



Peace
Corps

**Agency
Financial
Report**
FISCAL
YEAR
2019



The Peace Corps

Agency Financial Report

FISCAL YEAR 2019



The Paul D. Coverdell Peace Corps Headquarters
1275 First Street NE, Washington, DC 20526

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About This Report

The Peace Corps' Agency Financial Report for fiscal year (FY) 2019 provides fiscal results and performance highlights for the reporting period beginning October 1, 2018 and ending September 30, 2019. This report enables the President, Congress, and American public to assess the agency's fiscal accountability as we advance the Peace Corps' mission of promoting world peace and friendship through community-based development and cross-cultural understanding.

The Agency Financial Report is one of the performance and financial reports required from federal agencies, prepared in accordance with Office of Management and Budget (OMB) Circulars A-11, Preparation, Submission, and Execution of the Budget; A-123, Management's Responsibility for Enterprise Risk Management (ERM) and Internal Control; and A-136, Financial Reporting Requirements. The FY 2019 Annual Performance Report, along with the FY 2021 Annual Performance Plan (to be published with the FY 2021 Congressional Budget Justification in February 2020) and the FY 2019 Agency Financial Report will be online at <https://www.peacecorps.gov/about/open-government/reports/>.

How This Report Is Organized

The Agency Financial Report presents the agency's performance highlights and accomplishments, fiscal accountability, and operational achievements and challenges for FY 2019. It begins with a message from the Peace Corps Director, Jody K. Olsen, followed by three sections and four appendices:

Management's Discussion and Analysis

This section showcases the Peace Corps' mission, organizational structure, and the work of the Volunteers. It provides an overview of financial results, summary-level performance information, and management assurance regarding internal controls.

Financial Section

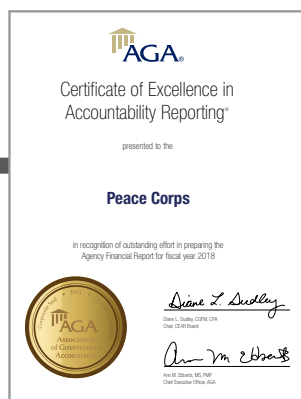
This section details the agency's financial position as of the fiscal year that ended September 30, 2019. The agency's FY 2019 audited financial statements and footnotes disclosures are presented in this section, along with the independent auditor's report.

Other Information

This section contains the Office of Inspector General's Management and Performance Challenges, along with recommended actions, and a summary of financial statement audit and management assurances.

Appendices

This section provides additional information including a report on audit follow-up activity, verification and validation of performance data, the agency's improper payments, and a glossary of abbreviations used throughout this report.



AGAs Certificate of Excellence

The Peace Corps was awarded the Association of Government Accountants' [Certificate of Excellence in Accountability and Reporting](#) for the [FY 2018 Agency Financial Report](#), the 12th year that the agency has received this distinguished award.

About The Peace Corps

The Peace Corps is a service opportunity for motivated change-makers to immerse themselves in a community abroad, working side-by-side with local leaders to tackle the most pressing challenges of our generation.

HISTORY

OFFICIALLY ESTABLISHED
MARCH 1, 1961

AMERICANS WHO HAVE SERVED
MORE THAN 240,000

HOST COUNTRIES SERVED TO DATE
142

VOLUNTEERS

CURRENT NUMBER OF VOLUNTEERS AND TRAINEES¹
7,334

GENDER
65% FEMALE
35% MALE

MARITAL STATUS
99% SINGLE
1% MARRIED

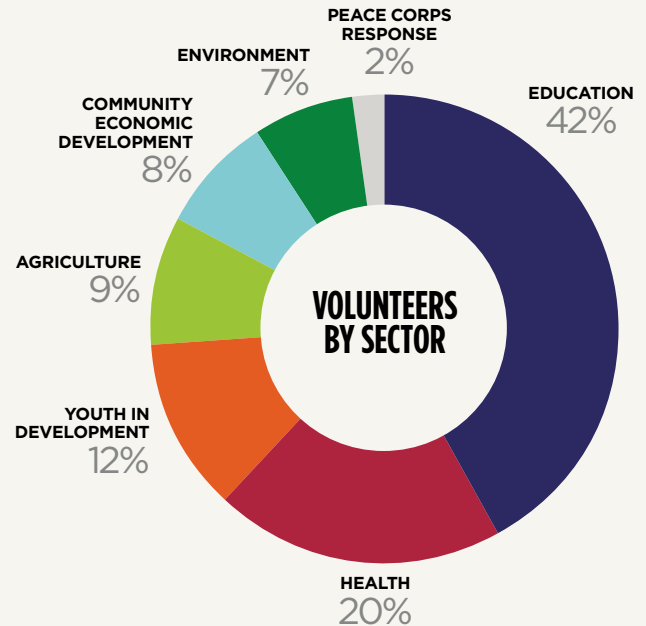
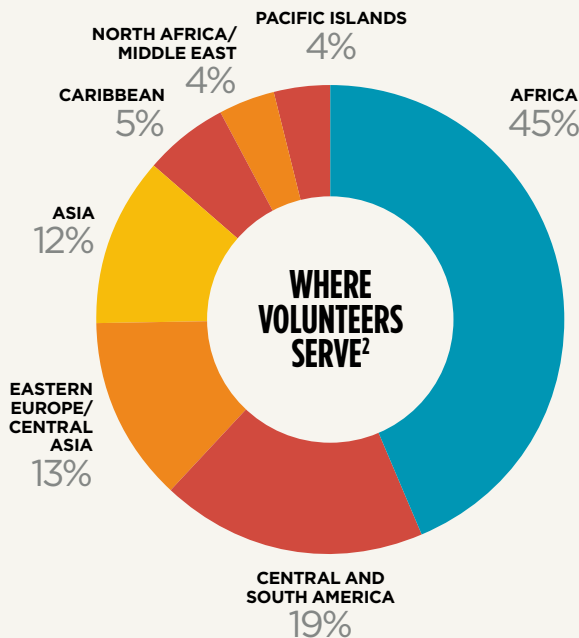
AGE
26 AVERAGE
3% OVER 50



COUNTRIES AND PROJECTS

CURRENT NUMBER OF COUNTRIES SERVED
61 COUNTRIES
58 POSTS

BUDGET
FISCAL YEAR 2019 BUDGET:
\$410.5 MILLION



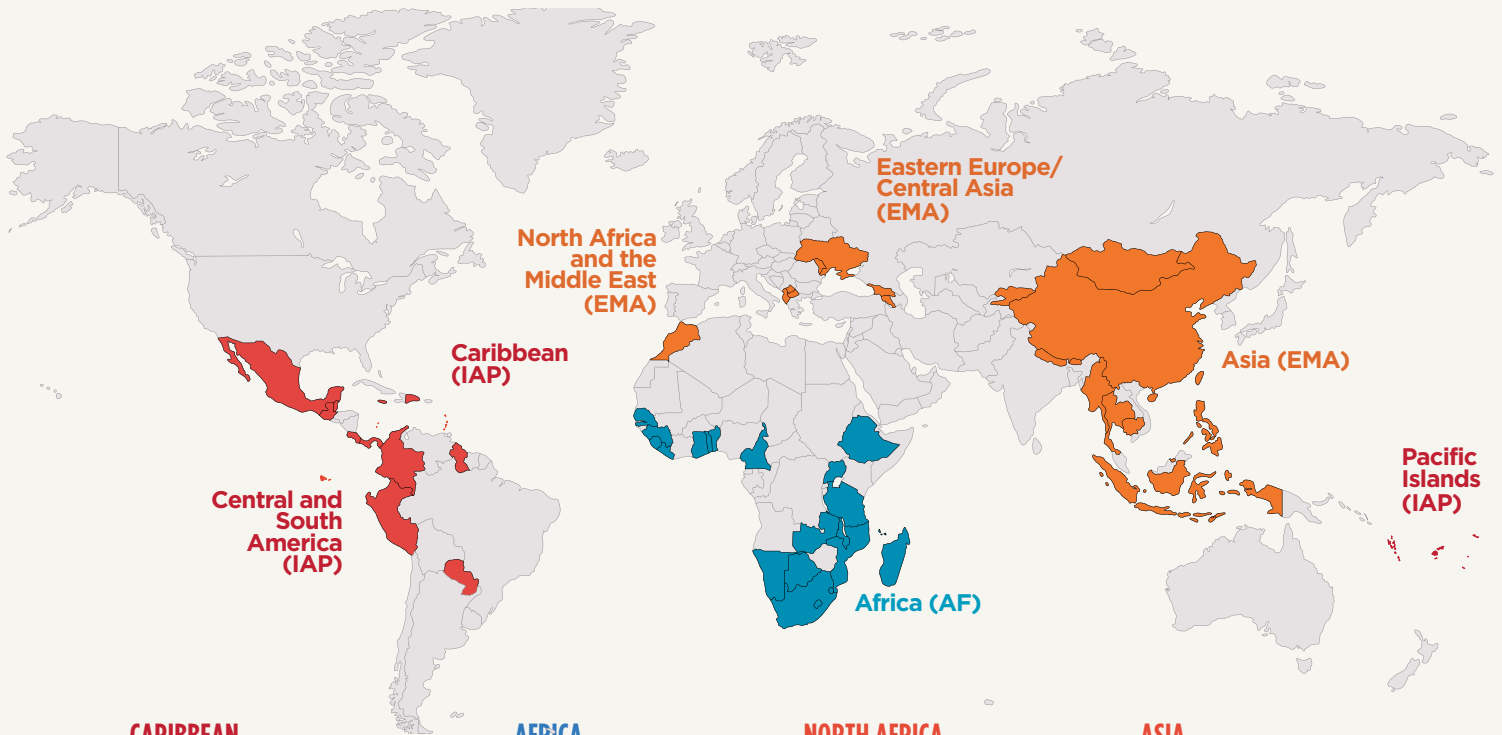
PEACE CORPS DIRECTOR
JODY K. OLSEN
(TUNISIA, 1966–1968)

CONTACT
TOLL-FREE
855.855.1961
WEBSITE
PEACECORPS.GOV

¹ Volunteers are funded from appropriated funds and monies from the President's Emergency Plan for AIDS Relief (PEPFAR). Of the 7,334 Peace Corps Volunteers, 686 are funded by PEPFAR.

² Numbers may not add to 100% due to rounding.

Where Peace Corps Volunteers Served In FY 2019



CARIBBEAN

- Dominican Republic
- Eastern Caribbean:
 - Dominica
 - Grenada and Carriacou
 - St. Lucia
 - St. Vincent and the Grenadines
- Jamaica

CENTRAL AND SOUTH AMERICA

- Belize
- Colombia
- Costa Rica
- Ecuador
- Guatemala
- Guyana
- Mexico
- Panama
- Paraguay
- Peru

AFRICA

- Benin
- Botswana
- Cameroon
- Comoros
- Eswatini
- Ethiopia
- Ghana
- Guinea
- Lesotho
- Liberia
- Madagascar
- Malawi
- Mozambique
- Namibia
- Rwanda
- Senegal
- Sierra Leone
- South Africa
- Tanzania
- The Gambia
- Togo
- Uganda
- Zambia

NORTH AFRICA AND THE MIDDLE EAST

EASTERN EUROPE AND CENTRAL ASIA

- Morocco
- Albania
- Armenia
- Georgia
- Kosovo
- Kyrgyz Republic
- North Macedonia
- Moldova
- Ukraine

ASIA

- Cambodia
- China
- Indonesia
- Mongolia
- Myanmar
- Nepal
- Philippines
- Thailand
- Timor-Leste

PACIFIC ISLANDS

- Fiji
- Samoa
- Tonga
- Vanuatu

AF: Africa Region
EMA: Europe, Mediterranean, and Asia Region
IAP: Inter-America and Pacific Region

Contents

DIRECTOR OF THE PEACE CORPS

MANAGEMENT'S DISCUSSION AND ANALYSIS

- 6 Mission and Overview of the Peace Corps
- 7 Core Values
- 8 Our Organization
- 9 Work of the Volunteers
- 18 Strategic Goals and Objectives
- 23 Performance Overview and Highlights
- 26 Forward-Looking Information
- 30 Financial Summary and Highlights
- 37 Analysis of Systems, Controls, and Legal Compliance
- 40 Federal Managers' Financial Integrity Act FY 2019 Unmodified Management Assurance Statement

FINANCIAL SECTION

- 43 Message from the Chief Financial Officer
- 44 Financial Statements (Audited)
- 48 Notes to the Financial Statements (Audited)
- 65 Inspector General's Audit Transmittal Letter
- 67 Auditor's Report

OTHER INFORMATION

- 84 Inspector General's Statement on the Peace Corps' Management and Performance Challenges
- 102 Summary of Financial Statement Audit and Management Assurances

APPENDICES

- 106 Status of Audit Weaknesses
- 108 Verification and Validation of Data
- 110 Improper Payment Elimination and Recover Act
- 112 Glossary of Acronyms

DIRECTOR OF THE PEACE CORPS



On behalf of the Peace Corps Volunteers and staff serving around the world, I am pleased to present the Peace Corps' Agency Financial Report for FY 2019.

This report conveys our commitment to sound financial and performance management as well as the effectiveness of our grassroots efforts in local communities around the globe.

The Peace Corps was established in 1961 by then-President John F. Kennedy with a mission to promote world peace and friendship. Since then, more than 240,000 Volunteers have served in over 142 countries performing extraordinary work in realizing the agency's mission. Fifty-eight years after its establishment, the mission of the Peace Corps remains as relevant and innovative and as ever.

Every day, our Peace Corps Volunteers make life-changing contributions in local communities in agriculture, education, the environment, health and HIV/AIDS education and prevention, small business development, and youth development. Our Volunteers immerse themselves in communities abroad, working side-by-side with local leaders to tackle the most pressing challenges of our generation, as they carry out the mission of the agency:

- 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.

While the mission and core goals have remained the same for the past 58 years, today's Peace Corps is a dynamic organization, highly responsive to the evolving needs of the host countries where it serves. With appropriated funding from Congress of \$410.5 million for FY 2019 and as we complete the second year of implementation of our FY 2018-2022 Strategic Plan, the agency continues to increase the efficiency and effectiveness of operations in support of the President's Management Agenda.

Last October, the President signed into law the [Sam Farr and Nick Castle Peace Corps Reform Act of 2018](#). The act contains provisions designed to improve Volunteer support, including medical care both at post and after service, improvements in oversight and accountability, and enhancements to our crime risk reduction programs. We are committed to implementing the provisions under the Sam Farr and Nick Castle Peace Corps Reform Act of 2018 and have already made great progress on that front.

The Peace Corps has a long tradition of supporting women's empowerment. As a former Peace Corps Volunteer, I am especially honored to reaffirm our commitment to women's advancement and the agency's vital role in support of the [Women's Global Development and Prosperity Initiative \(W-GDP\)](#), a whole-of-government approach to help women advance economically. This year, we launched LibGuide, an online platform containing resources for Peace Corps Volunteers to help them succeed in project initiatives that contribute to women's economic empowerment and stability.

In FY 2019, I signed an agreement establishing a new Peace Corps program in Montenegro, which will be the 143rd country served by the Peace Corps. We also completed a thorough assessment of our suspended program in Kenya. Since the departure of our Volunteers in 2014, the Government of Kenya and the Peace Corps have been steadfast in their goal of restarting the Peace Corps program in the country. Based upon our evaluation, we have made the decision to return to Kenya. Volunteers will begin serving in both countries in FY 2020.

On the domestic front, we are excited to be moving to our new home in 1275 First Street NE, Washington, DC, which will be renamed “The Paul D. Coverdell Peace Corps Headquarters.” Our new, modern headquarters will enhance the agency’s efficiency and productivity. The building is Platinum LEED certified and includes much needed conferencing facilities, teaming rooms, and media centers for improved collaboration across our overseas and domestic offices. Our building move team has been working diligently to ensure a smooth transition, including planning, designing, procurement, and transportation. We intend to fully relocate by the end of November 2019.

I am pleased to report that for the 13th consecutive year, the independent external auditors rendered an unmodified (clean) audit opinion on the Peace Corps’ financial statements. For FY 2019, the Peace Corps received no material weakness, two significant deficiencies, and one instance of noncompliance with laws and regulations on its financial statements. Based on our assessment, our system of internal control and the financial systems meet the Federal Managers’ Financial Integrity Act objectives as shown in the Management Assurances Section. The Peace Corps remains committed to accountability and transparency in all facets of our agency operations, and we believe the information presented in this report is reliable and complete.

The Peace Corps’ inspector general prevents fraud, waste, abuse, and mismanagement within the agency. We value the recommendations provided by the inspector general and continue to implement practical, operational changes. Interested readers can learn more about our efforts to correct audit findings in the chief financial officer letter in the Financial Section. The success of the Peace Corps would not be possible without the commitment of our Volunteers, the hard-working staff in our domestic offices, and the attentive support of our staff overseas. Together we strive to be a dynamic, forward-leaning champion for international service so that the Peace Corps can continue being a leader in international development and citizen diplomacy.



Jody K. Olsen

Director

November 15, 2019

Every day, our Peace Corps Volunteers make life-changing contributions in local communities in agriculture, education, the environment, health and HIV/AIDS education and prevention, small business development, and youth development.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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FY 2019 Unmodified Management Assurance Statement

VOLUNTEER: Larisa Gehmie
COUNTRY: Rwanda
SECTOR: Health



Mission and Overview of the Peace Corps

Our Mission

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

Our Vision

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

Who We Are

Initially established by President John F. Kennedy by executive order on March 1, 1961, the Peace Corps was formally authorized by Congress on September 22, 1961, with the passage of the Peace Corps Act. The Peace Corps is an independent agency within the executive branch of the U.S. government.

Since its inception 58 years ago, the Peace Corps has been guided by a mission of world peace and friendship and continues to be a leader in international development and citizen diplomacy. In a profoundly interdependent

world, we tackle challenges that know no borders—such as access to education, food security, environmental concerns, youth development, and gender disparities.

The agency exemplifies the best of the American spirit by sending Americans to serve communities around the world, advancing development, and building cross-cultural understanding. Today, the Peace Corps continues to build strong relationships between our country and the people of our partner nations, while making a difference in overseas communities, in the lives of our Volunteers, and back home in the United States.

Periodically, the Peace Corps conducts a strategic assessment of its global presence and impact through our Country Portfolio Review process. This review facilitates effective responses to new requests for Volunteers, while preserving and strengthening longstanding relationships with existing partners and host countries. Moving forward, we envision a Peace Corps that remains more vital than ever—collaborating with diverse partners, applying cutting-edge technologies, and pioneering best practices to deepen our development impact.

The number of Volunteers and trainees serving in the Peace Corps as of September 30, 2019 was 7,334. This included 686 Volunteers funded by the President's Emergency Plan for AIDS Relief and 155 Volunteers serving in short-term, specialized assignments through the Peace Corps Response Program. The number of Volunteers fielded each year is dependent on the available appropriated funds and the priorities of the agency.



“In the Peace Corps we strengthen our nation by creating understanding and hope in foreign countries. In the war against poverty we are trying to create within our own boundaries the kind of society whose strength and humanity will make it worthy of world leadership.”

SARGENT SHRIVER
FOUNDING DIRECTOR OF THE
PEACE CORPS, 1961 - 1966

Core Values

The Peace Corps advances its mission through the work of its Volunteers. The agency is structured to support the unique needs of thousands of Volunteers serving in communities around the world, often under conditions of hardship. The following core values shape decisions across the agency.

CORE VALUES

Volunteer Well-Being

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

Quality and Impact

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

Commitment to National Service

The Peace Corps seeks to expand opportunities for Americans to serve their country by volunteering their time abroad in the service of others and to continue that commitment to service once they return.

Diversity and Inclusion

The Peace Corps actively supports a culture of inclusion that embraces diversity—from the rich diversity of America to the incredible diversity of the countries in which Volunteers serve.

Evidence-Based Decisions

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

Innovation

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

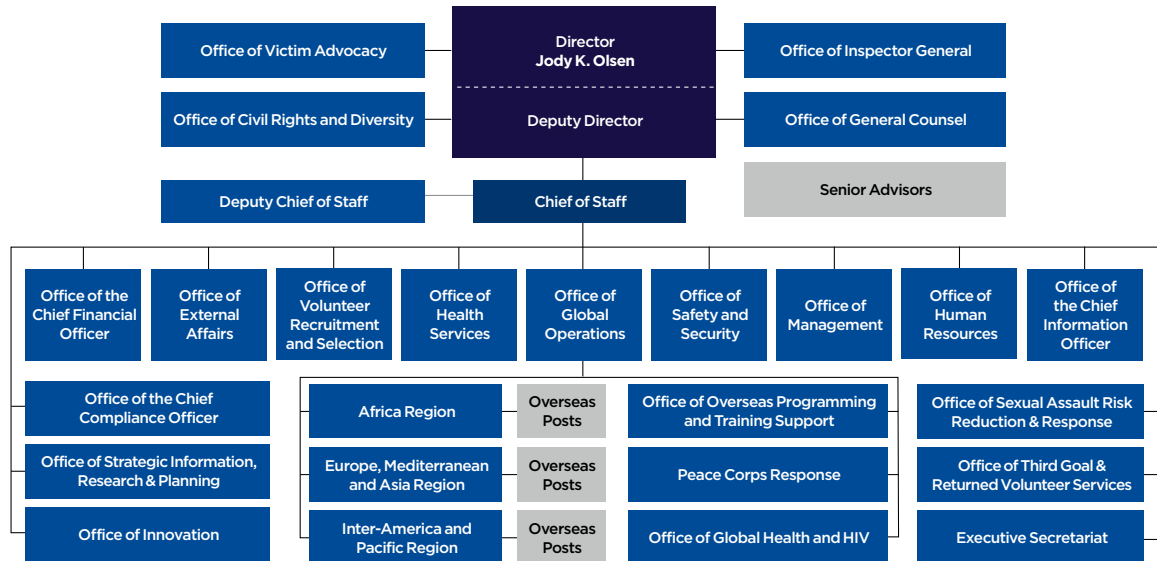


Peace Corps Response Volunteer Jo Anne works with groups of women in northern Peru to not only improve their nutrition but to improve their ability to provide for their families by helping them start small income generating businesses. One group of women Jo Anne works with makes a wide variety of products from locally grown bananas including banana marmalade and handbags made from banana leaves.

VOLUNTEER NAME: Jo Anne Cohn

Our Organization

PEACE CORPS ORGANIZATIONAL CHART

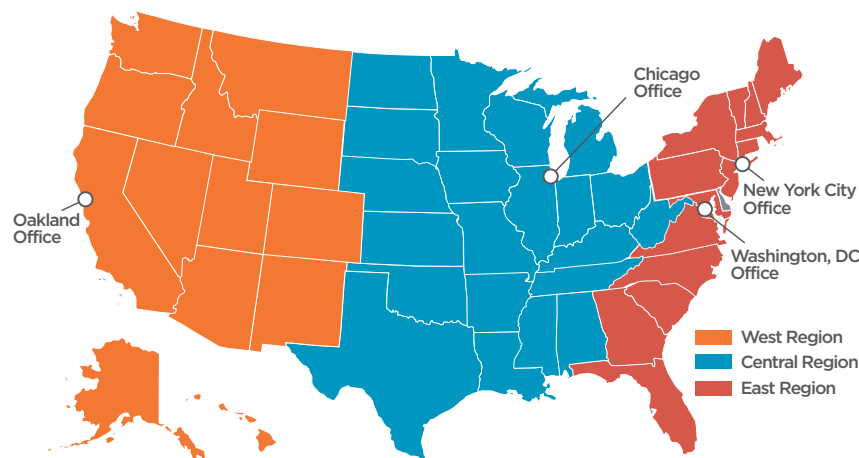


In FY 2019, the Peace Corps maintained active programs in 61 countries administered by 58 overseas posts. Each post is led by a country director and supported by programming, training, safety and security, medical, financial, and administrative staff. Overseas posts are organized into three geographic regions: Africa (AF); Europe, Mediterranean, and Asia (EMA); and Inter-America and the Pacific (IAP).

In addition to its Volunteers, the Peace Corps' greatest asset is its workforce, comprised

of 926 U.S. direct-hire staff and 2,862 host country staff (including short-term language and cross-cultural training staff). The unique combination of U.S. direct-hire and host country staff creates a flexible and vibrant workforce. The Peace Corps believes that having a diverse and inclusive agency is essential to advancing its mission. The Peace Corps maximizes Volunteer and staff skills, talent, and overall performance by developing a culture of inclusion and collaboration.

REGIONAL OFFICE BREAKDOWN



The Peace Corps is headquartered in Washington, D.C., with regional recruitment offices in Chicago, New York City, and San Francisco. There are 70 recruiters across the nation, working to recruit and place qualified Americans from all walks of life to serve overseas as Peace Corps Volunteers.

Work of the Volunteers

The Path to Becoming a Volunteer

Every Peace Corps Volunteer is unique, and so is every Volunteer's service. What Volunteers have in common is a passion for service and an eagerness for life-defining experiences. They are motivated changemakers, ready to partner with communities to make a difference at the grassroots level.

Most Peace Corps Volunteers serve for two years, following three months of training. Another pathway to Peace Corps service is Peace Corps Response, through which short-term, high-impact assignments are undertaken by returned Peace Corps Volunteers and other experienced professionals.

When applying to the Peace Corps, prospective Volunteers select the program that meets their interests and aspirations. Candidates have an opportunity to indicate their preference for geographic region, programmatic sector, and date of availability. All candidates are encouraged to connect with one of 70 Peace Corps recruiters in the U.S., who can discuss skill sets and expectations for service. The path

to becoming a Peace Corps Volunteer takes approximately six to nine months, starting from application submission to departure for service.

What We Do

Volunteers live and work abroad to help communities meet the most urgent challenges of our time. Rather than provide monetary assistance to countries, the Peace Corps sends Volunteers to share their skills and experience while living and working alongside local individuals and communities.

This unique community-based approach to development emphasizes intercultural understanding, capacity building, and sustainable results. Volunteers advance citizen diplomacy, build local capacity, and bring a wealth of experience back to the United States. Volunteers develop language, intercultural, technical, and entrepreneurial skills that prepare them for jobs in a competitive global marketplace. They bring these skills with them to their work in both the public and private sectors, sharing their global experiences and outlook with their colleagues, friends, and family. In turn, this helps to build a more competitive U.S. workforce.

THE PEACE CORPS' APPROACH TO DEVELOPMENT



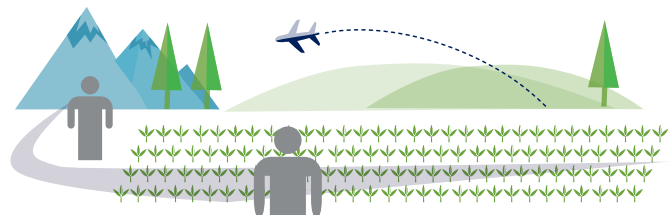
Countries invite the Peace Corps to partner with them in addressing their development goals. Volunteers are requested directly by local schools, government offices, and other community-based organizations.



Volunteers live and work at the grassroots level.



