



PEACE CORPS Office of Inspector General

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MANAGEMENT AND PERFORMANCE CHALLENGES

Fiscal Year 2016

These challenges illustrate the most significant areas the Office of Inspector General (OIG) believes need improvement in order for the Peace Corps to effectively manage its resources and minimize the potential for fraud, waste, and abuse occurring in its operations. Addressing the issues related to these challenge areas will enable the agency to increase operational efficiencies and improve mission effectiveness.

In accordance with the Reports Consolidation Act of 2000, OIG is submitting what it has determined to be the most significant management and performance challenges facing the Peace Corps. The challenges discussed in the attachment to this memo are to be included in the Agency Financial Report for fiscal year (FY) 2016.

Significant Management Challenges Facing the Peace Corps:

- **Information Technology Security Management** (*first reported in FY 2009*)
- **Business Processes** (*first reported in FY 2011*)
- **Excessive Personnel Turnover** (*first reported in FY 2012*)
- **Training Overseas Staff** (*first reported in FY 2014*)
- **Acquisitions and Contract Management** (*first reported in FY 2015*)
- **Volunteer Health and Safety** (*new for FY 2016*)

Challenge: Information Technology Security Management

Why This Is a Challenge

Effective information technology (IT) security programs help protect agency data from being misused by both internal and external sources, and minimize the risk of having sensitive data compromised. Federal laws and regulations governing IT security are designed to strengthen an agency's management of its operations. They also provide significant guidance to help prevent serious information security incidents. The Federal Information Security Management Act of 2002 (FISMA), as amended, is central to the federal IT security program. The objective of FISMA is to develop a comprehensive framework to protect government information, operations, and assets. Since FY 2009, OIG has reported in its management and performance challenges that the Peace Corps has not achieved full compliance with FISMA or fully implemented an effective IT security program. Some of the identified issues have been outstanding for over seven years, and the agency has struggled to implement corrective actions.

Further complicating this challenge, the Peace Corps has been trying to modernize its IT environment. Despite good intentions, the agency has not paid adequate attention to IT security and its implications for the network and sensitive information. For example, in FY 2015, the Peace Corps participated in a cloud email pilot program with the General Services Administration. This program did not follow the proper acquisition policies or processes, and the agency did not conduct a standard security assessment prior to initiating the pilot. Based on an OIG recommendation, the agency began implementing policies to review IT security as a key part of acquisition when pursuing cloud services. However, since 2013 there has been

an outstanding FISMA finding that the agency has not adequately tracked or monitored contract agreements and memorandums of understanding in its official security repository.

Progress in Addressing the Challenge

Peace Corps management has made some progress in strengthening IT security management programs and FISMA compliance, beginning with the onboarding of a new Chief Information Security Officer. The agency has developed and implemented user security awareness training and has begun implementing multi-factor authentication for network logins. However, a number of FISMA issue areas discussed in prior years' challenge statements have not been fully resolved.

For example, although management has started a continuous monitoring program, including documenting some agency systems and their associated risk, the program does not contain all the required components and remains incomplete. Some configuration management processes have not been fully implemented, and systems security assessment documentation has not been completely updated and is not being reviewed periodically by key stakeholders. In addition, the Peace Corps has not fully implemented a comprehensive agency-wide risk management program that is effective in monitoring, identifying, and assessing security weaknesses, and resolving related problems at the entity, business process, and information system levels, in line with the National Institute of Standards and Technology Risk Management Framework.

What Needs to Be Done

Achieving full compliance with FISMA and other federal laws and regulations that apply to managing the Peace Corps' IT security infrastructure is critical to having a program that is effective in ensuring the agency's information, operations, and assets are adequately protected.

The Peace Corps needs to place greater emphasis on improving its information security program, including accomplishing greater FISMA compliance and timely remediation of IT security weaknesses that have been identified internally and through the annual FISMA audit and other reviews.

The Peace Corps will need to place a sharper focus on improving its IT security program by assigning sufficient qualified personnel, and prioritizing the time and resources necessary to become fully FISMA compliant and eliminate weaknesses. Implementation of the Risk Management Framework will facilitate the tailoring of an information security program that meets the Peace Corps' mission and business needs across a decentralized organization.

