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Description of document: Peace Corps records provided to Senator Charles E. Grassley and Senator Tom Coburn concerning the independence of Inspectors General necessary to promote efficiency and prevent fraud, waste and abuse in agency programs, in response to the Senators' inquiry, 2011-2012

Requested: 17-April-2012

Released date: 31-May-2012

Posted date: 04-July-2012

Source of document: Freedom of Information Act Request
Peace Corps
FOIA Officer
Office of Management
1111 20th Street, NW
Washington, DC 20526
Email: foia@peacecorps.gov
Fax: 202-692-1385

Note: This is one of several files on the same subject for various agencies available on governmentattic.org. See: <http://www.governmentattic.org/6docs/GrassleyCoburn.htm>

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Since 1961.

OFFICE OF INSPECTOR GENERAL

May 31, 2012

This letter is in response to your April 17, 2012 request, under the provisions of the Freedom of Information Act (FOIA), 5 U.S.C. §552, for “A copy of each biannual response to Senators Grassley and Coburn regarding their April 8, 2010, request to the Peace Corps Office of the Inspector General to provide a summary of your nonpublic management advisories and closed investigations.”

The attached records have been partially released and redacted in accordance with 5 U.S.C. §552 (b)(6) and (b)(7) C, as to protect individuals mentioned in the report from an unwarranted invasion of personal privacy. I have also redacted all sensitive material in accordance with 5 U.S.C. §552 (b) (7) (E) to prevent disclosure of law enforcement techniques and procedures.

You have a right to appeal my decision within 15 days of receipt of this letter by writing to the Inspector General, Office of Inspector General, Peace Corps, 1111 20th St., N.W., Washington, DC 20526.

Sincerely yours,

Jeffrey Reichert
FOIA Officer

enclosure

cc: Denora Miller, FOIA/Privacy Act Officer, Office of Management



Since 1961.
Office of Inspector General

June 16, 2010

Via Electronic Transmission

The Honorable Charles E. Grassley
Ranking Member
Committee on Finance

The Honorable Tom Coburn
Ranking Member
Permanent Subcommittee on Investigations
Homeland Security and Governmental Affairs Committee
2157 Rayburn House Office Building
Washington D.C. 20515-6143

Dear Representatives Grassley and Coburn:

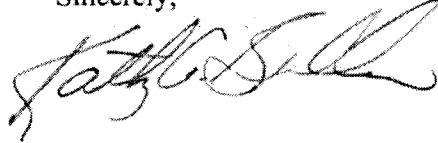
I am writing in response to your letter dated April 8, 2010 requesting a) a list of any instances when the agency resisted and/or objected to oversight activities and/or restricted our access to information, and b) any biannual reports on closed investigations, evaluations, and audits conducted by our office, which were not disclosed to the public. As to the first inquiry I can affirm no instances of agency resistance, objections, or restrictions to our oversight responsibilities. In regard to your second request, you will find the following information attached:

- 30 Investigative Report Summaries (Attachment A)
- 3 Management Implication Reports, 1 Management Advisory Report and 1 Audit Report (Attachment B)

We have also included a courtesy copy of our letter to Representative Issa dated April 15, 2010, per your request. Please be advised that we have included summaries of closed investigations in lieu of actual reports pursuant to the outcome of discussions between your staff and the Council of Inspectors General on Integrity and Efficiency (CIGIE) Legislative Committee. We have used the same format in providing a summary of our Management Advisory Report since it relates to an ongoing criminal matter, as well as a contractor incurred audit report, because it may contain information protected under Title 18 U.S.C. Section 1905 and protected from disclosure pursuant to 5 USC Section 552(b)(4).

I hope our response is helpful in carrying out your oversight responsibilities. Should you have any further questions please feel free to contact me directly at 202-692-2921.

Sincerely,

A handwritten signature in black ink, appearing to read "Kathy A. Buller", written in a cursive style.

Kathy A. Buller
Inspector General

Attachment A:

Peace Corps Summaries of Closed Investigations

October 1, 2008-April 8, 2010

1. [REDACTED]

Region: [REDACTED]

Investigation Type: Other Sexual Assault

Allegation/Narrative statement: [REDACTED] Volunteer made a complaint against a Peace Corps [REDACTED] driver. The Volunteer alleged that the driver had made inappropriate comments to [REDACTED] and had touched [REDACTED] inappropriately.

Date Closed: [REDACTED]

Case Outcome/Disposition: The driver was subsequently placed on administrative leave and was escorted from Peace Corps property. The Volunteer broke [REDACTED] service and left [REDACTED]. The driver's contract was not renewed.

2. [REDACTED]

Region: [REDACTED]

Investigation Type: Rape

Allegation/Narrative: On [REDACTED] a Peace Corps country director (CD) reported a possible [REDACTED] that allegedly occurred on [REDACTED]. A Volunteer reported being raped on the morning [REDACTED] by a fellow Volunteer.

Date Closed: [REDACTED]

Case Outcome/Disposition: The investigation was not able to conclude with specificity that a Volunteer raped another Volunteer. However, the Volunteer's statements established the elements of aggravated sexual assault according to Title 18 § 2244 (b).

On [REDACTED] the suspect Volunteer resigned from the Peace Corps service. In addition, since [REDACTED] medical separation, the victim Volunteer has decided to not return and complete [REDACTED] tour.

3. Case # [REDACTED]

Region: Domestic

Investigation Type: Data/Security Breach

Allegation/Narrative: On [REDACTED] [REDACTED] OIG received information about a breach of personal identifiable information (PII) involving hundreds of medical folders. These medical files had been purged from the Office of Medical Services (OMS) medical records department for disposal. OIG criminal investigators initiated an investigation of this matter and interviewed witnesses, examined medical files, photographed evidence, and assessed applicable internal controls.

Date Closed: [REDACTED]

Case Outcome/Disposition: The investigation disclosed numerous internal control vulnerabilities that contributed to this breach in confidential medical records and personal identifiable information. A report with suggested management actions was transmitted to the agency.

4. Case # [REDACTED]

Region: [REDACTED]

Investigation Type: Fraudulent Claims

Allegation/Narrative: During a 2009 investigation of travel fraud by the Peace Corps Medical Officer (PCMO), [REDACTED] CD informed the OIG that a review of the post records showed that on [REDACTED] [REDACTED] an administrative assistant (now financial assistant) purchased a PC vehicle from a PC post for an amount believed to be substantially lower than its fair market value.

Date Closed: [REDACTED]

Case Outcome/Disposition: The auction for a PC/[REDACTED] vehicle purchased by the PC/[REDACTED] financial assistant was flawed and included several substantial irregularities. The documentation for the highest bid of [REDACTED] was not in post files. The disappearance of these records could not be explained by the administrative officer, who was responsible for the conduct of the auction. The report of investigation was transmitted to the agency for administrative action and a letter of reprimand was issued to one employee and the administrative officer's contract was not renewed.

5. Case # [REDACTED]

Region: [REDACTED]

Investigation Type: Embezzlement or Theft of Government Property

Allegation/Narrative: Peace Corps [REDACTED] is in the process of terminating a driver for theft.

Date Closed: [REDACTED]

Case Outcome/Disposition: We have conducted an investigation and concluded that the staff member deliberately misled the office regarding the cost of language books for Trainees. The total amount of \$171.33 was advanced to this staff member in local currency for the purchase of 34 English/[REDACTED] books at a cost of \$5.04 each. The investigation revealed that the books really cost

\$1.77 each. The Driver pocketed the difference of estimated \$112. The staff member provided a statement acknowledging deception and was subsequently terminated.

6. Case # [REDACTED]

Region: [REDACTED]

Investigation Type: Embezzlement or Theft of Government Property

Allegation/Narrative: In mid [REDACTED] the CD was presented with a payment voucher for home leave travel, which listed the Peace Corps medical officer (PCMO) as the vendor (home leave travel is a benefit of the PCMO's contract and is available to [REDACTED] and [REDACTED]). The CD was uncertain as to why he was being presented a request to authorize travel payment without an accompanying travel authorization form and also felt that the amount being requested for reimbursement was too high.

Date Closed: [REDACTED]

Case Outcome/Disposition: An OIG Special Agent interviewed the PCMO who admitted to knowingly, intentionally and voluntarily submitting an invoice [REDACTED] knew to be false with the intent to fraudulently obtaining money from the United States government. The PCMO stated that [REDACTED] had never done this before, that it was out of character for [REDACTED] and that [REDACTED] did it in order to pay for [REDACTED] friends' airfare. The PCMO submitted a written sworn statement admitting to the fraud. The case was referred to the agency for appropriate administrative action.

7. [REDACTED]

Region: [REDACTED]

Investigation Type: Embezzlement or Theft of Government Property

Allegation/Narrative: During the week [REDACTED] a local staff person told the AO that [REDACTED] had concerns about some of the invoices for payment being submitted by the acting general services officer (AGSO). As an example [REDACTED] noted that a car battery was purchased for a vehicle in the field that was having battery problems. A second specific case involved an invoice for four mosquito net frames built for the new administrative officer's (AO) house.

Date Closed: [REDACTED]

Case Outcome/Disposition: OIG investigation confirmed that the AGSO made improper solicitations to local vendors; approved excessive costs for goods and services; and kept a portion of a payment for services from a vendor.

The investigation also revealed that the AO took funds from the Peace Corps when [REDACTED] provided an invoice for services to pay a vendor for services, but failed to pay the vendor. The AO was removed from [REDACTED] position.

8. [REDACTED]

Region: [REDACTED]

Investigation Type: Rape

Allegation/Narrative: A Volunteer was awakened at approximately 4:00 a.m. on [REDACTED] as another Volunteer allegedly [REDACTED]. This allegedly occurred as the Volunteer was lying on [REDACTED] back. The Volunteer victim stated [REDACTED] felt scared and confused.

Date Closed: [REDACTED]

Case Outcome/Disposition: The investigation found discrepancies between the complainant's and the suspect's accounts of what occurred during the early morning hours of [REDACTED]. The suspect flatly denies that he touched, sexually assaulted, or raped the victim. Furthermore, the other two Volunteers that slept in the room with the victim and the suspect during this alleged incident reported that they did not recall hearing or seeing any activity that night or morning.

9. Case [REDACTED]

Region: [REDACTED]

Investigation Type: Computer Fraud or Abuse

Allegation/Narrative: The CD reported that the [REDACTED] administrative officer discovered what appeared to be a child pornography image on [REDACTED] printer. The CD advised that a total of four office computers are networked to this printer.

