Peace Corps

AGENCY FINANCIAL REPORT

FISCAL YEAR 2022

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AGENCY FINANCIAL REPORT
Fiscal Year 2022

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This report is available at peacecorps.gov/about/open-government/reports/budget-and-performance/
Send comments or questions to peacecorps.gov/contact/ or to the mailing address above.

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ABOUT THIS REPORT

The Peace Corps Agency Financial Report (AFR) for fiscal year (FY) 2022 provides financial results and performance highlights for the reporting period between October 1, 2021 and September 30, 2022. This report demonstrates to the President, Congress, and the American public how fiscal funds entrusted to the Peace Corps have been used to achieve the agency's mission of promoting world peace and friendship through community-based development and intercultural understanding.

The Peace Corps' FY 2022 AFR is one of the reports required from federal agencies. It was prepared in accordance with Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements. The FY 2022 Annual Performance Report, the FY 2024 Annual Performance Plan (to be published with the FY 2024 Congressional Budget Justification in February 2023), and the FY 2022 AFR are made public and available online at peacecorps.gov (peacecorps.gov/about/open-government/budget-and-performance).

HOW THIS REPORT IS ORGANIZED

The FY 2022 AFR presents the agency's performance highlights and accomplishments, fiscal accountability, and operational achievements and challenges for FY 2022. It begins with a message from the Peace Corps Chief Executive Officer, Carol Spahn, followed by three sections and appendices:

Management's Discussion and Analysis
This section provides an overview of financial balances, summary-level performance information, and management assurances on internal controls. It showcases how the Peace Corps worked toward accomplishing its mission in FY 2022 and its impact on the agency's overall financial condition and results.

Financial Section
This section includes the audited financial statements and accompanying footnotes as of September 30, 2022 and the independent auditor's report on the Peace Corps financial statements.

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

Appendices
This section provides additional information including a report on audit follow-up activity and a glossary of abbreviations used in this report.

AGA Certification of Excellence

The Peace Corps was awarded the Association of Government Accountants' Certificate of Excellence in Accountability and Reporting (CEAR) for 14 consecutive years. The CEAR is the highest form of recognition for Federal government management reports, and the award demonstrates the agency's commitment to transparent management reporting. The Peace Corps is pleased to resume participation in the CEAR program for FY 2022. The FY 2021 Peace Corps Agency Financial Report can be viewed at peacecorps.gov.

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A MESSAGE FROM THE CHIEF EXECUTIVE OFFICER OF THE PEACE CORPS

On behalf of our dedicated staff worldwide, I am pleased to present the Agency Financial Report for FY 2022. This report shares the agency's financial information, enabling the President, Congress, and the public to evaluate the fiscal responsibility and performance of the Peace Corps.

The Peace Corps was established in 1961 by then-President John F. Kennedy. At the invitation of host governments, more than 241,000 Peace Corps Volunteers have collaborated with community members in 143 countries on locally - prioritized projects. Through our dedication to friendship and global cooperation, the mission and goals of the agency have remained unchanged for 61 years and the demand for the Peace Corps continues to be high.

The agency has intentionally evolved to include new dynamic programming and multiple pathways to service, facilitating more inclusive and equitable opportunities to engage. This year marked the historic return of Volunteers to service in 36 countries overseas; the expansion of service model offerings; significant progress toward implementing an ambitious FY 2022-2026 Strategic Plan; and the modernization of agency support systems. The Peace Corps also contributed to mitigation, response, and recovery efforts following COVID-19, the war in Ukraine, and the ensuing shocks to health, education, economic stability, and food security in countries around the world.

Given these compounding crises, America's commitment to service beyond our borders is essential. I frequently hear from U.S. Ambassadors that the Peace Corps is one of the most cost-effective models of people-to-people diplomacy, and that it pays dividends for decades, both here in the United States and abroad. Many foreign diplomats, leaders, and community members who have been personally impacted by Peace Corps Volunteers have echoed this sentiment.

Working alongside community members, Peace Corps Volunteers foster lifelong relationships as they partner toward sustainable impact in the areas of agriculture, education, environment, health, community economic development, and youth in development. Together with counterparts and partners, they become and inspire the next generation of global leaders while carrying out the Peace Corps' mission of promoting world peace and friendship and three goals of the agency:

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

Annual Updates, Highlights, and Areas of Focus

Returning Volunteers to Service: In March of 2022, the Peace Corps began returning Volunteers to service overseas following the historic global evacuation due to the COVID-19 pandemic in March of 2020. At the end of FY 2022, Volunteers were serving in 36 countries with new protocols to support the health of both Volunteers and the communities where they serve. The return of Volunteers to service continues to be a top priority for the agency in FY 2023, focusing first on returning Volunteers to the countries from which they were evacuated in March 2020 and deploying the first-ever group of Volunteers to Viet Nam, as well as reestablishing a Volunteer presence in Kenya. The agency also continues to explore new country agreements with multiple governments that have requested Peace Corps support. In FY 2023, Volunteers of all sectors will contribute to recovery efforts in programmatic areas that were significantly disrupted during the pandemic as well as contribute to host country efforts to combat climate change and its impacts.

Expanding Modalities of Service: In FY 2022, the Peace Corps continued its Virtual Service Pilot (VSP), connecting overseas partners with Virtual Service Pilot Participants (VSPPs) who donate five to 15 hours per week to accomplish specific project goals as identified by host partners. To date, more than 445 VSPPs, all of whom are also returned Peace Corps Volunteers (RPCVs), have engaged in the Pilot, collaborating with partners in 44 countries and demonstrating how technology and partnerships can help transcend boundaries to advance the Peace Corps' mission. Through VSP, the Peace Corps has expanded service opportunities to returned Volunteers of all ages and backgrounds, with Volunteers who previously served in every prior decade of Peace Corps. This service model has also enabled connection and support to communities where in-person Volunteer placement is not possible due to health, safety, or logistical concerns. For example, virtual assignments are available supporting communities in active warzones like Ukraine and hard to reach areas in places like Paraguay.

In FY 2023, the Peace Corps will continue to explore opportunities to expand, formalize, and offer virtual and other adaptive models to expand opportunity and impact. Related to this work is the agency's continued support of the establishment and expansion of national volunteer service programs in the countries where Volunteers are invited to serve. These efforts will continue in FY 2023 as Volunteers and staff engage youth and other emerging leaders to contribute to sustainable development in their own countries.

Implementing the Peace Corps' Vision: In FY 2022, the agency began implementation of its ambitious FY 2022-2026 Strategic Plan. This plan has three concise but powerful Strategic Objectives (Reimagine Service, Advance Equity, and Deliver Quality) that not only build on the Peace Corps' strong foundation and proven people-centered approach to development, but also work to modernize the agency for a future in which it can adapt seamlessly to shifting dynamics and development needs. Substantial work was done to advance the objectives and the 22 Performance Goals of the plan in FY 2022, and these efforts will continue in FY 2023. Embraced by staff worldwide, the FY 2022-2026 Strategic Plan is the agency's roadmap for the next three years. Already, it has made a positive impact, including by improving performance monitoring, guiding strategic investment decisions, and solidifying the agency's commitment to intercultural competence, diversity, equity, inclusion, and accessibility (ICDEIA).

Investing in Systems and Services: To continually improve the Peace Corps' operations and Volunteer support systems, the agency made several strategic investments in FY 2022. These investments included information technology enhancements aimed to bolster the agency's cybersecurity and to facilitate an effective and collaborative hybrid work environment for staff. In addition, investments were made to strengthen the agency's support systems for Volunteer health, safety, and wellbeing, and to enhance the resources available to Volunteers, including mental health services.

Exhibiting Financial Stewardship: The Peace Corps remains dedicated to prudent financial management, maintaining data integrity, and ensuring reliability of financial reports. For the 16th consecutive year, the external auditors issued an unmodified (clean) audit opinion on our FY 2022 financial statements. We are proud of our accomplishments in the area of financial management and reporting, however, challenges remain. The audit identified one material weakness, one significant deficiency, and one instance of nonconformance with laws and regulations. We concur with these findings and we are committed to addressing them with corrective actions in FY 2023. The material weakness concerns the need for improved internal controls in the area of fixed assets and property, plant, and equipment (PP&E) reporting. The agency takes this finding seriously, and has already begun to address it. Throughout FY 2023, the Office of the Chief Financial Officer (OCFO), the Office of the Chief Information Officer (OCIO) and the Office of Management will coordinate to improve tracking, reconciliation, and timely reporting of the acquisition and disposal of fixed assets. With the exception of the audit findings, the assessment of internal controls and financial management systems meets the Federal Managers' Financial Integrity Act objectives as reflected in the Management Assurances. The Peace Corps is committed to accountability and transparency in all facets of agency operations, and believes the performance and financial data in this report is reliable and complete.

Improving Management and Performance: The agency has worked extensively with the Office of Inspector General (OIG) to address recommendations to improve the agency via audits, evaluations, and management advisory reports. This progress is evidenced by the closure of 279 OIG recommendations since the global evacuation in March 2020. In addition to its commitment to compliance, the agency has rolled out new, proactive guidance and standards to enhance safety, security, and accountability. For example, the agency developed a roadmap to intentionally improve its Sexual Assault Prevention and Response (SAPR (formerly Sexual Assault Risk Reduction and Response, or SARRR)) program through bolstered systems, policies, procedures, and trainings. In FY 2022, the agency formalized plans to broaden its approach to include sexual assault prevention programming and has made substantial progress to meet the benchmarks it set for itself. This emphasis on compliance, quality assurance, and proactive improvements will continue in FY 2023.

As we complete the first year of our FY 2022-2026 Strategic Plan implementation with the $410.5 million in appropriated funding from Congress for FY 2022, the agency continues to increase the efficiency and effectiveness of operations in support of the President's Management Agenda. I am grateful for the opportunity to lead this work in collaboration with my agency colleagues, our valued network of Volunteers, community members, partners, and the American people as we navigate the great needs and opportunities of today, reimagine service, advance equity, and deliver quality.

Carol Spahn
Chief Executive Officer

Carol Spahn
Chief Executive Officer
November 14, 2022

Management's Discussion and Analysis

Returned Volunteer Betsy Holtz (right) training Nkhotakota Wildlife Reserve Rangers in radio-tracking for Elephant Radio-tracking Project within Nkhotakota Wildlife Reserve.


MALAWI
PARKS AND WILDLIFE

MISSION AND OVERVIEW OF THE PEACE CORPS

Initially established by President John F. Kennedy by executive order on March 1, 1961, the Peace Corps was formally authorized by Congress on September 22, 1961, with the passage of the Peace Corps Act. The Peace Corps' mission is to promote world peace and friendship.

Our vision is to be a dynamic, forward-leaning champion for international service; defined by our energy, innovation, and development impact.

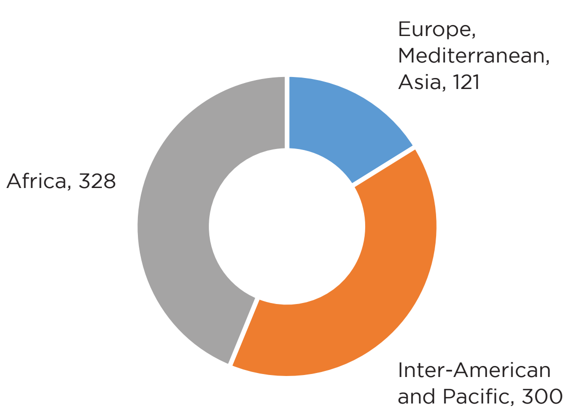
More information about the Peace Corps and its history, global initiatives, and how strategic partnerships strengthen our global impact can be found at peacecorps.gov.

ABOUT THE PEACE CORPS

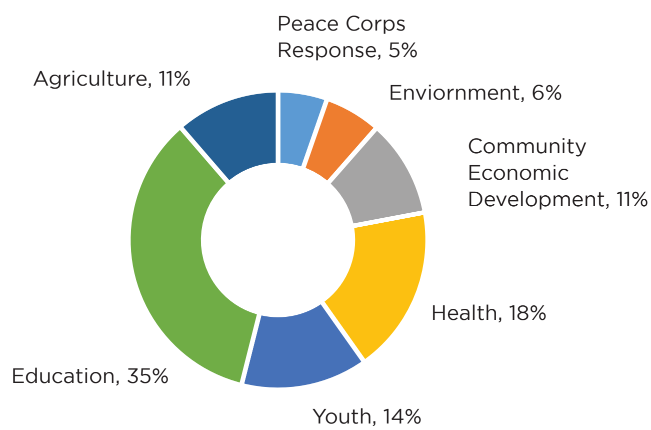
The Peace Corps is a service opportunity for motivated change makers to immerse themselves in grassroots development and work alongside community members to tackle the most pressing challenges of our generation.

Officially Established:	March 1, 1961
Americans Who Have Served:	More than 241,000*
Host Countries Served to Date:	143
Active Countries in FY 2022:	65
Chief Executive Officer:	Carol Spahn (RPCV Romania, 1994 – 1996)
Budget:	$410.5 Million
Contact:	Toll-Free 855-855-1961
Website:	peacecorps.gov

Volunteers by Region



FY22 Volunteers by Sector



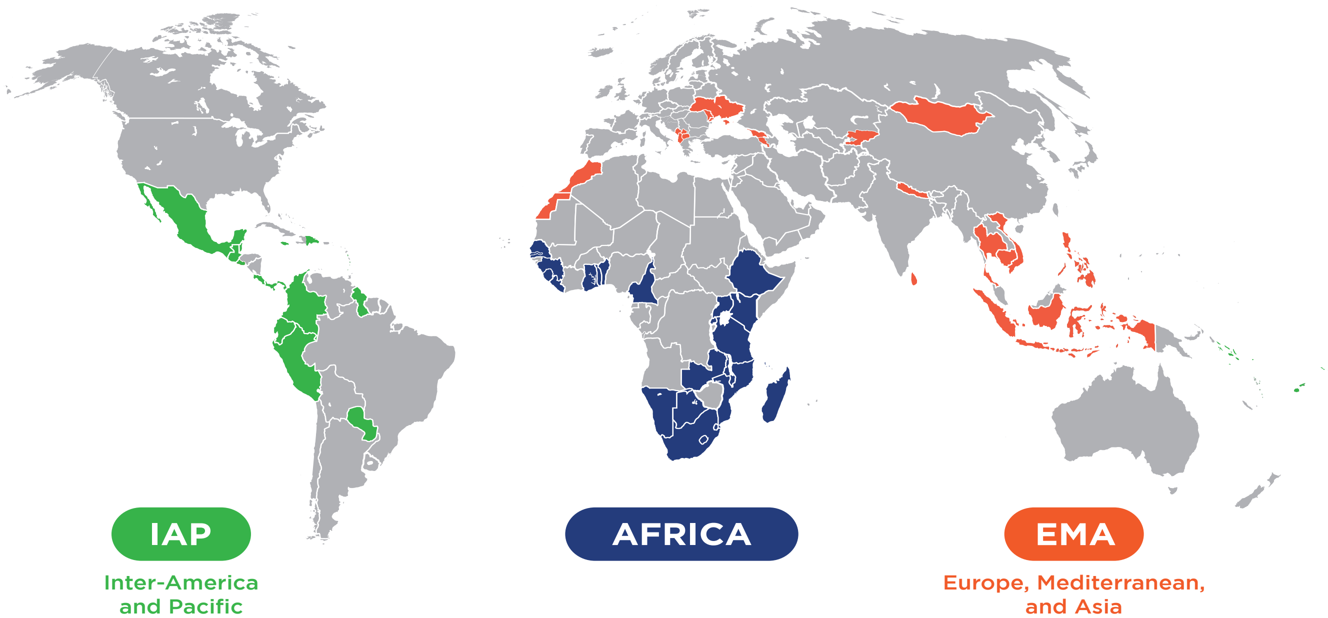
[1]*A person who served in two posts is counted in both posts. The number is rounded to the nearest thousand.*

[2]*Peace Corps began returning Volunteers to service in March 2022.*

PEACE CORPS COUNTRIES IN FISCAL YEAR 2022

Peace Corps remains active and maintains collaborations with host country partners and local leaders in countries served by our Volunteers.[3]

PEACE CORPS COUNTRIES



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

Jamaica*

Central and South America
Belize
Colombia*
Costa Rica*
Ecuador*
El Salvador
Guatemala*
Guyana*
Mexico*
Panama*
Paraguay*
Peru*

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

North Africa and the Middle East
Morocco*

Eastern Europe and Central Asia
Albania/Montenegro:
- Albania*
- Montenegro*

Armenia*
Georgia*
Kosovo*
Kyrgyz Republic*
Moldova*
North Macedonia*
Ukraine*

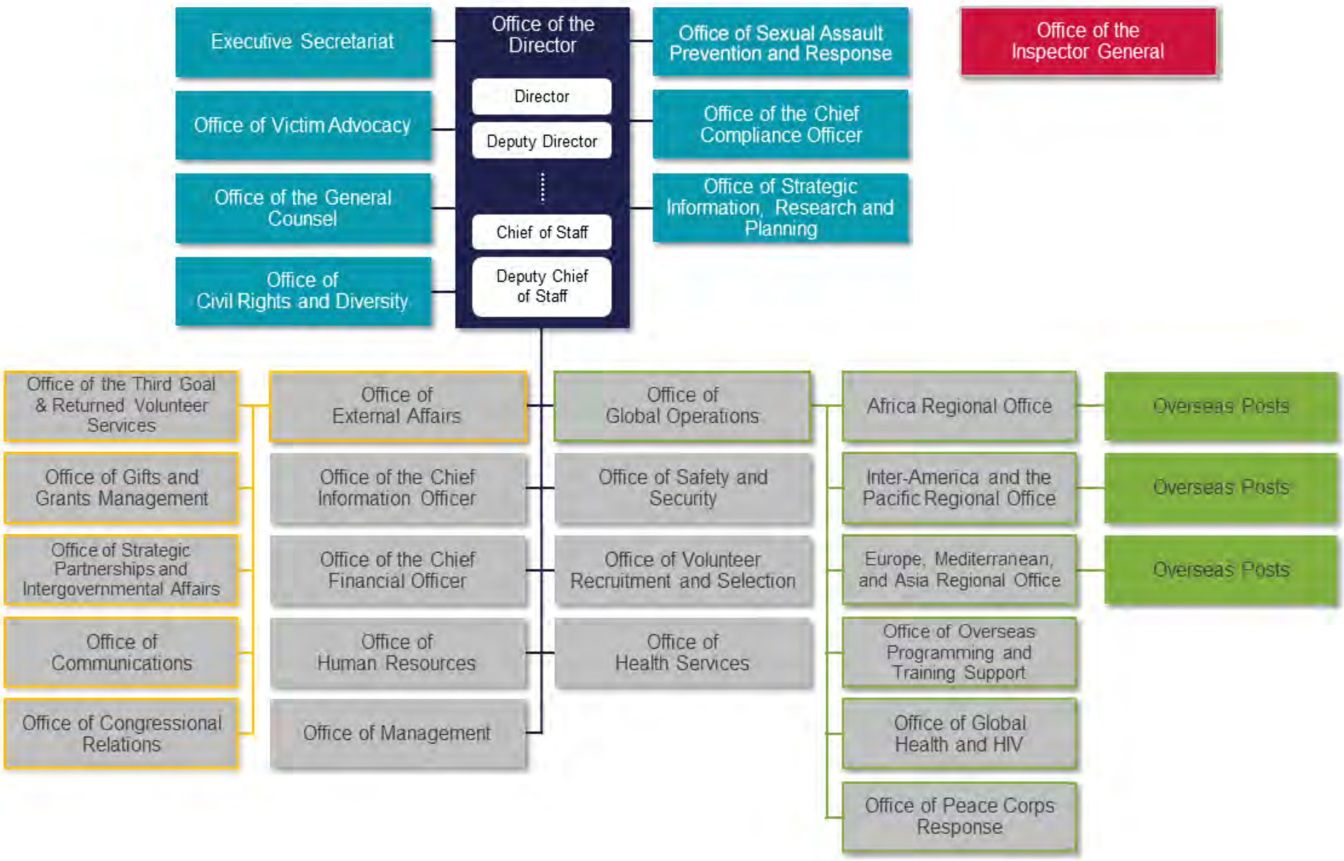
Asia
Cambodia
Indonesia*
Mongolia
Nepal*
Philippines*
Sri Lanka*
Thailand*
Timor-Leste*
Viet Nam

Pacific Islands
Fiji
Samoa
Solomon Islands
Tonga
Vanuatu

Following the global evacuation in March 2020, the Peace Corps is in the process of resuming, or commencing new, Volunteer operations and Virtual Service Pilot opportunities in 65 countries managed by 61 Peace Corps posts.