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



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

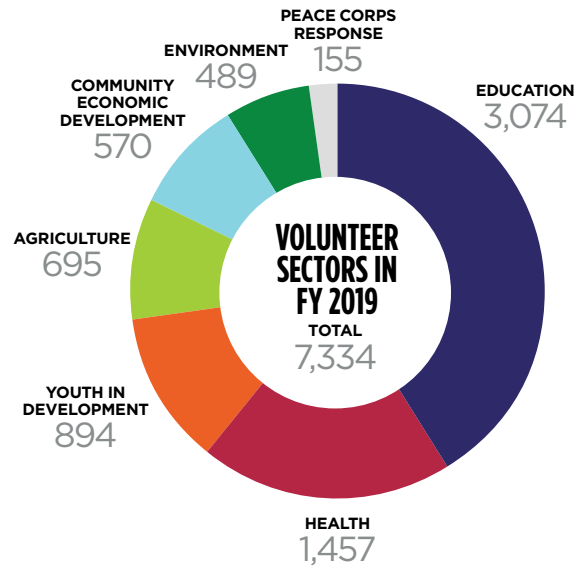
Volunteers work closely with host country counterparts to strengthen the capacity of local individuals and communities to solve their own problems.

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

Volunteer Programmatic Sectors

Volunteer projects vary across the world, since they are designed to respond to local needs. Globally, Volunteers' work falls within six programmatic sectors: Agriculture, Community Economic Development, Education, Environment, Health, and Youth in Development.

When applying for Volunteer service, Peace Corps candidates can choose the programmatic sector that matches their skills, passions, and career goals—or opt to be placed where they are needed most. Peace Corps service can be the first step toward a career or the continuation of one's life work.



Agriculture

Leading grassroots efforts to fight hunger.

Peace Corps Agriculture Volunteers help host country communities develop their agriculture sectors to improve local livelihoods, increase food security, and promote better nutrition. Agriculture projects are designed to promote environmentally sustainable, small-holder farming practices that focus on increasing productivity, improving business practices and profitability, and sustaining the natural

resource base, including effective soil and water conservation practices and, where practical, diversification and integration of agricultural production practices.

Agriculture Volunteers provide support and training to individuals and groups in the use of appropriate, low-cost farming practices and techniques including bio-intensive gardening, integrated pest management, improved post-harvest management and storage, optimized use of agricultural inputs including improved seed varieties and organic fertilizer, adoption of improved soil management methods such as no-till cultivation, and the use of more efficient water capture and delivery technologies such as micro-irrigation. Volunteers contribute to climate resilience by educating community members, promoting the use of “climate-smart” agriculture techniques and practices, and creating sustainable and self-sufficient agricultural systems.

Working in local languages, Agriculture Volunteers provide direct technical assistance to individual farmers and producer groups. In addition, they use informal education and extension methodologies, such as the “lead” farmer approach and the Farmer Field School model, which is promoted extensively by



the United Nations Food and Agriculture Organization. Volunteers also support farmers and other groups who depend on agriculture for their livelihoods by conducting training in basic business and organizational

skills, marketing, value chain analysis, and organizational development including formation of savings and lending associations. Volunteers purposefully include women and youth in their agriculture outreach activities.

AGRICULTURE VOLUNTEERS AT WORK:

- Improving traditional crop systems by introducing farmers to better practices and technologies, such as conservation agriculture (e.g., no tillage, use of permanent soil cover using organic mulch, green cover crops, crop rotation) and agroforestry strategies (e.g., alley cropping, planting windbreaks and living fences, planting leguminous and multipurpose trees)
- Collaborating with farmers to improve profits through a value chain approach to cash crop production and marketing of moringa, cacao, cashews, and shea
- Encouraging home garden production while raising awareness about the advantages of producing crops with high nutritional value, like orange-fleshed sweet potato and green leafy vegetables, as well as the advantages of growing a variety of both traditional and non-traditional vegetables and fruits
- Helping producers increase the value of their agricultural earnings by developing new products, improving storage and packaging, expanding distribution, improving product quality, and implementing effective management and marketing strategies
- Developing farmers' skill in dry-season gardening, a practice that enhances food security and provides income to local communities outside of the field-crop growing season
- Working with local schools to develop clubs with a food security or sustainable environmental management theme along with a school garden to teach about nutrition, provide hands-on math and science teaching, and supplement school lunch programs with fresh, nutritious vegetables and fruits



Community Economic Development

Helping communities advance themselves.

Peace Corps Community Economic Development Volunteers help build the capacity of community members to improve their economic opportunities and advance local development efforts. Community Economic Development projects have a primary focus on either economic development or community and organizational development. Within these two areas, individual projects are adapted to local conditions and priorities, as well as host country development strategies. Furthermore, each Community Economic Development project identifies specific community members and/or organizations (e.g., women, farmers, youth, artisan groups, municipal offices) that

are the primary beneficiaries of Volunteers' capacity-building efforts. Community Economic Development projects frequently work with the most economically marginalized groups and communities in a host country.

Projects focusing on economic development enable host country households to achieve economic security and upward economic mobility. By delivering training and workshops, providing ongoing technical assistance to business owners, teaching in the classroom, and organizing youth clubs, Volunteers build the capacity of individuals to adopt personal money management strategies; increase



savings and access to affordable credit; pursue entrepreneurial opportunities; apply fundamental business skills to their small-scale economic activities; and demonstrate the employability skills needed to secure

employment. Volunteers may also work with organized groups or entire communities to improve market linkages for local businesses and support the management of community-run businesses.

Projects focusing on community and organizational development enable both community organizations and civil society actors to collaboratively advance local development efforts—whether through improvements in health, education, livelihoods, civic engagement or other critical aspects of human and community development. By implementing an organizational capacity assessment, assisting with the resulting action planning, training, coaching, and organizing various outreach campaigns and events, Volunteers help community-based organizations increase their capacity to achieve their missions; increase their engagement and collaboration with key stakeholders; and expand opportunities in the community for civic engagement and volunteerism. Volunteers also work with these organizations to improve marketing and advocacy campaigns, raise funds and resources, network, improve client services, and use technology more effectively.

COMMUNITY ECONOMIC DEVELOPMENT VOLUNTEERS AT WORK

- Supporting youth with business plan development and participation in business plan competitions at the local, regional, and national levels
- Building the capacity of business owners to use computer technology and the internet to market products and services
- Organizing youth clubs to increase civic engagement and volunteerism in the community
- Helping artisan cooperatives find new markets for their handmade goods and improve quality control
- Advising women’s groups on value-added strategies for increasing the profitability of their agriculture-based products
- Fostering the creation of sustainable, independent, community-managed savings and loan associations
- Working with local civil society groups to improve their outreach and implement awareness campaigns
- Strengthening organizational systems, processes, and learning so that organizations can move from a project-based focus to a more sustainable program-based focus



Education

Teaching lessons that last a lifetime.

Nearly half of Peace Corps Volunteers work as Education Volunteers, making Education the agency's largest sector. Education Volunteers work on projects that focus on building teacher capacity, increasing student achievement, and helping communities to advocate and support educational initiatives. All Education Volunteers work in alignment with the national priorities of their host countries.

The Teaching English as a Foreign Language (TEFL) project focuses on helping host country counterparts' professional development, including improving their English proficiency and teaching skills, which in turn leads to improved English language instruction and increased English proficiency for students. Volunteers can earn their [TEFL certificate](#) through the Peace Corps. In addition to formal classroom instruction, TEFL Volunteers participate in informal activities such as adult TEFL education and English clubs and camps. Volunteers can earn their TEFL certificate through the Peace Corps.

Education Volunteers focusing on literacy and early grade reading promote improvement of students' basic literacy and numeracy skills and help teachers develop strategies for teaching reading and comprehension, with a special focus on students at risk of failing. This work takes place principally in the early primary grades and also targets students in secondary school who are in need of remedial literacy support. Projects emphasize communities of practice in which students, community members, and parents address how they can support reading and literacy development at home and in community settings.



Education Volunteers include a gender empowerment approach in their work. Volunteers start after-school clubs; work with teachers to integrate gender-equitable practices; collaborate with school administrators and parents to promote student-friendly schools; and provide other support networks through youth programs that include girls and boys, both together and separately.

The math, science, and information and communication technologies projects focus on middle school or secondary students and include training on how to work in low-resource settings and engage students, particularly girls, by using real-life applications of these subjects. Projects promote communities of practice, particularly with other math, science, and information and communication technologies teachers, to share teaching and assessment techniques.

EDUCATION VOLUNTEERS AT WORK

- Engaging in mutual peer observation with counterparts to build trust and develop strategies for teacher improvement
- Developing hands-on projects in science and math classes and demonstrating real-world application of classroom concepts
- Facilitating learner-centered and component-based approaches to literacy in classrooms and teacher training
- Creating community and school-based resource centers and libraries
- Advising school-community organizations, parent-teacher groups, and community development projects
- Facilitating camps or clubs related to the Volunteer's teaching focus
- Organizing spelling bees, Model United Nations activities, math and science fairs, essay contests, field trips, and other extracurricular activities that promote community involvement in student learning
- Starting after-school literacy tutoring programs pairing older youth with primary school children
- Demonstrating and integrating gender-equitable teaching practices in schools
- Working with administrators and communities to find alternative discipline techniques
- Developing classroom assessments to measure student achievement
- Supporting special-needs classes, such as deaf education, and promoting general community acceptance of children with disabilities



Environment

Forging a global movement to protect the planet.

Peace Corps Volunteers in the Environment sector collaborate with host country partners to help protect the environment and help communities become more resilient to environmental shocks and stresses. They respond by promoting environmental education and awareness, strengthening the capacities of individuals and organizations in natural resource planning and management, and integrating environment, poverty

reduction and gender equity issues through support to environmentally sustainable, income-generating activities.

Environment Volunteers encourage sustainable natural resource planning and management by facilitating efforts to expand and sustain the use of healthy conservation practices, including the production and cultivation of trees to improve soils, conserve water, and protect fields from erosion. Effective management of natural resources and habitats requires the cooperation of local governments, organizations, communities, and individuals. Volunteers work to build the organizational capacity of partners to plan, manage, lead, and advocate for the protection of the local environment. Volunteers help develop income-generating activities that create incentives for conservation of natural resources, such as ecotourism and crafts. They also address the rising pace of deforestation by introducing more fuel-efficient cookstoves to local communities.



Volunteers are increasingly engaged in environmental education to raise awareness and build cross-generational support required to initiate and sustain action on environmental issues. Volunteers train local teachers to integrate

more interactive, environment-focused teaching methods into their curricula. They also collaborate with schools to promote environmental education through extracurricular activities, including clubs, camps, and awareness campaigns.

ENVIRONMENT VOLUNTEERS AT WORK

- Fostering environmental awareness and education through community-based eco-clubs
- Combating soil erosion and climate change by planting gardens and establishing tree nurseries with local counterparts
- Implementing school recycling programs in conjunction with classes in environmental education
- Helping to run environmental camps and clubs and sponsoring special events such as Earth Day activities
- Strengthening the organizational and planning capacities of environmental non-governmental organizations
- Providing technical assistance to farmers in employing natural resource management methods in agro-pastoral system
- Introducing innovative soil fertility and water conservation methods to adapt to increasingly arid climates
- Promoting sustainable management of coastal fisheries
- Promoting income-generating activities, such as sustainable ecotourism
- Slowing rates of deforestation through the introduction of fuel-efficient cookstoves

 **Health**
Building healthy global communities.

At the end of FY 2019, there were over 1400 Peace Corps Volunteers worldwide, making Health the agency's second-largest sector. Volunteers work with local partners to improve health outcomes in communities where individuals tend to have the least access to health information and services. Volunteers help introduce innovation and technology while also using appropriate resources to address health needs.

The Peace Corps is a fully-integrated partner in the implementation of President's Emergency Plan for AIDS Relief. As a result, a large number of Peace Corps Volunteers work on HIV/AIDS initiatives. Volunteers' HIV/AIDS work includes prevention, care, treatment, and support services for people living with HIV and those affected by the epidemic. Additionally, Volunteers support programs targeting orphans, vulnerable children, and at-risk youth. Volunteers also work to support the President's Malaria Initiative, combating malaria by distributing bed



nets and providing education on prevention, diagnosis, and treatment. Volunteers are frequently assigned to non-governmental organizations to help increase their technical, managerial, and administrative capacities.

HEALTH VOLUNTEERS AT WORK

- Facilitating health education on improved nutrition practices and behaviors
- Promoting hygiene education and pandemic preparedness in communities and schools
- Expanding peer education to reduce risky behavior
- Disseminating educational information on infectious diseases, including malaria and HIV
- Assisting in promoting maternal and child health services
- Strengthening non-governmental health-delivery systems through activities such as timely vaccination campaigns



Youth in Development

Empowering the next generation of leaders.

Peace Corps Youth in Development Volunteers prepare and engage young people for their adult roles in the family, the workforce, and the community. The aim of all Youth in Development projects is to foster young people's life skills and leadership abilities so they may become productive and engaged citizens. Additionally, Youth in Development Volunteers support four complementary areas of holistic development: community engagement, professional development, implementation of positive youth development programming by service providers, and supporting parents with improved skills to communicate with their children.

Volunteers work to help youth develop life skills by promoting self-esteem and positive personal identity, healthy emotional practices and communication, decision-making, and goal-setting skills. Additionally, Volunteers help young people prepare for the workforce by conducting trainings in employability, entrepreneurship, and financial literacy, including: resume development workshops, career-planning sessions, establishing savings groups, English instruction, technology trainings, and microenterprise development. Volunteers help the next generation become active citizens by encouraging them to volunteer and organize service-learning activities. Volunteers also work with youth service providers and youth-serving organizations to help implement high-quality programs for adolescents. Volunteers and their partners also encourage parents and other community adults to play essential supporting roles for youth.

Volunteers and their community partners mentor young people to take an active role in planning for their future as well as the future of their communities and countries. Volunteers promote extracurricular clubs and activities, including sports and exercise, health, wellness, and nutrition activities and work to improve emotional well-being and resiliency in young people





“Teaching English isn’t exactly the objective of a Youth in Development Volunteer, however with one of my schools understaffed I’ve taken the role of both an English and math teacher. What I’ve learned throughout my time at site is that no amount of preparation can get you 100% ready for the real deal, but the more prepared you are, the more knowledge and skills you have to draw upon to support you in whatever capacity.”

VOLUNTEER: Chukwuma Osuji
 COUNTRY: Thailand
 SECTOR: Youth in Development

YOUTH IN DEVELOPMENT VOLUNTEERS AT WORK

- Teaching youth life and leadership skills to promote self-esteem and positive identity, healthy emotional practices, and effective communication, goal-setting, and action planning
- Training parents and caregivers on techniques for improving communication with youth
- Facilitating youth participation in service projects and other community volunteering activities
- Supporting youth service providers in the implementation of programs that promote positive development
- Conducting workshops in career planning, personal and family financial literacy, resume writing, entrepreneurship, computer and Internet usage, and English language instruction

Additional information on the Peace Corps Volunteer programmatic sectors can be found at [peacecorps.gov](https://www.peacecorps.gov).

Strategic Goals and Objectives

The three strategic goals of the Peace Corps are interdependent and mutually reinforcing. Volunteers advance grassroots development outcomes by working in partnership with local communities (Strategic Goal One). In addition, Volunteers promote a better understanding of Americans in host country communities throughout their service (Strategic Goal Two). Volunteers also serve as cultural ambassadors, sharing their experiences and increasing Americans' knowledge of the people and cultures of their host communities (Strategic Goal Three).

After completing their service, many returned Volunteers continue to fulfill the Peace Corps' mission by sharing their global perspective, engaging in public service, and fostering intercultural understanding in the United States.

The three goals outlined below are keys to advancing the Peace Corps' mission. These strategic goals are consistent with the three core goals articulated when the Peace Corps was first established in 1961 (The Peace Corps Act, Public Law 87-293–September 22, 1961) and continue to serve as the foundation for the Peace Corps' approach to development is embodied in the FY 2018–2022 Strategic Plan.

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

Strategic Goals

STRATEGIC GOAL 1: BUILDING LOCAL CAPACITY

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

The Peace Corps' approach to development is local and community-based. Peace Corps Volunteers work to strengthen the capacity of host country individuals, groups, and communities to advance local development outcomes. Volunteers engage in project work and train local partners in areas such as agriculture, community economic development, education, environment, health, and youth in development. This focus on local capacity building helps to ensure that the work of the Volunteers is sustained long after their service is complete.

Public Benefit: Through Volunteers' capacity-building work, local communities and individuals strengthen the skills they need to address their specific challenges. As a result, local conditions are improved around the globe, and the American people benefit from a more stable, prosperous, and peaceful world.

STRATEGIC GOAL 2: SHARING AMERICA WITH THE WORLD

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

Volunteers promote a better understanding of Americans among local people through day-to-day interactions with their host families, counterparts³, friends, and others. Over the course of their two years of service, Volunteers share America with the world—dispelling myths about Americans and developing deep relationships with local people. Through this approach, Volunteers also learn more about local challenges, resources, and conditions in their host

³The Peace Corps assigns each Volunteer one or more "counterparts," or primary host community partners, for integration and work.

countries. Over time, they build the trust that is essential to project success.

Public Benefit: Volunteers are some of America's most effective goodwill ambassadors in communities where other development or cross-cultural exchange organizations are rarely present. As the result of sustained interactions with Volunteers, local individuals and communities gain a more complete understanding of the United States and become more willing to engage with Americans.

STRATEGIC GOAL 3: BRINGING THE WORLD BACK HOME

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

During their two years of service, Volunteers learn the languages, customs, traditions, and values of the people with whom they live and work. Volunteers bring the world back home by sharing their experiences with family, friends, and the American public during and after their service. They directly connect Americans with local individuals and communities, both independently and through Peace Corps-supported programs. As a result, they deepen and enrich Americans' awareness and knowledge of other countries, cultures, and global issues. Long after they return from their assignments abroad, returned Volunteers continue their service by promoting a better understanding of other cultures, encouraging and supporting volunteerism, and engaging in public service.

Public Benefit: Sustained interaction between Americans and other peoples engenders mutual understanding and trust, increasing respect and promoting dignity in world affairs at home and abroad. Additionally, through their overseas experiences, Volunteers develop language, intercultural, technical, and entrepreneurial skills that prepare them for today's competitive job market. They bring these skills with them to their work in both the public and private sectors, sharing their global experiences and perspectives with their colleagues, friends, and family. This, in turn, helps to build a more competitive U.S. workforce.



From working with a sesame cooperative to starting a decaf coffee company

VOLUNTEER: Kait Brown
COUNTRY: Burkina Faso
SECTOR: Agriculture

STRATEGIC GOAL 3: Bringing the World Back Home

As a Volunteer in Burkina Faso, I collaborated with farmers to build a sesame business so they could earn more by growing and selling better quality sesame for export. I helped them form a cooperative and build relationships with exporters. We collaborated to build and implement the tools they would need to run their businesses with limited literacy.

While surrounded by this farming community, I began to think back to another agricultural product I love: coffee. Most coffee is grown by small-scale farmers like the ones I worked with in Burkina. I also began to think back to my days as a teenage barista and wished for a great cup of coffee to replace the instant coffee I was drinking every morning.

Harnessing what I learned in the Peace Corps—that there is no substitute for learning and building relationships in person—my fiancé and I set out on a global decaf quest to learn about coffee, meet potential partners and look for decaf coffee that was worth savoring. Last year, I started Savorista, a craft decaf company that focuses on caffeine-conscious coffee lovers.

The Peace Corps enabled me to build my entrepreneurial muscles while working with the farmers and taught me about accomplishing things resourcefully. In Burkina Faso, I learned how to deal with ambiguity and move forward, even when the path isn't completely clear. I draw on this every day as I navigate building a startup.

Strategic and Management Objectives

The four strategic objectives and two management objectives identified in the FY 2018-2022 Strategic Plan constitute the agency's roadmap for advancing the Peace Corps' mission and fulfilling its strategic goals. Strategic and management objectives are the primary unit of analysis for assessing the agency's performance and are measured through specific, time-bound performance goals.

STRATEGIC OBJECTIVE 1: SUSTAINABLE CHANGE

Foster positive individual, organizational, and community change through Volunteer and stakeholder engagement, collaborative community relationships, the mobilization of local resources, skill building, and cultural exchange.

Rationale: The Peace Corps' strength lies in the promotion of individual, community, and organizational development through effective engagement in local partnerships, evidence-based programs, and the intercultural exchange of knowledge, skills, experiences, and values. Volunteers serve as catalysts for local capacity building through participatory and inclusive development processes that focus on relationships and communities' existing assets, institutions, and resources. Volunteers and program staff working with local counterparts, partner agencies, and government entities are seen as catalysts for increasing engagement and interaction with individuals and organizations with common objectives. In the end, successful engagement not only leverages resources and knowledge but also strengthens local ownership and the sustainability of development efforts. In the short term, priority areas in this strategic objective include improving program outcomes and evidence-based decision making.

STRATEGIC OBJECTIVE 2: VOLUNTEER EFFECTIVENESS

Equip Volunteers to be technically and culturally competent professionals who collaborate with partners to support community-driven solutions by establishing an environment conducive to achieving the three strategic goals of the Peace Corps.

Rationale: Achievement of the agency's three goals is contingent on establishing an enabling environment conducive to effective Volunteer service. This requires targeted and strategic support from the agency, including developing staff capacity, designing and managing projects with an evidence-based approach, and using a systematic approach to site management. It also includes facilitating Volunteer learning; ensuring the integration of comprehensive intercultural competence, diversity, and inclusion into all agency operations; and engaging and supporting host country partners in their roles.

STRATEGIC OBJECTIVE 3: VOLUNTEER RESILIENCE

Optimize the ability of Volunteers to successfully navigate the challenges of service, from recruitment to close of service, through a systematic approach to setting expectations, building skills, and supporting Volunteers, staff, and partners.

Rationale: Optimizing Volunteers' natural resilience has been part of the Peace Corps' approach to development since its inception in 1961. Recent developments in the field of resilience, stress management, intercultural competence, diversity, and inclusion point to the need to review and revise the agency's approach to enhancing resilience. Volunteers encounter unique stressors associated with living and working abroad and integrating into host communities. These stressors may be experienced differently by individual Volunteers depending on their prior life experiences, identity, education, or other factors, as well as the social and cultural complexities of development work at their sites. Delineating a systematic and comprehensive approach to setting expectations and building resilience

skills—one that includes staff, in-country partners, and Volunteers who support each other—will increase the ability of Volunteers to successfully navigate the challenges of service, from recruitment to close of service and life beyond the Peace Corps.

STRATEGIC OBJECTIVE 4: BUILDING LEADERS OF TOMORROW

Strengthen American communities and organizations by enabling returned Volunteers to reinvest the skills and abilities gained during service.

Rationale: Returned Peace Corps Volunteers constitute a significant “domestic dividend” of skilled and dedicated individuals. Volunteers return to America with a unique and diverse set of highly marketable skills, including leadership, language, technical, intercultural, and entrepreneurial skills that contribute to a more competitive U.S. workforce. In addition, returned Volunteers often use their intercultural knowledge and experience to continue their service at home by engaging in public service, supporting volunteerism, and promoting a better understanding of other cultures. This strategic objective directly supports Strategic Goals Two and Three. Priority areas within this strategic objective focus on streamlining returned Volunteer services to ensure operational efficiency, interoffice collaboration, a coordinated, effective returned Volunteer communication strategy, and gathering and strategically analyzing existing data on the Peace Corps’ Third Goal.

MANAGEMENT OBJECTIVE 5: FOUNDATIONAL BUSINESS MANAGEMENT

Continuously improve the agency’s core infrastructure, including the cost-effectiveness, speed, ease-of-use, and quality of business services.

Rationale: The Peace Corps needs to improve the cost-effectiveness, speed, ease-of-use, and quality of its business services. These efforts should be ongoing. Processes that work well should be kept; those that do not should be

improved or discarded, and duplication should be eliminated. Decision makers should have access to the business intelligence they need, when they need it. Agency financial, human capital, and technology resources should be used wisely according to established best practices and business requirements. As these efforts improve operational efficiency, the burden to domestic and overseas staff will be reduced. The ultimate outcome of this objective is the alignment of business services with the agency’s strategic objectives.

MANAGEMENT OBJECTIVE 6: ORGANIZATIONAL RISK MANAGEMENT

Identify and proactively address risks and opportunities through systematic, evidence-based decision making.

Rationale: This objective focuses on advancing and sustaining the agency’s mission and effectiveness through systematic decision making that proactively anticipates, identifies, and manages risks and finds opportunities to improve the efficient and effective use of Peace Corps resources at all levels of the organization. The scope of this objective includes the safety and security of staff, Volunteers, and facilities, as well as the agency’s credibility, emergency preparedness and response, risks to the IT infrastructure (cyber security), and financial risks. This objective is focused on creating an Enterprise Risk Management Council, revising agency policy concerning risk management, training agency leadership on risk management, and incorporating risk management into agency-wide assessments and planning.



Ripples of Change: Girls' Soccer in Mon State

VOLUNTEER: Connor Kasch
COUNTRY: Myanmar
SECTOR: Education
STRATEGIC GOAL 1 AND 2:
Building Local Capacity and
Sharing America with the World

Though my primary assignment in Myanmar is English Language Education, I wanted to get involved with athletics as a potential secondary project. I received my principal's approval to start a soccer club for the 8th and 9th grade girls. We met twice a week for an hour to do technical drills and scrimmage. While the first practice had me questioning my Myanmar language knowledge and whether I had jumped in too quickly, through a mixture of what I have dubbed "Myanglish" and acting, as well as a great deal of enthusiasm and patience on the behalf of the students, we made it work.

After a few months of practice, I received word from Peace Corps about a soccer camp in Yangon. The camp was perfect for my girls—it had a focus on gender equity and playing for fun. As I set out to figure out the details for the soccer camp, I recalled my own past experiences at camp and how enjoyable it had been to play, compete, and make new friends. I hoped that my girls would have a similarly fun time.

The day before the camp we all gathered in a room with our packed supplies: blankets and pillows to sleep on the floor, shiny new uniforms and cleats to play in, snacks and water provided by parents. The girls were excited and joking around, taking selfies and singing songs as we waited for our transportation to arrive.

Watching the camp from the comfort of a shaded

pavilion, another American volunteer, commenting on the purpose of it all, said "It's a small thing, like a tiny pebble being dropped in a lake. The goal is to create ripples of change that grow in size over time." The fact is girls' participation in soccer won't increase exponentially overnight. At my school of over 1,700 students the group of girls I have been coaching is relatively small and I very much wish we could expand the program to other grades. But I remind myself we must start somewhere. I can only hope that the girls' enthusiasm inspires others to believe in their ability to play too. In time, perhaps, we can get a township-wide girls soccer tournament started. We may have limited materials resources but two things we certainly have are an invested community and time.

Performance Overview and Highlights

Performance Improvement

The [FY 2018-2022 Strategic Plan](#) focuses on strengthening core business processes, effective use of data, and efficient use of resources. The plan helps the Peace Corps move forward as a global leader in international development and cross-cultural understanding.

The Peace Corps engages in transparent conversations about performance improvement. The agency uses an evidence-based approach to monitoring and assessing performance that utilizes data to identify the most effective strategies for the greatest impact. The result is an inclusive and participatory culture of performance improvement in which staff at all levels are invested in strengthening agency operations and contributing to the strategic plan.

