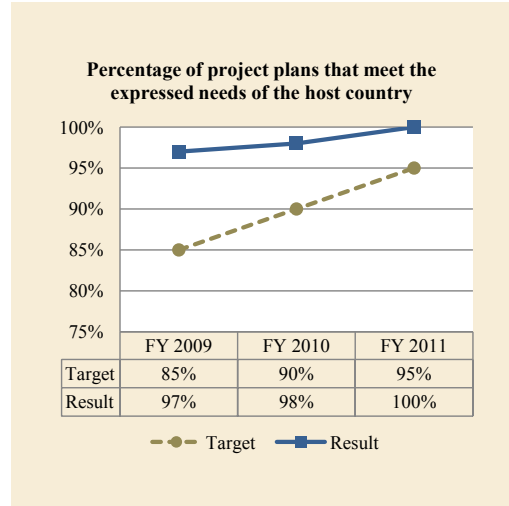
Performance Goal 1.1.1: Ensure the effectiveness of in-country programs

Indicator 1.1.1.a: Percentage of project plans that meet the expressed needs of the host country

FY 2011 Target	Result	Target Met
95%	100%	Yes

Rationale: Effective programs address the expressed needs of the host country. When Peace Corps engages host country nationals in identifying the areas in which Volunteers will work, local support is higher and projects are more likely to succeed.

Discussion of Result: *The target was met.* In FY 2011, all Peace Corps projects were developed jointly with host country stakeholders. Project plans were designed in collaboration with the Peace Corps and host country agencies' staff. Once Volunteers were assigned to local communities, they continued to define the activities with their local work partners. Most plans were also periodically reviewed by Project Advisory Committees whose members represent Peace Corps staff, Volunteers, and host country partners. This fiscal year, Peace Corps implemented the Focus In/Train Up recommendation of the FY 2010 Comprehensive Agency Assessment by reviewing all projects and identifying the most highly effective to scale up worldwide.



Strengthening Future Performance: The indicator has been revised to measure the percentage of posts that meet annually with host country Project Advisory Committees. This change ensures local partners are continuously consulted throughout the life of a project, not just at the design phase. The agency will continue to analyze the posts' portfolios to focus on the most effective methods used. In addition, updated guidance on designing project plans will be published in FY 2012.

Data Source: Peace Corps Enterprise Database

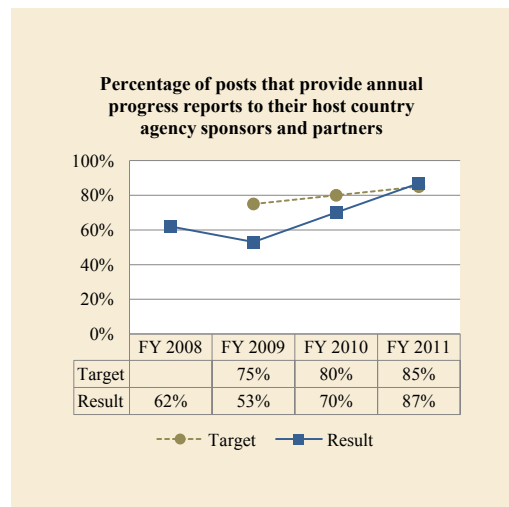
Indicator 1.1.1.b: Percentage of posts that provide annual progress reports to their host country agency sponsors and partners

FY 2011 Target	Result	Target Met
85%	87%	Yes

Rationale: The agency collaborates with partners and increases the agency's accountability to the host country by reporting progress annually to host country partners.

Discussion of Result: *The target was met.* The number of posts providing annual reports to their host country partners significantly increased this fiscal year, jumping to 87 percent from 70 percent in FY 2010.

The annual reports, completed in the host country language and in English, summarized the results of the program, using information from Volunteers' quarterly reports, site visits by project managers, and program evaluations.



The reports took different forms from post to post, ranging from highlights of the projects to sector-specific reports with photographs and testimonials from beneficiaries.

Several posts cited the benefit of meeting with partners to present their report. Posts that have been preparing reports for several years noted the best use of the report is to view it as a process of dialogue with partners throughout the year, culminating in a final report.

High performance for this indicator in FY 2011 can be attributed to the importance agency senior leadership, including country directors, placed on sharing annual results with partners. Also, the agency shared promising practices identified from an analysis of posts' performance on this indicator in FY 2010. The report also described solutions from posts that had fully met this indicator and overcame resource constraints. Finally, this indicator received particular attention at each Strategic Plan Quarterly Performance Review.

Strengthening Future Performance: The agency will continue to share the successful strategies among posts to increase communications with and accountability to host country partners. Regional managers will continue to reinforce this message with post staff.

Data Source: Overseas posts

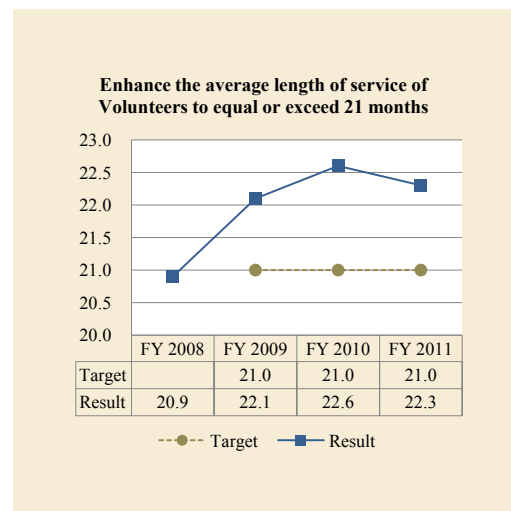
Indicator 1.1.1.C: Enhance the average length of service of Volunteers to equal or exceed 21 months

FY 2011 Target	Result	Target Met
21 months	22.3 months	Yes

Rationale: Projects are designed to require a specific amount of Volunteer service time for effective implementation. Volunteers who complete their service are more fully integrated into their communities, acquire greater language proficiency, and report higher rates of success and satisfaction with their work.

Discussion of Result: *The target was met.* To maximize performance on this indicator, the agency fosters an environment where Volunteers receive the necessary support to do their work. The support ranges from developing projects that offer satisfying work and address host country needs, to providing training and in-country support to be safe, healthy, and successful. Appropriate site selection and preparation is also important to ensure the local community is supportive of working with a Volunteer.

Strengthening Future Performance: A revised indicator will focus on completion of service rather than number of months served. Some projects are designed for more or less time than the typical two years of Volunteer service. Additionally, Volunteers can extend their service for several months to complete projects which can drive up the months-of-service average. The revised indicator will measure the percentage of service completed by Volunteers to tie the measure more closely to program effectiveness.



Data Source: Peace Corps Enterprise Database

Performance Goal 1.2.1: Ensure the effectiveness of in-country training

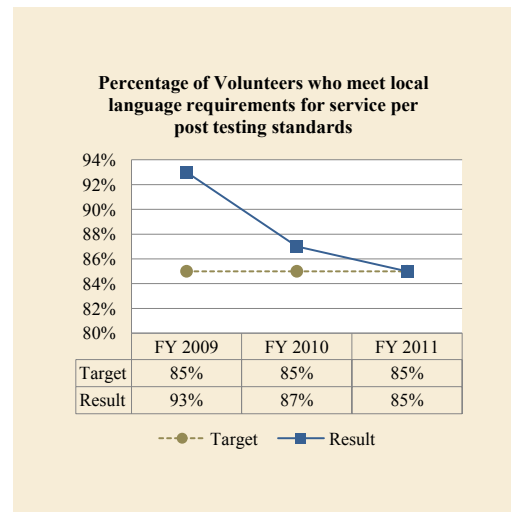
Indicator 1.2.1.a: Percentage of Volunteers who meet local language requirements for service per post testing standards

FY 2011 Target	Result	Target Met
85%	85%	Yes

Rationale: Volunteers who speak the language of the community in which they are working are more sensitive to the culture, more integrated into their community, and more effective in their work.

Discussion of Result: *The target was met.* All Volunteers who have studied a language at post are tested by a certified language instructor at the end of pre-service training to determine their language proficiency. This year, the agency introduced several innovations in the language training program:

- Implemented a French language immersion program for Volunteers with minimal French skills who are assigned to Francophone Africa
- Disseminated best practices to language coordinators through a bimonthly newsletter
- Facilitated workshops on language materials development to build the skills of local language teachers



The agency has improved compliance with this indicator by collecting language testing information directly from posts through a new reporting system. However, technical issues related to a new reporting tool, as well as a lack of reporting by some posts meant performance data was incomplete and results not representative.

Strengthening Future Performance: The agency is exploring methods for improving language instruction, including providing language training that would extend beyond pre-service training; increasing language tester workshops and consulting with posts to develop language training materials. Further, data quality will improve as the reporting tool is upgraded.

Data Source: Peace Corps Enterprise Database

Indicator 1.2.1.b: Percentage of Volunteers reporting training as adequate or better in preparing them technically for service

FY 2011 Target	Result	Target Met
75%	79%	Yes

Rationale: Volunteers who have been adequately trained in technical areas have the competencies necessary to address host country needs.

Discussion of Result: *The target was met.* The agency responds to host country needs by recruiting Volunteers who have excellent skills and experience in broad content areas. In addition, they receive technical training from Peace Corps to prepare for their local, project-specific work.

In FY 2011, the agency provided posts with regional training workshops, general staff development, and individual staff training opportunities. Posts conduct training design evaluations each year to measure the effectiveness of training.

The agency’s strategic partners also contributed specialized technical training in FY 2011. For example, 28 posts implemented 121 training activities on the capacity-building of local partners through the agency’s agreement with the U.S. Agency for International Development. Other partners provided technical training during pre-service training in addition to focused technical training workshops, field exercises, and on-site visits from staff and technical experts during the Volunteers’ service.

Strengthening Future Performance: Updated programming and training guidance will be published in FY 2012 to help post staff improve programming, training, and evaluation. The Focus In/Train Up initiative will also improve training materials and delivery.

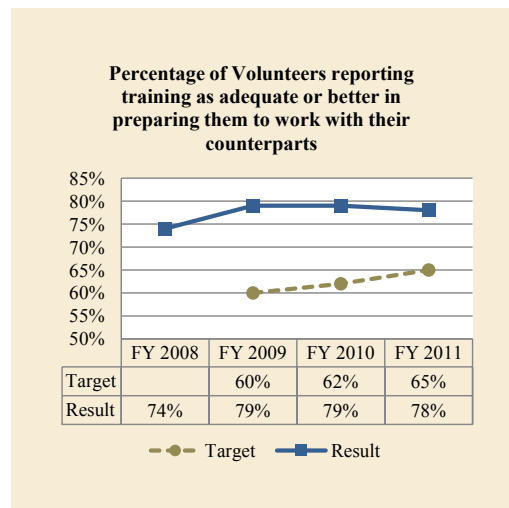
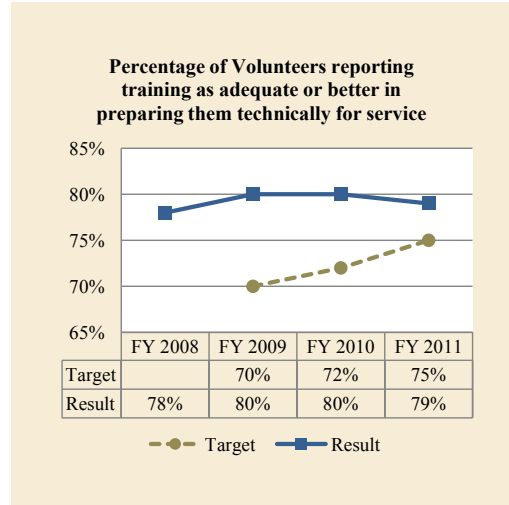
Data Source: Annual Volunteer Survey

Indicator 1.2.1.c: Percentage of Volunteers reporting training as adequate or better in preparing them to work with their counterparts

FY 2011 Target	Result	Target Met
65%	78%	Yes

Rationale: Volunteers work with local counterparts to address host country needs by building local capacity. Volunteers who are well-prepared to work with counterparts are more successful in their projects.

Discussion of Result: *The target was met.* In FY 2011, the agency developed a new training module on working with counterparts. The module is taught during pre-service training and features a combination of real-life training activities and community involvement that simulates the actual environment in which the Volunteers will be working with their counterparts.



Strengthening Future Performance: Posts will continue to improve training packages to Volunteers as the Focus In/Train Up initiative is rolled out. Best practices will be shared across posts and will improve the effectiveness of training. Targets will be increased for future years.

Data Source: Annual Volunteer Survey

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

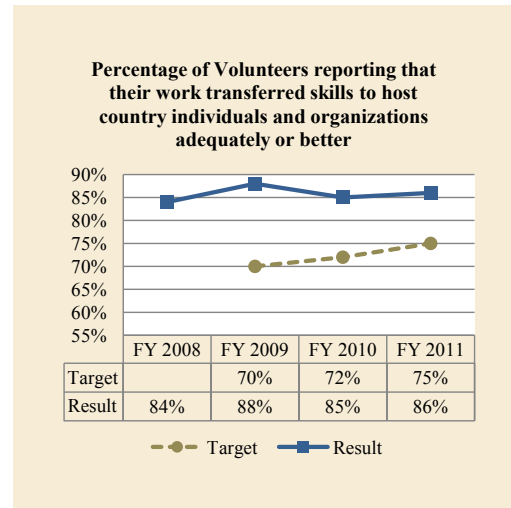
Indicator 1.3.1.a: Percentage of Volunteers reporting that their work transferred skills to host country individuals and organizations adequately or better

FY 2011 Target	Result	Target Met
75%	86%	Yes

Rationale: Volunteers build local capacity by transferring new skills to host country individuals and organizations. Their observations on the changes in the skills of their community partners as a result of their work are one measure of the agency’s impact.

Discussion of Result: *The target was met.* Various factors play a part in a Volunteer’s ability to transfer skills to others, including training, assignment, site selection, and staff support. The information provided by the Volunteers indicates that they are effectively prepared and are teaching new skills to their partners.

The Host Country Impact Studies, which provide information from host country counterparts and beneficiaries, corroborate the Volunteers’ perceptions. In seven Host Country Impact Studies completed in FY 2011 (Botswana, Cape Verde, Fiji, Peru, the Philippines, Thailand, Togo), 86 percent of host country national respondents said Volunteers had helped them to build their capacity.



In FY 2011, a standardized monitoring and evaluation training package for Volunteers was introduced to posts as part of the Focus In/Train Up initiative. This training will improve Volunteers’ ability to empirically measure their impact and the effectiveness of capacity building. The training package, which supports the agency’s initiative to establish global indicators for project outcomes, includes a global reporting mechanism.

Strengthening Future Performance: As the performance targets were exceeded for this indicator, targets will be increased for FY 2012 and beyond. Improved training, along with improved reporting methods, will allow the agency to aggregate data and more accurately report on the outcomes of Volunteer activities.

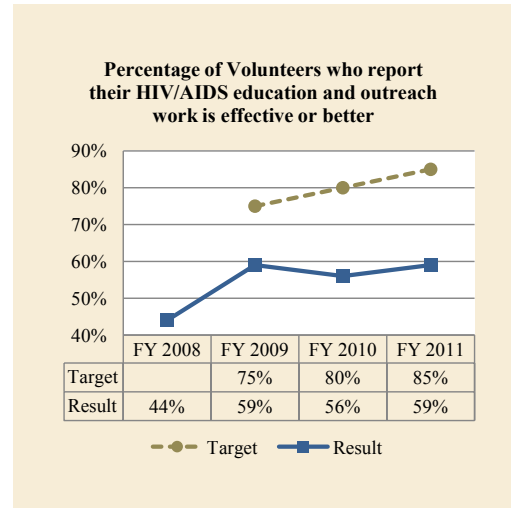
Data Source: Annual Volunteer Survey

Indicator 1.3.1.b: Percentage of Volunteers who report their HIV/AIDS education and outreach work is effective or better

FY 2011 Target	Result	Target Met
85%	59%	No

Rationale: As the focus of the HIV/AIDS program is transferring education skills to local people, Volunteers reporting their HIV/AIDS work is effective is one indication the program is achieving the desired results.

Discussion of Result: *The target was not met.* In FY 2011, 52 percent of the Volunteers reported conducting HIV/AIDS activities and slightly more than half (59 percent) reported their work was often or almost always effective or better. However, 66 percent of Volunteers whose HIV/AIDS activities were part of their primary activities report their work was often or almost always effective or better. In contrast, 44 percent of Volunteers who conducted HIV/AIDS activities only occasionally reported their HIV/AIDS work was often or almost always effective or better. While all Volunteers conducting HIV/AIDS work receive training, Volunteers primarily focused on HIV/AIDS outreach and education activities receive more comprehensive training and are better able to measure their effectiveness.



HIV/AIDS prevention outreach and education is a difficult assignment due to the taboo of discussing sex and sexuality in many of the communities in which Volunteers work. The stigma that people living with HIV/AIDS encounter also makes effective engagement with these vulnerable populations very difficult.

Many Volunteers report challenges in measuring the effectiveness of their HIV/AIDS interventions; they know they taught the lesson, but are unsure if that knowledge resulted in behavior change. While it may be difficult for individual Volunteers to determine the impact of their HIV/AIDS activities, information from the agency’s Host Country Impact Studies indicate that Volunteers’ prevention and education activities are making an impact.

Results from the Botswana Host Country Impact Study, for example, show the following significant influence of Volunteers’ work:

- 81 percent of counterparts and beneficiaries reported the training they received from the Volunteer significantly enhanced their skills and knowledge of HIV prevention
- 88 percent of counterparts reported local organizations were better able to provide HIV/AIDS related prevention, care, and treatment services
- 87 percent of counterparts revealed that the stigma related to HIV/AIDS and discrimination against people living with HIV/AIDS had declined due to the work of the Volunteers
- 86 percent of counterparts and 76 percent of beneficiaries reported that more community members are being tested for HIV/AIDS after working with the Volunteers

- 72 percent of counterparts reported that having the Volunteer live in their community was the most significant difference compared to other programs and the key factor in changing attitudes and behaviors.

Strengthening Future Performance: To improve Volunteer readiness to implement effective HIV/AIDS programs, the agency is developing new training packages and continuing its partnership with the Presidents’ Emergency Plan for AIDS Relief throughout FY 2012. This indicator will be reviewed in FY 2012 to determine if it is a practical and feasible measure.

Data Source: Annual Volunteer Survey

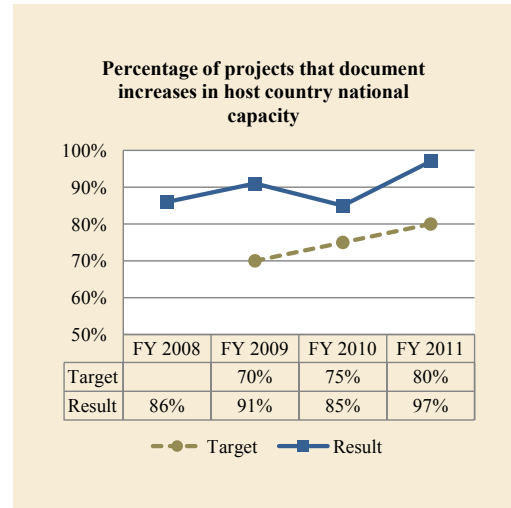
Indicator 1.3.1.c: Percentage of projects that document increases in host country national capacity

FY 2011 Target	Result	Target Met
80%	97%	Yes

Rationale: Objective information collected about increases in the capacity of host country nationals is evidence that sustained results have been achieved. The indicator measures the capacity-building work of the Volunteer through information collected directly from host country nationals and independent measures.

Discussion of Result: *The target was met.* Nearly all of the posts where Volunteers served in FY 2011 documented an increase in host country national capacity for all of their projects (97 percent of all posts). This represents a large increase from the baseline (86 percent) and from last year (85 percent).

The significant increase is attributed to the growing emphasis the agency has placed on measuring the results of the Volunteer’s work. The technical teams at posts and headquarters have identified measurement tools for each major project and increased the training provided to Volunteers and partners. This year, posts reported using a variety of methods to measure capacity building, ranging from Volunteer reports (97 percent of posts) to documented observations (67 percent), interviews, and some pre- and post-testing (29 percent). Posts with more projects used a greater variety of methods to measure changes in capacity building.



The first training package developed for the Focus In/Train Up initiative was the monitoring and evaluation package for Volunteers. The course was tested in FY 2011 and will be used by all posts in FY 2012.

Strengthening Future Performance: This indicator has been revised to ask posts to provide multiple sources to validate their capacity-building data. All posts will begin reporting on standardized global indicators in FY 2012. The Volunteer reporting tool also will be improved to better capture the data collected.

Data Source: Overseas Posts

Host Country Impact Studies

The Host Country Impact Studies provide direct evidence of how Volunteers accomplish Goal One. The Philippines Impact Study of the education project interviewed 245 teachers, students, principals, and host families to evaluate the long-term impact of working with a Peace Corps Volunteer. The study showed that Volunteers are increasing capacity not only in the intended outcomes, but are also building capacity in unexpected and positive ways.

Students and teachers who worked with a Volunteer increased their self-confidence and competence in speaking English, and students improved their reading comprehension enough to reach or exceed their grade level. After working with a Volunteer, teachers had better access to educational resources and used interactive, student-centered methods in their classrooms. These changes represent the primary intended outcomes of the project.

Students and teachers also reported two significant unintended changes. First, teachers and principals explained that students had increased their self-confidence in general, not just in speaking English. Students reported that working with a Volunteer had increased their sense of self-worth and led them to try new academic activities and challenges.

Second, students and teachers reported an improved student-teacher relationship in school. According to respondents, Volunteers were more approachable outside of class, as this Filipino student detailed:

“Every time you greet [Volunteers, they] always start a conversation with you, while the other teachers when you say ‘Good morning’ or ‘Good afternoon’ they only reply but don’t talk to you and they don’t make conversation.”

After working with a Volunteer, some teachers adopted this more approachable demeanor. As a result, students reported they studied harder for these teachers and teachers commented that students show up for class and are more engaged in learning. Both students and teachers believed that a new student-teacher relationship emerged and felt the Volunteers had helped not only academically but also emotionally.

Indicator 1.3.1.d: Percentage of partner organizations reporting their assigned Volunteer fulfilled their requested need for technical assistance

FY 2011 Target	Result	Target Met
70%	82%	Yes

Rationale: Positive feedback from partner organizations about a Volunteer’s work demonstrates that Peace Corps is responding to host country needs.

Discussion of Result: *The target was met.* Volunteers worked with more than 6,500 partners in FY 2011; 82 percent of these partner organizations reported their assigned Volunteers fulfilled their requested needs for technical assistance, a significant increase from previous years.

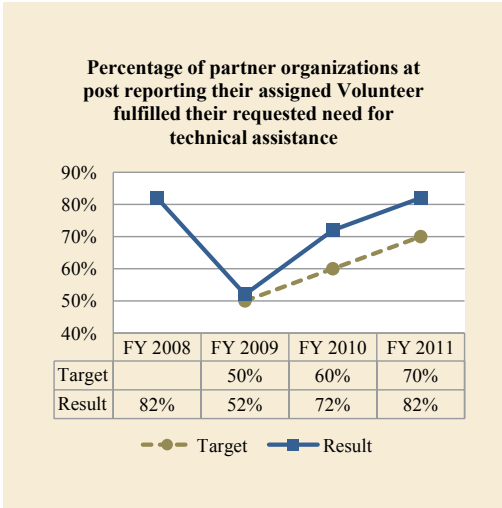
Many posts gathered information about this topic directly from local beneficiaries and counterparts during site visits (94 percent), through training or other events (75 percent), or during program advisory committee meetings (46 percent). Thirty-five percent of posts used evaluations to learn how Volunteers were meeting host country needs.

Host Country Impact Studies provided insights into the ways in which host country organizations' needs are met through the work of the Volunteers. In the Philippines study, for example, 79 percent of counterparts and beneficiaries reported their students' improved confidence and competence in using English best met their needs.

Strengthening Future Performance: The validity and reliability for this indicator are currently strong. In the Annual Performance Plan for FY 2012, posts will collect data for this indicator using more formal collection methods and analyses. Post staff members will improve their skills in data collection and analysis, and the agency will improve the global reporting tool and database used by posts.

Data Source: Overseas posts

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



Performance Management Framework



Performance Summary:

The agency failed to meet two of the three measured performance targets for this strategic goal. While 90 percent of the Volunteers reported satisfaction with their cross-cultural training, the target of 93 percent was not reached. The original indicator measuring host country nationals’ views is no longer being used. However, an alternate measure provided objective information that Volunteers’ work helped promote a better understanding of Americans.

Outcome Goal 2.1: Host country individuals and communities learn about Americans through shared experiences with Peace Corps Volunteers

One of the agency’s primary activities for achieving the strategic goal is cross-cultural training for Volunteers, staff, and host country counterparts and supervisors. There were no significant changes to the content or delivery of cross-cultural training in FY 2011.

Results from the studies conducted in FY 2011 indicate that host country nationals’ interactions with Volunteers helped them develop more realistic and well-rounded impressions of Americans and their opinions became more positive as a result.

Performance Indicator Summary

	Performance Indicator	FY 2009 Target Met	FY 2010 Target Met	FY 2011 Target	Result	Target Met
2.1.1.a	Percentage of Volunteers reporting that training prepared them to manage cultural differences during service adequately or better	Yes	No	93%	90%	No
2.1.1.b	Percentage of posts conducting supervisory/counterpart training on working effectively with Volunteers	Yes	Yes	95%	99%	Yes
2.1.1.c	Percentage of host country nationals who have interacted with Volunteers who believe that Americans are committed to assisting other peoples	Not measured				
2.1.1.d	Percentage of Volunteers reporting that their work helps promote a better understanding of Americans on the part of the peoples served	No	No	85%	65%	No

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

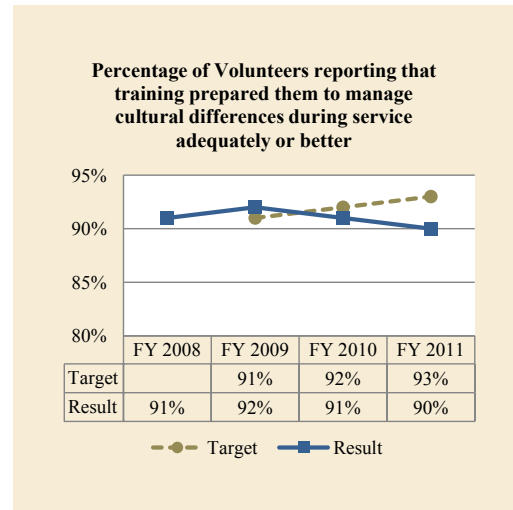
Indicator 2.1.1.a: Percentage of Volunteers reporting that training prepared them to manage cultural differences during service adequately or better

FY 2011 Target	Result	Target Met
93%	90%	No

Rationale: To effectively communicate with host country nationals and share information about Americans in ways that are culturally appropriate, Volunteers need to understand and function in the culture of their host country. Training increases Volunteers’ understanding of the culture in which they will live and work, builds skills for managing cultural differences, and establishes a framework for processing what they are experiencing in their host country.