* Indicates a Peace Corps country that has participated in the Virtual Service Pilot.

OUR ORGANIZATION



The Peace Corps headquarters is in Washington, D.C. with regional recruiting offices in Chicago, New York City, and Oakland. The Peace Corps is comprised of domestic offices and overseas posts. In FY 2022, the Peace Corps maintained active programs in 65 countries administered by 61 overseas posts. Each post is led by a country director and supported by programming, training, safety and security, medical, financial, and administrative staff. Overseas posts are organized into three geographic regions: Africa (AF); Europe, Mediterranean, and Asia (EMA); and Inter-America and the Pacific (IAP). The Peace Corps' greatest asset is its vibrant workforce, comprised of over 940 U.S. Direct-Hire (USDH) staff and approximately 2,500 host country staff (including short-term language and cross-cultural training staff).

WORK OF THE VOLUNTEERS

The Peace Corps is an international network of Peace Corps Volunteers, community members, host country partners, and staff who work at the grassroots level to advance the mission and the three core goals of the agency. At the invitation of governments around the world, community members and Peace Corps Volunteers collaborate on locally-defined priorities and, together, achieve measurable impact within these six programmatic sectors:

Agriculture—Volunteers work with small-scale farmers and families to increase food security and production and adapt to climate change while promoting environmental conservation. They introduce farmers to techniques that prevent soil erosion, reduce the use of harmful pesticides, and replenish the soil. They work alongside farmers on integrated projects that often combine vegetable gardening, livestock management, agroforestry, and nutrition education.

Community Economic Development—Volunteers work with development banks, nongovernmental organizations, and municipalities to encourage economic opportunities in communities. They frequently teach in classroom settings and work with entrepreneurs and business owners to develop and market their products. Some Volunteers also teach basic computer skills and help communities take advantage of technologies that connect them to the global marketplace.

Education—Education is the Peace Corps' largest program area. Volunteers play an important role in creating links among schools, parents, and communities. They may work in elementary, secondary, or post-secondary schools where they teach subjects like math, science, or conversational English; or, they may work in schools as resource teachers or teacher trainers. Volunteers also develop libraries and technology resource centers.

Environment—Volunteers lead grassroots efforts to protect the environment and strengthen understanding of environmental issues. They teach environmental awareness in schools and to local organizations, empowering communities to make their own decisions about how to conserve the local environment. Volunteers also address environmental degradation by promoting sustainable use of natural resources.

Health—Volunteers work within their communities to promote important topics such as nutrition, maternal and child health, basic hygiene, and water sanitation. Volunteers also work in HIV/AIDS education and prevention programs, where they train youth as peer educators, provide support to children orphaned by the disease, and create programs that provide emotional and financial support to families and communities affected by the HIV/AIDS epidemic.

Youth in Development—Volunteers work with youth in communities to promote engagement and active citizenship, including gender awareness, employability, health and HIV/AIDS education, environmental awareness, sports and fitness programs, and information technology.

Peace Corps Response was founded as Crisis Corps in 1996 to place experienced professionals into 3-12 month, highly specialized Volunteer assignments. Response Volunteers are either returned Volunteers, individuals with significant technical and professional experience, or both. Response Volunteers serve in some of the same sectors as Peace Corps Volunteers but build local capacity alongside host country institutions or organizations through shorter-term assignments.

For this retired couple, serving in the Dominican Republic is a dream come true

Katheryn Peck and Kent Rice both served with the Peace Corps in the 1980s in different places. He served in St. Kitts, and she went to Honduras. At the time, the recent college graduates did not know each other, but a few years later—in 1989—they met in Iowa City, Iowa.

The Peace Corps was something they had in common. They bonded over their stories of service and talked about serving again someday. They married in 1994 and in 1997, Kent and Katheryn decided they wanted to embark on another service journey, this time together.

At the time, they were in their 40's and they knew they wanted to retire when they were 60, so they could serve again. That decision set the wheels in motion. Kent and Katheryn began saving and preparing for future service. It took years of planning and working with a financial advisor to reach their goal, but it's a dream that's come true – twice.

Returned Volunteers Katheryn Peck and Kent Rice

Katheryn and Kent served together in Paraguay from 2017-2019. Today, they're serving together once again in the Dominican Republic.

PERFORMANCE HIGHLIGHTS

The Peace Corps Act (1961) articulates three core goals that contribute to the Peace Corps' mission of world peace and friendship:

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

These three core goals in the Peace Corps' legislation continue to serve as the foundation for the Peace Corps' approach to development and the three strategic goals that guide the FY 2022-2026 Strategic Plan: Strengthen Local Capacity, Share America with the World, and Bring the World Back Home.

Over the past year, under the FY 2022-2026 Strategic Plan, the agency began returning Volunteers to service after the global evacuation in new and strengthened ways. The Peace Corps engaged in locally-prioritized projects via virtual service, began expanding support for the development of local and national volunteer service programs, and designed a new service model to pilot and work alongside these programs. The agency also began redoubling efforts to incorporate intercultural competence, diversity, equity, inclusion, and accessibility (ICDEIA) into its operations and to recruit and support a diverse cohort of Volunteers and staff who represent the breadth and depth of America to the world. The Peace Corps also committed to delivering quality by consistently executing health, safety, and service commitments, and by evaluating and investing in the agency's systems and processes to strengthen its foundation for Volunteers returning to service in a new era. Tracking and performance efforts are led by the Office of Strategic Information, Research and Planning.

For a more detailed discussion of agency performance measurement and reporting processes for FY 2022, please visit the Open Government page on the Peace Corps website. The agency will publish its FY 2022 Annual Performance Report concurrent with the FY 2024 President's Budget in February 2023.

FORWARD-LOOKING INFORMATION

As the Peace Corps returns Volunteers to service at posts across all regions, the agency will be confronting increasing costs due to global inflationary pressures. Medical, Volunteer housing, fuel, transportation, and food costs have increased globally. Additionally, the cost of shipping medical supplies and household effects has gone up significantly from pre-COVID-19 levels. In the immediate term, the agency will have to absorb these costs within existing resource levels.

The agency is planning to return Volunteer operations to the levels that were in place prior to the COVID-19 pandemic. However, the pace of returning to normal operations is dependent on host country medical environments and the reliability of international travel. This has slowed the re-entry process. Additionally, some requirements for successful Volunteer service have changed from pre-COVID-19 service. To improve communication with their host country counterparts and to report on overall service impact, Volunteer assignments would be greatly enhanced with the addition of tablets, smartphones, or other technical equipment.

In order to promote successful placement of Volunteers, overseas posts have spent significantly more time and resources on identifying and enhancing prospective Volunteer service sites. This requires working with host country communities on placement strategies and determining the appropriate placement of Volunteers. While this cautious approach is justified in the current reentry environment, it has placed additional burdens on host country staff and operational budgets at post.

The ability to reach qualified individuals who apply for service is a core component of successful service and overseas programs. This process has been disrupted during the COVID-19 pandemic due to a variety of factors. The agency is in the process of greatly increasing promotional activities, advertising, and overall brand awareness to increase the number of applicants for Peace Corps service. Rebuilding a pipeline of qualified applicants will require a dedicated and sustained effort.

In order to better meet these and other challenges, the agency has implemented an Enterprise Risk Management (ERM) program to assist in assessing and mitigating risks to agency objectives. The Peace Corps' ERM solution employs a comprehensive review of all agency operations, linking day-to-day activities to specific agency goals. This "ground up" approach is providing agency leadership with a global view of Peace Corps activities and allows for a more comprehensive understanding of risks as related to our global operations and headquarters support functions. As the ERM program matures, information gained will be incorporated into agency-wide governance bodies, allowing the agency to better apply resources to main priorities, reduce risks, and promote the successful service of our Volunteers in our host countries.

The right fit at the right time

"Becoming a Peace Corps Volunteer is an opportunity I never could have imagined at this point in my professional and personal life, but the timing is actually just right. My children are adults. I am well-established in my career, and I have a breadth of knowledge, experience, and a unique skillset that I did not have to offer when I first considered the Peace Corps in my 20s. Serving in the Peace Corps is a calling that has been lingering on my bucket list since I turned 25. Now, several decades later, I am fulfilling that dream as a Peace Corps Response Volunteer on a one-year assignment in the Andean region of Colombia.

Colombia has been called one of the "happiest" countries in South America, and it certainly is one of the most welcoming. People greet each other and each day brings a new invitation for "tinto," a shot of black coffee, with or without sugar, that is enjoyed several times and at all hours of the day. Colombians take their coffee seriously. It is part of the culture. Lifelong friendships, business partnerships, and sometimes true love have been initiated over a cup of strong Colombian coffee. As an avid coffee connoisseur, I never turn down an invitation. A cup of coffee with a new acquaintance is an opportunity to learn something new about the culture, social customs, and language of Colombia. The regional word *sumerce* crept into my vocabulary over a cup of coffee with a new colleague. Sumerce is a word that conveys friendship and respect in the Andean region. As a visiting teacher at public secondary schools, I hear this endearing term from students and colleagues as I share my ideas and experience as a language teacher.

Daily interaction with teachers and students is what I love most about my job as an English education specialist. My primary role is supporting teachers by introducing effective communication methods and strategies for Teaching English as a Foreign Language (TEFL). Collaborating with teachers and visiting classrooms in my community is one of the most rewarding aspects of my work. Keeping students engaged and interested in learning English is the goal! With that in mind, I sponsor English conversation clubs for high school students and adults in my community. I have also started a cross-cultural pen pal project between students in Colombia and students from my hometown in Florida.

The project that will have the most potential to influence English language learners in Colombia long after my assignment is completed is a national website and radio program produced by Colombia's Ministry of Education. I never imagined my experience in the Peace Corps would provide a path for me to revisit my former career in radio. As a former radio reporter (long before the invention of the podcast), I love the potential for great storytelling through audio. The absence of video allows listeners to create their own mental images as a story unfolds. English for Colombia (ECO) Radio produces podcast-style radio programs, which they broadcast on more than 150 stations throughout Colombia. The programs promote English language learning to primary and secondary students.

Collaborating on the third season of ECO Radio, I earned my first online screen credit as a language coach working with young professional actors in the recording of ECO Kids and ECO Teens radio programs. In addition to coaching English pronunciation during studio recording sessions, I assisted with script revisions, editing, and proofreading instructional materials that accompany 12 new episodes, each with its own unique story set in Colombia.

Storytelling provides a natural path to conversational fluency and language acquisition for children and adults. As a language teacher and professional development trainer, I have been promoting the benefits of language learning through comprehensible input and storytelling for many years. I am introducing this strategy to English professors at Colombia's national training service (SENA). Students enrolled in SENA vocational training are learning English as they prepare for careers in culinary arts, agriculture, tourism, and business.

Through my work as a Peace Corps Response Volunteer, I am learning to appreciate and adapt to whatever challenges the day brings. From running out of gas in a taxi on a mountain top to explaining the second amendment in my second language, life in the Peace Corps is demanding but never routine. Each day is another chapter, another adventure, in my story of personal and professional growth."

Sharon Torkelson, Peace Corps Response Volunteer, Colombia

Sharon Torkelson (left) celebrating the Fourth of July with Colombian friends.

FINANCIAL SUMMARY

The Office of the Chief Financial Officer (OCFO) spearheads the financial management functions and oversight of domestic offices and overseas posts and provides the tools and resources necessary to achieve the agency's mission in a fiscally sound and compliant manner. The office is comprised of multiple units responsible for budgeting, procurement, payments and receipts, accounting and reporting, financial policy, and financial systems.

Sound financial management is integral to executing the Peace Corps' mission of world peace and friendship. The following pages provide a summary and overview of the Peace Corps' financial position and highlight some of the significant financial achievements carried out during FY 2022.

- **Audited Financial Statements.** For the 16th consecutive year, the Peace Corps received an unmodified "clean" audit opinion on its financial statements. This achievement underscores our commitment to sound financial reporting and ensuring data integrity in all aspects of our financial cycle.

- **CARES Act.** The agency received $88 million in supplemental funding as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act in FY 2020. CARES Act funding expired at the end of FY 2022 and the agency spent the remaining funds on activities supporting the global return to service of Volunteers.

- **G-Invoicing.** The Peace Corps successfully implemented G-Invoicing by the October 1, 2022 deadline. G-Invoicing is a federally mandated system to manage intragovernmental buy/sell transactions administered by the Department of the Treasury.

- **W-2 Form Electronic distribution for Volunteers.** The Peace Corps successfully integrated its financial system with OPM's Employee Express, the electronic W-2 service provider. W-2 forms will now be distributed to Volunteers electronically. This distribution change resulted in a decrease of personally identifiable information (PII) risks.

OVERVIEW OF FINANCIAL POSITION

The Peace Corps' audited financial statements are submitted to the Congress and the Director of OMB in compliance with the Accountability of Tax Dollars Act of 2002 (ATDA). The Peace Corps' unmodified, "clean" audit opinion on these financial statements and corresponding Independent Auditor's Report are disclosed in the Financial Section. Internal controls, alongside risk management, remains an ongoing focus for the agency for identifying, assessing, and controlling risks that may impact financial management as we execute Peace Corps mission and goals.

The agency's financial results are presented in principal statements: Balance Sheets, Statements of Net Cost, Statements of Changes in Net Cost, Statements of Changes in Net Position, and Combined Statements of Budgetary Resources. Agency management is accountable for the integrity of the financial statements, which were prepared using the Peace Corps' books and records in accordance with the standards prescribed for federal agencies by the Federal Accounting Standards Advisory Board (FASAB).

ANALYSIS OF FINANCIAL POSITION

Condensed Balance Sheets	FY 2022 (In Thousands)	FY 2021 (In Thousands)	Variance (In Thousands)	Variance (In Percentage)
Fund Balance with Treasury	$ 259,517	$ 279,510	$ (19,993)	-7%
Accounts Receivable	1,168	4,687	(3,519)	-75%
General Property, Plant, and Equipment	42,190	44,299	(2,109)	-5%
Other Assets	9,263	6,388	2,875	45%
TOTAL ASSETS	**$ 312,138**	**$ 334,884**	**$ (22,746)**	**-7%**
Accounts Payable	$ $8,666	$ $4,572	$ 4,094	90%
Federal Employee and Veterans Benefits	156,111	174,870	(18,759)	-11%
FSN and PSC Severance Liability	41,232	39,221	2,011	5%
Non-Entity Funds	1,676	1,125	551	49%
Other Liabilities	17,470	16,187	1,283	8%
TOTAL LIABILITIES	**$ 225,155**	**$ 235,975**	**$ (10,820)**	**-5%**
TOTAL NET POSITION	**$ 86,983**	**$ 98,909**	**$ (11,926)**	**-12%**
TOTAL LIABILITIES AND NET POSITION	**$ 312,138**	**$ 334,884**	**$ (22,746)**	**-7%**
Net Cost of Operations				
Gross Costs	$ 372,056	$ 362,067	$ 9,989	3%
Less: Earned Revenue	(3,334)	(5,894)	2,560	-43%
NET COST OF OPERATIONS	**$ 368,722**	**$ 356,173**	**$ 12,549**	**4%**
Sources and Status of Budgetary Resources				
Unobligated Balance Brought Forward	$ 158,084	$ 127,918	$ 30,166	24%
Appropriations	410,500	410,500	-	0%
Rescission	(70,000)	(30,000)	(40,000)	-100%
Donations Received	223	869	(646)	-74%
Funding for Severance Liability	4,482	8,983	(4,501)	-50%
Spending Authority from Offsetting Collections	4,853	2,470	2,383	96%
TOTAL BUDGETARY RESOURCES	**$ 508,142**	**$ 520,740**	**$ (12,598)**	**-2%**
Obligations Incurred	$ 438,364	$ 388,686	$ 49,678	13%
Unobligated Balance, Unexpired and Expired	69,778	132,054	(62,276)	-47%
STATUS OF BUDGETARY RESOURCES	**$ 508,142**	**$ 520,740**	**$ (12,598)**	**-2%**

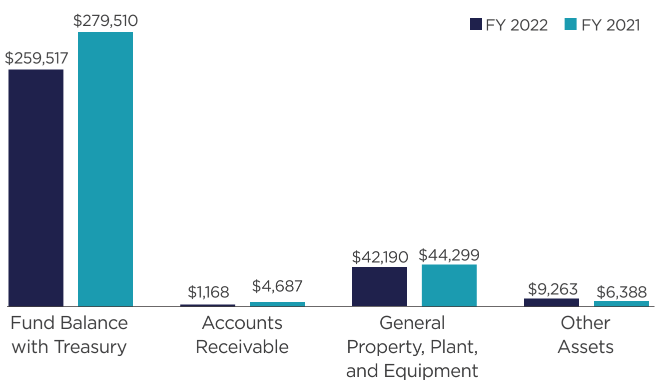
BALANCE SHEETS

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

Assets: What We Own and Manage

Assets are the amount of current and future economic benefits owned or managed by the Peace Corps and used to achieve its mission. Total Assets increased by 7 percent to $312.1 million at the end of September 30, 2022, compared to $334.9 million in September 30, 2021.

Comparative Assets (In Thousands)



- *Fund Balance with Treasury (FBwT)* represents monies held within the Treasury as agency resources available to pay liabilities and future expenditures. It is the largest asset of the agency, accounting for over 83 percent of the overall asset value. As of September 30, 2022, FBwT was at $279.5 million or 7 percent less than previous fiscal year's balance of $249.6 million. Due to the return of Volunteers to service, the Peace Corps had an overall increase in spending for Volunteer and program expenses during FY 2022.

- *Accounts Receivable* decreased by over 75 percent from the September 30, 2021 balance of $4.7 million to $1.2 million in September 30, 2022. In March 2021 the Peace Corps partnered with FEMA to combat the COVID-19 pandemic. The Peace Corps deployed RPCVs as domestic Volunteers to aid COVID-19 response to FEMA–supported Community Vaccination Centers. The variance of $3.62 million is comprised of the interagency receivables due from FEMA in FY 2021 as part of this partnership agreement. This program ended in FY 2021, therefore the Peace Corps had no such receivables in FY 2022.

- *General Property, Plant, and Equipment (PP&E)* accounts for 1 percent of agency assets in FY 2022. PP&E is comprised of tangible assets like Information Technology (IT) hardware, internal-use software, leasehold improvements for the Peace Corps headquarters and overseas posts, and vehicles owned by the agency. PP&E decreased by $2.1 million or 5 percent from $44.3 million in FY 2021 to $42.2 million in FY 2022 due to the depreciation of capital assets and sale of vehicles at overseas posts.

- *Other Assets* include balances covering prepayments for rent, IT maintenance costs, and travel advances.