Date Closed: [REDACTED]

Case Outcome/Disposition: The investigation disclosed that some current and former [REDACTED] engaged in varying degrees of computer misuse that may be prohibited by Peace Corps and federal policies. The matter was referred to agency management for appropriate treatment. Seven of the employees are no longer employed by the Peace Corps. The actions of the three employees who are still employed were reviewed by agency management and one employee was suspended without pay for four weeks. The agency determined that no action needed to be taken against the other two employees.

10. [REDACTED]

Region: [REDACTED]

Investigation Type: PROTECT Act

Allegation/Narrative: OIG received a call from the CD that a [REDACTED] Volunteer may be interacting inappropriately with [REDACTED] in [REDACTED] community.

Date Closed: [REDACTED]

Case Outcome/Disposition: OIG Investigation could not corroborate the allegation that the Volunteer engaged in sexual misconduct with host country minors. The Volunteer denied ever having any sexual contact with [REDACTED] or any other minors. Furthermore, when local authorities interviewed the minors in question, they each denied engaging in any sexual activity with the Volunteer.

11. Case # [REDACTED]

Region: [REDACTED]

Investigation Type: Major Sexual Assault

Allegation/Narrative: The Volunteer stated that at about [REDACTED] while [REDACTED] was watching a movie in [REDACTED] bedroom, [REDACTED] house lights went out. Before [REDACTED] could react to the blackout the attacker entered [REDACTED] room. The Volunteer recognized the attacker as an acquaintance. [REDACTED] grabbed [REDACTED] and [REDACTED] was [REDACTED]

Date Closed: [REDACTED]

Case Outcome/Disposition: The attacker was apprehended by the police. The case was handled by the [REDACTED]. The safety and security coordinator confirmed that the assailant was in custody and a case of [REDACTED] has been registered. The attacker was convicted and given a sentence of five years.

12. Case [REDACTED]

Region: [REDACTED]

Investigation: Type Mismanagement

Allegation/Narrative: On [REDACTED] an OIG Auditor advised the Assistant Inspector General for Investigations of an allegation [REDACTED] received involving possible misconduct by the country director. The OIG was informed that two former Volunteers who served in [REDACTED] had made statements about smoking marijuana with the CD.

Date Closed: [REDACTED]

Case Outcome/Disposition: The investigation revealed numerous instances of misconduct by the CD and the CD was terminated.

13. Case [REDACTED]

Region: [REDACTED]

Investigation Type: Attempted Rape

Allegation/Narrative: A Volunteer reported that on the evening of [REDACTED] at approximately [REDACTED] was dancing at [REDACTED] house. The Volunteer reported that a few minutes later a masked assailant entered through the front door armed with a knife and asked [REDACTED] to drop [REDACTED] pants. The Volunteer struggled and screamed and [REDACTED] landlord heard the scream and then pounded on the Volunteer's door. The Volunteer opened the door and the masked assailant ran out of the house. The incident was immediately reported to the Police.

Date Closed: [REDACTED]

Case Outcome/Disposition: The defendant pled guilty to burglary on [REDACTED] and was sentenced on [REDACTED] to fifteen years in prison.

14. Case # [REDACTED]

Region: [REDACTED]

Investigation Type: Embezzlement or Theft of Government Property

Allegation/Narrative: On [REDACTED] it was reported that a Peace Corps cell phone had a bill of \$9,269.10 for the month of [REDACTED]. It was determined that the cell phone has been misplaced. The chief information security officer was subsequently informed about this matter.

Date Closed: [REDACTED]

Case Outcome/Disposition: While the investigation did not identify the person or persons responsible for unofficial cell phone charges, we did find deficiencies in internal controls at the regional recruiting office and with the oversight of billing records by the Office of the Chief Information Office (OCIO). The matter was referred to the agency for appropriate action.

15. Case # [REDACTED]

Region: [REDACTED]

Investigation Type: Other

Allegation/Narrative: The designated agency ethics officer notified OIG of a newspaper article, in which a former Volunteer alleged that [REDACTED] was discriminated against by Peace Corps because of [REDACTED] HIV status. The former Volunteer did not make a formal complaint to OIG.

Date Closed: [REDACTED]

Case Disposition/ Outcome: OIG did not find any evidence of discrimination and refereed this incident to Peace Corps management and the Office of Diversity Programs.

16. Case [REDACTED]

Region: [REDACTED]

Investigation Type: Attempted Rape

Allegation/Narrative: A Volunteer went to a soccer field to run, as [REDACTED] did each morning. While running, a [REDACTED] approached [REDACTED] from behind and covered [REDACTED] mouth. [REDACTED] pushed [REDACTED] to the ground and removed [REDACTED] pants. The volunteer fought back; bit [REDACTED] hands, wrists and fingers. [REDACTED] scratched [REDACTED] arms, upper torso, and chest. [REDACTED] punched [REDACTED] face and dragged [REDACTED] to a ditch on the side of the field. The suspect was apprehended and is in police custody.

Date Closed: [REDACTED]

Case Outcome/ Disposition: The suspect was sentenced by local courts to four years in prison.

17. Case # [REDACTED]

Region: [REDACTED]

Investigation Type: Rape

Allegation/Narrative: On [REDACTED] [REDACTED] OIG received notification of the possible [REDACTED] of a [REDACTED] Volunteer. The assault was alleged to have occurred over the course of two separate nights (December 18 and 19, 2007) and involved approximately [REDACTED] host country national subjects. The [REDACTED] allegedly occurred in the Volunteer's residence,

Date Closed: [REDACTED]

Case Outcome/Disposition: The suspects were sentenced to four years in jail by the local authorities and ordered to pay restitution. The jail time was suspended.

18. Case [REDACTED]

Region: [REDACTED]

Investigation Type: Death

Allegation/Narrative: Volunteer was gardening with [REDACTED] community members at a plot about 1.5 kilometers from her village. At the end of the day the Volunteer walked into the [REDACTED] that had been set up to kill animals. The villagers took the Volunteer to the rural clinic where [REDACTED] was subsequently pronounced dead.

Date Closed: [REDACTED]

Case Outcome/Disposition: The investigation and evidence collected at the scene, as well as the injuries and autopsy, lend credibility to the notion that the Volunteer was shot in the leg by the set gun and not as a result of foul play or other wrongdoing. OIG agents were not able to ascertain why the Volunteer went down the path where the set gun was placed.

[REDACTED]
Region: [REDACTED]

Investigation Type: Theft

Allegation/Narrative: Between [REDACTED] Volunteers reported eight separate thefts of cash from their lockers located in the Peace Corps office. The cash was kept in wooden boxes with key locks. However, most Volunteers kept their keys in their mailboxes located in the same room. One theft occurred without the use of a key (it's unknown how the thief got in), and another occurred by forcing the latch open.

Date Closed: [REDACTED]

Case Outcome/Disposition: No suspect was identified in this incident and the Volunteer victims have since closed their service from the agency. The post purchased a new set of metal lockers in an attempt to prevent further thefts.

20. Case # [REDACTED]

Region: [REDACTED]

Investigation Type: Embezzlement or Theft of Government Property

Allegation/Narrative: A campus recruiter's laptop was stolen from [REDACTED] office at the campus of University of Texas. The computer potentially held 429 applicant's names, SSNs, and DOBs.

Date Closed: [REDACTED]

Case Outcome/Disposition: This case is closed. All the applicants have been notified of the potential breach in their PII.

21. Case # [REDACTED]

Region: [REDACTED]

Investigation Type: Rape

Allegation/Narrative: A Volunteer was taking a hike outside [REDACTED] community. The suspect attacked [REDACTED] with a knife like a machete and wrestled [REDACTED] to the ground and [REDACTED] punched [REDACTED] and proceeded to take off [REDACTED] pants. The suspect [REDACTED] the Volunteer.

Date Closed: [REDACTED]

Case Outcome/Disposition: This case is closed. On [REDACTED] Peace Corps operations were suspended in country due to on-going political turmoil, including the declaration of the US Ambassador as 'persona non-grata' by the Government. OIG therefore cannot continue to investigate this matter. The case has been referred to US State Department Diplomatic Security for follow-up and assistance.

[REDACTED]

Region: Domestic

Investigation Type: Waste or Abuse of Government Funds

Allegation/Narrative: OIG received complaints from a confidential source that the Peace Corps Director at the time had requested indirect travel routes that would have given him optimal frequent flyer mileage. Furthermore, it was rumored that when his requests were challenged, the Director considered terminating services with SATO, the agency travel contractor.

Date Closed: [REDACTED]

Case Outcome/Disposition: The investigation disclosed that the Director did not violate any travel regulations and his travel authorizations properly reflected his routings for official trips.

23. Case # [REDACTED]

Region: [REDACTED]

Investigation Type: Other Sexual Assault

Allegation/Narrative: A Volunteer was sexually assaulted while [REDACTED] was walking to a bar.

Date Closed: [REDACTED]

Case Outcome/Disposition: This case is closed. The suspect Volunteer resigned from the Peace Corps. On [REDACTED], Peace Corps operations [REDACTED]

24. [REDACTED]

Region: [REDACTED]

Investigation Type: Employee Misconduct

Allegation/Narrative: On [REDACTED] a complaint was made by a Peace Corps field service nurse that the PCMO had engaged in inappropriate conduct with a Volunteer.

Date Closed: [REDACTED]

Case Outcome/Disposition: On [REDACTED] in furtherance of the investigation, OIG Special Agents interviewed the Volunteer. At that time the Volunteer stated that [REDACTED] did not feel that the PCMO had behaved inappropriately. The PCMO was advised by the PC Office of Medical Services to maintain a professional demeanor at all times. No further investigative actions are anticipated and pending the development of additional information the preliminary investigation was closed.

25 [REDACTED]

Region [REDACTED]

Investigation Type: FECA False Claims

Allegation/Narrative: An allegation was received that a FECA recipient was receiving improper compensation.

Date Closed: [REDACTED]

Case Disposition/ Outcome: This case was reviewed and it was determined that the payments were appropriate.

26. Case [REDACTED]

Region: [REDACTED]

Investigation Type: Rape

Allegation/Narrative: On [REDACTED] at approximately [REDACTED] n., a Volunteer was hiking in the hills surrounding a town in a [REDACTED] country where [REDACTED] was raped by a host country national [REDACTED]

Date Closed: [REDACTED]

Case Outcome/Disposition: This case is closed. [REDACTED] Peace Corps operations in this country were suspended due to on-going political turmoil, including the declaration of the US Ambassador as 'persona non-grata' by the host government. PC-OIG therefore cannot continue with investigation. The case was referred to US State Department Diplomatic Security for follow-up and assistance.

27. Case [REDACTED]

Region: [REDACTED] ns

Investigation Type: [REDACTED]

Allegation/Narrative: The suspect grabbed a Volunteer when [REDACTED] was walking down the street. The suspect pulled [REDACTED] down and attempted to rob her. [REDACTED] gave the assailant her cell phone. [REDACTED] bruised [REDACTED] and bit [REDACTED] arm. [REDACTED] was able to pull away and run off to a house.

