



United States  
**Office of Government Ethics**  
1201 New York Avenue, NW., Suite 500  
Washington, DC 20005-3917

August 29, 2005

Carl R. Sosebee  
Designated Agency Ethics Official  
Peace Corps  
Suite 8200  
1111 20th Street, NW.  
Washington, DC 20526

Dear Mr. Sosebee:

The Office of Government Ethics (OGE) has completed a review of Peace Corps' ethics program. The review was conducted pursuant to section 402 of the Ethics in Government Act of 1978, as amended. Our objective was to determine the program's compliance with applicable laws and regulations. We also evaluated Peace Corps' systems and procedures for ensuring that ethics violations do not occur. The review was conducted in April and May 2005. The following summarizes our findings.

#### HIGHLIGHTS

Peace Corps is well served by your appointment as the Designated Agency Ethics Official (DAEO). It is obvious that your experience, combined with support from Peace Corps' senior management officials, has led to a well known and respected program.

You have established processes to meet the challenge of high turnover of Peace Corps employees (due to the use of term appointments) to ensure all new employees are provided the required initial ethics orientation and that those employees who are required to file financial disclosure reports are identified to meet new entrant and termination filing requirements in a timely manner.

Our previous review of the ethics program in 2000 resulted in 10 recommendations to improve the program. It is notable that upon your arrival and appointment as DAEO in 2002, you had taken action to clear all previous recommendations, provided ethics training to all of Peace Corps' employees, and reviewed and re-designated all positions requiring the filing of confidential financial disclosure reports.

Because of the improvements you have already made to the ethics program, combined with the many best practices you have implemented (which enhance the basic requirements of an ethics program), we have no recommendations for improvement at this time.

Mr. Carl R. Sosebee

Page 2

## EMPLOYEE ETHICS SURVEY

As part of the pre-review of Peace Corps' ethics program, OGE conducted a survey of employees to assess the effectiveness of the ethics program and agency ethical climate from the employees' perspective. As already reported to you, employees who responded to our survey were favorable in their assessment of the program and ethical climate. The 45 percent response rate is higher than the average response rate for other agencies that have been surveyed by OGE and is consistent with rates obtained in other Web-based surveys conducted during that period of time.

## PROGRAM STRUCTURE

You currently have four Deputy Ethics Officers (DEO) assisting you in the ethics program. You appointed two associate general counsels (one of which is the Alternate DAEO), an administrative officer, and a staff assistant as DEOs. Peace Corps consists of the headquarters, 11 regional recruitment offices, and overseas operations in 71 countries.

## ADVICE AND COUNSELING

Advice and counseling services are a notable part of your ethics program. The advice provided is exemplary, post-employment counseling is provided to all departing employees, and communication about current ethics issues is a regular part of the program.

We determined that you provide prompt responses to ethics inquiries and that your analysis and application of the relevant law and regulations were thorough and consistent. This was based upon our examination of a sample of the advice provided to employees during the period from 2002 through March 2005, which covered a variety of ethics subjects.

Post-employment counseling has been integrated into the process employees must go through when departing Peace Corps. You provide in-person, one-on-one post-employment counseling to all employees departing through the headquarters and provide, via e-mail, a summary of the post-employment restrictions to employees departing from regional or overseas locations. We consider this to be a best practice.

As another best practice, you communicate regularly to employees through memorandum to keep them abreast of ethics issues. We noted your timely notification to employees whose sudden and recent designation as senior employees made them subject to the post-employment restriction at 18 U.S.C. § 207(c).

## EDUCATION AND TRAINING

Ethics education and training appear to meet all requirements and in many instances exceed the requirements. According to your training plan, you provide verbal initial ethics

orientation and strive to provide verbal annual ethics training to all employees. You have implemented several procedures that OGE identifies as best practices.

#### Initial Ethics Orientation

Initial ethics orientation is provided to Presidentially-appointed, Senate-confirmed (PAS) and other public filers during in-person, one-on-one instruction. For most other employees, initial ethics orientation is provided in-person to groups of employees by you or your alternate. You coordinate and schedule approximately one hour for initial ethics orientation during bi-weekly New Employee Orientation sessions held by the Office of Human Resource Management. Employees are also provided written materials and contact information for any ethics inquiries. Additionally, many employees hired for overseas positions receive in-person instruction by you during their Overseas Staff Training programs; you provide emphasis on the types of ethical situations that will likely occur while serving in a host country.

You provide information, including employee-signed certifications, to the DEOs who maintain a tracking database used to ensure that everyone required to receive initial ethics orientation has done so. To assess compliance, we obtained bi-weekly lists of new employees, selected individual names, and requested evidence that the employee had received the initial ethics orientation. The DEOs were able to provide such evidence.

Best practices include your use of in-person, one-on-one initial ethics orientation for PAS and all other public filers, the use of in-person group instruction for others, tailoring of the instruction for specific circumstances, and the use of signed certifications to record the receipt of the instruction.

#### Annual Ethics Training

You strive to provide verbal annual ethics training to all public and confidential financial disclosure report filers. In fact, PAS and other public filers were provided with in-person, one-on-one training. Furthermore, annual ethics training was recommended for all employees, not just covered employees, and included personal service contractors.

Training was presented by you several times during 2004; you maintained sign-in sheets as a record. Those employees who could not attend the in-person group training were required to watch the OGE ethics video titled, "You've Got It!" In two cases where the video was not available, employees used the OGE Web-based training modules; in one other case, the records indicate you provided the employee verbal ethics training via a telephone call. Employees who did not attend in-person group training were required to notify your office of the completion of the training.