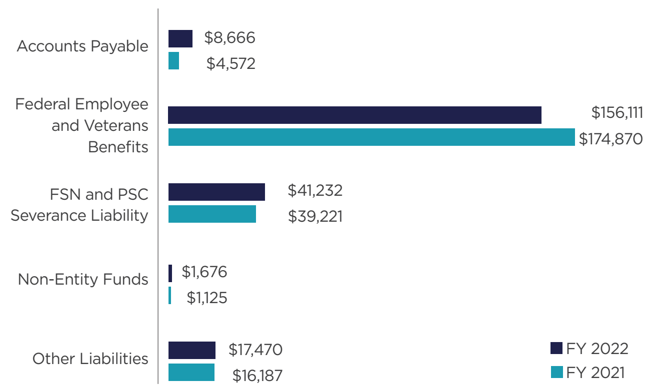
Liabilities: What We Owe

Liabilities are amounts owed by the Peace Corps for goods and services provided but not yet paid—specifically, monies owed to the public and other federal agencies. Total Liabilities over two years decreased by 7 percent or $10.8 million, from $236 million in FY 2021 down to $225 million in FY 2022.

- *Accounts Payable* increased by $4.1 million or 90 percent from FY 2021 to FY 2022. This increase is due to higher rate of payables in FY 2022.

- *Federal Employee and Veterans Benefits* decreased by $18.8 million or 11 percent from $174.9 million in FY 2021 to $156.1 million in FY 2022. Included in this balance is the Federal

Comparative Liabilities (In Thousands)



Employees' Compensation Act (FECA) actuarial liability which is calculated by the Department of Labor (DOL). DOL reported the agency's liability to be $16 million less from FY 2021.

- *Non-entity funds* represent future liability for readjustment allowances earned by Volunteers during their service with the Peace Corps. Non-entity funds also represents funds that the agency received for the sale of its assets or proceeds from sales. As of September 30, 2022, non-entity funds increased by over 49 percent or $551 thousand, from $1.1 million in FY 2021 to $1.7 million in FY 2022. Due to the re-entry of Volunteers, the agency resumed accumulation of readjustment allowances for Volunteers to receive when they return from service.

Net Position: What We Have Done Over Time

Net position is comprised of Unexpended Appropriations and Cumulative Results of Operations. The Peace Corps' Net Position decreased by $11.9 million or 12 percent, from $98.9 million in FY 2021 to $87 million in FY 2022.

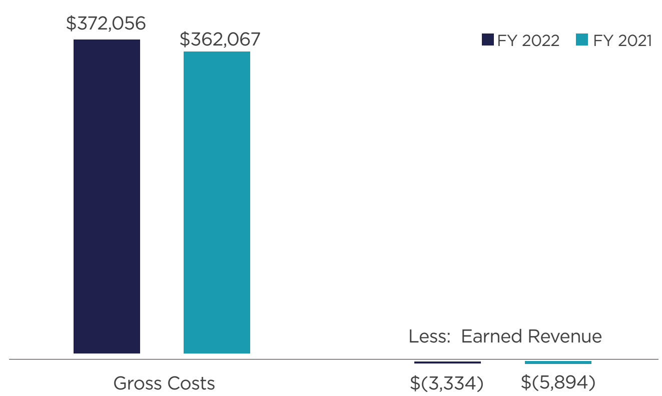
Statements of Net Cost

The Statements of Net Cost reports the agency's net cost of operations for a given fiscal year. Net Cost of Operations is the difference between the costs incurred minus earned revenue.

- Gross costs increased by $10 million, from $362 million in FY 2021 to $372 million in FY 2022. In March 2022, the Peace Corps began re-entry of Volunteers to service and resumed Volunteer programs overseas. The impact of global re-entry resulted in more costs to the agency compared to FY 2021 when no Volunteers were in the field.

- Earned Revenue decreased from $5.9 million in FY 2021 to $3.3 million in FY 2022. The agency's earned revenue comes from federal sources, when the Peace Corps partners with other federal agencies to assist in their mission. In March 2021, the Peace Corps became one of FEMA's federal partners to aid in its vaccine distribution effort. This partnership was intended for FY 2021 and has since ended, causing the decrease in earned revenue.

Comparative Gross Costs and Earned Revenues (In Thousands)



Combined Statements of Budgetary Resources

The Combined Statements of Budgetary Resources summarizes how varying sources of budgetary funding were made available during the year and their status at the end of the fiscal year. Agency resources primarily consist of funds appropriated by Congress and administered by the Department of the Treasury (Treasury). The agency has the authority to obligate these funds over a two-year period. In FY 2022, the agency received $410.5 million in regular appropriations. In addition to appropriated monies, the agency is authorized to receive donations from the public under 22 United States Code (U.S.C) § 2509(a) (4) of the Peace Corps Act to help further its mission. The agency is also authorized to receive additional funds under the Foreign Assistance Act of 1961 sections (a) and (b).

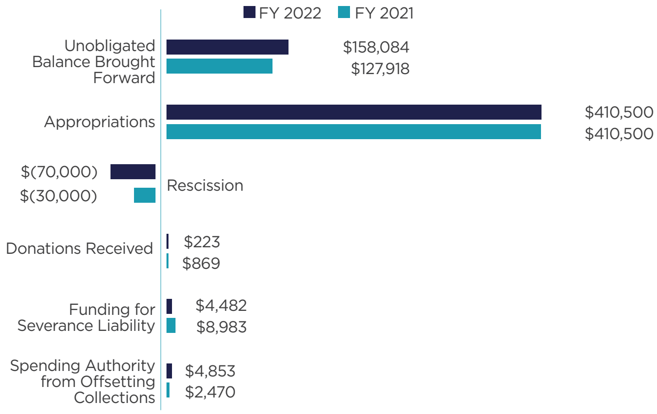
The agency ended FY 2022 with Budgetary Resources of $508.1 million, which compared to $520.7 million in FY 2021, a decrease of $12.6 million or 2 percent.

As presented in the Combined Statements of Budgetary Resources, appropriations are reported at $345.2 million— almost 68 percent of Peace Corps' budgetary resources in FY 2022. This amount is comprised of appropriations authorized by Congress of $410.5 million, donations to the Peace Corps of $223 thousand, monies transferred within the agency to fund the PSC and FSN separation funds of $4.5 million, and a rescission from Congress of $70 million. The agency had a rescission in both FY 2022 and FY 2021, for $70 million and $30 million, respectively, which decreased the level of appropriated funds by $40 million comparatively. Additionally, the Peace Corps' PSC and FSN separation account was only funded by $4.5 million compared to $8.9 million as of September 30, 2021.

Unobligated Balance Brought Forward of $158.1 million includes funds carried over from September 30, 2021 that remain available for new obligations in FY 2022. This amount increased by 24 percent due to the remaining carryover from the prior year fund.

Additional sources of funding came from spending authority from offsetting collections, a type of budget authority financed by reimbursements, as authorized by law. Under the Foreign Assistance Act, section 632(b), the Peace Corps is authorized to perform work for the USAID on programs such as Small Project Assistance, Food Security, Global Education, and Maternal and Child Health which, in total, amounted to $10.8 million in FY

Sources of Budgetary Resources (In Thousands)



2022. Upon execution, the remaining balance on these agreements was $8.1 million at the end of September 30, 2022.

As a grassroots-level organization, the Peace Corps is uniquely positioned to carry out a critical role in the fight against HIV/AIDS in host countries. In FY 2022, the agency received $13.6 million in funds for the President's Emergency Plan for AIDS Relief (PEPFAR) from DOS through an allocation transfer, a legal delegation by one federal agency to another. The Peace Corps obligates and outlays funds for PEPFAR-related programs and submits required financial and performance data results to DOS. Financial results for PEPFAR activities are not reflected in the financial statements of the Peace Corps because they are reported by DOS.

Limitations of the Financial Statements

The principal financial statements are prepared to report the financial position, financial condition, and results of operations of the Peace Corps, pursuant to the requirements of 31 U.S.C. § 3515(b). The statements are prepared from the books and records of the entity in accordance with Federal generally accepted accounting principles (GAAP) and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. Government.

ANALYSIS OF SYSTEMS, CONTROLS, AND LEGAL COMPLIANCE

This section presents the financial management system framework and strategy, addresses the Peace Corps' compliance with the Federal Managers' Financial Integrity Act of 1982 (Public Law 97-255) (FMFIA) and other applicable laws, and provides the required management assurance statements, including addressing any key internal control issues.

Financial Management Systems Framework and Strategy

The Peace Corps strives to maintain and enhance financial management systems, processes, and controls that ensure financial accountability and transparency, provide financial management data and information to decision makers, and comply with federal laws, regulations, and policy. Oracle E-Business Suite (also known as Odyssey) is the agency's system of record and is integrated with various end-user applications to capture the agency's financial transactions. Odyssey is also the main system of record for USAspending.gov reporting in compliance with the Digital Accountability and Transparency Act of 2014 (DATA Act).

The Peace Corps makes strategic investments to Odyssey each Fiscal Year to improve business processes and meet federal requirements. In FY 2022, the Peace Corps upgraded and deployed Oracle E-Business Suite version 12.2.1.0, which extends support to the agency until 2031. This upgrade supports new federal functionality requirements, such as G-Invoicing, enhancements to existing functionality, and fixes for improved stability, security, and performance. The Peace Corps is well positioned to comply with federally mandated G-Invoicing requirements in FY 2023. In FY 2023, the Peace Corps plans to migrate Odyssey to a Federal Risk and Authorization Management Program (FEDRAMP) Authorized Infrastructure as a Service (IaaS) cloud environment providing scalability, increased collaboration, data security, internal-threat detection, and highly automated threat remediation. Additionally, the agency is scheduled to complete migration of its configuration management services "Project and Portfolio Management" (PPM) server to a FEDRAMP Authorized Software as a Service (SaaS) cloud environment.

Controls

Guidance for implementing FMFIA is provided through Office of Management and Budget Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control. The Peace Corps Manual Section 780—Enterprise Risk Management and Manual Section 784—Internal Control Systems, set out the agency's oversight role and strategic decision-making over enterprise risk management and policies and procedures for establishing, assessing, correcting, and reporting on internal controls.

Internal controls are maintained over the normal course of conducting agency business and are revised and strengthened when necessary. OCFO oversees the internal controls over financial reporting as part of the requirements outlined in Appendix A of OMB Circular A-123, as applicable.

As the agency incorporates the Enterprise Risk Management framework to aid in advancing its mission, the Peace Corps selected a cross-agency team to collaborate, develop, and implement an agency-wide risk governance structure. The Enterprise Risk Management Council (ERMC) is governed by the Enterprise Risk Management Council Charter and serves as the director's advisory body on matters concerning the agency's risk management and mitigation efforts. The ERMC, comprised of senior-level representatives across the agency, reviews, evaluates, and monitors opportunities and risks to achieving the Peace Corps' mission.

Legal Compliance

Key legal requirements that have a significant effect on the agency's operations and financial statements are provided below:

The Federal Managers' Financial Integrity Act

The Peace Corps maintains compliance with the Federal Manager's Financial Integrity Act (FMFIA), which mandates that agencies establish effective internal control to provide reasonable assurance that (1) obligations and costs are in compliance with applicable law; (2) funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and (3) revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the assets. FMFIA requires agencies to establish accounting and administrative controls over program, operational, and administrative functions, in addition to accounting and financial management.

FMFIA also requires standards to ensure for the prompt resolution of all audit findings and mandates for agency heads to annually evaluate agency controls and provide an assurance statement on the adequacy of internal and administrative controls (Section 2) and conformance of systems with government-wide standards (Section 4). This is provided in Chief Executive Officer Spahn's FY 2022 FMFIA Modified Management Assurance Statement.

Accountability of Tax Dollars Act of 2002

The Accountability of Tax Dollars Act (ATDA) expands auditing requirements for financial statements to agencies not covered by the CFO Act, including the Peace Corps. The Peace Corps submits its FY 2022 Agency Financial Report in accordance with this Act.

Anti-Deficiency Act

The Peace Corps maintains compliance with the Anti-Deficiency Act (31 U.S.C. §§ 1341, 1342, 1351, and 1517), which prohibits federal agencies from obligating and expending federal funds that exceed appropriation. The agency's financial system was designed to prevent Anti-Deficiency Act violations. This systematic control ensures that obligations are not recorded until monies are authorized and allotted by the OCFO. Funds control is a critical tool for ensuring that funds are managed effectively across all levels of the agency.

Digital Accountability and Transparency Act

The Digital Accountability and Transparency Act of 2014 (P.L. 113-101), (DATA), was signed into law in May 2014 to establish government-wide, financial data standards and to increase the availability, accuracy, and usefulness of Federal spending information. DATA implementation, led by the Department of the Treasury and the Office of Management and Budget, mandates federal agencies report on direct Federal expenditures and link Federal contract, loan, and grant spending information to agency programs. Pursuant to the statutory reporting requirements, the Peace Corps uses the required standard data exchange, DATA Act Information Model Schema, to submit award-level information for posting on USASpending.gov. The Peace Corps' financial system is updated with the most recent version of DATA Act Information Model Schema to ensure submission of all required financial data elements are complete and accurate. As for contract award data, the agency uses a contract writing system, Procurement Information System for Management (PRISM) for domestic contracts, which automatically updates to Federal Procurement Data System-Next Generation, the central repository of government contracting transactions. Overseas awards are updated manually into the repository monthly.

The agency continues to maintain, perform and assess the design and operating effectiveness of key controls over data quality to support the achievement of DATA Act reporting objectives. In FY 2022 and FY 2023, the Peace Corps is developing more comprehensive internal standard operating procedures with the goal of improving the timeliness and quality of its DATA Act submissions (reference IG-22-01-A).

Payment Integrity Information Act

The Payment Integrity Information Act (PIIA) of 2019 requires agencies to assess and identify high-risk programs and activities and report findings in the Agency Financial Statement (AFR). See Payment Integrity Information Act (PIIA) Reporting for further information on Peace Corps compliance with PIIA.

Management Assurance Statement

The Federal Managers' Financial Integrity Act Modified Management Assurance Statement that follows is consistent with the FY 2022 financial statement audit report.

FY 2022 FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT MODIFIED MANAGEMENT ASSURANCE STATEMENT

The Peace Corps' management is responsible for mitigating risks and maintaining effective internal control to meet the objectives of Section 2 of the Federal Managers' Financial Integrity Act (FMFIA). We conducted a risk assessment and evaluated internal controls to support effective and efficient programmatic operations, reliable reporting, and compliance with applicable laws and regulations in accordance with Office of Management and Budget Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control. Through this assessment, the Peace Corps can provide reasonable assurance of the soundness of its internal control over operations, reporting, and compliance with laws and regulations as of September 30, 2022, with the exception of one material weakness over the internal controls for Property, Plant, and Equipment. The corresponding corrective actions to address this material weakness are described in Appendix 1.

The Peace Corps assessed whether the financial management systems conform to government-wide financial systems requirements in accordance with FMFIA Section 4. Based on this assessment, the Peace Corps can provide reasonable assurance that its financial management systems comply with the applicable provisions of Federal Managers' Financial Integrity Act Section 4 and Office of Management and Budget Circular A-123 for FY 2022. However, this excepts one significant deficiency and one nonconformance with the Federal Information Security Modernization Act of 2014. In accordance with Office of Management and Budget Bulletin No. 22-01 Audit Requirements for Federal Financial Statements, this is not considered a material weakness. Details of the Federal Information Security Modernization Act nonconformance item are in Appendix 1.

Carol Spahn
Chief Executive Officer
November 14, 2022

An inside look at the return of Peace Corps Volunteers to Zambia

During the sequestration period, Training Manager Chris Chiwela made efficient use of the reinstated Volunteers' time. Every block on the Calendar of Training Events, fondly known by Peace Corps Trainees and Volunteers worldwide as the 'COTE,' was filled with sessions intended to refresh the Volunteers' knowledge on some critical topics—including language—and introduce them to new policies and systems of the Peace Corps.

Chris joined Peace Corps in 2019. By March 2020 he was prepared to lead his first ever Pre-Service. Unfortunately, one of the first messages he had to deliver to his newly arrived Trainees was that they had to return to the U.S. due to a rapidly spreading virus. He remembers, "We had received the Volunteers who were very happy, very excited to say okay, now the training is starting. And for sure it started." After he broke the news of the evacuation, that excitement turned somber. "I could see people crying within their hearts, people having those emotions."

Determined to surpass the past and lead a full training for this group, Chris planned full days bookended by breakfast and supper and broken into four sessions, lunch, and two tea breaks – a cultural exchange I think we can all get behind! In that first week, session topics ranged from culture to first aid; from language to COVID-19 information; from safety and security to administrative tasks and banking. There were sessions on malaria; intercultural competence; diversity, equity, and inclusion; transportation policies; and HIV/AIDS. It was a whirlwind of information, learning, and discussions – in English and three local languages.

Of the five Volunteers, three were to return to their former host communities. One was to serve as a Peace Corps Volunteer Leader, and the other was to be hosted in a different community. Therefore, for all Volunteers, it was important to polish language skills or begin learning a new language and rebuild vocabulary. Thankfully, all the Volunteers agreed that learning a Banthu language was much easier the second time around!

Read the full story at https://www.peacecorps.gov/stories/an-inside-look-at-the-return-of-peace-corps-volunteers-to-zambia/

Chris Chiwela, Training Manager for Peace Corps Zambia, at the sequestration site in front of the outdoor classroom.

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Financial Section

Returned Volunteer Ariel Palter (previous page, on right) meets with girls of the REDES girls empowerment group in Mozambique twice every week: once to discuss HIV/AIDS and other health issues in the community, and once to learn a craft such as sewing or jewelry making. The goal is to provide the girls with a safe, reliable location where they can grow into mature young women while learning how to take care of themselves. They also learn how to provide for themselves and their families through income-generating craft projects.

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MESSAGE FROM THE CHIEF FINANCIAL OFFICER

On behalf of the Peace Corps, I am pleased to present our Agency Financial Report (AFR) for Fiscal Year (FY) 2022. This fiscal year the independent audit firm of Williams Adley issued our 16th consecutive unmodified (clean) audit opinion of our financial statements. We are honored to receive this achievement as it reflects our commitment to strong financial management. We are also pleased to participate in the Association of Government Accountants' Certificate of Excellence in Accountability Reporting program once again with our FY 2022 Agency Financial Report.

We enjoy a positive working relationship with the Williams Adley audit firm and the Office of the Inspector General and welcome their insights and opinions on our financial operations. The audit identified one material weakness. Demonstrating excellence in financial management and reporting is a cornerstone of our efforts. As such, we have taken steps to remediate one significant deficiency and one noncomformance outlined in the auditor's report.

This year we saw the return of Volunteers to the field after an absence of two years due to the COVID-19 pandemic. At the end of FY 2022, over half of our posts now have Volunteers. Supporting the agency with the return to service process is of utmost importance to the Office of the Chief Financial Officer (OCFO). With the close of FY 2022, we concluded our use of funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act which was passed by Congress in 2020. The remaining balance of CARES Act funding went towards bolstering return to service efforts. In OCFO, we continued to focus on streamlining processes to improve upon the value we offer to our customers across the agency and simplify the return to service process. Services such as providing electronic W-2s to Volunteers make it easier for Volunteers to access this information and improves security around personally identifiable information (PII).

I am pleased that this year OCFO completed closing two management advisory reports (MARs): the Purchase Card Review and the Peace Corps PEPFAR Financial Guidance. Also, OCFO supported the Peace Corps Office of the Chief Compliance Officer (OCCO) in completing risk registers for all agency offices. This is an important step in adopting enterprise risk management at the agency. We will work to leverage this valuable information in our work in FY 2023.

I am proud to lead an office of staff dedicated to our efforts of providing essential support to our Volunteers and mission of world peace and friendship. The Peace Corps' achievements illustrate the remarkable effort and dedication of our employees and partners. We will remain committed to providing excellence in financial management, accountability, and transparency as we move forward into FY 2023.