Key OIG Resources

[Peace Corps' FY 2015 Performance and Accountability Report](#)

[Management Advisory Report: The Peace Corps' Cloud Computing Pilot Program](#)

[OIG Semiannual Report to Congress, October 1, 2015 to March 31, 2016](#)

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

[FY 2015 Review of Peace Corps' Information Security Program](#)

Challenge: Business Processes

Why This Is a Challenge

Although the Peace Corps continues to improve key business processes and critical Volunteer support functions, as well as streamline its operations, it is constrained by decentralized processes and a lack of modern systems. Specifically, the agency continues to be challenged in areas related to data and property management.

Data Management

Although the Peace Corps is working to modernize its businesses processes, OIG audits and evaluations have found that several essential business functions remain largely paper-based, including processes for travel, medical supply management, payment vouchers, and several human resource functions (performance appraisals, training records, and travel compensation computation). In addition, the Peace Corps has updated certain HR functions, replacing previously automated processes with paper processes. The Peace Corps' lack of automated business processes has led to inefficiencies and a duplication of efforts, making data more prone to human error.

Property Management

At year end, the Peace Corps reported having a total property net book value of \$38.3 million. OIG and external audits at the Peace Corps have continued to find issues with the accuracy and completeness of property records. Effective property management can significantly reduce the risks associated with theft, fraud, or unexplained losses of agency assets. It also serves to improve the accuracy of financial reporting.

Progress in Addressing the Challenge

This section has been modified to reflect agency progress in improving safety and security business processes. The agency's safety and security program has begun to mature in recent years, with the development of more vigorous roles and responsibilities for the safety and security manager position, updated guidance materials, and more formal involvement of security experts in the hiring of overseas security personnel. The agency is currently working with the Department of State to revise and update the memorandum of understanding formalizing the relationship for overseas safety and security regarding Peace Corps staff and Volunteers.

The Peace Corps has implemented, and is working to implement, several systems to better manage agency records. Specifically, the Office of Volunteer Recruitment and Selection implemented the Database of Volunteer Experience to manage volunteer applicant data, and in August 2012, the Office of Health Services implemented a medical applicant exchange system. The agency has completed piloting an electronic medical records system that will provide online storage of Volunteer medical data. The system was fully implemented in October 2015.

In FY 2015 the agency initiated the development of a case management system which became operational in FY 2016.

Progress is also being made to address property management deficiencies. In FY 2015, the agency began implementing a new property management system to improve accountability over its assets. Presently, Peace Corps

headquarters operations and approximately 40 percent of its overseas posts have taken the necessary steps to fully implement the new property management system. The remaining posts are in various stages of implementation while agency efforts continue to move toward transitioning 100 percent of its property into the new system.

What Needs to Be Done

The agency needs to continue to assess its operations and modernize its business processes accordingly. Furthermore, agency business processes must also support effective internal control and provide for access to reliable data. Additionally, the Peace Corps needs to continue its focus on developing or acquiring more modern and automated systems to replace business processes that are manual or rely on inadequate systems. As automated systems are introduced in the Peace Corps environment, the agency must be diligent in ensuring that proper IT security controls are in place, as IT security has been a reported challenge area since 2009. See the Management Challenge section titled Information Technology Security Management.

Key OIG Resources

[Final Program Evaluation Report: Follow-up Evaluation of the Volunteer Delivery System](#)

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

[Final Audit Report: Peace Corps Applicant Screening Process](#)

[OIG's FY 2017 Annual Plan](#)

[Management Advisory Report: Certification of Volunteer Payments](#)

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

Challenge: Excessive Personnel Turnover

Why This Is a Challenge

In June 2012, OIG issued a report on the impact of the “five-year rule” (FYR) on Peace Corps operations. The FYR became law in 1965 and limited employment of Peace Corps’ U.S. direct hire personnel to five consecutive years. OIG’s evaluation found that the FYR, as intended, enabled the agency to create a constant flow of new employees including Returned Peace Corps Volunteers; avoid the inflexibility associated with the civil service system; and prevent employees from working their entire career at the Peace Corps. However, the FYR accelerated the annual pace of employee turnover to between 25 percent and 38 percent, quadruple the average turnover rate in the federal government. OIG estimated that over the five-year period from 2005 to 2009, excessive turnover driven by the FYR accounted for approximately 60 percent of \$20.7 million in total turnover management costs.