Date Closed: [REDACTED]

Case Outcome/Disposition: This case is closed because there was insufficient evidence to move forward on a local prosecution.

28. Case [REDACTED]

Region: [REDACTED]

Investigation Type: Mismanagement

Allegation/Narrative: OIG received a complaint about the inappropriate field termination of two Volunteers.

Date Closed: [REDACTED]

Case Outcome/Disposition: This incident was investigated and evidence revealed that the Volunteers were terminated because they left their site without valid leave, which is a violation of post and agency policy.

29. Case # [REDACTED]

Region: [REDACTED]

Investigative Type: Rape

Allegation/Narrative: An associate Peace Corps director reported that a Volunteer had been raped by a subject known to [REDACTED]

Date Closed: [REDACTED]

Case Outcome/Disposition: The Volunteer decided not to pursue prosecution. The Volunteer informed OIG that [REDACTED] would not return to the country to pursue a criminal prosecution against the suspect.

30. [REDACTED]

Region: [REDACTED]

Investigation Type: Rape

Allegation/Narrative: On [REDACTED] the CD notified OIG via the Violent Crime Hotline that a [REDACTED] Volunteer was raped. The CD informed OIG that the rape occurred at the Volunteer's site.

Date closed: [REDACTED]

Case Outcome/Disposition: On [REDACTED] this case was closed due to insufficient evidence.

Peace Corps Office of Inspector General

Attachment B

Contents


1. Management Implication Report: OIG Investigations Have Disclosed Improper Vehicle Disposal Practices and Vehicle Sales that Do Not Generate Fair Market Returns
2. Management Implication Report: Peace Corps Paraguay's Inappropriate Use of Cooperative Agreements to Obligate the Government
3. Management Implication Report: Unnecessary Use of Social Security Numbers on Agency Forms
4. Management Advisory Report: Safety and Security Concerns Peace Corps/Benin (summary)
5. Entrena, S.A. Incurred Cost Audit Report, 2002-2008 (summary)
6. Peace Corps OIG's letter to Representative Issa



Peace Corps

OFFICE OF INSPECTOR GENERAL

To: Aaron Williams, Director

From: Kathy A. Buller, Inspector General 

Date: March 30, 2010

Subject: Management Implication Report – OIG Investigations Have Disclosed Improper Vehicle Disposal Practices and Vehicle Sales That Do Not Generate Fair Market Returns

Background: This report highlights trends uncovered through multiple Office of Inspector General (OIG) investigations that found improper vehicle disposal practices and the underselling of Peace Corps vehicles. Peace Corps vehicle disposal policies and procedures are included in MS 527: Vehicle Acquisition, Disposal and Management, and the Fleet Management Guide.

Improper Vehicle Disposals: The OIG initiated a limited review of Peace Corps vehicle disposition practices globally, as a result of apparent fraudulent and improper vehicle disposal sales by a former Peace Corps country director assigned to a South American post. This ongoing investigation disclosed that the country director inappropriately sold three used Peace Corps vehicles with a total appraised value of \$63,000 (\$21,000 USD each) to two non-governmental organizations (NGOs) for a total value of \$9,000. One vehicle was sold for \$1,000 and the other two vehicles were sold for \$4,000 each.

The sales price for the three vehicle sales to the two NGOs is in opposition of Peace Corps policy (Fleet Management Guide section 2.5.2), which states that vehicles must be sold for a fair and reasonable in-country price. The OIG investigation disclosed that one NGOs subsequently resold one of the vehicles for \$20,000 (five times the amount they paid for it), within three months after they purchased the vehicle from the Peace Corps.

During our review we determined that inappropriate vehicle disposition practices are not uncommon at the Peace Corps. For example, the OIG discovered irregularities in the sale of a vehicle at a Peace Corps post in the Pacific. The subsequent OIG investigation revealed numerous irregularities associated with the internal vehicle auction including that the highest bid was not honored and that the auction documentation was lost. Furthermore, the car was awarded to a Peace Corps post staff member who purchased it for approximately \$8,000 and within a year resold the same vehicle for approximately \$18,000, a difference of \$10,000.

Although agency policies have traditionally adhered to arms-length vehicle transactions and a prohibition against direct sales to employees, the Fleet Management Guide (section

Paul D. Coverdell Peace Corps Headquarters
1111 20th Street NW · Washington, DC 20526
1.800.424.8580 · www.peacecorps.gov

2.5.4) was revised in January 2010 to essentially bar Peace Corps staff, including contractors, from acquiring vehicles through Peace Corps auctions or other direct means:¹

Peace Corps Employees, Trainees, Volunteers, and contractors or their employees, are prohibited from purchasing, bidding on, receiving as a donation, or otherwise acquiring Peace Corps fleet vehicles through direct sale by Peace Corps, through an auction conducted by Peace Corps, or by any other process conducted by Peace Corps.

The OIG inquiry into Peace Corps vehicle disposition practices is ongoing. A preliminary review of vehicles sales in a Central Asian post has raised concerns about internal auction protocols. According to an undated memo it appears that a post sold three vehicles through an auction conducted by the Peace Corps. However, the highest bidder who bid an average of \$11,000 for each of the three vehicles allegedly informed the Peace Corps that he did not want to purchase the vehicles. The next highest bidder paid approximately \$5,600 for one vehicle and the other two vehicles were awarded to two post staff members who paid \$3,200 and \$3,000 respectively.

In addition to the aforementioned examples, our investigations have found multiple irregularities associated with posts that conducted their own vehicle auctions or sales. These irregularities included Peace Corps staff members receiving the winning bids, multiple bids from the same source, the highest bid not being honored, and lost or missing vehicle auction records.

Trends in Undersold Vehicles: The OIG elected to review the disposal of Peace Corps vehicles globally to determine if there were other indications of fraud, waste or abuse. We obtained the Post Logistics Support Office's vehicle sale listings and identified all Peace Corps vehicles sold for less than \$10,000 since 2005.

The Office of Chief Financial Officer (OCFO) had conducted a 3-year study of vehicle disposals world-wide (2005 – 2007) and informed the OIG that Peace Corps vehicles generally sell for approximately 42 percent of their original purchase price. With this data we determined that between 2005 and 2009, 148 Peace Corps vehicles were sold for less than \$10,000.² Our analysis was limited to 133 vehicles that we were able to ascertain original purchase price. The cumulative original purchase price for the 133 vehicles was \$2,983,002 or approximately \$22,400 for each vehicle.

Using this raw information the OIG calculated that if the Peace Corps had obtained 42 percent of the original purchase price when these vehicles were auctioned/sold, the agency would have received \$1,252,861. Instead the Peace Corps actually received

¹ The prior agency policy advised that the direct sale of government property, including vehicles, should be conducted as arms-length transactions and that the sale to Peace Corps employees, trainees, Volunteers, or any U.S. Government employee is illegal and is expressly forbidden. Additionally, it noted that all sales must be on a competitive basis.

² \$10,000 is approximately 44 percent of the original vehicle sales price. Our review did not include vehicles that had been sold after being involved in an accident and vehicles that were sold after they were no longer operational.

\$839,768 or 28 percent of the vehicles' original purchase price. The net potential loss of \$413,093, based upon a 42 percent fair market value could have been used to off-set the cost of other vehicles purchases. Our analysis is shown below:

Vehicles Included in OIG Analysis	133		
Cumulative Purchase Price	\$2,983,002		
	Expected	Actual	Difference
Average Resale Percentage	42%	28%	14%
Cumulative Resale Value	\$1,252,861	\$839,768	\$413,000

Methods of Vehicle Disposals: Section 2.5.2 of the Fleet Management Guide advises that a post may choose from four acceptable methods of disposal:

- Transfer to the Embassy General Services Officer, for disposition through sale by the Embassy. Please note, that this option may not be available to the Peace Corps post depending on the ICASS services selected by post.
- Direct sale to other U.S. Government agencies at fair market value (as determined by the post Administrative Officer).
- Direct sale through commercial, non-government, auction services. (Post should first determine if maximum returns could be obtained through this method).
- Public sale by Peace Corps.

In limited cases we have been able to examine the returns of vehicle sales handled by the Peace Corps compared to vehicle sales handled by the U.S. Embassy or an independent auction houses. For example, in the previously mentioned investigation involving sales to the NGOs at the South American post, the OIG found that five other Peace Corps vehicles of the same brand, make and year were sold at the same time through a U.S. Embassy auction for over \$16,000 each. Those five Peace Corps vehicles were allegedly in worse shape than the three vehicles sold to the NGOs. If the post had utilized the local U.S. Embassy the Peace Corps may have received as much as \$48,000 for the three vehicles rather than \$9,000 (\$39,000 difference).

Per our preliminary analyses and through interviews with the headquarters vehicle manager, it appears that U.S. Embassy and independent auctions receive the highest bids and dollar returns, while posts that conduct their own vehicle auctions or direct sales procure lower sale proceeds. However, data is inconclusive because headquarters management essentially only receives information on vehicle age, miles and proceeds.

MANAGEMENT CONSIDERATION

Based upon our analysis, it has become apparent that closer oversight of vehicle sales by headquarters is warranted, including guidance for posts to dispose of vehicles through

independent auctions or the U.S. Embassy when possible, to better ensure that the agency receives closer fair market value returns.

When Peace Corps sponsored auctions are necessary, posts should seek specific guidance on the mechanics of conducting a proper auction without any appearance of unfairness or impropriety. In addition, the new rule that prohibits Peace Corps staff from buying vehicles from Peace Corps auctions or other direct sales should be disseminated and highlighted worldwide. A key component to remedy the trend toward under selling vehicles as evidenced in our investigations and analyses is increased transparency in vehicle sales, training, accountability, and consistent reminders to all responsible persons.

In 2002, the OIG Evaluations Unit reviewed vehicle acquisition and disposal practices. [IG 02-09-E] The report recommended that management require vehicle condition and maintenance history as part of the replacement approval procedure for every vehicle. In addition, vehicle disposals should be reviewed and approved individually by the regional Chief Administrative Officers and headquarters management. In consideration of greater management oversight, Peace Corps management may want to consider developing a vehicle data system that facilitates the tracking of pertinent data including, the age of vehicles, maintenance history, mileage, local fair market value, blue book value, and revenue generated from sales.

An agency Fleet Management Information System (FMIS) is mandated by FMR 102-34.340 (General Services Administration Federal Management Regulations: Motor Vehicle Management FMR-15). This would provide Peace Corps a central reliable tool to track inventory (acquisitions/usage/disposal) as well as maintenance, repairs, and other value affecting events or situations.