Discussion of Result: *The target was not met.* While the target of 93 percent was not met, a high number, 90 percent, of Volunteers reported their training prepared them to manage the cultural differences they would encounter during their service. The agency will continue to provide cross-cultural training to Volunteers during their pre-service training and will reinforce the importance of being aware of cross-cultural differences.

Strengthening Future Performance: The Focus In/Train Up initiative identified “integrating into the community” as a core competency for all Volunteers. The agency is developing a standard curriculum for all Volunteers that focuses on building these core competencies, and the complete training package will be built into each posts’ pre-service training in FY 2012.



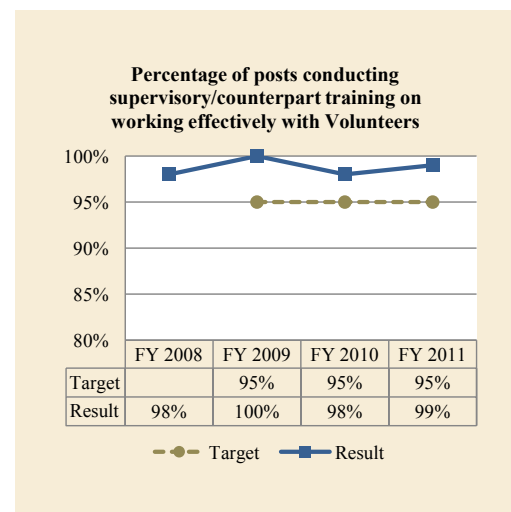
Data Source: Annual Volunteer Survey

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

FY 2011 Target	Result	Target Met
95%	99%	Yes

Rationale: Supervisors and counterparts who receive training on working effectively with Volunteers will better understand American culture and therefore be better positioned to help Volunteers adjust to the local community.

Discussion of Result: *The target was met.* Nearly all posts (99 percent) conducted training for counterparts and supervisors. The agency values mutual learning, thus, most posts chose to train counterparts and Volunteers together. The workshops used a participatory approach where the counterpart and the Volunteer worked together to prepare a work plan for the Volunteer’s first six months to a year in service. This practice provides a foundation for the counterpart and the Volunteer to establish mutually agreed-upon expectations and work objectives, while also creating team spirit and a system of accountability. Counterparts expressed their support for the workshop format due to the personal and professional benefit derived through exchanging ideas not only with the Volunteers and training facilitators, but from their peers as well.



Strengthening Future Performance: The agency plans a new counterpart survey in FY 2012 to collect data on a number of issues, including the effectiveness of counterpart training.

Data Source: Overseas posts

Indicator 2.1.1.c: Percentage of host country nationals who have interacted with Volunteers who believe that Americans are committed to assisting other peoples

FY 2011 Target	Result	Target Met
Not measured		

Rationale: The indicator was intended to measure host country individuals’ willingness to trust and work with Americans.

Discussion of Result: *No targets were set for this indicator.* The agency is not reporting on this indicator. The indicator was established in the agency’s FY 2009-2011 Performance Plan as the Host Country Impact Studies were under development in FY 2008. Upon completion of the pilot studies, the agency determined that the indicator was not a valid measure of host country nationals’ perceptions of Americans after interacting with Volunteers. Instead, this question was replaced with a different measure: Percentage of respondents who report a positive opinion of Americans after interacting with a Volunteer.

The new measure has been included in the Host Country Impact Studies since 2009 and provides valuable information on host country national perceptions about Americans. The findings from seven studies completed in FY 2011 show that 87 percent of host country nationals reported developing a more thorough understanding of Americans after interacting with Volunteers. Ninety percent said their opinions of Americans were more positive after interacting with Volunteers.

Strengthening Future Performance: To reflect the changes made in the impact studies, the indicator will be modified to “percentage of host country nationals who report positive opinions of Americans through their interactions with Volunteers.”

Data Source: Host Country Impact Studies

Indicator 2.1.1.d: Percentage of Volunteers reporting that their work helps promote a better understanding of Americans on the part of the peoples served

FY 2011 Target	Result	Target Met
85%	65%	No

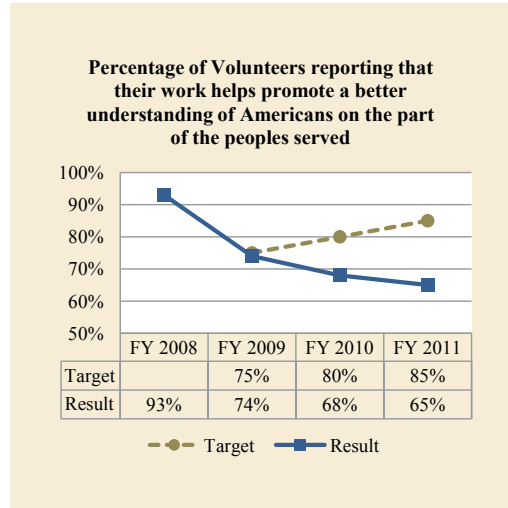
Rationale: When Volunteers work with host country partners they interact with host country individuals who then can learn more about Americans.

Discussion of Result: *The target was not met.* Volunteers promote a better understanding of Americans through their work and by living and interacting with the people they serve. By only focusing on Volunteer “work,” the full range of Volunteer work and social interactions with host country individuals is not captured.

Earlier analysis of data from the Host Country Impact Studies found that people who had worked and interacted on a social level with Volunteers knew them better and were more likely to change their opinions of Americans, compared with those who only worked with the Volunteer. It remains unclear, however, why Volunteer perceptions of host country nationals' understanding of Americans are declining.

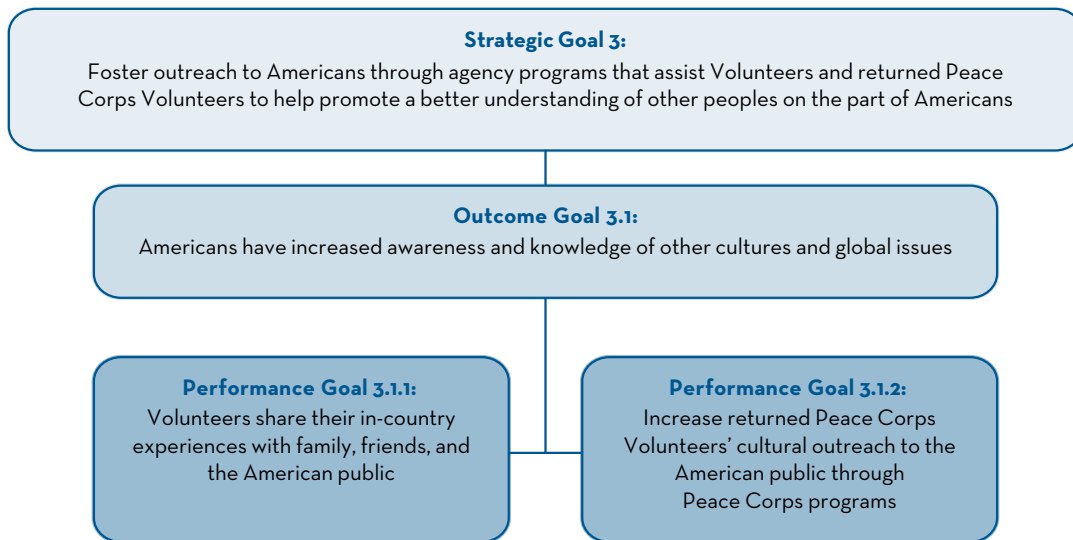
Strengthening Future Performance: A revised indicator will include the “activities and interactions” of Volunteers rather than just interactions at “work” to measure the full range of their interaction with host country nationals.

Data Source: Annual Volunteer Survey



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

Performance Management Framework



Performance Summary:

The agency achieved a high level of performance for this strategic goal, leading to raising the performance targets for some of the indicators in FY 2012, to encourage innovation.

Outcome Goal 3.1: Americans have increased awareness and knowledge of other cultures and global issues

Current and returned Volunteers participated in agency-initiated outreach activities in record numbers in FY 2011. The agency's 50th anniversary provided a unique opportunity to engage the Peace Corps community in reaching out to the American public. Each year, Americans have more opportunities to learn about other cultures and global issues through Volunteers. Looking forward, the agency has committed to expanding its focus on this cross-cultural outreach by developing a new agencywide strategy, increasing resources, and developing other innovative programs.

Performance Indicator Summary

	Performance Indicator	FY 2009 Target Met	FY 2010 Target Met	FY 2011 Target	Result	Target Met
3.1.1.a	Percentage of Volunteers participating in the Coverdell World Wise Schools Program	No	Yes	64%	69%	Yes
3.1.1.b	Number of individuals and organizations supporting the Peace Corps Partnership Program	Yes	Yes	9,000	12,079	Yes
3.1.1.c	Number of youth-serving programs hosting Volunteer activities	Yes	Yes	4,800	6,270	Yes
3.1.1.d	Monitor the percentage of Volunteers who report sharing their experiences with family, friends, and the American public	N/A	N/A	Monitored	99%	N/A
3.1.2.a	Number of returned Peace Corps Volunteers participating in agency-initiated activities	Yes	Yes	8,600	18,792	Yes
3.1.2.b	Number of schools impacted by the activities of returned Peace Corps Volunteers	No	Yes	650	920	Yes

Performance Goal 3.1.1: Volunteers share their in-country experiences with family, friends, and the American public

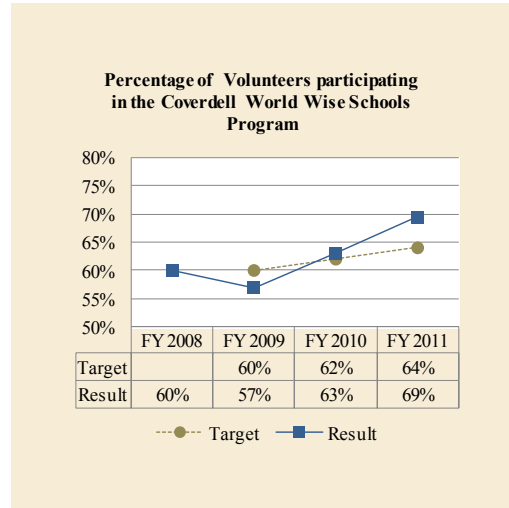
Indicator 3.1.1.a: Percentage of Volunteers participating in the Coverdell World Wise Schools Program

FY 2011 Target	Result	Target Met
64%	69%	Yes

Rationale: The Coverdell World Wise Schools Program provides opportunities for American youth and teachers to learn about the customs and cultures of different countries through the experiences of Volunteers.

Discussion of Result: *The target was met.* The Coverdell World Wise Schools Program connects currently serving Volunteers with American classrooms through the Correspondence Match Program. This program also

develops cross-cultural educational curriculum for classroom teachers to facilitate interaction between currently-serving Volunteers and students. To encourage Volunteer participation in the program in FY 2011, the agency developed an incentive program with overseas posts. The posts with the highest percentage of Volunteer participation in the program were formally recognized and were provided with special Peace Corps promotional materials. The agency also increased publicity about the program through a monthly newsletter, *Peace Corps Update*, which promotes all Goal Three and career/education initiatives to current and returned Peace Corps Volunteers. These new initiatives increased participation in the program, enabling the agency to exceed the performance target for a second consecutive year.



Strengthening Future Performance: The measurement of this indicator will be improved beginning in FY 2012. Currently, the agency defines “participation” as Volunteer enrollment in the program. Moving forward, the agency will measure “active participation.” This shift will allow the indicator to measure the achievement of an outcome, rather than an output.

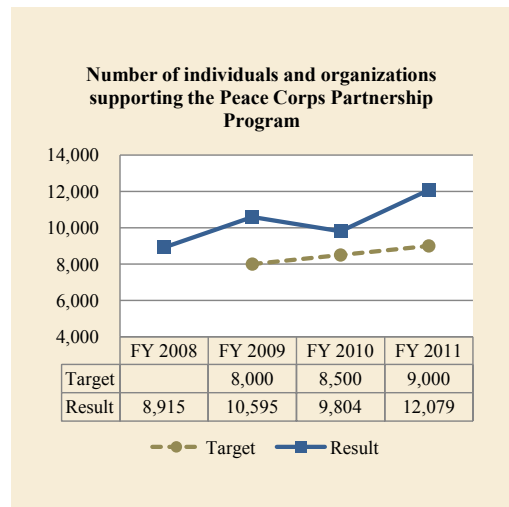
Data Source: Peace Corps Enterprise Database

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

FY 2011 Target	Result	Target Met
9,000	12,079	Yes

Rationale: Individuals and organizations donating to a community-driven, Volunteer-developed Peace Corps Partnership Program project learn about host country communities and the issues they face. Donors build an understanding of different cultures and global development issues.

Discussion of Result: *The target was met.* The Peace Corps Partnership Program connects donors in the United States with Volunteers and their host communities overseas. Donors contribute to various types of projects initiated by communities and supported by Volunteers across the world. In FY 2011, 12,079 donors to the program made 12,730 donations for a total of over \$2.14 million. Notably, the number of Volunteer projects submitted under the Peace Corps Partnership Program increased from 670 in FY 2010 to 822 in FY 2011.



The 50th anniversary of Peace Corps provided a unique opportunity to introduce the Peace Corps Partnership Program to new audiences and expand the donor base. While the current economic climate presents fundraising challenges for many

organizations, the agency expects to continue maintaining and expanding its donor base in the coming years due to the unique giving and cross-cultural opportunity offered by the program.

Strengthening Future Performance: Due to the high level of performance over the last three years, the agency will increase the targets for future years to further drive performance. In addition, the agency is developing an industry-standard customer relationship management tool to more effectively and efficiently track donors and engage in targeted outreach. The tool will be operational in FY 2012.

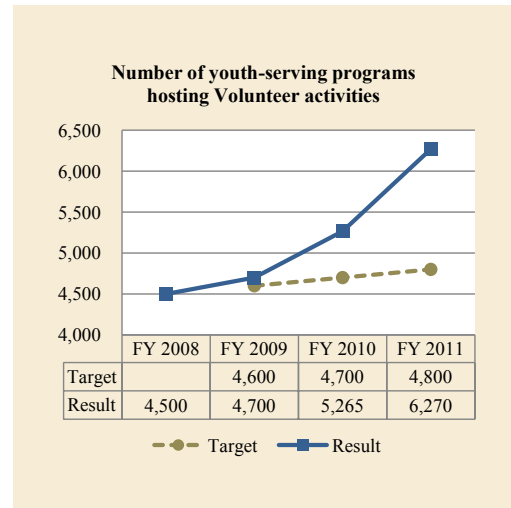
Data Source: Peace Corps Enterprise Database

Indicator 3.1.1.c: Number of youth-serving programs hosting Volunteer activities

FY 2011 Target	Result	Target Met
4,800	6,270	Yes

Rationale: Youth-serving programs that host Volunteer activities expose American youth to other cultures through correspondence with Volunteers. Through this introduction to other cultures, American youth become interested in global affairs and learning more about people from different countries.

Discussion of Result: *The target was met.* Youth-serving programs, including schools, host Volunteer activities through the Coverdell World Wise Schools Program. In FY 2011, the agency increased the visibility of the program with teachers and schools by attending 13 professional educator conferences, including local school districts and content-specialized associations. Further, the agency continued developing rich and authentic cross-cultural curriculum for teachers in the program. The curriculum retains teachers in the program by providing them with free, accessible materials that offer innovative methods for teaching students about the world throughout the school year.



Strengthening Future Performance: Through consistent performance improvement from FY 2009-2011, the optimal level of performance for this indicator has been reached. As a result, this indicator will not be measured in future years. Performance improvement in the Coverdell World Wise Schools Program is assured through the addition of a more rigorous indicator measuring the “active” participation of Volunteers in that program (see 3.1.1.a) in the Annual Performance Plan.

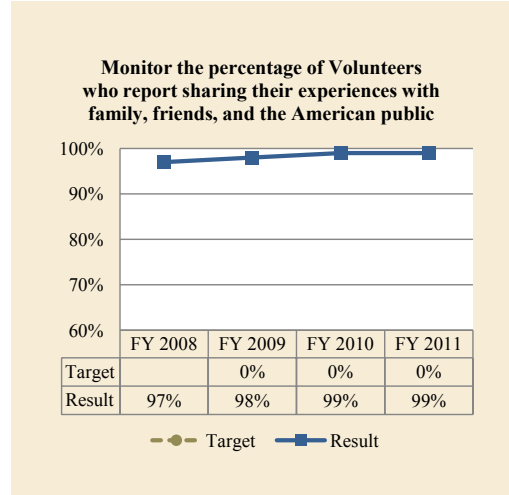
Data Source: Peace Corps Enterprise Database

Indicator 3.1.1.d: Monitor the percentage of Volunteers who report sharing their experiences with family, friends, and the American public

FY 2011 Target	Result	Target Met
N/A	99%	N/A

Rationale: Family, friends, and the American public are exposed to different countries and cultures when Volunteers share their experiences. As a result, Americans build a better understanding of other people.

Discussion of Result: *Currently, the agency monitors this indicator but does not set a target.* At the beginning of the strategic plan, many forms of social media now available were relatively new and not formally endorsed by the agency. With increasing connectivity across the world, Volunteers are able to share their experiences more readily, utilizing a variety of new social media technologies. Eighty-eight percent of Volunteers shared their experience through electronic updates, and more than 53 percent of Volunteers educated Americans at home about life in their host countries through personal websites or blogs. In addition, six of every ten Volunteers shared their experiences and understanding of their host countries by hosting American visitors in their host community or host country.



Strengthening Future Performance: To encourage high achievement, specific performance targets will be set for future years. As Peace Corps continues to strengthen its social media presence, future reporting will also include Volunteer outreach through social media.

Data Source: Annual Volunteer Survey

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

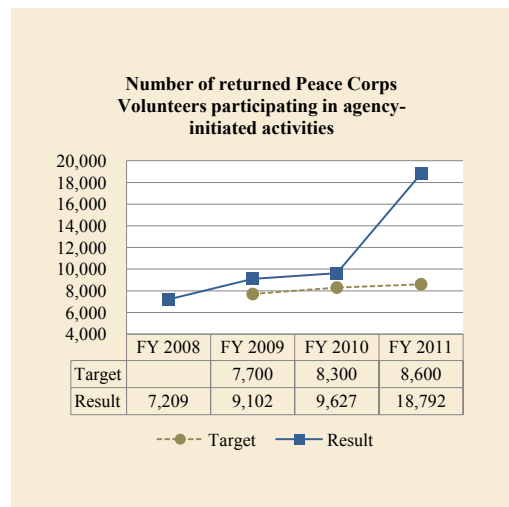
Indicator 3.1.2.a: Number of returned Peace Corps Volunteers participating in agency-initiated activities

FY 2011 Target	Result	Target Met
8,600	18,792	Yes

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

Discussion of Result: *The target was met.* Returned Volunteers are energetic promoters of Peace Corps’ mission. The agency provides numerous opportunities for returned Volunteers to share their experiences, including online resources (<http://www.peacecorps.gov/index.cfm?shell=resources.returned>).

In FY 2011, Peace Corps’ 50th anniversary galvanized the returned Volunteer community across the world, resulting in a



high level of participation in agency-initiated activities. The highlight was the 2011 Smithsonian Folklife Festival on the National Mall in Washington, D.C. which featured Peace Corps and drew an estimated one million participants, many of whom were returned Volunteers. Several other 50th anniversary events were organized by the National Peace Corps Association and by the agency domestically and abroad and featured returned Volunteers sharing their stories with the public. A recent returned Volunteer shared with participants in the International Visitors Leadership Program that social media has allowed Volunteers to stay in touch more frequently and to sustain longer-term relationships now with their community partners than previous Volunteers.

The newly-initiated online newsletter, *Peace Corps Update*, is emailed monthly to returned Volunteers and many articles feature ways they can become involved in outreach activities. In addition, the agency hosted eight regional conferences for returned Volunteers, providing tools to utilize in sharing their experiences with the public. Returned Volunteers also spoke in classrooms and to youth organizations and participated in Peace Corps recruitment events across the country. This allowed them to share their experiences with students, teachers, and Americans interested in serving as Volunteers.

Strengthening Future Performance: Due to the high level of performance from FY 2009-2011, the agency will increase the targets for this indicator to encourage even greater participation from returned Volunteers.

Data Source: Peace Corps Enterprise Database

Indicator 3.1.2.b: Number of schools impacted by the activities of returned Peace Corps Volunteers

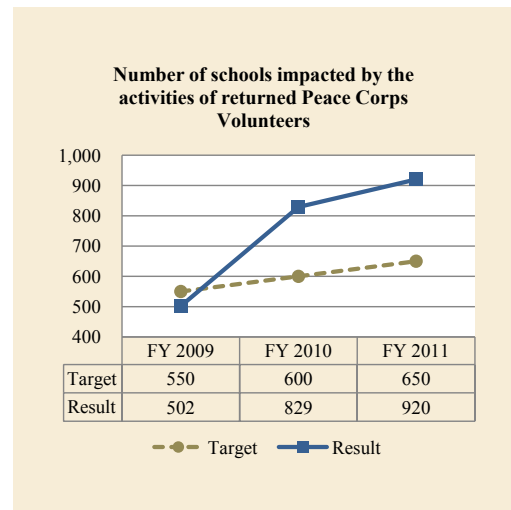
FY 2011 Target	Result	Target Met
650	920	Yes

Rationale: Through Peace Corps programs, youth, students, and faculty are exposed to different cultures and build a better understanding of global issues and other cultures.

Discussion of Result: *The target was met.* Returned Volunteers share their experiences with K-12 schools, colleges, and universities through the Coverdell World Wise Schools Speakers Match Program and the Coverdell Fellows Program.

In FY 2011, outreach to educators through professional conferences and the development of cross-cultural curriculum increased the number of schools participating in the Speakers Match Program, while fostering the active engagement of existing partners.

The Coverdell Fellows Program is a graduate fellowship program that offers financial assistance to returned Volunteers. Through the program, returned Volunteers earn a graduate degree while completing an internship in an underserved American community. In the process, they share their Peace Corps experience with their colleagues and friends. In FY 2011, the agency approached several prospective partners and increased the number of Coverdell Fellows Program graduate schools from 55 to 72.

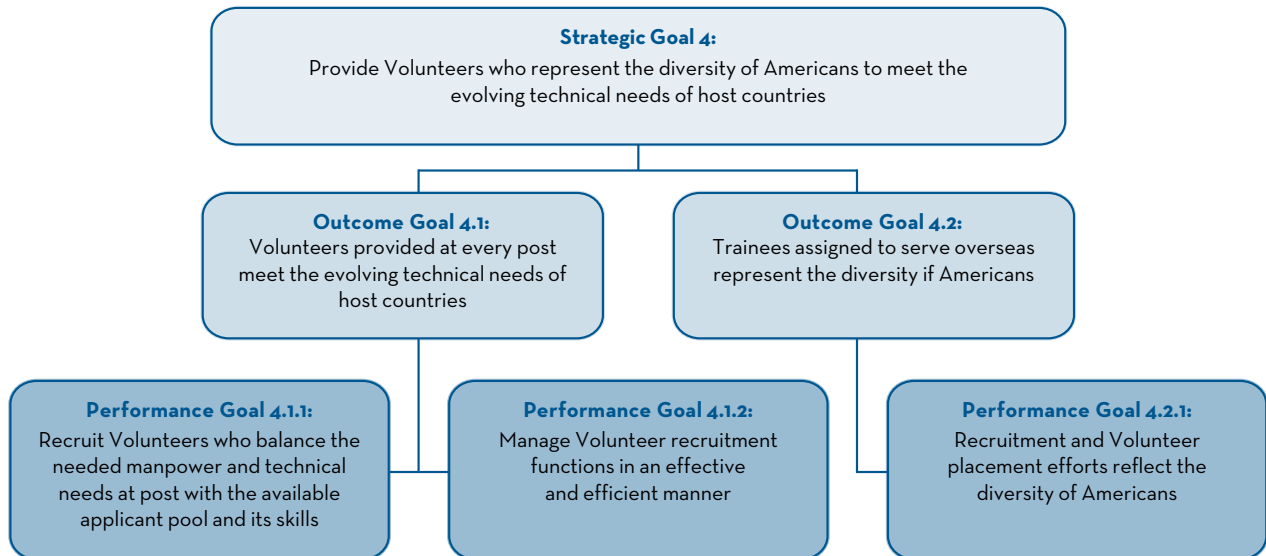


Strengthening Future Performance: The agency will continue outreach to schools to encourage participation in the Speakers Match and Coverdell Fellows programs. Further, the agency will broaden the indicator definition to include the number of “educational institutions” where returned Volunteers engage in Third Goal activities to better capture the breadth of youth-serving and educational institutions where returned Volunteers share their experiences.

Data Source: Peace Corps Enterprise Database

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

Performance Management Framework



Performance Summary:

In FY 2011, the expansion and contraction of the Peace Corps in response to varying funding levels caused volatility in the Volunteer Delivery System (VDS), the agency’s system for requesting, recruiting, and selecting Volunteers. The systems that had been developed to respond to growing requests for Volunteers in FY 2010 and early FY 2011 were adjusted later in the year in response to a reduction in anticipated resources. The agency was able to provide Volunteers to posts that met their technical needs and reflected the diversity of Americans; however, the changes in the numbers of Volunteers requested caused high levels of inefficiency in the VDS.