Excessive personnel turnover at the Peace Corps exacerbated a range of common management challenges. It has undermined the agency’s ability to retain employees on the basis of performance; to conduct succession planning; to manage the continuity and transfer of essential knowledge, skills, and abilities; to provide training and professional development to staff; and to deploy its workforce efficiently. In addition, the FYR weakened the agency’s ability to attract and retain highly qualified professionals in the areas of contracting, financial management, information technology, human resources management, and medical support. It has also led to frequent staffing gaps in mission-critical positions overseas.

In 2013, OIG reported on challenges related to hiring overseas staff in its audit report on Peace

Corps Overseas Staffing. OIG reported that the agency struggled to maintain a robust pool of qualified applicants and ensure positions were filled in a timely manner. It had difficulty managing hiring and administrative timelines for open positions, maintaining consistency in the interview and hiring process, planning for transfers, and dealing with unexpected vacancies. These challenges were aggravated by the agency’s accelerated rate of overseas staff turnover.

Progress in Addressing the Challenge

In May 2016, the agency proposed legislative reforms to its hiring authorities as part of its efforts to reduce the rate of employee turnover. The agency also took action to address two open recommendations from OIG’s FYR evaluation related to employee performance issues and unwanted, early employee resignations. Based on documentation the agency provided, OIG was able to close three of the five open recommendations from our 2012 evaluation report.

The agency has also taken steps that could provide the Director with additional authority to recruit and retain some employees with special skills needed for critical management functions while preserving the five-year rule for most employees.

What Needs To Be Done

The agency should address the two remaining open recommendations from OIG’s 2012 report on the impacts of the FYR: to identify which functions should be subject to periodic turnover,

and implement a process to manage turnover; and to identify the core business functions and positions that suffer from frequent staff turnover, and determine and implement a process for acquiring and retaining qualified personnel.

In addition, the agency should take action to close the remaining six audit recommendations OIG made in our report on overseas staffing to improve how it hires certain overseas staff.

Key OIG Resources

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

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

Challenge: Training Overseas Staff

Why This Is a Challenge

The Peace Corps relies on its overseas staff to ensure the success of its programs around the world. Overseas staff members have many responsibilities, including identifying assignments where Volunteers can be productive and contribute to host country development needs, managing financial and administrative operations, and ensuring Volunteer health and safety. Even though they work outside of the United States, overseas staff members often have to abide by the rules of the federal government, including those related to ethics, contracting, and whistleblower protection. Ensuring overseas staff members have the skills and information they need for their jobs requires training.

In September 2014, OIG issued a report on the Peace Corps' training of overseas staff, which uncovered a number of challenges. An underlying problem was that the agency did not have a central office to develop, manage, and coordinate overseas staff training. This responsibility was largely decentralized, with different headquarters offices and posts responsible for identifying training needs, developing and delivering training, and tracking training participation. There was no senior official to develop a learning strategy for the entire agency and ensure the Peace Corps had the financial and human resources needed to implement the strategy.

Another significant challenge was that the agency did not have a training coordinator for host country nationals (HCNs), who make up over 90 percent of the Peace Corps' overseas workforce. The agency's primary training and orientation for overseas staff members, called overseas staff training (OST), was not available

to every staff member. As of November 2013, only 18 percent of all overseas staff (and nine percent of HCNs) hired between 2008 and 2013 had attended OST. The agency lacked an alternate mechanism for orienting new overseas staff members. Without a comprehensive, standardized orientation and training program for all overseas staff, each post decided what information would be provided to new staff. This created variability in the quality of staff training, and there was no assurance that new staff was properly trained on important policies and procedures.