The Peace Corps' performance improvement system is comprised of synergistic policies and strategies, project design and implementation, monitoring and evaluation, and country-level planning. Key mechanisms include:

- **Quarterly Performance Reviews:** The Peace Corps conducts quarterly reviews as the primary mechanism for monitoring and assessing performance throughout the year. During these reviews, key staff from across the agency discuss performance data from the past quarter and modify strategies to meet performance targets by the end of the fiscal year. In preparation for each review, the agency determines the status of each performance goal in the Annual Performance Plan based on quantitative and qualitative analyses. This quarterly assessment of progress allows the agency to focus resources where there is the greatest need and opportunity for improvement.
- **Integrated Planning and Budget System:** Headquarters offices and overseas posts develop operational plans that are consistent with the broader agency strategic plan. Integrated Planning and Budget System plans are developed during the agency's budget formulation process so that budgets reflect operational resource requirements. Through the Integrated Planning and Budget System, the agency is working to better link performance and budget processes to ensure that managers have a comprehensive view of the interconnected relationships and information involved in program, policy, and budget decision-making.
- **Annual Strategic Review:** Each year, the Peace Corps director leads forward-looking meetings in collaboration with senior leadership from across the agency. The purpose is to discuss the development of the next Annual Performance Plan. Prior to these meetings, lead offices identify challenges, opportunities, and possible realignments in order to advance strategic objectives. Revisions to strategies and performance goals are incorporated into the following year's Annual Performance Plan. These annual meetings are a key opportunity for senior leadership to collaborate in determining long-term courses of action that will maximize organizational effectiveness and efficiency.

These mechanisms establish a cycle of continuous assessment, adaptation, and cross-office collaboration, encouraging an evidence-based approach to budget and management decisions. In addition, the agency is further improving accountability by emphasizing risk-based decision making. The Peace Corps' enhanced risk management system will encompass all aspects of agency operations—from staff and facilities to emergency preparedness and response, cybersecurity, and financial management.

Performance Goal Results for FY 2019

The Peace Corps' four strategic objectives and two management objectives—which advance the three interrelated strategic goals described on [page 18-19](#)—are assessed through 18 measurable performance goals. Each performance goal includes a milestone, or quantitative “target,” to be accomplished within a specific timeframe.

These results, along with additional information, will be published in the FY 2019 Annual Performance Report (APR) available at peacecorps.gov.

FY 2019 RESULTS LEGEND

TARGET MET 100 percent of the target set for FY 2019 was met
SLIGHTLY BELOW TARGET 95 to 99 percent of the target set for FY 2019 was met
TARGET NOT MET Below 95 percent of the target set for FY 2019 was met
DATA NOT YET AVAILABLE Results will be published in the Annual Performance Report.

STRATEGIC OR MANAGEMENT OBJECTIVE	PERFORMANCE GOAL (PG)		PAST PERFORMANCE RESULTS			FY 2019	
			FY 2016	FY 2017	FY 2018	RESULT	TARGET
SO 1: Sustainable Change	PG 1.1: Advance Community-Based Results		76%	86%	80%	Data will be published in the FY 2019 APR	89% of projects have documented achievements on 19 standard indicators
	PG 1.2: Assess the Peace Corps' Impact		-	-	List of proposed topics, tools, and approach developed	Two studies completed (Target met)	First study conducted; Second study planned
SO 2: Volunteer Effectiveness	PG 2.1: Optimize Staff Performance		-	-	Language, training, and Intercultural Competence, Diversity & Inclusion (ICD&I) competencies developed	Programming and evaluation competencies developed (Target not met)	Competencies developed; Resource plan developed; Sequencing and mapping completed; User interface on IT platform completed
	PG 2.2: Optimize Volunteer Performance		-	-	Technical competencies developed	Global core competencies developed (Target not met)	Global core competencies developed; Resource plan developed; Sequencing and mapping completed
	PG 2.3: Improve Language Learning	Levels 1-2	82%	82%	82%	86% of Volunteers scored “Advanced” (Target met) ⁴	85% of Volunteers tested at close of service score “Advanced”
		Levels 3-4	38%	38%	38%	44% of Volunteers scored “Advanced” (Target met) ⁵	40% of Volunteers tested at close of service score “Advanced”
	PG 2.4: Implement an Improved Site Management System		-	-	Scope of work and hypothesis defined	Research completed (Target met)	Structured interviews and case studies conducted in selected posts
	PG 2.5: Strengthen Project Planning and Management		-	4% of projects	21% of projects	54% of projects endorsed (Target not met)	68% of projects with an endorsed logical project framework
SO 3: Volunteer Resilience	PG 3.1: Establish Realistic Expectations of Service		-	-	Headquarters analysis under-way; post analysis to be conducted in FY 2019	Resiliency content and standards developed (Target met)	New resiliency content and adjustment standards developed
	PG 3.2: Increase the Capacity of Volunteers to Manage Adjustment Challenges Outside the Clinical Environment	Decrease careseeking from Peace Corps Medical Officers for adjustment difficulties	6.7 cases per 100 Volunteer/trainee (VT) years ⁶	6.4 cases per 100 VT years	6.3 cases per 100 VT years	7.2 cases per 100 VT years (Target not met)	6.0 cases per 100 VT years
		Develop ICD&I framework to support resilience	-	-	Vision completed; benchmarks under development	MD-715 completed (Target not met)	Peace Corps' status advanced by one level on selected ICD&I benchmarks
		Develop resilience resources	-	-	Modules completed	19% of posts completed review (Target met)	10% of posts completed review of modules and incorporated materials into their training programs

⁴ These results includes 20 Volunteers who tested at the ADV+ level during their service and were thus not re-tested at close of service.

⁵ These results include 11 Volunteers who tested at the ADV+ level during their service and were (thus) not re-tested at close of service.

⁶ The FY 2016 rate relies on data reported through PCMEDICS from January-September 2016 only; data prior to January 2016 was not available or comparable to later months due to changes in the criteria for coding cases as “adjustment difficulty.”

STRATEGIC OR MANAGEMENT OBJECTIVE	PERFORMANCE GOAL (PG)		PAST PERFORMANCE RESULTS			FY 2019	
			FY 2016	FY 2017	FY 2018	RESULT	TARGET
SO 4: Building Leaders of Tomorrow	PG 4.1: Cultivate Leadership Skills		-	-	Competency structure completed	Methodology developed (Target met)	Methodology developed to link leadership and intercultural competencies to project activities
	PG 4.2: Continuation of Service		2,300	2,230	2,153	2,742 opportunities identified (Target met)	2,500 opportunities for returned Volunteers to engage in continued service
	PG 4.3: Consolidate Career and Transition Services for Returned Volunteers		43%	38%	32%	49% of recently returned Volunteers accessed portal (Slightly below Target)	50% of recently returned Volunteers access the RPCV Portal
	PG 4.4: Fulfilling the Third Goal	Number of currently serving Volunteers participating in Third Goal programs	5,512	5,803	5,190	Data will be published in the FY 2019 APR	5,600 Volunteers
		Number of participants reported by currently serving Volunteers in Third Goal programs	38,274	29,847	65,993	Data will be published in the FY 2019 APR	70,000 participants
MO 5: Foundational Business Management	PG 5.1: Improve Decision Making with Better Access to Business Intelligence		-	-	75%	100% (Target met)	100% of selected offices maintain dashboards
	PG 5.2: Align Individual Performance Plans with the Strategic Plan		-	-	New performance management system under development	100% of performance plans aligned (Target met)	Performance plans aligned for 50% of selected senior leaders (career staff)
	PG 5.3: Improve Human Capital Operating Planning and Processes	Develop an agency-wide Human Capital Operating Plan	-	-	Office-level planning underway	Agency-level planning underway (Target not met)	Plan drafted
		Decrease the average vacancy gap to 80 days	89 days ⁷	132 days ⁸	71 days ⁹	111 days ¹⁰ (Target not met)	90 days
MO 6: Organizational Risk Management	PG 6.1: Establish an Enterprise Risk Management Process		-	-	Policies and procedures drafted	ERM Council Charter, By-Laws and policy approved; (Target not met)	Approval process for the new policy completed; Agency risk profile produced
	PG 6.2: Strengthen Risk Registers		-	-	Training developed	Risk register is under development for OCIO (Target not met)	100% of selected offices have developed active risk registers

⁷ Career Connector is the Peace Corps' job vacancy management system that was utilized for the first time in January and February 2016; as a result, the FY 2016 data does not reflect the entire fiscal year.

⁸ In FY 2017, the federal government hiring freeze impacted the agency's hiring process, resulting in delays in onboarding new staff until the freeze was lifted in August 2017.

⁹ Reflects vacancy gap for domestic vacancies only.

¹⁰ The Office of Human Resources is analyzing cases with unusual delays in onboarding new staff and will report on findings in the FY 2019 Annual Performance Report.

Forward-Looking Information

The Peace Corps was founded with the mission of promoting world peace and friendship by fostering relationships between the people of the United States and the people in countries where Volunteers serve. As an independent federal agency, the Peace Corps' model of cross-cultural exchange and community-based development delivers sustainable results with a relatively small investment on the part of the American taxpayer.

The Peace Corps' strong foundation enables the agency to address future opportunities and challenges with the same sense of purpose, idealism, and energy that propelled a bold experiment in 1961 into a global leader in sustainable grassroots development today. As it continues advancing its mission and three strategic goals, the Peace Corps is focused on increasing its efficiency, innovation, and effectiveness. To achieve this vision, agency leadership identified six priority focus areas for the FY 2018–2022 Strategic Plan¹¹:

- **Sustainable Change**
- **Volunteer Effectiveness**
- **Volunteer Resilience**
- **Building Leaders of Tomorrow**
- **Foundation Business Management**
- **Organizational Risk Management**

Key strategic and management strategies include building a culture of inquiry, advancing evidence-based decision-making, supporting organizational learning, increasing stakeholder accountability, and exploring ways to leverage agency partnerships. In addition, embracing varied data sources enables the agency to add critical layers of perspective to the Peace Corps story, elevating the voices of Volunteers, staff, and partners.

Leveraging Peace Corps Partnerships

The Peace Corps leverages partnerships with U.S. Government agencies, international non-governmental organizations, multilateral institutions, and corporations; and it supports whole-of-government global initiatives such as the Women's Global Development and Prosperity Initiative, Feed the Future, and the President's Emergency Plan for AIDS Relief.

The [Women's Global Development and Prosperity Initiative](#) is the first whole-of-government effort to promote women's economic empowerment through the work of the U.S. government and in concert with local and national partners around the world. The Peace Corps' experience in responding to the priorities of communities and nations allows it to be a pivotal contributor to the Women's Global Development and Prosperity Initiative, which seeks to reach 50 million women in developing countries by 2025 and focuses on three pillars:

- 1. Women prospering in the workforce**
- 2. Women succeeding as entrepreneurs**
- 3. Women enabled in the economy**

The initiative includes the Peace Corps' efforts in these areas to dramatically improve women's economic empowerment and help meet its ambitious goal by 2025. Peace Corps Volunteers play a unique role in assisting women to build skills to advance economically. Volunteers work closely with female counterparts and community leaders to identify opportunities and catalyze sustainable, culturally appropriate solutions to the challenges women face in seeking economic opportunity.

The Peace Corps is also one of 11 partnering agencies in [Feed the Future](#), the U.S. Government's global hunger and food security initiative. The Peace Corps' experience in responding to community and national food security priorities allows it to be an essential contributor to Feed the Future. As a partner in

¹¹ For more information on each of these objectives, please refer to the [Peace Corps' FY 2018–2022 Strategic Plan](#).



Women's Beekeeping through Bletët e Vërtetë

VOLUNTEER NAMES: James and Rachel Wirt

COUNTRY: Kosovo

SECTOR: Education

STRATEGIC GOAL 1 AND 2: Building Local Capacity and Sharing America with the World

In Kosovo, Peace Corps education Volunteers James and Rachel Wirt helped form Bletët e Vërtetë, a women's group focused on economically empowering women through beekeeping.

James and Rachel wrote a United States-funded grant to secure supplies and to hire Jehona, a Kosovar woman who manages approximately 700 beehives in western Kosovo.

Jehona is currently training nine women on how to properly bee keep, make hive frames, administer medication and diagnose the health of bee hives, and manage a business.

In Kosovo, only 11.5 percent of all businesses are owned by women, but this hasn't stopped Jehona. Through the money she earns by training the women's group, she is reinvesting in her own business and hopes to be the first-ever bee food producer in the country.

this initiative, the Peace Corps equips its staff, Volunteers, and counterparts with the necessary knowledge and skills to implement evidence-based food and nutrition security programming in rural communities. Examples include helping local people increase agricultural production, improve natural resource management, identify and gain access to better markets, and improve household nutrition.

Through the Health sector, Peace Corps engages in three U.S. Government inter-agency initiatives—the President's Emergency Plan for AIDS Relief, the President's Malaria Initiative, and Ending Preventable Child and Maternal Deaths. The technical and financial resources made available to the Peace Corps through these initiatives have provided the opportunity to significantly increase technical capacity of staff and resources for Volunteers.

By bringing a variety of resources to the agency—including placement opportunities for Volunteers, support for technical staff, training resources, and career opportunities for returned Volunteers—these partnerships contribute to every stage of the Volunteer life cycle, strengthening and sustaining projects developed by Peace Corps Volunteers in the field.

Sustaining Peace Corps' Global Presence

The Peace Corps is committed to sustaining its global presence and impact around the world through a three-pronged strategy focused on short-term, medium-term, and long-term outcomes. In FY 2019, the Peace Corps enhanced its Volunteer Delivery System by revamping the recruitment strategy, applicant interview process, and assessment of "fill-rates" in Peace Corps posts. These efforts help ensure that Volunteer requests in all countries are met. These efforts will continue in FY 2020.

In the medium-term, the agency will continue to utilize the Country Portfolio Review. Mandated by the [Kate Puzey Volunteer Protection Act of 2011](#), the Country Portfolio Review is an annual data-driven review of the allocation and delivery of resources across countries where the Peace Corps serves. For current countries, the Country Portfolio Review guides decision making about the distribution of Volunteers, including identifying posts with the potential to increase their Volunteer numbers. The Country Portfolio Review is also used to guide strategic discussions and decisions in areas where the agency is considering extending its programs. For example, the Peace Corps' Albania program

will expand into neighboring Montenegro with a pilot cohort of 12 Volunteers in FY 2020.

The long-term outcomes involve a data-driven approach to identify potential countries to establish or re-establish a Peace Corps program using a robust new component of the Country Portfolio Review: the New Country Entry tool. Results from this tool were used to guide agency plans to re-enter Kenya in FY 2020 and proceed with actions to reenter Solomon Islands in FY 2021. The Peace Corps will continue to update the New Country Entry tool quarterly and make strategic decisions about future countries for Peace Corps service.

Advancing Evidence-Based Management

The Peace Corps is advancing its use of evidence to aid decision-making processes through the New Country Entry tool and through innovative approaches to programming. A centerpiece for promoting evidence-based management is the developing learning agenda. The learning agenda centers on the agency's global initiative for strengthening programming, training, and evaluation alignment. The focal point of the alignment effort is a new project design document, the Logical Project Framework, which will be used in every project by the end of FY 2021. This effort involves transitioning to industry-standard templates for project design, strengthening links between project design and Volunteer training, and simplifying Volunteers' reporting of their achievements. The transition to these evidence-based templates will provide a robust, systematic foundation for gathering data to document achievements in community-based development in all six Peace Corps sectors worldwide.

Included in the core elements that will underpin the agency's learning agenda is a list of prioritized studies of interest to internal stakeholders. Topics for the studies are developed with multiple offices and advisory groups to ensure that the findings are of maximum relevance for continuous improvement in the agency. These studies will be conducted using rigorous evidence-based methodologies to assess programming and

identify opportunities to strengthen or improve operational efficiency and effectiveness.

Each study begins with a statement of work that articulates key questions, objectives, milestones, timelines, and outputs. The findings from the studies are widely disseminated and analyzed among staff to promote learning. Two significant studies on site management and community integration were completed in FY 2019, and findings from those reports have been shared with all Peace Corps posts. Results from the site management study were used by regions to develop recommendations to improve existing site management guidance. Posts then benefit from having access to best practices for selecting effective work locations for Volunteers. The community integration study identified factors contributing to Volunteers' sense of integration in their community and recommended ways posts can maximize their support for their Volunteers. In FY 2020, a study focusing on Volunteer language learning will be conducted to identify best practices regarding the use of the agency's online language learning platform and language teaching strategies that maximize Volunteers' abilities in their target languages.

In FY 2020 and beyond, the Peace Corps will continue to build upon this foundation by identifying and supporting champions of evidence and evaluation at multiple levels of the agency. The agency continues to improve program achievement and create new avenues to highlight learning from evidence-based analysis.

Data Modernization

Across government, the Administration is challenging federal IT leaders to modernize their legacy infrastructures and applications to enhance efficiency, conserve funds, and create new opportunities for innovation. Part of the Peace Corps' efforts to meet this challenge is a robust Data Modernization Project. Kicked off in FY 2019, this project is focused on strengthening Peace Corps' information systems that provide standardized reporting to facilitate global operations, report on Agency performance, and inform strategic and tactical decision-making at headquarters and posts. To respond to rapidly evolving

conditions, constraints and trends, Agency leadership will increasingly turn to the wealth of data that is contained, but not fully analyzed, in both its traditional information systems and in the unstructured knowledge implicit in its social data such as Volunteer stories about their projects and communities.

Peace Corps Volunteers receive extensive training, develop field-tested technical skills, and obtain highly sought after cross-cultural and linguistic competencies.

Core to the Data Modernization Project is the integration of data management across IT systems associated with Volunteers. While the Volunteer lifecycle spans recruitment to return from service, the critical areas for focus are the information systems supporting Volunteers in service, including the data managed separately during Volunteer reporting, grant application, and incident reporting. One example of a focus area during the first phase of this project is the Volunteer Reporting Tool, one of the agency's most essential information systems for measuring the impact of Volunteers in their communities. The Volunteer Reporting Tool contains data measuring changes in specific knowledge, skills, attitudes, and behaviors that resulted from project activities across all six of the Peace Corps' sectors. Modernizing IT systems such as the Volunteer Reporting Tool will increase the capability of leadership to answer essential questions and improve the way the agency captures data on the impact of its programs.

The data modernization effort will continue across several IT systems by applying many of the standards and practices developed during the first phase as well as providing new tools to make data more accessible to a broader range of users for their analytical needs. Once the Data Modernization Project is complete, Peace Corps staff and Volunteers around the world will have better tools and systems for data collection, storage, analysis, and reporting. This will allow the Peace Corps to more effectively manage global operations,

report on agency performance, and inform decision-making at all levels.

Peace Corps' Return on Investment

Throughout their service, Peace Corps Volunteers receive extensive training, develop field-tested technical skills, and obtain highly sought after cross-cultural and linguistic competencies. The perspectives and problem-solving skills of thousands of returned Volunteers were shaped in significant part by their service.

When they return home, they are uniquely prepared professionals with a proven record of working in challenging conditions. Many of them go on to obtain leadership roles on the front lines of international development, domestic and foreign policy, and public service, as well as launching careers as business leaders, lawyers, doctors, and teachers throughout the United States. The agency is working to identify and articulate this "return on investment" of Peace Corps service, both overseas and in the United States. Examples of these efforts include identifying returned Volunteers established as leaders and influencers in a diverse range of fields, reaching out to affinity groups throughout the federal government and the private sector, and engaging hiring officials to recognize the added value of hiring returned Volunteers.

The Peace Corps also plans to leverage a growing body of research conducted by external sources on the domestic impact of service. One example of this is a forthcoming research project by the Harvard Institute of Politics, which is studying the most effective ways of quantifying the domestic impact of a number of national service programs in institutions and communities. As part of this larger project, students will be looking at the impact of returned Volunteers in the greater Boston area. The agency plans to utilize these findings to speak to the impact of Peace Corps service in a broader way and incorporate messaging around professional and personal growth gained through service into our recruitment of new generations of Volunteers.

Financial Summary and Highlights

The Office of the Chief Financial Officer spearheads the financial management functions of the Peace Corps. The office is the guiding force in providing centralized financial program oversight and policy to all 17 domestic offices and 58 overseas posts, (61 countries). The Office of the Chief Financial Officer is comprised of multiple units responsible for budgeting, payables, receivables, acquisition, accounting, and financial systems management. Financial data transparency and operational expertise of the financial management community informs management decisions affecting programs, goals, and objectives of the Peace Corps.

Sound financial management is integral to the execution of the Peace Corps' mission of world peace and friendship. The following pages provide a summary and overview of the financial position of the Peace Corps and highlights some of the most significant financial achievements carried out during FY 2019.

- Agency Financial Statements.** For the 13th consecutive year, the Peace Corps was issued an unmodified "clean" audit opinion on the agency's financial statements. This achievement underscores our commitment to sound financial reporting and ensuring data integrity in all respects of our financial cycle.
- Data Accountability and Transparency Act.** The Peace Corps inspector general performed an audit of our FY 2019, first quarter DATA Act submission. The inspector general assessed the completeness, timeliness, quality, and accuracy of our financial and award submitted for publication on USASpending.gov and our implementation of DATA Act as prescribed by Office of Management and Budget and Department of the Treasury. Of the over 3,800 data elements reviewed, only seven errors were identified, an error rate of less than one percent. Additional information on the results of the DATA Act audit can be found in peacecorps.gov.

- Acquisition and Contracting.** The Peace Corps streamlined the acquisition process by redeveloping policy and procedures for overseas and domestic operations, including the increase of warrant thresholds for contracting officers and standardized procurement, resulting in a more efficient acquisition process.
- GSA SmartPay3.** The agency successfully transitioned and implemented SmartPay3, the government's charge card system; replaced over 900 cardholders in the agency; revised policy for purchase card program; and established a purchase card resource center for agency purchase users and approvers.

Overview of Financial Position

The Peace Corps' financial statements are submitted to the Office of Management and Budget in compliance with the Accountability of Tax Dollars Act of 2002. As presented in the Financial Section, these statements support the agency's objective to improve financial management and provide accurate, reliable information for assessing performance and allocating resources.

Agency resources primarily consist of funds appropriated by Congress and administered by the Department of the Treasury. The agency has the authority to obligate these funds over a two-year period. In FY 2019, the agency received \$410.5 million in appropriations. In addition to appropriated monies, the agency is authorized to receive donations from the public under [22 United States Code \(U.S.C\) § 2509\(a\)\(4\) of the Peace Corps Act](#) to help further its mission. The agency is also authorized to receive additional funds under the [Foreign Assistance Act of 1961, sections \(a\) and \(b\)](#).

As highlighted in the combined [FY 2018-2022 Strategic Plan, FY 2020 Annual Performance Plan and FY 2018 Annual Performance Report](#), the agency's four strategic objectives and two management objectives are assessed through 18 measurable performance goals to advance the three interrelated strategic goals, as explained in [page 18-19](#). Due to the unique

inter-dependencies of the Peace Corps' three strategic goals, the agency operates under one Peace Corps program.

Agency activities are presented in the principal statements: Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, and Statement of Budgetary Resources. Agency management is accountable for the integrity of the financial statements, which were prepared using the Peace Corps' books and records in

accordance with the standards prescribed for federal agencies by the Federal Accounting Standards Advisory Board. These statements are audited by an independent certified public accounting firm, Williams Adley. The Peace Corps earned an unmodified (clean) opinion on its financial statement for the 13th consecutive year. The FY 2019 financial statements and accompanying footnote disclosures are included in the [Financial Section](#) of this report.

Balance Sheet

CONDENSED BALANCE SHEETS (IN THOUSANDS)

	FY 2019	FY 2018	VARIANCE (IN \$)	CHANGE (IN %)
Fund Balance with Treasury	\$215,729	\$230,365	\$(14,636)	-6%
General Property, Plant, and Equipment	32,529	30,674	1,855	6%
Prepaid Volunteer and Living Allowances	1,809	1,752	57	3%
Other Assets	6,342	6,654	(312)	-4%
Total Assets	\$256,409	\$269,445	\$(13,036)	-4%
Federal Employee and Veterans Benefits	159,717	168,488	(8,771)	-5%
FSN and PSC Severance Liability	32,416	31,969	447	1%
Payroll Related Liability	18,372	16,695	1,677	10%
Non-Entity Funds	27,539	28,247	(708)	-2%
Other Liabilities	7,666	17,173	(9,507)	-55%
Total Liabilities	\$245,710	\$262,572	\$(16,862)	-6%
Total Net Position	\$10,699	\$6,873	\$3,826	55%
Total Liabilities and Net Position	\$256,409	\$269,445	\$(13,036)	-4%

The Balance Sheet presents resources owned and managed by the Peace Corps that have future economic benefits (assets) and amounts owed by the agency that will require future payments (liabilities). The difference between assets and liabilities is the residual amount

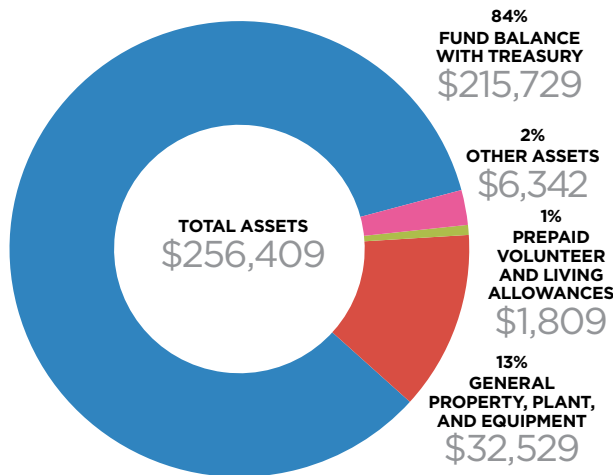
retained by the Peace Corps (net position) that is available for future programs and capital investments. The Condensed Balance Sheets show the major components of the Peace Corps' assets, liabilities, and net position at the end of FY 2019 and FY 2018.

Assets: What We Own and Manage

Assets are the amount of current and future economic benefits owned or managed by the Peace Corps, which are used to achieve its mission. Total Assets were \$256.4 million at the end of September 30, 2019, compared to \$269.4 million from September 30, 2018. The Fund Balance with Treasury and Property, Plant, and Equipment accounted for 84 percent and 13 percent, respectively, of overall agency assets in FY 2019. The Fund Balance with Treasury are monies held within the Department of the

Treasury and represents the balance in agency resources that are available for appropriated purposes to make future expenditures and pay liabilities. Property, Plant, and Equipment is comprised of tangible assets, such as information technology hardware, internal-use software, and vehicles owned by the agency.

FY 2019 ASSETS (IN THOUSANDS)



Allocations between asset accounts remained consistent between FY 2019 and FY 2018. The Fund Balance with Treasury decreased by \$14.7 million, from \$230.4 million in FY 2018 to \$215.7 million in FY 2019. The agency's scheduled office move during the first quarter of FY 2020 resulted in higher expenditures of \$5.6 million for furniture and leasehold improvements. The remaining decrease is the

payment for services under the International Cooperative Administrative Support Services with Department of State. The allocable costs to the agency covers administrative functions such as maintenance, custodial services, and travel services in support of 58 posts around the world. In the previous year, these services were accrued but not paid in FY 2018.