Outcome Goal 4.1: Volunteers provided at every post meet the evolving technical needs of host countries

Progress was made in redesigning the VDS in order to improve its effectiveness and efficiency in the future. The new VDS includes the Database of Volunteer Experience (DOVE)—a state-of-the-art recruitment management system that will improve communication between Peace Corps and applicants throughout the entire Volunteer lifecycle, reducing the time that applicants must wait to be accepted and assigned to a country. The DOVE system will also enhance the process that posts follow to request Volunteers and that the agency follows to invite

individuals to serve. The expected result is greater transparency and better management of applicant supply and demand—a critical system improvement.

Outcome Goal 4.2: Trainees assigned to serve overseas represent the diversity of Americans

The Peace Corps continues to prioritize the recruitment of under-represented groups to better reflect the face of America. While the recruitment and support of mid-career to age 50 and older applicants have been limited, the agency has made steady progress in attracting applicants from diverse ethnicities.

Performance Indicator Summary

	Performance Indicator	FY 2009 Target Met	FY 2010 Target Met	FY 2011 Target	Result	Target Met
4.1.1.a	Maximize the number of Volunteers serving annually based on available funding and the provision of support to ensure their optimal effectiveness	Yes	Yes	8,100	9,095	Yes
4.1.1.b	Number of trainees and skills sought annually are met	Yes	Yes	95%	96%	Yes
4.1.2.a	Redesign the Volunteer Delivery System and implement recommendations to improve its effectiveness	Yes	No	100%	N/A	No
4.1.2.b	Reduce the response time to applicants	No	No	80 days	172 days	No
4.2.1.a	Number of mid-career to age 50 and older applicants	Yes	No	1,900	1,361	No
4.2.1.b	Number of applicants of diverse ethnicities	Yes	Yes	2,300	2,912	Yes

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

Indicator 4.1.1.a: Maximize the number of Volunteers serving annually based on available funding and the provision of support to ensure their optimal effectiveness

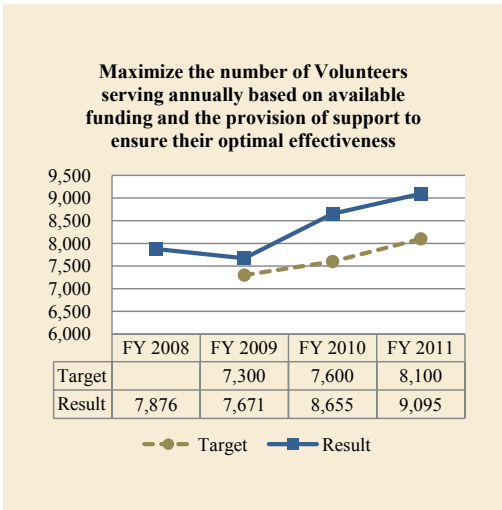
FY 2011 Target	Result	Target Met
8,100	9,095	Yes

Rationale: Host country partners consistently request additional Volunteers to serve in their countries. Maximizing the number of Volunteers serving annually, while considering available funding and the agency’s ability to provide quality Volunteer support, allows the Peace Corps to better meet host countries’ manpower and technical needs.

Discussion of Result: *The target was met.* At the end of FY 2011, 9,095 Volunteers were serving in posts across the world. Following the recommendations of the growth task force in FY 2010, the agency expanded programs and developed infrastructure to support higher numbers of Volunteers. While the scope of growth was scaled back in

FY 2011 in response to an unanticipated reduction in resources, the increased trainee inputs in FY 2010 and early FY 2011 will continue to produce a high number of Volunteers until they finish their normal tour of service. The agency is committed to providing a high level of support to the historic high number of Volunteers serving around the world.

Strengthening Future Performance: The number of Volunteers serving annually is largely based on Peace Corps’ annual appropriation. Given the uncertain budgetary climate, the agency has minimal control over improving performance on this indicator. In the future, additional indicators will be utilized to focus the agency on balancing the needed manpower and technical needs at posts with the available applicant pool. Such indicators will also measure appropriate support to Volunteers, including adequate site selection and preparation, training improvements, and provisions to ensure the health, safety, and security of Volunteers.



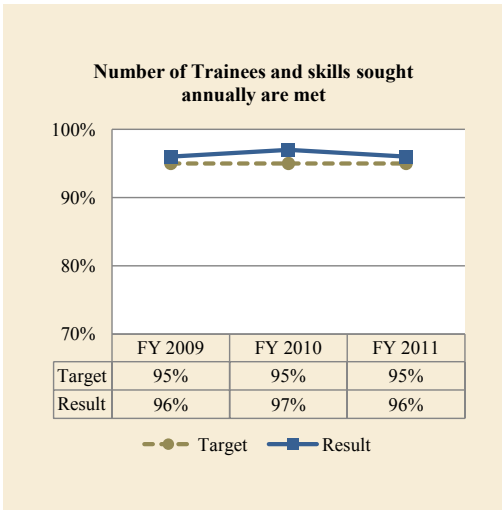
Data Source: Peace Corps Enterprise Database

Indicator 4.1.1.b: Number of Trainees and skills sought annually are met

FY 2011 Target	Result	Target Met
95%	96%	Yes

Rationale: The indicator measures both the quantity and type of trainees provided to overseas posts to ensure their technical needs are met.

Discussion of Result: *The target was met.* The agency responded to an anticipated increase in Peace Corps’ budget and an emphasis on quality growth with increased trainee requests in FY 2010 and the beginning of FY 2011. Strategic recruitment campaigns resulted in a high number of qualified applicants for assignments departing for host countries in FY 2011. When trainee requests were reduced in mid- to late-FY 2011 as a result of reduced funding, the supply of applicants for FY 2011 assignments far exceeded the demand for trainees in most assignment areas. The trainees and skills sought by posts were met in this performance year; however, the process of increasing and decreasing trainee requests caused shifts in recruitment campaigns, resulting in a high level of inefficiency in meeting the skill needs of posts. The drop in applications during the second half of FY 2011 was the result of reduced recruitment resources. Unless the trainee request process is normalized through a consistent funding level and recruitment resources are restored, the agency will face challenges in meeting this indicator in future years.



Strengthening Future Performance: This indicator is effective in measuring trainee supply; however, an additional indicator has been developed to set targets for trainee demand. A new indicator for FY 2012 will set trainee demand targets to efficiently and effectively balance trainee supply and demand.

Data Source: Peace Corps Enterprise Database

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

Indicator 4.1.2.a: Redesign the Volunteer Delivery System and implement recommendations to improve its effectiveness

FY 2011 Target	Result	Target Met
100%	N/A	No

Rationale: The indicator measures the implementation of the VDS process recommendations. When the implementation is completed, the efficiency and effectiveness of Volunteer request, recruitment, and selection functions will be improved.

Discussion of Result: *The target was not met.* This indicator prioritizes the redesign of VDS processes and ensures recommendations are implemented. Potential process changes were initially identified in FY 2008 and culminated in the creation of the VDS redesign project—a major change in technology and business processes designed to build a state-of-the-art recruitment and placement management system. As the project moves forward, some initial recommendations for VDS process changes are no longer relevant to the VDS project and the needs of the agency. Therefore, the indicator no longer measures the performance of the project. However, significant progress was made in FY 2011 on the VDS redesign project.

The contract for the redesign of VDS was awarded in the fourth quarter of 2010; in FY 2011, the Peace Corps Response application was developed. The application for Peace Corps Volunteers is currently undergoing user acceptance testing and will be production ready in early FY 2012.

The agency has awarded contracts for organizational implementation and technical training for staff on the operation of the new system.

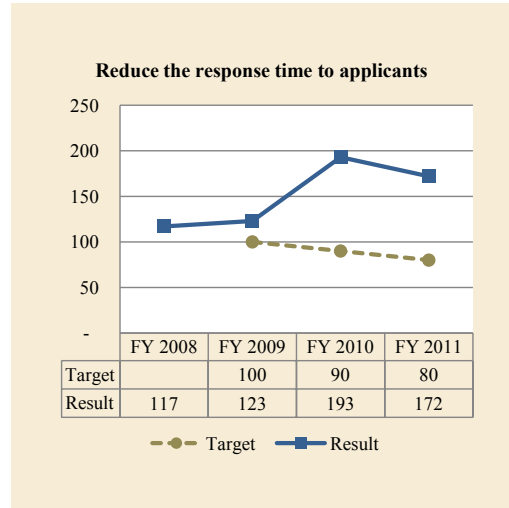
Strengthening Future Performance: As the VDS redesign project nears completion, a new indicator will track the effectiveness and efficiency of Volunteer recruitment functions.

Indicator 4.1.2.b: Reduce the response time to applicants

FY 2011 Target	Result	Target Met
80 days	172 days	No

Rationale: Responding to applicants quickly at all stages of the VDS ensures effectiveness by improving retention of applicants and efficiency by reducing congestion in the system.

Discussion of Result: *The target was not met.* This indicator measures the average number of days applicants wait for disposition from Peace Corps in the recruitment, medical, and placement review process. As noted last year, faulty methodology was used in originally setting the baseline targets for this indicator, resulting in overly aggressive targets based on poor data quality. Thus, the targets have not been met. Agency departments responsible for the recruitment, medical, and placement process set operational targets through improved reporting tools to reduce the response time to applicants. However, mid-year changes in the number of Volunteers requested by posts resulted in applicants waiting longer for their assignments.



Strengthening Future Performance: The baseline for future years will be established using an improved methodology. Additionally, the redesign of VDS through the DOVE project will streamline recruitment, medical, and placement review processes to reduce wait time and improve communication with applicants.

Data Source: Peace Corps Enterprise Database

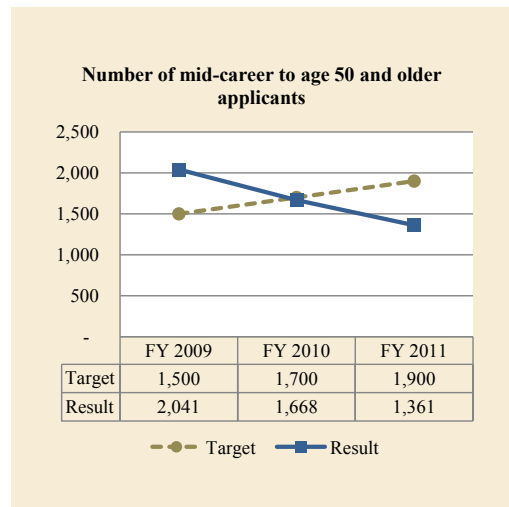
Performance Goal 4.2.1: Recruitment and Volunteer placement efforts reflect the diversity of Americans

Indicator 4.2.1.a: Number of mid-career to age 50 and older applicants

FY 2011 Target	Result	Target Met
1,900	1,361	No

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

Discussion of Result: *The target was not met.* In FY 2011, 1,361 mid-career to age 50 and older individuals applied for Peace Corps service, 11 percent of all applicants. Mid-career to age 50 and older applicants have different needs than the majority of Peace Corps applicants and require specialized recruitment and retention efforts. At the time this indicator was developed, recruitment of mid-career to age 50 and older individuals was a high priority. A reduction in resources and shifting agency priorities resulted in less attention being devoted to this initiative in FY 2011 than had been the case in previous years.



At the same time, in FY 2011, agency staff members took part in several conferences in order to attract mid-career professionals with specialized skills, including agriculture, forestry, and

Teachers of English to Speakers of Other Languages. The agency also signed a Memorandum of Understanding with AARP and participated in their annual conference in order to increase Peace Corps’ exposure to potential applicants age 50 and older.

Strengthening Future Performance: To account for fluctuating application numbers, the measure for this indicator will change to a percentage rather than an absolute number in future reports. This measurement change will provide the agency with more accurate performance data to inform decision making. The agency will also explore additional cost-effective methods for providing the unique support required for mid-career and age 50 and older applicants.

Data Source: Peace Corps Enterprise Database

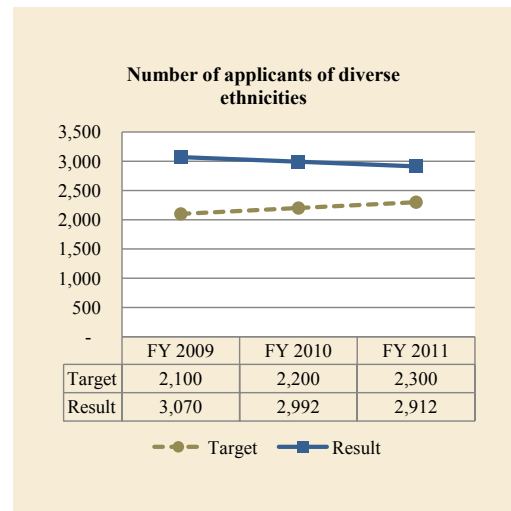
The oldest serving Volunteer at age 86 completed her service in Morocco earlier this year. Today the oldest serving Volunteer is an 84-year old man serving in Botswana.

Indicator 4.2.1.b: Number of applicants of diverse ethnicities

FY 2011 Target	Result	Target Met
2,300	2,912	Yes

Rationale: When more Volunteers of diverse ethnic backgrounds serve in Peace Corps, the agency more accurately reflects the diversity of America.

Discussion of Result: *The target was met.* The number of applicants of diverse ethnicities applying for Peace Corps service was 2,912—24 percent of all applicants. The agency continues to aggressively recruit individuals of diverse ethnicities. In FY 2011, the agency signed an additional Memorandum of Understanding with a minority educational institution and strengthened relationships with eight existing partners to increase awareness of Peace Corps among diverse populations. The agency also increased Masters International’s presence in Historically Black Colleges and Universities and Hispanic Serving Institutions and developed strategic recruitment contracts with these institutions including Morehouse College, Clark-Atlanta University, Spellman College, and Howard University. Diversity recruitment staff members at headquarters and the nine regional recruitment offices continue to develop innovative strategies for recruiting diverse individuals.



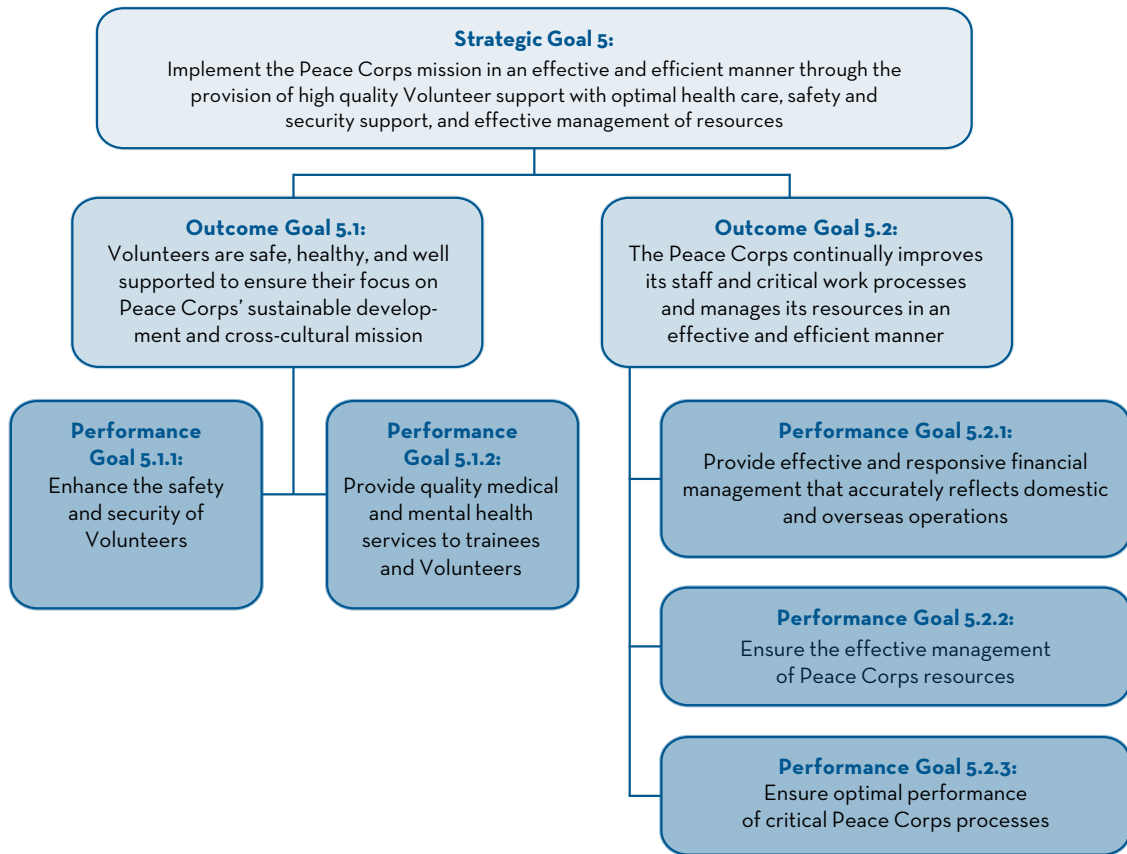
While the target for applicants of diverse ethnicities is consistently met, the retention of diverse applicants from application to Volunteer enter-on-duty remains a challenge and will require a more hands-on approach to communicate and support these applicants.

Strengthening Future Performance: To account for fluctuating application numbers, the measure for this indicator will change to a percentage rather than an absolute number in future reports. To address the challenge of retaining applicants of diverse ethnicities, a new applicant retention indicator will be utilized to set targets for overall retention.

Data Source: Peace Corps Enterprise Database

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

Performance Management Framework



Performance Summary:

The agency met the performance indicators for the provision of health care and met almost all of the indicators for management effectiveness. In the area of safety and security, the Peace Corps did not meet several of the performance targets. Nevertheless, the agency took decisive steps to institute critical reforms and new policies and practices to protect Volunteers.

Outcome Goal 5.1: Volunteers are safe, healthy, and well supported to ensure their focus on Peace Corps' sustainable development and cross-cultural mission

The security risks associated with being a Volunteer have changed dramatically since the inception of the Peace Corps and the agency's policies and practices continued to evolve in FY 2011 to adjust to these shifts. The agency has implemented most of the recommendations of the Inspector General for improving Volunteer safety and security. In addition, the agency's guidelines for responding to victims of rape and sexual assault were revised, new training was implemented, and the agency's first Victim Advocate was hired. These reforms reflect the agency's emphasis on a victim-centered approach whenever a Volunteer is a victim of sexual assault or when there are other safety and security incidents.

Significant reforms to the way in which health services are provided to Volunteers continued to be implemented this year. Among other actions, the agency established a health care Quality Assurance Council to oversee the delivery of medical and mental health services to Volunteers.

Outcome Goal 5.2: The Peace Corps continually improves its staff and critical work processes and manages its resources in an effective and efficient manner

This fiscal year the agency implemented several operational reforms recommended by the Comprehensive Agency Assessment. A country portfolio review process was conducted to better inform decisions by headquarters on allocating resources to each post. As a result, key stakeholders collaborated to make informed resource allocation decisions. All the agency's operating units have documented practices in three major areas of resource management.

Performance Indicator Summary

	Performance Indicator	FY 2009 Target Met	FY 2010 Target Met	FY 2011 Target	Result	Target Met
5.1.1.a	Percentage of Volunteers reporting that their safety and security training is adequate or better	Yes	Yes	95%	95%	Yes
5.1.1.b	Percentage of posts having their safety and security plans reviewed annually by Peace Corps safety and security officers	No	Yes	33%	28%	No
5.1.1.c	Percentage of posts that implement critical recommendations focused on Volunteer/trainee safety and security on a timely basis	No	No	100%	79%	No
5.1.1.d	Percentage of Volunteers reporting they feel "usually safe" or "very safe" where they live and work	No	No	90%	79%	No
5.1.2.a	Percentage of Volunteers rating their satisfaction with health care received from Peace Corps medical officers as adequate or better	Yes	Yes	90%	93%	Yes

5.1.2.b	Percentage of Volunteers reporting the emotional support they received from Peace Corps staff as adequate or better	Yes	Yes	80%	80%	Yes
5.1.2.c	Percentage of Volunteers reporting adequate or better support in coping with stress issues such as food insecurity, HIV/AIDS and other stressors in their community	Yes	Yes	70%	74%	Yes
5.2.1.a	Percentage of posts and headquarters offices managing resources within approved budgets and operational plans	No	No	95%	85%	No
5.2.1.b	Percentage of posts and headquarters offices annually reviewing resource management ratios for improvement	No	No	95%	100%	Yes
5.2.2.a	Percentage of post projects engaging host country officials in their formulation and implementation	No	Yes	95%	96%	Yes
5.2.2.b	Percentage of posts and headquarters offices with documented personnel practices that include staff development, performance management, and awards and recognition policies	No	No	90%	100%	Yes
5.2.3.a	Annually review, streamline, and implement improvements to at least one agency critical work process	Yes	Yes	Y/N	Achieved	Yes

Performance Goal 5.1.1: Enhance the safety and security of Volunteers

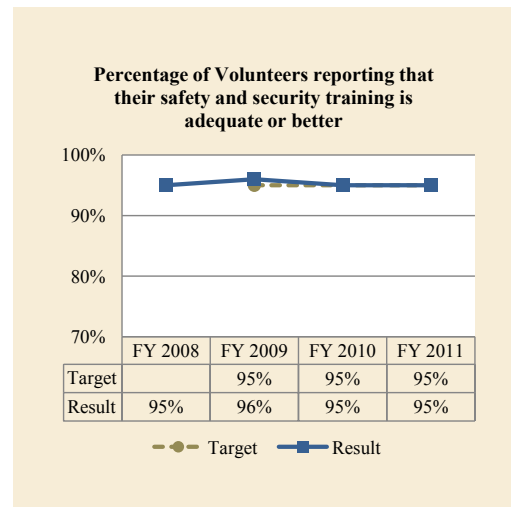
Indicator 5.1.1.a: Percentage of Volunteers reporting that their safety and security training is adequate or better

FY 2011 Target	Result	Target Met
95%	95%	Yes

Rationale: Volunteers’ reporting their safety and security training as adequate or better indicates they are aware of cross-cultural issues related to personal safety, in-country risks and ways to mitigate those risks, and reporting procedures should a crime occur.

Discussion of Result: *The target was met.* Over the last three years, Volunteers have indicated high satisfaction with their safety and security training.

In FY 2011, the agency rewrote the training program, making the information more relevant and up-to-date. The new training includes sessions on sexual assault awareness, risk reduction strategies, agency reporting and response protocols,



and bystander intervention. Staff training was completed in 2011 and all incoming Volunteers will receive the new training in 2012.

Strengthening Future Performance: The agency revised this indicator for future performance. In order to ensure the highest quality training in the future, the Peace Corps will measure the percentage of Volunteers who report their safety and security training is effective or very effective, instead of the lesser standard of adequate or better.

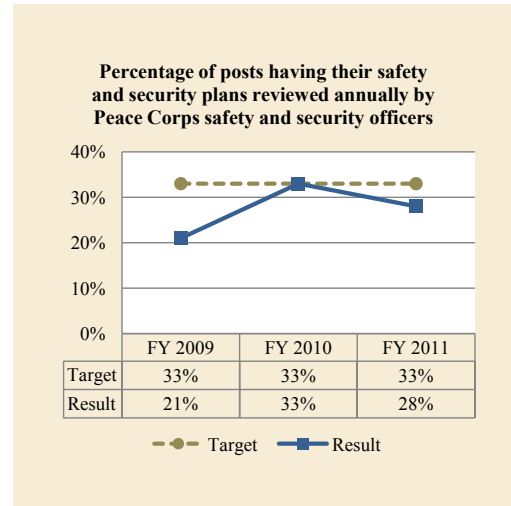
Data Source: Annual Volunteer Survey

Indicator 5.1.1.b: Percentage of posts having their safety and security plans reviewed annually by Peace Corps safety and security officers

FY 2011 Target	Result	Target Met
33%	28%	No

Rationale: Reviewing a post’s safety support plan ensures that Peace Corps staff are knowledgeable about the current safety conditions of the country and Peace Corps systems are implemented in accordance with agency policy.

Discussion of Result: *The target was not met.* Regional Peace Corps safety and security officers reviewed the safety and security plans at 19 posts in FY 2011, representing 28 percent of posts. Agency policy describes the basic components of the Volunteer safety support system that each overseas post is required to maintain including: site selection, preparation and monitoring; incident management; training; and emergency planning and communication. The complete review of a post’s plan involves multiple activities, not all of which can be completed in a single visit. Some posts only received a partial review of their safety and security plans; as a result, the indicator was not met. However, final review activities are scheduled for FY 2012 to complete the reviews.



Strengthening Future Performance: A revised indicator will measure the entire safety and security system at a post, rather than just the safety and security plan. By refocusing the indicator on the system, safety and security officers will review a broader scope of post activities and the effectiveness of their implementation related to Volunteer safety.

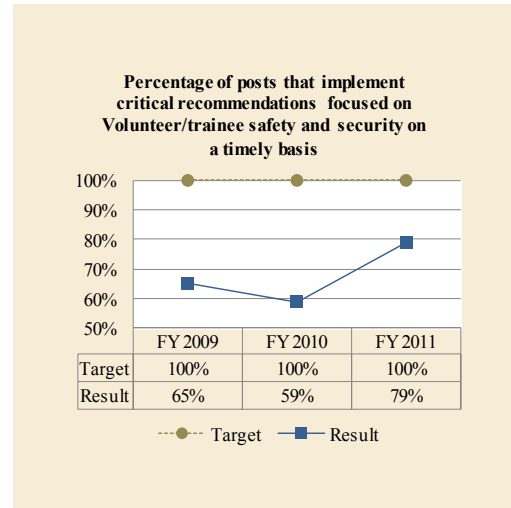
Data Source: Office of Safety and Security

Indicator 5.1.1.c: Percentage of posts that implement critical recommendations focused on Volunteer/trainee safety and security on a timely basis

FY 2011 Target	Result	Target Met
100%	79%	No

Rationale: Following the review of a post’s safety and security systems, it is essential that posts implement the critical recommendations generated from the review in order to protect the Volunteers.

Discussion of Result: *The target was not met.* The review of safety and security plans generated 105 recommendations at 19 posts; 79 percent of posts implemented all of the critical recommendations due this year. Some posts reported that implementation was taking longer than the allotted time due to in-country conditions. In other cases, posts will implement the recommendations once they receive additional funding. In addition, a few posts recently hired safety and security coordinators (the key staff person responsible for implementing the recommendations) to fill vacated positions.