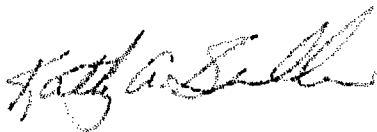


Peace
Corps

OFFICE OF THE INSPECTOR GENERAL

MEMORANDUM

To: Aaron Williams, Director

From: Kathy A. Butler, Inspector General 

Date: March 15, 2010

Subject: Management Implication Report - Peace Corps Paraguay's Inappropriate Use of Cooperative Agreements to Obligate the Government

This document identifies Peace Corps Paraguay's noncompliance with Peace Corps partnership program regulations, resulting in actions that may have violated a federal statute and risked violating the Anti-deficiency Act.

Peace Corps Partnership Program

The Peace Corps Partnership Program (PCPP) is designed to identify and accept financial donations to support, within the context of the goals of the Peace Corps, small-scale, community-initiated development projects. These projects are jointly proposed by Peace Corps Volunteers (PCVs) and their host-country community leaders to address basic needs. One type of project is a scholarship. According to the PCPP Volunteer Handbook, "Scholarship programs can be effective tools to encourage education and increase retention in secondary and high schools. While creating a scholarship program, it is important to plan strategically for the long-term administration and sustainability of the program. This process involves significant planning and the inclusion of host country nationals and local organizations." Peace Corps Volunteers serving on Women in Development and Gender and Development committees commonly submit scholarship PCPP proposals to the Office of Private Sector Initiatives (OPSI) for approval.

Scholarship Projects. The Paraguay Women in Development and Gender and Development committee began developing a scholarship program in 2004. The committee chose one Volunteer each year to present the project proposal and work through the associate Peace Corps director (APCD) for education to implement the project. From 2005 to 2009, OPSI approved five PCPP scholarship projects presented by Peace Corps Paraguay Volunteers. Because of the complexity of scholarship projects, Volunteers coordinated extensively with host country nationals. The host country nationals provided support by forming selection committees, creating awareness of the program, and helping ensure sustainability. In Paraguay Volunteers coordinated with an office in the host country government and a partner organization to manage the program.

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Peace Corps Paraguay Agreement. The Paraguay country director¹ and the APCD for education initially coordinated with the host country government and partner organization to begin the scholarship program that Volunteers would later fund through PCPP projects. Without prior authorization from OPSI, in May 2004, the Peace Corps country director at the time signed a five year "Inter-Institutional Cooperative Agreement" with the Paraguayan Government's Secretary of Women and a partner organization to establish the scholarship program. According to the agreement Peace Corps was made responsible for 75% of the total program funds and the partner organization and the local government would each contribute 12.5%² of the total funds for each year of the program.³ The agreement assigned all three organizations responsibility to participate in the administration of a bank account for the program and assigned Peace Corps responsibility of monitoring the use of the funds for two years.

Noncompliance with Peace Corps Policies

The partnership program is designed for Volunteers to initiate projects and manage responsibility. Peace Corps Manual (PCM) section 720 establishes the policies and procedures for PCPP. However, by executing the scholarship agreement, the country director acted outside the scope of the PCPP program and failed to comply with PCPP requirements intended for PCVs.

The PCPP procedures ensure adequate oversight by Peace Corps Washington. Because the country director did not submit the agreement to Peace Corps Washington, OPSI was unaware of the commitment of its PCPP funds and the Office of General Counsel could not advise of the legal ramifications. In addition, the country director did not obtain an English translation of the agreement to clarify responsibilities and legal liabilities. PCM section 720.5.1.1 requires, "The PCV will work with community members to develop a written project proposal in English." The lack of an English translation and a clause in the agreement specifying the English version as the controlling document increased the risk that the full meaning of the original agreement may not be conveyed.

PCM section 720.3.7 states, "PCVs may not commit resources before the receipt of authorized funds." Further, the PCPP Volunteer Handbook states, "No scholarship project may last longer than the current school year." The agreement was for a period of five years and committed the Peace Corps before receipt of authorized funds. By not following Peace Corps policies the country director may have violated the statutory requirements that the policies are based upon.

¹ James Geenen, Peace Corps Paraguay country director at the time, signed the scholarship agreement.

² As specifically noted in the agreement the contribution of the Secretariat of Women and the Paraguay non-governmental organization could take the form of human resources, technical assistance, or property.

³ The agreement was drafted and signed in Spanish. The OIG sent the agreement for translation (see attached). While the exact terms translated from Spanish to English making Peace Corps responsible for 75% of the program funds could be open to some ambiguity, the totality of the agreement and further Office of Inspector General inquiries indicates that the parties intended that the Peace Corps be responsible for 75% of the program funds.

Unauthorized Use of Donated Funds

The Peace Corps has both appropriated funds and trust funds (donations). Donations operate under trust fund rules and are not subject to all of the requirements of appropriations. Trust funds are subject to the establishing statute and the rules of the trust. The Peace Corps Act provides Peace Corps with the statutory authority to accept and retain donations (22 U.S.C. § 2509) in furtherance of the purpose of the Peace Corps Act. Peace Corps assigned this authority in relation to the PCPP to OPSI. According to PCM section 720.3.3, "OPSI is the only Peace Corps office authorized to generate support and accept donations for a Partnership project." OPSI is also responsible approving PCPP projects and creating the official Authorization Memo which serves as both the obligation and payment document.

The country director acted outside the parameters of the PCPP and inappropriately committed PCPP funds by signing the scholarship agreement. Although the cooperative agreement did not follow the required PCPP process, the agreement did reflect PCPP requirements in PCM section 720.4 which states that the community must contribute at least 25% of the total project cost. To fund the program the agreement required:

- That Peace Corps "support the management of the Program's funds in an amount equivalent to 75% of the total to be determined for each period."
- That the Secretariat of Women's Affairs of the Presidency of the Republic "support fund raising, through the Peace Corps Partnership Project, and provide a counterpart contribution amounting to at least 12.5% of the total funding, to be distributed in each period, which may take the form of human resources, technicians, use and enjoyment of physical facilities, or others."
- That the partner organization "support fund raising, through the Peace Corps Partnership Project, and provide a counterpart contribution amounting to at least 12.5% of the total funding, to be distributed in each period, which may take the form of human resources, technicians, use and enjoyment of physical facilities, or others."

Because the country director was not authorized to obligate donated funds the scholarship agreement created an unauthorized obligation of PCPP funds.

Failure to Record Obligation

According to the Government Accountability Office (GAO) "Principles of Federal Appropriations Law."

The federal government generally operates on an obligation basis. This means that an agency first takes some action that creates the legal liability to pay--that is, the agency "obligates" itself to pay--and the actual disbursement of money typically follows at some later time. An agency can incur a legal liability, i.e., a claim that may be legally enforced against the government, in a variety of ways.

such as by signing a contract, grant or cooperative agreement, or by operation of law. *Collins v. United States*, 15 Ct. Cl. 22 (1879)

The agreement created a legal liability of the Peace Corps to pay for the scholarship program and therefore should have been recorded as an obligation in the accounting records. According to 31 U.S.C. § 1501 an amount shall be recorded as an obligation of the U.S. Government only when supported by documentary evidence. Three of the nine types of evidence discussed in the law are:

- a binding agreement between an agency and another person (including an agency) that is (A) in writing, in a way and form, and for a purpose authorized by law; and (B) executed before the end of the period of availability for obligation of the appropriation or fund used for specific goods to be delivered, real property to be bought or leased, or work or service to be provided.
- grant or subsidy payable from appropriation made for payment of, or contributions to, amounts required to be paid in specific amounts fixed by law or under formulas prescribed by law.
- other legal liability of the Government against an available appropriation or fund.

Although the scholarship agreement did not specify the amount of money for the program, the cost should have been estimated. GAO "Principles of Federal Appropriation Law" states, "The precise amount of the government's liability should be recorded as the obligation where that amount is known. However, where the precise amount is not known at the time the obligation is incurred, an obligation amount must still be recorded on a preliminary basis."

The scholarship agreement created a legal obligation of the federal government. However, neither the post nor OPSI obligated the estimated amount of funds based on this agreement. OPSI was not fully informed of the agreement because the country director did not involve it or other management in the formation of the agreement. As a result, the country director obligated the government without properly establishing the obligation.

Potential Anti-deficiency Act Violation

Legal Requirements. To prevent the federal government from entering into a legally binding agreement that it may not be able to pay, the law requires agency's to establish administrative control of funds to ensure obligations do not exceed available funding. Various statutes address this issue:

- Title 31 U.S.C. § 3324 prohibits involving the government in any contract or other obligation for the payment of money for any purpose in advance of public funds made for such purpose, unless the contract or obligation is authorized by law.

- The Anti-deficiency Act (31 U.S.C. § 1341(a)(1)) states "An officer or employee of the United States Government or of the District of Columbia government may not
 - (A) make or authorize an expenditure or obligation exceeding an amount available in an appropriation or fund for the expenditure or obligation; or
 - (B) involve either government in a contract or obligation for the payment of money before an appropriation is made unless authorized by law."
- Title 31 U.S.C. § 1517(a) states, "An officer or employee of the United States Government or of the District of Columbia government may not make or authorize an expenditure or obligation exceeding - (1) an apportionment; or (2) the amount permitted by regulations prescribed under section 1514(a) of this title."

Although the donated funds are not appropriated through an act of Congress, they are considered public funds and are subject to federal statutes including the Anti-deficiency Act. The GAO "Principles of Federal Appropriations Law" quotes Comptroller General Decisions in stating, "[F]unds available to agencies are considered appropriated, regardless of their source, if they are made available for collection and expenditure pursuant to specific statutory authority. See B-215042, April 12, 1985. This means that although donated funds may not be subject to all the restrictions applicable to direct appropriations, they are still public funds. See B-197565, May 13, 1980." The federal statutes cited above apply to all public funds.

Federal Regulations. The Office of Management and Budget Circular A-11 states, "All Anti-deficiency Act violations must be reported. Here are some common examples: If you authorize or make an obligation exceeding:

- In an appropriation or fund. This may include obligations for purchases of goods or items that are prohibited by statute.
- In an apportionment or reapportionment (a type of administrative subdivision of funds), such as a category B apportionment. This also includes incorporated footnotes.
- In an allotment or a suballotment (a type of administrative subdivision of funds).
- In any other administrative subdivision of funds, if the overobligation results in the overobligation of one of the previous amounts."