Viquar Ahmad
Chief Financial Officer
November 14, 2022

Peace Corps
Balance Sheets
As of September 30, 2022 and 2021
(In Thousands)

		2022		2021
Assets (Note 2)				
Intragovernmental				
Fund Balance with Treasury (Note 3)	$	259,517	$	279,510
Accounts Receivable, Net (Note 4)		959		4,190
Other (Note 7)		2,870		-
Total Intragovernmental		263,346		283,700
Other than Intragovernmental				
Accounts Receivable, Net (Note 4)		209		497
General Property, Plant, and Equipment, Net (Note 5)		42,190		44,299
Prepaid Volunteer Living Allowances (Note 6)		111		-
Other Assets (Note 7)		6,282		6,388
Total Other than Intragovernmental		48,792		51,184
Total Assets	$	312,138	$	334,884
Liabilities (Note 8)				
Intragovernmental				
Accounts Payable	$	43	$	21
Other Liabilities				
Unfunded FECA Liability (Note 8)		24,021		26,039
Other Unfunded Employment Related Liability (Note 8)		17		122
Advances from others and deferred revenue (Note 9)		-		13
Total Intragovernmental		24,081		26,195
Other than Intragovernmental				
Accounts Payable		8,623		4,551
Federal Employee and Veteran Benefits Payable (Note 8)		132,090		148,831
Advances from others and deferred revenue (Note 9)		7,838		8,520
Liability for Non-Entity Assets (Note 8)		1,676		1,125
Other Liabilities				
Commitments and Contingencies (Notes 9 and 11)		-		93
Accrued Funded Payroll and Leave (Note 9)		9,615		7,439
FSN and PSC Separation Liability (Note 9)		41,232		39,221
Total Other than Intragovernmental		201,074		209,780
Total Liabilities	$	225,155	$	235,975
Commitments and contingencies (Note 11)				
Net Position				
Unexpended Appropriations	$	201,775	$	231,313
Cumulative Results of Operations		(114,792)		(132,404)
Total Net Position		86,983		98,909
Total Liabilities and Net Position	$	312,138	$	334,884

The accompanying notes are an integral part of these statements.

Peace Corps
Statements of Net Cost
For the Years Ended September 30, 2022 and 2021
(In Thousands)

	2022	2021
Gross Program Costs (Note 12)		
Gross Costs	$ 372,056	$ 362,067
Less: Earned Revenue	(3,334)	(5,894)
Net Cost of Operations	$ 368,722	$ 356,173

The accompanying notes are an integral part of these statements.

Peace Corps
Statements of Changes in Net Position
For the Years Ended September 30, 2022 and 2021
(In Thousands)

	2022	2021
Unexpended Appropriations		
Beginning Balance	231,313	199,374
Appropriations Received	410,500	410,500
Other Adjustments	(73,196)	(31,796)
Appropriations Used	(366,842)	(346,765)
Net Change in Unexpended Appropriations	(29,538)	31,939
Total Unexpended Appropriations	201,775	231,313
Cumulative Results of Operations		
Beginning Balance	(132,404)	(144,803)
Appropriations Used	366,842	346,765
Donations and Forfeitures of Cash and Cash Equivalents	223	869
Transfers In/Out Without Reimbursement	916	66
Donations and Forfeitures of Property	-	143
Imputed Financing (Note 13)	13,870	11,746
Other	4,482	8,983
Net Cost of Operations	368,722	356,173
Net Change in Cumulative Results of Operations	17,612	12,399
Total Cumulative Results of Operations	(114,792)	(132,404)
Net Position	$ 86,983	$ 98,909

The accompanying notes are an integral part of these statements.

Peace Corps
Combined Statements of Budgetary Resources
For the Years Ended September 30, 2022 and 2021
(In Thousands)

	2022	2021
Budgetary Resources		
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	158,084	127,918
Appropriations (Discretionary and Mandatory)	345,205	390,352
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	4,853	2,470
Total Budgetary Resources	$ 508,142	$ 520,740
Status of Budgetary Resources		
New Obligations and Upward Adjustments (Total)	$ 438,364	$ 388,686
Unobligated Balance, End of Year		
Apportioned, Unexpired Accounts	44,816	109,232
Exempt from Apportionment, Unexpired Accounts	3,737	3,573
Unapportioned, Unexpired Accounts	5,010	5,010
Unexpired Unobligated Balance, End of Year	53,563	117,814
Expired Unobligated Balance, End of Year	16,215	14,240
Unobligated Balance, End of Year (Total)	69,778	132,054
Total Budgetary Resources	$ 508,142	$ 520,740
Outlays, Net		
Outlays, Net (Total) (Discretionary and Mandatory)	362,528	359,596
Distributed Offsetting Receipts	13	(1,716)
Agency Outlays, Net (Discretionary and Mandatory)	$ 362,541	$ 357,880

The accompanying notes are an integral part of these statements.

Note 1

A. Financial Reporting

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

The Peace Corps' core mission is to promote world peace and friendship by fulfilling three goals: (1) to help the people of interested countries in meeting their needs for trained men and women; (2) to help promote a better understanding of Americans on the part of the peoples served; and (3) to help promote a better understanding of other peoples on the part of Americans.

B. Basis of Presentation

The financial statements present the financial position, the net cost of operations, and changes in net position, along with budgetary resources activities of the agency pursuant to the requirements of 31 U.S.C. 3515(b). They have been prepared using the Peace Corps' books and records in accordance with agency accounting policies, the most significant of which are summarized in this note. The statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements are presented in accordance with the applicable form and content requirements of the Office of Management and Budget (OMB)'s Circular A-136. Financial Reporting Requirements, issued June 3, 2022. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

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

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

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

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

C. Basis of Accounting

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

D. Fund Accounting Structure

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

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

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

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

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

E. Budget Authority

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

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

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

F. Revenues and Other Financing Sources

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

G. Fund Balance with Treasury (FBWT)

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

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

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

These funds are routinely used to pay for low value purchases of goods and services and are also used to make an occasional emergency payment. Per agreement with DOS, the Peace Corps is responsible for any losses incurred by the cashiers. All international payments made by DOS on behalf of the Peace Corps are charged to the Peace Corps and reduce the applicable Peace Corps' fund balance in Treasury records.

FBWT is carried forward until such time as goods or services are received and payment is made, or until the funds are returned to the Treasury.

H. Foreign Currency

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

I. Accounts Receivable

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

J. Advances and Prepayments

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

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

K. Property, Plant, and Equipment (PP&E)

During FY 2021, the agency capitalizes PP&E that has an individual acquisition cost or aggregate purchases of $100,000 or greater, has a useful life of two years or more, is not intended for sale in the ordinary course of business, and is intended to be used or available for use by the entity. Prior to FY 2021, PP&E costs incurred were capitalized for an individual acquisition costs of $25,000 or greater and costs incurred were capitalized for aggregate purchases of $100,000 or greater.

During FY 2019, costs incurred for major building renovations of $100,000 or greater are initially recorded as Construction in Progress (CIP), then after project completion are capitalized, transferred to Leasehold Improvements, and amortized over the remaining life of the lease. Prior to FY 2019, costs incurred and recorded in CIP were capitalized for major building renovations of $25,000 or greater.

During FY 2021, software purchased for $100,000 or developed for internal use at a cost of $100,000 or greater is capitalized and amortized over its expected life (currently three to nine years). Prior to FY 2021, software purchased for $25,000 or developed for internal use at a cost of $25,000 were capitalized.

IT hardware is capitalized and amortized over its expected life of three to fifteen years. Vehicles in the amount of $10,000 and over are capitalized over their useful life of five years for assets acquired in FY 2013 and prior and six years for purchases made in or after FY 2014. The agency uses an estimated salvage value of 40 percent for vehicles. Land and anything attached to it, such as buildings located overseas, are capitalized at their fair market value at the time of transfer, regardless of their acquisition cost. Buildings are depreciated with a ten year useful asset life. Acquisitions that do not meet these criteria are recorded as operating expenses. Assets are capitalized at historical cost and depreciated using the straight-line method.

L. Accounts Payable and Other Liabilities

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

M. Employee Benefits

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

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

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

IV. *Employee Health Benefits and Life Insurance* – The agency's employees are eligible to participate in the contributory Federal Employees Health Benefits Program (FEHB) and the Federal Employees Group Life Insurance Program (FEGLI). The agency contributes to each program to pay for current benefits.

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

VI. *Employee Retirement Benefits* – The Peace Corps direct hire employees participate in one of three retirement systems: Civil Service Retirement System, Federal Employees Retirement System, or the Foreign Service Retirement and Disability System. FSN employees at overseas posts who were hired prior to January 1, 1984, are covered under the Civil Service Retirement System. FSNs hired after that date, as well as most host country residential PSC, are covered under a variety of local compensation plans in compliance with the host country's local laws and regulations.

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

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

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

N. Commitments and Contingencies

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

O. Funds from Dedicated Collections

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

P. Use of Estimates

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

Q. Interest on Late Payments

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

R. Intragovernmental Net Costs

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

S. Adjustments to Maintain Inherent Account Relationship Integrity

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

T. Allocation Transfer

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

U. Fiduciary Activities

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

V. Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

W. CARES Act of 2020

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress and signed into law on March 27, 2020. The economic relief package delivered on providing fast and direct economic assistance for American workers and families, small businesses, and preserved jobs for American industries impacted by COVID-19. The package also delivered on providing supplemental funding to federal agencies impacted by COVID-19.

In March 2020, the OMB apportioned the Peace Corps $88 million in supplemental funding. A significant portion of this funding were used to safely evacuate 6,893 Volunteers from 62 posts around the world for return to the United States.

The COVID-19 supplemental funding significantly impacted FY 2021 and FY 2022 financial reporting for the Peace Corps including: Balance Sheet, Statement of Changes in Net Position, Statement of Net Costs, and Statement of Budgetary Resources and various footnotes.

X. Permanent Reduction – Prior-Year Balances

In May 2021, the Peace Corps processed a request for rescission warrants for budget FY 2020 unobligated balances in the amount of $30 million (pursuant to PL 116-260; 134 STAT 1814). Additionally, in May 2022, the Peace Corps processed another request for rescission warrants for budget FY 2021 unobligated balances in the amount of $70 million (pursuant to PL 117-103; 136 STAT 683).

Note 2 Non-Entity Assets

Non-Entity Assets	September 30, 2022 *(In Thousands)*	September 30, 2021 *(In Thousands)*
Deposit Fund	$ 637	$ 39
Clearing Accounts	1,039	1,086
Total Non-Entity Assets	1,676	1,125
Total Entity Assets	310,462	333,759
Total Assets	$ 312,138	$ 334,884

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

Deposit Fund – The deposit fund comprises the Volunteer readjustment allowance earned by Volunteers for each month of satisfactory service and payable upon their return to the United States. The balance in this fund depleted in FY 2020 as a result of the temporary suspension of overseas programs, with the complete evacuation of all Volunteers and Trainees from the field, in response to the COVID-19 pandemic. With the re-entry of Volunteers in FY 2022, this fund is being utilized again.

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

Note 3 Fund Balance with Treasury

Status of Fund Balance with Treasury	September 30, 2022 (In Thousands)		September 30, 2021 (In Thousands)	
Unobligated Balance				
Available	$	48,553	$	112,804
Unavailable		21,225		19,249
Obligated Balance Not Yet Disbursed		188,063		146,332
Non-Budgetary FBWT		1,676		1,125
Total	$	259,517	$	279,510

FBWT is equal to the unobligated balance of funds plus the obligated balance not yet disbursed. As of September 30, 2022, FBWT included CARES Act available unobligated balances and unavailable unobligated balances.

Available Unobligated Balance – Comprise apportionments available for allotment plus allotments available for commitment or obligation. In FY 2020, the Peace Corps received COVID-19 supplemental funding of $88 million, $320,000 of which remained in this balance as of September 30, 2022.

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

Non-Budgetary FBWT – This represents non-entity assets of the agency.

Note 4 Accounts Receivable, Net

Accounts Receivable as of September 30, 2022 (In Thousands)	Accounts Receivable, Gross		Allowance for Doubtful Accounts		Accounts Receivable, Net	
Intragovernmental	$	959	$	-	$	959
Other than Intragovernmental		209		-		209
Total	$	1,168	$	-	$	1,168

Accounts Receivable as of September 30, 2021 (In Thousands)	Accounts Receivable, Gross		Allowance for Doubtful Accounts		Accounts Receivable, Net	
Intragovernmental	$	4,183	$	7	$	4,190
Other than Intragovernmental		504		(7)		497
Total	$	4,687	$	-	$	4,687

Intragovernmental receivables are due from other federal agencies for services provided under reimbursable agreements. Other than intragovernmental accounts receivable are due from non-federal entities, consisting primarily of receivables from employees. Based upon the agency's policy, it was determined that the establishment of an Allowance for Doubtful Accounts was not necessary as of September 30, 2022.

Note 5 General Property Plant and Equipment, Net

Components of PP&E as of September 30, 2022 *(In Thousands)*	Useful Life in Years	Cost	Acccumulated Depreciation	Net Book Value
Land	N/A	$ 43	$ -	$ 43
Buildings	10	463	463	-
Construction in Progress	N/A	2,139	-	2,139
Equipment and Furniture	5–10	3,441	1,406	2,035
Vehicles	5-6	23,206	8,504	14,702
IT Hardware	3–15	32,611	19,310	13,301
Leasehold Improvements	2–10	15,819	6,021	9,798
Internal Use Software	3–9	44,368	44,196	172
Total		$ 122,090	$ 79,900	$ 42,190

Components of PP&E as of September 30, 2021 *(In Thousands)*	Useful Life in Years	Cost	Acccumulated Depreciation	Net Book Value
Land	N/A	$ 43	$ -	$ 43
Buildings	10	463	463	-
Construction in Progress	N/A	3,596	-	3,596
Equipment and Furniture	5–10	3,404	1,087	2,317
Vehicles	5-6	24,340	9,465	14,875
IT Hardware	3–15	33,448	17,018	16,430
Leasehold Improvements	2–10	11,046	4,651	6,395
Internal Use Software	3–9	44,428	43,785	643
Total		$ 120,768	$ 76,469	$ 44,299

General PP&E as of September 30, 2022 consists of land, buildings, equipment and furniture, vehicles, IT hardware, leasehold improvements, and internal use software. These assets are located at Washington, D.C. headquarters, regional recruiting offices, and overseas posts. The asset value includes ancillary costs incurred to bring assets to a form and location suitable for their intended use. The vehicles category reflects new vehicles added and retired in FY 2022. Internal use software represents software that was either developed internally or purchased from vendors off-the-shelf.

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

Land and attached assets, such as buildings located overseas, are capitalized at their fair market value at the time of transfer, regardless of their acquisition cost. Buildings are depreciated with a ten year useful asset life. Acquisitions that do not meet these criteria are recorded as operating expenses

Effective for FY 2019, costs incurred for major building renovations of $100,000 or greater are initially recorded as Construction in Progress (CIP). Upon project completion, costs are transferred to Leasehold Improvements and amortized over the remaining life of the lease. Prior to FY 2019, costs incurred and recorded in CIP were capitalized at a lower threshold value of $25,000 or greater.

Note 6 Prepaid Volunteer Living Allowance

	September 30, 2022 *(In Thousands)*	September 30, 2021 *(In Thousands)*
Prepaid Volunteer Living Allowance	$ 111	$ -

Payments of Volunteer living allowances are made prior to the entitlement month so the posts can ensure timely payments of the allowances to the Volunteers. These payments are arranged so that Volunteers will not incur a financial burden for their living costs. Prepaid Volunteer living allowances have resumed with the re-entry of Volunteers during FY 2022.

Note 7 Other Assets		
	September 30, 2022 (In Thousands)	September 30, 2021 (In Thousands)
Intragovernmental		
Prepaid PP&E	$ 2,870	$ -
Total Intragovernmental	2,870	-
Other than Intragovernmental		
Travel Advances to Employees	376	83
Relocation Advances to Employees	261	2,020
Prepaid Rent	4,247	3,450
Other Advances	1,398	835
Total Other than Intragovernmental	6,282	6,388
Total Other Assets	$ 9,152	$ 6,388

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

Prepaid PP&E – Prepaid PP&E include of an advance payment to a federal trading partner to procure an IT system for the agency.

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

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

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

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

Note 8 Liabilities Not Covered by Budgetary Resources		
	September 30, 2022 (In Thousands)	September 30, 2021 (In Thousands)
Intragovernmental Liabilities		
Unfunded FECA Liability	$ 24,021	$ 26,039
Other Unfunded Employment-Related Liability	17	122
Total Intragovernmental Liabilities	24,038	26,161
Other than Intragovernmental		
Unfunded Annual Leave	14,323	14,521
Other Unfunded Employment-Related Liability	(186)	54
Federal Employee and Veteran Benefits Payable	117,953	134,256
Liability for Non-Entity Assets	1,676	1,125
Total Other than Intragovernmental	$ 133,766	$ 149,956
Total Liabilities Not Covered by Budgetary Resources	$ 157,804	$ 176,117
Total Liabilities Covered by Budgetary Resources	$ 67,351	$ 59,858
Total Liabilities	$ 225,155	$ 235,975

Unfunded FECA Liability – A liability for the direct dollar costs of compensation and medical benefits paid on the agency's behalf by DOL. Since the agency is dependent on annual appropriation, it will include the amount billed for the direct costs in its budget request two years later. *Other Unfunded Employment-Related Liability* – A liability for the unfunded estimated separation of foreign national PSCs. Lump-sum payments are generally made to eligible international long-term PSCs based on local labor law requirements for separation. These payments are made when the individual terminates and are paid out of current appropriations.

Unfunded Annual Leave – A liability for annual leave is accrued as leave is earned and paid when leave is taken or when the individual terminates. The balance represents the estimated value of annual leave earned but not taken as of September 30, 2022 for direct hire employees. The valuation of the accrued annual leave for FSN employees and the foreign national PSCs has been estimated for this financial statement. Annual leave earned is based on local labor law requirements. Annual leave is paid out of current appropriations when taken.

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

Liability for Non-Entity Assets – Non-entity assets comprise a deposit fund and clearing accounts. These funds are not available for the use of the Peace Corps and are not part of the Peace Corps' resources. The Peace Corps monitors collections, status, and distribution.

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

Note 9 Other Liabilties				
	September 30, 2022		**September 30, 2021**	
	(In Thousands)		*(In Thousands)*	
Intragovernmental				
Liability for Advances and Prepayments	$	-	$	13
Total Intragovernmental		-		13
Other than Intragovernmental				
Accrued Funded Payroll and Leave		9,615		7,439
Commitments and Contingencies (Note 11)		-		93
Liability for Advances and Prepayments		7,838		8,520
FSN and PSC Separation Liability		41,232		39,221
Total Other than Intragovernmental	$	58,685	$	55,273
Total Other Liabilities	$	58,685	$	55,286

Other Liabilities at the Peace Corps consist of accrued funded payroll and leave, contingent liability, liability for advances and prepayments, and FSN and PSC Separation Liability, which are other than intragovernmental.

Liability for Advances and Prepayments (Intragovernmental) – This liability contains deferred revenue for services provided under an intragovernmental reimbursable agreement.

Accrued Funded Payroll and Leave – This liability contains accrued payroll and leave costs funded by the Peace Corps.

Commitments and Contingencies – It is determined by measuring the probability for pending or threatened litigation and unasserted claims, the future confirming event or events are likely to occur against the Peace Corps.

Liability for Advances and Prepayments (Other than Intragovernmental) – This liability contains deferred rent costs to be amortized over the 15 year lease term for the new location of the Peace Corps headquarters.