This year Peace Corps recognized methodological errors in the calculation of the data for this indicator in FY 2009 and FY 2010. In FY 2009, the agency reported the percentage of critical recommendations implemented, not the percentage of posts that implemented the critical recommendations. For FY 2010, the agency reported all recommendations, not solely those due in FY 2010.

As a result, the agency revised the percentages reported in FY 2009 and 2010. In FY 2009, 65 percent of posts implemented the critical recommendations due that fiscal year. In FY 2010, 59 percent of posts implemented the critical recommendations due that fiscal year.

Strengthening Future Performance: For FY 2012, this indicator has been revised to measure the percentage of all critical recommendations marked for implementation in a specific fiscal year, rather than the percentage of posts implementing them. The timely implementation of critical recommendations is a high priority for the agency.

Data Source: Office of Safety and Security and overseas posts

Indicator 5.1.1.d: Percentage of Volunteers reporting they feel “usually safe” or “very safe” where they live and work

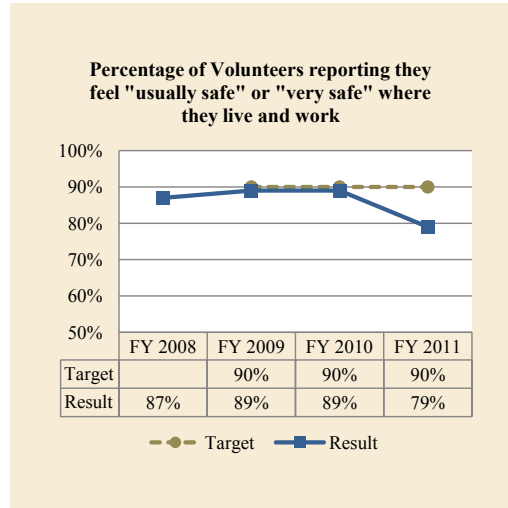
FY 2011 Target	Result	Target Met
90%	79%	No

Rationale: Volunteers reporting that they feel safe where they live and work demonstrates appropriate site development, adherence to agency policies, and satisfactory safety and security training.

Discussion of Result: *The target was not met.* Volunteers’ sense of personal security remained constant over the past three years, but dropped this year to 79 percent. Volunteers’ perception of their own safety at home and work is based on several factors such as site development, safety and security training, the acquisition of language skills, and integration into local communities.

This year the agency made significant improvements in how posts implement these aspects of Volunteer service, such as improved standard operating procedures for many critical elements of safety and security and standardized training for staff and Volunteers.

The agency is responsible for adequately selecting and preparing Volunteer sites to ensure that there is a job, a work counterpart, and a community that wants to work with a Volunteer to promote their development objectives. The agency is also responsible for training Volunteers and equipping them with the skills to enable them to integrate into the community and develop respectful relationships.



However, Volunteer perceptions of personal safety are also based on events outside the control of the Peace Corps. These factors include civil strife within the host country as well as global events and activities in the United States. Throughout the year, significant media attention was given to safety and security concerns within the agency and two Volunteer homicides within the last 30 months. While other Volunteers were not at increased risk due to either of these factors, these events may have increased Volunteers' perception of insecurity. One potentially positive result of the increased public attention to safety and security is that some Volunteers who might otherwise have been complacent about this issue in the past may be more alert to any potential risks.

Strengthening Future Performance: This indicator has been revised to raise the performance level. The indicator will measure the percentage of Volunteers who report they feel "more than adequately safe" or "very safe" where they live and work.

Data Source: Annual Volunteer Survey

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

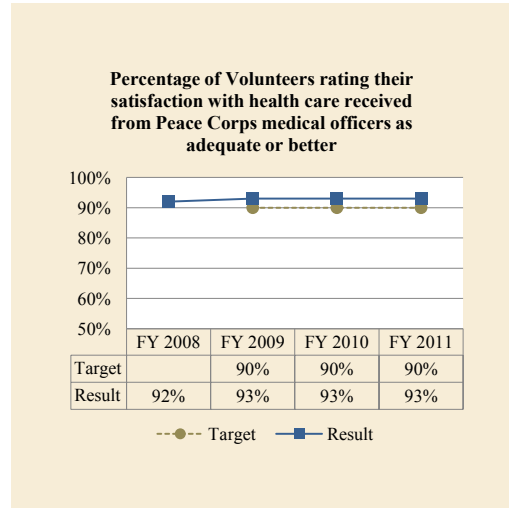
Indicator 5.1.2.a: Percentage of Volunteers rating their satisfaction with health care received from Peace Corps medical officers as adequate or better

FY 2011 Target	Result	Target Met
90%	93%	Yes

Rationale: Volunteers reporting on their satisfaction with the health care they receive from Peace Corps medical officers is one important measure of the quality of medical and mental health care being provided by the Peace Corps.

Discussion of Result: *The target was met.* Peace Corps medical officers are the primary caregivers of medical and mental health services to Volunteers. The high level of Volunteer satisfaction with medical officers is a result of the agency's sustained focus on maintaining an up-to-date high quality of medical services. The agency implemented several strategies in FY 2011 to enhance Volunteer medical support, including:

- Establishment of the health care Quality Assurance Council comprised of agency leaders and co-chaired by the Director and Deputy Director
- Improvement in the hiring, training, and evaluation process for medical officers
- Enhanced clinical oversight of medical officers
- Implementation of an email box so Volunteers can email quality improvement nurses based at Peace Corps headquarters if they have concerns with their health care. Concerns are investigated and steps are taken to resolve issues.
- Completion of cost-benefit analyses to determine the most effective methods to deliver health care to Volunteers



Each agency unit responsible for providing health care support to Volunteers is held accountable by performance indicators designed to improve health care delivery. Progress is reviewed at monthly meetings and actions are identified to address the issues.

Strengthening Future Performance: The agency will continue to improve medical and mental health services to trainees and Volunteers under the guidance of the Quality Assurance Council.

Data Source: Annual Volunteer Survey

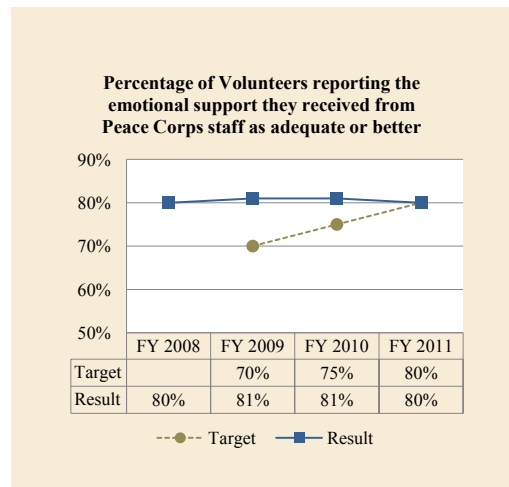
Indicator 5.1.2.b: Percentage of Volunteers reporting the emotional support they received from Peace Corps staff as adequate or better

FY 2011 Target	Result	Target Met
80%	80%	Yes

Rationale: A high level of satisfaction indicates quality mental health services are being provided to Volunteers.

Discussion of Result: *The target was met.* All agency staff members are responsible for providing emotional support to Volunteers, including country directors, program managers, and medical officers. Volunteers consistently rate the emotional support received from staff as adequate or better. The agency continues to drive performance in this area by improving the curriculum for staff training. Medical officers are trained through continuing medical education sessions and medical overseas staff training on how to work with and provide support for Volunteers from diverse backgrounds and with different personalities.

The agency sends headquarters-based counselors to posts when major events require additional Volunteer support. Specialized



The Department of State’s International Visitors Leaders Program partnered with the Peace Corps in September 2011 to honor outstanding participants from 51 Peace Corps countries by inviting those 51 outstanding leaders to the United States and Peace Corps Headquarters.

support is provided by the agency’s Victim Advocate, a new position created in FY 2011 to support Volunteers who are victims of crime.

Volunteers also provide emotional support for their peers through agency-initiated peer support networks.

Strengthening Future Performance: In FY 2012, training on providing emotional support to Volunteers will be expanded to country directors, program managers, and other key staff at post.

Data Source: Annual Volunteer Survey

Indicator 5.1.2.c: Percentage of Volunteers reporting adequate or better support in coping with stress issues such as food insecurity, HIV/AIDS and other stressors in their community

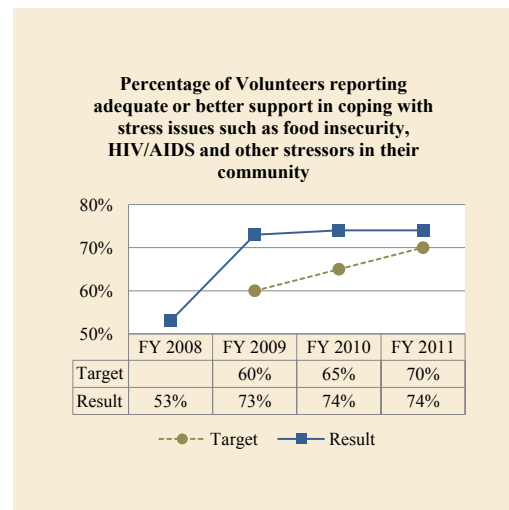
FY 2011 Target	Result	Target Met
70%	74%	Yes

Rationale: Peace Corps Volunteers reporting they receive support in coping with the stresses encountered during Peace Corps service indicates that Peace Corps staff is providing quality medical and mental health care.

Discussion of Result: *The target was met.* Volunteers encounter several stressors while living and working in their communities. The agency has met this indicator for the last few years by providing direct support to Volunteers having difficulty dealing with stressors. This role is fulfilled by medical officers and counseling staff and by training Volunteers on appropriate coping mechanisms at pre-service and in-service trainings.

The agency has improved the direct support it provides by:

- Locating accredited mental health consultants in host countries to provide direct counseling support in the field
- Including more sexual assault content in medical officer continuing medical education sessions
- Improving the site evaluation process by properly screening a site for major stressors and preparing the community for the joint responsibilities of hosting a Volunteer
- Identifying countries where individuals with mental health conditions can be best supported by analyzing the stressors and the support and facilities available in each country



Strengthening Future Performance: For future performance, this indicator will capture Volunteer responses regarding coping with a larger group of stressors, including the stress of living and working in their communities.

Stressors like working with counterparts and harassment consistently rank higher than food insecurity and HIV/AIDS stress. Expanding the indicator to include all stress associated with the Volunteer experience will provide a more robust view of the support provided by the agency. The Annual Volunteer Survey also provides responses on individual stressors.

Data Source: Annual Volunteer Survey

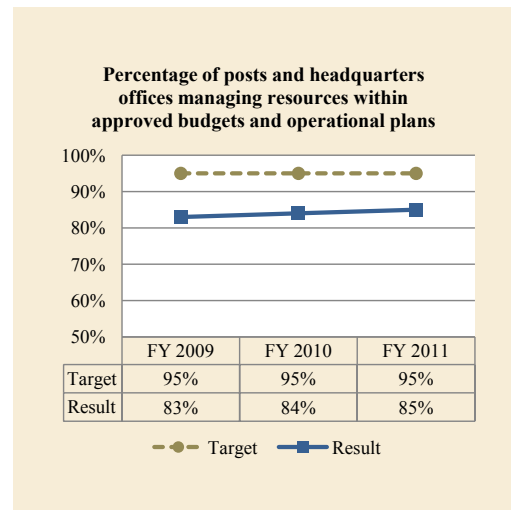
Performance Goal 5.2.1: Provide effective and responsive financial management that accurately reflects domestic and overseas operations

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

FY 2011 Target	Result	Target Met
95%	85%	No

Rationale: By managing financial resources within approved budgets and operational plans, the Peace Corps demonstrates effective financial management.

Discussion of Result: *The target was not met.* In FY 2011, the agency did not initially anticipate as constrained a fiscal environment as it experienced once the final appropriation passed. At that point, agency leadership worked with headquarters offices and posts to adjust their operating plans accordingly. The agency was ultimately appropriated a budget that was almost \$26 million lower than FY 2010, a dramatic shift from the prior fiscal year’s increase of \$60 million. Additionally, FY 2011 funds were appropriated seven months into the fiscal year, requiring posts and offices to again adjust their operating plans within the remaining five-month timeframe.



Strengthening Future Performance: Agency leadership will work with regions, posts, and domestic offices to identify planned reductions or additions to the appropriated budget as early in the fiscal year as possible, thereby mitigating fluctuating adjustments to operating plans.

Data Source: Peace Corps Enterprise Database

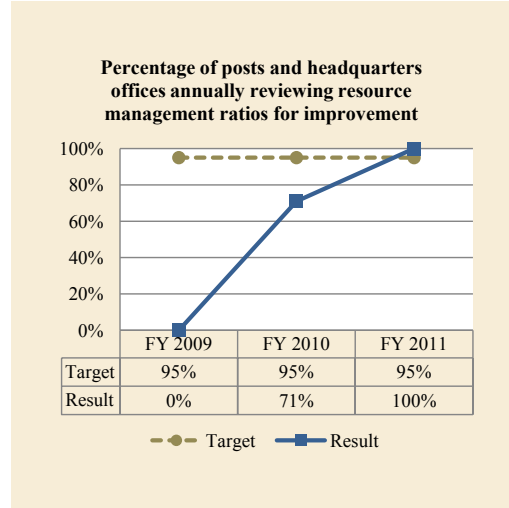
Indicator 5.2.1.b: Percentage of posts and headquarters offices annually reviewing resource management ratios for improvement

FY 2011 Target	Result	Target Met
95%	100%	Yes

Rationale: Annual reviews of resource management ratios demonstrate a focus on effective and accurate financial management.

Discussion of Result: *The target was met.* The indicator has been fully implemented. Resource management ratios for each post and headquarters office have been built into the agency’s new financial resource management software. Development and review of the management resource ratios are now standard operating procedure through the financial management software.

Strengthening Future Performance: In light of this achievement, the agency will no longer measure this indicator. A new indicator will measure the degree to which the tasks and activities funded by the agency are those that support achievement of the agency’s mission through the Integrated Planning and Budget System.



Data Source: Peace Corps Enterprise Database

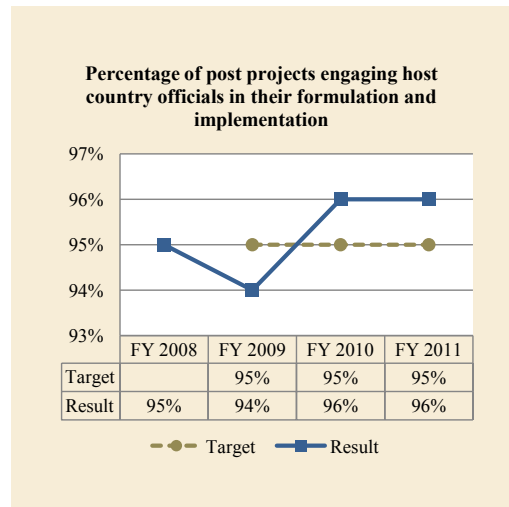
Performance Goal 5.2.2: Ensure the effective management of Peace Corps resources

Indicator 5.2.2.a: Percentage of post projects engaging host country officials in their formulation and implementation

FY 2011 Target	Result	Target Met
95%	96%	Yes

Rationale: Host country participation in the project design and implementation demonstrates a committed partnership between Peace Corps and the host country to work in areas that most meet the host country needs.

Discussion of Result: *The target was met.* Nearly all posts (96 percent) engaged host country officials in formulating and implementing projects, signifying a strong and continuing collaboration to meet the technical needs of host countries. The agency first establishes this relationship with each host country by signing a Memorandum of Understanding prior to the entry of Volunteers. The most common strategies that posts employed to maintain this collaboration were national-level meetings and Project Advisory Committees, which engage host country partners with post staff and Volunteers to ensure dialogue throughout the life of a project. Several posts also held local or regional meetings in order to collect cross-sectional input, understand competing interests, and gain insight into the unique needs of different communities.



Strengthening Future Performance: Due to consistently high performance in this area, this indicator will be replaced with a new indicator to focus on improving performance in the area of resource allocation. The management of financial and Volunteer resource allocations through a standardized country portfolio review process will contribute to ever more effective and better informed management of the agency’s limited resources.

Data Source: Overseas posts

Indicator 5.2.2.b: Percentage of posts and headquarters offices with documented personnel practices that include staff development, performance management, and awards and recognition policies

FY 2011 Target	Result	Target Met
90%	100%	Yes

Rationale: The documentation of staff development policies, awards and recognition policies, and transparent personnel practices for post and headquarters staff demonstrate the agency’s ability to effectively manage its human capital.

Discussion of Result: *The target was met.* A significant achievement was reached this year as all operating units are now covered by standardized personnel practices.

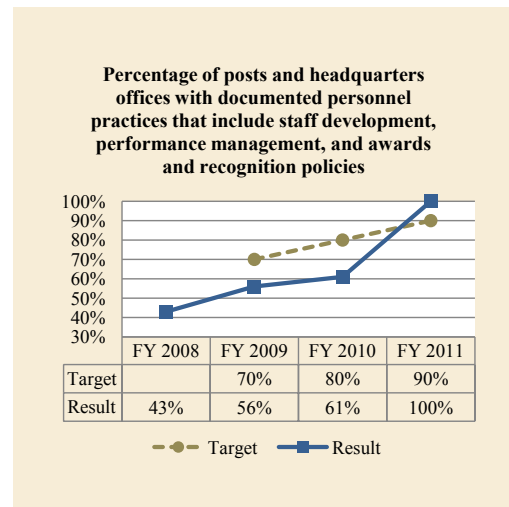
The dramatic increase in performance on this indicator is due to the development of the *Overseas Staff Handbook*, which established personnel standards for all staff working at posts. This key achievement is the result of a concerted effort that began in the Strategic Plan Quarterly Performance Reviews and led to an important collaboration between Global Operations and Management Offices.

The agency also revised the policy on the incentive awards program. The policy details the agency’s program for providing monetary awards to high-performing employees.

All of the agency’s operating units now have documented practices in three major areas of human resource management: staff development, performance management, and awards and recognition policies.

Strengthening Future Performance: Due to the significant progress achieved during FY 2011 in clarifying personnel policy for all headquarters and overseas staff, the agency will raise the performance level for this indicator. The new indicator will shift the agency’s focus from having written personnel policies to measuring the degree to which the policies are put into practice. The selected benchmarks for this indicator will center on transparent staffing policies and procedures, including new employee orientation at both the agency and post levels, and mid-year and annual employee performance reviews for all post and headquarters staff.

Data Source: Headquarters offices



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

Indicator 5.2.3.a: Annually review, streamline, and implement improvements to at least one agency critical work process

FY 2011 Target	Result	Target Met
One critical process	Achieved	Yes

Rationale: An annual review and improvement of a mission critical work process indicates that the agency regularly monitors itself to ensure optimal performance.

Discussion of Result: *The target was met.* The agency's annual Integrated Planning and Budgeting System (IPBS) was redesigned as part of a performance improvement initiative undertaken in FY 2011. The IPBS process is the agency's primary program and resource management planning mechanism. In response to post feedback and findings from the Comprehensive Agency Assessment, the agency redesigned the guidance that instructs headquarters offices and posts to strategically plan future operations and allocate resources based on current budget realities and agency initiatives.

In FY 2011, the agency issued its first IPBS pre-guidance to posts, which provided tools and suggested data sources for developing an IPBS submission. The revised guidance was more strategic in nature, sharpening the focus on critically analyzing and considering financial and programmatic improvements to post operations. The guidance to headquarters office was also redesigned. Each Peace Corps' operating unit developed a strategic plan and logical framework model to construct its office's three-year vision and to guide work activities. Finally, the IPBS review and feedback process was formalized to ensure transparency and interactivity among all stakeholders.

Overall, the redesign of the IPBS process solidified the agency's commitment to improving its programs by creating a mechanism for assessing effectiveness and efficiency at the post and office level. The process improvement allows the agency to carry out its planning and budget functions in a more strategic and participatory manner that stresses accountability at all levels.

Strengthening Future Performance: To strengthen the monitoring of this indicator in future years, the mission-critical process will be chosen prior to the completion of the Strategic Plan Quarterly Performance Review in the first quarter of the fiscal year. Offices identified as responsible entities will be responsible for the fiscal year scope of work and for reporting on its review and implementation progress.

Data Source: Office of Strategic Information, Research and Planning



Program Evaluation

Introduction

Evaluating Volunteer impact abroad and at home is a high priority for the agency. In FY 2011, the Peace Corps conducted evaluations at a variety of levels within the agency. The specific purposes of these evaluations varied, but they were similar in that they were designed to encourage data-driven decision making and the dissemination of best practices.

In FY 2011, the agency conducted the following evaluations:

- Annual Country Portfolio Review
- Annual Volunteer Survey
- Host Country Impact Studies
- Headquarters and Post Program Evaluations
- Program Evaluations by Office of Inspector General

Annual Country Portfolio Review

The Peace Corps completed an inaugural Country Portfolio Review in the first quarter of FY 2011. The agency used the review to inform decisions about country phase-outs, as well as the allocation of Volunteers among regions and within each region. Data were collected in areas such as country needs, safety and security, and host country commitment and engagement.

The Country Portfolio Review responds to a recommendation in the FY 2010 Comprehensive Agency Assessment to “Target resources and country presence across countries according to specific country selection criteria to maximize grassroots development impact and strengthen relationships with the developing world.” The assessment recommended that the portfolio review take place prior to the start of the annual planning and budgeting cycle and be used to inform, in one integrated process, decisions on potential new country entries, possible country phase-outs, as well as the allocation of Volunteers.

This annual review has now been integrated into Peace Corps’ standard operating procedures. The agency’s Annual Performance Plan for FY 2012 includes a performance indicator linked to the review.

Annual Volunteer Survey

The Annual Volunteer Survey (AVS) is the agency’s primary vehicle for ensuring that the voice of the Volunteer is heard at headquarters. The results help the agency assess progress toward its goals and identify needed improvements. The global response rate for the FY 2011 survey was a historically high 86 percent.

The AVS asks Volunteers to assess the impact of their work; the effectiveness of their Peace Corps’ training, in-country staff support, and their personal health and safety; and their overall satisfaction with their Volunteer service. In FY 2011, the AVS included an expanded set of safety and security questions and new questions about the materials and activities that helped prepare Volunteers for service before they left home.

Each year, the results of the survey provide the agency with critical insights into Volunteers' views. Analysis of the results is used for multiple purposes, including identifying trends and best practices, as well as successful programs and areas for improvement.

In FY 2011, the agency continued to expand the ways in which the information collected from the survey was disseminated to policymakers, program managers at headquarters and in the field, and to the Volunteers. A series of presentations on the FY 2010 survey findings emphasized the following key components of successful service:

1. Work that meets community needs
2. Well-prepared sites (locations where Volunteers live and work)
3. Productive relationships with host country counterparts
4. Targeted technical and language training
5. Feedback on Volunteers' work reports

Improving these components of service supports the findings of the Comprehensive Agency Assessment as steps for strengthening Goal One.

Findings

Most Volunteers confirmed that their overall Peace Corps service was personally rewarding and that their training and support helped prepare them to stay safe, healthy, and actively engaged in their primary assignment and secondary project activities. Findings on key variables follow:

Overall Volunteer Satisfaction

- 72 percent of the Volunteers expressed overall satisfaction with their Peace Corps service.
- 68 percent of the Volunteers found their experiences with host country individuals to be very rewarding.

Meeting the Challenges of Peace Corps Service

- Almost all (97 percent) of the Volunteers reported that they were adequately or better prepared to meet the challenges of Peace Corps Service.
- More than half (58 percent) of the Volunteers felt very integrated into their communities.
- About one in five Volunteers mentioned considerable stress as a result of the challenges associated with their primary assignments, their work with their host country counterparts/community partners, and the isolation/loneliness at their sites.

Actions Taken

Posts used the AVS results to identify needed program improvements, inform their annual planning process, and initiate a dialogue with Volunteers about how to ensure that Volunteers have a productive and rewarding service experience.

Based on AVS trends over time, the Peace Corps developed a new performance indicator on Volunteers' satisfaction with staff support for site selection and preparation in order to better monitor Volunteer feedback on whether the people in their community are prepared for and committed to working with Volunteers.

Host Country Impact Studies

In FY 2011, the Peace Corps continued the series of Host Country Impact Studies initiated in FY 2008. These country-specific impact evaluations measure how effectively Volunteers' activities are meeting two of the agency's three goals: Goal One –“To help the people of interested countries in meeting their need for trained men and women,” and Goal Two –“To help promote a better understanding of Americans on the part of the peoples served.”

The evaluations provide agency managers with an independent assessment of Peace Corps' programs. The studies are conducted by teams of host-country researchers who interview local counterparts, host families, and beneficiaries who lived and worked with Volunteers. The interviewers ask host country individuals for their views on the changes that have occurred within their communities as a result of the work of Volunteers, as well as the degree to which local needs were met and changes were sustained. They also ask about host country individuals' changes in opinion about Americans. This approach ensures that the information about the impact of Volunteers' work is gathered from the most direct source: the individuals who worked and/or lived with Volunteers.

Peace Corps' cutting-edge program of Host Country Impact Studies is significantly enhancing the agency's capacity to document its results for Goals One and Two. In just a short time, the impact studies have become an important tool that enhances the decision-making process used to allocate Volunteers and other resources within countries and they provide information from a previously untapped source to help make decisions. The impact evaluations have led to change in post administration of Volunteer training and program design.

Findings

The FY 2011 study in Cape Verde was completed. Additional FY 2011 studies in Ghana, El Salvador, and Paraguay are underway and will be finalized in FY 2012. In addition, six studies that started last year were completed in FY 2011 (Botswana, Fiji, Peru, the Philippines, Thailand, and Togo).

A total of 3,083 local stakeholders have been interviewed since the studies were first launched, including 1,606 host country individuals in the seven countries in which studies were completed during FY 2011. The studies confirm that those closest to Peace Corps' work—local community members—believe Volunteers are accomplishing Goal One of the agency.

Volunteers strengthened host country individuals' technical capacity, according to 86 percent of the individuals interviewed in FY 2011. Seventy-seven percent of the host country respondents said they use new skills learned from the Volunteers daily or weekly in their work; 83 percent use the new skills daily or weekly in their personal lives.