Peace Corps Administrative Control of Funds. According to PCM-section 704, "Administrative Control of Funds," Peace Corps has available to it two trust fund accounts: "Gifts and Contributions," and "Advances from Foreign Governments." These funds are controlled through allotments and administrative budget advices issued by the Chief Financial Officer. The allotment for OPSI Private Sector Funds is controlled

within the treasury account 11X8245, which includes all donations other than from foreign governments. Peace Corps further controls donations through sponsor codes. PCPP funds are a suballotment maintained in sponsor code 1005.

The process for obligating OPSI funds for PCPP are detailed in PCM section 720, which states:

- OPSI will review the proposal, in coordination with the CD [country director] if necessary, and give final approval. Upon final approval, OPSI will market and identify funding sources for the project.
- OPSI may receive contributions by credit card, check, or cash. The Office of Chief Financial Officer (OCFO) is responsible for receiving and depositing credit card, check and cash donations.
- When all funds for a project have been received by the Agency, OPSI will create an Authorization Memo which serves as both the obligation and payment document. The memo is provided to the OCFO which obligates the funds and initiates the payment to the PCV.

For the country director to have violated the Anti-deficiency Act would require the amount of the obligation incurred by the scholarship agreement to exceed the unobligated balance of the PCPP suballotment (account code 11X82451005). *Because the agreement did not specify the amount or the number of scholarship recipients, the country director increased the risk of inadvertently exceeding the available funds and creating an Anti-deficiency Act violation.* Without determining the expectations of the local government and the Peace Corps at the time of entering the agreement, it is impossible to provide a precise estimate of the obligation. For our calculation, we used the actual amount of partnership funds spent over the five years (\$42,344) when comparing the amount to PCPP suballotment balance.

Because PCPP funds were subsequently obligated as PCV projects, the remaining unobligated amount of the scholarship agreement decreased each year. The following displays the amount of unobligated funds for the scholarship agreement compared to the suballotment fund balance.

Month/Year	Unobligated Amount of the Scholarship Agreement	OPSI Private Sector PCPP Fund Balance
May 2004	\$42,344	\$192,488
May 2005	\$36,135	\$155,109
December 2005	\$30,000	\$156,811
November 2006	\$20,000	\$208,311
August 2007	\$10,000	\$168,911
April 2009	5 0	\$480,551

The country director's actions circumvented Peace Corps policies for the administrative control of funds and risked creating an Anti-deficiency Act violation. However, OPSI

maintained sufficient fund balance to avoid an Anti-deficiency Act violation and its subsequent approval and accounting of PCVs partnership projects appropriately recorded the obligations after receiving donations.

Conclusion

The previous Paraguay country director did not comply with Peace Corps policy regarding partnership funds and the administrative control of funds. His actions resulted in a violation of 31 U.S.C. § 1501 requiring the recording of obligations and risked causing an Anti-deficiency Act violation. In addition, not following PCPP procedures may have been a contributing factor to the alleged conversion of Peace Corps funds by one of the parties of the agreement. This case is under review by a United States Attorney's Office for possible criminal prosecution.

Country directors often enter into agreements with host countries and non-governmental agencies. However, without sufficient legal expertise country directors may inadvertently violate laws or administrative regulations. According to numerous statutes, Anti-deficiency Act violations carry administrative penalties and may have criminal penalties including fines of not more than \$5,000, imprisonment for not more than 2 years, or both. Therefore, it's imperative that Peace Corps inform country directors of the risks of entering into cooperative agreements without fully understanding the legal and accounting implications. Further, Peace Corps should increase oversight and monitoring of post's cooperative agreements by requiring the Office of General Counsel and other management involvement in their development.

Please feel free to contact me if you have questions, issues of concern, or would like to have a discussion on this matter.

Attachment: INTER-INSTITUTIONAL COOPERATION AGREEMENT, translation
provided for the Office of Inspector General

Attachment for AUK Peace Corps Paraguay: Supporting
Use of Cooperative Agreements

[logo] Peace Corps

[logo] UPEJ

[logo] Secretariat of Women's Affairs
[illegible]
Let's build the new Paraguay!

INTER-INSTITUTIONAL COOPERATION AGREEMENT

By means of this **INTER-INSTITUTIONAL COOPERATION AGREEMENT**, the *Secretariat of Women's Affairs of the Presidency of the Republic*, represented by *Minister María José Argaña*, the *Peace Corps Technical Cooperation Agency of the United States Government*, represented by *Mr. James Greenen*, National Director, and for the other party the *Union of Young Professionals and Entrepreneurs of Paraguay (UPEJ)*, represented by its President, *Ms. Miriam Núñez*, and *Ms. Maura Pucua Ortiz*, its Secretary General, agree to enter into this **COOPERATION AGREEMENT**, which shall be governed by the following clauses:

FIRST CLAUSE: Purpose

The purpose of this **COOPERATION AGREEMENT** is to establish among the parties a *scholarship program for needy young women* from Paraguay, to provide them with *technical and financial assistance* and enable them to continue with their secondary education, pursue a vocational training program, or study at the tertiary or university level, and in the future, participate in other programs at the Regional or International level.

The agreements and procedures that shall govern this Agreement shall be defined in its exhibits.

SECOND CLAUSE: The parties' undertakings

The Peace Corps undertakes to:

1. Provide technical support for the Scholarship Program's implementation.
2. Support the management of the Program's funds in an amount equivalent to 75% of the total to be determined for each period.
3. Actively participate in the design of the program's materials and its promotion and dissemination; select the beneficiaries, jointly *with the other organizations named or other specialized organizations deemed appropriate* for granting scholarships, monitoring the use of the funds, and follow-up during the next two years, through the *Volunteer(s) assigned* in the communities.
4. Participate, through representatives, in the joint management of the funds, through a bank account opened to that end, which would be subject to the joint signatures of the two national organizations, i.e., the Secretariat of Women's Affairs of the Presidency of the Republic (SMWR) and the Union of Young Professionals and Entrepreneurs of Paraguay (UPEJ).
5. *Provide training, motivation, and follow-up for the scholarship holders*

The Secretariat of Women's Affairs of the Presidency of the Republic undertakes to:

1. Support fund management, through the Peace Corps Partnership Project, and

Page 2/ **INTER-INSTITUTIONAL COOPERATION AGREEMENT**

provide a counterpart contribution amounting to at least 12.5% of the total funding, to be distributed in each period, which may take the form of human resources, technicians, use and enjoyment (*usufruct*) of physical facilities, or others.

2. Actively participate in the design of the program's materials; its promotion and dissemination; the joint selection of beneficiaries; approval of the scholarships; monitoring and follow-up.
3. Participate through representatives in the joint management of the funds through a bank account opened to that end, in accordance with the procedure to be prescribed in an exhibit.
4. Provide training, motivation, and follow-up for the scholarship holders.
5. Write the quarterly and annual technical and programmatic reports for the Program.

The Union of Young Professionals and Entrepreneurs of Paraguay (UPEJ) undertakes to:

1. Support fund management, through the **Peace Corps Partnership Project**, and provide a counterpart contribution amounting to at least 12.5% of the total funding, to be distributed in each period, which may take the form of human resources, technicians, use and enjoyment (*usufruct*) of physical facilities, or others.
2. Actively participate in the design of the program's materials; its promotion and dissemination; the joint selection of beneficiaries; approval of the scholarships; monitoring and follow-up.
3. Participate with representatives in the joint management of the funds through a bank account opened to that end.
4. Provide training, motivation, and follow-up for the scholarship holders.
5. Write the quarterly and annual financial reports for the Program.

THIRD CLAUSE: Form of performance of actions

The corresponding exhibits shall be progressively signed to establish the Program's operating procedures, which shall be implemented jointly by the parties. Other organizations may be integrated into the Program's execution by mutual agreement of the parties.

FOURTH CLAUSE: Construction of the Agreement

Good faith shall always prevail in the construction and application of the Agreement, and any disputes that may arise shall likewise be resolved in good faith. If one of the parties fails to fulfill its commitments without just cause, this Agreement shall be rendered void. This Agreement does not exclude signing bilateral agreements between institutions which are party hereto and other public and/or private entities for the promotion of education for young women.

FIFTH CLAUSE: Rescission of the Agreement

Either party may rescind this agreement with 30 days' advance notice. In that event, the follow-up and reporting on the previously approved scholarships must be concluded.

The withdrawal of one of the parties does not imply the program's cessation; the other parties remain at liberty to choose and include other organizations which express the same interest in participating and committing themselves.

SIXTH CLAUSE: The Agreement's duration is established for a term of five years. The Exhibits shall be reviewed periodically to better update them as to the conditions of the corresponding period.

SEVENTH CLAUSE: The parties' consent

The parties' consent hereto is agreed upon on the **fifth day of May, two thousand four**, in the city of Asunción, by hereby signing three counterparts of the same tenor and effect.

[signature]
Miriam Núñez
President
UPEL

[signature]
María José Argaña Mateu
Minister
Secretariat of Women's Affairs

[signature]
Maura Pacua Ortiz
Secretary General
UPEL

[signature]
James Geenen
National Director
Peace Corps - Paraguay

[Pages 1 and 2 contain handwritten marginal notations and initials. The marginal notations on page 1 say "monitoring" and "use of fonts".]



Peace Corps

OFFICE OF INSPECTOR GENERAL

Date: March 9, 2009

To: Glen Egelman, Director, Office of Medical Services
Garry Stanberry, Acting Associate Director, Office of Management

From: Kathy Buller, Inspector General *Kathy Buller*

CC: Jody Olsen, Acting Director

Subject: Management Implication Report: Unnecessary Use of Social Security Numbers on Agency Forms

Recent breaches in personal identifiable information necessitate that the agency make changes in how such information is handled by the Peace Corps. The manner in which the Office of Medical Services' (OMS) currently collects and disseminates Volunteer applicant medical information has resulted in Volunteer applicant information being sent to the wrong individuals. Specifically, in 2008, pre-service unit assessment officials in OMS mailed personal identifiable information, including social security numbers, on medical inquiry forms and/or medical data to the wrong applicants on more than one occasion. These breaches in confidential data have been attributed to human error.

On June 18 2007, the Office of Personnel Management issued federal guidance on protecting social security numbers and combating identity theft by eliminating the unnecessary use of social security numbers. Peace Corps and other agencies were tasked with reviewing their processes to identify instances in which the collection or use of the social security number is superfluous. In addition, the Office of Management and Budget (OMB) mandated that agencies reduce the volume of information they possess, the risks to the information, and the burden of safeguarding it by collecting only necessary information and managing it properly. Under current federal requirements issued by OMB, the Office of Inspector General (OIG) is tasked with independently evaluating the effectiveness of its agency's programs.