OIG also reported that the agency lacked training records and a robust learning management system. As a result, it was challenging for the agency to identify everyone who needed to take certain trainings and track training completion. The Peace Corps could not ensure that employees had received training on mandatory and job-essential topics.

Finally, as OIG reported in the management challenge titled Excessive Personnel Turnover, time-limited staff appointments under the FYR created an accelerated rate of turnover and underscored the need for a comprehensive staff training program to fully prepare new hires to perform their jobs.

Progress in Addressing the Challenge

In October 2015, the agency established an Office of Staff Learning and Development (OSLD) in order to "promote a culture of learning and professional development for Peace Corps staff." The agency has reported taking steps to address the need for a more

consistent learning and development strategy for all domestic and overseas staff. These include a focus on developing new employee onboarding and supervisory training, and defining learning and development needs at specific phases in each employee's tenure. The agency has dedicated a staff person to create a learning strategy for overseas programming, training, and evaluation staff. Further, OSLD has engaged with other offices to support the agency's goal of putting in place a more robust learning management system to deliver and track completion of training to a widely dispersed workforce.

Additionally, the agency has taken steps to address specific staff training recommendations in the 2014 OIG report, including recommendations related to training for travel cards and classified information, and ethics training for staff hired since January 1, 2015. The agency has continued to develop and implement trainings needed to comply with federal laws, such as a training program for sexual assault response liaisons, a sexual assault policy training for all overseas staff, and supervisory training.

What Needs To Be Done

OIG issued 25 recommendations in its 2014 report, and has closed 12 as of October 2016. The agency addressed a number of recommendations to provide specific types of training required by law or agency policy. Most of the recommendations aimed at addressing the systemic issues uncovered during the evaluation remain open and need to be addressed, including: to implement a training needs assessment process; to create a standardized training program for new overseas staff; and to implement an improved learning management system.

The agency should ensure that all overseas staff receives training on the Standards of Ethical

Conduct for Employees of the Executive Branch. Recent OIG investigative activity indicates that not all overseas staff is knowledgeable of their ethical obligations. As part of the training effort, the agency should ensure that overseas staff hired prior to January 2015 have read and understood their ethical obligations. Additionally, documentation of ethics training should be maintained by the agency.

Key OIG Resources

[Program Evaluation: The Peace Corps' Training of Overseas Staff](#)

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

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

Challenge: Acquisitions and Contract Management

Why This Is a Challenge

During FY 2016 the Peace Corps obligated \$175.5 million in contract costs for goods and services, or approximately 42 percent of their total annual budget. This included about \$76 million for domestic contractual costs and \$99.5 million related to overseas operations. The cost of contracts at the Peace Corps represents a significant part of the agency's budget. As a result, agency management must efficiently manage the associated risks commensurate with dollars invested. Managing federal contracting more effectively has continuously appeared on the Government Accountability Office's "High Risk List" since 1990. For the Peace Corps, the timely and cost-effective acquisition of essential goods and services is critical to supporting its Volunteers assigned to remote areas throughout the world, and in accomplishing the agency's mission. To improve its operations and minimize the inherent risks associated with contracts, it is critical that the agency consistently follow laws, regulations, and Peace Corps policies that relate to government procurement.

We included acquisitions and contract management as one of the agency's greatest management and performance challenges last year and in both FYs 2009 and 2010. Specifically, past challenges highlighted insufficient acquisition staff resourcing within the Peace Corps as a significant root cause challenging the agency's ability to effectively manage its contracting workload. Acquisition staff resourcing includes recruiting and retaining a sufficient number of experienced and qualified contracting professionals to manage the workload and efficiently meet the needs of its customers.

Progress in Addressing the Challenge

During FY 2016 the Peace Corps authorized six additional positions to strengthen its acquisition workforce. The agency has filled five of the six positions, of which three are senior-level contracting professionals. Although the acquisition organization experienced some personnel turnover in FY 2016, they recently achieved close to full authorized personnel strength through more effective recruiting, hiring, and retaining of professional staff. The Peace Corps also made good progress in remediating a number of open recommendations contained in two separate OIG reports on agency contracting issued during FYs 2015 and 2016. Management has placed greater emphasis on compliance with applicable laws, regulations, and policies by establishing clearer lines of authority, responsibility, and accountability within the acquisition workforce. Further, the acquisition organization is focusing more on ways to improve customer service by restructuring its communication channels and engaging customers through regular outreach efforts.