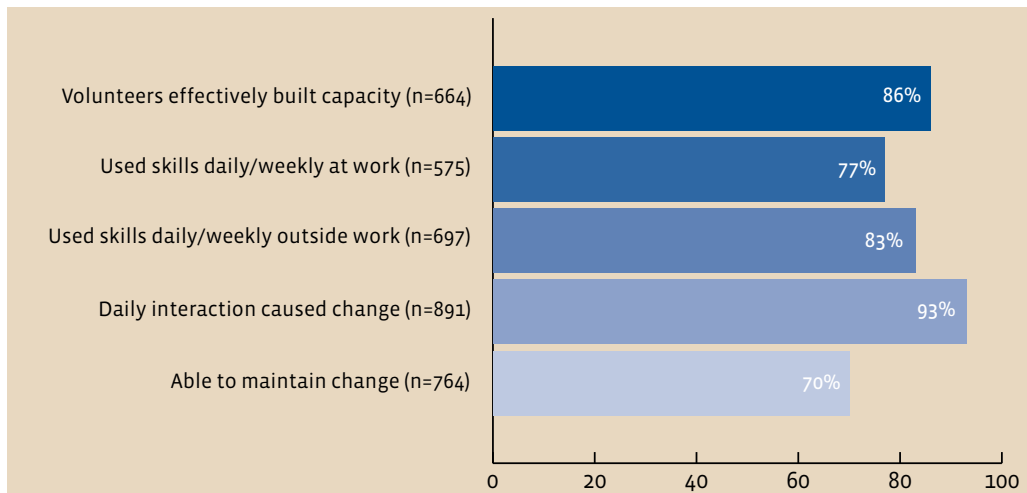
Ninety-three percent attributed the positive changes and new skills capacity building to their daily interaction with the Volunteer and reported the changes were largely-to-completely sustained after the Volunteers left (70

percent). Ninety-three percent were satisfied with the Volunteers’ work and overwhelmingly want to work with a Volunteer again (97 percent).

Teachers in the Philippines basic education program studied this year described the impact of working with Volunteers. The teachers had access to more classroom resources (96 percent), such as books and teaching aids, and witnessed increased confidence and greater competence in their students’ English speaking skills (96 percent). Volunteers introduced interactive, student-centered teaching methods and 87 percent of teachers participating in the project adopted these methods.

Teachers reported they are not only using new teaching methods and feeling more confident in their work, but that they have adopted a new set of values in their personal lives, including better time management. Students reported that after working with a Volunteer, they wanted to “become somebody” and felt more motivated to study.

Impact of Volunteers on Goal One Indicators



The studies also demonstrated that Volunteers are accomplishing Goal Two: improving understanding of Americans among the people in the countries where they work. Ninety percent of the people participating in the studies completed in FY 2011 reported gaining a more positive view of Americans after interacting with Volunteers. The sustained interaction between Volunteers and host country nationals led to significant gains in improved understanding (87 percent).

Participants in the Philippines described how their opinions of Americans changed from viewing Americans as powerful military or colonial rulers to seeing them as hard-working, kind people who are not materialistic and who value family. Reasons listed for the increased positive opinions included: “the Volunteers’ demeanor and personality, being hard-working, friendly, and sociable [and] being willing to adapt to local Filipino culture.” Students’ responses indicated that their Volunteer’s attitude had changed their opinions. The students said the Volunteers were approachable, friendly and kind during and outside of class and, as a result, students reported they had learned that Americans are caring and non-judgmental.

Monitoring and Evaluation Training

In FY 2011, the agency moved to strengthen its program evaluation capacity through an increased emphasis on monitoring and evaluation training for Volunteers, staff, and partners.

Posts

Ninety-one percent of the posts provided some training in monitoring and evaluation to Volunteers, primarily during their pre-service training. Fifty-six percent of posts provided monitoring and evaluation training to staff and 53 percent provided this training to counterparts or project partners.

The training provided by posts to Volunteers, staff, and partners included sessions on the use and benefits of monitoring and evaluation (81 percent), how to collect data (76 percent), and how to use project indicators (75 percent). Other topics included how to report on findings (60 percent), collecting baseline data, and using participatory monitoring and evaluation techniques (50 percent each). In FY 2011, monitoring and evaluation training was a typical part of Project Design and Management workshops that many posts held for Volunteers and their community counterparts.

Volunteers are key to collecting project level information since they work with communities on a daily basis. They provide a significant portion of the project data used by managers at posts and headquarters to make decisions. In order to increase Volunteers' ability to demonstrate the results of their work, the agency prepared a monitoring and evaluation training package for all Volunteers. This training supports the agency's Focus In/Train Up strategy, a key recommendation of the 2010 Comprehensive Agency Assessment. The training courses were introduced at regional conferences and will be used by all posts in FY 2012.

The training provides a standard curriculum that all posts will use to train Volunteers. The monitoring and evaluation training package builds the capacity of Volunteers to accurately measure and report the results of their work with community partners at the grassroots level. In addition, the training allows Peace Corps staff at posts and headquarters to have confidence in stating the impact of agency programs.

Headquarters

Staff in five of the 23 headquarters offices attended monitoring and evaluation training during FY 2011. The training covered data collection methods, survey design, data analysis and data analysis software, and the principles of monitoring and evaluation.

Program Evaluations Conducted by Posts

Peace Corps continually works to increase the effective use of evaluation at its posts. In FY 2011, posts participated in primarily two types of evaluations: project reviews and impact studies.

Project reviews normally assess whether a project is operating as intended and if it is meeting community needs. These process evaluations are requested by the posts and conducted by headquarters technical staff and post staff

at the mid-point in the five-year project cycle. In FY 2011, a number of posts were asked to review their projects in anticipation of implementation of the comprehensive assessment's recommendation to focus the agency's efforts on a limited and targeted number of specific technical interventions.

Impact studies provided an independent assessment of the agency's programs to determine whether projects were meeting their intended outcomes.

Findings

Fifty-one percent of posts (35) conducted project reviews in FY 2011 and most (31) were conducted by post staff. Headquarters staff assisted 16 posts with their reviews. They recommended revisions to project objectives and indicators to narrow the project's focus and better target community needs or match Volunteers' skills. In several cases, the project reviews recommended merging or eliminating projects.

Sixteen percent of posts (11) conducted an impact study. Seven posts participated in the Host Country Impact Studies and four posts (China, Ecuador, Georgia, and Guatemala) conducted their own impact evaluations. The majority of posts found that their projects met their project goals.

Actions Taken

Posts used the findings of these evaluations to:

- Revise project objectives and indicators to better meet the needs of communities
- Reduce or merge projects to focus activities in core areas
- Improve site selection and partner training
- Improve project processes such as information sharing among partners
- Revise technical and cross-cultural training for Volunteers
- Bring projects more in-line with host country national priorities

Program Evaluations Conducted by Headquarters Offices

Peace Corps operations serve a single program objective: to provide trained Volunteers to host countries to promote its mission of world peace and friendship. Most headquarters' offices provide support to the Volunteers and field offices or conduct essential government functions. As a result, headquarters' offices tend to conduct process and cost benefit analysis evaluations more than programmatic evaluations. Management assessments of headquarters' offices are also conducted and are not included as program evaluations.

Findings

Eight headquarters offices conducted process evaluations during FY 2011. These evaluations examined the clinical accommodation and medical evacuation procedures, headquarters' support to one of the regions, the organizational structure of the country desks in a region, diversity in hiring, and a grants program to Volunteers.

- Medical Accommodations Designation: determined the type of medical accommodations each post is able to provide to Volunteers in order to streamline the new Volunteer Delivery System

- Medical Evacuation Process: found ways to improve transition of medical evacuations between the field, Washington, D.C., and the Volunteer's home
- Assessment of Support from Region: found gaps in support to posts within this region
- Organizational Assessment of Region: found that better use of resources and support could be provided to posts by reorganizing the country desk units
- Cost Benefit Analysis of Medical Records Contract: found that contracting out the records management was not cost-effective
- Cost Benefit Analysis of Federal Employees Compensation Act (FECA) Case Management Program: found that the program reduced the cost of care and overpayments by over \$2 million dollars
- Cost Benefit Analysis of Malaria Prophylaxis: found Mefloquine remains the most cost-effective suppressive therapy for malaria after examining all recommended suppressive therapies
- EEO Compliance Report: showed that Peace Corps does not have policies, practices or procedures that create significant barriers to workplace diversity; however, the five-year limit for staff employment at Peace Corps limits the agency's ability to provide career status to new federal employees
- Small Project Assistance Grants Program: the evaluation uncovered inconsistencies in how the program is run across posts and several challenges in implementing the program; the challenges include complex paperwork and lack of funds for monitoring and evaluating the projects funded by the grant

Actions Taken

- Medical Accommodations Designation: recommendations made to include comprehensive data on medical accommodation capacity of posts in the new Volunteer Delivery System
- Medical Evacuation Process: recommendations received and implementation plan developed that will create a more customer-driven process
- Assessment of Support from Region: the region implemented a plan to close the gaps in support; a further assessment of the implemented resolutions showed improvement in support
- Organizational Assessment of Region: responsibilities of the country desk unit were redistributed, and recruitment and training of new staff was initiated
- Cost Benefit Analysis of Medical Records Contract: contract not re-bid, resulting in a 30 percent savings; experienced staff hired to manage medical records
- Cost Benefit Analysis of FECA Case Management Program: program continued
- Cost Benefit Analysis of Malaria Prophylaxis: Mefloquine continued as suppressive therapy for malaria
- EEO Compliance Report: developed strategies to recruit more Hispanic applicants and applicants with disabilities
- Small Project Assistance Grants Program: actions underway to simplify paperwork and other administrative processes and develop training support for project implementation and monitoring and evaluation

Office of Inspector General Audits and Evaluations

The Peace Corps' Office of Inspector General (OIG) regularly conducts audits and evaluations of the effectiveness of programs that support Volunteers. OIG audits focus on fiscal accountability and the effectiveness of internal

controls over worldwide and domestic Peace Corps resources. OIG evaluations analyze the program operations of the Peace Corps at both overseas posts and domestic offices. Both audits and evaluations analyze compliance with laws, regulations, and Peace Corps' policies, in addition to identifying internal control weaknesses and best practices, and recommending program improvements and the means to comply with Peace Corps policies. OIG audits and evaluations are submitted to agency management, which then takes appropriate action to address the concerns that have been identified.

During FY 2011, the OIG issued nine audit reports and six evaluation reports concerning 14 country programs. The audits were conducted in Albania, Belize, Ethiopia, Mexico, Mozambique, Panama, Rwanda, Togo and Ukraine. These reports covered administrative and financial operations at overseas posts. Other OIG FY 2011 audit work included: an audit of the mid-Atlantic regional recruiting office, a review of the agency's compliance with the Federal Information Security Management Act, and oversight of the independent auditor's annual audit of the agency's financial statements.

OIG country program evaluations were conducted in Cambodia, Ethiopia, Jamaica, Liberia, Romania and Swaziland. The program evaluation reports addressed issues such as the extent to which the post has developed and implemented programs that met agency goals and provided adequate training, health care, and support and oversight to Volunteers to enable them to increase host country capacity and promote cross-cultural understanding. During FY 2011, the OIG evaluations unit also issued a follow-up evaluation report on the agency's 2003 evaluation of the Volunteer Delivery System.

Program Evaluations Conducted by Office of Inspector General

Major Findings and Recommendations:

Cambodia

- The Cambodia program, long requested by the government of Cambodia, was launched in 2006 by experienced staff with regional expertise. The program has been successfully established with a solid base of programmatic operations; the host government, both at national and local levels, has embraced the country program.
- The Volunteers are well-integrated with their communities and are accomplishing project goals. Successful community integration has been a keystone to the Volunteers' sense of satisfaction with service and their personal safety.
- Many of the areas of Cambodia operations that require attention can be attributed to new staff members still learning their roles and responsibilities. The OIG directed recommendations to improve pre-service safety and security training, which was largely ineffective, and to upgrade and strengthen Volunteer safety and security support.
- A prolonged vacancy in the director of programming and training position during 2010 affected key operations including Volunteer programming support and medical support. The post has been taking steps to address these issues and regain the positive momentum established in its first years of operation.
- The Volunteer Assignment Descriptions issued to incoming Volunteers failed to set appropriate expectations and did not fully describe the challenges of working in Cambodia or within a loosely managed secondary

education system. The OIG recommended that training programs better address the program and other challenges that Volunteers may face during service in Cambodia.

Ethiopia

- The country program was first launched in 1962, but was closed twice due to security concerns. It reopened in 2007 with Volunteer assignments focusing on community health and prevention of HIV/AIDS. The post is coordinating well with project partners, and its project goals are appropriately aligned with host country development priorities.
- The post has made progress in establishing health and HIV/AIDS projects and building relationships with partner organizations by placing Volunteers in health centers, community-based organizations, and Ministry of Health regional offices. However, the OIG recommended that the post more effectively balance planning and budgeting of its own agency appropriated funds with the President's Emergency Plan for AIDS Relief funding.
- Volunteers are well-supported by programming, training, and administrative staff members. Leadership at the post was weak when it reopened in 2007, and has clearly improved with the arrival of a successor in December 2008. Communication remained an issue, often due to staff language skills; the OIG recommended that this be addressed through staff English language classes.
- The post has focused its energies on quality improvements to its Volunteer training programs. The addition of a community-based training program—to include training outside the classroom while living with a host family—has better prepared Volunteers to integrate into their communities.
- The OIG identified a number of management issues or recommendations discussed in agency re-entry assessments, an Internal Management Assessment, and Peace Corps safety and security officer reports that remained unaddressed. A complete country risk assessment has not been conducted for the post; procedures for responding to security incidents or crimes committed against Volunteers have not been finalized.

Jamaica

- Beginning in 2009, and over two successive years, the post experienced leadership and programming changes that significantly impacted the stability of the country program.
- Over several years, organizational and programming changes were not carried out in a participatory manner nor supported by staff or Volunteers. The post closed its health project without the input of project partners, staff, and Volunteers, or data to support the project closure. Staff and Volunteer morale declined. The OIG recommended that the post review and finalize its project plans and that headquarters managers develop and communicate guidelines to posts for discontinuing a project or sector.
- The Peace Corps Response (PCR) program was not well planned or implemented. Volunteers were unhappy with their sites because they did not have specific job assignments that could achieve measureable outcomes in a short time frame, which is a basic element of the short-term PCR Volunteer assignment. The OIG recommended that the post, PCR office, and region develop and implement a manageable PCR strategy, improve position descriptions for the Volunteers, and assign them to meaningful short-term assignments.
- The post's President's Emergency Plan for AIDS Relief (PEPFAR) program which increased from \$50,000 to \$500,000 was not well-planned or well-implemented. The OIG recommended that the post work with the Office of AIDS Relief and the region to develop and implement a manageable PEPFAR strategy.

- The post has a high-performing safety and security coordinator who is trusted by Volunteers. Volunteers and staff are well-prepared for emergencies, and the post is prepared to respond if a crime occurs against a Volunteer.

Liberia

- The program has been well-received by the Liberian government since reopening in 2008. The secondary education project is aligned with host country need, and the post has developed a good working relationship with the Ministry of Education.
- Liberia is still rebuilding its educational system after years of civil war, and Volunteers faced significant challenges in effectively carrying out their primary assignments. The OIG recommended that the post and headquarters offices develop a strategy and plan to improve Volunteer effectiveness in their primary assignments, as well as a plan to prepare invitees and Volunteers for post-conflict-related challenges.
- The staff has been resolving issues caused by opening the post under an accelerated schedule without sufficient financial and physical resources. The post also suffered some confusion about the roles various headquarters offices would play in providing management support and oversight. The OIG directed recommendations intended to address weaknesses in staffing resources, staff role clarification, and the emergency action plan, among other aspects of program or office operations.
- The evaluation uncovered programming issues with the newly-opened two-year Volunteer program because the agency did not fully prepare the post to transition from PCR to a two-year program. The OIG recommended that the appropriate headquarters offices assess the results of Peace Corps Response pilot programs before launching two-year Volunteer programs.

Romania

- During 2010 and 2011, the post closed three Volunteer project sectors and the country program shifted from a projected “moderate” growth plan to “no growth.” A decision was ultimately made to close the country program when the current group of Peace Corps Volunteers completes their service. These events negatively affected staff morale and the workplace environment.
- Despite the atmosphere of uncertainty about the program’s future and significant staff and programmatic changes, the OIG found that Romania was a strongly performing post. It maintained positive and stable relationships with government ministry partners. The Volunteers feel well-supported by staff and believe the staff is responsive to the issues they raise.
- The post’s comprehensive work site selection process results in multiple potential sites and places Volunteers in receptive communities and meaningful assignments. The post had shifted its program focus to more of the rural underserved communities. The OIG recommended that the post review project management and Volunteer support practices to ensure that Volunteers in new work sites continued to receive adequate support.

Swaziland

- Swaziland has positioned itself for growth, while also preparing for an uncertain budget picture and a changing host country political and economic climate. A new education sector was added to the country program in 2010 and the post purchased its office building.

- The OIG found many elements of a high performing post at Swaziland. The staff works together to ensure that Volunteer support needs are addressed; and Volunteers have a high level of trust in staff with regard to their safety and security, health training, and support.
- The post’s practices for developing and placing Volunteers at approved sites, including sound housing assessment procedures, the use of site histories to inform placements, and orienting host families and counterparts, are all highly effective. Volunteers receive the appropriate training at the right time and appreciate the quality of both the trainers and materials.
- Project goals and objectives are aligned with the Kingdom of Swaziland’s priorities to combat HIV/AIDS. However, the OIG found that 2010 post reports were missing PEPFAR-related data, so it is difficult to determine whether Volunteers are meeting all project objectives at this time.
- Twenty-two Swaziland Volunteers did not complete their service between 2008 and 2010. Project-related stress—including working with HIV/AIDS populations—was a contributing factor to these early departures. The OIG recommended that headquarters offices assess Volunteer early termination data and, if deemed appropriate, use these findings to inform its process for the medical clearance and applicant selection process.



The Office of Safety and Security and the Office of the Chief Information Office released Consolidated Incident Report System version 3.0 in August 2011 to improve reporting, tracking, and analysis of safety and security incidents. The upgrade expanded the system to include vehicular accidents and also now includes incidents affecting both Volunteers and staff. It also added a new case management function to help ensure consistent, on-going support to Volunteers who are victims of crime.

Financial Section



An Education Volunteer teaches physics in Tanzania.



Message from the Chief Financial Officer

An unqualified (clean) audit opinion was issued by external auditors Clifton Gunderson LLP during the FY 2011 financial statement audit. This was the fifth consecutive year in which no material weaknesses or federal system noncompliances were identified. The Peace Corps was honored to receive, for the fourth time, the coveted Association of Government Accountants' *Certificate of Excellence in Accountability Reporting* for quality reporting in the FY 2010 Performance and Accountability Report.

After receiving its highest ever appropriation of \$400 million in FY 2010, the Peace Corps operated under continuing resolutions at that funding level for more than half of the fiscal year before receiving the FY 2011 appropriation of \$375 million (less the enacted reduction of \$750,000)—\$25.8 million less than the FY 2010 funded level and \$72 million less than the requested appropriation. It was, and will continue to be, difficult to provide the necessary full support for the increased number of Volunteers for their period of service (generally 27 months) and yet work with the FY 2010 Comprehensive Agency Assessment that provided a spending blueprint for needed quality improvements. Agency management absorbed the mid-year budgetary cuts by reducing staff, reducing program size, curtailing or postponing planned systems initiatives, and delaying the reporting dates for some applicants.

We provided budget, finance, and accounting support, including the processing of hundreds of thousands of financial transactions in 77 currencies in order to sustain headquarters and post operations in support of the more than 9,000 Volunteers in 76 countries in FY 2011. We effectively managed these operations with 6 percent fewer staff members in the Office of the Chief Financial Officer due to the efforts of my dedicated financial management staff and those supporting financial management throughout the three regions and the worldwide posts.

In this environment, managers were challenged to work through the corrective action plan toward resolution of the two significant deficiencies and 12 audit recommendations in our internal controls identified during the FY 2010 audit in Property, Plant, and Equipment and Information System Security. Rather than planned systems implementations, postponements and curtailments of systems implementations occurred. Despite best agency efforts, not all audit recommendations could be resolved.

The FY 2011 audit identified two significant deficiencies in our internal controls for Property, Plant, and Equipment and Information System Security. The 26 audit recommendations for these significant deficiencies and the estimated completion dates for the corrective actions are addressed in Appendix 1, Summary of Audit Significant Deficiencies.

Financial management improvements include:

- Implementing a Vendor Maintenance application that allowed posts to create vendors directly on the Web after security and banking reviews, eliminating a previous paper-based process
- Integrating an electronic savings bond process for the Volunteers that eliminated the need to secure, track, and mail hundreds of paper bonds annually
- Implementing a Web-based application that enabled our posts to report Volunteer end-of-service information directly, eliminating manual re-entry and data inconsistencies
- Recovering \$12.6 million through open obligation reviews by closing or adjusting obligations in current and expired funds

Hyperion Planning, partially implemented during the fourth quarter of FY 2010, was fully implemented during FY 2011 for all aspects of budget formulation, budget review, scenario analysis, and resource request management for the agency's appropriated funding. Hyperion is now fully integrated with the General Ledger for execution reporting and analytical purposes.

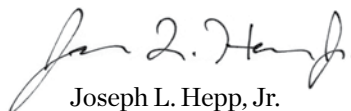
An automated adaptive voucher sampling application was implemented during FY 2011 that substantially reduced the time and associated cost required to certify payment vouchers, allowing the reduction of three full-time employees. The application implemented a standard sampling methodology for low-dollar low-risk payment vouchers. This eliminated the need to perform a detailed review of 56 percent of all international payment vouchers, while still reviewing payment vouchers representing 83 percent of the dollars expended. This sampling program generated greater efficiency and reinforced internal control and accounting standards while allowing auditing resources to focus on payment types that require greater scrutiny on high-risk high-dollar vouchers.

As part of the continuing effort to ensure the suitability of locally engaged overseas staff, my Financial Systems Division developed a new database and user application for the Office of Safety and Security to track and review employment security certifications. Beginning in FY 2012, the system will eliminate the labor-intensive manual tracking clearance process and allow electronic review and approval of initial documentation and certification renewals. The database will be linked to the financial system and validation of active security certifications will be performed prior to the release of payments to overseas staff.

The agency continues to operate as one program with the single purpose of providing trained Volunteers to host countries to promote world peace and friendship. The Peace Corps' accounting system continues to be constrained and cannot accurately correlate actual costs with applied overhead to the agency strategic goals and outputs.

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

My staff and I look forward to implementing new financial management operational and systems improvements in FY 2012 as we continue to promote effective internal controls, working toward securing future unqualified audit opinions.