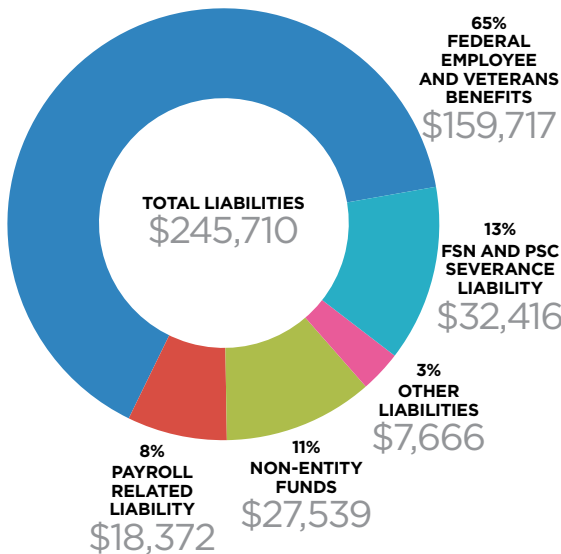
In FY 2019, the balance in Property, Plant, and Equipment increased by \$1.8 million (or 6 percent) from \$30.7 million in FY 2018 to \$32.5 million in FY 2019. The variance in the agency's Property, Plant, and Equipment balance is primarily due to enhancements or leasehold improvements for the new headquarters and the capitalized costs for the data modernization effort, which includes the move to an offsite-third party managed facility, to host the agency's management and storage of it's data.

Prepaid and Volunteer and Living Allowances of \$1.8 million represent the housing and a living stipend that enables Volunteers to live in a manner similar to the people in their community of service. The stipends are paid in advance of the entitlement month to ensure that Volunteers do not incur a financial burden. Prepaid Volunteer and Living Allowances represent 1 percent of overall agency assets and remained constant between FY 2018 to FY 2019.

Other Assets of \$6.3 million, includes Accounts Receivable of \$1.5 million and remaining Other Assets of \$4.8 million. Peace Corps' Accounts Receivable balance is mostly comprised of expected reimbursement from the U.S. Agency for International Development. Under the Foreign Assistance Act, section 632(b), the Peace Corps is authorized to perform work for the U.S. Agency for International Development through the Small Project Assistance program. Other Assets, which consist of non-Volunteer-related prepayments for rent, prepaid IT maintenance costs, and travel advances, represents less than 2 percent of overall agency assets.

Liabilities: What We Owe

FY 2019 LIABILITIES (IN THOUSANDS)



Liabilities are amounts owed by the Peace Corps for goods and services provided but not yet paid—specifically, monies owed to the public and other federal agencies. Total Liabilities decreased by 6 percent between FY 2018 to FY 2019. Total Liabilities in FY 2019 were \$245.7 million, \$16.9 million lower than the FY 2018 balance of \$262.6 million. The agency’s greatest liability is its workers’ compensation benefit, provided to Peace Corps Volunteers and U.S. direct hire staff under the Federal Employees’ Compensation Act program, which is administered by the Department of Labor. In FY 2019, the ending balance was \$159.7 million, \$8.8 million (or 5 percent) lower than the prior year’s balance of \$168.5 million. The Federal Employee and Veterans Benefits is 65 percent of overall agency liability in FY 2019.

Overseas Peace Corps staff is a combination of U.S. direct-hires and host country staff. Host country staff make up a majority of overseas support staff and are comprised of Personal Service Contractors (PSC) and Foreign Service Nationals (FSN). The Peace Corps is liable for separation and post-retirement benefits to eligible PSC and FSN who work in countries that require such payments under the host country’s

labor laws. The liability accrued for local hires is currently at 13 percent of overall liabilities as of September 30, 2019. In FY 2019, the agency’s liability was \$32.4 million, compared to \$32 million in FY 2018. The nominal increase of less than \$500,000 is due to the sustained length of service and retention rates of Personal Service Contractors and Foreign Service Nationals at their posts, which proportionately increases the agency’s effective future liability. In FY 2019, the agency transferred \$2.7 million to fund the severance accounts at 60 percent in accordance with Peace Corps policy. The Personal Service Contractors and Foreign Service Nationals Severance Liability account is maintained in separate special and trust fund accounts.

Non-Entity Funds accounted for 11 percent of Total Liabilities at the end of FY 2019. Non-Entity Funds are assets held by the Peace Corps that are unavailable for operations use and for which a liability has been incurred and recognized. These non-entity funds represent future liability for allowances earned by Volunteers during their service with the agency. Upon completion of Peace Corps service, Volunteers receive financial assistance from the agency in the form of a readjustment allowance to assist returned Volunteers transition from Peace Corps service to other endeavors. Non-Entity Funds decreased by \$708,000 (or 2 percent) from \$28.2 million in FY 2018 down to \$27.5 million in FY 2019. This liability is directly related the current onboard strength or Volunteer count of the Peace Corps. In FY 2019, current Volunteers were at 7,334, down from 7,367 for the previous year.

Payroll Related Liability represents 8 percent of overall agency liabilities. This account increased by \$1.7 million (or 10 percent) from \$16.7 million in FY 2018 to \$18.4 million in FY 2019. This increase is due to the rate of accrued payroll and annual leave earned by U.S. direct-hires in FY 2019.

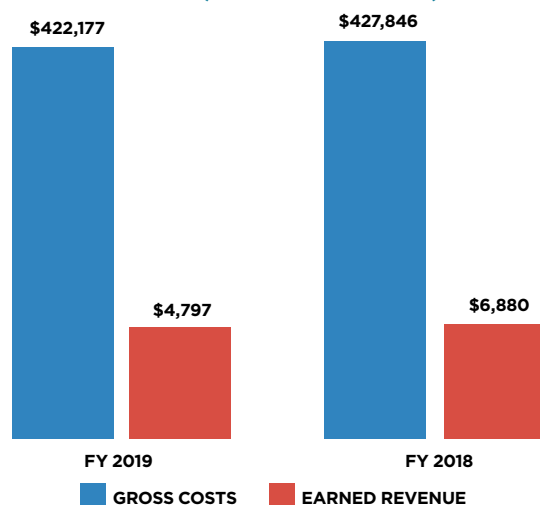
The highest variance is the decrease in Other Liabilities of 55 percent, which includes the balances in Accounts Payable and Contingent Liability. In FY 2019, the balance in Accounts Payable was \$7.6 million compared to \$16.9 million from the previous year. This change is

mostly comprised of the timing of the liability for the International Cooperative Administrative Support Services with the Department of State. In FY 2018, expenses were accrued but not paid before the end of the fiscal year. However, in FY 2019, the Peace Corps cost-sharing portion for the International Cooperative Administrative Support Services was fully paid by September 30, 2019. The agency's Contingent Liability, which is included in Other Liabilities, also decreased by \$107,000 (or 68 percent), which represents claims against the agency that are probable and measurable from \$157,000 in FY 2018 to \$50,000 in FY 2019.

Net Position: What We Have Done Over Time

Net position comprises of Unexpended Appropriations and Cumulative Results of Operations. The Peace Corps' Net Position increased by \$3.8 million, from \$6.9 million in FY 2018 to \$10.7 million in FY 2019.

COMPARATIVE NET COST OF OPERATIONS (IN THOUSANDS)



Statement of Net Cost

The Statement of Net Cost reports the agency's net cost of operations for a given fiscal year. Net Cost of Operations is the difference between the costs incurred minus earned revenue. The agency's cost of operations decreased from \$421 million in FY 2018 to \$417.4 million in FY 2019. The variance of \$3.6 million is due to the lower cost of operations both at headquarters and at posts. Expenses were attributable to Volunteer costs and support, strategic programs enhancement, and employee payroll and benefits. For Earned Revenue, the decrease from \$6.9 million to \$4.8 million from FY 2018 to FY 2019 is due to a lower rate of spending authority from the reimbursable agreement between the Peace Corps and a key interagency partner, the U.S. Agency for International Development.

Statement of Budgetary Resources

The Statement of Budgetary Resources summarizes how varying sources of budgetary funding were made available during the year and their status by the end of the fiscal year. The agency ended FY 2019 with Budgetary Resources of \$513.8 million, compared to \$498.8 million in FY 2018, an increase of \$15 million (or 3 percent).

Total Appropriations for FY 2019 is \$414.8 million, as presented in the Statement of Budgetary Resources. Total Appropriations is comprised of appropriation authorized by Congress in the amount of \$410.5 million, donated revenue of \$1.6 million, and monies transferred within the agency to fund the Personal Service Contractors and Foreign Service Nationals separation funds of \$2.7 million. Additional sources of funding come from spending authority from offsetting collections, a type of budget authority that is financed by reimbursements, as authorized by law, and applied against the appropriation of the Peace Corps. Under the Foreign Assistance Act, section 632(b), the Peace Corps is authorized to perform work for the U.S. Agency for International Development on programs such as Small Project Assistance, Food Security, Global Education, and Maternal and Child Health, amounting to \$7.7 million in FY 2019.

The Peace Corps conducts a periodic review of unliquidated obligation balances. This effort ensures that the agency exercises responsible fiscal management and uses its resources effectively and efficiently. This periodic review resulted in \$14.6 million of recoveries in FY 2019. Recoveries of prior year obligations allows the agency to re-use monies before the funds expire due to multi-year appropriation authority.

SOURCES OF BUDGETARY RESOURCES

	FY 2019
Unobligated Balance Brought Forward	\$76,762
Recoveries and Other Changes	14,635
Appropriations	410,500
Donations Received	1,555
Funding for Severance Liability	2,700
Spending Authority from Offsetting Collections	<u>7,667</u>
Total Budgetary Resources	\$513,819

As a grassroots-level organization, the Peace Corps is uniquely positioned to carry out a critical role in the fight against HIV/AIDS in host countries. In FY 2019, the agency received \$48.8 million in funds from the Department of State through an allocation transfer, a legal delegation by one Federal agency to another, for the [President's Emergency Plan for AIDS Relief](#). The Peace Corps obligates and outlays funds for President's Emergency Plan for AIDS Relief-related programs and submits required financial and performance data results to the Department of State. Of the 7,334 Peace Corps Volunteers, 686 are funded by the President's Emergency Plan for AIDS Relief. Financial results for President's Emergency Plan for AIDS Relief activities are not reflected in the financial statements of the Peace Corps; they are instead, reported by the Department of State.

Limitations of the Financial Statements

The principal financial statements have been prepared to report the financial position and operational results of the Peace Corps, pursuant to the requirements of 31 U.S.C. 3515(b).

While the statements have been prepared from the books and records of the entity in accordance with the federal accounting principles and formats prescribed by the Office of Management and Budget, 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 understanding that they are for a component of the U.S. Government, a sovereign entity.



Corps to Career: My Peace Corps experience and language skills opened doors for me

VOLUNTEER NAME: Heather Simpson
COUNTRY: Honduras
SECTOR: Agriculture
STRATEGIC GOAL 2 AND 3: Sharing America With the World and Bringing the World Back Home

In college I knew I was interested in the Peace Corps. I wanted to work outside of the United States, I wanted to be trained to help make the world a better place, and I wanted to be part of something bigger than myself.

Peace Corps training was an incredible experience. Importantly for my future career, I learned solid fundamental skills in community development.

In the Peace Corps I learned community mapping techniques. In rural Honduras we used this to identify community resources. In

my career in international education, teams I work with use community mapping to identify homes with children who are enrolled in school, and those homes with children who need extra support.

Some of my best friends in Honduras were local school teachers. I saw how dedicated they were to their students, working diligently helping those young minds learn and develop.

Now, in my job at Room to Read, I supervise a team of literacy experts who develop teacher training curriculum. We support local teams to train and coach first and second grade teachers to support their students to develop skills and habits of reading. Through all this

work, the Honduran teachers and students I met as a Peace Corps Volunteer are ever present in my mind.

After my close of service, as a newly-returned Peace Corps Volunteer, I was a bit daunted translating my Volunteer experience into a job. But with patience and persistence I found a wonderful opportunity working for a consulting firm, backstopping a USAID Honduras-funded education project.

My Peace Corps experience and language skills opened that door for me. My advice for current and returned Peace Corps Volunteers is to be creative in translating your Peace Corps experience into new opportunities, and be bold in accepting new challenges.

Analysis of Systems, Controls, and Legal Compliance

Management Assurance

This section addresses the Peace Corps' compliance with the Federal Managers' Financial Integrity Act of 1982 (Public Law 97-255), other applicable laws, and the agency's financial management system strategy.

Federal Managers' Financial Integrity Act

The Federal Managers' Financial Integrity Act (FMFIA) mandates that agencies establish effective internal control to provide reasonable assurance that (1) obligations and costs are in compliance with applicable law; (2) funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and (3) 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.

FMFIA requires agencies to establish accounting and administrative controls over program, operational, and administrative functions, in addition to accounting and financial management. The Federal Managers' Financial Integrity Act also requires standards to ensure for the prompt resolution of all audit findings and mandates for agency heads to annually evaluate agency controls and provide an assurance statement on the adequacy of internal and administrative controls (Section 2) and conformance of systems with government-wide standards (Section 4).

Enterprise Risk Management, Internal Control System, and Implementation of Federal Managers' Financial Integrity Act

Guidance for implementing FMFIA (31 U.S.C. 3512) is provided through Office of Management and Budget Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control. Within the agency, Peace Corps Manual Section 780 over Enterprise Risk

Management and Manual Section 784 covering Internal Control System, sets out the agency's oversight role and strategic decision-making over enterprise risk management and policies and procedures for establishing, assessing, correcting, and reporting on internal control.

In compliance with the new requirement of Office of Management and Budget Circular A-123, under M-16-17, dated July 2016, the Peace Corps selected a cross-agency team to collaborate in developing and implementing an agency-wide risk governance structure. As part of the FY 2018-2022 Strategic Plan, Organization Risk Management was established as one of the agency's six priority areas for improvement over the next four years. Through these combined efforts to implement Enterprise Risk Management and improve internal controls, the Peace Corps can proactively address key risk areas and improve operational efficiency and effectiveness.

In FY 2019, the initial phase of the agency's Enterprise Risk Management was kicked off with the establishment of the Enterprise Risk Management Council. The Council, governed by the Enterprise Risk Management Council Charter, serves as the advisory body to the Director regarding the Peace Corps' Enterprise Risk Management process. The Council reviews, evaluates, and monitors opportunities and risks to achieving the Peace Corps' mission.

Trainings with senior managers on evaluating and managing risks were completed during FY 2019. The next phase of the implementation commenced with the Office of the Chief Financial Officer, where a detailed and more in-depth discussion of risk assessment function-related risks, such as global disbursements and financial reporting, over mission goals and objectives, were conducted. Detailed risk assessments will continue into FY 2020, along with the evaluation of risks and risk register documentation to assist the agency with meeting the objectives for organizational risk management.

Internal control monitoring occurs over the normal course of conducting agency business. Each year, associate and regional directors perform an evaluation of the internal control and an assessment of risks over program operations. This is captured yearly in department and office head assurance statements. These assurance statements are based on various sources, including operational reviews in departmental areas, managers' knowledge of day-to-day operations, existing controls, self-assessments, senior leadership meetings, audits of financial statements, inspector general audits, reports, investigations, and evaluations. The FY 2019 evaluations identified weaknesses but none that would rise to a level of material weakness. In summary, the agency's internal control program is designed to ensure compliance with the requirements of the Federal Managers' Financial Integrity Act and other federal regulations.

Fraud Reduction and Data Analytics Act of 2015

The Fraud Reduction and Data Analytics Act of 2015 (P.L. 114-186) was signed into law in June 2016 to improve financial and administrative controls and procedures to identify, assess, and address fraud risks. Application of the agency's Enterprise Risk Management program and internal control assessments strengthens the agency effectiveness in meeting agency goals and objectives, while improving fraud prevention and detection of federal resources.

Further, the Peace Corps is a full participant in the Department of the Treasury's "Do Not Pay" program operating through the Do Not Pay Business Center. Payees under consideration for payment are reviewed for eligibility through the pre-award component of the business center, payments are then re-verified in the pre-payment component, followed by postpayment data matching reviews.

Improper Payments Information Act

The Peace Corps is a small agency operating under one program, with no activities that are susceptible to the threshold amounts stated in Memorandum M-15-02, Office of Management and Budget Circular A-123, Appendix C, Requirements for Effective Estimation and Remediation of Improper Payments. This circular implements the Improper Payments Elimination

and Recovery Act of 2010, which amended the Improper Payments Information Act of 2002. Significant improper payments are defined as gross annual improper payments exceeding both 1.5 percent of program outlays and \$10 million of all program or activity disbursements made during the fiscal year reported or \$100 million (regardless of the improper payment percentage of total program outlays). The Peace Corps performs a combination of invoice review, post audit verification, and sampling to ensure that improper payment are minimal, identified, and recovered. For FY 2019, improper payments were approximately \$234,000, or 0.05 percent of agency disbursements. Additional information on the agency's improper payments can be found on [page 110](#).

Debt Collection Improvement Act

The Peace Corps manages a limited amount of debt under the provisions of the Debt Collection Improvement Act of 1996; Office of Management and Budget Circular A-129, Policies for Federal Credit Programs and Non-Tax Receivables; the Controller Alert, Improving Collection of Delinquent Debt, issued Jan. 4, 2013; and other relevant laws. In FY 2019, the agency developed a comprehensive monitoring process to ensure uncollected debts are kept to a minimum. The Peace Corps signed up with Department of the Treasury's Centralized Receivables Service in managing some of the agency's current receivables, in addition to their Cross-Servicing program for its delinquent debt. Both services offered by the Department of the Treasury will increase collections on accounts receivable and reduce debt write-offs on the agency's overall accounts receivable balance.

In FY 2019, the agency wrote-off eligible uncollectable debts and delinquent balances in the amount of \$44,258 and submitted quarterly reports through the Treasury Report on Receivables. The agency continues to make improvements in its collection process to ensure billings are valid and collections are timely.

Anti-Deficiency Act

The Anti-Deficiency Act (31 U.S.C. §§ 1341 and 1517) prohibits federal agencies from obligating and expending federal funds in excess of its appropriation. The agency's financial system

was designed to prevent Anti-Deficiency Act violations through the implementation of a zero-tolerance funds control check at the fund and office level. This systematic control ensures that obligations are not recorded until monies are authorized and allotted by the Office of the Chief Financial Officer. Funds control is a critical tool in ensuring funds are managed effectively across all levels of the agency.

Digital Accountability and Transparency Act

Digital Accountability and Transparency Act of 2014 (P.L. 113-101), or DATA Act, was signed into law in May 2014 to establish government-wide, financial data standards and increase the availability, accuracy, and usefulness of Federal spending information. Digital Accountability and Transparency Act implementation, which is being led by the Department of the Treasury and the Office of Management and Budget, mandates federal agencies to report on procurement data to bring awareness on federal spending. Pursuant to the statutory reporting requirements, the Peace Corps submits award-level information for posting on USASpending.gov using the required standard data exchange called the [DATA Act Information Model Schema](#).

Federal spending that is reported on USASpending.gov is derived from financial and contract award information. The Peace Corps' financial system is updated with the most recent version of DATA Act Information Model Schema to ensure that the submission of all required financial data elements are complete and accurate. As for contract award data, the agency uses Procurement Information System for Management for domestic contracts, which automatically updates to Federal Procurement Data System-Next Generation, the central repository of information for Federal contracting. Overseas awards are updated manually into the repository on a monthly basis. Validation issues between financial and award information are reconciled to ensure that spending data is accurate.

Additionally, the Peace Corps also signed and formalized its Data Quality Plan by the end of FY 2019. The Data Quality Plan documents

the agency's planned approach in achieving reasonable assurance for the internal control over quarterly reporting under the requirements of the DATA Act, starting with the implementation of a governance structure during the first quarter of FY 2020 and ending with an evaluation of assurance on internal control over reporting by the end of FY 2020.

In FY 2019, the Office of Inspector General performed an audit to validate the accuracy of the agency's DATA Act submission. The Office of Inspector General's report on the completeness, timeliness, quality, and accuracy of the data sampled for this audit and the agency's implementation and use of government-wide financial data standards is located at peacecorps.gov.

Financial Management Systems Strategy

The Peace Corps strives to maintain and enhance financial management systems, processes, and controls that ensure financial accountability and transparency, provide financial management data and information to decision makers, and comply with federal laws, regulations, and policy. Oracle E-Business Suite (also known as Odyssey) is the agency's system of record and is integrated with various end-user applications to capture the agency's financial transactions.

As part of the agency's strategy to improve efficiency in operations, the Peace Corps virtualized all financial system databases and application servers. This effort produced current and future cost savings, flexibility, and ease of necessary upgrades. The agency completed in-house development for a custom financial application, FOR Post Web, used for overseas budget execution, cashiering, and financial reporting. FOR Post Web improves financial processing and reporting overseas while streamlining integration with Odyssey.

The Federal Managers' Financial Integrity Act Unmodified Management Assurance Statement that follows is consistent with the FY 2019 financial statement audit report.

Federal Managers' Financial Integrity Act

FY 2019 Unmodified Management Assurance Statement

The management of the Peace Corps is responsible for managing risks and maintaining effective internal control to meet the objectives of Section 2 of the Federal Managers' Financial Integrity Act (FMFIA). We conducted an assessment of risks and evaluated internal controls to support effective and efficient programmatic operations, reliable reporting, and compliance with applicable laws and regulations in accordance with Office of Management and Budget Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control. Through this assessment, the Peace Corps can provide reasonable assurance for the soundness of its internal control over operations, reporting, and compliance with laws and regulations as of September 30, 2019.

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 Federal Managers' Financial Integrity Act Section 4 and Office of Management and Budget Circular A-123 for FY 2019, with the exception of one significant deficiency and one nonconformance with the Federal Information Security Modernization Act of 2014. In accordance with Office of Management and Budget Bulletin No. 19-03 Audit Requirements for Federal Financial Statements, this is not considered a material weakness. Details of the Federal Information Security Modernization Act nonconformance item are in Appendix 1.



Jody K. Olsen

Director

November 15, 2019



Richard Swartz, CPA

Chief Financial Officer

November 15, 2019

VOLUNTEER: Maoulay Adjorlolo
COUNTRY: Cameroon
SECTOR: Agriculture



FINANCIAL SECTION

(INCLUDES AUDITED INFORMATION)

- 43 Message from the Chief Financial Officer
- 44 Financial Statements (Audited)
- 48 Notes to the Financial Statements (Audited)
- 65 Inspector General's Audit Transmittal Letter
- 67 Auditor's Report

Message from the Chief Financial Officer



On behalf of the Peace Corps, I am pleased to present our FY 2019 Agency Financial Report. I am proud to serve as the chief financial officer of an agency where all staff members at all levels of seniority and experience embrace sound fiscal operations.

Our mission-focused employees understand the importance of transparent and effective financial management to ensure that the taxpayer dollars we receive go to support our Volunteers serving around the world. In FY 2019, the Peace Corps was awarded the coveted Association of Government Accountants' Certificate of Excellence in Accountability Reporting for our FY 2018 Agency Financial Report. This marks the 12th consecutive year that the agency has been bestowed with this honor. This sustained achievement is the result of the Peace Corps' continuous dedication to financial excellence in support of our 7,334 Volunteers serving in 61 countries across the globe.

In FY 2019, the independent audit firm of Williams Adley issued our 13th consecutive unmodified (clean) audit opinion of our financial statements. We enjoy a close working relationship with Williams Adley audit team and the Office of Inspector General and welcome their insights and opinions on our financial operations. This year, Williams Adley identified two significant deficiencies and one instance of noncompliance with laws and regulations. These findings are listed in the auditor's report. We concur with these findings and have already begun taking steps to remediate them.

As chief financial officer, one of my roles is to build upon our past successes with an eye toward continuous improvement of the agency's financial operations. We strive to make the financial management environment accurate, effective, and as streamlined as possible. With that in mind, during FY 2019, staff members from my office visited a dozen posts for hands-on training with post staff and locally-hired employees. These training events help to ensure that our post operations are cost-effective, efficient, and employing the best practices. Because of these training efforts, we have seen numerous improvements in the area of cash management, contracting, payment processing, and budgeting. We will continue to perform these hands-on training events in FY 2020.

In FY 2019, I had the honor of visiting two overseas posts and several Volunteers at their project sites. Having the opportunity to see first-hand the tremendous work of our Volunteers in Youth in Development, Health, Agriculture, and Education was extremely inspiring. When I return to Washington, DC following a Volunteer site visit, I am deeply motivated by their commitment to the Peace Corps' mission. Understanding that my efforts help support the Volunteers achieve their goals is humbling.

Being able to lead an office that contributes an important supporting role to the noble work of our dedicated Volunteers is something that I am very proud of. Likewise, it is rewarding to see the diligence and dedication of my Office of Chief Financial Officer staff members in support of our mission goals. In FY 2020, we will continue to provide excellence in financial management and stewardship in support of the Peace Corps mission of world peace and friendship.

Richard E. Swartz, CPA
Chief Financial Officer
November 15, 2019

Financial Statements (Audited)

Peace Corps Balance Sheets As of September 30, 2019 and 2018

(In Thousands)

	2019	2018
Assets (Note 2)		
Intragovernmental		
Fund Balance with Treasury (Note 3)	\$215,729	\$230,365
Accounts Receivable (Note 4)	1,044	1,648
Total Intragovernmental	<u>216,773</u>	<u>232,013</u>
Accounts Receivable, Net (Note 4)	465	597
General Property, Plant, and Equipment, Net (Note 5)	32,529	30,674
Other		
Prepaid Volunteer Living Allowances (Note 6)	1,809	1,752
Other Assets (Note 7)	4,833	4,409
Total Assets	<u>\$256,409</u>	<u>\$269,445</u>
Liabilities (Note 8)		
Intragovernmental		
Accounts Payable	\$402	\$6,353
Other		
Unfunded FECA Liability (Note 8)	28,040	30,145
Other Liabilities (Note 8)	21	99
Total Intragovernmental	<u>28,463</u>	<u>36,597</u>
Accounts Payable	7,193	10,564
Federal Employee and Veteran Benefits (Note 8)	131,677	138,343
Other		
Other Unfunded Employment Related Liability (Note 8)	11,964	7,697
Liability for Non-Entity Assets (Notes 2 and 8)	27,539	28,247
Accrued Funded Payroll and Leave	5,711	5,021
Unfunded Annual Leave (Note 8)	12,661	11,674
FSN and PSC Separation Liability (Note 9)	20,452	24,272
Contingent Liability (Notes 9 and 11)	50	157
Total Liabilities	<u>\$245,710</u>	<u>\$262,572</u>
Commitments and Contingencies (Note 11)		
Net Position		
Unexpended Appropriations	\$156,403	\$157,467
Cumulative Results of Operations	(145,704)	(150,594)
Total Net Position	<u>10,699</u>	<u>6,873</u>
Total Liabilities and Net Position	<u>\$256,409</u>	<u>\$269,445</u>

The accompanying notes are an integral part of these statements

Peace Corps
Statements of Net Cost
For the Years Ended September 30, 2019 and 2018

(In Thousands)

	2019	2018
Gross Program Costs (Note 12)		
Gross Costs	\$422,177	\$427,846
Less: Earned Revenue	<u>(4,797)</u>	<u>(6,880)</u>
Net Cost of Operations	<u><u>\$417,380</u></u>	<u><u>\$420,966</u></u>

The accompanying notes are an integral part of these statements

Peace Corps
Statements of Changes in Net Position
For the Years Ended September 30, 2019 and 2018
(In Thousands)

	2019	2018
Unexpended Appropriations		
Beginning Balance	157,467	158,920
Budgetary Financing Sources		
Appropriations Received	410,500	410,000
Other Adjustments		
Other Adjustments	(2,340)	(1,832)
Appropriations Used	<u>(409,224)</u>	<u>(409,620)</u>
Total Budgetary Financing Sources	(1,064)	(1,452)
Total Unexpended Appropriations	<u>156,403</u>	<u>157,467</u>
Cumulative Results of Operations		
Beginning Balances	(150,594)	(152,792)
Budgetary Financing Sources		
Appropriations Used	409,224	409,620
Donations and Forfeitures of Cash and Cash Equivalents	1,555	1,847
Other Financing Sources (Nonexchange)		
Transfers In/Out Without Reimbursement	843	2
Imputed Financing (Note 18)	7,948	7,695
Other	<u>2,700</u>	<u>4,000</u>
Total Financing Sources	422,270	423,164
Net Cost of Operations	<u>417,380</u>	<u>420,966</u>
Net Change	4,890	2,198
Cumulative Results of Operations	(145,704)	(150,594)
Net Position	<u><u>\$10,699</u></u>	<u><u>\$6,873</u></u>

The accompanying notes are an integral part of these statements

Peace Corps
Combined Statements of Budgetary Resources
For the Years Ended September 30, 2019 and 2018

(In Thousands)

	2019	2018
Budgetary Resources		
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	91,397	74,494
Appropriations (Discretionary and Mandatory)	414,755	415,859
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	7,667	8,530
Total Budgetary Resources	<u>\$513,819</u>	<u>\$498,883</u>
Status of Budgetary Resources		
New Obligations and Upward Adjustments (Total) (Note 13)	\$451,408	\$422,121
Unobligated Balance, End of Year		
Apportioned, Unexpired Accounts	42,361	56,782
Exempt from Apportionment, Unexpired Accounts	2,945	3,427
Unapportioned, Unexpired Accounts	5,997	6,450
Unexpired Unobligated Balance, End of Year	51,303	66,659
Expired Unobligated Balance, End of Year	11,108	10,103
Unobligated Balance, End of Year (Total)	<u>62,411</u>	<u>76,762</u>
Total Budgetary Resources	<u>\$513,819</u>	<u>\$498,883</u>
Outlays, Net		
Outlays, Net (Total) (Discretionary and Mandatory)	426,343	411,545
Distributed Offsetting Receipts	(729)	(2,643)
Agency Outlays, Net (Discretionary and Mandatory)	<u>\$425,614</u>	<u>\$408,902</u>

The accompanying notes are an integral part of these statements

Notes to the Financial Statements (Audited)

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 Peace Corps' core mission is to promote world peace and friendship by fulfilling three goals: 1) To help the people of interested countries in meeting their needs for trained men and women; 2) To help promote a better understanding of Americans on the part of the peoples served; and, 3) 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 the 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 June 28, 2019. The statements should be read with the realization that they are for a component of the U.S. government, a sovereign entity.