Although progress since last year is apparent, the Peace Corps is still in the process of implementing many needed improvements. Several improvements are presently in varied stages of completion, and will require a considerable investment of time and effort. In addition, managing challenges associated with retaining qualified and skilled contracting professionals, and the timely replacement of personnel as vacancies occur, will likely continue to be a significant challenge for the Peace Corps. Personnel turnover within the agency's acquisition workforce is directly linked to a legislatively-mandated five year

term limitation on most agency employees. We identified this as a root cause of the agency's inability to consistently maintain a sufficiently staffed acquisition workforce. OIG reported this negative impact on the Peace Corps' personnel recruitment and retention due to limited term assignments in a 2012 report. This area continues to be a significant challenge and is discussed in more detail in the management and performance challenge titled Excessive Personnel Turnover.

What Needs to Be Done

Peace Corps management needs to ensure they consistently maintain an acquisition workforce that possesses the necessary experience and skill sets capable of effectively managing its contracting workload. To accomplish this, they need to continue improving their programs for recruiting, retaining, and training the agency's contracting professionals. Significant improvements in reducing excessive personnel turnover can be achieved through implementation of recommendations made in our 2012 report on impacts of the five-year rule. The agency also needs to aggressively pursue its efforts in continuing to make improvements in its contracting policy and addressing procedural weaknesses related to governance compliance, acquisition planning, and contract surveillance.

Key OIG Resources

[Final Audit Report: Peace Corps Process for Soliciting, Awarding, and Administering Contracts](#)

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

[Management Advisory Report: Peace Corps' Volunteer Health Care Administration Contract](#)

[Final Audit Report: Peace Corps' Volunteer Healthcare Benefits Administration Contract](#)

Challenge: Volunteer Health and Safety

Why This Is a Challenge

The Peace Corps works to prioritize the safety, security, and physical and emotional health of its Volunteers. However, OIG country program evaluations and audits have identified aspects of the agency's safety and security and Volunteer medical care programs that present management challenges. Based on OIG's work in recent years, these challenges relate to: aspects of the Volunteer health care program, processes for selecting and approving sites for Volunteers, and procedures and documents that prepare the agency to respond to emergencies.

Volunteer Health Care

In 2009, OIG conducted a review of the medical care provided to Volunteers following the death of a Volunteer in Morocco. The review found that the methods used to measure and monitor the quality of Volunteer health care were insufficient. A follow-up review conducted in March 2016 found that the agency had enhanced its oversight of health units and its quality improvement program, taken steps to enforce its clinical escalation policy, and developed a scope of practice policy. However, some aspects of the Volunteer health program still remain a challenge.

The agency has expanded its regional medical officer (RMO) model with the goal of improving Peace Corps medical officer (PCMO) oversight and encouraging mentoring. However, the role of the RMO in PCMO supervision is not well-defined, and RMOs were not consistently consulted for PCMO performance evaluations. Without sufficient authority over PCMOs, the ability of RMOs to contribute to the agency's oversight and quality improvement efforts is limited.

In addition, OIG has found that the agency's chart review process for PCMOs focused too much on chart completeness rather than on the quality of clinical decisions, a measure that would better help PCMOs improve their quality of care.

Finally, the agency has implemented a sentinel event policy to assess unfortunate or unexpected outcomes by conducting root cause analyses to identify causal factors that led to the negative outcomes. However, too many events were considered sentinel to be reviewed effectively, sentinel event committee members often had conflicts of interest with the cases, and root cause analyses were not comprehensive. As a result, the reviews have not resulted in systemic change.

Volunteer Site Selection and Approval

OIG found issues with site development at a number of posts and regions, which could result in Volunteers being inadvertently placed in unsafe living situations. The agency requires that posts maintain site history files with relevant safety and security information, and that post staff review these files when considering Volunteer site placement. However, between 2012 and 2016, OIG found site history files were incomplete, insufficiently organized, or not being used to inform site selection in multiple posts and regions.