Joseph L. Hepp, Jr.
Chief Financial Officer
November 15, 2011



Financial Statements

Peace Corps Balance Sheet As of September 30, 2011 and 2010 (In Thousands)

	<u>2011</u>	<u>2010</u>
Assets		
Intragovernmental		
Fund Balance With Treasury (Note 2 and 3)	\$ 175,205	\$ 189,675
Accounts Receivable (Note 4)	1,336	780
Total Intragovernmental	<u>176,541</u>	<u>190,455</u>
Accounts Receivable, Net (Note 4)	72	26
General Property, Plant, and Equipment, Net (Note 5)	43,888	31,869
Other		
Prepaid Volunteer Living Allowances (Note 6)	3,106	3,907
Other Assets (Note 7)	2,835	2,835
Subtotal Other	<u>5,941</u>	<u>6,742</u>
Total Assets	<u>\$ 226,442</u>	<u>\$ 229,092</u>
Liabilities		
Intragovernmental		
Accounts Payable	\$ 2,937	\$ 2,590
Other		
Unfunded FECA Liability (Note 8)	30,737	29,871
Other Liabilities (Note 9)	785	-
Subtotal Other	<u>31,522</u>	<u>29,871</u>
Total Intragovernmental	<u>34,459</u>	<u>32,461</u>
Accounts Payable	7,091	13,190
Federal Employee and Veterans Benefits (Note 8)	133,121	138,157
Other		
Other Employment Related Liability (Note 8)	11,573	9,319
Non-Entity Funds (Note 2)	53,904	41,880
Accrued Funded Payroll and Leave	6,786	6,268
Unfunded Annual Leave (Note 8)	9,136	8,675
Other Liability (Note 9)	770	46
Subtotal Other	<u>82,169</u>	<u>66,188</u>
Total Liabilities	<u>256,840</u>	<u>249,996</u>
Commitments and Contingencies (Note 10)		
Net Position		
Unexpended Appropriations	97,955	121,532
Cumulative Results of Operations	(128,353)	(142,436)
Total Net Position	<u>\$ (30,398)</u>	<u>\$ (20,904)</u>
Total Liabilities and Net Position	<u>\$ 226,442</u>	<u>\$ 229,092</u>

The accompanying notes are an integral part of these statements

Peace Corps
Statement of Net Cost
For the Periods Ended September 30, 2011 and 2010
(In Thousands)

	<u>2011</u>	<u>2010</u>
Program Costs:		
Gross Costs	\$ 395,293	\$ 390,374
Less: Earned Revenue (Note 11)	5,033	4,000
Net Cost of Operations	\$ 390,260	\$ 386,374

The accompanying notes are an integral part of these statements

Peace Corps
Statement of Changes in Net Position
For the Periods Ended September 30, 2011 and 2010
(In Thousands)

	<u>2011</u>	<u>2010</u>
Cumulative Results of Operations:		
Beginning Balances	\$ (142,436)	\$ (121,454)
Beginning Balances, As Adjusted	(142,436)	(121,454)
Budgetary Financing Sources:		
Appropriations Used	397,809	358,442
Other Financing Sources (Non-Exchange):		
Donations and Forfeitures of Property	170	-
Transfers-In/Out Reimbursement	(154)	387
Imputed Financing (Note 15)	6,518	6,563
Total Financing Sources	404,343	365,392
Net Cost of Operations	390,260	386,374
Net Change	14,083	(20,982)
Cumulative Results of Operations	(128,353)	(142,436)
Unexpended Appropriations:		
Beginning Balances	121,532	80,239
Beginning Balances, As Adjusted	121,532	80,239
Budgetary Financing Sources:		
Appropriations Received	375,000	400,000
Other Adjustments	(767)	(265)
Appropriations Used	(397,810)	(358,442)
Total Budgetary Financing Sources	(23,577)	41,293
Total Unexpended Appropriations	97,955	121,532
Net Position	\$ (30,398)	\$ (20,904)

The accompanying notes are an integral part of these statements

Peace Corps
Statement of Budgetary Resources
For the Periods Ended September 30, 2011 and 2010
(In Thousands)

	<u>2011</u>	<u>2010</u>
Budgetary Resources:		
Unobligated Balance, Brought Forward, October 1	\$ 58,532	\$ 29,980
Recoveries of Prior Year Unpaid Obligations, Actual	12,594	8,919
Budget Authority		
Appropriation	375,000	400,000
Spending Authority From Offsetting Collections		
Earned		
Collected	5,331	6,554
Change in Receivables from Federal Sources	556	(98)
Change in Unfilled Customer Orders		
Advance Received	785	(2)
Without Advance from Federal Sources	(349)	38
Subtotal	<u>381,323</u>	<u>406,492</u>
Permanently Not Available	(770)	(574)
Total Budgetary Resources	<u>\$ 451,679</u>	<u>\$ 444,817</u>
Status of Budgetary Resources:		
Obligations Incurred:		
Direct (Note 12)	\$ 395,309	\$ 382,380
Reimbursable (Note 12)	5,281	3,905
Subtotal	<u>400,590</u>	<u>386,285</u>
Unobligated Balance:		
Apportioned	46,240	48,292
Unobligated Balance Not Available	4,849	10,240
Total Status of Budgetary Resources	<u>\$ 451,679</u>	<u>\$ 444,817</u>
Change in Obligated Balance:		
Obligated Balance, Net		
Unpaid Obligations, Brought Forward, October 1	\$ 90,315	\$ 70,481
Uncollected Customer Payments from Federal Sources, Brought Forward, October 1	(1,026)	(1,085)
Total Unpaid Obligated Balance, Net	<u>89,289</u>	<u>69,396</u>
Obligations Incurred, Net	400,590	386,285
Gross Outlays	(407,145)	(357,533)
Recoveries of Prior Year Unpaid Obligations, Actual	(12,594)	(8,919)
Change in Uncollected Customer Payments from Federal Sources	(207)	60
Obligated Balance, Net, End of Period		
Unpaid Obligations	71,165	90,315
Uncollected Customer Payments from Federal Sources	(1,233)	(1,026)
Total Unpaid Obligated Balance, Net, End of Period	<u>\$ 69,932</u>	<u>\$ 89,289</u>
Net Outlays:		
Gross Outlays	\$ 407,145	\$ 357,533
Offsetting Collections	(6,116)	(6,553)
Net Outlays	<u>\$ 401,029</u>	<u>\$ 350,980</u>

The accompanying notes are an integral part of these statements



Notes to the Financial Statements

Note 1 Significant Accounting Policies

a) Reporting Entity

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

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

b) Basis of Presentation

The financial statements present the financial position, the net cost of operations, and changes in net position along with budgetary resources activities of the agency pursuant to the requirements of 31 U.S.C. 3515 (b). They have been prepared using Peace Corps' books and records in accordance with agency accounting policies, the most significant of which are summarized in this note. The statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements are presented in accordance with the applicable form and content requirements of OMB Circular A-136, Financial Reporting Requirements, issued September 2010. The statements should be read with the realization that they are for a component of the U.S. government, a sovereign entity.

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

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

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

c) Basis of Accounting

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

d) Fund Accounting Structure

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

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

Special or Trust Funds—These funds consist of receipts and expenditures by the government for carrying out specific purposes and programs in accordance with terms of the statute that designates the fund as a special fund or trust fund. The balances in the agency's trust funds are non-entity assets and are included in the financial statements.

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

General Fund Receipt Accounts—These funds consist of monies collected by the Peace Corps that are returned to the U.S. Treasury and not available for Peace Corps' use.

e) Budget Authority

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

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

f) Revenues and Other Financing Sources

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

g) Fund Balance with the Treasury

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

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

The funds that make up post cashiers' imprest funds belong to the U.S. Treasury through DOS's accountability. These funds are routinely used to pay for small-value purchases of goods and services and are also used to make an occasional emergency payment. Per agreement with DOS, the Peace Corps is responsible for paying for any losses incurred by the cashiers that would normally fall on the account holder. All international payments made by DOS on behalf of the Peace Corps are charged to the Peace Corps and reduce the applicable Peace Corps' appropriation unexpended balance in U.S. Treasury records. As of September 30, 2011, cashier imprest funds represented by cash on hand, checks on hand, interim advances, and cashier checking account balances totaled approximately \$1.2 million in U. S. dollar equivalents.

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

h) Foreign Currency

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

i) Accounts Receivable

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

j) Advances and Prepayments

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

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

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

The agency capitalizes property, plant, and equipment that has an individual acquisition cost of \$25,000 or greater, a useful life of two years or more, not intended for sale in the ordinary course of business, and intended to be used or available for use by the entity. Aggregate purchases of General Property, Plant, and Equipment in the amount of \$500,000 or greater are capitalized. Software purchased for \$25,000 or developed for internal use at a cost of \$25,000 or greater is capitalized and amortized over its expected life (currently 3 to 9 years). Vehicles in the amount of \$10,000 and over are capitalized. Acquisitions that do not meet these criteria are recorded as operating expenses. Assets are capitalized at historical cost and depreciated using the straight-line method. The agency has established a policy that uses an estimated salvage value of 40 percent for the agency's vehicles based on their resale value in recent years.

Nonexpendable personal property is depreciated over 3 to 15 years. The agency operates land, buildings, and equipment that are provided by the General Services Administration and overseas. Rent for General Services Administration property is expensed. Deferred maintenance amounts are immaterial with respect to the financial statements.

l) Accounts Payable and Other Liabilities

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

m) Employee Benefits

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

- II. *Future Workers Compensation Benefits*—The second component of FECA is the estimated actuarial liability for future benefit payments as a result of past events. This liability includes death, disability, medical, and miscellaneous costs. DOL determines this component annually as of September 30, and the Peace Corps recognizes an unfunded liability to DOL for the estimated future payments.
- III. *Accrued Leave*—A liability for annual leave is accrued as leave is earned and paid when leave is taken or employment terminates. Accrued annual leave is paid from future funding sources and is reflected as a liability not covered by budgetary resources. Sick and other leave is expensed as taken.
- IV. *Employee Health Benefits and Life Insurance*—The agency’s employees are eligible to participate in the contributory Federal Employees Health Benefit Program and the Federal Employees Group Life Insurance Program. The agency contributes to each program to pay for current benefits.
- V. *Post-Retirement Health Benefits and Life Insurance*—Agency employees who may be eligible to participate in the Federal Employees Health Benefit Program and the Federal Employees Group Life Insurance Program could continue to do so during retirement. The Office of Personnel Management (OPM) has provided the agency with cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The agency recognizes a current cost for these and other retirement benefits at the time of employment with the agency. The other retirement benefit expense is financed by OPM and offset by the agency through the recognition of an imputed financing source on the Statement of Changes in Net Position.
- VI. *Employee Retirement Benefits*—Peace Corps direct hire employees participate in one of three retirement systems: Civil Service Retirement System, Federal Employees Retirement System, or the Foreign Service Retirement and Disability System. Foreign Service National (FSN) employees at overseas posts who were hired prior to January 1, 1984, are covered under the Civil Service Retirement System. FSNs hired after that date are covered under a variety of local government plans in compliance with the host country’s local laws and regulations.

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

- VII. *Valuation of Host Country Resident Personal Services Contractor Severance and Retirement Liability*—The Peace Corps is generally liable for separation or retirement payments to eligible host country resident personal services contractors (PSCs) in countries that require payments under local labor laws. Until systems are in place to track this liability in a timely manner, the estimate of the current and future costs of the severance and retirement liability is determined annually.

n) Commitments and Contingencies

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

o) Use of Estimates

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

p) Interest on Late Payments

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

q) Intragovernmental Net Costs

The Statement of Net Cost is consolidated for the agency using a budget functional classification code. This code is used to classify budget resources presented in the budget of the United States government per OMB.

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

r) Adjustments to Maintain Inherent Account Relationship Integrity

In order to correct the relationships between the proprietary and budgetary accounts, a high-level analysis was performed. Cash balances were adjusted to align with the U.S. Treasury fund balance to permit the agency to pass edit checks and submit FACTS II reports to Treasury. All of the adjustments for fiscal year 2011 were immaterial.

s) Allocation Transfer

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

t) Fiduciary Activities

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

Note 2 Non-Entity Assets

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

Non-Entity Assets	September 30, 2011 <i>(in thousands)</i>	September 30, 2010 <i>(in thousands)</i>
Trust Fund		
FSN Separation Liability Trust Fund	\$ 6,972	\$ 7,309
Special Fund		
Host Country Residents Contractors Separation Liability Fund	18,140	13,102
Deposit Funds		
Volunteer Readjustment Allowance	27,712	21,093
Clearing Accounts	1,080	376
Total Non-Entity Assets	53,904	41,880
Total Entity Assets	172,538	187,212
Total Assets	\$ 226,442	\$ 229,092

Trust Fund—The FSN Separation Liability Trust Fund represents the estimated accrued liability for separation pay (based on local labor law) of the FSN employees.

Special Fund— Host Country Residents Contractor Separation Liability Fund represents the estimated accrued liability for separation pay (based on local labor law) of the personal services contractors.

Deposit Funds—The Volunteer readjustment allowance is an allowance earned by Volunteers for each month of satisfactory service and payable upon their return to the United States. The Volunteer payroll allotment account reflects the value of held U. S. government bonds purchased by the Volunteers through allotments from the readjustment allowance. The bonds allow the Volunteers to earn interest on their earnings while in service overseas.

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

Note 3 Fund Balance with Treasury		
Fund Balances	September 30, 2011 (in thousands)	September 30, 2010 (in thousands)
Appropriated Funds	\$ 121,301	\$ 147,795
Total Non-Entity Assets (Note 2)	53,904	41,880
Total	\$ 175,205	\$ 189,675

Status of Fund Balance with Treasury	September 30, 2011 (in thousands)	September 30, 2010 (in thousands)
Unobligated Balance		
Available	\$ 46,240	\$ 48,292
Unavailable	4,849	10,240
Obligated Balance Not Yet Disbursed	124,116	131,143
Total	\$ 175,205	\$ 189,675

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

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

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

Note 4 Accounts Receivable, Net			
Accounts Receivable as of September 30, 2011 (in thousands)	Accounts Receivable, Gross	Allowance for Doubtful Accounts	Accounts Receivable, Net
Intragovernmental	\$ 1,336	\$ -	\$ 1,336
Other	72	-	72
Total	\$ 1,408	\$ -	\$ 1,408

Accounts Receivable as of September 30, 2010 (in thousands)	Accounts Receivable, Gross	Allowance for Doubtful Accounts	Accounts Receivable, Net
Intragovernmental	\$ 780	\$ -	\$ 780
Other	26	-	26
Total	\$ 806	\$ -	\$ 806

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

Other accounts receivable are due from nonfederal entities, consisting primarily of receivables from employees.

Annually, a determination of the amount of the Allowance for Doubtful Accounts will be established for material amounts exceeding \$30,000. The agency recognizes an Allowance for Doubtful Accounts when it is determined that the amounts of nonfederal (public) debts are more likely than not to be totally uncollected. An allowance was not required by the agency as of September 30, 2011, since the threshold was not exceeded.

Note 5 General Property, Plant, and Equipment, Net

Components of Fixed Assets as of September 30, 2011 (in thousands)	Useful Life in Years	Cost	Accumulated Depreciation	Net Book Value
Land	10	\$ 83	\$ -	\$ 83
Buildings	10	234	10	224
Construction in Progress		10,798	-	10,798
General Property, Plant, and Equipment	5-10	4,240	1,374	2,866
Vehicles	5	22,767	7,598	15,169
IT Hardware	3-15	16,406	9,898	6,508
Leasehold Improvements	10	402	221	181
Internal-Use Software in Development		248	-	248
Internal-Use Software	3-9	33,722	25,911	7,811
Total		\$ 88,900	\$ 45,012	\$ 43,888

Components of Fixed Assets as of September 30, 2010 (in thousands)	Useful Life in Years	Cost	Accumulated Depreciation	Net Book Value
Land	10	\$ 15	\$ -	\$ 15
Buildings	10	15	1	14
Construction in Progress		640	-	640
General Property, Plant, and Equipment	5-10	3,165	2,780	385
Vehicles	5	21,785	6,792	14,993
IT Hardware	3-15	15,035	9,393	5,642
Leasehold Improvements	10	402	180	222
Internal Use Software in Development		1,058	-	1,058
Internal-Use Software	3-9	31,180	22,280	8,900
Total		\$ 73,295	\$ 41,426	\$ 31,869

As of September 30, 2011, Peace Corps' fixed assets include internally developed software and those assets that are reflected as active in the property management databases. These assets are located at headquarters in Washington, D.C., the nine regional offices, and the overseas posts. Values for all assets other than internally developed software were obtained from data extracted from the databases. Values for internally developed software were derived from the most reliable available data for each system. Peace Corps acquired land and building in Swaziland during FY 2010. Renovation of the headquarters building, which began in FY 2010, is classified as Construction in Progress. There are no restrictions on the use or convertibility of General Property, Plant and Equipment owned by the Peace Corps.

Note 6 Prepaid Volunteer Living Allowances

	September 30, 2011 (in thousands)	September 30, 2010 (in thousands)
Prepaid Volunteer Living Allowances	\$ 3,106	\$ 3,907

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

Note 7 Other Assets

	September 30, 2011 (in thousands)	September 30, 2010 (in thousands)
Travel Advances to Employees	\$ 382	\$ 216
Relocation Advances to Employees	35	13
Prepaid Rent	2,418	2,461
Prepaid PSC Payroll		145
Total Other Assets	\$ 2,835	\$ 2,835

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

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

Note 8 Liabilities not Covered by Budgetary Resources		
	September 30, 2011 <i>(in thousands)</i>	September 30, 2010 <i>(in thousands)</i>
Intragovernmental Liabilities		
Unfunded FECA Liability	\$ 30,737	\$ 29,871
Liabilities		
Unfunded Annual Leave	9,136	8,675
Unfunded Employment-Related Liability	11,573	9,319
Federal Employee and Veterans Benefits	133,121	138,157
Total Liabilities Not Covered by Budgetary Resources	\$ 184,567	\$ 186,022

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

Unfunded Annual Leave—A liability for annual leave is accrued as leave is earned and paid when leave is taken or when the individual terminates. The balance represents the estimated value of annual leave for U.S.-hired employees earned but not used on September 30, 2011. Payments are charged to the appropriation current at the time of payment. The valuation of the accrued annual leave for foreign service national employees and the foreign national PSCs has been estimated for this financial statement. There were 206 foreign service nationals and 2,031 foreign national PSCs working for the Peace Corps at the fiscal year end. Annual leave earned is based on local labor law requirements. Annual leave is paid out of current appropriations when taken.

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

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

Note 9 Other Liabilities		
	September 30, 2011 <i>(in thousands)</i>	September 30, 2010 <i>(in thousands)</i>
Intragovernmental		
Advances from Others	\$ 785	\$ -
Other Liabilities		
Contingent Liability-General Counsel Cases	770	46
Total Other Liabilities	\$ 1,555	\$ 46

Advances from Others—The balance of amounts advanced by other federal entities for goods and services to be furnished (e.g., money advance for Small Project Assistance grants).

Contingent Liability—See Note 10.

Note 10 Commitments and Contingencies

In the opinion of the management and legal counsel, the agency is liable for contingent liabilities related to administrative proceedings, legal actions, or claims that are probable and measurable in the amount of \$770,000 as of September 30, 2011.

Disclosure is required if there is a reasonable possibility that a loss may be incurred. The likelihood of a reasonable possibility of a loss related to administrative proceedings, legal actions, or claims is estimated to be \$450,000 as of September 30, 2011.

Note 11 Exchange Revenues		
	September 30, 2011 <i>(in thousands)</i>	September 30, 2010 <i>(in thousands)</i>
Intragovernmental Earned Revenues	\$ 4,671	\$ 3,751
Earned Revenues from the Public	362	249
Total Exchange Revenues	\$ 5,033	\$ 4,000

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

Note 12 Apportionment Categories of Obligations Incurred: Direct vs. Reimbursable				
	September 30, 2011 <i>(in thousands)</i>		September 30, 2010 <i>(in thousands)</i>	
	Direct	Reimbursable	Direct	Reimbursable
Category A	\$ 395,309	\$ 5,281	\$ 382,380	\$ 3,905
Total Obligations Incurred	\$ 395,309	\$ 5,281	\$ 382,380	\$ 3,905

All obligations incurred are Category A. The Peace Corps does not have any Category B or Exempt apportionments.

Note 13 Undelivered Orders at the End of the Period		
	September 30, 2011 <i>(in thousands)</i>	September 30, 2010 <i>(in thousands)</i>
Undelivered Orders – End of Period	\$ 60,588	\$ 74,987

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

Note 14 Fiduciary Activities				
Schedule of Fiduciary Activity <i>(in thousands)</i>	HCC Cash 2011	HCC Cash 2010	HCC In-Kind 2011	HCC In-Kind 2010
Fiduciary Net Assets, Beginning	\$ 970	\$ 1,049	\$ -	\$ -
Contributions	1,173	1,090	4,523	4,684
Disbursements	(1,374)	(1,169)	(4,523)	(4,684)
Increase/(Decrease) in Fiduciary Net Assets	201	(79)	-	-
Fiduciary Net Assets, Ending	\$ 769	\$ 970	\$ -	\$ -

Schedule of Fiduciary Net Assets <i>(in thousands)</i>	HCC Cash 2011	HCC Cash 2010	HCC In-Kind 2011	HCC In-Kind 2010
Fiduciary Net Assets				
Cash and Cash Equivalents	\$ 655	\$ 975	\$ -	\$ -
Less: Liabilities	114	5	-	-
Total Fiduciary Net Assets	\$ 769	\$ 970	\$ -	\$ -

Host Country Contributions (HCC) are provided to Peace Corps by the host government and are accepted under the authority of section 22 USC 2509(a) (4) of the Peace Corps Act. These contributions indicate host country support for the Peace Corps and help defray expenses, enabling the Agency to use its budget more effectively. The host country retains ownership though the funds are deposited to special foreign currency accounts in the US Treasury. In the event the funds are not used, funds are returned to the host country.

The agency received cash and in-kind contributions from host countries. In-kind contributions estimated at \$4.5 million in fair market value were received at posts through the end of September 30, 2011, for services, supplies, equipment, and facilities. The host country cash balance is \$.8 million as of September 30, 2011.

Note 15 Reconciliation of Net Cost to Budget

	FY 2011		
	Direct	Reimbursable	Total
	(\$ in thousands)		
Net Obligations Incurred	\$ (382,881)	\$ (5,107)	\$ (387,988)
Less: Undelivered Orders	14,836	(436)	14,400
Total Expended Obligation Authority	(397,717)	(4,671)	(402,388)
Financing Sources Used	(397,717)	(4,671)	(402,388)
Obligations Not Resourced	\$ -	\$ -	\$ -
Adjustments Reconciling Obligations To Costs Included in Obligations Not in Costs			
Acquisition of Assets	22,948	-	22,948
Subtotal	22,948	-	22,948
Included in Costs Not in Obligations			
Future Funded Expenses	3,481	-	3,481
Depreciation, Amortization, and Depletion	9,081	-	9,081
Employer Contributions to Employee Benefit Programs	824	-	824
Changes in Actuarial Liabilities	(5,036)	-	(5,036)
Offsetting Revenues	-	(4,671)	(4,671)
Imputed Financing	6,518	-	6,518
Nonfederal Receivables	(48)	-	(48)
Net Change on Dispositions	655	-	655
Other Financing Sources	16	-	16
Subtotal	15,491	(4,671)	10,820
Adjusted Expended Obligation Authority	(390,260)	-	(390,260)
Statement of Net Costs	390,260	-	390,260
Unexplained Differences	\$ -	\$ -	\$ -
	FY 2010		
	Direct	Reimbursable	Total
	(\$ in thousands)		
Net Obligations Incurred	\$ (372,236)	\$ (3,787)	\$ (376,023)
Less: Undelivered Orders	(13,794)	(37)	(13,831)
Total Expended Obligation Authority	(358,442)	(3,750)	(362,192)
Financing Sources Used	(358,442)	(3,750)	(362,192)
Obligations Not Resourced	-	-	-
Adjustments Reconciling Obligations To Costs Included in Obligations Not in Costs			
Acquisition of Assets	10,280	-	10,280
Subtotal	10,280	-	10,280
Included in Costs Not in Obligations			
Future Funded Expenses	5,158	-	5,158
Depreciation, Amortization, and Depletion	7,952	-	7,952
Employer Contributions to Employee Benefit Programs	2,327	-	2,327
Offsetting Revenues	-	(3,750)	(3,750)
Imputed Financing	6,563	-	6,563
Nonfederal Receivables	(10)	-	(10)
Net Change on Dispositions	(15)	-	(15)
Other Financing Sources	(18)	-	(18)
Subtotal	38,212	(3,750)	34,462
Adjusted Expended Obligation Authority	(386,374)	-	(386,374)
Statement of Net Costs	386,374	-	386,374
Unexplained Differences	\$ -	\$ -	\$ -

Note 16 Imputed Financing		
	September 30, 2011 <i>(in thousands)</i>	September 30, 2010 <i>(in thousands)</i>
Federal Employees Health Benefit Program	\$ 4,681	\$ 4,372
Federal Employees Group Life Insurance Program	14	13
Civil Service Retirement System	775	816
Federal Employees Retirement System	974	1,227
Foreign Service Retirement and Disability System	74	135
Total Imputed Costs	\$ 6,518	\$ 6,563

Imputed financing recognizes actual costs of future benefits which include the Federal Employees Health Benefit Program, Federal Employees Group Life Insurance Program, and pension benefits that are paid by other federal entities.

Note 17 Disclosure on Contributions to the Peace Corps

Media Contributions Received –The agency was provided free donated space equivalent to \$15.9 million in print, radio, and television media through public service announcements for FY 2011. These donations are not included in the financial statements.




Inspector General's Audit Transmittal Letter



Since 1961.

Office of Inspector General

To: Aaron S. Williams, Director

From: Kathy A. Buller, Inspector General 

Date: November 11, 2011

Subject: Audit of Peace Corps' Fiscal Year 2011 Financial Statements

This letter transmits the reports of Clifton Gunderson LLP (CG) on its audit of the Peace Corps' Fiscal Year (FY) 2011 Financial Statements. As required by the Accountability of Tax Dollars Act of 2002, the Peace Corps prepared financial statements in accordance with Office of Management and Budget (OMB) Circular No. A-136, *Financial Reporting Requirements*, and subjected them to audit.

Audit Reports on Financial Statements, Internal Control, and Compliance and Other Matters

We contracted with CG, an independent certified public accounting firm, to audit the Peace Corps' financial statements as of September 30, 2011 and 2010. The contract required that the audit be done in accordance with U.S. generally accepted government auditing standards, OMB audit guidance, and the *Government Accountability Office/President's Council on Integrity and Efficiency Financial Audit Manual*.

CG's audit report for FY 2011 includes: (1) an opinion on the financial statements, (2) conclusions on internal control over financial reporting, and (3) a section addressing compliance and other matters. In the audit of the Peace Corps, CG found:

- The financial statements were fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles,
- There were no material weaknesses in internal control.¹

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

- CG's report on internal control identified two significant deficiencies:²
 - Internal control over property, plant, and equipment needs to be improved. Improvements needed are related to recording, tracking, and physical verification of certain assets.
 - Information system security controls need improvement. The auditor cited security management, contingency planning, access controls, and configuration management as areas needing improvement.
- CG found no instances of reportable noncompliance with laws and regulations it tested or other matters that are required to be reported under Government Auditing Standards or OMB guidance.

OIG Evaluation of CG's Audit Performance

In connection with the contract, we reviewed CG's reports and related documentation and inquired of its representatives. Our review, as differentiated from an audit in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, opinions on Peace Corps' financial statements or conclusions about the effectiveness of internal control or conclusions on compliance with laws and regulations. CG is responsible for the attached auditor's reports dated November 11, 2011 and the conclusions expressed in the reports. However, our review disclosed no instances where CG did not comply, in all material respects, with U.S. generally accepted government auditing standards.

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

Attachments

cc: Carrie Hessler-Radelet, Deputy Director
Stacy Rhodes, Chief of Staff
Joseph Hepp, Chief Financial Officer
Daljit Bains, Chief Compliance Officer

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



Auditor's Report



INDEPENDENT AUDITOR'S REPORT

To the Director and Inspector General
Peace Corps

In our audit of Peace Corps for fiscal year (FY) 2011, we found:

- The balance sheets as of September 30, 2011 and 2010, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended (hereinafter referred to as "financial statements"), are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America;
- No material weakness in internal control over financial reporting (including safeguarding assets) and compliance with laws and regulation;
- Two significant deficiencies in internal control over financial reporting; and
- No instances of reportable noncompliance with selected provisions of laws and regulations tested.

The following sections discuss in more detail: (1) above conclusions, (2) our conclusions on Management's Discussion and Analysis (MD&A) and other supplementary information, (3) our audit objectives, scope and methodology, and (4) Peace Corps comments and our evaluation.

OPINION ON FINANCIAL STATEMENTS

The accompanying financial statements including the accompanying notes present fairly, in all material respects, in conformity with accounting principles generally accepted in the United States, Peace Corps' assets, liabilities, and net position as of September 30, 2011 and 2010, and net costs; changes in net position; and budgetary resources for the years then ended.

CONSIDERATION OF INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE

In planning and performing our audit, we considered Peace Corps' internal control over financial reporting by obtaining an understanding of the design effectiveness of internal controls, determined whether these controls had been placed in operation, assessed control risk, and performed tests of controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Peace Corps' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Peace Corps' internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or

4250 N. Fairfax Drive, Suite 1020
Arlington, Virginia 22203
tel: 571-227-9500
fax: 571-227-9552

www.cliftoncpa.com



material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We believe that none of the significant deficiencies described below is a material weakness.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described below to be significant deficiencies.