The OIG issued an audit report (Audit of the Safeguarding of Social Security Numbers, IG 05-04-A) regarding the Peace Corps's use of social security numbers on March 5, 2005. Despite report findings that Peace Corps needed to better safeguard social security numbers it collected, a follow-up audit performed two years later (Follow-up Report Audit: Safeguarding of Social Security Numbers, IG-07-10-FUA) disclosed that none of the OIG recommendations had been adequately addressed. Furthermore, the OIG follow-up audit found that: (1) there has not been a coordinated effort to review agency forms since March 2006; (2) the Office of Management did not develop a current records inventory list to assess the agency's use of social security numbers and other personal

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identifiable information; and (3) individual offices were never given guidance to gauge appropriate uses of social security numbers on individual forms and documentation. Of chief importance, Peace Corps' Office of Management's review of forms that included social security numbers as identifiers failed to eliminate agency-wide use of these numbers; and the review of forms used by the Office of Medical Services was never completed.

In 2008, OMS officials in the pre-service assessment unit forwarded medical forms with personal identifiable information including social security numbers to the wrong applicant on three separate occasions. In addition, a medical lab report was attached to the wrong authorization form and was then forwarded to the wrong individual. Based upon the lab report, the individual scheduled an unnecessary evaluation with her physician. Human error was attributed to each of these four breaches of personable identifiable information. In each of these instances, the individuals were informed that their social security numbers and/or other personable identifiable information had been sent to other parties. Due to the potential exposure and/or loss of personal identifiable information, the aforementioned breaches were reported to the United States Computer Emergency Readiness Team (US CERT), Office of Homeland Security.

The OIG investigation of breaches of personal identifiable information that occurred in 2008 found that a Volunteer applicant's telephone number and social security number appear at the bottom of several routinely used medical application forms, e.g., follow-up letters requesting additional medical information from applicants as well as instructions and reimbursement information for the examining physician. To date, the OIG has not seen evidence that OMS has taken steps to mitigate exposure, and protect against any future breaches. OMS has not implemented internal control procedures to address the cause of these problems. The OIG also identified the following findings associated with OMS's current breaches in social security information and other identifiable personal identifiable data:

- OMS unnecessarily displays social security numbers on medical forms; all Trainee/Volunteer candidates routinely receive medical forms which have their social security number and telephone number as identifiers.
- OMS has not developed written procedures for the proper labeling, storage, and disposal of printed material containing social security numbers and other personal identifiable data.
- OMS has not implemented internal control procedures to ensure the proper handling, disseminating, and monitoring of social security numbers and other personal identifiable information.
- The physical space where the pre-service unit processes information does not have adequate restrictions to external exposure/interference.

While some corrective actions may have already been implemented, we request management to review OMS operations to reduce or eliminate the use of social security numbers as identifying information and provide better accountability and efficiency in the control of personal identifiable data and medically confidential data. We also request that OMS take action to ensure that the inappropriate disclosure of personally identifiable information due to human error is appropriately addressed.

Within 30 days, please report to the OIG any and all changes that will be implemented based on our investigative findings.

You are being provided a summary of a Management Advisory Report in lieu of the actual report because the information therein relates to an ongoing criminal investigation and for the purposes of complying with the Privacy Act.

Management Advisory Report – Safety and Security Concerns Peace Corps (PC)/Benin,
issued May 2009

Narrative: During an OIG investigation into the release of confidential information in the Benin matter the U.S. Embassy expressed serious concerns about the quality and effectiveness of the services provided by the Safety and Security Coordinator (SSC) at PC/Benin and the Peace Corps Safety and Security Officer (PCSSO) for the Region.

Disposition: We drafted a management advisory report to the Director of Peace Corps and followed up with a global program audit of Peace Corps Safety and Security functions. The results of that report have been made available publicly at:

[http://multimedia.peacecorps.gov/multimedia/pdf/policies/PC Safety and Security Final Audit Report_IC11008A.pdf](http://multimedia.peacecorps.gov/multimedia/pdf/policies/PC%20Safety%20and%20Security%20Final%20Audit%20Report_IC11008A.pdf)

The Director of Peace Corps has expressed his commitment to implement all of the recommendations outlined in our report.

Respect
ALL

Below is a summary of a contractor incurred cost audit report. We are including a summary in lieu of the full report because it may contain information protected under Title 18 U.S.C. Section 1905 and protected from disclosure pursuant to 5 USC Section 552(b) (4).

Report: Entrena, S.A. Incurred Cost Audit Report, 2002-2008, issued February 2010

Narrative: OIG conducted a contractor incurred cost audit. The audit evaluated the contractor's recorded direct and indirect costs for fiscal years ending December 31, 2005 through December 31, 2008. OIG also evaluated contractor severance payments to employees under contract performance years ending December 31, 2002 through December 31, 2004. OIG audit evaluated the contractor's accounting procedures and practices, internal controls, and compliance with contract provisions, applicable cost accounting standards, and the Federal Acquisition Regulations. The audit found the contractor had overbilled the Peace Corps \$11,123 for severance payments and \$13,851 for labor costs. OIG identified contractor internal control weaknesses including inadequate accounting policies and procedures. These weaknesses contributed to the contractor's failure to submit contract required incurred cost submissions, reconcile recorded costs incurred with amounts billed to the Peace Corps, and to adequately segregate recorded costs from one contract performance period/contract line item with costs recorded for next year's contract performance period/contract line item.

Disposition: The audit results were provided to the contracting officer for resolution.



Peace

Office of Inspector General

April 15, 2010

The Honorable Darrell Issa
Ranking Minority Member
Committee on Oversight and Government Reform
2157 Rayburn House Office Building
Washington D.C. 20515-6143

Dear Representative Issa:

I am writing in response to your letter dated March 24, 2010 requesting information regarding my office's open and unimplemented recommendations. The following is our response to your queries:

1. There are currently 164 open and unimplemented Peace Corps Office of Inspector General (OIG) recommendations. These recommendations were developed by the Audit and Evaluation Units.
2. There are 12 recommendations with estimated cost savings included as Attachment A to this letter.
3. The most important open and unimplemented recommendations are included in Attachment B.
4. The Peace Corps OIG considers that 465 recommendations have been accepted and fully implemented by the agency from January 5th, 2009 to the present.

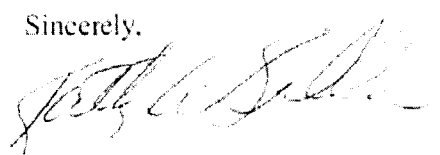
I would also like to thank you for soliciting my views on improving the Inspector General's Act of 1978, as amended. In that regard, I support all of the pro-active initiatives put forth by the Council of the Inspector General on Integrity and Efficiency (CIGIE) Legislation Committee and believe they would permit IGs to operate more effectively and efficiently. I would also like to take this opportunity to address an issue that uniquely affects Peace Corps employees, including the Office of Inspector General. Under 22 U.S.C. § 2506 Peace Corps appointments and assignments are limited to five year terms. Moreover, the only exception to this statutory limit arises if the Director of the Peace Corps determines that an individual's performance has been exceptional and the extension is made to achieve one or more of the enumerated purposes in the statute. Even then, the absolute statutory limit for an assignment or appointment at the Peace Corps is seven and a half years.

Paul D. Coverdell Peace Corps Headquarters
1111 20th Street NW Washington, DC 20520
1 800 424 8580 www.peacecorps.gov

The five year rule has a direct impact on the efficiency and effectiveness of OIG operations. For example our ability to recruit highly qualified auditors has been hampered because we are unable to offer candidates the same career track other federal OIGs can provide. We have recently re-advertised an auditing vacancy for the third time after failing to attract qualified senior level candidates. In addition, the five year rule could potentially undermine the independence of my office. While our relationship with agency management could not be better, the authority vested in the Director of the agency to extend the terms of OIG employees, including the IG, can affect IG independence. Future agency management could decide not to make a decision on term extensions to prevent the OIG from conducting sensitive investigations. In my view Congress should reexamine this provision and any other law which limits IG terms and vest the authority to extend such terms with the head of the agency.

I hope our response is helpful in carryout your oversight responsibilities. Should you have any further questions please feel free to contact me directly at [REDACTED]

Sincerely,

A handwritten signature in cursive script, appearing to read "Kathy A. Buller".

Kathy A. Buller
Inspector General

Enclosures

Attachment A



Peace
Corps

OFFICE OF THE INSPECTOR GENERAL

Total Open and Unimplemented Recommendations with Cost Savings	\$654,497
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Audit Recommendations with "Funds Put to Better Use"

Report Date	Report and Recommendations	Costs
1/11/2010	OCIO IG-10-05-A	
	17) Purchase of E-vault Software	\$46,168
	22) Lapsed Salary Costs	\$107,840
3/22/2010	Process for Soliciting, Awarding, and Administering Contracts	
	9 (D.1) Discontinue use of cost reimbursement contracts (PC/Paraguay)	\$124,204
Total Funds Put to Better Use:		\$478,151

Audit Recommendations with "Questioned Costs"

Report Date	Report and Recommendations	Costs
3/31/2009	Purchase Card Program (G-09-08-A)	
	1(A.1) Service charges for unnecessary use of convenience checks instead of the purchase card	\$60
	3(A.3) Purchase of cakes for a graduation ceremony	\$525
	3(A.3) Purchase of water for training attendees	\$267
	3(A.3) Purchase of a cake, coffee, and snacks for an Overseas Staff Training graduation ceremony	\$75
	3(A.3) Purchase of refreshments for an off-site office meeting	\$221
	3(A.3) Purchase of a refrigerator and a microwave for an office kitchen	\$1,625
	3(A.3) Purchase of a microwave, blender, and toaster for an office kitchen	\$270
1/11/2010	OCIO IG-10-05-A	
	19) Disaster Recovery Testing	\$15,000
3/22/2010	Process for Soliciting, Awarding, and Administering Contracts (G-10-06-A)	
	9 (D.1) Discontinue use of cost reimbursement contracts (PC/Dominican Republic)	\$108,263
Total Questioned Costs:		\$176,346

Attachment B

Most important open and unimplemented recommendations

1. Federal Information Security Management Act (FISMA) Audit

Recommendation 2a: *We recommend that the Director ensure full certification and that accreditation is completed for the Domestic and International Infrastructures which support the financial management system in accordance with Peace Corps policy and OMB Circular A-130 guidance.*

Description: Peace Corps has not certified and accredited five of the agency's twelve information systems. Specifically, the Domestic and International General Support System which supports the financial management systems have not been certified and accredited. Without completing the certification and accreditation process, senior level agency officials will not have taken the appropriate steps to mitigate or accept risk for their information systems as required by OMB. In addition, without a complete certification and accreditation package (i.e. security plans, risk assessments, contingency plans) *proper security* may not be administered over the data within the agency's information systems.

- a. The agency concurred with the recommendation.
- b. Cost savings - not applicable
- c. The agency has not provided a timeframe for implementation.