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

Note 10 Leases

		Future Lease Payments *(In Thousands)*
FY23	$	10,334
FY24		10,468
FY25		10,606
FY26		10,748
FY27		10,555
After FY27		72,806
Total Future Lease Payments	$	125,517

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

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

Note 11 Commitments and Contingencies

September 30, 2022 *(In Thousands)*		Accrued Liabilities	Estimated Range of Loss			
				Lower End		Upper End
Legal Contingencies						
Probable	$	-	$	-	$	-
Reasonably Possible			$	25	$	4,725

September 30, 2021 *(In Thousands)*	Accrued Liabilities	Estimated Range of Loss	
		Lower End	Upper End

In the opinion of the management and legal counsel, the agency is liable for contingent liabilities related to administrative proceedings, legal actions, or claims associated with employee grievances that are probable and measurable in the amount of $0 as of September 30, 2022 and $93,000 as of September 30, 2021. These contingencies are considered current liabilities.

Disclosure is required if there is a reasonable possibility that a loss may be incurred. The likelihood of a reasonable possibility of a loss related to administrative proceedings, legal actions, or claims related to employee grievances were estimated to be up to $4.7 million as of September 30, 2022 and $10,000 as of September 30, 2021.

Note 12 Suborganization Program Costs

	September 30, 2022 *(In Thousands)*	September 30, 2021 *(In Thousands)*
Intragovernmental Costs	$ 99,660	$ 104,549
Other than Intragovernmental Costs	272,396	257,518
Total Costs	372,056	362,067
Intragovernmental Earned Revenue	(2,525)	(5,596)
Other than Intragovernmental Earned Revenue	(809)	(298)
Total Earned Revenue	$ (3,334)	$ (5,894)
Net Cost of Operations	$ 368,722	$ 356,173

Intragovernmental activity represents the costs of goods and services provided to other federal agencies. Costs of goods and services and any revenue earned from outside federal sources are classified as other than intragovernmental costs. As of September 30, 2022, other than intragovernmental costs included spending related to the CARES Act.

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

Note 13 Inter-Entity Costs

	September 30, 2022 *(In Thousands)*	September 30, 2021 *(In Thousands)*
Federal Employees Health Benefits Program	$ 8,819	$ 8,605
Federal Employees Group Life Insurance Program	24	22
Civil Service Retirement System	60	146
Federal Employees Retirement System	4,944	2,953
Foreign Service Retirement and Disability System	23	20
Total Inter-Entity Costs	$ 13,870	$ 11,746

Goods and services are received from other federal entities at no cost or at a cost less than the full cost to the providing federal entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed by the Peace Corps are recognized as imputed costs in the Statement of Changes in Net Position and the Statement of Net Costs. Such imputed costs relate to FEHB, FEGLI, and pension benefits paid by other federal entities.

Note 14 Undelivered Orders at End of Period

	September 30, 2022 (In Thousands)	September 30, 2021 (In Thousands)
Intragovernmental		
Unpaid Undelivered Orders	$ 313	$ 8,023
Paid Undelivered Orders	4	-
Total Intragovernmental Undelivered Orders	317	8,023
Other than Intragovernmental		
Unpaid Undelivered Orders	129,321	92,034
Paid Undelivered Orders	9,905	6,388
Total Other than Intragovernmental Undelivered Orders	139,226	98,422
Undelivered Orders at End of Period	$ 139,543	$ 106,445

The undelivered orders are budgetary obligations with and without advances/prepayments placed against federal budget authority where goods or services have yet to be received. Undelivered orders as of September 30, 2022 and September 30, 2021, included orders related to the CARES Act.

Note 15 Explanation of Differences between Statement of Budgetary Resources and the Budget of the U.S. Government

(In Millions)	Budgetary Resources FY 2021	New Obligations and Upward Adjustments FY 2021	Distributed Offsetting Receipts FY 2021	Net Outlays FY 2021
Combined Statement of Budgetary	$ 521	$ 389	$ (2)	$ 360
Difference	18	5	(2)	-
Budget of the U.S. Government	$ 503	$ 384	$ -	$ 360

The Budget of the United States (also known as the President's Budget), with actual amounts for FY 2022 was not published at the time that these financial statements were issued. The President's Budget is expected to be published in February 2023, and can be located at the OMB website https://www.whitehouse.gov/omb/budget and will be available from the U.S. Government Printing Office. The above chart displays the differences between the Combined SBR in the FY 2021 Agency Financial Report and the actual FY 2021 balances included in the FY 2022 President's Budget. The differences are attributable to activities associated with expired funds that are excluded from the President's Budget.

Note 16 Fiduciary Activities

Schedule of Fiduciary Activity For the Years Ended September 30, 2022 and 2021 (In Thousands)	HCC Cash 2022	HCC In-Kind 2022	Total Fiduciary Funds 2022	HCC Cash 2021	HCC In-Kind 2021	Total Fiduciary Funds 2021
Fiduciary Net Assets, Beginning of year	$ 465	$ -	$ 465	$ 561	$ -	$ 561
Contributions	187	756	943	90	583	673
Disbursements	(120)	(756)	(876)	(181)	(583)	(764)
Increase/(Decrease) in Fiduciary Net Assets	67	-	67	(91)	-	(91)
Fiduciary Net Assets, End of Year	$ 532	$ -	$ 532	$ 470	$ -	$ 470

Fiduciary Net Assets As of September 30, 2022 and 2021 (In Thousands)	HCC Cash 2022	HCC In-Kind 2022	Total Fiduciary Funds 2022	HCC Cash 2021	HCC In-Kind 2021	Total Fiduciary Funds 2021
Fiduciary Net Assets						
Cash and Cash Equivalents	$ 533	$ -	$ 533	$ 469	$ -	$ 469
Other Assets	-	-	-	-	-	-
Less: Liabilities	(1)	-	(1)	1	-	1
Total Fiduciary Net Assets	$ 532	$ -	$ 532	$ 470	$ -	$ 470

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

Note 17 Reconciliation of Net Cost to Net Outlays

September 30, 2022 *(In Thousands)*	Intragovernmental	Other than Intragovernmental	Total FY 2022
Net Operating Cost (SNC)	$ 97,135	$ 271,587	$ 368,722
Components Of Net Operating Cost Not Part Of The Budgetary Outlays			
Property, Plant & Equipment Depreciation	-	(9,587)	(9,587)
Property, Plant & Equipment Disposal & Reevaluation		267	267
Increase/(Decrease) In Assets Not Affecting Budget Outlays:			
Accounts Receivable	(3,223)	(295)	(3,518)
Other Assets	2,870	4	2,874
(Increase)/Decrease in Liabilities Not Affecting Budget Outlays:			
Accounts Payable	(22)	(4,024)	(4,046)
Salaries & Benefits	-	16,742	16,742
Other Liabilities (Unfunded Leave, Unfunded FECA, Actuarial FECA)	2,136	(4,010)	(1,874)
Other Financing Sources			
Federal Employee Retirement Benefit Costs Paid By OPM And Imputed to Agency	(13,870)	-	(13,870)
Components Of Net Operating Cost Not Part Of The Budgetary Outlays Total	$ (12,109)	$ (903)	$ (13,012)
Components Of The Budget Outlays That Are Not Part Of Net Operating Cost			
Acquistion of Capital Assets	-	9,362	9,362
Other Financing Sources			
Donated Revenue	-	(225)	(225)
Transfers Out (In) Without Reimbursement	(916)	-	(916)
Components Of The Budget Outlays That Are Not Part Of Net Operating Cost Total	$ (916)	$ 9,137	$ 8,221
Misc Items			
Distributed Offsetting Receipts	-	13	13
Non-Entity Liability	-	1,676	1,676
Custodial/Non-exchange revenue	(4,482)	(2,841)	(7,323)
Appropriated Receipts for Trust/Special Funds	-	4,706	4,706
Timing Difference	-	(462)	(462)
Other Reconciling Items Total	(4,482)	(1,152)	(1,390)
Total Net Outlays (Calculated Total)	$ (17,507)	$ 7,082	$ (6,181)
Agency Outlays, Net			$ 362,541

The Reconciliation of Net Cost to Net Outlays is a reconciliation of the entity's net outlays on a budgetary basis and the net cost of operations during the reporting period. As of September 30, 2022, the reconciliation includes activity related to the CARES Act.

Note 18 COVID-19 Activity

	September 30, 2022 *(In Thousands)*	September 30, 2021 *(In Thousands)*
Budgetary Resources		
Unobligated Balance From Prior Year Budget Authority, Net	$ 18,772	$ 20,672
Total Budgetary Resources	18,772	20,672
Status of Budgetary Resources		
Obligations Incurred	18,452	2,161
Budgetary Resources Remaining Available Beyond Current Fiscal Year	320	18,511
Total Status of Budgetary Resources	18,772	20,672
Outlays, Net and Disbursements		
Outlays, Net	$ 877	$ 6,063

COVID-19 activity impacted assets, liabilities, costs, net position, and budgetary resources for the Peace Corps. For the purpose of this financial statement footnote, COVID-19 activity appeared in budgetary resources and status of budgetary resources relative to the following:

Unobligated Balance from Prior Year Budget Authority, Net – Unobligated Balance from Prior Year Budget Authority, Net includes budgetary resources remaining available as of prior-year FY 2022.

Obligations Incurred – Obligations incurred as a result of COVID-19 included but was not limited to the following:

Volunteer Medical Coverage: Volunteer Medical Coverage provided short-term health care to Volunteers upon completion of service.

Post Ancillary Costs: Post Ancillary Costs were unplanned costs at posts incurred as a result of COVID-19. Unplanned costs include the purchase of additional medical supplies and shipping evacuated Volunteer belongings from posts.

Volunteer Set Aside/Restart Costs: Volunteer Set Aside/Restart Costs consisted of unplanned costs related to re-entry of Volunteers to life in the US as well as one-time costs related to the Peace Corps re-entering at posts.

FECA/International Cooperative Administrative Support Services (ICASS) Costs: FECA/ICASS costs were used to cover the impact of COVID-19 evacuations to Peace Corps FECA and ICASS bills.

Budgetary Resources Remaining Available Beyond Current Fiscal Year – Budgetary Resources Remaining Available Beyond Current Fiscal Year reflects unobligated/unused COVID-19 supplemental funding that can be used in future fiscal years beyond current fiscal year.

Outlays, Net – Outlays, Net is a measure of spending related to COVID-19. It consists of payments to liquidate obligations.

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To: Carol Spahn, Peace Corps Chief Executive Officer

From: Joaquin Ferrao, Acting Inspector General *Joaquin Ferrao*

Date: November 14, 2022

Subject: Audit of the Peace Corps' Fiscal Year 2022 Financial Statements

This letter transmits the reports of Williams, Adley & Company – DC, LLP (Williams Adley) on its audit of the Peace Corps' Fiscal Year (FY) 2022 Financial Statements. As required by the Accountability of Tax Dollars Act of 2002, the Peace Corps prepared financial statements in accordance with the Office of Management and Budget (OMB) Circular No. A-136, *Financial Reporting Requirements,* and subjected them to audit.

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

We contracted with Williams Adley, an independent certified public accounting firm, to audit the financial statements of the Peace Corps as of an for the fiscal years ended September 30, 2022 and 2021. The audit was conducted in accordance with U.S. generally accepted government auditing standards (GAGAS); the standards applicable to financial audits contained in *Generally Accepted Accounting Principles* (GAAP), issued by the Comptroller General of the United States; and the OMB Bulletin No. 22-01, *Audit Requirements for Federal Financial Statements*.

Williams Adley's report for FY 2022 includes: an opinion on the Peace Corps' financial statements, conclusions on internal control over financial reporting, and compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements. In its audit of the Peace Corps, Williams Adley found:

- The financial statements were fairly presented, in all material respects, in accordance GAAP.
- One material weakness in internal control over financial reporting.[1]
  - *Inadequate internal controls over property, plant, and equipment.* Williams Adley cited gaps in the internal control framework in the areas of recording, capitalizing, and tracking property.
- One significant deficiency related to internal control over financial reporting.[2]
  - *Lack of effective information technology security.* Williams Adley cited a lack of a comprehensive risk management program and fully defined continuous monitoring strategy.
- One instance of reportable noncompliance was found relating to compliance with provisions of applicable laws, regulations, contracts, and grant agreements which are

[1] A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.
[2] A significant deficiency is defined as a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

required to be reported under GAGAS or OMB guidance. Williams Adley found that the Peace Corps did not fully comply with:

- The Federal Information Security Modernization Act of 2014 by not meeting the Department of Homeland Security's required maturity level of managed and measurable.

OIG Oversight of Williams Adley's Audit Performance

In connection with the contract, we reviewed Williams Adley's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit in accordance with GAGAS, was not intended to enable us to express, and we do not express, opinions on the Peace Corps' financial statements or conclusions about the effectiveness of internal control or compliance with laws, regulations, contracts, and grant agreements. Williams Adley is responsible for the attached auditor's report dated November 14, 2022, and the auditor's conclusions expressed therein. However, our review disclosed no instances where Williams Adley did not comply in all material respects with GAGAS.

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

Attachment

cc: Thomas Peng, Deputy Chief Executive Officer
Viquar Ahmad, Chief Financial Officer
Michael Terry, Acting Chief Information Officer
Emily Haimowitz, Chief Compliance Officer
Greg Yeich, Compliance Officer

WILLIAMS ADLEY

Independent Auditor's Report

Director
United States Peace Corps

Inspector General
United States Peace Corps

In our audits of the fiscal years 2022 and 2021 financial statements of the Peace Corps, we found:

- Peace Corps' financial statements as of and for the fiscal years ended September 30, 2022, and 2021, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- one material weakness in internal control over financial reporting based on the limited procedures we performed;[1] and
- one reportable instance of noncompliance for fiscal year 2022 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

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

Report on the Financial Statements

<u>Opinion</u>

In accordance with *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Bulletin No. 22-01, *Audit Requirements for Federal Financial Statements*, we have audited Peace Corps' financial statements. Peace Corps' financial statements comprise the balance

[1] A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.
[2] The RSI consists of the Management's Discussion and Analysis section which is included with the financial statements.
[3] Other information consists of information included with the financial statements, other than the RSI and the auditor's report.

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sheets as of September 30, 2022, and 2021; the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended; and the related notes to the financial statements. In our opinion, Peace Corps' financial statements present fairly, in all material respects, Peace Corps' financial position as of September 30, 2022, and 2021, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the U.S. and the U.S. generally accepted government auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Peace Corps and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Peace Corps' management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles; (3) preparing and presenting other information included in Peace Corps' Agency Financial Report, and ensuring consistency of that information with the audited financial statements and the RSI; and (4) designing, implementing, and maintaining effective internal controls relevant to the preparation and fair presentation of the financial statements to ensure that they are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of the financial statements conducted in accordance with U.S. generally accepted government auditing standards will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. generally accepted government auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial

statements in order to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain an understanding of internal control relevant to our audit of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Peace Corps' internal control over financial reporting. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the financial statement audit.

<u>Required Supplementary Information</u>
U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the RSI be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by FASAB, which considers it to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards, which consisted of inquiries of management about the methods of preparing the RSI and comparing the information for consistency with management's responses to the auditor's inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

<u>Other Information</u>
Peace Corps' other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the other information included in Peace Corps' Agency Financial Report. The other information comprises of the Inspector General's Statement on the Peace Corps' Management and Performance Challenges and the Summary of Financial Statement Audit and Management Assurances but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Internal Control over Financial Reporting

In connection with our audits of Peace Corps' financial statements, we considered Peace Corps' internal control over financial reporting, consistent with our auditor's responsibilities discussed below.

Results of Our Consideration of Internal Control over Financial Reporting
Our consideration of internal control was for the limited purpose described below and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies[4] or to express an opinion on the effectiveness of Peace Corps' internal control over financial reporting. Therefore, additional deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses may exist that have not been identified.

As discussed in **Appendix I**, our audit identified one deficiency in Peace Corps' controls pertaining to property, plant, and equipment, that represents a material weakness in Peace Corps' internal control over financial reporting. In addition, our audit identified one deficiency in Peace Corps' controls pertaining to information security that represent a significant deficiency in Peace Corps' internal control over financial reporting which is discussed in **Appendix II**.

Although the material weakness and significant deficiency in internal control did not affect our opinion on the Peace Corps' fiscal year 2022 financial statements, misstatements may occur in unaudited financial information reported internally and externally by the Peace Corps because of these deficiencies.

Our assessment of the current status of the two prior significant deficiencies and the noncompliance matter discussed in the next section of the Audit Report is presented in **Appendix IV**.

In addition to the material weakness and significant deficiency, we also identified a deficiency in Peace Corps' internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies. Nonetheless, this deficiency warrants Peace Corps management's attention. We have communicated this matter to Peace Corps management and, will report on it separately.

Basis for Results of Our Consideration of Internal Control over Financial Reporting
We performed our procedures related to Peace Corps' internal control over financial reporting in accordance with U.S. generally accepted government auditing standards.

Responsibilities of Management for Internal Control over Financial Reporting
Peace Corps management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for Internal Control over Financial Reporting
In planning and performing our audit of Peace Corps' financial statements as of and for the fiscal year ended September 30, 2022, in accordance with U.S. generally accepted government auditing standards, we considered Peace Corps' internal control relevant to the financial statement audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Peace Corps' internal control over financial reporting. Accordingly, we do not express an opinion on Peace Corps' internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

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

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

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

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

In connection with our audits of Peace Corps' financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibilities discussed below.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements
Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed one instance of noncompliance for fiscal year 2022 that would be reportable under U.S. generally accepted government auditing standards. As discussed in **Appendix III**, this instance of noncompliance is related to the Federal Information Security Modernization Act. However, the objective of our tests was not to provide an opinion on compliance with laws,

regulations, contracts, and grant agreements applicable to the Peace Corps. Accordingly, we do not express such an opinion.

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

We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for Tests of Compliance section below.

Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements

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

Auditor's Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

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

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

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

Agency Comments

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

Williams, Adley & Company-DC, LLP

Washington, District of Columbia
November 14, 2022

A. Improper Internal Controls over Property, Plant, and Equipment (Updated, Repeat Finding)

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

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

The Peace Corps has a de-centralized process over capitalized assets and lacks compliance with existing policies and procedures which has led to a repeat significant deficiency since FY 2019. There are many offices involved with managing property, the Office of Management, Administrative Services (M/AS) and the Office of the Chief Information Officer (OCIO) are responsible for recording and managing the physical property, including vehicles, while the Office of the Chief Financial Officer (OCFO) is responsible for the financial implications of these assets. The Peace Corps' internal controls over PP&E needs improvements related to recording, capitalizing, and tracking property. Specifically, we identified the following issues and the underlying cause of each issue as identified below:

Untimely Recording of Assets in Odyssey:

Our reconciliation between VMIS and the Fixed Asset module identified vehicles that had been disposed of but were still recorded within the Fixed Asset module. This means that the net book values of the assets are still reflected on the Balance Sheet even though Peace Corps no longer owns the asset. Specifically, we noted the following:

- 50 vehicles, valued at $766,146, were disposed or marked as disposed in VMIS in multiple fiscal years, but not removed from Odyssey as of June 30, 2022. See disposals per fiscal year below:

Fiscal Year of the Disposal	Number of Vehicles Disposed	Net Book Value
FY 2019	15	$205,655
FY 2020	7	$131,448
FY 2021	21	$315,170
FY 2022	7	$113,873
Total	**50**	**$766,146**

After we identified and communicated these issues to the Peace Corps, Peace Corps staff removed 44 of the 50 vehicles from the Fixed Asset module prior to September 30, 2022. This reduced the potential overstatement of $766,146 to an actual net overstatement of $89,381 on the PP&E line of the Balance Sheet on the FY 2022 Financial Statements.

However, on the FY 2021 Financial Statements, 43 (15 + 7 + 21) vehicles were inappropriately included, resulting in a net overstatement of $652,273 on the PP&E line of the Balance Sheet.