Significant Deficiencies

These control deficiencies, detailed in Exhibit I are summarized as follows:

1. Controls over property plant and equipment need improvement
2. Information systems security controls need improvement

We noted certain other nonreportable matters involving internal control and its operations that we plan to communicate in a separate letter to Peace Corps management.

COMPLIANCE WITH LAWS AND REGULATIONS

Our tests of Peace Corps' compliance with selected provisions of laws and regulations for FY 2011 disclosed no instances of noncompliance that would be reportable under United States generally accepted government auditing standards or OMB audit guidance. However, the objective of our audit was not to provide an opinion on overall compliance with laws and regulations. Accordingly, we do not express such an opinion.

STATUS OF PRIOR YEAR'S CONTROL DEFICIENCIES AND NONCOMPLIANCE ISSUES

As required by United States generally accepted government auditing standards and OMB Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended, we have reviewed the status of Peace Corps' corrective actions with respect to the findings and recommendations included in the prior year's Independent Auditor's Reports dated November 9, 2010. Many of the weaknesses described in the significant deficiencies (Exhibit I) are repeat findings over a number of years. Peace Corps has been unable to remediate these weaknesses in a timely manner. Exhibit II provides a detailed discussion on the status of prior year findings and recommendations.

CONSISTENCY OF OTHER INFORMATION

Peace Corps' MD&A contains a wide range of information, some of which is not directly related to the financial statements. We compared this information for consistency with the financial statements and discussed the methods of measurement and presentation with Peace Corps officials. Based on this limited work, we found no material inconsistencies with the financial

statements; accounting principles generally accepted in the United States, or OMB guidance. However, we do not express an opinion on this information.

The Message from the Director, Performance Section, Other Accompanying Information and Appendices listed in the table of contents are presented for additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

OBJECTIVES, SCOPE AND METHODOLOGY

Peace Corps management is responsible for (1) preparing the financial statements in conformity with accounting principles generally accepted in the United States, (2) establishing, maintaining, and assessing internal control to provide reasonable assurance that the broad control objectives of the Federal Managers' Financial Integrity Act (FMFIA) are met, and (3) complying with other applicable laws and regulations.

We are responsible for obtaining reasonable assurance about whether the financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States. We are also responsible for: (1) obtaining a sufficient understanding of internal control over financial reporting and compliance to plan the audit, (2) testing compliance with selected provisions of laws and regulations that have a direct and material effect on the financial statements and laws for which OMB audit guidance requires testing, and (3) performing limited procedures with respect to certain other information appearing in the Annual Report.

In order to fulfill these responsibilities, we (1) examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements; (2) assessed the accounting principles used and significant estimates made by management; (3) evaluated the overall presentation of the financial statements; (4) obtained an understanding of Peace Corps and its operations, including its internal control related to financial reporting (including safeguarding assets) and compliance with laws and regulations (including execution of transactions in accordance with budget authority); (5) tested relevant internal controls over financial reporting and compliance, and evaluated the design and operating effectiveness of internal control; (6) considered the design of the process for evaluating and reporting on internal control and financial management systems under FMFIA; and (7) tested compliance with selected provisions of certain laws and regulations.

We did not evaluate all internal controls relevant to operating objectives as broadly defined by the FMFIA, such as those controls relevant to preparing statistical reports and ensuring efficient operations. We limited our internal control testing to controls over financial reporting and compliance. Because of inherent limitations in internal control, misstatements due to error or fraud, losses, or noncompliance may nevertheless occur and not be detected. We also caution that projecting our evaluation to future periods is subject to risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate. In addition, we caution that our internal control testing may not be sufficient for other purposes.

We did not test compliance with all laws and regulations applicable to Peace Corps. We limited our tests of compliance to selected provisions of laws and regulations that have a direct and material effect on the financial statements and those required by OMB audit guidance that we

deemed applicable to Peace Corps' financial statements for the fiscal year ended September 30, 2011. We caution that noncompliance with laws and regulations may occur and not be detected by these tests and that such testing may not be sufficient for other purposes.

We performed our audits in accordance with auditing standards generally accepted in the United States; the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB audit guidance. We believe that our audits provide a reasonable basis for our opinion.

AGENCY COMMENTS AND OUR EVALUATION

In commenting on a draft of the findings in this report, Peace Corps management concurred with the facts and conclusions in our report.

This report is intended solely for the information and use of Peace Corps' management, Peace Corps Office of Inspector General, OMB, the Government Accountability Office, and the U.S. Congress, and is not intended to be, and should not be, used by anyone other than these specified parties.

Clifton Gundersen LLP

Arlington, Virginia
November 11, 2011

EXHIBIT I**SIGNIFICANT DEFICIENCY 1****CONTROLS OVER PROPERTY PLANT AND EQUIPMENT NEED IMPROVEMENT**

Throughout FY2011, the Office of Management worked to clarify property accountability policies and procedures. They issued a revised manual section and property accountability handbook in August 2011. Our audit procedures showed that asset additions and disposals are not reported timely and accurately to the Office of the Chief Financial Officer. Costs for internal-use software in development and construction-in-progress are not completely and accurately reported to the Office of the Chief Financial Officer. The Office of the Chief Information Officer continued to experience difficulties in properly reporting and tracking domestic and overseas capitalized Information Technology (IT) equipment. We observed several assets that could not be located in the capitalized asset listing. Peace Corps determined that these assets may not have been capitalized and therefore, would not be on the listing.

We found four assets out of thirteen tested were not tagged with a Peace Corps property tag number. There were also instances where some assets had two tag numbers. We were informed that sometimes the vendor sends the assets already tagged with a Peace Corps tag, but that the Office of Management retags the pre-tagged asset thereby creating two tags.

We also found that the asset listing contained numerous assets without identification numbers.

Recommendations

We recommend the Peace Corps Director ensure that:

- 1a. Current policies designed to ensure complete and accurate asset listing are enforced. Procedures should be developed to ensure assets are properly tagged upon receipt and that OCIO, Office of Management and the Office of the Chief Financial Officer are provided with complete and timely data to record additions.
- 1b. Roles and responsibilities outlined on Peace Corps Standard Operating Procedures (SOP) are carried out by posts and HQ for property accounting and financial reporting personnel that perform accuracy, verification, and completeness checks on the capitalized property listings. Office of Management and OCIO should determine the responsible party for managing and maintaining the records of overseas IT assets.
- 1c. Procedures are developed to ensure that additions and disposals are recorded accurately and timely. OCIO should provide OCFO with timely disposal data to ensure the property balances are not overstated.
- 1d. Timekeeping policies and procedures are implemented to adequately track, capture and record hours worked on capital projects such as internal-use software in development and construction-in-progress.

SIGNIFICANT DEFICIENCY 2

INFORMATION SYSTEM SECURITY CONTROLS NEED IMPROVEMENT

Peace Corps made improvements to its information systems control environment during FY 2011. However, we found that certain internal control weaknesses related to Peace Corps' overall IT environment continued to exist at September 30, 2011. Our evaluation of the general and application controls of Peace Corps' key IT infrastructure and financial systems identified the following conditions.

Control Weaknesses

Security Management

- As reported under the FY 2011 Federal Information Security Management Act (FISMA) evaluation, the Global Infrastructure Risk Assessment dated September 20, 2010 did not include the Europe, Mediterranean, and Asia (EMA) Region component general support system or the Africa Region component general support system.
- As reported under the FY 2011 FISMA evaluation, the Global Infrastructure System excluded major components. Therefore, this agency system had not been fully certified and authorized.
- As reported under the FY 2011 FISMA evaluation, an updated version of MS 542 had not been published since January 26, 2006. Overall formal policies and procedures regarding local and remote maintenance were not in place. Peace Corps did not conduct routine preventative maintenance and records were not kept when maintenance was performed. Additionally, MS 542 did not include policies and procedures regarding the monitoring and oversight of external systems used by the agency.
- As reported under the FY 2011 FISMA evaluation, the following System Security Plans had deficiencies including the following:
 - The security plan for the Global Network System did not follow National Institute of Standards and Technology (NIST) Special Publication (SP) 800-53, Revision 3, *Recommended Security Controls for Federal Information Systems and Organizations*.
 - The security plan for the Financial Management System follows NIST Special Publication 800-53, Revision 3; however, did not include all revisions, such as the new Program Management section.
 - The security plan for the Global Infrastructure System excluded the Europe, Mediterranean, and Asia Region as well as the Africa Region. The security plan also did not contain the most up-to-date information. For example, the plans stated that no privacy impact assessment had been identified for the information system; however, one was posted to the Peace Corps website.

Contingency Planning

As reported under the FY 2011 FISMA evaluation, the following deficiencies were noted with regards to Peace Corps' contingency planning:

- The Peace Corps agency-wide Business Impact Analysis (BIA) had not been updated since 2006 to reflect the current system environment and address the weaknesses identified during subsequent disaster recovery tests.
- CG visited the following Peace Corps posts during 2011: Dominican Republic, Guatemala, Philippines, Sierra Leone, and Benin and noted that contingency procedures were not tested.

Access Controls

- As reported under the FY 2011 FISMA evaluation, Peace Corps had not implemented multifactor authentication for network and local accounts.
- As reported under the FY 2011 FISMA evaluation, overall formal policies and procedures regarding the control of Peace Corps issued laptops and remote access tokens had not been effectively implemented for the agency.
- Deficiencies were identified regarding access controls (inactive accounts and accounts that did not require a password) surrounding Active Directory accounts.

Configuration Management

- As reported under the FY 2011 FISMA evaluation, although system level configuration management policies and procedures have been developed, they did not exist at the agency level.
- As reported under the FY 2011 FISMA evaluation, Peace Corps has not implemented all of the requirements of OMB Memorandum M-08-22, *Guidance on the Federal Desktop Core Configurations (FDCC)*. For example, workstations were lacking centrally managed controls such as session locking. Additionally, the Peace Corps Microsoft Windows Servers did not have mandatory security settings and related baseline configurations and were not currently documented.

These findings highlight the Peace Corps' lack of compliance with various NIST publications, OMB Circulars, and FISMA requirements as listed below:

OMB Circular A-130, *Management of Federal Information Resources* Appendix III Section B, states "Rather than continue to try to precisely measure risk, security efforts are better served by generally assessing risks and taking actions to manage them. While formal risk analyses need not be performed, the need to determine adequate security will require that a risk-based approach be used. This risk assessment approach should include a consideration of the major factors in risk management: the value of the system or application, threats, vulnerabilities, and the effectiveness of current or proposed safeguards."

NIST SP 800-53 Revision 3, control RA-3, states the following regarding risk assessments, "The organization reviews risk assessment results [Assignment: organization-defined frequency] and updates the risk assessment [Assignment: organization-defined frequency] or whenever there are significant changes to the information system or environment of operation (including the identification of new threats and vulnerabilities), or other conditions that may impact the security state of the system."

As required by the OMB Circular A-130, Appendix III on security authorization provides a form of quality control and challenges managers and technical staff at all levels to implement the most effective security controls possible in an information system.

NIST SP 800-53 Revision 3, control CM-1, states the following regarding configuration management policy and procedures, "The organization develops, disseminates, and periodically reviews/updates: (i) a formal, documented, configuration management policy that addresses purpose, scope, roles, responsibilities, management commitment, coordination among organizational entities, and compliance; and (ii) formal, documented procedures to facilitate the implementation of the configuration management policy and associated configuration management controls."

NIST SP 800-12, *An Introduction to Computer Security: the NIST Handbook* states: "A management official, normally the head of the organization or the senior administration official, issues program policy to establish (or restructure) the organization's computer security program and its basic structure. This high-level policy defines the purpose of the program and its scope within the organization; assigns responsibilities (to the computer security organization) for direct program implementation, as well as other responsibilities to related offices (such as the Information Resources Management [IRM] organization); and addresses compliance issues. Program policy sets organizational strategic directions for security and assigns resources for its implementation."

FISMA states: "Each agency shall develop, document, and implement an agency-wide information security program, approved by the Director under section 3543(a)(5), to provide information security for the information and information systems that support the operations and assets of the agency, including those provided or managed by another agency, contractor, or other source."

NIST SP 800-53 Revision 3, control SA-9, states, "The organization requires that providers of external information system services comply with organizational security requirements and employ appropriate security controls in accordance with applicable federal laws, Executive Orders, directives, policies, regulations, standards, and guidance. The organization also defines and documents oversight and user roles and responsibilities with regard to external information system services and monitors security control appliance by external service providers."

NIST SP 800-53 Revision 3, control MA-1, MA-2, MA-4, states the following regarding Controlled Maintenance, "The organization develops, disseminates, and reviews/updates: (a) a formal, documented, information system maintenance policy that addresses purpose, scope, roles, responsibilities, management commitment, coordination among organizational entities, and compliance; and (b) formal, documented procedures to facilitate the implementation of the information system maintenance policy and associated system maintenance controls. The organization schedules, performs, documents, and reviews records of routine preventative and regular maintenance (including repairs) on the components of the information system in accordance with manufacturer or vendor specifications and/or organizational requirements. The organization authorizes, monitors, and controls non local-maintenance and diagnostic activities."

NIST SP 800-53 Revision 3, control CM-2, states the following regarding baseline configurations, "The organization develops, documents, and maintains under configuration control, a current baseline configuration of the information system."

OMB Memorandum M-08-22, *Guidance on the Federal Desktop Core Configurations (FDCC)*, states "Microsoft Windows XP and Windows Vista are desktop operating systems. Accordingly, FDCC is applicable to all computing system using Windows XP and Windows Vista, including desktops and laptops but not including servers. It is important for the collective security of the Federal Government for all the Windows XP and Windows Vista computers to meet or exceed FDCC, regardless of function."

NIST SP 800-53, Revision 3 control CP-1 Contingency Planning Policy and Procedures states: "The organization develops, disseminates, and periodically reviews/updates [Assignment: organization defined frequency]: (a) a formal, documented, contingency planning policy that addresses purpose, scope, roles, responsibilities, management commitment, coordination among organizational entities, and compliance; and (b) formal, documented procedures to facilitate the implementation of the contingency planning policy and associated contingency planning controls."

NIST SP 800-53, Revision 3 control PL-2 states: "The organization develops and implements a security plan for the information system that is consistent with the organization's enterprise architecture, explicitly defines the authorization boundary for the system, describes the operational context of the information system in terms of missions and business processes, provides the security category and impact level of the information system including supporting rationale, describes the operational environment for the information system, describes relationships with or connections to other systems, provides an overview of the security requirements for the system, describes the security controls in place or planned for meeting those requirements including a rationale for the tailoring and supplementation decisions, is reviewed and approved by the authorizing official or designated representative prior to plan implementation, reviews the security plan for the information system, and updates the plan to address changes to the information system/environment of operation or problems identified during plan implementation or security control assessments."

NIST SP 800-53 Revision 3, control AC-19, states the following regarding Access Control for Mobile Devices, "The organization: (a) Establishes usage restrictions and implementation guidance for organization-controlled mobile devices; (b) Authorizes connection of mobile devices meeting organizational usage restrictions and implementation guidance to organizational information systems; (c) Monitors for unauthorized connections of mobile devices to organizational information systems; (d) Enforces requirements for the connection of mobile devices to organizational information systems; (e) Disables information system functionality that provides the capability for automatic execution of code on mobile devices without user direction; (f) Issues specially configured mobile devices to individuals traveling to locations that the organization deems to be of significant risk in accordance with organizational policies and procedures; and (g) Applies [Assignment: organization-defined inspection and preventative measures] to mobile devices returning from locations that the organization deems to be of significant risk in accordance with organizational policies and procedures."

NIST SP 800-53 Revision 3, control AC-2, states the following regarding account management, "The organization manages information system accounts, including: (d) Requiring appropriate approvals for requests to establish accounts; (e) Establishing, activating, modifying, disabling, and removing accounts; (i) Granting access to the system based on: (i) a valid access authorization; (ii) intended system usage; and (iii) other attributes as required by the organization or associated missions/business functions."

NIST SP 800-53 Revision 3, control IA-2, states the following regarding identification and authentication, “The information system uniquely identifies and authenticates organizational users (or processes acting on behalf of organizational users). And applicable control enhancements: “(1) The information system uses multifactor authentication for network access to privileged accounts. (2) The information system uses multifactor authentication for network access to non-privileged accounts. (3) The information system uses multifactor authentication for local access to privileged accounts. (8) The information system uses [Assignment: organization-defined replay-resistant authentication mechanisms] for network access to privileged accounts.”

Recommendations

We recommend the Peace Corps Director ensure that:

- 2a. The system configuration management procedures are integrated fully with the agency-wide configuration management plan.
- 2b. The impact analyses, test plans, and test results for system changes are completed prior to component migration to production and documentation is maintained of the system changes.
- 2c. All stages of the configuration management process include methodologies for approving specific change types, identifying the use of the varying change types, and identifying the process flows for each type of change.
- 2d. The change control policies are updated to ensure that formal procedures for requesting, approving, coding, testing and promoting a change are appropriately documented.
- 2e. Formal risk assessments are completed for all Peace Corps major applications and general support systems.
- 2f. A risk assessment review process is developed and implemented to include frequency of reviews and updates.
- 2g. Full certification and authorization is completed for all Peace Corps information systems in accordance with Peace Corps policy, NIST Special Publication 800-37 guidance, and OMB Circular A-130.
- 2h. Manual Section 542: Information Technology Security Policies is completed, approved and updated.
- 2i. Procedures for the monitoring and security oversight of external systems are documented.
- 2j. Formal local and remote maintenance policies and procedures, including the logging of maintenance is developed and implemented.
- 2k. The agency Business Impact Analysis is reevaluated and updated to ensure that it accurately represents the current Peace Corps environment and addresses the deficiencies noted in the disaster recovery tests.

- 2l. All system Contingency Plans are tested to ensure procedures for reconstitution and recovery of the systems are adequate.
- 2m. Guidance to posts regarding development of post contingency plans and testing of contingency scenarios is provided to determine if procedures for reconstitution and recovery of the post systems are adequate.
- 2n. System security plans for Peace Corps systems are completed and updated in accordance with OMB Circular A-130, NIST SP 800-18, and NIST SP 800-53 Revision 3.
- 2o. System Computer Security Coordinators review and update System Security Plans on an annual basis to ensure that the security requirements and controls for the system are adequately documented and reflect current operating environment.
- 2p. Formal procedures for requesting access to portable and mobile devices are implemented and include management approved access request forms that document each user's approval and assigned device.
- 2q. Policies and procedures for portable and mobile devices which travel to locations that the organization deems to be of significant risk are implemented.
- 2r. A method to track the assignments of portable and mobile devices by specific equipment identifiers and individual assigned is developed.
- 2s. Procedures are developed and implemented to ensure the timely return of portable and mobile devices and updating of equipment inventories to reflect current possession.
- 2t. Implement multifactor authentication for local access to privileged accounts, network access to privileged accounts, and network access to non-privileged accounts.
- 2u. Periodically audit network user accounts, specifically (a) accounts not used in over 90 days, (b) accounts that do not require passwords, and (c) accounts with passwords set not to expire.
- 2v. Mandatory security settings and baseline configurations are maintained for Microsoft Windows Servers.

EXHIBIT II

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Condition	Status As Reported at September 30, 2011	Status as of September 30, 2011
<p>Controls over Property Plant and Equipment Need Improvement</p>	<p><u>Significant Deficiency:</u> Throughout FY2011, the Office of Management worked to clarify property accountability policies and procedures. They issued a revised manual section and property accountability handbook in August 2011. Our audit procedures showed that asset additions and disposals are not reported timely and accurately to the Office of the Chief Financial Officer. Costs for internal-use software in development and construction-in-progress are not completely and accurately reported to the Office of the Chief Financial Officer. The Office of the Chief Information Officer continued to experience difficulties in properly reporting and tracking domestic and overseas capitalized Information Technology (IT) equipment. We observed several assets that could not be located in the capitalized asset listing. Peace Corps determined that these assets may not have been capitalized and therefore, would not be on the listing.</p> <p>We found four assets out of thirteen tested were not tagged with a Peace Corps property tag number. There were also instances where some assets had two tag numbers. We were informed that sometimes the vendor sends the assets already tagged with a Peace Corps tag, but that the Office of Management retags the pre-tagged asset thereby creating two tags.</p> <p>We also found that the asset listing contained numerous assets without identification numbers.</p>	<p>This is a repeat finding – See Significant Deficiency 1</p>
<p>Information System Security Controls Need Improvement</p>	<p><u>Significant Deficiency:</u> Peace Corps made improvements to its information systems control environment during FY 2011. However, we found that certain internal control weaknesses related to Peace Corps' overall IT environment continued to exist at September 30, 2011. Our evaluation of the general and application controls of Peace Corps' key IT infrastructure and financial systems identified weaknesses in the areas of security management, contingency planning, access controls and configuration management.</p>	<p>This is a repeat finding – See Significant Deficiency 2</p>

Other Accompanying Information




A Youth Development Volunteer in Ecuador works with children to create a small business bakery project.



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

Office of Inspector General

TO: Aaron S. Williams, Peace Corps Director

FROM: Kathy A. Buller, Inspector General 

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

DATE: October 19, 2011

In accordance with the Reports Consolidation Act of 2000, we are submitting what we have determined to be the most significant management and performance challenges facing the Peace Corps. Our challenges, discussed in the attachment to this memo, are to be included in the Agency's *Performance and Accountability Report* for fiscal year 2011 (FY 2011). We believe that three of the five areas we identified in our FY 2009 challenges and one of the areas in our FY 2010 challenges continue to present significant management and performance challenges at the Peace Corps so we are presenting them again as part of this year's challenges. In addition, we have identified one new challenge that crosses a number of important functional areas.

In our FY 2010 challenges we identified the need to improve the agency's business operations at both agency headquarters and field locations in order to accommodate growth and expansion. While Volunteer growth has not matched expectations, there is still a need for the agency to modernize and enhance its business tools and processes. Therefore we have included many of the same elements related to that specific challenge in our new challenge on streamlining business processes and modernization of information systems.

This year's challenge areas are listed below:

- Information Technology Management (FY 2009)
- Property Management (FY 2009)
- Protection of Personally Identifiable Information (FY 2009)
- Remediation of Audit Findings and Recommendations (FY 2010)
- Business Processes and Information Systems (New)

These challenges illustrate the most significant areas we believe need improvement for Peace Corps to effectively manage its resources and minimize the potential for fraud, waste, and abuse occurring in its operations. By addressing the issues related to our challenge areas the agency could potentially achieve operational efficiencies and improve mission effectiveness.

Attachment

Challenge Information Technology Management

In last year's Challenges, we indicated that the agency's most significant risks have been, and continue to be, associated with ensuring that the agency places limited resources where they are most needed; that funds spent on contracts consistently meet requirements; and that the information technology (IT) infrastructure effectively supports the Peace Corps mission. The Office of the Chief Information Officer (OCIO) has made progress in strengthening IT management through significantly improving its investment review board process, developing an IT strategic plan, and updating its systems development lifecycle process. Further, management has performed significant IT upgrades at overseas locations and made a number of other operational improvements. However, the agency lacks a documented comprehensive enterprise architecture to assist in guiding and making decisions impacting IT.

Although management continues to also make progress in strengthening Peace Corps' IT security management, some issues associated with Federal Information Security Management Act compliance that were discussed in prior IG Challenges have not been fully resolved. For example, the processes for configuration management have not been fully implemented and contingency plan testing is not being accomplished at overseas posts. Achieving full compliance with federal laws and regulations that apply to managing the Peace Corps' IT infrastructure are critical management challenges. OCIO is further challenged by high personnel turnover in key technical areas resulting, at least, in part from term limit assignments imposed by law and the availability of qualified resources. It is also having difficulty filling vacancies due to budget constraints. As a result, OCIO is presently down to 80 percent of its authorized full time equivalent personnel strength and is projected to be at about 71 percent by fiscal year end 2012.

Challenge Property Management

Accountability over Peace Corps property continues to present challenges for management. The agency's FY 2011 (Third Quarter) balance sheet indicates the agency's general property, plant, and equipment (PP&E) has a net book value of about \$41.3 million. Peace Corps' general PP&E includes primarily vehicles, office furniture, computer equipment, and software. Property management involves organizational activities related to acquiring, tracking, controlling, and disposing of these items. In last year's Challenges, we reported that issues with overall property accountability have continued to impact operations.

We noted, during the last 12 months, there were significant problems with accountability of certain assets, managing excess property, and recording and tracking. For example, we found at some Peace Corps posts that records were not being updated to reflect all property that had been disposed and/or added to inventory and periodic required physical counts were not being conducted. Our external auditors reported that the agency had not taken the necessary corrective actions that were recommended last year to ensure accurate tracking of assigned laptop computers at headquarters. As a result, there were still problems determining the location of these assets.

Other examples of deficient property management include failing to dispose of property identified as "excess to needs" in a timely manner and inadequate physical control. Ineffective

property management unnecessarily exposes the agency to risks associated with fraud, waste, and abuse and drives up operating costs. The new property accountability software began pilot implementation in the Fourth Quarter of FY 2011 and is expected to be fully implemented and utilized in time for the annual property inventory in First Quarter of FY 2012. The capabilities for improving accountability will not be known until the new system has been fielded and an assessment of its effectiveness is made. As a result, improving overall property management and strengthening internal control related to property accountability continues to be a management challenge.

Challenge Protection of Personally Identifiable Information

We first identified this challenge during FY 2009 and we continue to identify problems with the agency's management and control over Personally Identifiable Information (PII). The Peace Corps routinely receives, processes, and maintains significant amounts of PII. PII includes information that can be used to distinguish or trace an individual's identity, such as name, Social Security Number, or biometric records. This information can be used to link to other data such as bank accounts and other financial or personal information that can assist perpetrators in committing crimes associated with identity theft. The Office of the Chief Information Office reported there were nine separate breaches in PII during FY 2011. The breaches were compromised of PII data associated with over 180 individuals.