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

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

The financial statements represent intragovernmental and public activities. The intragovernmental balances, revenues, and costs reflect financial transactions between the Peace Corps and other federal agencies. Public activities are those with non-governmental customers, including Volunteers, contributors, employees, contractors, and vendors. The Peace Corps financial statements reflect agency-only financial activities and do not require consolidation.

FEDERAL FINANCIAL STATEMENTS

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

C. Basis of Accounting

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

D. Fund Accounting Structure

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

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

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

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

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

E. Budget Authority

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

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

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

F. Revenues and Other Financing Sources

The Peace Corps' operations are financed through appropriations, proceeds from the sale of property, and spending authority from offsetting collections. 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 Treasury

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

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

The funds that make up post cashiers' imprest funds belong to the Treasury through DOS' accountability.

These funds are routinely used to pay for low 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 any losses incurred by the cashiers. All international payments made by DOS on behalf of the Peace Corps are charged to the Peace Corps and reduce the applicable the Peace Corps' fund balance in Treasury records.

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 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. U.S. disbursing officers located at the Global Financial Services Centers in Charleston, South Carolina and Bangkok, Thailand make foreign currency payments.

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 non-federal (public) debt exceeding \$30,000. The agency recognizes an Allowance for Doubtful Accounts when it is determined that the amounts are not likely to be collected. Accounts with approved payment plans in place and for which the debtor is meeting the terms of the plan are exceptions to this write-off policy.

J. Advances and Prepayments

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

Pursuant to Section 5(b) of the Peace Corps Act, the 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, has a useful life of two years or more, is not intended for sale in the ordinary course of business, and is intended to be used or available for use by the entity. Aggregate purchases of General Property, Plant, and Equipment in the amount of \$100,000 or greater are capitalized. During FY 2018, costs incurred for major building renovations of \$100,000 or greater are initially recorded as Construction in Progress (CIP), then after project completion are capitalized as transferred to Leasehold Improvements and amortized over the remaining life of the lease. Prior to FY 2018, costs incurred and recorded in CIP were capitalized for major building renovations of \$25,000 or greater. Software purchased for \$25,000 or developed for internal use at a cost of \$25,000 or greater is capitalized and amortized over its expected life (currently three to nine years). IT hardware is capitalized and amortized over its expected life of three to fifteen years. Vehicles in the amount of \$10,000 and over are capitalized over their useful life of five years for assets acquired in FY 2013 and prior and six years for purchases made in or after FY 2014. The agency uses an estimated salvage value of 40 percent for vehicles. Land and anything attached to it, such as buildings located overseas, are capitalized at their fair market value at the time of transfer, regardless of their acquisition cost. Buildings are depreciated with a ten year useful asset life. Acquisitions that do not meet these criteria are recorded as operating expenses. Assets are capitalized at historical cost and depreciated using the straight-line method.

L. Accounts Payable and Other Liabilities

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

M. Employee Benefits

I. Federal Employees' Compensation Act (FECA) Accrued Claims—FECA provides income and medical cost protection to covered federal civilian employees injured on the job, to employees who have incurred work-related occupational diseases, and to beneficiaries of employees whose deaths are attributable to job-related injuries or occupational diseases through the DOL. The FECA liability consists of two components. The first component is based on actual claims paid by DOL but not

yet reimbursed by the Peace Corps. The Peace Corps reimburses DOL as funds are appropriated for this purpose, generally resulting in a two-year lag in payment. This is the liability for the actual claims paid by DOL to be reimbursed by the Peace Corps.

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

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

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

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

VI. Employee Retirement Benefits—The 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 employees at overseas posts who were hired prior to January 1, 1984, are covered under the Civil Service Retirement System. FSNs hired after that date, as well as most host country residential personal services contractors, are covered under a variety of local compensation plans in compliance with the host country's local laws and regulations.

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

VII. Valuation of Host Country Resident Personal Services Contractor Separation Liability—The Peace Corps is generally liable for separation or retirement payments to eligible PSCs in countries that require payments under local labor laws. The estimate of the current and future costs of the separation and retirement liability is determined quarterly.

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

N. Commitments and Contingencies

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

O. Funds from Dedicated Collections

Under 22 U.S.C § 2509(a)(4) of the Peace Corps Act, the agency is authorized to accept gifts of voluntary service, money, or property, for use in the furtherance of the purposes of its mission. The donated monies received by the agency from non-federal sources meet the prescribed criteria of Funds from Dedicated Collections.

P. Use of Estimates

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

Q. Interest on Late Payments

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

R. Intragovernmental Net Costs

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

S. Adjustments to Maintain Inherent Account Relationship Integrity

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

T. Allocation Transfer

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

U. Fiduciary Activities

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

V. Classified Activities

Accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information. Accordingly, modifications may have been made to certain presentations and disclosures.

W. Reconciliation of Net Operating Cost and Net Budgetary Outlays

The Reconciliation of Net Operating Cost and Net Budgetary Outlays explains the relationship between the entity's outlays on a budgetary basis and the net cost of operations during the reporting period. This reconciliation replaces the requirements for a reconciliation between budgetary and financial accounting information.

Accordingly, Note 17: Reconciliation of Net Cost to Net Outlays reconciles the Peace Corps net cost of operations adjusted by 1) components of net cost that are not part of net outlays, 2) components of net outlays that are not part of net cost, and 3) other temporary timing differences, which reflect some special adjustments.

NOTE 2 NON-ENTITY ASSETS

NON-ENTITY ASSETS	SEPTEMBER 30, 2019 (IN THOUSANDS)	SEPTEMBER 30, 2018 (IN THOUSANDS)
Deposit Fund	\$27,455	\$27,354
Clearing Accounts	84	893
Total Non-Entity Assets	27,539	28,247
Total Entity Assets	<u>228,870</u>	<u>241,198</u>
Total Assets	\$256,409	\$269,445

Non-entity assets comprise a deposit fund and clearing accounts. These funds are not available for the use of the Peace Corps and are not part of the Peace Corps' resources. The Peace Corps monitors collections, status, and distribution. Above are the Treasury fund balances of non-entity assets, which are non-governmental.

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

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

NOTE 3 FUND BALANCE WITH TREASURY

STATUS OF FUND BALANCE WITH TREASURY	SEPTEMBER 30, 2019 (IN THOUSANDS)	SEPTEMBER 30, 2018 (IN THOUSANDS)
Unobligated Balance		
Available	\$45,306	\$60,209
Unavailable	17,106	16,553
Obligated Balance Not Yet Disbursed	125,778	125,356
Non-Budgetary FBWT	<u>27,539</u>	<u>28,247</u>
Total	\$215,729	\$230,365

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

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

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

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

NOTE 4 ACCOUNTS RECEIVABLE, NET

ACCOUNTS RECEIVABLE AS OF SEPTEMBER 30, 2019 (IN THOUSANDS)	ACCOUNTS RECEIVABLE, GROSS	ALLOWANCE FOR DOUBTFUL ACCOUNTS	ACCOUNTS RECEIVABLE, NET
Intragovernmental	\$1,044	\$ -	\$1,044
Other	<u>465</u>	<u>-</u>	<u>465</u>
Total	\$1,509	\$ -	\$1,509

ACCOUNTS RECEIVABLE AS OF SEPTEMBER 30, 2018 (IN THOUSANDS)	ACCOUNTS RECEIVABLE, GROSS	ALLOWANCE FOR DOUBTFUL ACCOUNTS	ACCOUNTS RECEIVABLE, NET
Intragovernmental	\$1,648	\$ -	\$1,648
Other	<u>597</u>	<u>-</u>	<u>597</u>
Total	\$2,245	\$ -	\$2,245

Intragovernmental receivables are due from other federal agencies for services provided under reimbursable agreements. Other accounts receivable are due from non-federal entities, consisting primarily of receivables from employees. Based upon the agency's policy, it was determined that the establishment of an Allowance for Doubtful Accounts was not necessary as of September 30, 2019 and September 30, 2018.

NOTE 5 GENERAL PROPERTY, PLANT, AND EQUIPMENT, NET

COMPONENTS OF PP&E AS OF SEPTEMBER 30, 2019 (IN THOUSANDS)	USEFUL LIFE IN YEARS	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
Land		\$43	\$ -	\$43
Buildings	10	463	428	35
Construction in Progress		1,677	-	1,677
Equipment and Furniture	5-10	5,567	3,522	2,045
Vehicles	5-6	20,409	7,318	13,090
IT Hardware	3-15	23,232	12,933	10,298
Leasehold Improvements	2-10	9,834	9,099	735
Internal-Use Software	3-9	<u>44,428</u>	<u>39,822</u>	<u>4,606</u>
Total		\$105,653	\$73,122	\$32,529

COMPONENTS OF PP&E AS OF SEPTEMBER 30, 2018 (IN THOUSANDS)	USEFUL LIFE IN YEARS	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
Land		\$43	\$ -	\$43
Buildings	10	463	365	98
Equipment and Furniture	5-10	4,442	3,115	1,327
Vehicles	5-6	21,403	6,051	15,352
IT Hardware	3-15	19,003	13,080	5,923
Leasehold Improvements	2-10	9,973	8,750	1,223
Internal-Use Software	3-9	<u>44,107</u>	<u>37,399</u>	<u>6,708</u>
Total		\$99,434	\$68,760	\$30,674

Property, Plant and Equipment (PP&E) as of September 30, 2019 consists of land, buildings, equipment and furniture, vehicles, IT hardware, leasehold improvements, and internal-use software. These assets are located at Washington, D.C. headquarters, regional recruiting offices, and overseas posts. The asset value includes ancillary costs incurred to bring assets to a form and location suitable for their intended use. The vehicles category reflects new vehicles added and retired in FY 2019. Internal-use software represents software that was either developed internally or purchased from vendors off-the-shelf.

The agency capitalizes PP&E by the following major classes:

- Land and attached assets, such as buildings located overseas, are capitalized at their fair market value at the time of transfer, regardless of their acquisition cost. Buildings are depreciated with a ten year useful asset life. Acquisitions that do not meet these criteria are recorded as operating expenses.
- Effective for FY 2018, costs incurred for major building renovations of \$100,000 or greater are initially recorded as Construction in Progress (CIP). Upon project completion, costs are transferred to Leasehold Improvements and amortized over the remaining life of the lease. Prior to FY 2018, costs incurred and recorded in CIP were capitalized at a threshold value of \$25,000 or greater.
- Purchases of General Property, Plant, and Equipment with individual acquisition cost of \$25,000 or greater and aggregate purchases in the amount of \$100,000 or greater are capitalized.

- Vehicles in the amount of \$10,000 and over are capitalized over their useful life of either five years for assets acquired in FY 2013 and prior, or six years for purchases made in or after FY 2014. The agency uses an estimated salvage value of 40 percent for vehicles.
- Purchases of IT hardware with individual acquisition costs of at least \$25,000 or aggregate value of \$100,000 or greater is capitalized and amortized over its expected life of three to fifteen years.
- Effective for FY 2018, costs incurred for major building renovations of \$100,000 or greater are initially recorded as Construction in Progress (CIP). Upon project completion, costs are transferred to Leasehold Improvements and amortized over the remaining life of the lease. Prior to FY 2018, costs incurred and recorded in CIP were capitalized at a lower threshold value of \$25,000 or greater.
- Software purchased or developed internally at a cost of \$25,000 or greater is capitalized and amortized over its expected life (currently three to nine years).

NOTE 6 PREPAID VOLUNTEER LIVING ALLOWANCES

	SEPTEMBER 30, 2019 (IN THOUSANDS)	SEPTEMBER 30, 2018 (IN THOUSANDS)
Prepaid Volunteer Living Allowances	\$1,809	\$1,752

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 arranged so that Volunteers will not incur a financial burden for their living costs.

NOTE 7 OTHER ASSETS

	SEPTEMBER 30, 2019 (IN THOUSANDS)	SEPTEMBER 30, 2018 (IN THOUSANDS)
Travel Advances to Employees	\$389	\$276
Relocation Advances to Employees	51	9
Prepaid Rent	3,832	3,458
Other Advances	<u>561</u>	<u>666</u>
Total Other Assets	\$4,833	\$4,409

Types of other assets which are non-governmental are described below.

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

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

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

Other Advances—Other advances include PSC payroll and prepayments of expenses for IT costs.

NOTE 8 LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

	SEPTEMBER 30, 2019 (IN THOUSANDS)	SEPTEMBER 30, 2018 (IN THOUSANDS)
Intragovernmental Liabilities		
Unfunded FECA Liability	\$28,040	\$30,145
Other Unfunded Employment Related Liability	21	99
Public Liabilities		
Unfunded Annual Leave	12,661	11,674
Other Unfunded Employment Related Liability	11,964	7,697
Federal Employee and Veteran Benefits	131,677	138,343
Liability for Non-Entity Assets	27,539	28,247
Total Liabilities Not Covered by Budgetary Resources	\$211,902	\$216,205
Total Liabilities Covered by Budgetary Resources	\$33,808	\$46,367
Total Liabilities	\$245,710	\$262,572

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

Unfunded Employment Related Liability—A liability for the estimated separation 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.

Unfunded Annual Leave—A liability for annual leave is accrued as leave is earned and paid when leave is taken or when the individual terminates. The balance represents the estimated value of annual leave earned but not taken as of September 30, 2019 for direct hire employees. The valuation of the accrued annual leave for FSN employees and the foreign national PSCs has been estimated for this financial statement. There were 59 FSNs and 2027 foreign national PSCs working for the Peace Corps at the end of September 30, 2019. Annual leave earned is based on local labor law requirements. Annual leave is paid out of current appropriations when taken.

Federal Employee and Veteran Benefits—A liability for the actuarial value of future payments for FECA as estimated by DOL for the agency.

Liabilities for Non-Entity Assets—Liabilities for Non-entity assets comprise a deposit fund and clearing accounts. These funds are not available for the use of the Peace Corps and are not part of the Peace Corps' resources.

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

NOTE 9 OTHER LIABILITIES

	SEPTEMBER 30, 2019 (IN THOUSANDS)	SEPTEMBER 30, 2018 (IN THOUSANDS)
Other Liabilities		
Contingent Liability (Note 11)	50	157
FSN and PSC Separation Liability	<u>20,452</u>	<u>24,272</u>
Total Other Liabilities	\$20,502	\$24,429

Other Liabilities at the Peace Corps consist of contingent liability (as shown in Note 11) and FSN and PSC Separation Liability, which are non-governmental.

FSN and PSC Separation Liability—The estimated future liability cost to be paid to eligible FSNs and foreign national PSCs upon separation from the agency. FSN and PSC Separation Liability is considered a non-current liability.

NOTE 10 LEASES

FISCAL YEAR	FUTURE LEASE PAYMENTS (IN THOUSANDS)
Fiscal Year 2020	\$2,918
Fiscal Year 2021	6,398
Fiscal Year 2022	10,148
Fiscal Year 2023	10,239
Fiscal Year 2024	10,370
After Fiscal Year 2024	<u>109,105</u>
Total Future Lease Payments	\$149,178

For overseas operations, the Peace Corps rents office space, residences, and training facilities. Leases overseas contain a termination clause, allowing the agency to terminate any lease with a 30-90 day notice. The Peace Corps' overseas leases are all considered cancelable operating leases, which do not require disclosure.

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

Future lease payments for FY 2020 and FY 2021 are lower than future years due to the terms of a OA which include a tenant improvement allowance and rent abatement.

NOTE 11 COMMITMENTS AND CONTINGENCIES

SEPTEMBER 30, 2019 (IN THOUSANDS)	ACCRUED LIABILITIES	ESTIMATED RANGE OF LOSS	
		LOWER END	UPPER END
Legal Contingencies			
Probable	\$50	\$ -	\$100
Reasonably Possible	-	-	-

SEPTEMBER 30, 2018 (IN THOUSANDS)	ACCRUED LIABILITIES	ESTIMATED RANGE OF LOSS	
		LOWER END	UPPER END
Legal Contingencies			
Probable	\$157	\$157	\$157
Reasonably Possible	-	-	90

In the opinion of the management and legal counsel, the agency is liable for contingent liabilities related to administrative proceedings, legal actions, or claims associated with employee grievances that are probable and measurable in the amount of \$50,000 as of September 30, 2019 and \$157,000 as of September 30, 2018. These contingencies are considered current liabilities.

Disclosure is required if there is a reasonable possibility that a loss may be incurred. The likelihood of a reasonable possibility of a loss related to administrative proceedings, legal actions, or claims related to employee grievances were estimated to be \$90,000 as of September 30, 2018.

NOTE 12 INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE

	SEPTEMBER 30, 2019 (IN THOUSANDS)	SEPTEMBER 30, 2018 (IN THOUSANDS)
Intragovernmental Costs	\$82,627	\$82,058
Public Costs	<u>339,550</u>	<u>345,789</u>
Total Intragovernmental	\$422,177	\$427,847
Intragovernmental Earned Revenue	\$(4,771)	\$(6,697)
Public Earned Revenue	<u>(26)</u>	<u>(183)</u>
Total Public	\$(4,797)	\$(6,880)
Total Net Cost	\$417,380	\$420,967

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

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

NOTE 13 APPORTIONMENT CATEGORIES OF NEW AND UPWARD OBLIGATIONS: DIRECT VS. REIMBURSABLE OBLIGATIONS

	SEPTEMBER 30, 2019 (IN THOUSANDS)		SEPTEMBER 30, 2018 (IN THOUSANDS)	
	DIRECT	REIMBURSABLE	DIRECT	REIMBURSABLE
Category A	\$441,668	\$4,851	\$409,040	\$6,578
Exempt from Apportionment	<u>4,889</u>	<u>-</u>	<u>6,503</u>	<u>-</u>
Total Obligations Incurred	\$446,557	\$4,851	\$415,543	\$6,578

All obligations incurred are Category A (quarterly apportionments) or Exempt from Apportionment.

NOTE 14 UNDELIVERED ORDERS AT THE END OF THE PERIOD

	SEPTEMBER 30, 2019 (IN THOUSANDS)	SEPTEMBER 30, 2018 (IN THOUSANDS)
Intragovernmental		
Unpaid Undelivered Orders	<u>\$8,744</u>	<u>\$11,546</u>
Total Intragovernmental Undelivered Orders	\$8,744	\$11,546
Public		
Unpaid Undelivered Orders	\$88,719	\$72,076
Paid Undelivered Orders	<u>6,643</u>	<u>3,426</u>
Total Public Undelivered Orders	\$95,362	\$75,502
Undelivered Orders - End of Period	\$104,106	\$87,048

The undelivered orders are budgetary obligations with and without advances/prepayments placed against federal budget authority where goods or services have yet to be received. Starting in FY 2018, undelivered orders at the end of the period are presented to disclose balances that are paid and unpaid for intragovernmental and with the public.

NOTE 15 EXPLANATION OF DIFFERENCES BETWEEN THE SBR AND THE BUDGET OF THE U.S. GOVERNMENT

(IN MILLIONS)	BUDGETARY RESOURCES FY 2018	NEW OBLIGATIONS & UPWARD ADJUSTMENTS FY 2018	NET OUTLAYS FY 2018
Combined Statement of Budgetary (SBR)	\$499	\$422	\$412
Budget of the U.S. Government	<u>489</u>	<u>422</u>	<u>412</u>
Difference	\$10	\$-	\$-

The Budget of the United States (also known as the President's Budget), with actual amounts for FY 2019 was not published at the time that these financial statements were issued. The President's Budget is expected to be published in February 2020, and can be located at the OMB website <https://www.whitehouse.gov/omb/budget> and will be available from the U.S. Government Printing Office. The above chart displays the differences between the Combined SBR in the FY 2018 Agency Financial Report and the actual FY 2018 balances included in the FY 2019 President's Budget. The differences are attributable to activities associated with expired funds that are excluded from the President's Budget.

NOTE 16 FIDUCIARY ACTIVITIES

SCHEDULE OF FIDUCIARY ACTIVITY FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018 (IN THOUSANDS)	HCC CASH 2019	HCC IN-KIND 2019	TOTAL FIDUCIARY FUNDS 2019	HCC CASH 2018	HCC IN-KIND 2018	TOTAL FIDUCIARY FUNDS 2018
Fiduciary Net Assets, Beginning of Year	\$311	\$-	\$311	\$401	\$-	\$402
Contributions	783	3,290	4,073	433	3,230	3,663
Disbursements	(433)	(3,290)	(3,723)	(523)	(3,230)	(3,754)
Increase/(Decrease) in Fiduciary Net Assets	350	-	350	(90)	-	(91)
Fiduciary Net Assets, End of Year	\$661	\$-	\$661	\$311	\$-	\$311

FIDUCIARY NET ASSETS FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018 (IN THOUSANDS)	HCC CASH 2019	HCC IN-KIND 2019	TOTAL FIDUCIARY FUNDS 2019	HCC CASH 2018	HCC IN-KIND 2018	TOTAL FIDUCIARY FUNDS 2018
Fiduciary Net Assets						
Cash and Cash Equivalents	\$664	\$-	\$664	\$313	\$-	\$313
Other Assets	-	-	-	-	-	-
Less: Liabilities	3	-	3	2	-	2
Total Fiduciary Net Assets	\$661	\$-	\$661	\$311	\$-	\$311

Host Country Contributions (HCC) are provided to the Peace Corps by the host government and are accepted under the authority of Section 22 U.S.C. 2509(a)(4) of the Peace Corps Act. These contributions indicate host country support for the Peace Corps and help defray expenses, enabling the agency to use its budget more effectively. The host country retains ownership though the funds are deposited to special foreign currency accounts in the Treasury. In the event the funds are not used, funds are returned to the host country. The agency receives cash and in-kind contributions from host countries for services, supplies, equipment, and facilities.

NOTE 17 RECONCILIATION OF NET OPERATING COST AND NET OUTLAYS

SEPTEMBER 30, 2019 (IN THOUSANDS)	INTRAGOVERNMENTAL	PUBLIC	TOTAL FY 2019
Net Operating Cost (SNC)	\$77,856	\$339,524	\$417,380
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Property, Plant & Equipment Depreciation	\$-	\$(5,943)	\$(5,943)
Property, Plant & Equipment Disposal & Reevaluation	-	(392)	(392)
Other	-	(5,147)	(5,147)
<i>Increase/(Decrease) in Assets Not Affecting Budget Outlays:</i>			
Accounts Receivable	\$(604)	(132)	(736)
Other Assets	-	481	481
<i>(Increase)/Decrease in Liabilities Not Affecting Budget Outlays:</i>			
Accounts Payable	5,952	3,371	9,323
Salaries & Benefits		(690)	(690)
Other Liabilities (Unfunded Leave, Unfunded FECA, Actuarial FECA)	2,183	5,238	7,421
<i>Other Financing Sources</i>			
Federal Employee Retirement Benefit Costs Paid by OPM and Imputed to Agency	(7,948)	-	(7,948)
Transfers Out (In) Without Reimbursement	440	-	440
Components of Net Operating Cost Not Part of the Budgetary Outlays Total	\$23	\$(3,214)	\$(3,191)
Components of the Budget Outlays That Are Not Part of Net Operating Cost			
Acquisition of Capital Assets	-	\$8,629	\$8,629
Other	\$2,321	475	2,796
Components of the Budget Outlays That Are Not Part of Net Operating Cost Total	\$2,321	\$9,104	\$11,425
Net Outlays (Calculated Total)	\$80,200	\$345,414	\$425,614
Related Amounts on the Statement of Budgetary Resources			
Outlays, Net			\$426,343
Distributed Offsetting Receipts			729
Agency Outlays, Net			\$425,614

The reconciliation of Net Operating Cost (Proprietary) and Net Budgetary Outlays require a reconciliation of the entity's net outlays on a budgetary basis and the net cost of operations during the reporting period.

NOTE 18 IMPUTED FINANCING

	SEPTEMBER 30, 2019 (IN THOUSANDS)	SEPTEMBER 30, 2019 (IN THOUSANDS)
Federal Employees Health Benefit Program	\$7,243	\$7,301
Federal Employees Group Life Insurance Program	16	16
Civil Service Retirement System	243	256
Federal Employees Retirement System	425	13
Foreign Service Retirement and Disability System	21	20
Other Imputed Costs	-	89
Total Imputed Costs	\$7,948	\$7,695

Imputed financing recognizes actual costs of future benefits which include the Federal Employees Health Benefit Program, Federal Employees Group Life Insurance Program, pension benefits paid by other federal entities, and property and services provided by National Protection and Programs Directorate (NPPD) through the Department of Homeland Security under NPPD's Continuous Diagnostics and Mitigation Program.

Inspector General's Audit Transmittal Letter




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To: Jody Olsen, Peace Corps Director

From: Kathy A. Buller, Inspector General 

Date: November 15, 2019

Subject: Audit of the Peace Corps' Fiscal Year 2019 Financial Statements

This letter transmits the reports of Williams, Adley & Company – DC, LLP (Williams Adley) on its audit of the Peace Corps' Fiscal Year (FY) 2019 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.