During our audit, we determined that the OCFO did not follow their policies and procedures to ensure that items were removed from Odyssey timely. Specifically, OCFO conducts a monthly reconciliation of property and vehicles from the source systems to the Fixed Asset module. However, these reconciliations did not identify the need to remove the 14 vehicles that were no longer listed in VMIS from the Fixed Asset module.

Additionally, OCFO has not adequately designed their reconciliation process, as the review only looks to identify vehicles that are no longer listed in VMIS. The VMIS report lists all vehicles that are currently in service or have been disposed of in the last two years. According to M/AS, VMIS is required to maintain this listing of disposed vehicles per records retention requirements. However, OCFO was unaware that the VMIS report listed disposed vehicles. This resulted in 50 vehicles being overlooked and inappropriately remaining in the Fixed Asset module.

Finally, the Office of Management, Administrative Services (M/AS) sends monthly reports to OCFO outlining the status of all vehicles in Peace Corps' possession. However, there is no evidence that these reports were used to identify or remove the retired vehicles from the Fixed Asset module.

Untimely Recording of Assets in Odyssey:
In FY 2022, there were a total of 97 additions made as of June 30, 2022. Of these additions, we identified eight separate instances of delays in entering these assets into the Fixed Asset module. Specifically, two assets were placed into service during FY 2021 but remained in the clearing account for almost a year. This means that the associated depreciation on these assets was not being recognized during FY 2021; however, the total asset amount is included on the PP&E line of the Balance Sheet. Furthermore, six assets were placed into service during FY 2021 but were not entered into either the clearing account or the Fixed Asset module in FY 2021. The delays in entering these eight assets in the Fixed Assets module ranged between 109 and 415 days after their placed in-service date (average 176 days). This created an impact on the FY 2021 Financial Statements. Specifically:

- For two assets, valued at $60,354, the acquisition cost was reflected on the Balance Sheet as part of the clearing account, but depreciation of $2,328 was never accounted for.
- For six assets, the acquisition cost of $274,305 and depreciation of $12,986 was not recorded on the Balance Sheet, resulting in a net effect of $261,319.

This resulted in a net understatement of $258,991 ($261,319 - $2,328) on the PP&E line of the Balance Sheet on the FY 2021 Financial Statements.

Additionally, in FY 2021 the Peace Corps updated its policy for recording capital asset additions. Specifically, the policy states that any asset with an in-service date between October 1st and June 30th should be entered into the Fixed Asset module during the current fiscal year; however, any asset with an in-service date between July 1st and September 30th should be entered into the Fixed Asset module during the first quarter of the following fiscal year. Based on our review of the clearing account as of September 30, 2022, we noted that no additions were recorded to the clearing account in the fourth quarter. However, our reconciliation between Sunflower and the Fixed Asset module for the fourth quarter identified IT assets, valued $1,830,468, that had been purchased and recorded in Sunflower but were not recorded to the clearing account or the Fixed Asset module. This resulted in the acquisition cost of the IT assets not being reflected as PP&E on the Balance Sheet.

After we identified and communicated these issues to the Peace Corps, Peace Corps staff recorded an adjustment to their FY 2022 Financial Statements, in which the assets were added to the clearing account. This adjustment corrected and removed the potential understatement of $1,830,468 to on the PP&E line of the Balance Sheet on the FY 2022 Financial Statements.

During our audit, we determined OCFO is responsible for recording capitalized assets in the financial system and has policies and procedures in place to ensure capitalized assets are added appropriately to the financial system. However, these processes are not always followed, while two assets acquired in FY 2021 were recorded on the USSGL clearing account, these items should have been marked in the Fixed Asset module as “placed-in-service” in the same fiscal year.

Furthermore, OCFO relies on programming offices to utilize specific object class codes when entering purchases of new capitalized assets in the financial system. However, these programming offices are not always using the designated object class codes, which leads to assets being improperly recorded as non-capitalized assets. OCFO does not have a process to flag purchases made in the financial system that are over the capitalized asset dollar threshold but are not categorized by the designated capitalized asset object class codes. Which resulted in the delay of adding six assets to the Fixed Asset module.

Peace Corps did not fully utilize the Statement of Federal Accounting Standard 6 when developing their revised capitalized asset policy.

Asset values recorded in Odyssey do not match asset values in Sunflower:
Monthly reconciliations between Sunflower and the Fixed Asset module identified one asset (“VOIP System”) with a reconciliation issue. Specifically, we noted that the VOIP system was a bulk purchase and the entire acquisition amount of $408,867 was capitalized and recorded in the Fixed Asset module, however, only $29,713 of these assets were recorded in Sunflower.

While this discrepancy was initially identified during a monthly reconciliation in FY 2021, the agency still has not taken follow-up actions to remediate the difference, either by reducing the total dollar value recorded as PP&E in the Fixed Asset module or increasing the dollar value of the assets within Sunflower.

During our audit, we determined that OCFO did not have adequate follow-up on issues identified in their monthly reconciliations. Specifically, OCFO identified an issue with the VOIP system in FY 2021; however, no corrective actions were taken to ensure the Capitalized Asset module and the property system were in alignment.

Appendix I – Material Weakness

This issue is further compounded by the fact that there is a de-centralized process for categorizing and recording assets. M/AS maintains Sunflower and provides guidance to all agency employees on how to use Sunflower, including how to record non-IT assets in their system. However, the OCIO is responsible for IT specific assets and is tasked with deciding which assets should be recorded in Sunflower as capitalized assets. Lastly, OCFO is responsible for maintaining the Fixed Asset module and is responsible for ensuring the correct financial implications are recorded. However, the Peace Corps lacks controls to ensure that agency assets are consistently categorized (i.e., capitalized or not). Furthermore, the procedures lack a process to remediate and resolve the difference in categorization. In the VOIP system example, OCFO categorized the full bulk purchase cost as a capitalized asset; however, OCIO only categorized a portion of the bulk purchase as a capitalized asset.

A lack of complete and accurate financial information regarding PP&E could result in the following:

- Loss of asset accountability, which introduces operational risk related to the ability to execute the Peace Corps' mission.
- Decrease in the uniformity and standardization of procedures, resulting in inconsistent treatment of assets and increasing the difficulty in completing consolidated reports.
- Overstatement in the FY 2022 PP&E net balance of $89,381.
- Overstatement in the FY 2021 PP&E net balance of $393,282 ($652,273 – 258,991).

Paragraphs 34 and 38 of The Statement of Federal Financial Accounting Standards (SFFAS) 6: Accounting for Property, Plant and Equipment states:

> *34."PP&E shall be recognized when title passes to the acquiring entity or when the PP&E is delivered to the entity or to an agency of the entity."*
>
> 38.*"In the period of disposal, retirement, or removal from service, general PP&E shall be removed from the asset accounts along with the associated accumulated depreciation/amortization. Any difference between the book value of the PP&E amounts realized shall be recognized as a gain or loss in the period that the general PP&E is disposed of, retired, or removed from service."*

According to the Domestic Financial Management Handbook, Chapter 22 states, July 12, 2021, version:

- <u>22.5.3 Tracking and Reporting of the Capital Assets</u>
  The corresponding office that has custody of the capital assets must track the PP&E in all phases of its useful life, from the time the asset is delivered and accepted, until disposal when the asset is finally retired from service. All actions associate with capital assets must be monitored, tracked and recorded (including transfer between offices and Post/HQ).

- <u>22.5.3.3 IT hardware and General PP&E</u>
  Capitalization of new assets and corresponding changes to capital assets, including disposals, should be recorded within the time parameters listed below:
  - If the asset's in-service date occurs between October 1st and June 30th, the new asset should be recorded as a new asset in the F/A module during the same fiscal year of purchase.

- If the asset's in-service date occurs between July 1st and September 30th, the new asset should be recorded by December 31st of the subsequent fiscal year.

- 22.5.6 Internal Control

  The management controls for the PP&E process include the following:

  - Recordation of capital asset and changes to capital assets are verified by OCFO/AFR against acceptable backup documentation, such as copy of approved invoice, proceed of sales information, Leasehold Tracking Spreadsheet, Labor Hours Tracking Spreadsheet, or disposal record.

Recommendations: We recommend the Peace Corps:

1. Update policies and procedures to clarify the roles of all responsible offices and establish timelines in accordance with the SFFAS No. 6 for proper recording of additions and disposal of assets in Sunflower and the Fixed Asset module. The updated roles should clearly establish the authority to make final determinations when discrepancies of opinions occur.
2. Enhance the reconciliations of the source systems and Fixed Asset module to ensure the reconciliations take into consideration the asset status in the source system (assets with disposed status should be removed from Odyssey) and the asset value (it should agree in both systems). When differences are identified, they should be investigated and resolved within a timely manner.
3. Update policies and procedures to clarify that OCFO is ultimately responsible for determining if assets, including IT assets, meet the capitalization threshold in both Fixed Asset Module and tracking systems (e.g., Sunflower and VMIS).
4. Update the procedures on how Bulk Assets are recorded as separate assets to make them easily identifiable in Sunflower.
5. Review purchase orders monthly for orders over the threshold that could have been miscategorized.

Appendix II – Significant Deficiency

B. Information Technology Security (Updated, Repeat Finding)

The Peace Corps was not in compliance with the Federal Information Security Modernization Act of 2014 (FISMA). All five FISMA functions, inclusive of nine domains, did not meet Department of Homeland Security's required maturity level, managed and measurable. Specifically, design and operation weaknesses associated with key FISMA domains are summarized below:

- In Fiscal Year (FY) 2018, the Peace Corps had not finalized an information security continuous monitoring strategy. From FY 2019 to 2022, the Peace Corps worked to develop an information security continuous monitoring strategy; however, the strategy was not fully defined at the organization level. In addition, implementation of access controls was not fully documented.
- The Peace Corps does not have a robust agency-wide Risk Management Program to manage information security risks. Specifically, the agency has not fully defined the agency's risk appetite and risk tolerance.
- The Peace Corps has not fully addressed issues regarding its PC General Support System (GSS) security controls assessments. In addition, the agency has not conducted an assessment on a portion of Financial System security controls.
- The Office of Chief Information Officer (OCIO) has developed an information security architecture in FY 2021; however, it is not yet integrated with the risk management strategy.

Peace Corps' management has not implemented an Enterprise Risk Management (ERM) process throughout the Peace Corps at the organization, business, and information system level. Additionally, OCIO did not prioritize nor have the resources required to complete the ERM strategy and supporting documentation needed to transition to a defined information security continuous monitoring process.

Without a fully implemented Continuous Monitoring Program, agency systems could incur potential damage, including system downtime, unauthorized access, changes to data, data loss, or operational failure. Also, without effectively implementing a comprehensive risk management process at the agency level, the Peace Corps may be unable to address the root causes associated with existing information security risks.

Government Accounting Office (GAO) Federal Information System Controls Audit Manual (FISCAM) 1.2 states: "Without effective general controls, business process application controls can generally be rendered ineffective by circumvention or modification."

GAO FISCAM 2.3 states: "If one or more of the nine control categories are not effectively achieved, IS controls are ineffective, unless other factors sufficiently reduce the risk."

GAO FISCAM SM-2 states: "According to FISMA, federal agencies must periodically assess the risk and magnitude of the harm that could result from the unauthorized access, use, disclosure, disruption, modification, or destruction of information and information systems that support their operations and assets. Policies and procedures are based on risk, and the rigor of management testing and evaluation of information security should also be based on risk."

GAO FISCAM SM-5 states: "An important element of risk management is ensuring that policies and controls intended to reduce risk are effective on an ongoing basis. Effective monitoring involves the entity performing tests of IS controls to evaluate or determine whether they are appropriately designed and operating effectively to achieve the entity's control objectives."

S.2521 - Federal Information Security Modernization Act of 2014 states: Agency heads to ensure that: (1) information security management processes are integrated with budgetary planning; (2) senior agency officials, including chief information officers, carry out their information security responsibilities; and (3) all personnel are held accountable for complying with the agency-wide information security program.

Recommendations: We recommend that:

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

C. Noncompliance with Laws, Regulations, Contracts, and Grant Agreements-FISMA (Updated, Repeat Finding)

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

As noted in its Assurance Statement included in its Agency Financial Report, the Peace Corps disclosed an instance of noncompliance with FISMA that is required to be reported under Government Auditing Standards and Office of Management and Budget (OMB) Bulletin No. 22-01, *Audit Requirements for Federal Financial Statements*.

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

The OIG has provided Peace Corps' management with a separate limited distribution report that further details the vulnerabilities in the Peace Corps' systems and provides recommendations for improvement. Please refer to Finding B regarding Information Technology Security (Updated, Repeat Finding) for high-level details.

Appendix IV - Status of Prior Year Findings and Recommendations

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

Prior Year Finding	Current Status
2019-06: Inadequate Internal Controls over Property, Plant, and Equipment (Significant Deficiency)	**Open**. Finding has been elevated to a material weakness and repeated as Finding A Appendix I.
2018-05: Information Technology Security (Significant Deficiency)	**Open**. Finding has been updated and repeated as Finding B in Appendix II.
FISMA (Non-Compliance)	**Open**. Finding has been updated and repeated as Finding C in Appendix III.

Appendix V – Agency Comments

Peace Corps

November 14, 2022

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

Dear Mr. Isiaq,

This letter represents the response of the Peace Corps to your draft Independent Auditor's Report, received November 3, 2022. We are pleased with your issuance of an unmodified (clean) audit opinion. The Peace Corps management reviewed the Notice of Findings and Recommendations for one material weakness and one significant deficiency issued by Williams Adley, in connection with the audit of our financial statements for fiscal year (FY) 2022. We concur with the condition, criteria, and level of control deficiency identified. We have established corrective action plans to address the root cause of these audit findings. We are dedicated to resolving these issues in FY 2023, as we strive for an effective and efficient internal control environment.

Improper Internal Controls over Property, Plant, and Equipment (Modified Repeat Finding)
Response: Concur

In FY 2022, the Office of the Chief Financial Officer (OCFO) updated its procedures to identify differences between the agency's inventory management systems (Sunflower) and the Odyssey financial system. The Office of Management (M) provided guidance to custodians of personal property to ensure that assets were tagged and accounted for in Sunflower, while the Office of the Chief Information Officer (OCIO) improved its procedures to properly account, in a timely manner, Information Technology (IT) property purchased, maintained, and secured by the OCIO. In FY 2023, the Peace Corps will strengthen its policies and procedures with clearly defined roles and responsibilities between OCFO, M, and OCIO so that assets are accounted for in the tracking systems (Sunflower and VMIS); OCFO as primary stakeholder over the accounting and verification of capital assets, M as the administrator for ensuring the accuracy of Sunflower and VMIS, and OCIO as the custodian of IT assets. OCFO will lead the effort to identify and resolve differences between the tracking systems and Odyssey to ensure the capital assets are classified and valued accurately in the financial statements.
Estimated Completion Date: September 2023

Information Technology Security (Modified Repeat Finding)
Agency Response: Concur

In FY 2022, the OCIO documented the integration of Information Security Information Continuous Monitoring (ISCM) into the risk management strategy and updated policies and procedures for managing IT security and strategies for risk management. The agency also committed resources to the Enterprise Risk Management (ERM) program, leading to the completion of office-level risk registers, which codifies the OCIO risks and the accepted tolerance. In FY 2023, the OCIO will continue its efforts to fully implement its ISCM strategy and perform the required Security Assessment and Authorization on FISMA-reportable systems in accordance with the agency's risk management strategy, in addition to developing an IT security architecture that is

Paul D. Coverdell Peace Corps Headquarters

1275 First Street NE | Washington, DC 20526 | 855.855.1961 | PEACECORPS.GOV integrated into the risk management strategy. The Peace Corps will continue to improve its ERM strategy, ensuring that IT security risks are clearly communicated and acted upon at all three tiers of the organization. **Estimated Completion Date:** September 2023

Thank you and we appreciate the opportunity to respond to the draft Independent Auditor's Report pertaining to the FY 2022 Financial Statements Audit.

Sincerely,

Peng, Thomas

Digitally signed by Peng, Thomas
Date: 2022.11.08 17:09:24 -05'00'

Thomas Peng
Deputy Chief Executive Officer

Other Information

In Milange, Zambezia, Mozambique, an outlying neighborhood of the district capital, the Associação Artística e Cultural - Milange (ARCUM) puts on a theater piece in local language for residents on the importance of antiretroviral (ARV) treatment in preventing vertical HIV transmission and the threats domestic violence can have on adherence to ARV treatment retention.

Management and Performance Challenges

Fiscal Year 2022

In accordance with the Reports Consolidation Act of 2000, the Office of Inspector General (OIG) is submitting what it has determined to be the most significant management and performance challenges facing the Peace Corps.

The Inspector General's (IG) management challenges are observations of the IG based on the work performed by OIG, as well as information uncovered during the performance of our oversight responsibilities.

We are pleased to report that, during this fiscal year, the agency prioritized the importance of compliance, closing out 107 recommendations with a total cost savings of approximately $5.46 million related to 33 OIG reports. This resulted in the closure of 21 out of 27 OIG reports with open recommendations. Closure of many of these recommendations represent progress in areas reported as management challenges including compliance, internal controls, and Volunteer support programs .

Additionally, in 2020, the Peace Corps identified and prioritized the need to improve diversity and inclusion within the agency to better achieve the mission of promoting understanding of Americans on the part of the peoples served. Due to these commitments and the resources mobilized to achieve this objective, the OIG included Diversity and Inclusion of Staff and Volunteers in the 2020 and 2021 publications of the statement of management challenges. While the OIG has not undertaken reviews of this area, we have previously noted the agency's efforts to prioritize and expand activities in this area. The agency is incorporating ICDEIA (intercultural competence, diversity, equity, inclusion, and accessibility) goals into the Peace Corps strategic plan and building plans for accountability and sustainable program implementation, including establishing a new office to coordinate and support these efforts. Given these developments, we are no longer addressing this topic separately as part of the agency's biggest challenges.

Extraordinary Developments Impacting the Peace Corps

After the unprecedented evacuation of all Peace Corps Volunteers more than two years ago due to the COVID-19 pandemic, overseas operations have resumed, and Volunteers began to return to posts in March 2022. The Agency's re-entry process has been guided by the country Re-entry Guide (CREG). The CREG provides guidance for returning volunteers to service, with an emphasis on mitigating the risks of the COVID-19 pandemic. In FY 2022, OIG completed two re-entry health and safety compliance reviews of posts to ensure CREG requirements and relevant health and safety measures have been met. In FY 2023 the OIG plans to conduct additional re-entry health and safety reviews as well as initiate full country program evaluations and post audits. While the return of Volunteers to service abroad is an important milestone, the Peace Corps Volunteer program will continue to be strongly impacted by global, regional, and country-specific complications stemming from the COVID-19 pandemic, or as the case may be, post pandemic environment.

Significant management challenges facing the Peace Corps:

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

The aforementioned management challenges illustrate the most significant areas OIG believes need improvement for the Peace Corps to effectively manage its resources and minimize the potential for fraud, waste, and abuse occurring in its operations. Addressing the issues related to these challenge areas will enable the agency to increase operational efficiencies and improve mission effectiveness.

Challenge: Volunteer Health and Safety

Why This Is a Challenge

Volunteer Medical Care

Since Peace Corps' inception in 1961, Volunteer health care has been a top priority for the agency. Given the difference in global health conditions and medical infrastructure among the more than 60 countries where Volunteers serve, effectively addressing this priority is a challenge and requires sustained attention. The Peace Corps Act requires that Volunteers receive health care during their service, which includes "all appropriate examinations, preventive, curative, and restorative health and medical care." The Office of Health Services (OHS) operates a comprehensive, international health system designed to maintain and improve the health of Volunteers. OHS is responsible for providing clinical and preventive health services, clinical supervision and support, technical advice, training and education, and administrative support services to Volunteers through a multidisciplinary staff of trained professionals. More than 60 Peace Corps overseas health units are staffed by two or more Peace Corps Medical Officers (PCMO), who serve as the primary medical clinician for Volunteers. Generally, PCMOs are responsible for assessing, diagnosing, providing clinical care, and documenting Volunteers' physical and mental health conditions.