Since FY 2009, we have identified the protection of PII as a management challenge that called for enhanced management practices and more effective internal control. In June 2009, OIG investigated and issued investigative reports on the breach of more than 495 medical files that included applicant's names, Social Security Numbers, addresses, dates of birth, dental records, lab reports, and medical questionnaires. In FY 2010, a Peace Corps recruiter reported that her laptop and 10 applicant files was stolen during a visit to a university campus. Later that same year a country director reported that two Peace Corps USB drives containing PII for 52 trainees were stolen when a vehicle was broken into.

In last year's management response to this issue, the implementation of the Volunteer Life Cycle System and electronic medical records systems were mentioned as measures that should significantly reduce the risk of PII security breaches. However, neither system has been implemented. Until these improvements are made and the systems described are fully operational, we believe that PII will remain potentially vulnerable to breaches. As a result, it will continue to be a challenge for management to ensure Peace Corps personnel consistently comply with applicable federal and agency guidance governing managing PII data.

Challenge Remediation of OIG Findings and Recommendations

In FY 2010 we reported a challenge related to untimely remediation of OIG findings and recommendations, which continues to be a challenge. We reviewed some of the agency's key headquarters' level business processes and made a number of recommendations in three separate OIG audit reports issued in FY 2010. These recommendations would improve efficiencies and effectiveness associated with supporting Volunteers in the field; strengthening internal control;

and ensuring compliance with applicable Federal laws, regulations, and Peace Corps policy. The reports are listed below:

- Office of the Chief Information Officer Budget Formulation and Management
- Process for Soliciting, Awarding, and Administering Contracts
- Volunteer Safety and Security Program

Although management has made progress in remediating some of the associated findings and recommendations, it continues to not be effective or timely in taking corrective actions necessary to remediate the deficiencies noted in the related reports. Management was initially notified regarding the reports' findings and recommendations 17 to 20 months ago (two Preliminary Audit Reports were issued in January 2010 and one was issued in April 2010). As of the end of FY 2011, management had taken sufficient corrective actions to enable us to close 43 of the 68 recommendations included in the three reports.

In addition, we issued an evaluation report on the Volunteer Delivery System (VDS) in October 2010 (Follow-up Evaluation of the VDS). The VDS is mission critical because it is used as a repository for data on recruiting, selecting, and placing Volunteers in the field. The evaluation followed up on a prior OIG evaluation related to VDS that was performed in 2003. Based on our follow-up effort, we determined that many of the corrective actions agreed to by management in 2003 were either not initiated or were not fully carried out. To date, management has remediated only two of the 23 recommendations contained in the follow-up report.

This lack of timely remediation of OIG findings and recommendations by senior management is a trend that has continued through FY 2011. Despite the best efforts made by the chief compliance officer over the last 12 months to facilitate remediation, a significant number of audit and evaluation findings and recommendations remain in an open status. As of September 30, 2011, there were 125 recommendations open for more than 180 days, including 42 that were issued two to seven years ago.¹ As mentioned in the FY 2010 Challenges, timely remediation of findings and recommendations is dependent on senior management's full attention and support in correcting known deficient conditions, as well as ensuring that there is a priority placed on compliance. We believe agency management needs to place greater emphasis on remediating findings and implementing recommendations.

Challenge Business Processes and Information Systems

Although the Peace Corps is continuing to streamline operations and improve the technology that supports key business processes and critical Volunteer support functions, it is constrained by limited resources and inadequate planning. Given new fiscal realities, the Peace Corps prospects for growth and expansion are uncertain. However, the number of Volunteers serving at the end of FY 2011 reached nearly 9,100. This figure represents the highest Volunteer strength in 40

¹ Outstanding recommendations include post audits, country program evaluations, financial statement audit, information security program audit, and special reviews. Recommendations issued in conjunction with the financial statement and the information security program audits 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. Prior year findings and recommendations may be reissued if management has not taken sufficient corrective actions.

years. The Peace Corps operates using a decentralized organizational structure, relying on country directors at overseas posts to implement the policies established by headquarters. A decentralized organizational structure requires clear and concise policies and procedures that are consistently applied; open lines of communication; effective planning and budgeting for needed resources; and strong management oversight to ensure that the agency's mission is effectively accomplished throughout the world. In addition, IT should facilitate the processes by automating workflow and controls to provide managers with the data necessary to efficiently monitor and manage operations. A responsive management team that provides quality support services to Volunteers will require enhanced business processes and modern IT systems.

In response to several OIG audits and evaluations, the Peace Corps has made improvements to its operations, including: IT governance, acquisition planning and contracting, safety and security support, and medical support. However, some important initiatives to improve business processes have been delayed or postponed. As a result, although progress has been made, the agency still requires improvements in critical mission areas such as:

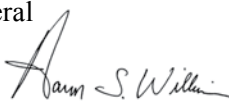
- **Medical Care** – In response to an OIG special review the Peace Corps Office of Volunteer Support/Office of Medical Services (OMS) developed a Quality Improvement Plan. The plan included a series of technical guidance intended to raise the standards of medical care for Volunteers, enhance the credentialing process, and reform the scope of practice policies for medical professionals. However, because of resource constraints OMS could not move forward during FY 2011 on acquiring systems that better manage pharmaceutical supply inventory and enable electronic filing of health records. Further, although a medical chart review process intended to increase clinical oversight was made more rigorous and expanded, only a fraction of charts are being submitted by posts and reviewed by OMS because it presently lacks the capability to review the number deemed necessary to impact improvement. In addition, the agency is challenged to ensure medical officers are properly trained and fully comply with the large volume of new technical guidance that ranges from new or revised treatment options to mandatory medical documentation standards.
- **Safety and Security** – The agency took steps to improve the adequacy and consistency of Volunteer safety and security by increasing lines of communication between headquarters safety and security management and the safety and security coordinators overseas. The agency developed an agency-wide plan, specific security procedures, and a Volunteer safety and security handbook. The agency continues to train overseas staff on the policies and procedures. Improving Volunteer safety and security will continue to be a challenge without the establishment and effective implementation of a Memorandum of Understanding with the Department of State on roles and responsibilities for responding to Volunteer safety and security incidents overseas. Further, to ensure they continue to make progress the agency will need to monitor the success and pitfalls of the newly established process and make additional improvements, such as developing a system for ensuring safety and security recommendations are implemented.

- **Volunteer Delivery System** – In 2009, the Peace Corps began revising the Volunteer Delivery System (VDS) technology system. The goal of the redesign was to develop and upgrade the core business systems and associated business practices required to manage all stages of the Volunteer lifecycle. This redesign effort is ongoing. The agency’s commitment to implementing a new system, including modernizing the VDS and successfully completing related long-term projects that require both human and capital resources, will determine whether it can achieve its goals. Also critical to the effectiveness of the redesigned VDS is maintaining Volunteer quality and putting in place processes and data measurement systems to ensure the Peace Corps is selecting and placing Volunteers who can help the people of interested countries in meeting their need for trained men and women.
- **Document Management** – Several key functions including travel authorizations, vouchering, contract management, and leave requests, remain largely paper-based. Streamlining and integrating these functions through an IT solution would reduce data entry error, improve efficiency, reduce paper dependency, and provide greater storing and retrieving capabilities. The Peace Corps recognizes the need for enhanced document management systems, but has not sufficiently prioritized and allocated resources to implement significant improvements. The agency is exploring options such as Microsoft SharePoint to provide greater automation and document control.
- **Accessibility of Useful and Accurate Data** – While conducting audits and evaluations, OIG continues to encounter problems obtaining significant data for key business processes. For example, OIG has had difficulty accessing summary data related to employee retention and turnover, as well as cost and cumulative impact of Volunteer medical accommodations. Moreover, up until this year, the Peace Corps did not maintain a central database to capture formal resource allocation requests submitted by its component offices to management for review and approval. As a result, prior year data was not readily available for review and analysis and any data assembled was potentially incomplete or inaccurate. Access to accurate data related to headquarters and international operations informs and guides program budgeting, strategic planning, program development and management, as well as responses to critical issues concerning program effectiveness, efficiency, and waste. Without timely access to relevant data the agency cannot easily make informed management decisions and assess whether it is meeting its performance goals.



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

TO: Kathy A. Buller, Inspector General

FROM: Aaron S. Williams, Director 

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

DATE: November 9, 2011

Thank you for your October 19, 2011 memorandum and attachment presenting Office of Inspector General's (OIG) management and performance challenges for the agency.

I am addressing the five challenge areas identified by the OIG:

Challenge Information Technology Management (FY 2009)

Despite budget constraints, the groundwork for the formal documentation of a comprehensive enterprise architecture for the Peace Corps is underway. The business process and inventory elements will be completed by the end of the second quarter in FY 2012. The remaining elements can only be addressed as budgetary resources become available.

In FY 2011, the Office of the Chief Information Officer (OCIO) provided a template for posts to use in the development of their IT contingency plans. Contingency planning policy will be established in FY 2012 requiring posts to conduct annual tests of their IT contingency plans and submit test results to the OCIO. Resolution of the remaining Federal Information Security Management Act (FISMA) compliance issues will be dependent on the availability of additional budgetary resources.

Challenge Property Management (FY 2009)

The agency's new property accountability software system, Bar Tracks, was fully deployed in the fourth quarter of FY 2011. In conjunction with this deployment, all offices and posts completed property management training in preparation for the agency-wide annual inventory in November 2011. With this new automated tool, headquarters will have the capability to provide significantly improved oversight of post property and posts will be able to properly account for their assets. When IT assets are fully incorporated in Bar Tracks by the end of FY 2012, adequate controls will be in place to track all laptops.

In September 2011, the agency revised Manual Section 527, *Vehicle Acquisition, Disposal, and Management*, and the *Vehicle Fleet Management Handbook* to strengthen its policies for the purchasing and disposal of vehicles. These new policies provide for increased oversight from headquarters when posts procure vehicles locally or dispose of vehicles without the assistance of

a third party auction house. In addition, the agency recently approved the purchase of a vehicle fleet management software system. This is expected to be implemented in FY 2012 and will provide headquarters with improved oversight capabilities for vehicle usage and disposals.

In August 2011, the agency's policies and procedures for the accountability of property were updated with the issuance of revised Manual Section 511, *Property Management*, and the *Personal Property Accountability Management Handbook*.

Challenge Protection of Personally Identifiable Information (FY 2009)

When the new automated Volunteer Delivery System, Database of Volunteer Experience System (DOVE) is fully implemented in FY 2012, much of this challenge should be resolved. DOVE includes both the subsystems of Volunteer Life Cycle Management and Medical Pre-Service Screening that will reduce manual processing. Medical applications and correspondence will then be processed through a secure portal, replacing the current paper system that is more prone to breach via nurse error. Training for DOVE implementation is already underway. Funding for an electronic medical record system was recently approved. Development of that system will start immediately and our expectation is that the system will be fully deployed and in operation in FY 2014.

The FY 2011 security breaches reported to OIG were caused by human error and manual processing. The OCIO and Office of Volunteer Recruitment and Selection switched to using electronic mail communications to eliminate the paper processing that caused the problem that affected 177 of the 180 individuals cited by OIG. To further improve PII handling during FY 2011, the agency created several standard operating procedures, instituted orientation and training sessions, eliminated PII on many Peace Corps forms, further restricted access to medically confidential information, and implemented data encryption on laptops.

Challenge Remediation of Audit Findings and Recommendations (FY 2010)

The agency is committed to the timely remediation of OIG findings and recommendations and believes that there has been significant progress in FY 2011.

While 43 recommendations in the three audit reports cited by OIG have been closed, another 12 have been implemented by the agency and submitted to OIG for review. This leaves just 13 recommendations that have not yet been implemented. Department heads as well as senior management of the agency are committed to full implementation and closure of these OIG recommendations.

With respect to the Volunteer Delivery System evaluation report, many of the remaining recommendations will be addressed when DOVE is fully implemented in FY 2012.

Of the 182 recommendations that were open at the end of FY 2010, 138 have been closed by OIG and another 14 have been implemented by the agency and submitted to OIG for review. This leaves only 30 recommendations that have not yet been implemented. This is an implementation rate of 76 percent for OIG recommendations that were open at the end of FY 2010.

In FY 2011, 296 new recommendations were generated by OIG audits, evaluations and special reviews. Of those recommendations, 196 have already been implemented and closed by OIG, for an implementation rate of 66 percent.

Based on the data provided, the agency and its senior management have made substantial improvement in the timely remediation of OIG findings and recommendations in FY 2011.

Of the 42 recommendations that were issued two to seven years ago, 10 are from the Financial Statement Audit and 19 are from the Information Security Program Audits. Those recommendations for which remediation was not dependent upon future events or availability of additional resources have largely been addressed and are awaiting OIG review. Of the remaining 13 recommendations, two have now been closed, two more have been implemented and submitted for OIG review, and the remaining nine are being addressed.

Notwithstanding the progress that has been made in FY 2011 in implementing OIG recommendations and, in particular, to address the backlog of OIG recommendations from past years, further steps are planned to address the concerns raised by OIG. Therefore, additional processes and procedures will be put in place in FY 2012 by the Chief Compliance Officer to ensure that all OIG recommendations are fully implemented by senior management in conjunction with the Chief Compliance Officer.

Challenge Business Processes and Information Systems (New)

The completion of initiatives to improve business processes will continue to be dependent on the availability of appropriated funding and agency priorities. In FY 2011, the agency received a mid-year appropriated funding cut of almost \$26 million. This required the agency to make difficult decisions on the allocation of limited resources, including a significant reduction in the planned rate of growth in number of volunteers as well as the postponement of some planned initiatives to improve business processes. With continuing budget uncertainties, the agency is prioritizing the most critical areas.

Medical Care. Funding for an electronic medical record system was recently approved. Development of the system will start immediately and our expectation is that the system will be fully deployed and in operation in FY 2014. A workbook designed to help posts with pharmaceutical inventory management was sent to posts in January 2011. An updated policy on Medical Supplies and Equipment, along with technical guidelines implementing that policy, have been approved by the agency's Senior Policy Committee. All Peace Corps Medical Officers were invited to regional continuing medical education conferences in FY 2011 at which training on new medical technical guidelines was provided. Funding for FY 2012 was recently approved to hire additional nurses and medical officers for the Quality Improvement Unit. This will enable the Office of Volunteer Support to better implement the medical chart review process.

Safety and Security. The agency is currently in discussion with the Bureau of Diplomatic Security in the Department of State on the terms of a formal Memorandum of Understanding

documenting their respective roles in ensuring the safety and security of Peace Corps Volunteers. It is expected that this Memorandum of Understanding will be completed in the first half of FY 2012. Though Peace Corps and Diplomatic Security have already been working together closely, this Memorandum of Understanding will document procedures for cooperation between the Peace Corps and Diplomatic Security.

The agency has systems in place to ensure that safety and security improvements are being implemented. In FY 2011, an improved system was put in place through which the regions and the Office of Safety and Security jointly review, prioritize, and track the implementation of recommendations of Peace Corps Safety and Security Officers who make regular on-site visits to posts. In addition, the agency's safety and security staff conducts systematic reviews using incident and trend analysis, the crime victimization survey, and feedback from staff members and Volunteers.

Volunteer Delivery System. The agency expects the new automated Volunteer Delivery System, DOVE, will be fully implemented in FY 2012. This system will, among other things, make applicant data more readily available and, together with associated changes to the Volunteer application process, enable more effective matching of applicants with the needs of the countries being assisted.

Document Management. The agency is currently piloting two demonstration business modernization projects (contract document management and regional recruiting office leave approval) using the Microsoft Office 365 (SharePoint) cloud solution. In the second half of FY 2012, the OCIO should be able to begin an agency-wide SharePoint document management system if resources become available.

Accessibility of Useful and Accurate Data. The agency is lacking a central authoritative source to obtain data for some key business processes. The summary data related to employee retention and turnover issue experienced by the OIG in FY 2010 was due to human error and that data can be accessed by system query. The new electronic medical record system to be fully deployed in FY 2014 will have a component giving the agency access to data on medical expenditures. With the full implementation of Hyperion Planning in FY 2011, budgetary and resource allocations are available in real time.



Summary of Financial Statement Audit and Management Assurances Tables

Summary of Financial Statement Audit					
Audit Opinion	Unqualified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
<i>Total Material Weaknesses</i>	0	0	0	0	0

Summary of Management Assurances						
Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Unqualified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
<i>Total Material Weaknesses</i>	0	0	0	0	0	0
Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	Unqualified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
<i>Total Material Weaknesses</i>	0	0	0	0	0	0
Conformance with Financial Management System Requirements (FMFIA § 4)						
Statement of Assurance	Systems conform to financial management system requirements					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
<i>Total Non-Conformances</i>	0	0	0	0	0	0



Improper Payments Information Act

The Peace Corps has no programs and activities that are risk-susceptible to “significant improper payments” as defined in the Improper Payments Information Act of 2002, Public Law No. 107-300, as amended by Public Law No. 111-204, Improper Payments Elimination and Recovery Act, or the implementing OMB Memorandum, M-11-16, Subject: Issuance of Revised Parts I and II to Appendix C of OMB Circular A-123, *Management’s Responsibility for Internal Control*. No improper payments were identified this fiscal year through internal management review or by the external auditors that would meet the threshold of both (1) 2.5 percent of program outlays and \$10,000,000 of all program or activity payments made during FY 2011 or (2) \$100,000,000 (regardless of the improper payment percentage of total program outlays).

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Appendices



An Education Volunteer conducts a laboratory activity with students in Kenya. Students were given the opportunity to apply their knowledge of gaseous exchange in fish by dissecting and observing the gills.



Appendix 1 Summary of Audit Significant Deficiencies

Independent auditor Clifton Gunderson LLP, through the Inspector General, issued the FY 2011 financial statement audit report beginning on Page 99. This audit report did not identify any material weaknesses but did identify two significant deficiencies in internal control. Significant Deficiency 1, Controls over Property, Plant, and Equipment Need Improvement, consists of four audit recommendations shown in the table below, along with the estimated dates for resolution of the recommendations. Significant Deficiency 2, Information System Security Controls Need Improvement, consists of 22 audit recommendations shown in the table below, along with the estimated dates for resolution. Audit recommendations issued in prior years that remain unresolved are shown below as Prior Year (PY).

Significant Deficiency 1 – Controls over Property, Plant, and Equipment Need Improvement	
Audit Recommendations	Estimated Completion
Ensure asset listings are complete; tag assets upon receipt; and record timely (PY)	2nd Qtr FY 12
Perform accuracy, verification, and completeness checks on capitalized property listings; determine responsibility for managing and maintaining records of overseas IT assets (PY)	3rd Qtr FY 12
Develop procedures to ensure additions and disposals are recorded accurately and provide timely disposal data (PY)	2nd Qtr FY 12
Implement timekeeping policies and procedures to track, capture, and record hours worked on capital projects (internal-use software in development and construction-in-progress)	4th Qtr FY 13
Significant Deficiency 2 – Information System Security Controls Need Improvement	
Audit Recommendations	Estimated Completion
Fully integrate system configuration management procedures with agencywide configuration management plan	1st Qtr FY 13
Complete impact analyses, test plans, and test results for system changes prior to migration to production and maintain documentation	4th Qtr FY 12
Include methodologies for approving specific change types for all stages of the configuration management process, identifying the use of varying change types and the process flows	1st Qtr FY 13
Update change control policies to ensure that formal procedures for requesting, approving, coding, testing, and promoting are appropriately documented	4th Qtr FY 12
Complete formal risk assessments for all major applications and general support systems	4th Qtr FY 12
Develop/implement risk assessment review process to include frequency of reviews and updates	4th Qtr FY 12

<i>(continued)</i>	Estimated Completion
Audit Recommendations	
Complete full certification and authorization for all information systems (PY)	4th Qtr FY 12
Complete/update/approve Manual Section 542, <i>Information Technology Security Policies</i> (PY)	1st Qtr FY 12
Document procedures for monitoring and security oversight of external systems	3rd Qtr FY 12
Develop/implement formal local and remote maintenance policies and procedures, including maintenance logging	4th Qtr FY 12
Re-evaluate/update agency Business Impact Analysis to ensure that it accurately represents the current environment and addresses deficiencies noted in disaster recovery tests (PY)	1st Qtr FY 12
Test all system Contingency Plans to ensure procedures for reconstitution and recovery of systems are adequate	4th Qtr FY 12
Provide guidance to posts regarding development of contingency plans and testing of scenarios to determine if reconstitution and recovery of posts systems are adequate	4th Qtr FY 12
Complete/update system security plans	4th Qtr FY 12
System Computer Security Coordinators review/update System Security Plans annually to ensure security requirements and controls are adequately documented and reflect current operating environment	4th Qtr FY 12
Implement formal procedures for requesting access to portable and mobile devices and include management approved access request forms documenting user's approval and assigned device	2nd Qtr FY 12
Implement policies and procedures for portable and mobile devices that travel to locations deemed by the organization to be of significant risk	2nd Qtr FY 12
Develop a method to track assignments of portable and mobile devices by specific equipment identifiers and individual assigned	4th Qtr FY 12
Develop/implement procedures to ensure the timely return of portable and mobile devices and updating of equipment inventories to reflect current possession	2nd Qtr FY 12
Implement multifactor authentication for local access to privileged accounts, network access to privileged accounts, and network access to non-privileged accounts	4th Qtr FY 13
Periodically audit network user accounts, specifically (a) accounts not used in over 90 days, (b) accounts that do not require passwords, and (c) accounts with passwords set not to expire (PY)	2nd Qtr FY 12
Maintain mandatory security baseline configurations for Microsoft Windows servers (PY)	3rd Qtr FY 12

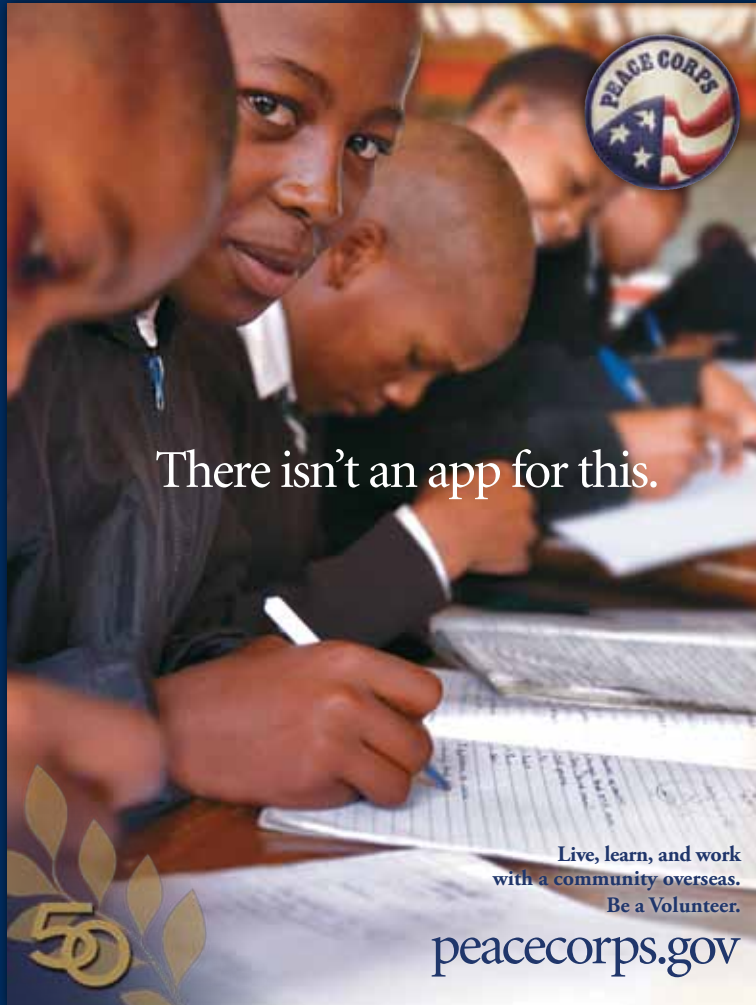


Appendix 2

Glossary of Acronyms

AC-2	Account Management*	MA-2	Controlled Maintenance*
AC-19	Access Control for Mobile Devices*	MA-4	Non-Local Maintenance*
AVS	Annual Volunteer Survey	MD&A	Management's Discussion and Analysis
BIA	Business Impact Analysis	MS	Manual Section
CG	Clifton Gunderson LLP	NGO	Nongovernmental Organization
CM-1	Configuration Management Policy and Procedures*	NIST	National Institute of Standards and Technology
CM-2	Baseline Configuration*	NIST SP	National Institute of Standards and Technology Special Publication
CP-1	Contingency Planning Policy and Procedures*	OCFO	Office of the Chief Financial Officer
DOL	Department of Labor	OCIO	Office of the Chief Information Officer
DOS	Department of State	OIG	Office of Inspector General
DOVE	Database of Volunteer Experience	OMB	Office of Management and Budget
EMA	Europe, Mediterranean, and Asia	OMS	Office of Medical Services
FDCC	Federal Desktop Core Configurations	OPM	Office of Personnel Management
FECA	Federal Employees Compensation Act	OSIRP	Office of Strategic Information, Research and Planning
FISMA	Federal Information Security Management Act	PCR	Peace Corps Response
FMFIA	Federal Managers' Financial Integrity Act	PEPFAR	President's Emergency Plan for AIDS Relief
FSN	Foreign Service National	PII	Personally Identifiable Information
FY	Fiscal Year	PL-2	System Security Plan*
GDP	Global Development Policy	PMI	President's Malaria Initiative
HQ	Headquarters	PP&E	Property, Plant, and Equipment
IA-2	Identification and Authentication*	PSC	Personal Services Contractor
IPBS	Integrated Planning and Budgeting System	RA-3	Risk Assessment*
IRM	Information Resources Management	SA-9	External Information System Services*
IT	Information Technology	SOP	Standard Operating Procedure
MA-1	System Maintenance Policy and Procedures*	TEFL	Teaching English as a Foreign Language
		VDS	Volunteer Delivery System

*NIST SP 800-53



*Front Cover: President John F. Kennedy sought to encourage mutual understanding between Americans and people of other nations and cultures. The Peace Corps marks 50 years of service in FY 2011 and continues to promote world peace and friendship.
Back Cover: A component of the 2011 Peace Corps recruitment ad series promotes hands-on experience.*



Produced by the Peace Corps

Paul D. Coverdell Peace Corps Headquarters
1111 20th Street NW | Washington, DC 20526

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