2. Evaluation of Medical Clearance System

Recommendation 54: *That the agency prioritize long-standing recommendations for technological improvements to Pre-Service operations and provide OMS with the resources to carry out these improvements to the Medical Clearance System*

Description: The purpose of the evaluation was to identify ways to improve the medical clearance process and the Volunteer delivery system as a whole. The evaluation analyzed issues from both the applicants' and the Peace Corps staff's perspectives, including: the applicant screening review systems, procedures, and timeframe; medical screening guidelines; communicated guidance; transparency; interoffice communication; customer service; staff training, and; the reimbursement fee schedule.

- a. The agency concurred with the recommendation.
- b. Cost savings - not applicable
- c. In March 2010, management issued a request for proposals (RFP) for the development and implementation of an Electronic Health Record system, with pilot testing to begin October 2010.

The RFP provides an approximate timeframe for the implementation of the system; however the agency has not provided a timeframe for the overall implementation of the recommendation.

3. Safety and Security Evaluation

Recommendation 12: *That the regional directors establish a system to ensure that posts develop and follow housing policy standards, such as inspecting every house before a Volunteer moves in to ensure appropriate, safe, and secure Volunteer housing.*

Description: Our evaluation reviewed the agency's policies and procedures including responding to crimes and reporting and analyzing crime statistics, monitoring, assessing, and disseminating information on the security environment, safety and security training, development, monitoring, and inspection of Volunteer sites; planning for emergencies through Emergency Action Plans.

a. The agency partially concurred with the recommendation.

b. Cost savings -- not applicable.

c. The agency stated that all posts are using a compliance checklist provided in Peace Corps Manual Section 270. The OIG determined that the response did not address the recommendation. Full implementation of the recommendation was expected in December 2008. In September 2009 management advised the OIG that guidance for posts was being drafted and circulated among the regional offices. No timeframe for implementation was provided by the agency.

Recommendation 17: *The regional directors establish a system to ensure that all posts test their Emergency Action Plans (EAPs) annually, including testing the EAPs under "varying conditions."*

a. The agency concurred with the recommendation.

b. Cost savings -- not applicable.

c. The agency advised the OIG that updated support on this issue was sent to all posts. Management also provided an example of its EAP tracking tool, but the OIG determined that the data was out of date and that the tool did not adequately track EAP completion or report if tests were conducted under varying conditions. No timeframe for implementation was provided by the agency.

Audit of Fiscal Year 2009 Financial Statements

Recommendation 03-FIN-LOW-2009: *We recommend that Peace Corps management strengthen communication for updated policies and ensure posts have a complete understanding of updates. Peace Corps should emphasize the importance of full compliance with standards.*

Policies and procedures outlined in the applicable Standard Operating Procedures (SOP) and Peace Corps Manual Sections.

Description: During interim post visits conducted as part of the Peace Corps FY2009 Financial Statement Audit, our contractor auditor identified inconsistent understanding of the updated Peace Corps policy MS 234 *Medical Supplies and Equipment*. The auditor visited five posts throughout all three Peace Corps regions and noted that the Peace Corps Medical Officers had varied understandings of the policy and as a result, inconsistent procedures surrounding the receipt and maintenance of medical supplies. This issue could result in Peace Corps medical inventory records being misstated, and could make the Peace Corps liable in the event that "especially designated" items or narcotics are misplaced or misused.

a. The agency concurred with the recommendation.

b. Cost savings - not applicable

c. Multiple audits of overseas Peace Corps posts have not found any evidence that the agency has taken steps to effectively address the recommendation. The agency has provided no further information regarding a timeframe for implementation.

Recommendation 04.1 and 04.2: It is recommended that the Peace Corps Director enforce current policies designed to ensure complete and accurate asset listing; ensure that roles and responsibilities outlined on Peace Corps Standard Operating Procedures (SOP) are carried out by posts and HQ for property accounting and financial reporting personnel that perform accurate verification, and completeness checks on the capitalized property listings; develop procedures to ensure that additions and disposals recorded accurately and timely; designate a receiving clerk to accept all IT assets upon delivery and to maintain a listing of all IT assets received.

Description: This issue has existed for at least the past six years. Although Peace Corps continues to make improvements in the accounting for fixed assets, the problems remain in accounting for assets in the Office of the Chief Information Officer (OCIO). OCIO continually struggles with the timing and accuracy of reporting asset additions and dispositions to the Office of the Chief Financial Officer. Additionally, OCIO is unable to consistently locate where assets are physically located.

a. The agency concurred with the recommendation.

b. Cost savings - not applicable

c. The Agency has not taken actions to fully address this issue and has not provided a timeframe to complete this recommendation.

From: ~~Ferrao, Joaquin~~
To: ~~"Guastini, Thomas (Finance-Rep)~~
Cc: ~~Chesnel, Lisa~~
Subject: RE: Per your inquiry
Date: Tuesday, July 13, 2010 9:14:52 AM

Dear Thomas,

I can assert on behalf of our Inspector General that we have no areas of concern with respect to any threats or attempts to impede our office ability to communicate with Congress whether the communication concerns the budget or any other matter.

Best,

Joaquin E. Ferrao
Deputy Inspector General & Legal Counsel
Peace Corps Office of Inspector General
Tel: 202-692-2921
Fax: 202-692-2901
Mob: 202-640-8711

Do
not
Resend

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From: Guastini, Thomas (Finance-Rep) [mailto:Thomas_Guastini@finance-rep.senate.gov]
Sent: Monday, July 12, 2010 6:42 PM
To: Ferrao, Joaquin
Cc: Chesnel, Lisa
Subject: RE: Per your inquiry

Mr. Ferrao,

I understood that answer to apply to just the first question, however, if it also covers the third question that's fine, I'll just note that it does.

Sincerely,

Thomas

From: Ferrao, Joaquin [mailto:jferrao@peacecorps.gov]
Sent: Monday, July 12, 2010 3:23 PM
To: Guastini, Thomas (Finance-Rep)
Cc: Chesnel, Lisa
Subject: Per your Inquiry

Dear Mr. Guastini,

Thanks for your call. Upon a further review of our response to Senator Grassley's letter I believe that we did respond to the question relating to any possible agency interference with our work.

In paragraph one our IG, Ms Buller states "As to the first inquiry I can affirm no instances of agency resistance, objections, or restrictions to our oversight responsibilities." See attached letter.

Please let me know if this answers your question. If I can be of any further assistance to you please call me at 202-692-2921.

Best,

Joaquin E. Ferrao
Deputy Inspector General & Legal Counsel
Peace Corps Office of Inspector General
Tel: 202-692-2921
Fax: 202-692-2901
Mob: 202-640-8711

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Peace Corps Office of Inspector General

June 3, 2011

Via Electronic Transmission

The Honorable Charles E. Grassley
Ranking Member
Committee on Finance

The Honorable Tom Coburn
Ranking Member
Permanent Subcommittee on Investigations
Homeland Security and Governmental Affairs Committee

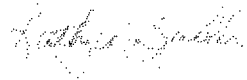
Dear Representatives Grassley and Coburn:

I am writing in response to your letter dated April 8, 2010 for the period January 1 – April 30, 2011 requesting a) a list of any instances when the agency resisted and/or objected to oversight activities and/or restricted our access to information b) any biannual reports on closed investigations, evaluations, and audits conducted by our office, which were not disclosed to the public and c) any instances where a federal official threatened and/or attempted to impede our office's ability to communicate with Congress. As to the first inquiry I can affirm no instances of agency resistance, objections, or restrictions to our oversight responsibilities. In regard to your second request, you will find five investigative report summaries (see Attachment). Finally, we have not experienced any impediments in communicating with Congress.

Please be advised that we have included summaries of closed investigations in lieu of actual reports pursuant to the outcome of discussions between your staff and the Council of Inspectors General on Integrity and Efficiency (CIGIE) Legislative Committee.

I hope our response is helpful in carrying out your oversight responsibilities. Should you have any further questions please feel free to contact me directly at [REDACTED]

Sincerely,



Kathy A. Buller
Inspector General

Attachment

Summaries of Peace Corps Office of Inspector General Closed Investigations

1. Region: [REDACTED]

Investigation Type: PROTECT Act²

Allegation/Narrative statement: On [REDACTED], OIG received an allegation about a possible PROTECT Act violation involving a Volunteer.

Date Closed: [REDACTED]

Case outcome/disposition: The Volunteer resigned in lieu of administrative separation.

2. Region: [REDACTED]

Investigation Type: Administrative Matters

Allegation/Narrative: On [REDACTED], OIG received an email alleging concerns over the actions of a Peace Corps staff³ member. The complainant stated that the staff member is rumored to have a gun collection and may have brought a gun into the Peace Corps headquarters building. The complainant also mentioned that the staff member reportedly has consumed alcohol during business hours.

Date Closed: [REDACTED]

Case outcome/disposition: The allegation that the staff member used alcohol had credibility. The allegation involving the gun was not verified. The staff member received counseling and was transferred to another position at headquarters.

3. Region: [REDACTED]

Investigation Type: Embezzlement or Theft of Government Property

Allegation/Narrative: OIG received an allegation of financial irregularities involving a Peace Corps staff member's handling of Small Project Assistance grants.

Date Closed: [REDACTED]

¹ On September 1, 2008, the Peace Corps Director transferred the responsibility for coordinating the investigation of violent crimes committed against Peace Corps Volunteers to the Office of Safety and Security.

² Prosecutorial Remedies and Other Tools to end the Exploitation of Children Today

³ As used herein the term "staff" member includes direct hire employees, Foreign Service nationals, and personal services contractors.

Case outcome/disposition: The staff member retired after twenty five years of service with the Peace Corps.

4. Region: [REDACTED]

Investigation Type: Administrative Matters

Allegation/Narrative: OIG received an email alleging fraternization between a Volunteer and a Peace Corps Medical Officer.

Date Closed: [REDACTED]

Case outcome/disposition: The staff member resigned.

5. Region: [REDACTED]

Investigation Type: Conflict of Interest

Allegation/Narrative: OIG received an allegation that a staff member had improper contact with a company doing business with the Peace Corps.

Date Closed: [REDACTED]

Case outcome/disposition: The investigation did not substantiate the allegations.

6. Region: [REDACTED]

Investigation Type: Kickbacks/Ethics Violation

Allegation/Narrative: OIG received an allegation that a staff member was receiving "kickbacks" from contractors doing work for Peace Corps.

Date Closed: [REDACTED]

Case outcome/disposition: The staff member resigned; OIG referred the case for suspension/debarment.

7. Region: [REDACTED]

Investigation Type: Administrative Matters

Allegation/Narrative: OIG received an allegation alleging fraternization between a Volunteer and a staff member.