In a June 2022 review of a medical case review from 2018, OIG found several systemic issues, including that the patient safety event reporting process was not effectively implemented. The finding echoed our 2021 report on the death of a Volunteer in Ghana, which found that the agency's root cause analysis of the incident did not detect critical vulnerabilities and did not comply with industry standards. That finding prompted us to reopen a previously closed recommendation from a 2016 follow-up evaluation of issues identified in a 2010 review of Volunteer health care in Morocco, relating to the patient safety reporting process.

The 2022 review of a medical case from 2018 also found that the PCMO did not always follow the clinical escalation technical guideline that requires PCMOs to consult with the regional medical officer for any condition likely to require emergency surgery or hospitalization. Our oversight activities have found other problems related to the medical technical guidelines, which are documented in prior reports. Although those recommendations have been closed, to help address some of these recurring issues, OIG launched an evaluation of the medical technical guidelines in May 2022.

During the spring and summer of 2022, OIG conducted post re-entry health and safety reviews of Peace Corps/Zambia and Peace Corps/Colombia. Both reviews found issues related to medical action plans, which is a longstanding matter highlighted in our 2020 review of recurring issues at Peace Corps posts. In August 2021, OIG issued a report on the death of a Volunteer in Ghana, and our review included a finding that Peace Corps/Ghana's medical action plan did not fully comply with agency guidelines.

Volunteer Site Development

In 2021, The Peace Corps began recording Volunteer crime data in a new system. The new system links to the Volunteer Information Database Application (VIDA), which staff use to track and manage Volunteer information. In 2022, OIG learned that the migration of crime data to the new system encountered technical issues that impacted the reliability of historical crime incident location data and the ability of VIDA to flag security incidents by site. The agency has issued and revised guidance repeatedly in response to these issues to support posts. Challenges in managing or using site history data could impact staff's ability to identify safety risks during site development. OIG is currently gathering additional information to assess the nature and extent of any challenges.

The agency requires that posts maintain site history files; including programming, safety and security information about past and current sites that could affect a future decision to use a site. OIG findings related to site history files have been a recurring issue. During the spring and summer of 2022, OIG conducted re-entry health and safety reviews of Peace Corps/Zambia and Peace Corps/Colombia. At both posts, OIG found instances of non-compliance with the agency's requirements for maintaining site history files. In 2016, OIG issued a management advisory report to highlight systemic deficiencies with site history files that included a recommendation to improve the data management system. The OIG's 2020 review of recurring issues at Peace Corps posts found that between FY 2016 and FY 2019, 12 post evaluations contained findings related to site history files, including missing documentation and missing crime information. In 2021, we conducted a follow-up review of an evaluation of Peace Corps/Moldova and found that crime incidents were not documented in the site history files as required, the same finding we reported in our 2013 country program evaluation of Peace Corps/Moldova.

The agency requires that posts use site selection criteria to ensure Volunteer sites, housing, and work assignments are appropriate. The OIG's 2020 review of recurring issues at Peace Corps posts found that all OIG post evaluation reports issued between FY 2016 to FY 2019 included findings related to site selection criteria. In our follow-up evaluation of Peace Corps/Moldova, we found that staff did not properly document their housing inspections.

OIG is concerned that COVID-19 considerations have increased the difficulty of Volunteer site development. Steps to mitigate the risks of COVID-19 transmission will likely impact decisions regarding appropriate Volunteer housing, communities, and worksites. During FY 2023, OIG plans to conduct post re-entry health and safety reviews that include traveling to posts to assess compliance with Volunteer site and housing requirements.

Volunteer Drug Use

In the past, OIG was concerned that country directors struggled to resolve allegations of drug use through administrative action due to a high burden of proof and a lack of tools necessary to address the allegations in a fair and consistent manner. However, Volunteers have been absent from service abroad for more than two years; and OIG will continue to monitor this issue now that Volunteers are returning to service. Four out of six recommendations issued in a 2018 OIG management advisory report on Volunteer drug use remain open[1].

Progress in Addressing the Challenge

Volunteer Medical Care

The agency developed the Country Re-Entry Guide (CREG) in June 2020, which includes tools and deliverables for returning Volunteers to service and reducing the risk of COVID-19 transmission upon return. See the *Planning and Implementation* challenge for more information on the CREG.

There has been significant progress by the agency in taking action on OIG recommendations impacting Volunteer health care. In September 2021, the agency updated manual section 261 to provide at least two qualified medical officers and appropriate numbers of

1 Management Advisory Report: Volunteer Drug Use (2018)

support staff, at all posts with an active Volunteer population. Moreover, OIG closed twelve recommendations related to improving Volunteer health care. The closed recommendations included three post-specific recommendations as well as recommendations to improve health unit staffing issues, improve training recordkeeping, and improve mental health care standards. The agency closed the final recommendations from a 2014 evaluation of the effectiveness and implementation of Volunteer sexual assault risk reduction and a 2017 evaluation of the agency's sexual assault risk reduction and response program.

Volunteer Site Development

OIG closed 10 recommendations at three Peace Corps posts related to Volunteer housing and site development, such as improving site selection procedures and oversight. In addition, OIG closed the final recommendation of a 2019 report that addressed the impact of homestay requirements on Volunteer safety. OIG also closed all three of the recommendations made in a 2016 management advisory report that addressed the systems, guidance, and oversight of site history files.

As we noted above, in 2021 the Peace Corps began recording Volunteer crime data in a new system that links to VIDA. Although we have some concerns about the accessibility of historical crime data in VIDA, we are encouraged that crime data reported in the new system should be accessible in VIDA to appropriate staff when reviewing sites for Volunteer placements. During recent remarks to all Country Directors, CEO Spahn emphasized the importance of compliance and quality assurance, specifically calling out the need for post to properly manage and use their site history files. Related with those remarks, we are also pleased to learn that the agency has begun developing a system to integrate quality assurance functions at posts and HQ to better manage and track key processes and procedures, including site management and site history file documentation. The effort aims to place a quality assurance position at each post and will be implemented by temporary regional quality assurance experts who were recently onboarded, as well as supporting roles in the Office of Global Operations (OGO) and Office of the Chief Compliance Officer (OCCO). As the phases of the project are rolled out, we look forward to seeing benefits in key areas, including site management and site history file documentation.

What Needs to Be Done

Ensuring the health of Volunteers as they return to the field will require extensive coordination between work units at posts and between posts and headquarters. In addition to CREG requirements, the agency is requiring posts to complete a COVID-19 response plan as part of their emergency action plan. Posts should continue to implement these critical components to ensure the health of Volunteers during the pandemic.

Volunteer Medical Care

To improve the Volunteer health care program, the agency should implement the open recommendations from the 2016 Follow-Up Evaluation of Issues Identified in the 2010 Peace Corps/Morocco Assessment of Medical Care. The three remaining recommendations address patient safety event reviews, and our June 2022 review of a medical case from 2018 also included a recommendation in this area to improve the identification and reporting of patient safety events.

The CREG requires each post to conduct a comprehensive review of their medical action plan. Nonetheless, both of the post re-entry health and safety reviews that OIG conducted over the spring and summer found issues related to medical action plans, and the agency should improve its oversight to ensure each post has complete and updated medical action plans.

Volunteer Site Development

Posts must ensure that site selection criteria are clear, that Volunteers' sites, housing, and work assignments meet their criteria, and that appropriate staff inspect and approve housing and properly document the results. The agency should continue to provide training and technical assistance to overseas field staff to ensure their site management activities are supported by complete and accurate site history files. The agency should also provide sufficient oversight to ensure the effective implementation of agency site development and site placement procedures, including interim measures.

To mitigate the risks associated with operating during the COVID-19 pandemic, the agency has established a broad set of considerations for field staff concerning the selection of Volunteer sites. Posts will need to implement a site development process that accounts for these considerations while also avoiding the longstanding issues with site development that OIG has identified during oversight activities.

Key OIG Resources:

Final Report on the Post Re-Entry Health and Safety Review of Peace Corps/Ecuador (2022)

Management Advisory Report: Peace Corps Medical Case Review (2022)

Follow up Evaluation of Peace Corps/Moldova (2021)

Review of the Facts and Circumstances Surrounding the Death of a Peace Corps/Ghana Volunteer (2021)

Recurring Issues Report: Common Challenges Facing Peace Corps Posts, FYs 2016-2019 (2020)

Management Advisory Report: Peace Corps/Ghana Gas Tank Cooking Safety (2020)

Evaluation of Peace Corps/Eastern Caribbean (2020)

Evaluation of Peace Corps/Tanzania (2020)

Evaluation of Peace Corps/Panama (2020)

Management Advisory Report: Review of the Circumstances Surrounding the Death of a Volunteer in Peace Corps/Comoros (2019)

Evaluation of Peace Corps/Kyrgyz Republic (2019)

Evaluation of Peace Corps/Paraguay (2019)

Evaluation of Peace Corps/Comoros (2019)

Evaluation of Peace Corps/Thailand (2019)

Evaluation of Peace Corps/Mozambique (2019)

Review of New Country Entry Guidance for Conflict-Affected Countries (2019)

Follow-Up Review of Peace Corps/Namibia (2019)

Follow-Up Review of Peace Corps/Nepal (2019)

Evaluation on Homestay Impact (2019)

Evaluation of Peace Corps/Senegal (2018)

Management Advisory Report: Volunteer Drug Use (2018)

Evaluation of Peace Corps/Albania (2018)

Case Study of Effective Site Development Practices (2018)

Follow-Up Review of Peace Corps/Uganda (2018)

Follow-up Review of Peace Corps/Peru (2018)

Management Advisory Report: Managing the Suspension of Peace Corps/Kenya (2018)

Evaluation of Peace Corps/South Africa (2017)

Evaluation of Peace Corps/Costa Rica (2017)

Management Implication Report: Challenges Associated with Staff Turnover (2017)

Evaluation of Peace Corps/Kosovo (2017)

Management Advisory Report: Site History Files (2016)

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

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

Evaluation of Peace Corps/Rwanda (2016)

Evaluation of Peace Corps Sexual Assault Risk-Reduction and Response Training (2013)

Challenge: Human Capital Management

Why This Is a Challenge

OIG oversight activities have frequently identified concerns with staff hiring and retention and knowledge management, which are pillars of human capital management.

Nearly all Peace Corps U.S. direct-hire (USDH) staff are subject to a 5-year term limit called the "5-year rule" (FYR). Congress enacted the FYR in 1965 to create a constant flow of new employees, including returned Peace Corps Volunteers; avoid the inflexibility associated with the civil service system; and prevent employees from working their entire career at the Peace Corps. However, an OIG evaluation of the FYR in 2012 found that it resulted in high turnover – the rate was quadruple the government-wide average – compromised the agency's ability to attract and retain qualified personnel for core management functions and contributed to brief staff tenures. These factors impaired the agency's institutional memory and knowledge management practices.

Hiring and Retaining Qualified Staff

In 2013, OIG reported on these challenges in our audit of Peace Corps overseas staffing. We found 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 the 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. Headquarters personnel recruitment is similarly difficult because many of the positions require specialized knowledge and the ability to perform governmental budgeting, payment, and contracting. In our 2016 audit of Peace Corps' healthcare benefits administration contract, we identified that inexperienced staff and insufficient planning contributed to instances of the agency's non-compliance with the Federal Acquisition Regulations and other complex rules associated with soliciting, awarding, and administering contracts or procurements. This is particularly concerning due to the large sums of money processed in contracting and acquisitions. In July 2017, OIG issued "Management Implication Report – Challenges Associated with Staff Turnover" to the acting Director. This report outlined the negative effects of staff turnover on the agency's ability to maintain high quality Volunteer support and improve core business functions, illustrating that high staff turnover is a persistent challenge for the agency that spans multiple levels and areas of operation. Almost all supervisory/management positions at the Peace Corps, both at headquarters and overseas, are subject to the FYR. Since these positions directly impact the agency's operations, recruiting and hiring skilled personnel to fill these vacancies is critical.

The OIG's 2020 review of recurring issues at Peace Corps posts found that, from FY 2016 to FY 2019, staff turnover and staffing gaps impaired emergency medical preparedness, led to ineffective Volunteer technical training, and resulted in heavy staff workloads that in some cases left required tasks incomplete. A 2019 Office of Personnel Managment (OPM) assessment of the agency's organizational design and performance found that the FYR contributed to increased turnover and extended vacancies that resulted ina lack of continuity and curtailed the agency's productivity. The agency reports that its staff vacancy rate is 15.8 percent as of August 2022 compared to 12.9% in August 2020.

OIG has not reviewed how the FYR may exacerbate staffing challenges in the post COVID staffing environment. However, it is clear that the agency is currently facing staffing challenges. For example, staffing limitation resulted in delays in the delays in the implementation of the agency's strategic plan according to the FY22 Q3 All-Agency Strategic Plan Update (July 26, 2022). Peace Corps' ability to progress on seven of twenty-two performance foals was delayed because of staff limitations in six different areas of operations: Peace Corps Response (PCR), Volunteer Recruitment Services (VRS) Office of Health Services (OHS), Office of Global Operations (OGO), Africa region (AF), and Office of Chief Financial Officer (OCFO).

The agency reported vacancy rates for VRS, OHS, and OGO as 28 percent, 18 percent, and 13 percent respectively. According to strategic plan progress updates from agency leadership, staffing gaps impacted PCR and VRS efforts to expand Peace Corps Response, recruit Volunteers and increase the diversity of the Volunteer corps. The agency required personnel with specific areas of expertise to enable OHS to develop a comprehensive duty of care framework, and to establish post-level processes for communicating results with community-level stakeholders in the Africa region. Insufficient staff capacity delayed the incorporation of risk management and strategic priorities into agency governance processes in the OCFO. OGO noted that delays in onboarding Regional Quality Assurance Experts delayed the development and roll out of the Quality Assurance process and the hiring of Post Quality Assurance Specialists. Significantly, Office of Human Resources (OHR), the office responsible for advertising openings and onboarding staff, contends with a 22 percent vacancy rate.

Knowledge Management

Knowledge management, defined as capturing, distributing, and effectively using knowledge, becomes critical in environments with high turnover.

OIG's 2012 evaluation of the FYR unearthed a trove of internal and external reviews and studies from as early as 1974, that documented the agency's dearth of institutional memory caused by the FYR. A 2019 OPM assessment also identified work process inefficiencies caused by inadequate documentation of past problem-solving and initiatives as well as siloed work practices.

Progress in Addressing the Challenge

Staff training continued to improve in FY22. The agency closed the last four remaining recommendations from the Final Report on the Program Evaluation of the Peace Corps' Training of Overseas Staff (2014). This entailed a comprehensive assessment of the applicability and relevance of federally mandated trainings to overseas staff, and the production of an agency-wide mandatory training catalogue.

Hiring and Retaining Qualified Staff

The 2018 Sam Farr and Nick Castle Peace Corps Reform Act authorized the agency to extend the appointments of positions designated by the Director as "critical management" or "management support" positions that require specialized technical or professional skills, as well as knowledge of agency operations. The authority provides for additional five-year terms beyond the term limits provided in the Peace Corps Act. As of August of 2022, the agency designated 79 positions as exempt from the 5-year rule, including 44 positions exempted since 2019[2]. About Sixty-three percent of exempted positions are now in the Office of Health Services, the Office of Safety and Security, the Office of Victim Advocacy or regional offices where staff are responsible for safety and security of volunteers.

2 The number of exempted positions excludes 34 OIG and 3 Office of Victim Advocacy positions not subject to the five year rule by operation of law (see The Kate Puzey Volunteer Protection Act of 2011)

The Agency also designated nine positions as exempt for core support functions, such as contracting, financial management, information technology management, and human resources management[3].

Knowledge Management

The agency implemented the PATH global onboarding program for new hires in FY22. One of the goals of this program is to ensure all the staff regardless of position or location, receive organized, motivational, and impactful onboarding during their first year working for Peace Corps. The agency also provided training for all their supervisors and their delegates to support, tailor and execute the PATH onboarding program.

What Needs to Be Done

Hiring and Retaining Qualified Staff

The agency has not addressed two recommendations (recommendations 2 and 3) from our 2012 evaluation of the FYR, which identified the need for a process to manage turnover and retain qualified personnel. OIG reviewed the current number of exempt positions and found that the nine core support function positions mentioned above represent only 7.8 percent of all exemptions. Exempting additional positions in these critical areas may contribute to increased tenure and lower vacancy rates. Also, two recommendations (recommendations 10 and 11) in our 2013 Audit Report: Peace Corps Overseas Staffing remain open. These recommendations address the need for training for post rating officials on their role in conducting performance reviews and providing adequate feedback, and also improved guidance on senior staff performance appraisals and performance elements.

The agency should improve employee satisfaction to reduce vacancies, as well as attract and retain qualified staff. Results of the 2021 Federal Employee Viewpoint Survey (FEVS) show that the Peace Corps fell from 6th to 9th place out of 29 small agencies in rank as one of the best places to work. The overall employee engagement and satisfaction score dropped from 85 percent in FY20 to 77 percent in FY21, which remains higher than the government-wide score of 64.5 percent. The survey showed that the largest negative shifts concerned employee satisfaction with recognition for performance. (-9.6% shift for question 12, -10% for question 41, and -11% for question 20).

Knowledge Management

Peace Corps leadership should develop and enact an agency-wide strategy to formalize knowledge management practices related to recording institutional memory, developing standard operating procedures for key processes, and ensuring information accessibility. Also, the agency should consider, where appropriate, implementing the recommendations from the 2019 OPM assessment of the agency's organizational design and performance.

3 Per OHR data, Peace Corps headquarters has 960 total staff.

Key OIG Resources:

Recurring Issues Report: Common Challenges Facing Peace Corps Posts (2020)

Fiscal Year 2018-2022 Strategic Plan (2018)

Management Implication Report: Challenges Associated with Staff Turnover (2017)

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

Evaluation of Impacts of the Five-Year Rule on Operations of the Peace Corps (2012)

Final Audit Report: Peace corps Overseas Staffing (2013)

Challenge: Information Technology Security Management

Why This Is a Challenge

As the role of technology continues to grow due to hybrid and virtual work environments, the protection of agency data and the security of information systems becomes even more critical. System outages and the loss of data can have catastrophic impacts to the agency, such as impacting Volunteers safety, staff productivity, and the Peace Corps' reputation. Information security is not an IT (information technology) problem or concern, but something that impacts all aspects of the agency's business operations. The Peace Corps has not yet adequately incorporated information security risks as an undercurrent in all its business operations and decisions.

The Peace Corps continues to lack an effective information security program. Foundational IT elements are missing, such as a complete understanding of their IT environment. Specifically, they lack of an up-to-date, accurate, and complete inventory of information systems, including hardware and software assets. Understanding where the agency's system boundaries lie is critical for knowing how to protect the information residing within the Peace Corps network. For example, if the agency does not know what assets they own, they cannot update and maintain these assets to ensure they are protected from critical security vulnerabilities. Providing these updates is a critical element to ensuring that the sensitive data maintained by the Peace Corps—n notably employee personnel records, Volunteer health records, and Volunteer sexual assault incident information—is fully protected

The agency has repeatedly failed to follow the correct steps to conduct a full and comprehensive system security review on the backbone of its IT infrastructure, the General Support System (GSS). All information systems should undergo an assessment of their information security controls to ensure effectiveness. This process includes identifying information security risks to the system, designing controls to mitigate these risks, and adequately protect the information within the system. However, for the last 4 years, the agency has taken numerous missteps and circumvented their own policies for ensuring all proper controls of the GSS are adequately developed and implemented.