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

We contracted with Williams Adley, an independent certified public accounting firm, to audit the Peace Corps' financial statements as of September 30, 2019 and 2018. The audit was conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* (GAGAS), issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*.

Williams Adley's report for FY 2019 includes: an opinion on the financial statements, conclusions on internal control over financial reporting, and compliance with laws, regulations, contracts, and grant agreements. In its audit of the Peace Corps, Williams Adley found:

- The financial statements were fairly presented, in all material respects, in conformity with GAGAS principles.
- There were no material weaknesses in internal control.¹
- Two significant deficiencies related to internal control were disclosed by Williams Adley:²

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

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

- *Lack of effective information technology security.* Williams Adley cited a lack of a comprehensive risk management program. Additionally, there are weaknesses in the IT control environment related to the design and operations.
 - *Inadequate internal controls over property, plant, and equipment.* Williams Adley cited gaps in the internal control framework in the areas of recording and tracking property, assigning the proper useful life of assets, and performing necessary reconciliations of property data.
- One instance of reportable noncompliance was found relating to compliance with applicable provisions of laws, regulations, contracts, and grant agreements which are required to be reported under GAGAS or OMB guidance. Williams Adley found that the Peace Corps did not fully comply with:
 - The Federal Information Security Modernization Act of 2014 pertaining to continuous monitoring and the agency’s risk management program.

OIG Evaluation of Williams Adley’s Audit Performance

In connection with the contract, we reviewed Williams Adley’s report and related documentation and inquired of its representatives. Our review, as differentiated from an audit in accordance with GAGAS, was not intended to enable us to express, and we do not express, opinions on the Peace Corps’ financial statements or conclusions about the effectiveness of internal control or compliance with laws, regulations, contracts, and grant agreements. Williams Adley is responsible for the attached auditor’s report dated November 15, 2019 and the auditor’s conclusions expressed in the report. However, our review disclosed no instances where Williams Adley did not comply in all material respects with GAGAS.

If you or a member of the Peace Corps staff has any questions about Williams Adley’s audit or our oversight please contact me, or Assistant Inspector General for Audit Judy Leonhardt at 202-692-2914.

Attachment

cc: Michelle Brooks, Chief of Staff
 Richard Swartz, Chief Financial Officer
 Scott Knell, Chief Information Officer
 Anne Hughes, Chief Compliance Officer

Auditor's Report



Independent Auditor's Report

Director
United States Peace Corps

Inspector General
United States Peace Corps

In our audits of the fiscal years 2019 and 2018 financial statements of the United States Peace Corps (the Peace Corps), we found:

- the Peace Corps' financial statements as of and for the fiscal years ended September 30, 2019, and 2018, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- no material weaknesses in internal control over financial reporting based on the limited procedures we performed;¹ and
- a reportable instance of noncompliance for fiscal year 2019 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections discuss in more detail (1) our report on the financial statements, required supplementary information (RSI)² and other information included with the financial statements;³ (2) our report on internal control over financial reporting; (3) our report on compliance with laws, regulations, contracts, and grant agreements; and (4) agency comments with auditor evaluation.

Report on the Financial Statements

In accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the Office of Management and Budget (OMB) Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*, we have audited the Peace Corps' financial statements. The Peace Corps' financial statements comprise the balance sheet as of September 30, 2019 and 2018; the related statements of net cost,

¹A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, 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. 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.

²The RSI consists of Management's Discussion and Analysis section which is included with the financial statements.

³Other information consists of Message from the Chief Financial Officer, and Other Information section and appendices.

WILLIAMS, ADLEY & COMPANY-DC, LLP

Certified Public Accountants / Management Consultants

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changes in net position, and budgetary resources for the fiscal years then ended; and the related notes to the financial statements.

We conducted our audit in accordance with U.S. generally accepted government auditing standards. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility

The Peace Corps' management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles; (3) preparing and presenting other information included in documents containing the audited financial statements and auditor's report, and ensuring the consistency of that information with the audited financial statements and the RSI; and (4) maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. U.S. generally accepted government auditing standards and OMB Bulletin No. 19-03 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We are also responsible for applying certain limited procedures to RSI and other information included with the financial statements.

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

Opinion on Financial Statements

In our opinion, the Peace Corps' financial statements present fairly, in all material respects, the Peace Corps' financial position as of September 30, 2019 and 2018, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the RSI be presented to supplement the financial

statements. Although the RSI is not a part of the financial statements, FASAB considers this information to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards, which consisted of inquiries of management about the methods of preparing the RSI and comparing the information for consistency with management's responses to the auditor's inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit, and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

The Peace Corps' other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. We read the other information included with the financial statements in order to identify material inconsistencies, if any, with the audited financial statements. Our audit was conducted for the purpose of forming an opinion on the Peace Corps' financial statements. We did not audit and do not express an opinion or provide any assurance on the other information.

Report on Internal Control over Financial Reporting

In connection with our audit of the Peace Corps' financial statements, we considered the Peace Corps' internal control over financial reporting, consistent with our auditor's responsibility discussed below. We performed our procedures related to the Peace Corps' internal control over financial reporting in accordance with U.S. generally accepted government auditing standards.

Management's Responsibility

The Peace Corps' management is responsible for maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

In planning and performing our audit of the Peace Corps' financial statements as of and for the year ended September 30, 2019, in accordance with U.S. generally accepted government auditing standards, we considered the Peace Corps' internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Peace Corps' internal control over financial reporting. Accordingly, we do not express an opinion on the Peace Corps' internal control over financial reporting. We are required

to report all deficiencies that are considered to be significant deficiencies⁴ or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described above, and was not designed to identify all deficiencies in internal control that might be material weaknesses and significant deficiencies or to express an opinion on the effectiveness of the Peace Corps' internal control over financial reporting. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

As discussed in Appendix I in more detail, our 2019 audit identified two deficiencies in the Peace Corps' controls over information security and property, plant, and equipment tracking that represent significant deficiencies in the Peace Corps' internal control over financial reporting. We considered these significant deficiencies in determining the nature, timing, and extent of our audit procedures on the Peace Corps' fiscal year 2019 financial statements.

Although the significant deficiencies in internal control did not affect our opinion on the Peace Corps' fiscal year 2019 financial statements, misstatements may occur in unaudited financial information reported internally and externally by the Peace Corps because of these significant deficiencies.

Our assessment of the current status of the two prior year significant deficiencies and the noncompliance instance is presented in Appendix II.

In addition to the significant deficiencies, we also identified other control deficiencies in the Peace Corps' internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies. Nonetheless, these deficiencies warrant the Peace Corps' management's attention. We have communicated these matters to the Peace Corps' management in a separate letter.

⁴A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of the Peace Corps' internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of the Peace Corps' internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

In connection with our audit of the Peace Corps' financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibility discussed below. We caution that noncompliance may occur and not be detected by these tests. We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

Management's Responsibility

The Peace Corps' management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to the Peace Corps.

Auditor's Responsibility

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to the Peace Corps that have a direct effect on the determination of material amounts and disclosures in the Peace Corps' financial statements, and perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the Peace Corps.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

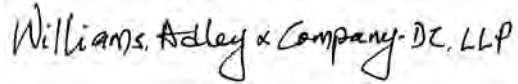
Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed one instance of noncompliance related to the Federal Information Security Modernization Act for fiscal year 2019 that would be reportable under U.S. generally accepted government auditing standards. The noncompliance is explained in Appendix I. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to the Peace Corps. Accordingly, we do not express such an opinion.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

Agency Comments and Auditor Evaluation

In commenting on a draft of this report, the Peace Corps' management provided a written response which is presented in Appendix III. We did not audit the Peace Corps' response and, accordingly, we express no opinion on the response.

A handwritten signature in black ink that reads "Williams, Adley & Company, DC, LLP". The signature is written in a cursive style and is positioned above a faint, light-colored rectangular stamp.

Washington, District of Columbia
November 15, 2019

Appendix I Significant Deficiencies and Non-compliance Matter

Significant Deficiencies

I. Information Technology Security (Repeat Condition)

The United States Peace Corps (the Peace Corps) information technology (IT) internal control structure did not include a comprehensive risk analysis, proof of effective monitoring of design and performance, or evidence of the ability to identify and respond to changing risk profiles. The Peace Corps' IT control environment included design and operation weaknesses that, when combined, are considered to be a significant deficiency, as summarized below:

- During fiscal year 2019, the Office of the Chief Information Officer (OCIO) developed an Information Security Continuous Monitoring (ISCM) strategy. However, the OCIO was not able to fully implement the program at the information system level in accordance with the ISCM strategy. The Federal Information Security Modernization Act of 2014 (FISMA) Evaluation Team identified the following control deficiencies:
 - The Peace Corps has not implemented its ISCM strategy
 - The Peace Corps has not developed ISCM policies and procedures to support the ISCM strategy
 - The Peace Corps has not defined roles and responsibilities of ISCM stakeholders
 - The Peace Corps has not defined metrics specifically to measure the effectiveness of its ISCM Program
- The Peace Corps does not have a robust agency-wide Risk Management Program to manage information security risks. While the Peace Corps established a Risk Management Committee Charter in 2018, the FISMA Evaluation Team found no evidence demonstrating that the agency was able to identify, assess, respond to, and monitor information security risk at the enterprise, business process, and system levels. Furthermore, the Peace Corps' risk management program did not define the agency's information security risk profile, risk appetite, risk tolerance, and the process for communicating risks to all necessary internal and external stakeholders. Specifically, the FISMA Evaluation Team identified the following control deficiencies:
 - The Peace Corps has not identified and defined its requirements for an automated solution to provide a centralized, enterprise-wide (portfolio) view of risks across the organization, including risk control and remediation activities, dependencies, risk scores/levels, and management dashboards
 - The Peace Corps did not define an information security architecture that is integrated with the risk management strategy

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

Without effectively implementing a comprehensive risk management process at the agency level, the Peace Corps may be unable to address the root causes associated with existing information

Appendix I
Significant Deficiencies and Non-compliance Matter

security risks. In addition, appropriate resources may not be effectively assigned to make the correct risk decisions to ensure the results align with the agency's business priorities.

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

Recommendations: We recommend the following:

1. The OCIO fully implement an ISCM strategy that includes policies and procedures, defined roles and responsibilities, and security metrics to measure effectiveness.
2. The Peace Corps Director and Agency Risk Executive, in coordination with the Peace Corps senior leadership, identify the agency's information security risk profile and define the agency's risk appetite and risk tolerance.
3. The Agency Risk Executive, in coordination with the Peace Corps senior leadership, develop and implement an enterprise-wide risk management strategy to address how to identify, assess, respond to, and monitor security-related risks in a holistic approach across the organization, business process, and information system levels.
4. The OCIO perform all components of the Security Assessment and Authorization on all FISMA-reportable systems in accordance with the risk management strategy.
5. The OCIO develop an information security architecture that is integrated with the risk management strategy.

Appendix I Significant Deficiencies and Non-compliance Matter

II. Inadequate Internal Controls over Property, Plant, and Equipment

The Peace Corps' management is responsible for the design and operation of its Property, Plant, and Equipment (PP&E) internal control framework. The PP&E control framework should include policies, procedures, reviews, and approvals to ensure that long-lived assets are properly identified, and all acquisition costs are accurately captured. The absence of a comprehensive internal control framework may result in errors in the financial statements, theft, lack of accountability, waste, fraud, abuse, and lack of responsiveness to changing risk and threats.

The Peace Corps maintains several inventory tracking systems for various categories of PP&E. For vehicles, the agency maintains a detailed vehicle tracking system (Vehicle Management Information System [VMIS]), and IT hardware, equipment, and furniture is maintained in the Property Management Software System (PMSS), also called Sunflower. Data from each of these property systems are reconciled with data in the asset management system (Odyssey Fixed Assets Module) on a quarterly basis.

As described below, the Peace Corps' PP&E internal control framework contains gaps in the areas of recording and tracking property, determining the proper useful life of assets, and performing necessary reconciliations of PP&E data:

Equipment Not Recorded in Sunflower

In October and November of 2017, the Peace Corps purchased IT equipment for its data center valued at \$6.2 million. Approximately \$4.8 million of the IT equipment should have been recorded and tracked in Sunflower but instead it was tagged with a unique asset identifier and tracked in a locally-maintained spreadsheet. Additionally, during our completeness testing of 57 tagged items at the data center, we noted that five pieces of IT equipment had not been recorded on the spreadsheet or in Sunflower. Consequently, the Accounting and Financial Reporting department had to enter an amount in an asset clearing account based on invoices paid for the equipment, \$5.2 million, so that the PP&E balance would be fairly stated.

Separately, an asset at Peace Corps headquarters that was appropriately assigned a unique identifier was not recorded in Sunflower because the financial documents to support the purchase were missing. The asset was tracked on a locally-maintained spreadsheet with 29 other capital and non-capital assets which were also missing proper supporting documentation required to enter the assets into Sunflower.

Incorrect Useful Life Assignment

During our depreciation testing, we determined that the correct useful life was not assigned to two out of 579 vehicles. The incorrect useful life caused an overstatement of \$6,072 of accumulated depreciation, including \$1,719 accumulated depreciation and depreciation expense for the current fiscal year.

Lack of Asset Reconciliation Follow-up

We reviewed the agency's PP&E reconciliations for 3rd quarter of fiscal year 2019 and determined that the Peace Corps did not fully reconcile source systems with the Odyssey Fixed Assets Module. There was no evidence that the reconciling items were followed up on or resolved.

- *Reconciliation between VMIS and Odyssey:* The Peace Corps reviewed VMIS to ensure assets are appropriately recorded in the Odyssey Fixed Assets Module.

Appendix I Significant Deficiencies and Non-compliance Matter

However, during the reconciliation the agency noted seven vehicles with a cost above the capitalization threshold that were recorded in VMIS but not Odyssey. The vehicles had a total acquisition cost of \$250,349.

- *Reconciliation between Sunflower and Odyssey:* The Peace Corps conducted a reconciliation between Accounts Payable and Fixed Assets modules to identify unrecorded fixed assets. The agency, however, does not review Sunflower to ensure that all items in the system that meet the capitalization threshold are listed in the Odyssey Fixed Assets Module. The Peace Corps' reconciliation resulted in 121 items in Odyssey Fixed Asset Module but not in Sunflower, with 32 of those having a total net book value of approximately \$700,000. The remaining items were fully depreciated.

Regarding recording assets in Sunflower, Peace Corps stated that there were variances between what was ordered, received, and invoiced. Therefore, they noted that the equipment was not added to Sunflower because of the existing variances between the assets and source documents. The Peace Corps did not resolve the unreconciled items because they considered the total net book value of the items immaterial.

The Peace Corps cannot ensure complete and accurate financial information regarding PP&E. The inability to address these weaknesses resulted in the following:

- Depreciation expense and accumulated depreciation are understated and we are unable to calculate the correct amount given the complexity of the assets ordered and the lack of cost details maintained in the locally-maintained spreadsheet.
- Loss of asset accountability which introduces operational risk related to the ability to execute the Peace Corps' mission.
- Decrease in the uniformity and standardization of procedures resulting in inconsistent treatment of assets and difficulty in completing consolidated reports.
- Increase in the likelihood of financial reporting misstatements due to an employee's ability to alter the useful life of capitalized assets.

GAO Standards for Internal Control in the Federal Government requires that "Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions. Ongoing monitoring may include automated tools, which can increase objectivity and efficiency by electronically compiling evaluations of controls and transactions."

Additionally, the Peace Corps' Domestic Financial Management Handbook, Chapter 22 states:

22.5 Tracking and Reporting of Capital Assets — "The office having custody must track a capitalized asset in all phases of its useful life, from the time the asset is delivered and accepted until disposal when the asset is finally retired from service. All actions associated with capital assets must be monitored, tracked and recorded (including transfers between offices)."

22.5.3 IT Hardware and General PP&E – When new assets, such as IT Hardware and General PP&E, are acquired or received, the asset must be added and sighted in PMSS, within two weeks from date of receipt.

Appendix I Significant Deficiencies and Non-compliance Matter

Recommendations: We recommend that the Peace Corps enhance its overall control environment in relation to PP&E by performing the following:

1. Update the reconciliation process to require two-way verification between all source systems and the Odyssey Fixed Assets Module. The reconciliation process should include documentation of steps taken to resolve identified discrepancies.
2. Implement a procedure to verify whether the useful life of the capitalized asset is correctly assigned based on the equipment type as stated in the Peace Corps' policy.
3. Require staff with a role in acquiring and recording assets to take annual training.
4. Implement a process to ensure that once assets are acquired they are added to Sunflower.
5. Perform a reconciliation to ensure all assets purchased for the data center have been received, accounted for, and properly recorded.

Appendix I
Significant Deficiencies and Non-compliance Matter

Noncompliance with Laws, Regulations, Contracts, and Grant Agreements

III. FISMA (Repeat Condition)

Federal Information Security Modernization Act of 2014 (FISMA) requires agencies to provide information security controls commensurate with the risk and potential harm of not having those controls in place. The heads of agencies and Offices of Inspectors General (OIG) are required to annually report on the effectiveness of the agencies' security programs.

As noted in its Assurance Statement, the Peace Corps disclosed an instance of noncompliance with FISMA that is required to be reported under *Government Auditing Standards* and OMB Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*.

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

The OIG has provided the Peace Corps' management with a separate limited distribution report that further details the vulnerabilities in the Peace Corps' systems and provides recommendations for improvement. Due to the sensitivity of the matters noted, we have not discussed those matters in this report.

Appendix II
Status of Prior Year Control Deficiencies and Noncompliance Instance

Our assessment of the current status of prior year findings is presented below.

Prior Year Finding	Current Year Status
Information Technology Security (Significant Deficiency)	Open and repeated as finding # I in Audit Report.
Improper and Untimely Processing of Personnel Actions (Significant Deficiency)	Closed.
FISMA (Noncompliance)	Open and repeated as finding # III in Audit Report.

**Appendix III
Management Official Response**



November 14, 2019

Mr. Kola A Isiaq, CPA
Managing Partner
Williams Adley & Company, LLP
1030 15th Street, NW, Suite 350 West
Washington, DC 20005

Dear Mr. Isiaq,

This letter represents the response of the agency to your draft Independent Auditor's Report, received November 7, 2019. We are pleased with your issuance of an unmodified (clean) opinion. The Peace Corps management has reviewed the Notice of Findings for the two significant deficiencies issued by Williams Adley for the financial statement audit for fiscal year (FY) 2019. We concur with the condition, criteria, and level of deficiency identified. We have established corrective action plans to address the root cause of these audit findings. We are dedicated to resolving these issues in FY 2020 and into FY 2021, as we strive for an effective and efficient internal control environment.

Information Technology Security

Agency Response: Concur. In FY 2019, the Peace Corps Office of Chief Information Officer (OCIO) implemented Phase 1 of the Continuous Diagnostic Monitoring (CDM) and conducted Enterprise Risk Management training to ensure that an organization-wide, holistic-risk management program for security architecture is applied in the FY 2020. In FY 2020, OCIO will begin with the Phase 2 of the CDM, along with Identity, Credential, and Access Management implementation. *Estimated Completion Date:* December 2021

Inadequate Internal Controls over Property, Plant, and Equipment

Agency Response: Concur. The Peace Corps Office of Management, Office of Chief Financial Officer, and OCIO will work collaboratively to establish guidelines to ensure that accountable assets are recorded timely and accurately, by the responsible office, within the agency's personal property management system of the agency. In addition, each responsible office will assist in ensuring that a reconciliation process is performed between the source systems and the financial system application. *Estimated Completion Date:* September 2020

We thank you and your team and appreciate the opportunity to respond to the draft Independent Auditor's Report.

Sincerely,

Michelle K. Brooks
Chief of Staff

Paul D. Coverdell Peace Corps Headquarters

1111 20th Street, NW | Washington, D.C. 20536 | 866.855.1961 | PEACECORPS.GOV



Planting Seeds: Third Goal talks in rural Vermont

VOLUNTEER: Carrie Harvey
COUNTRY: Philippines
STRATEGIC GOAL 3: Bringing
 the World Back Home

When I was in seventh grade in Walden, Vermont (a town of less than 1,000 people), a returned Peace Corps Volunteer came to talk to my middle school about his service in Morocco.

He told us about the culture, his work and the Peace Corps. He brought kola nuts for us to try, and a scarf used to protect him from the sun and sand, which he taught us how to wear.

Thirteen-year-old Carrie was captivated. Looking back on it, I probably drove the returned Volunteer crazy with all my questions. I had never learned that much about another culture in such a short time and I had never imagined being able to travel internationally (except short trips to Canada), let alone a government organization paying for me to live and work in another country for two whole

years. The seed was planted.

Throughout the next 10 years of my life, the Peace Corps kept popping up. I attended a few more Third Goal talks (though I didn't realize that's what they were at the time), and ran in to several returned Volunteers while in high school and college.

The more I learned, the more interested I became in the Peace Corps and becoming a Peace Corps Volunteer.

After two-and-a-half years in Peace Corps Philippines, when the opportunity came for me to do some Third Goal talks while on special leave I jumped on it. While home, I visited my grandmother's church and three separate schools to share my experiences. I even managed to visit my old middle school!

In total I gave my presentation seven times to attendees from ages two to 91. Each presentation was a little bit different—suited to my audience and their questions.

The audience from my grandmother's church was most interested in my work, while the high school and middle school classes were focused on the cultural differences—wanting to know what life is like for people living on the other side of the planet.

While home, I encountered a lot of people who only wanted to hear a little bit about the last two-plus years of my life, expecting me to summarize my time as a Volunteer like I would a short vacation. However, during the Third Goal talks, people were truly interested in my stories, and even approached me afterwards with more questions. So, while I don't usually like being the center of attention, it was really nice to have people who actually wanted to hear about my experiences.

It's also pretty great to think that maybe I have planted the 'Peace Corps' seed in the mind of another young Vermonter.

OTHER INFORMATION

- 84 Inspector General's Statement on the Peace Corps' Management and Performance Challenges
- 102 Summary of Financial Statement Audit and Management Assurances

VOLUNTEER: Christina Keron
COUNTRY: Rwanda
SECTOR: Health



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



PEACE CORPS
Office of
**INSPECTOR
GENERAL**

Management and Performance Challenges

Fiscal Year 2019

In accordance with the Reports Consolidation Act of 2000, the Office of Inspector General (OIG) has submitted what it has determined to be the most significant management and performance challenges facing the Peace Corps. The challenges discussed are to be included in the Agency Financial Report for Fiscal Year 2019.

The Inspector General's (IG) management challenges are observations of the IG based on the work performed by the OIG as well as information uncovered during the performance of our oversight responsibilities. These challenges illustrate the most significant areas OIG believes need improvement for the Peace Corps to effectively manage its resources and minimize the potential for fraud, waste, and abuse occurring in its operations. Addressing the issues related to these challenge areas will enable the agency to increase operational efficiencies and improve mission effectiveness.

Significant management challenges facing the Peace Corps:

- **Volunteer Health and Safety**
- **Human Capital Management**
- **Information Technology Security Management**
- **Compliance**
- **Planning and Implementation**

Challenge: Volunteer Health and Safety

Why This Is a Challenge

While the Peace Corps works to prioritize the physical and mental health, safety, and security of its Volunteers, OIG country program evaluations and audits have identified aspects of the agency's Volunteer health care and safety and security programs that present management challenges. Specifically, these challenges relate to Volunteer medical care, Volunteer site selection and approval processes, transportation policies, Volunteer drug use, and sexual assault risk reduction and response.

Volunteer Medical Care

In 2010, OIG made agency-wide recommendations to improve the quality of medical care after the death of a Volunteer in Morocco. After the death of a Volunteer in China¹ in 2013, OIG initiated a follow-up evaluation to assess the extent to which recommendations from the 2010 evaluation had been implemented. In our final report on this follow-up evaluation issued in 2016, OIG found that the agency had made substantial progress in improving the quality of medical care but that numerous improvements were still needed. In 2018, Congress passed the Sam Farr and Nick Castle Act which required the Peace Corps to implement outstanding recommendations from OIG's 2016 evaluation as soon as practicable.

OIG had recommended that the agency establish protocols to analyze the root causes of patient safety events to prevent future adverse outcomes. In 2016, OIG found that the agency had established a policy to analyze root causes of patient safety events, but that the system did not have the intended effect. As a result of this finding, OIG

¹ Additionally, in 2014 OIG issued Investigative Review of the Circumstances Surrounding the Death of a Volunteer in Peace Corps/China which included nine recommendations. OIG requested that the Peace Corps determine whether it needed systemic or post specific changes to policies, procedures, guidelines, staff training, or level of available resources to address the issues in the report.

recommended that the agency ensure all root cause analyses include key components such as a system focus, a statement of the cause and effect, action plans, and measures. OIG recently reviewed documentation from several root cause analyses, including the analysis performed for a recent Volunteer death in Comoros, and found that key components were still missing. These components are necessary to protect Volunteer health and prevent adverse outcomes.

In 2019, OIG reviewed the death of a Volunteer in Comoros due to malaria. While the Peace Corps currently has strong policies and procedures designed to reduce Volunteers' risk of contracting malaria, OIG has concerns about the agency's capacity to consistently implement and oversee compliance with these policies. Volunteers' adherence to their malaria prophylaxis schedules is known to be inconsistent,² and Peace Corps medical technical guidelines instruct medical officers to assume that all Volunteers in malaria areas may have become infected with the malaria parasite. Our review found that, despite this guidance, the medical unit in Comoros took a passive approach to providing Volunteers with antimalarial medication and did not actively monitor which Volunteers required additional medication. In other recent evaluations, we identified gaps in malaria risk-reduction practices. For example, in 2018, OIG found that 3 in 10 Volunteers in Mozambique lived in housing that lacked required screens on the windows; and in 2019, OIG found that 7 in 10 Volunteers in Comoros had been placed in housing that did not have required window screens.

² In a 2013 study of adherence to malaria prevention medication among Peace Corps Volunteers in Africa, the U.S. Centers for Disease Control and Prevention found that 27% of Volunteers reported not taking their required malaria prophylaxis as prescribed. Further, the 2013 study found that adherence to malaria prevention medication, regardless of type, (i.e. atovaquone-proguanil, mefloquine, or doxycycline) was lower among Volunteers aged 22-25. By type of prophylaxis, reported adherence varied: 90% adherence among Volunteers on atovaquone-proguanil; 84% for Volunteers on mefloquine; 60% for Volunteers on doxycycline.

Our review of the facts and circumstances surrounding the Volunteer's death in Comoros identified some systemic vulnerabilities that could affect the agency's ability to provide proper care for Volunteers in other countries where malaria is endemic. Namely, we identified that the agency's medical technical guidelines for the diagnosis and treatment of malaria were outdated and out of alignment in key respects with prevailing malaria diagnosis guidelines from the World Health Organization (WHO, 2015). In addition, the agency's clinical escalation policy did not take into account different levels of vulnerability based on factors such as the suitability of local medical facilities or the availability of flights from remote locations where Volunteers may be serving. We also found that the agency had staffed the post's medical unit with one medical officer who had limited training in infectious diseases and limited clinical experience caring for non-immune travelers, who are at greater risk of dying from untreated malaria. While most Peace Corps overseas medical units are staffed by at least two qualified medical officers, in the case of Comoros no other medical officer was available to observe the Volunteer and discuss possible diagnoses and causes of her illness.