Date Closed: [REDACTED]

Case outcome/disposition: The staff member resigned.

8. Region: [REDACTED]

Investigation Type: Intimidation

Allegation/Narrative: OIG received an allegation that a staff member was experiencing "backlash" for bringing an allegation of fraud to the OIG.

Date Closed: [REDACTED]

Case outcome/disposition: The staff member withdrew the complaint.

9. Region: [REDACTED]

Investigation Type: Rape

Allegation/Narrative: OIG received a report that a Volunteer had been sexually assaulted by another Volunteer. This incident occurred in [REDACTED]

Date Closed: [REDACTED]

Case outcome/disposition: The outcome of the investigation revealed conflicting facts, a report was provided to agency management. The victim did not want to pursue any court proceeding for this matter.

10. Region: [REDACTED]

Investigation Type: Major Sexual Assault

Allegation/Narrative: OIG received a report that a Volunteer was sexually assaulted by three assailants. This incident occurred in [REDACTED]

Date Closed: 02/24/2011

Case outcome/disposition: Despite cooperation with local authorities, the assailants have never been identified.

11. Region: [REDACTED]

Investigation Type: Rape

Allegation/Narrative: OIG received a report that a Volunteer was sexually assaulted by an unknown assailant. This incident occurred in [REDACTED]

Date Closed: [REDACTED]

Case outcome/disposition: The assailant was never identified.

12. Region: [REDACTED]

Investigation Type: Attempted Rape

Allegation/Narrative: OIG received a report that a Volunteer was sexually assaulted by another Volunteer. This incident occurred in [REDACTED].

Date Closed: [REDACTED]

Case outcome/disposition: The Volunteer did not want to press charges.

14. **Region:** [REDACTED]

Investigation Type: Robbery

Allegation/Narrative: OIG received a report that a Volunteer was robbed by an assailant.

Date Closed: [REDACTED]

Case outcome/disposition: The assailant was arrested, but fled before any court proceedings. The local police have conducted no further investigative activities.

15. **Region:** [REDACTED]

Investigation Type: Rape

Allegation/Narrative: OIG received a report that a Volunteer had been sexually assaulted by an assailant. This incident occurred in [REDACTED].

Date Closed: [REDACTED]

Case outcome/disposition: The Volunteer did not want to press charges.

16. **Region:** [REDACTED]

Investigation Type: Aggravated Assault

Allegation/Narrative: OIG received a report that a Volunteer had been assaulted by an assailant. This incident occurred in [REDACTED].

Date Closed: [REDACTED]

Case outcome/disposition: The assailant was arrested and served time in jail.

17. **Region:** [REDACTED]

Investigation Type: Embezzlement

Allegation/Narrative: OIG received an allegation that a staff member used Peace Corps funds for personal expenses.

Date Closed: [REDACTED]

Case outcome/disposition: After an OIG investigation, the staff member was terminated from [REDACTED] position at the Peace Corps.

18. **Region:** [REDACTED]

Investigation Type: Rape

Allegation/Narrative: OIG received a report that a Volunteer had been sexually assaulted by an assailant. This incident occurred in [REDACTED]

Date Closed: [REDACTED]

Case outcome/disposition: Despite cooperation with local authorities the assailant was never identified.

Office of Inspector General

January 27, 2012

Via Electronic Transmission

The Honorable Charles E. Grassley
Senior Member
Committee on Finance

The Honorable Tom Coburn
Ranking Member
Permanent Subcommittee on Investigations
Homeland Security and Governmental Affairs Committee

Dear Representatives Grassley and Coburn:

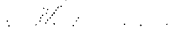
I am writing to follow up on our initial response to your letter dated April 8, 2010 requesting information on: (a) any instances when the agency resisted and/or objected to oversight activities and/or restricted our access to information; (b) any biannual reports on closed investigations, evaluations, and audits conducted by our office, which were not disclosed to the public; and (c) any instances where a federal official threatened and/or attempted to impede our office's ability to communicate with Congress. The following information corresponds with the time period May 1 – September 30, 2011.

As to the first inquiry I can affirm no instances of agency resistance, objections, or restrictions to our oversight responsibilities. In regard to your second request, you will find nine investigative report summaries and one management advisory report (see Attachments). Finally, we have not experienced any impediments in communicating with Congress.

Please be advised that we have included summaries of closed investigations in lieu of actual reports pursuant to the outcome of discussions between your staff and the Council of Inspectors General on Integrity and Efficiency (CIGIE) Legislative Committee.

I hope our response is helpful in carrying out your oversight responsibilities. Should you have any further questions please feel free to contact me directly at [REDACTED]

Sincerely,


Kathy A. Buller
Inspector General

Attachment

Summaries of Peace Corps Office-of-Inspector General Closed Investigations

1. Region: [REDACTED]

Investigation Type: Rape

Allegation/Narrative statement: [REDACTED] Peace Corps volunteer made a complaint against a [REDACTED] host country national. The [REDACTED] volunteer alleged that she was sexually assaulted.

Date Closed: [REDACTED]

Case outcome/disposition: The [REDACTED] served time in jail.

2. Region: [REDACTED]

Investigation Type: Robbery

Allegation/Narrative: A [REDACTED] Peace Corps volunteer was robbed and [REDACTED] acquaintance was sexually assaulted by a group of [REDACTED] host country nationals.

Date Closed: [REDACTED]

Case outcome/disposition: The victims were unable to identify the suspects. DNA testing was also completed and did not identify a suspect.

3. Region: [REDACTED]

Investigation Type: Title 18

Allegation/Narrative: On [REDACTED], the Office of Inspector General (OIG) received information that a country director (CD) may have profited from [REDACTED] position.

Date Closed: [REDACTED]

Case outcome/disposition: The CD pled guilty and was sentenced to two years probation and ordered to pay \$33,000 in restitution to the Peace Corps.

4. Region: [REDACTED]

Investigation Type: Federal Employees' Compensation Act

Allegation/Narrative: OIG received information that a returned Peace Corps volunteer (RPCV) who is receiving workers compensation benefits might be working and not reporting the income to the Department of Labor (DOL).

Date Closed: [REDACTED]

Case outcome/disposition: An investigation revealed that the RPCV received a \$700 overpayment but DOL would not pursue repayment.

5. Region: [REDACTED]

Investigation Type: Fraudulent Claims - *Leave*

Allegation/Narrative: On [REDACTED] OIG received an allegation from a CD that two staff members were receiving kick-backs from hotel vendors.

Date Closed: [REDACTED]

Case outcome/disposition: As a result of OIG's investigation one of the staff members resigned and the others staff member's contract was not renewed.

6. Region: [REDACTED]

Investigation Type: Death

Allegation/Narrative: On [REDACTED] Peace Corps volunteer was located deceased in [REDACTED] residence. No signs of foul play were observed. The Armed Forces Institute of Pathology conducted an autopsy and requested additional investigation by OIG.

Date Closed: [REDACTED]

Case outcome/disposition: The OIG conducted an oversight inquiry on the circumstances of the volunteer's death and coordinated with the Armed Forces Institute of Pathology. A cause of death could not be determined, but foul play was not suspected.

7. Region: [REDACTED]

Investigation Type: Rape

Allegation/Narrative: On [REDACTED] OIG received an allegation from a CD that [REDACTED] volunteer sexually assaulted a [REDACTED] volunteer.

Date Closed: [REDACTED]

Case outcome/disposition: OIG's investigation determined that the [REDACTED] volunteer had sexual intercourse with the [REDACTED] volunteer without [REDACTED] consent. The [REDACTED] volunteer was separated from his Peace Corps service.

8. Region: [REDACTED]

Investigation Type: Administrative Matters

Allegation/Narrative: On [REDACTED] [REDACTED] received an allegation from a CD that a Peace Corps medical officer (PCMO) was servicing non-Peace Corps patients at the post's medical facility.

Date Closed: [REDACTED]

Case outcome/disposition: OIG's investigation determined that the PCMO had been servicing non-Peace Corps patients for a ten year period. The United States Department of Justice declined to prosecute this case. The PCMO was provided a warning – no other administrative action was taken.

9. Region: [REDACTED]

Investigation Type: Conflict of Interest - *Leave*

Allegation/Narrative: On [REDACTED] [REDACTED] received an allegation from a CD that a Peace Corps staff member was directing business to a family member's privately owned business.

Date Closed: [REDACTED]

Case outcome/disposition: OIG's investigation did not substantiate that the Peace Corps staff member violated any Federal ethics rules or agency policy. The staff member's involvement did not affect procurement decisions.

To: Aaron S. Williams, Director

From: Kathy A. Buller, Inspector General

Date: [REDACTED]

Subject: Management Alert Report: Mitigating a Potential Electrical Safety Hazard

As we work to finalize our inquiry of the death of Peace Corps Volunteer [REDACTED] in [REDACTED] last year, we wanted to alert you about a safety issue that may impact Volunteers in [REDACTED] and elsewhere. During our review we found that small appliances purchased or used by Volunteers in [REDACTED] are often locally adapted for use with 220 volt electrical sockets, which coupled with loose or improper wiring in Volunteer houses, could pose a safety hazard for Volunteers.

OIG consulted with U.S. Consumer Product Safety Commission Director of Engineering Edward Krawiec who suggested that in light of this situation, the Peace Corps could provide Volunteers with portable ground fault circuit interrupters (GFCIs), also known in other parts of the world as residual current circuit breakers (RCCBs). A GFCI is an electrical wiring device that disconnects a circuit whenever it detects that the electric current is not balanced between the energized conductor and the return neutral conductor. An imbalance can occur when a person who is grounded accidentally touches the energized part of the circuit. A lethal shock can result from these conditions. GFCIs are designed to disconnect quickly enough to mitigate the harm caused by such shocks, although they are not intended to provide protection against an overload or short circuit conditions.

In the United States the National Electrical Code requires GFCI devices interrupt the circuit if the leakage of current exceeds a range of 4-6 milli-amperes within 25 milliseconds. In some countries, two-wire (ungrounded) outlets may be replaced with three-wire GFCIs to protect against electrocution, and a grounding wire does not need to be supplied to that GFCI. An informal pricing for GFCIs indicate that their cost is around \$15 per portable outlet.

We recommend that the Peace Corps conduct its own review to determine the feasibility and appropriateness of providing Volunteers with resources to mitigate this risk. The agency could also examine other measures such as whether or not the housing checklist in high risk posts should specifically address this problem.

We make no representations in this memo concerning the finding of our inquiry; rather our intent is to alert you concerning a possible safety issue impacting Volunteers. We expect our final report on this inquiry to be finalized in the coming weeks. We look forward with working with you on this and other important management issues.