As the GSS is the backbone of the Peace Corps' IT infrastructure, it provides connectivity, security, storage, and data access for its employees and contractors. Many systems within the Peace Corps infrastructure rely on the GSS for inherited controls. Negligence in the GSS's security posture review can leave other critical systems, including the financial system, vulnerable to known and potentially unknown, common and critical information security risks. This has also resulted in an inefficient use of resources as OCIO (Office of Chief Information Officer) has spent efforts in a reactive manner to address issues as they surface, instead of proactively preventing and addressing the weaknesses.

Another key foundational issue is the absence of a fully-implemented, comprehensive, agency-wide enterprise risk management (ERM) program that is effective at monitoring, identifying, and assessing security weaknesses and resolving related problems at the entity, business process, and information system levels. See the Planning and Implementation challenge. While the agency continues to work on their ERM program, it is unclear how cybersecurity risks have been incorporated into both the office level and the enterprise level program. Without a robust risk management process, the Peace Corps is exposed to risk of attacks,

Progress in Adressing the Challenge

The Federal Information Security Modernization Act of 2014 (FISMA) is designed to ensure agencies develop, document, and implement an agency-wide program to provide comprehensive security for the information and systems that support their operations and assets. As part of OIG's annual review of the agency's compliance with FISMA, a score is assessed to provide a consistent and comparable metric across government agencies. The five-level scale ranges from Level 1, Ad-hoc to Level 5, Optimized. A Level 4, Managed and Measurable, is considered to be an effective level of security. For FY 2022, OMB changed the guidance for inspectors general (IGs) on how Federal agencies should be reviewed. A set of "core IG metrics" were established to identify the most important data points. These 20 metrics were chosen because they would provide sufficient data to determine the effectiveness of an agency's information security program with a high level of confidence.

In FY 2022, the agency maintained their status at Level 2, Defined, as measured against the set of core OIG metrics. Since OIG began reporting IT security as a management challenge in 2009, the agency's cybersecurity posture was at Level 1 Ad-hoc, indicating a reactive program without formalized policies and procedures. Moving to Level 2 indicates policies, procedures, and strategy are formalized and documented.

In FY 2022, the agency made progress in formalizing several core policies and procedures, such as an Information Security Continuous Monitoring and Supply Chain Risk Management strategies. However, OIG was not able to assess the implementation of these policies and procedures to determine their effectiveness or if operations adhere to them.

What Needs to Be Done

For the Peace Corps to advance their program to Level 3, Consistently Implemented, the agency will need to demonstrate that their developed policies, procedures, and strategy have been consistently applied and followed throughout their daily operations. This requires all staff members to adopt and maintain an information security-focused mindset when engaging in their day-to-day activities.

In order to ensure that the agency's information, operations, and assets are protected, it is critical that the Peace Corps achieve full compliance with FISMA and other Federal laws and regulations that apply to managing its IT security infrastructure. OIG's reviews of the Peace Corps' Information Security Program have contained several actionable steps that the agency should take to improve its security program.

OIG continues to encourage the agency to dedicate substantial resources for implementing and maturing their information security program. Specifically, we assert that focusing on the following two recommendations will elevate their information security program:

OIG continues to encourage the agency to dedicate substantial resources for implementing and maturing their information security program. Specifically, we assert that focusing on the following two recommendations will elevate their information security program:

- Establishing a comprehensive Enterprise Risk Management (ERM) program, and
- Developing a strategy and structure that integrates information security into business operations.

Adopting these actions will foster a sustainable culture that incorporates information security across its business operations. Once this is accomplished, the Peace Corps will be able to better identify its information security and organization-wide risks in order to assess and respond to those risks in a timely manner. This, in turn, will reduce the agency's exposure to targeted attacks and environmental disruptions. This will also ensure that resources are utilized in a proactive manner to prevent and address the weaknesses before they are exploited, leading to an effective information security program.

Key OIG Resources:

Review of the Peace Corps' Information Security Program (2022)

Summary of Internal Control Issues Over the Peace Corps Financial Reporting (FY 2021)

Challenge: Planning and Implementation

Why This Is a Challenge

OIG's 2019 management challenges reported concerns about the agency's struggle to plan for the long-term impacts of risk and resource needs of the organization. Specifically, OIG highlighted areas of concern where the agency did not apply sufficient time and resources to ensure access to quality data for decision making, and establish oversight to comprehensively consider risks to plan and implement new initiatives and programs.

Informed decision making involves consideration of data quality, data accessibility, and consultation with those with applicable knowledge. In 2021, the Peace Corps began recording Volunteer crime data in a new information system, however, historical data was not initially transferred to the new system. The agency subsequently reversed its decision and migrated all the historical data and issues new guidance to support post's site development efforts while crime incident data was being migrated to the new system. When the agency transferred data to the new system it issued revised guidance, and subsequently revised that guidance due to a number of technical issues that impacted the ability of VIDA to flag security incidents by site. OIG is reviewing these actions to determine whether they had an impact on posts' ability to conduct site development. In addition, our management advisory report on Volunteer drug use found that an important obstacle to prioritizing and addressing Volunteer drug use was the agency's inadequate approach to maintaining the information it needs to understand the scope of the problem and ensuring data quality of the information it collected[4].

Establishing sufficient oversight and coordination should be a key consideration when planning and implementing programs. Our management implication report on Peace Corps/Ukraine's President's Emergency Plan for AIDS Relief (PEPFAR)Food Voucher Program communicated concerns that there was insufficient management awareness and oversight at headquarters for Peace Corps staff implementing PEPFAR-funded activities without Volunteers. Proper oversight helps to identify and address risks and ensure that programmatic activities are consistent with the Peace Corps Act and further the agency's mission and goals. The Financial Statement Audit has identified issues with property management almost every year since 2014, leading to increased financial and operational risk. The FY 22 audit found that the three offices involved in property management (OCIO, OCFO, and Management/Administrative Services) do not effectively coordinate property recording systems or processes, which has led to circumventing internal controls and inaccurate accounting of assets. Our recurring issues report also highlighted how programmatic issues could be addressed by strengthening oversight over internal control systems and assigning responsibility or delegating authority appropriately.

In addition, when investing resources, the agency focuses on functions that directly impact Volunteer support, but management should also consider prioritizing functions that enable the Peace Corps to provide that support. Our audit of the agency's payroll and benefits processes (forthcoming) found that OHR and

4 Management Advisory Report: Volunteer Drug Use (2018)

OCFO did not establish effective oversight procedures to reconcile payroll transactions and remediate deficiencies related to ensuring the accuracy of payroll adjustments. ERM and information technology security are critical programs for efficient business processes, effective programming, and the safeguarding of data. Agency management is responsible for implementing practices that effectively identify, assess, respond to, and report on risks. Our audit payroll and the benefits processes also identified that OHR lacked a risk assessment, including a process to detect erroneous data received from a National Finance Center hosted database. A risk assessment would enable management to establish effective policies, procedures, and monitoring systems that would identify inaccuracies related to employee salary and benefits. Our audit recommended that OCFO establish adequate monitoring structures over USDH payroll transactions to mitigate the effect of these risks. The agency committed to developing an ERM program in 2018 but staffing challenges have impeded progress in this area. Information technology security meanwhile suffers from inadequate action and inconsistent implementation of agency policy. See the *Information Security Management* challenge.

The COVID-19 pandemic continues to pose unique challenges for the Peace Corps that affect every aspect of operation as the agency has begun redeploying Volunteers to posts with varying pandemic responses, supporting infrastructure, and data reliability. As of October 2022, 51 posts have issued invitations for Volunteers to serve, and 34 posts have received Volunteers/Trainees. While the agency continues to advance its goals and respond to evolving contexts, effective implementation and monitoring will be key to success.

Progress in Addressing the Challenge

As stated above, the Peace Corps deployed over 900 Volunteers to 41 posts as of October 2022. The OIG began conducting re-entry health and safety reviews in 2021, which are remote assessments of posts' compliance with criteria established in the CREG. These reviews were designed with a narrow scope to provide timely assessments of some of the most critical factors of re-entry and Volunteer support. By September 2022, our three reviews largely found that the agency is effectively implementing its re-entry plans--including compliance with the internal and external review process and implementation of Volunteer training. Adherence to the detailed criteria of the CREG represents significant coordination between post and HQ staff. Areas that we noted deserved additional attention included ensuring completion of relevant staff training and the management of site history files. Subsequent reviews will include traveling to posts for closer assessment of areas such as site development.

The agency developed and implemented guidance for drafting and submitting decision memoranda to the Director to help ensure timeliness and uniformity in documenting recommendations to and decisions by the Director. To enhance its business support functions, the agency added quality assurance, legal, and risk management responsibilities to the function of the compliance office.

Lastly, the agency advanced efforts to implement an ERM framework including creating and staffing a Chief Risk Officer position, completing all office-level risk registers, and incorporating the Chief Compliance Officer/ERM in the decision memo clearance process. The Chief Compliance Officer's role in this process is to identify whether risk-based discussions are needed and to ensure there are no major compliance issues.

What Needs to Be Done

The Peace Corps must take critical steps to ensure appropriate planning and implementation of their programs and operations. Implementation of agency policies and procedures should be timely, fully integrated with the program or function, include consult with relevant offices and experts, and establish sufficient oversight. The agency should prioritize ensuring access to quality data for decision making.

Additionally, the Peace Corps should continue to prioritize development of an ERM program to comprehensively assess decisions at the agency level and improve the ability to successfully plan and implement new programs while properly considering possible setbacks and how to address them. Specifically, management must develop a comprehensive HR risk assessment to ensure that policies and procedures are effectively designed and implemented to prevent and detect payroll transaction errors and establish waiver policies and payroll reconciliation procedures. The OCFO should be involved in payment reconciliation processes to improve the monitoring system.

The Peace Corps must establish sufficient oversight and coordination structures for core business functions within the agency, especially those requiring resources from multiple offices. Without additional oversight, functioning of property management and payroll reconciliation will continue to increase operational risks. The agency should continue to implement effective monitoring processes to ensure that the CREG supports post operations and Volunteer health and safety as intended. Agile implementation will play a critical role as the pandemic-related contexts continue to develop at posts.

Key OIG Resources:

Management Advisory Report: Volunteer Drug Use (2018)

Recurring Issues Report: Common Challenges Facing Peace Corps Posts - FYs 2016-2019 (2020)

Management Implication Report: Peace Corps/Ukraine's PEPFAR Food Voucher Program (2021)

Final Report on the Post Re-Entry Health and Safety Review of Peace Corps/Ecuador (2022)

Final Report on the Post Re-Entry Health and Safety Review of Peace Corps/Zambia (2022)

The Peace Corps' Management of Payroll and Benefits for U.S. Direct Hires (2022) (Forthcoming)

Final Report on the Post Re-Entry Health and Safety Review of Peace Corps/Colombia (2022) (Forthcoming)

SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCES

Summary of Financial Statement Audit					
Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Material Weaknesses	0	1	0	0	1

Summary of Management Assurances

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

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

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

Definition of Terms

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

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

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

Consolidated: The combining of two or more findings.

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

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

PAYMENT INTEGRITY INFORMATION ACT (PIIA) REPORTING

As a part of the Peace Corps' annual financial reporting and in compliance with the Payment Integrity Information Act (PIIA) of 2019, the Peace Corps prepared an annual risk assessment for improper payments and submitted payment integrity information to the Office of Management and Budget (OMB) through their annual data call. The agency's estimated improper payment was well below the threshold for significant improper payments. For more information, visit PaymentAccuracy.gov.

When the Peace Corps' Office of the Inspector General (OIG) performed its annual review of the annual improper payment and payment reporting process, it noted that the Peace Corps was not fully compliant with PIIA for FY 2021. In response, the Peace Corps submitted an agency plan to OMB identifying how the agency will come into compliance with PIIA. This plan lists the following milestones that will be complete by the end of the 2022 calendar year:

- Delegating a senior agency official (SAO) to be responsible for PIIA compliance
- Updating the SAO performance plan for accountability
- Updating internal standard operating procedures and training staff
- Uploading FY 2021 improper payment information and reporting methodology into OMB MAX
- Uploading FY 2022 improper payment information into OMB MAX; and
- Notifying agency Compliance Office of completion of tasks.

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Appendices

Returned Volunteer Hilliard Hicks (front) and Marine Biology students help clear refuse and marine debris from fishponds in the Philippines. They got up at the crack of dawn during low tide to get muddy and clean the ponds.

STATUS OF AUDIT WEAKNESSES

PART I – MATERIAL WEAKNESS FINDINGS	STATUS AS OF FY 2022	PROJECTED RESOLUTION DATE
IMPROPER INTERNAL CONROLS OVER PROPERTY, PLANT, AND EQUIPMENT	DELAYED RESOLUTION	SEPTEMBER 2023

FY 2022 Completed Corrective Actions

1. Peace Corps initiated an update to the policy and procedures for personal property to properly account for IT assets.
2. Peace Corps continued to provide guidance to its field and program offices on the proper use of it property management software.
3. Peace Corps made enhancements to its reconciliation process to account for fixed assets and identify discrepancies.

FY 2023 Planned Corrective Actions

1. Peace Corps will update and strengthen its policies and procedures over personal property, including timely and proper recordation of capitalized assets. Roles and responsibilities over personal property are clearly defined between Office of the Chief Financial Officer (OCFO), Office of Management (M) and Office of the Chief Information Officer (OCIO); OCFO to take the lead in ensuring capital assets classified properly and on time.
2. Peace Corps will enhance its reconciliation process to better identify and resolve differences between source systems and the financial system.
3. Peace Corps to ensure the custodians of personal property record bulk assets in Sunflower correctly.
4. Peace Corps to develop procedures that include reviewing purchase order and correcting misclassified capital purchases.

PART I - SIGNIFICANT DEFICIENCY FINDINGS	STATUS AS OF FY 2022	PROJECTED RESOLUTION DATE
INFORMATION TECHNOLOGY SECURITY	DELAYED RESOLUTION	SEPTEMBER 2023

FY 2022 Completed Corrective Actions

1. Peace Corps documented the integration of Information Security Continuous Monitoring (ISCM) into the agency's Enterprise Risk Management (ERM) strategy.
2. Peace Corps committed additional resources to the ERM program, including the update of risk profile report, codification of IT risk appetite and risk tolerance approach.
3. Peace Corps updated policy and procedures on managing IT security and strategies for risk management.

FY 2023 Planned Corrective Actions

1. The Peace Corps will continue to implement its ISCM strategy, to include the definition of roles and responsibilities and development of security metrics to measure effectiveness.
2. The Peace Corps will improve its Enterprise Risk Management strategy.
3. OCIO to continue with performing necessary Security Assessment and Authorization on FISMA-reportable systems.

PART II - NONCOMPLIANCE FINDINGS	STATUS AS OF FY 2022	PROJECTED RESOLUTION DATE
FEDERAL INFORMATION SECURITY MODERNIZATION ACT (FISMA) OF 2014	DELAYED RESOLUTION	SEPTEMBER 2023

FY 2022 Completed Corrective Actions

1. Peace Corps updated its Continues Monitoring Strategy to identify control weaknesses.
2. Peace Corps committed addition resources to the ERM program, including the update of risk profile report, codification of IT risk appetite and risk tolerance approach.
3. Peace Corps improved business process over the inventory of IT management processes.

FY 2023 Planned Corrective Actions

1. The Peace Corps will develop a project plan for implementation of a comprehensive information security strategy.
2. The Peace Corps will hold quarterly ERM Council meetings, create an agency risk register and risk appetite statement, and update the ERM governance documents, including the voting process within the Council, as needed.
3. The Peace Corps will improve its Enterprise Risk Management strategy.
4. The full security assessment of the General Support System (GSS) began in July 2022 and concluded in October 2022.
5. Peace Corps will finalize updates to its asset management tools and processes, improving overall accountability, vulnerability, and configuration management.

GLOSSARY OF ACRONYMS

AF	Africa Region
AFR	Agency Financial Report
AGA	Association of Government Accountants
ATDA	Accountability of Tax Dollars Act of 2002
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CEAR	Certificate of Excellence in Accountability and Reporting
CDM	Continuous Diagnostic Monitoring
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHCO	Chief Human Capital Officer
CISO	Chief Information Security Officer
COTE	Calendar of Training Events
COVID-19	Coronavirus Disease 2019
CREG	Country Re-Entry Guide
DATA Act	Digital Accountability and Transparency Act
DOI/IBC	Department of Interior, Interior Business Center
DOL	Department of Labor
DOS	Department of State
ECO	English for Colombia
EEOC	Equal Employment Opportunity Commission
EMA	Europe, Mediterranean, and Asia Region
EO	Executive Order
ERM	Enterprise Risk Management
ERMC	Enterprise Risk Management Council
FASAB	Federal Accounting Standards Advisory Board
FBwT	Fund Balance with Treasury
FECA	Federal Employees Compensation Act
FEDRAMP	Federal Risk and Authorization Management Program
FEMA	Federal Emergency Management Agency
FEVS	Federal Employment Viewpoint Survey
FISMA	Federal Information Security Management Act
FMFIA	Federal Managers' Financial Integrity Act
FSN	Foreign Service National
FY	Fiscal Year
FYR	Five-Year Rule
GAAP	Generally accepted accounting principles
GAGAS	Generally Accepted Government Auditing Standards
GSA	General Services Administration
GSS	General Support System
HCC	Host Country Contribution
HRM	Office of Human Resource Management
IaaS	Infrastructure as a Service
IAP	Inter-America and the Pacific Region
ICDEIA	Intercultural, Competence, Diversity, Equity, Inclusion and Accessibility
IG	Inspector General
IPBS	Integrated Planning and Budget System
ISCM	Information Security Continuous Monitoring
IT	Information Technology
MAR	Management Advisory Report
MD	Management Directive
OCCO	Office of the Chief Compliance Officer
OCFO	Office of Chief Financial Officer
OCIO	Office of Chief Information Officer
OCRD	Office of Civil Rights and Diversity
OGO	Office of Global Operations
OHR	Office of Human Resources
OHS	Office of Health Services
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPM	Office of Personnel Management
OSS	Office of Safety and Security
PATH	Prepare, Acclimate, Take Root, and Hone Your Skills
PCMO	Peace Corps Medical Officer
PCR	Peace Corps Response
PEPFAR	President's Emergency Plan for AIDS Relief
PG	Performance Goal
PII	Personally Identifiable Information
PIIA	Payment Integrity Information Act
PP&E	Property, Plant, and Equipment
PPM	Project and Portfolio Management
PRISM	Procurement Information System for Management
PSC	Personal Services Contractor
PT&E	Programming, Training, and Evaluation
RA	Readjustment Allowance
RPCV	Returned Peace Corps Volunteer
RSI	Required Supplemental Information
SaaS	Software as a Service
SAO	Senior Agency Official
SARRR	Sexual Assault Risk Reduction and Response
SARP	Sexual Assault Prevention and Response
SBR	Statement of Budgetary Resources
SENA	Colombia's national training service
SIMS	Security Incident Management System
SO	Strategic Objective
State	U.S. Department of State
TEFL	Teaching English as a Foreign Language
Treasury	Department of the Treasury
USAID	U.S. Agency for International Development
U.S.C.	United States Code
USDH	U.S. Direct Hire
VIDA	Volunteer Information Database Application
VMIS	Vehicle Management Information System
VRT	Volunteer Reporting Tool
VRS	Office of Volunteer Recruitment and Selection
VSP	Virtual Service Pilot
VSPP	Virtual Service Pilot Participant

A group of Peace Corps Guatemala Trainees pose for a photo on their first day in-country.