The report noted a number of other failings which have been the subject of previous death reviews. For example, the medical officer did not record the Volunteer's vital signs or document his clinical assessments of her condition for each of his encounters with her, effectively making diagnostic and treatment decisions based on insufficient clinical evidence. The lack of clinical data made it challenging to review the provision of care for the Volunteer. Further, the medical officer did not properly follow the agency's clinical escalation policy related to medical emergencies or instructions he received from the Director of the Office of Medical Services.

The Peace Corps assumes a high degree of risk placing Volunteers in very remote locations with limited medical infrastructure. The medical evacuation plan is a tool to mitigate this risk and prevent potential harm

to Volunteers. In 2016, OIG recommended that the Peace Corps improve its policies and procedures to ensure that post medical evacuation plans are up to date and aligned with agency policy. OIG closed this recommendation in 2016 based on documentation that the agency had taken action to satisfy the recommendation. However, as part of routine country program evaluations between 2017 and 2019, OIG found deficiencies in medical evacuation plans in Kosovo, Costa Rica, Albania, Uganda, Thailand, Comoros, Paraguay, and Namibia indicating that the agency's efforts to close OIG's 2016 recommendation may not have had the intended effect.

Another challenge associated with Volunteer health and well-being relates to the Peace Corps' progress in achieving its on-going strategic objective (for Fiscal Years 2018 to 2022) to optimize Volunteer resilience. Performance goals for this objective include establishing realistic expectations of service; increasing Volunteers' ability to independently manage inevitable adjustment challenges; and building the resources and skills of non-clinical staff, Volunteers, and others to enhance Volunteers' resilience. Fiscal Year (FY) 2019 OIG evaluations in Thailand, the Kyrgyz Republic, and Paraguay contained findings related to mental health care. Many Volunteers in those countries reported being dissatisfied with either their ability to access counseling, or with the effectiveness of training related to managing the stress and challenges of service.

Volunteer Site Development

The agency requires that posts maintain site history files with relevant safety and security information, and that post staff review these files when considering Volunteer site placement. However, during recent country program evaluations of Uganda, Senegal, Paraguay, Thailand, Mozambique, and Comoros, OIG found site history files were incomplete, insufficiently organized, or not being used to inform site selection in multiple posts and regions.

In addition, OIG found shortcomings with multiple posts' self-identified site selection

criteria, which is required per MS 270 to ensure that Volunteer sites, housing, and work assignments are appropriate. Either criteria were inadequate and superficial, or posts were out of compliance with their criteria. Furthermore, appropriate staff (including the safety and security managers and Peace Corps medical officers) were not always sufficiently included in the site development process.

In several recent country program evaluation reports, we found that Volunteers were violating the posts' transportation policies that banned or limited the use of motorcycle taxis. Although they often said motorcycle taxis were simply more convenient, Volunteers also commonly reported that there were limited Peace Corps-approved transportation options to and from their sites, especially in rural areas. Available transportation should be considered during the site development process. The risk of an accident while riding on motorcycles poses serious danger to Volunteer safety. Without housing checks and proper site development, the agency may inadvertently place Volunteers in houses and sites where safety and security risks have not been identified.

Volunteer Drug Use

In August 2018, OIG issued a management advisory report on Volunteer drug use alerting the agency that efforts to address Volunteer drug use had been insufficient and that drug use continued to pose a serious risk to the integrity and reputation of Peace Corps and to the health and safety of Volunteers.³ In a 3-year period ending in February 2018 OIG reported that 152 Peace Corps Volunteers separated from across 26 countries in connection with drug use.⁴ As a result of these separations, students, counterpart agencies, host family members, and other community members lost 117 potential years of service and support from the Peace Corps. Additionally

³ [Management Advisory Report: Volunteer Drug Use \(2018\)](#)

⁴ In the Management Advisory Report on Volunteer Drug Use, we defined separation in connection with drug use as instances where (1) the administrative separation process was initiated by the post after a finding of drug involvement, or (2) the Volunteer resigned after a credible allegation of drug involvement was made.

in that time period, one Volunteer died as a result of drug use, and seven were arrested by foreign law enforcement. From February 2018 to the present, OIG estimates that another 107 Volunteers separated in connection with drug use, amounting to the loss of 93 potential years of Volunteer service. Moreover, there have been at least two additional Volunteer arrests by foreign law enforcement.

OIG found that country directors struggled to resolve allegations of drug use through administrative action due to a high burden of proof and a lack of tools necessary to address the allegations in a fair and consistent manner. We also found that agency records on Volunteer misconduct related to drug use were incomplete, inaccurate, and inconsistent. See also the Management Challenge section titled Planning and Implementation.

Sexual Assault Risk Reduction and Response

In November 2016, OIG issued a report on the Peace Corps' Sexual Assault Risk Reduction and Response (SARRR) program as required by the Kate Puzey Peace Corps Volunteer Protection Act of 2011.⁵ We found that the agency lacked a comprehensive approach to gathering data about the effectiveness of the SARRR program to inform future program adjustments, including feedback from Volunteers and staff. In addition, we recommended that the agency develop guidance for Peace Corps medical officers to clarify expectations related to the provision of counseling services and communicate the guidance about available mental health support to Volunteers.

Progress in Addressing the Challenge

Below OIG summarizes progress the agency has made to address the challenges described above. These summary statements are based on documentation the agency has provided to OIG in response to open

⁵ [Evaluation of the Peace Corps' Sexual Assault Risk Reduction and Response Program \(2016\)](#)

recommendations. OIG recognizes that in some cases the agency has taken steps to address management challenges and open recommendations but has not yet provided documentation of those steps for OIG to review. OIG may acknowledge such steps below by indicating that the agency has “reported” to OIG progress in certain areas but has not provided documentation that would allow OIG to review and consider closing the related recommendation.

Volunteer Medical Care

The agency updated its patient safety procedures to include a safety assessment code matrix. This matrix categorizes patient safety events by probability and severity. It is a screening tool to select the events most appropriate for root cause analysis. Consequently, OIG closed the recommendation to implement a screening process. OIG reviewed the agency’s recent root cause analyses and found some improvements in the area of system focus and action plans.

The agency reported having made progress in several challenge areas, but had not yet provided OIG with documentation of its activities. These areas included: updates to its malaria prevention and diagnosis training sessions for agency medical officers at continuing medical education sessions; the development of new malaria education materials for staff and Volunteers; updates to its technical guidelines for malaria prevention and treatment; updates to its clinical escalation policy; updates to its clinical documentation standards; and approval of the hiring of additional medical officers for Comoros and other posts that had been staffed with a single medical officer.

In addition, the agency reported to OIG that it had been piloting a Volunteer Resilience training based on research and best practices for enhancing resilience, and that as of the beginning of November 2019, 12 posts had either completed or started the pilot.

Volunteer Site Development

To address challenges with site history files, the agency released improved guidance on management of site history files, requiring posts to develop standard operating procedures for maintaining and using site history files.

Volunteer Drug Use

The agency anticipates changing its policy imminently on Volunteer Conduct by requiring applicants to sign a Peace Corps Drug Free Service Agreement and has been piloting this agreement at Volunteer staging. The agency also reports that it has added a question to the Annual Volunteer Survey aimed at better understanding to what extent Volunteers perceive unauthorized drug use as being a problem among Volunteers.

Sexual Assault Risk Reduction and Response

The agency clarified the roles and responsibilities of key staff members in the SARRR program, including the Peace Corps safety and security officers, sexual assault response liaisons, and the Office of Civil Rights and Diversity. The agency has also worked to improve both Volunteer- and staff-related trainings. It made adjustments to its training of SARRR trainers which focused on helping staff talk sensitively and candidly about risk reduction and incorporating inclusive language about sexual assault risks for male and LGBTQ Volunteers in Volunteer training. The agency provided guidance to posts on how to integrate response to sexual harassment into Volunteer training, provided guidance to Volunteers on how and when to report harassment, and asserted that SARRR trainings should continue throughout a Volunteer’s service, not only at the beginning of service.⁶ The agency also created a new safety and security assessment to help posts better understand

⁶ The agency developed this guidance (Safety and Security Instruction 550) for staff to assist their efforts to respond to Volunteers who experience sexual harassment by individuals other than Peace Corps staff or other Volunteers, such as community members, strangers, or others with whom the Volunteer may interact.

Volunteer comprehension of SARRR training and issued guidance to posts clarifying expectations regarding SARRR training for permanent and temporary staff serving in senior leadership positions.

What Needs to Be Done

Volunteer Medical Care

To improve the Volunteer health care program, the agency should implement recommendations from the 2016 Follow-Up Evaluation of Issues Identified in the 2010 Peace Corps/Morocco Assessment of Medical Care, including updating agency guidance to clarify oversight responsibility for medical units at Peace Corps posts. We also recommended in this report that the agency should work to improve their patient safety event review process, since this process will better ensure that the Peace Corps continuously learns how to better support Volunteer health and safety. Specifically, the agency should ensure reviews include key components like root cause/effect statements and process or outcome measures. The agency also needs to provide sufficient and appropriate staffing for case reviews. Because recent OIG evaluations have found medical action plans to be incomplete, the agency should improve its oversight of posts' medical action plans. To achieve the agency's strategic objective on increased Volunteer resiliency, the agency should: (1) provide clear communication to Volunteers on how to access counseling and support, (2) improve training for Volunteers on managing the challenges of service, and (3) intensify efforts to increase the capacity of non-clinical staff to support Volunteer resiliency.

In addition, the agency should address the vulnerabilities identified in OIG's Management Advisory Report concerning the death of a Volunteer in Comoros from malaria. Specifically, the agency should assess the need to have at least two qualified medical officers at posts with an active Volunteer population, prioritizing those posts with one medical officer in a vulnerable environment. It should establish improved training for medical officers on diagnosing and treating

sick patients in malaria areas, with a focus on the importance of early consideration of a malaria diagnosis based on a patient's initial, non-specific symptoms. The agency also needs to update its medical technical guidelines for the prevention and treatment of malaria to specify more clearly when the agency expects medical officers to suspect malaria, consistent with the most recent malaria diagnosis guidelines of the World Health Organization. In addition, Peace Corps should develop guidance for the treatment of sick patients that addresses when medical officers should consider and document in their clinical assessment a suspected diagnosis of malaria as a matter of routine. It should specify in technical guidance for clinical documentation standards the degree of documentation medical officers should provide of their assessment of the possible underlying causes of a patient's symptoms. Further, the agency should adjust or clarify as appropriate the agency's clinical escalation threshold(s) to take into account its ability to respond to a medical emergency in an environment that lacks suitable local medical facilities, flights out of the country, or other complexities that may impede an effective response.

Volunteer Site Development

In order to reduce safety and security risks to Volunteers, the agency should ensure that the planned electronic system to manage site history files is implemented effectively. Furthermore, posts need to ensure Volunteers' sites, housing, and work assignment meets their specified selection criteria and ensure that appropriate staff are involved in housing checks.

To reduce the risks associated with Volunteer transportation, the agency should improve implementation and enforcement of motorcycle policies at Peace Corps posts. It should clarify with posts the importance of collecting more accurate information about the transportation options Volunteers will have at their sites and consider those options in relation to the post's transportation policy and standards. Staff should take this information into consideration when approving sites for

Volunteers, to determine mitigation strategies and the appropriateness of sites, especially in rural areas or more remote locations.

Volunteer Drug Use

The agency should take measures to better address Volunteer use of unauthorized drugs. Country directors need greater support in resolving drug use allegations at posts. The agency needs to gather and analyze more accurate information on drug use among Volunteers. The agency should also increase Volunteer awareness about the impacts of drug use on their safety and the effectiveness of their service.

Sexual Assault Risk Reduction and Response

The agency should expand its monitoring and evaluation plan to include sexual assault risk reduction measures and improve communication to Volunteers regarding the availability of counseling services.

Key OIG Resources

[Management Advisory Report: Volunteer Drug Use \(2018\)](#)

[Follow Up Review of Peace Corps/Uganda \(2018\)](#)

[Evaluation of Peace Corps/ South Africa \(2017\)](#)

[Management Advisory Report: Site History Files \(2016\)](#)

[Recurring Issues Report: Common Challenges Facing Peace Corps Posts, FYs 2012-2015 \(2016\)](#)

[Follow-Up Evaluation of Issues Identified in the 2010 Peace Corps/Morocco Assessment of Medical Care \(2016\)](#)

[Evaluation of the Peace Corps' Sexual Assault Risk Reduction and Response Program \(2016\)](#)

[The Peace Corps' Response to OIG Investigative Review of the Circumstances Surrounding the Death of a Volunteer in Peace Corps/China \(2015\)](#)

[Investigative Review of the Circumstances Surrounding the Death of a Volunteer in Peace Corps/China \(2014\)](#)

[Death Inquiry and Assessment of Medical Care in Peace Corps Morocco \(2010\)](#)

[Follow-up Evaluation of the Volunteer Delivery System \(2010\)](#)

Challenge: Human Capital Management

Why This is a Challenge

Key pillars of human capital management include hiring, staff retention, training, and knowledge management. In performing oversight over agency operations, OIG has highlighted areas of concern in all four sectors. Most importantly, we have noted how excessive personnel turnover has substantially exacerbated these challenges.

Hiring and Retaining Qualified Staff

Nearly all Peace Corps U.S. direct-hire staff are subject to a 5-year term limit called the “5-year rule” (FYR). Congress enacted the FYR in 1965 to create a constant flow of new employees, including returned Peace Corps Volunteers; avoid the inflexibility associated with the civil service system; and prevent employees from working their entire career at the Peace Corps. In June 2012, OIG reported that that between 2005 and 2009, the annual pace of employee turnover was between 25 percent and 38 percent, quadruple the average turnover rate in the Federal government, and beyond the original intent of the FYR. We estimated that FYR-driven turnover accounted for approximately 60 percent of \$20.7 million in total turnover management costs over this period.⁷

In our November 2013 audit report on Peace Corps overseas staffing challenges,⁸ we found that the agency struggled to maintain a robust pool of qualified applicants and fill positions in a timely manner. It had difficulty managing the hiring and administrative timelines for open positions, maintaining consistency in the interview and hiring process, planning for transfers, and dealing with unexpected vacancies. In July 2017, OIG issued the “Management Implication Report: Challenges Associated with Staff Turnover” to the acting Director.⁹ This

⁷ [Final Evaluation Report: Impacts of the Five-Year Rule on Operations of the Peace Corps \(2012\)](#)

⁸ [Final Audit Report: Peace Corps Overseas Staffing \(2013\)](#)

⁹ [Management Implication Report: Challenges Associated with Staff Turnover \(2017\)](#)

report outlined the negative effects of staff turnover on the agency’s ability to maintain high quality Volunteer support and improve core business functions, illustrating that high staff turnover is a persistent challenge for the agency that spans multiple levels and areas of operation.

Recruiting and retaining qualified headquarters personnel has been challenging for the agency as well, because many of the positions require specialized knowledge and the ability to perform government contracting, financial management, information technology, and human resources management. For example, the agency has struggled to recruit qualified staff to the Office of the Chief Financial Officer (OCFO) contracting group and short tenures within this group have compromised the agency’s ability to conduct adequate acquisition planning. Between December 2016 and August 2018, OCFO did not appoint a permanent Chief Acquisition Officer, who has the authority to administer all contracts, interagency agreements, and suspend and debar non-responsible vendors. Further, OCFO struggled to abide by timelines and sufficiently compete contracts partially due to difficulties retaining staff. This failure to follow acquisition timelines and regulations increases the risk of fraud, waste, and abuse of government funds.

Training and Knowledge Management

Our 2012 FYR evaluation and 2017 management implication report highlighted how excessive personnel turnover and shortened staff tenures made it especially difficult for the agency to keep pace with meeting staff training needs, as well as to maintain sufficient institutional memory and effective knowledge management practices. With high turnover, the Peace Corps must rely on its policies, reports, and other office-level operating procedures. However, as identified in the Planning and

Implementation section of this report, the Peace Corps has struggled with systematically recording, maintaining, and propagating such guidance.¹⁰

We identified several deficiencies in our September 2014 evaluation of training of overseas staff; 13 of the 25 recommendations remain open as of September 2019. These open recommendations address a range of issues such as developing procedures to consistently track staff trainings, ensuring all newly hired headquarters and overseas staff complete job-specific training, and implementing a process to assess the training needs of staff.¹¹

Further, in both the 2013¹² and 2016 evaluation reports on the Peace Corps Sexual Assault Risk Reduction and Response (SARRR) program, OIG again found that there was inconsistent onboarding and continuing education processes for critical staff positions that deliver safety, security, and medical support to Volunteers. We could not verify based on agency records that all overseas staff had received the SARRR training required by the Kate Puzey Peace Corps Volunteer Protection Act of 2011, nor could we identify who among overseas staff were required to take these trainings.

Progress in Addressing the Challenge

Below OIG summarizes progress the agency has made to address the challenges described above. These summary statements are based on documentation the agency has provided to OIG in response to open recommendations. OIG recognizes that in some cases the agency has taken steps to address management challenges and open recommendations but has not yet provided documentation of those steps for OIG to review. OIG may acknowledge such steps below by indicating that the agency has “reported” to OIG progress in certain areas

¹⁰ [Final Evaluation Report on the Peace Corps Sexual Assault Risk Reduction and Response Program \(2016\)](#)

¹¹ [Final Report on the Program Evaluation of the Peace Corps’ Training of Overseas Staff \(2014\)](#).

¹² [Evaluation of the Peace Corps Volunteer Sexual Assault Policy \(2013\)](#)

but has not provided documentation that would allow OIG to review and consider closing the related recommendation.

Hiring and Retaining Qualified Staff

The President signed into law the Sam Farr and Nick Castle Peace Corps Reform Act of 2018 (H.R. 2259) on October 10, 2018. The new law will allow the Director to exempt certain critical positions from the FYR if they require specialized technical or professional skills and knowledge of Peace Corps operations, such as those relating to Volunteer health services, financial management, information technology, procurement, personnel, legal services, or safety and security. That provision is supported by agency management. In July 2019, the Director announced her intention to add seven positions in four organizational units to the list of positions that she has decided to exempt from the FYR.

Training and Knowledge Management

In 2019, the agency updated MS 664, Staff Learning and Development, twice and MS 664, Procedures, once. Key changes included recognizing LearningSpace as the official system of record for staff learning and clarifying roles and responsibilities for learning across the agency. The agency also developed a formal onboarding and continuing education training program for all staff positions that are designated to respond to Volunteers who have experienced a sexual assault. In July 2019, the Office of Human Resources and the Office of Staff Learning and Development (OSLD) launched the agency’s first training on domestic violence, sexual assault, and stalking for all Peace Corps personnel. Also, in the last year, HCN staff have been invited again to attend Overseas Staff Training, the agency’s primary method of orienting newly hired overseas staff.

The agency further reported that it had completed training of all Peace Corps mandatory course owners on how to develop, manage, and track training online; instituted training for all new supervisors on how to track staff progress

in LearningSpace; relaunched the Agency Staff Learning Council in June 2019 to provide oversight of staff learning; surveyed posts on best practices to inform a new onboarding program, scheduled to be launched in early 2020; and began developing supervisory training for HCNs, also scheduled to be launched in early 2020.

What Needs To Be Done

Hiring and Retaining Qualified Staff

Following the recent workforce reduction, the agency must ensure that headquarters offices are properly equipped to provide quality support and oversight of overseas operations. The agency still needs to address two open recommendations (recommendations 2 and 3) from our 2012 FYR report relating to better management of turnover and acquisition and retention of qualified personnel in core business functions. In addition, the agency should take action to improve how it hires certain overseas managers by developing policies and procedures and should work to close the rest of the recommendations from our 2014 overseas staff training report.

Training and Knowledge Management

Peace Corps leadership should develop and enact an agency-wide strategy to formalize knowledge management practices related to recording institutional memory, transferring knowledge to new hires, and ensuring accessibility. Also, the agency needs to act on many recommendations related to training and knowledge management like creating a standardized training program for overseas staff. Finally, the agency still needs to develop, communicate, and track expectations and results for headquarters and overseas staff compliance with training-related laws and policies.

Key OIG Resources

[Management Implication Report: Challenges Associated with Staff Turnover \(2017\)](#)

[Final Evaluation Report on the Peace Corps Sexual Assault Risk Reduction and Response Program \(2016\)](#)

[Final Report on the Program Evaluation of the Peace Corps' Training of Overseas Staff \(2014\)](#)

[Audit of Peace Corps Overseas Staffing \(2013\)](#)

[Evaluation of the Peace Corps Volunteer Sexual Assault Policy \(2013\)](#)

[Evaluation of Impacts of the Five-Year Rule on Operations of the Peace Corps \(2012\)](#)

[Recurring Issues: OIG Post Audits and Evaluations FY 2009-2011 \(2012\)](#)

Challenge: Information Technology Security Management

Why This Is a Challenge

Effective information technology (IT) security programs help protect agency data from being misused by both internal and external actors and minimize the risk of threats to sensitive data. Federal laws and regulations governing IT security are designed to strengthen an agency's management of its overall operations. They also provide significant guidance to help prevent serious information security incidents. The Federal Information Security Modernization Act of 2014 (FISMA), is central to the Federal IT security program. The objective of FISMA is to develop a comprehensive framework to protect government information, operations, and assets.

The Peace Corps continues to lack an effective information security program and has made minimal improvement over the last 7 years. Foundational IT elements, such as having clearly defined boundaries and a complete listing of hardware, are missing. Some of the identified issues have been outstanding for over a decade, and the agency has struggled to implement corrective actions. Weaknesses across all the FISMA reportable areas exist because the agency has taken a predominately passive approach to compliance and has not integrated information security into business operations. OIG is concerned about the quality of the agency's IT security program, especially considering the sensitive data that the Peace Corps maintains, notably Volunteer health records and sexual assault incident information.

The Peace Corps has not established the right infrastructure to support a security-based culture; the agency lacks a comprehensive risk management approach, security-focused planning, and means of implementation to make major infrastructure changes and has not provided the appropriate authority to key staff members.

A key foundational issue is the absence of a fully-implemented, comprehensive, agency-wide risk management program that is effective at monitoring, identifying, and assessing security weaknesses and resolving related problems at the entity, business process, and information system levels. See the Management Challenge section titled Planning and Implementation. Without a robust risk management process, the Peace Corps is exposed to risk of attacks, environmental disruptions, and business failures due to human error.

Additionally, the Peace Corps is in the process of physically moving their headquarters office and its data center, but information security was not factored into the planning or design of this major change to the IT environment. Thus far, the execution of the data center move has suffered from poor leadership and communication failures between agency staff, resulting in unnecessary costs and time spent on the project. See the Management Challenge section titled Planning and Implementation. Once the transition is complete, some additional security controls should be functional; however, OIG will be assessing the new location's IT security in the FY 2020 FISMA review.

Lastly, the agency has not provided the appropriate authority to the Chief Information Security Officer to ensure that the agency's network and sensitive information are adequately protected. For example, a previous Chief Information Officer attempted to bring systems into production without following the Peace Corps' established process for verifying appropriate security controls are in place. Specifically, the agency implemented a Volunteer health records system and migrated information to cloud storage without ensuring proper security controls were in place prior to moving sensitive information into these environments. Further, implementing multifactor authentication for physical and logical access has been a law since 2012, but the Peace

Corps is still not compliant. Lastly, the agency is required to conduct a needs assessment to determine staff's overall awareness and training needs related to IT security. However, this requires coordination with the agency's Human Resources department to determine the knowledge, skills, and abilities of the current staff but has not been prioritized or completed in a timely manner.

What Needs to Be Done

In order to ensure the agency's information, operations, and assets are protected, it is critical that the Peace Corps achieve full compliance with FISMA and other Federal laws and regulations that apply to managing its IT security infrastructure.

The Peace Corps will need to focus on improving its IT security program by involving senior leadership, ensuring agency policies are comprehensive, and prioritizing the time and resources necessary to become fully FISMA compliant and eliminate weaknesses. Focusing on the implementation of the risk management framework will facilitate tailoring an information security program that meets the Peace Corps' mission and business needs across a decentralized organization. See the Management Challenge section titled Planning and Implementation.

Furthermore, as the Peace Corps finalizes moving the headquarters facility, the agency should take this opportunity to renew and formalize a comprehensive contingency plan. For the last 3 years, the agency has been operating without a viable contingency plan to fall back on if one or more of its information systems were to become inoperable. The agency's disaster recovery plan, which covers the restoration of critical agency systems that require activation of that agency's alternate IT processing site, has not been updated since 2010. Therefore, the agency should take time to ensure that the Continuity of Operations Plan, Disaster Recovery Plan, and all information system contingency plans support a unified agency response to a possible disruption. This contingency plan should have input from all involved offices on the entity, business, and information system levels.

Key OIG Resources

[Review of the Peace Corps' Information Security Program \(2018\)](#)

[The Peace Corps' FY 2018 Annual Financial Report](#)

[Report on Protecting Sensitive Information in Peace Corps Computer Systems \(2016\)](#)

Challenge: Compliance

Why This Is a Challenge

The Peace Corps is a small agency that is challenged to meet its global mission while at the same time complying with all of the requirements of a Federal agency. While the Peace Corps has shaped its core values around Volunteer wellbeing, commitment to national service, and other areas related to quality programming, diversity, and innovation, the agency has not prioritized compliance with Federal laws, regulations, and other requirements. Compliance is a significant objective in the government sector. To effectively comply with relevant requirements, the Peace Corps should initiate a comprehensive effort to align policies and procedures with requirements and establish a system and authority that better supports implementation.¹³

The agency lacks a system that ensures policies and procedures align with Federal and other requirements. According to Peace Corps policy, the Office of the Chief Compliance Officer (OCCO) has the mission to develop and coordinate a compliance system with Office of Inspector General reports, Congressional mandates, and other regulations and laws. But the OCCO is not able to effectively monitor compliance across the agency as it is staffed with only two people who are also involved with other agency priorities. In some cases, individuals who are responsible for ensuring compliance do not have the authority to implement changes over programs. For example, the Chief Information Security Officer is responsible for ensuring agency compliance with Federal laws regarding the security of the agency's information systems. Our work documents longstanding concerns with Peace Corps information technology security systems, but many of these issues are outside of this security group's purview and require larger, agency-wide involvement, such as providing required trainings and establishing

compliant document retention policies. See Management Challenge section titled Information Technology Security Management.

In other cases, those in charge of ensuring compliance implement deficient policies and procedures. The Improper Payments Elimination and Recovery Act of 2010 (IPERA) requires the agency to assess the risk of having improper payments every three years and outlines specific stipulations for a comprehensive assessment. The Peace Corps' informal approach to assessing the risk of improper payments does not meet the stipulations of the law and is inadequate as it does not include the full universe of payments made. Approximately 68 percent of all payments the agency processes are outside of this monitoring program, such as credit card payments and employee salaries, despite specific IPERA guidance to consider them in the risk assessment.

Further, with the Peace Corps lacking a sufficient, overall monitoring and coordinating mechanism to support implementation, individual offices and staff members are responsible for knowing what has been enacted and what is working within their respective teams to meet requirements. For example, to comply with the Digital Accountability and Transparency Act (DATA Act), the Senior Accountable Officer (SAO) is responsible for identifying and managing risks to federal spending data quality via a data quality plan (DQP). We found that the Peace Corps did not develop a data quality plan or substantiate data prior to submission in our FY 19 review. The assigned SAO should have the authority to coordinate across OCFO divisions, but the Peace Corps' SAO did not operate at a sufficient level to implement a comprehensive DQP that encompassed each aspect of the agency's quarterly DATA Act submission.