OIG also found that several posts did not comply with their self-identified housing criteria, and appropriate staff (including the safety and security manager) was not always sufficiently included in the site development process. Without housing checks and proper site development, the agency may place

Volunteers in houses and sites that impose increased security risks.

OIG has also found that PCMOs were not conducting regular assessments of local medical facilities. The lack of expectations and guidance on how frequently such assessments should be conducted, combined with insufficient oversight by country directors, contributed to this problem. If PCMOs do not assess local facilities and Volunteer sites, they may have incomplete information about medical resources locally available to Volunteers. This may make the agency less equipped to respond to Volunteer medical care needs in an effective manner.

Emergency Preparedness

During emergencies, posts' ability to locate volunteers, maintain detailed emergency plans, and communicate those plans to volunteers is critical. However, more than half the posts evaluated between 2012 and 2015 did not maintain complete and accurate site locator forms. These forms contain contact information and site location details, and are designed to locate volunteers in an emergency. OIG also found that whereabouts reporting policies designed to help staff locate out-of-site volunteers during an emergency were not implemented as intended.

In addition to these risks, OIG post evaluations identified five posts with emergency action plans that were not up to date and accessible to Volunteers. At approximately half of the posts that were evaluated from 2012 to 2015, Volunteers were unaware of their emergency consolidation points. Outdated emergency action plans and a lack of communication to Volunteers about the plans and consolidation points increased the risk that Volunteers would be unable to respond quickly and appropriately in an emergency.

Finally, we have found gaps in emergency preparedness at posts. Medical evacuation ("medevac") plans were often incomplete and missing important information that could be needed in an emergency. Guidance from the agency on medevac plans was unclear, and sometimes outdated or difficult to comply with. A lack of clear oversight responsibility further contributed to the incompleteness of the plans.

Progress in Addressing the Challenge

Volunteer Health Care

The Peace Corps has launched a new electronic medical records system which if appropriately implemented may lead to improved access to and assessment of medical charts. The agency also switched to a weighted review process with an emphasis on the quality of clinical decisions over chart completeness.

Site Selection and Approval

The Peace Corps initiated processes to address elements of this management challenge, including a review of its guidance related to site history file documentation and use during the site approval process. Further, the agency clarified guidance for PCMOs and set clear expectations regarding their assessments of local medical facilities and providers.

Emergency Preparedness

The agency updated its guidance on Volunteer site location management in 2015, replacing site locator forms with site contact forms. Volunteers are required to submit these forms within their first 30 days at site, and staff are expected to collect GPS coordinates of Volunteer housing and sites if feasible during the site development process. OIG has not yet evaluated the implementation and effectiveness of this new policy. Also, the agency recently

clarified guidance to staff and volunteers regarding the whereabouts reporting policy and related procedures.

The Office of Health Services (OHS) provided clear guidance on requirements for medevac plans and on how and when overseas staff should conduct medical emergency preparedness drills.

What Needs to Be Done

Volunteer Health Care

The RMO's role in PCMO oversight and supervision needs clarification. Also, to improve the sentinel review process, OHS should implement a screening process that considers severity and frequency of negative outcomes, provide sufficient and appropriate staffing for sentinel event case reviews, include key components (such as root cause identification) in the analyses, and improve staff understanding of best practices in this area. Reviews need to be conducted in a way that focuses on and addresses systemic issues.

Site Selection and Approval

The agency needs to develop stronger oversight mechanisms and clearer guidance and procedures for overseas staff responsible for site history files. It should also consider designing and implementing a system to help overseas staff manage this information electronically.

Proper housing checks and involvement of appropriate staff during the site selection process is necessary to increase Volunteer safety. Posts need to conduct housing checks in a way that is consistent with the specified housing criteria. Safety and security managers also need to be involved in site selection to ensure that housing and surroundings meet safety and security standards.

Emergency Preparedness

OIG has not yet evaluated through its country program evaluations the implementation and effectiveness of the agency's new policy on Volunteer site location management.

Key OIG Resources:

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

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

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