To assess whether all employees who were required to receive training in 2004 had done so, we obtained the master list of financial disclosure report filers and compared the names to a sign-in sheet, an e-mail acknowledging completion of the training, or an entry in the tracking

database indicating the date of training. With the help of the DEOs, supporting evidence of training was found for all names.

Best practices include using in-person, one-on-one annual ethics training for PAS and other public filers, using verbal training for other covered employees, recommending training for all employees including personal service contractors, and using sign-in sheets or other acknowledgements of the completion of the training.

## ENFORCEMENT

You maintain an effective relationship with the Inspector General. Furthermore, prompt and effective action is taken for violations of the standards of conduct and for failure to file financial disclosure reports.

We examined documentation of your coordination with the Inspector General and the Inspector General's responses to you, including information required to be reported on OGE's Agency Ethics Program Questionnaire. This provided satisfactory evidence of the cooperation and coordination between your offices.

Although there were no referrals to the Department of Justice for potential violations of the conflict-of-interest statutes, two instances of employee violations of the standards of conduct occurred during the period from 2003 through 2004. One case involved the improper use of nonpublic information and the second case involved impartiality in performing official duties. In both cases the employees were provided with a notice of termination. These actions were prompt and effective.

In addition, we noted one case of a failure to file a public financial disclosure report for which the offending filer received a letter of reprimand from Peace Corps' Director. This action was effective in that it resulted in subsequent compliance and the payment of a late filing fee.

## FINANCIAL DISCLOSURE SYSTEMS

The financial disclosure systems appear to comply with the requirements of 5 C.F.R. part 2634. Reviewers use a current vendor list when reviewing financial disclosure reports. Cautionary memorandums are sent to the filers to notify them of potential conflicts of interest; we consider these memorandums to be a best practice.

### Public Financial Disclosure

We examined all 26 public financial disclosure reports required to be filed in 2004. This included 17 incumbent (including 2 PAS and your reports which are forwarded to OGE), 1 new entrant, 3 termination, and 5 combination termination/incumbent reports.

The PAS and your reports were filed, reviewed, certified, and forwarded to OGE in a timely manner. Furthermore, the remaining 23 reports were also filed, reviewed and certified in a timely manner. Written extensions were granted when requested and necessary.

There were a few technical, but no substantive, errors on the non-PAS reports. Notations on the reports indicated a thorough review, cautionary memorandums were sent to filers regarding holdings that were on Peace Corps' vendor list, and written recusals were executed when necessary.

#### Confidential Financial Disclosure

Your review of the universe of covered positions in 2004 resulted in a reduction of the number of positions that are required to file by approximately 28 percent. The master list of filers for 2004 showed that 199 employees were required to file reports. We selected a sample of 87 reports to review, which included 49 incumbent and 38 new entrant reports. Six of the new entrant reports were filed by special Government employees.

The reports were filed, reviewed, and certified in a timely manner. This timeliness is particularly notable considering the number of new entrant reports due each year. New entrant reports are a common problem for agencies.

As with the public reports, there were a few technical, but no substantive, errors. Notations on the reports indicated a thorough review and cautionary memorandums were sent to filers regarding holdings that were on Peace Corps' vendor list. Correspondence in the report folders indicated that your review resulted in opportunities to counsel employees on the prevention of conflicts of interest.

#### ETHICS AGREEMENTS

Peace Corps' PAS employees (the Director and Deputy Director) have ethics agreements involving both resignations and recusals. The recusals included a description of the screening arrangements. The agreements were coordinated with OGE and satisfied in a timely manner.

#### ACCEPTANCE OF TRAVEL PAYMENTS

Although Peace Corps accepts very few travel payments from non-Federal sources under 31 U.S.C. § 1353, it has developed strong written procedures which require that a conflict of interest determination be made by you. Furthermore, you compile and review the semiannual reports which are forwarded to OGE.

We examined four semiannual reports covering the period from October 1, 2002 through September 30, 2004. Two reports included a total of three payments (the other two were negative reports). The payments were accepted in accordance with § 1353, 41 C.F.R. chapter 304, and applicable procedures.

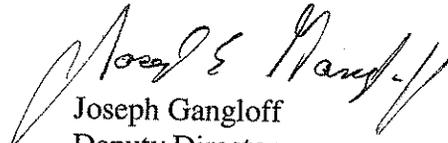
Mr. Carl R. Sosebee  
Page 6

## PERSONAL SERVICE CONTRACTS

Peace Corps has approximately 2,500 personal service contracts which are primarily used to support the overseas operations. For those not familiar with Peace Corps, many of these contractors may appear as though they are Government employees. Peace Corps reinforces its ethics program by incorporating standards of conduct in its contracts, and a contract may be subject to termination for contractor violations of the standards. We believe this is a creative way to deal with the problems of having contractors in the Government workplace and encourage Peace Corps to continue incorporating the standards of conduct into the contracts.

Other than a few suggestions made during the course of the review, we have no formal recommendations to improve the program at this time. We wish to thank you and your staff for your efforts on behalf of the ethics program. A copy of this report is being forwarded to Peace Corps' Inspector General. Please contact Jerry Chaffinch at 202-482-9221, if we may be of further assistance.

Sincerely,



Joseph Gangloff  
Deputy Director  
Office of Agency Programs

Report Number 05-017