¹³ See [GAO Green Book](#) Section OV2.16-OV2.25 for agency management guidance for establishing objectives.

Progress in Addressing the Challenge

The Peace Corps has continued to improve its whistleblower protections program by training managers on the law's provisions.

What Needs to Be Done

While the Peace Corps has taken recent steps to address specific Federal requirements, the agency lacks an overall system to ensure Federal compliance. The agency should dedicate resources to the OCCO to ensure identification, coordination, and implementation of federal requirements. This mechanism will help the agency prioritize compliance. Through OIG work and informal discussions with the agency, we have stressed the importance of complying with Federal laws. However, the agency has assigned resources to other areas and has not taken responsibility or accountability seriously. As the Federal government continues to face spending cutbacks and the agency streamlines operations to focus on Volunteer support, the Peace Corps must adopt a deliberate and comprehensive approach to ensure compliance with Federal rules and regulations.

Key OIG Resources

[Review of the Peace Corps' Information Security Program \(2018\)](#)

Memorandum of OIG's Review of the Peace Corps' Improper Payment Reporting (2018)

[Audit of the Peace Corps' Implementation of the Digital Accountability and Transparency Act \(2017\)](#)

Challenge: Planning and Implementation

Why This Is a Challenge

Although the Peace Corps continues to improve key business processes and critical Volunteer support functions, it struggles to plan for the long-term impacts of risk and capital needs of the entire organization. Specifically, OIG has highlighted areas of concern where the agency did not apply sufficient time and resources to document decisions, ensure the appropriate resources are assigned, and review lessons learned.

The lack of an enterprise risk management (ERM) program hampers the agency's ability to successfully plan and implement new programs or initiatives. A comprehensive ERM program would identify risks and their potential outcomes, initiate mitigating strategies, ensure appropriate people are involved throughout the planning and implementation process, and pinpoint the most impactful areas in which to invest resources. Overall, it would help the agency to ensure that decisions made align with or ultimately benefit the Peace Corps' overall mission and priorities.

Decision Making, Documentation, and Accountability

Informed decision making involves consideration of data quality and consulting knowledgeable entities. Decisions should be documented for future consultation, to assign responsibility, and to ensure accountability as management develops programs and policies. Without quality inputs, documentation, or accountability, planning and implementation is inefficient and may not produce the intended outcomes.

Our management advisory report on the suspension of Peace Corps/Kenya found that the agency did not sufficiently document decisions and recommendations concerning continued operations in the country.¹⁴ While Volunteers were evacuated from

Peace Corps/Kenya in July 2014, the Peace Corps did not reduce staff at the post until June 2017. During this 3-year time period, headquarters management made numerous assessments and decisions about the viability of resuming operations. However, the agency did not take the appropriate steps to document all major decisions or the factors that influenced them, and could not clearly justify decisions or ensure timely action. This proved especially disruptive because of leadership turnover in late 2016 and early 2017. The incoming management team lacked important information to guide their decision making about the Kenya suspension. In addition, because the agency does not have official guidance concerning post suspensions, maintaining experiential knowledge from past suspensions is critical.

Our management advisory report on Volunteer drug use demonstrated that the agency has not sufficiently addressed the serious issue of drug use among Volunteers.¹⁵ Our review found that an important obstacle to prioritizing and addressing Volunteer drug use was the agency's inadequate approach to maintaining the information it needs to understand the scope of the problem. Information concerning Volunteer separation was captured and transmitted to headquarters manually, but, in cases of Volunteer drug use, staff often filled out the forms inaccurately or incorrectly. Both of the databases containing separation information were frequently missing key records. The database that held the administrative separation documentation (including resignation in lieu of administrative separation) could not aggregate records for statistical analysis purposes. With inaccurate, incomplete, or inconsistent information on Volunteer separations, the agency lacks insight into the pervasiveness of Volunteer misconduct and risks making uninformed decisions about mitigation or corrective action to address serious issues like Volunteer drug use. Further, inaccurate

¹⁴ [Management Advisory Report: Managing the Suspension of Peace Corps/Kenya: A Case Study \(2018\)](#)

¹⁵ [Management Advisory Report: Volunteer Drug Use \(2018\)](#)

or incomplete data will impact agency efforts to comply with recent changes in the law. The Sam Farr and Nick Castle Peace Corps Reform Act of 2018 requires that the Peace Corps document Volunteer and employee resignations while under investigation for alleged serious misconduct, and then consider such documentation when making decisions related to future Volunteer service or employment. Proper recordation is key to implementing that requirement.

Appropriately Assigning Resources

As any organization, the Peace Corps is driven by its mission and priorities, which largely revolve around Volunteer support. When investing resources, the agency focuses on functions that directly relate to Volunteer support, but management should also consider the administrative functions that enable the Peace Corps to provide that support. Namely, ERM and information technology security are critical programs for efficient business processes, effective programming, and the safeguarding of data—especially for the thousands of individuals entrusting the agency with their personal information.

While the agency began developing an ERM program in 2018, progress has stalled because of a lack of resources. Currently, there is not a dedicated staff person to develop the ERM program. The deputy director, who is supposed to lead development of the program, has not yet been confirmed, and the task of developing the ERM is a peripheral duty for the two staff members it was assigned to. The Peace Corps defined “foundational business management” and “organizational risk management” as management objectives in its 2018-2022 strategic plan. ERM is integral to progress in both of these goals, but the agency must commit sufficient resources to this critical program.

Information technology security is another critical support function that suffers from inadequate action and resources. Most recently, as the agency planned and began relocating its data center, IT security personnel were not involved in the process. The OCIO did not assess risks of the new data center

location or develop mitigating strategies before committing funds. This has resulted in significant delays and approximately \$300,000 in expenses and it could incur even more undue expenses for the agency in the coming months. Involving the Chief Information Security Officer at the outset of planning could have prevented costly mistakes and mismanagement of the agency’s largest change to its IT infrastructure in over 7 years. Our management challenges and annual reviews of the Peace Corps’ information security program have reported an underdeveloped IT security program for the last 7 years.¹⁶ See the Management Challenge section titled Information Technology Security Management.

Reviewing Lessons Learned

Collecting and utilizing lessons learned is an important part of planning and implementation as it helps identify risks, mistakes, and best practices. We have issued reports analyzing outcomes and summarizing recurring findings to help inform the agency’s future decisions, but they will only affect change if the information is reviewed and applied to future initiatives.

In 2014, OIG reported on lessons learned from new country entries and noted that an inadequate time frame for opening a post can result in several problems, including inadequate Volunteer training, poorly developed sites, and an uneven quality in staff hiring or training.¹⁷ However, 3 years later when we conducted our country program evaluation of Peace Corps/Kosovo,¹⁸ we again found that there was not an adequate amount of time allotted to onboard and train new staff and prepare for Volunteers.¹⁹ Furthermore, in our 2019 Review of New Country Entry Guidance for Conflict-Affected Countries, we compiled data from past post evaluations and prior Peace Corps internal studies that made recommendations to address challenges associated with opening and operating programs in conflict-affected

16 [2018 Review of the Peace Corps’ Information Security Program](#)

17 [New Country Entries: Lessons Learned \(2014\)](#)

18 Volunteers began serving in Kosovo in 2014.

19 [Evaluation of Peace Corps/Kosovo \(2017\)](#)

countries.²⁰ Our review found that, despite these recommendations, the Peace Corps had not developed conflict-sensitive procedures for new country entries in conflict-affected environments. By not adapting standard guidance and procedures in conflict-affected environments and applying the lessons learned to new country entries, the agency had not apportioned sufficient resources (time, money, staff) to support the opening of some posts.

Moreover, several of our recent country program evaluations, such as Comoros²¹ and Thailand,²² identified other internal reviews and recommendations issued by agency officials that had not been implemented. OIG also published recurring issues reports which identified common struggles that overseas posts face in a five-year period.²³ Our recurring issues reports highlighted many agency-wide challenges, including cash management and training needs assessments, but reforms have been slow or incremental.

Progress in Addressing the Challenge

Since committing to implementing an ERM framework in 2018, the agency has established a council and manual section outlining its process and use as a strategic decision-making and governance tool. In addition, the agency trained staff in five offices on the general tenets of ERM.

What Needs to Be Done

While the enterprise risk management framework is still under development, the agency needs to assess the planning, coordinating, and implementation of agency-wide policies or initiatives. Specifically, decisions should be assessed at the agency level and properly documented, efforts should be appropriately planned, and their implementation into agency policies and procedures should be timely and fully integrated.

²⁰ [Review of New Country Entry Guidance for Conflict-Affected Countries \(2019\)](#)

²¹ [Evaluation of Peace Corps/Comoros \(2019\)](#)

²² [Evaluation of Peace Corps/Thailand \(2019\)](#)

²³ [Recurring Issues Report FY 2012 - 2015](#)

Key OIG Resources

[2018 Review of the Peace Corps' Information Security Program](#)

[Management Advisory Report: Managing the Suspension of Peace Corps/Kenya: A Case Study \(2018\)](#)

[Management Advisory Report: Volunteer Drug Use \(2018\)](#)

[Evaluation of Peace Corps/Kosovo \(2017\)](#)

[Recurring Issues Report: Common Challenges Facing Peace Corps Posts, FYs 2012-2015](#)

[New Country Entries: Lessons Learned \(2014\)](#)

[Evaluation of Peace Corps/Thailand \(2019\)](#)

[Evaluation of Peace Corps/Comoros \(2019\)](#)

[Review of New Country Entry Guidance for Conflict-Affected Countries \(2019\)](#)

Summary of Financial Statement Audit and Management Assurances

SUMMARY OF FINANCIAL STATEMENT AUDIT					
Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Material Weaknesses	0	0	0	0	0

SUMMARY OF MANAGEMENT ASSURANCES						
Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0

SUMMARY OF MANAGEMENT ASSURANCES						
Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0

SUMMARY OF MANAGEMENT ASSURANCES						
Conformance with Financial Management System Requirements (FMFIA § 4)						
Statement of Assurance	Unmodified					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
FISMA	1	0	0	0	0	1
Total Non-Conformance	1	0	0	0	0	1

Definition of Terms

Beginning Balance: The beginning balance must agree with the ending balance from the prior fiscal year.

New: The total number of material weaknesses/non-conformance identified during the current year.

Consolidated: The combining of two or more findings.

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

Ending Balance: The year-end balance that will be the beginning balance next year.

Resolved: The total number of material weaknesses/non-conformance that dropped below the level of materiality in the current year.



A tomato today can be a dollar tomorrow

VOLUNTEER NAME: Noah Nieting

COUNTRY: Benin

SECTOR: Agriculture

STRATEGIC GOAL 1 AND 2: Building Local Capacity and Sharing America with the World

When I first applied to Peace Corps, I was intrigued by both agriculture and community economic development positions.

While most programs focus on one or the other, I found that the [Sustainable Agriculture Systems program in Benin, West Africa](#) hybridized the two. As a result, Volunteers work on the whole food security picture of both production and consumption. Nothing highlights this better than my recent work at my site.

We've taken food security a step further through food processing. We took advantage of the local tomato season by teaching a women's group how to can tomatoes. Tomatoes are grown almost as much as corn, but they have rarely been conserved in my area. As a result, the tomato season comes every fall, the price plummets, and the deluge of tomatoes often leads to rot and waste. Our simple, homemade technique uses recycled bottles and lids to preserve tomatoes for more

than a year. Canning allows these women to buy low during the tomato season and sell high come spring. Alternatively, they can eat the tomatoes themselves!

These women, however, save more than tomatoes. They recently started their own Village Savings and Loan Association (VSLA) to mobilize their financial savings. Most of the global poor are marginalized from conventional credit markets and thus lack access to tools like savings accounts, credit, and business loans. Our VSLA model brings people together to save \$0.50-\$1 weekly, borrow monthly, and reimburse quarterly, all within the confines of the group's membership. The result is an organization run by and for its members with the goal of turning small savings into big gains. Not only will loans jump-start businesses, but all the interest paid on them will return to the pockets of the members. With enough loans, they may receive 150 percent or more of what they put in after a year. VSLAs help manage the stressful balancing act of feeding families when income per day may vary from \$2 one day, to \$4 the next, and then nothing the third day. Such volatility can otherwise be a major form of uncertainty that risks food insecurity, illness, and sense of self-worth.

APPENDICES

106 Status of Audit Weaknesses

108 Verification and Validation of Data

110 Improper Payment Elimination and Recover Act

111 Glossary of Acronyms

VOLUNTEER: Alex Shur
COUNTRY: Guatemala
SECTOR: Agriculture



APPENDIX 1

Status of Audit Weaknesses

PART I—SIGNIFICANT DEFICIENCY FINDINGS	STATUS AS OF FY 2019	PROJECTED RESOLUTION DATE
INFORMATION TECHNOLOGY SECURITY	OPEN AS PROJECTED	DECEMBER 2021

FY 2019 Completed Corrective Actions

1. Approved the Enterprise Risk Management policy and established a Risk Management Council Charter.
2. Conducted Risk Management training.
3. Improved Data Protection and Privacy policies, procedures, and training.
4. Implemented Phase 1 of the Continues Diagnostic Monitoring (CDM) program, improved configuration baselines, and updated Incident Response processes.

FY 2020 Planned Corrective Actions

1. Identity Credential and Access Management - Complete domestic coverage and begin international planning and implementation.
2. Implementation of cybersecurity workforce program, to include skills, needs gap reporting, analysis, and remediation).
3. Begin Phase 2 of CDM.
4. Integrate security architecture with enterprise risk management.
5. Implement EINSTEIN continues monitoring integration.

PART I—SIGNIFICANT DEFICIENCY FINDINGS	STATUS AS OF FY 2019	PROJECTED RESOLUTION DATE
INADEQUATE INTERNAL CONTROLS OVER PROPERTY, PLANT, AND EQUIPMENT	NEW	SEPTEMBER 2020

FY 2020 Planned Corrective Actions

1. Identify users of property management software and provide necessary training for the timely and accurate recordation of accountable assets.
2. Update procedures to ensure compliance with property management guidelines.
3. Ensure reconciliation is performed on a quarterly basis between source systems (i.e. Vehicle Management Information System and Sunflower) and Odyssey Fixed Asset module.
4. Default system settings to correspond with agency-established useful life of assets.

PART II—NONCOMPLIANCE FINDINGS	STATUS AS OF FY 2019	PROJECTED RESOLUTION DATE
FEDERAL INFORMATION SECURITY MODERNIZATION ACT (FISMA) OF 2014	OPEN AS PROJECTED	DECEMBER 2021

FY 2019 Completed Corrective Actions

1. Approved the Enterprise Risk Management policy and established a Risk Management Council Charter.
2. Conducted Risk Management training.
3. Continued to develop and implement Information Security Continuous Monitoring (ISCM) strategy; implemented Phase 1 of CDM.
4. Improved Data Protection and Privacy policies, procedures and training.

FY 2020 Planned Corrective Actions

1. Continue to develop and fully implement an ISCM strategy.
2. Coordinate updates to respective contingency plans.
3. Integrate security architecture with enterprise risk management.

APPENDIX 2

Verification and Validation of Data

Data collection and reporting consistency are supported by the use of detailed operational definitions, data sources, and a comprehensive methodology for measuring each performance goal. The agency ensures that data are complete, clean, and accurate. The Office of Strategic Information, Research, and Planning provides oversight and review of all performance goals, focusing its efforts on continually improving data quality. The major data sources that are available to agency staff for assessing performance goals are detailed below.

Peace Corps Administrative Records and Databases

For some performance goals, the Peace Corps collects annual data on topics such as language proficiency interview scores, project framework reviews, and risk registers from records that are maintained in headquarters offices and overseas posts. For others, the agency relies on centralized database systems to collect information on Volunteers, programs, health services, finances, and human resources. In order to maintain data integrity and ensure that the appropriate data entry methodology is followed, only authorized staff who have been properly trained can access key systems. Routine reconciliation processes among agency units and internal, automated system checks enable users to verify performance data, isolate potential data entry errors, and correct discrepancies. The required level of accuracy to provide current and historical information is met through database rules and business processes on existing systems as well as ongoing modernization efforts led by the Office of the Chief Information Officer. Where data limitations do exist, they will be noted in the appropriate section.

Volunteer Reporting Tool

Since FY 2008, Volunteers have been reporting on their work and the progress they are making toward their project outcomes through the Volunteer Reporting Tool. Volunteer reports are

submitted to overseas post staff through the tool on a quarterly or semiannual basis. Staff review all reports and work with Volunteers to verify data and correct anomalies prior to the analysis. Volunteer Reporting Tool data are then used to report on Volunteers' contributions to agency strategic partners, such as the President's Emergency Plan for AIDS Relief and Feed the Future.

Since the development of the first version of the tool, the Office of Overseas Programming and Training Support has led the agency's efforts to enhance the user experience, reduce data entry errors, and improve reporting. The agency provides in-depth Volunteer Reporting Tool training and support to Volunteers and staff to ensure data is collected, analyzed, and reported properly. The agency has also developed data collection tools to standardize the methods that Volunteers use to collect data.

The primary data quality challenges that remain are ensuring that an adequate percentage of Volunteers report on the project indicators and that posts set realistic yet ambitious targets. The agency is addressing these challenges by working with overseas posts to train Volunteers in monitoring and evaluation and encourage reporting by appropriately documenting and considering reporting rates when conducting analyses. The agency is also working to design the next generation of the tool based on newer technology that will be easier to maintain, allow more mobile reporting by Volunteers, and provide more support for robust data analysis.

Annual Volunteer Survey

The Annual Volunteer Survey is a confidential, voluntary online survey of all currently serving, two-year Volunteers. This comprehensive survey provides Volunteers' assessments of the effectiveness of Peace Corps training, in-country staff support, their personal health and safety, and their overall service experience. While the survey is typically completed each year by nine

out of every ten Volunteers who have been in service for at least one month, it is important to note that since the survey is not administered to a random sample of Volunteers who have been selected to represent all of them, the results are subject to potential bias if the responses from the Volunteers who chose to take the survey differ from the responses that would have been obtained if all Volunteers chose to respond. The high response rate, in combination with data verification and validation measures, minimize total survey error at the global level.

Survey respondents reflect the Peace Corps' overall composition by gender, age, geographic location, and length of service. Responses to all survey questions are directly provided by the Volunteers in an external survey database. To ensure data quality, rigorous data cleaning procedures are applied to the dataset prior to analysis. The results are then used to inform agency leadership about the Volunteers' perspectives on key issues. The Annual Volunteer Survey reflects the experiences and opinions of Volunteers at a fixed point in time and can be influenced by various factors, such as major external events or the ability to recall information. The agency takes into consideration both statistical and practical significance to account for variation in survey results from year to year. In using the results, the agency reviews longer-term trends to account for normal, expected variations in responses.

Employee Viewpoint Survey

The Employee Viewpoint Survey is administered to all U.S. direct-hire staff annually. The survey measures employees' perceptions about how effectively the agency is managing its workforce. The agency uses the survey results to compare working conditions at the Peace Corps with other federal government agencies and to identify opportunities to improve workforce management. The demographic profile of survey respondents is consistently representative of the U.S. direct-hire staff. The survey is administered electronically and most questions are identical to the Federal Employee Viewpoint Survey fielded each year across the federal government by the Office of Personnel Management.

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

Host Country Staff Survey

This survey has been fielded every year since FY 2014 to systematically gather perspectives from host country staff. It is a short, confidential, voluntary survey designed to learn more about the agency's impact in the posts where it operates by gathering input from host country staff, as well as achievements in the Peace Corps' Goals One and Two. The survey comprises questions covering diversity and inclusion, staff training, contributions to the Peace Corps' goals, development impact, job satisfaction, and comparability to other available jobs.

The primary data quality challenge with this survey is the development of the sampling frame. Identifying and contacting all host country staff is difficult due to the fact that some staff members in administrative or support positions do not have official email addresses. Due to this challenge, the sampling frame consists of the host country staff who can be reached via email. Additionally, while the Host Country Staff Survey is offered in English, French, Spanish, and Russian, limited literacy in those languages, as well as factors such as lack of computer access or familiarity with online survey tools for some staff, may contribute to nonresponse bias.

APPENDIX 3

Improper Payment Elimination and Recover Act

The Peace Corps is a small agency operating under one program, with no activities that are risk susceptible to the threshold amounts stated in Memorandum M-15-02, Office of Management and Budget Circular A-123, Appendix C, Requirements for Effective Estimation and Remediation of Improper Payments. For FY 2019, improper payments were approximately \$234,000 or .05 percent of agency disbursements. This amount is based on actual improperly paid items that were identified during FY 2019 and the application of an error rate to other lower-risk payment groups.

Overseas and domestic invoice payment requests account for approximately 38 percent of agency disbursements. Due to the high disbursement value and quantity of payments, the review process for improper payment combines in-depth review for prevention of improper payments on high-dollar, high-risk invoice payment requests, as well as post payment reviews for low-dollar, low risk invoice payment. Invoice payment requests \$2,500 and above are subject to a thorough review prior to payment approval, while invoice payment requests under \$2,500, are paid, sampled, and examined for any instance of irregularities. In FY 2019, the agency identified approximately \$57,000 of improper payments, or 0.03 percent of agency invoice payment request disbursements.

Payroll expenditures account for almost 28 percent of agency disbursements for U.S. direct hires (USDH). The agency performs a payroll audit to identify and recover improper payments. In FY 2019, the Peace Corps identified approximately \$93,000 of improper payments, or 0.07 percent of U.S. direct-hire salary disbursements.

For other expenditures, such as Volunteer allowances and reimbursements, host country staff payroll, and purchase and travel credit card payments, the agency applies the known and identified error rate to similar payment groups to obtain an overall improper payment rate for the agency. These payment groups undergo a review process prior to payment submission to ensure payments are valid and accurate. The error rate for domestic and overseas invoice payment requests of 0.03 percent was applied to purchase and travel credit card payments, Volunteer allowances, and volunteer reimbursements. These disbursements

account for almost 14 percent of overall agency disbursements. This group of disbursements has a calculated improper payment of approximately \$20,000. The remaining payment group, which includes host country staff payments and Volunteer readjustment allowances, account for 14 percent and 6 percent respectively of agency disbursements. Using the calculated error rate for U.S. direct hires of 0.07 percent, the estimated improper payments for host country staff payroll and Volunteer readjustment allowances total \$64,000 for FY 2019.

The table, below, illustrates the agency's improper payments broken down by disbursement group.

DISBURSEMENT GROUP	AGENCY DISBURSEMENTS (IN PERCENTAGES)	IMPROPER PAYMENT RATE (IN PERCENTAGES)	IMPROPER PAYMENTS
Overseas and Domestic Invoices (identified)	38%	0.03%	\$57,000
Charge Cards (calculated)	7%	0.03%	\$10,000
Volunteer in-country reimbursements (calculated)	7%	0.03%	\$10,000
U.S. Direct Hire Payroll (identified)	28%	0.07%	\$93,000
Host Country Payroll (calculated)	14%	0.07%	\$44,000
Volunteer Readjustment Allowances (calculated)	6%	0.07%	\$20,000
	100%		\$234,000

APPENDIX 4

Glossary of Acronyms

AF	Africa Region
AFR	Agency Financial Report
APR	Annual Performance Report
CDM	Continuous Diagnostic Monitoring
CIP	Construction in Progress
DATA Act	Digital Accountability and Transparency Act
DOL	Department of Labor
DOS	Department of State
EMA	Europe, Mediterranean, and Asia Region
ERM	Enterprise Risk Management
FASAB	Federal Accounting Standards Advisory Board
FBWT	Fund Balance With Treasury
FECA	Federal Employees Compensation Act
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FSN	Foreign Service National
FY	Fiscal Year
GAGAS	Generally Accepted Government Auditing Standards
GSA	General Services Administration
HCC	Host Country Contribution
IAP	Inter-America and the Pacific Region
ICD&I	Intercultural Competence, Diversity, & Inclusion
ISCM	Information Security Continuous Monitoring
IT	Information Technology
MO	Management Objective
OCIO	Office of Chief Information Officer
OIG	Office of Inspector General
OMB	Office of Management and Budget
PCMO	Peace Corps Medical Officer
PEPFAR	President's Emergency Plan for AIDS Relief
PG	Performance Goal
PP&E	Property, Plant, and Equipment
PSC	Personal Services Contractor
RSI	Required Supplemental Information
SARRR	Sexual Assault Risk Reduction and Response Program
SBR	Statement of Budgetary Resources
SO	Strategic Objective
TEFL	Teaching English as a Foreign Language
USAID	U.S. Agency for International Development
U.S.C.	United States Code
W-GDP	Women's Global Development
VMIS	Vehicle Management Information System
V/T	Volunteer/trainee



Peace Corps Response Volunteer revamps 350 health clinics in South Africa

VOLUNTEER NAME: Brian Sway
COUNTRY: South Africa
SECTOR: Health
STRATEGIC GOAL 1: Building Local Capacity

Brian Sway, a Davis resident and Peace Corps Response Volunteer, has used a lifetime of professional experience to improve 350 medical clinics and the National Department of Health in South Africa.

Drawing on his background in business process reengineering, Sway overhauled a Pretoria clinic's records management systems, streamlining file and patient flows. He helped write a scope of work and trained personnel on the new Standard Operating Procedure (SOP). The results were so dramatic that the SOP was shared with approximately 350 clinics across South Africa, as well as the National Department of Health.

"I'm making use of all the skills I've developed over my personal and professional life," said Sway. "Moreover, I like to think I'm making a contribution, in some small way, getting to meet and work with wonderful people, and I can't wait to go to my Peace Corps Response job every day. It's a great feeling.

Life away from home isn't all easy, but it certainly is fulfilling."

The U.S. Department of State recognized Sway's contributions with a Franklin Award, which recognizes individuals, foundations, associations and corporations that actively contribute to advancing America's ideals around the globe through public diplomacy.

Before Sway revamped the clinics' filing system, staff had to search for over three hours to find a single patient file. This delay, in turn, created long patient wait times at many of the health clinics engaged in the fight to defeat HIV. Clinical staff were forced to manage irritated patient crowds rather than dispense treatment. In locations that have received support, files for individual patients can now be retrieved in less than five minutes. Patient wait times have been significantly reduced, leading to better patient flow and more satisfied clients.

Sway has lived in Davis since 1970. He graduated from the University of California, Davis in 1974 with an undergraduate degree in Economics. He worked at a number

of companies in the Sacramento area and currently serves as a Solutions Architect for CGI. His late wife, Susanne Rockwell, earned two degrees from UC Davis: a bachelors in international relations (1974) and a masters in rhetoric and communication. She worked in UC Davis communications for 30 years. Sway has two children; his daughter, Julia Rockwell Sway, graduated from UC Davis in 2007.

About Peace Corps Response: Peace Corps Response sends experienced professionals on short-term, targeted service assignments around the world for 12 months or less. The positions are highly specialized and technical and Volunteers provide targeted assistance in areas such as agriculture, community economic development, disaster risk reduction and mitigation, education, environment, health, and youth in development. Since Peace Corps Response began in 1996, more than 3,000 Americans have served in over 80 countries around the world. For more information, go to www.peacecorps.gov/response and follow us on Facebook.

VOLUNTEER: Brianna Gibson
COUNTRY: Tanzania
SECTOR: Agriculture



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