

Foreign Assistance To Combat HIV/AIDS, Tuberculosis, and Malaria

Fiscal Year 2019 Inspectors General Coordinated Oversight Plan

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FOREWORD

To help stem human suffering, economic loss, and political instability in developing countries, the U.S. Government provides foreign assistance to fight HIV/AIDS, tuberculosis, and malaria—three of the world’s deadliest infectious diseases. In 2003, the Bush administration established the President’s Emergency Plan for AIDS Relief (PEPFAR), and Congress passed the United States Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act. The act established the Office of the U.S. Global AIDS Coordinator and Health Diplomacy (OGAC) at the Department of State and gave OGAC primary responsibility for coordinating all resources and international activities of the U.S. Government to combat the HIV/AIDS pandemic.

OGAC allocates funds to PEPFAR implementing agencies, particularly the Department of Health and Human Services’ (HHS) Centers for Disease Control and Prevention (CDC) and the U.S. Agency for International Development (USAID).¹ CDC and USAID, in turn, provide funds for HIV treatment, care, and prevention activities through grants, cooperative agreements, and contracts with selected implementing partners, such as U.S.-based nongovernmental organizations (NGO) and partner-country governmental entities. The Peace Corps, too, allocates PEPFAR funds for health-related programing; its volunteers manage some grants and serve as health volunteers.

The offices of inspectors general (OIG) of the implementing agencies coordinate their oversight efforts and continue to strengthen their coordination. In 2017, they went beyond joint annual reporting, and began meeting periodically to share information and discuss planning. This closer cooperation led them in 2018 to begin holding quarterly meetings; include Peace Corps in the planning and the meetings; and increase cooperation on overseas audits and investigations of efforts to combat HIV/AIDS, tuberculosis, and malaria.

To connect with the broader oversight community, the OIGs will continue to coordinate their activities with the Government Accountability Office, as well as with their counterparts at the Departments of Commerce, Defense, and Labor and at the Peace Corps. We have also shared this plan with OGAC and the U.S. Global Malaria Coordinator. We look forward to continued engagement by the agencies, Congress, and other key stakeholders around the world as we implement this plan during fiscal years (FY) 2019 and 2020.²

¹ Other implementing agencies are the Peace Corps and the Departments of State, Defense, Labor, and Commerce. Other HHS offices and agencies receiving PEPFAR resources are the Office for Global Affairs, the Food and Drug Administration, the Health Resources and Services Administration, the National Institutes of Health, and the Substance Abuse and Mental Health Services Administration.

² The coordinated plan is required by the United States Leadership against HIV/AIDS, Tuberculosis, and Malaria Act of 2003, Public Law 108-25, as amended by the Tom Lantos and Henry J. Hyde United States Global Leadership against HIV/AIDS, Tuberculosis, and Malaria Reauthorization Act of 2008, Public Law 110–293, the PEPFAR Stewardship and Oversight Act, Public Law 113–56, and the PEPFAR Extension Act of 2018, Public Law 115-305.

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U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT OFFICE OF INSPECTOR GENERAL

USAID helps strengthen developing countries' primary health care systems to prevent and treat communicable diseases including HIV/AIDS, tuberculosis, and malaria. The Agency works with governments, nongovernmental organizations, and the private sector to provide training, technical assistance, and commodities (including pharmaceuticals) to prevent and reduce transmission of these diseases and treat people living with them. To date, USAID Office of the Inspector General (USAID OIG) has conducted more than 90 audits of USAID's HIV/AIDS, tuberculosis, and malaria programs, improving their management and operations.³ In addition, our auditors and investigators coordinate closely with other international donors and the accountability functions of public international organizations that receive significant amounts of PEPFAR funds, such as the Global Fund to Fight HIV/AIDS, Tuberculosis, and Malaria.

In the FY 2019 coordinated oversight plan, USAID OIG is reporting on the status of its ongoing audits from the FY 2018 plan and on the audit work we plan to undertake in FY 2019. In addition, we list other activities we perform to provide oversight of the foreign assistance to combat HIV/AIDS, tuberculosis, and malaria. We revised our audit planning process in FY 2017 to ensure we are targeting high-risk programs and addressing our stakeholders' needs for information on USAID operations and oversight activities. As part of this process, we continually assess whether any changes or additional audits related to HIV/AIDS, malaria, or tuberculosis might be warranted and notify all oversight bodies accordingly.

Ongoing Audits for FY 2019

Audit of the Health Systems Strengthening Programs in Selected USAID Missions

A country's health system consists of all people, institutions, resources, and activities whose primary purpose is to promote, restore, and maintain health of the population. The purpose of USAID's Health Systems Strengthening initiative is to ensure that high-quality services reach underserved, marginalized, and high-priority groups. The audit objectives are to determine whether (1) selected USAID missions defined and designed their programs to address USAID's vision for health systems strengthening, and (2) the Office of Health Systems provided USAID missions the necessary direction and technical assistance to be successful. We began conducting fieldwork for this audit in FY 2017 and plan to issue the report in FY 2019.

Two Audits of USAID's Global Health Supply Chain

In 2015, USAID signed a \$9.5 billion indefinite-delivery, indefinite-quantity contract—the largest contract in USAID history—to procure and provide pharmaceuticals and other commodities to those treating and preventing HIV/AIDS and malaria, maternal and child health problems, and

³ This number does not include the hundreds of audit reports performed by independent audit firms that we oversee (as described in the last section on page 3, entitled "Oversight of Audits of HIV/AIDS, Tuberculosis, and Malaria Contractors and Grantees.")

unexpected or emerging health related threats. Since then, Global Health's supply chain program has been under scrutiny both in the oversight community and in the media. In 2017, an OIG Office of Investigations memo raised concerns about Global Health's oversight of USAID-funded commodities and their vulnerability to theft. Around the same time, Devex published articles questioning the performance of USAID's contractor, Chemonics. These concerns garnered congressional attention, culminating in a November 2017 request from the Senate Foreign Relations Committee for OIG to initiate work on the supply chain of USAID-funded health commodities. To address the request, we began two audits of USAID's Global Health supply chain.

The objective of our Pretoria, South Africa-based audit is to determine to what extent USAID has undertaken activities to identify and mitigate the root causes of supply chain weaknesses. We began conducting fieldwork for this audit in FY 2018 and plan to issue the report in FY 2019.

In its request, the Senate Foreign Relations Committee also asked OIG look at USAID's procurement process and management of the global health supply chain contract. This ongoing audit by the Office of Global and Strategic Audits Division in Washington addresses concerns about the contract procurement and unsatisfactory contractor performance delivering on-time shipments of commodities. The objectives of the audit are to determine how the contract was designed and awarded and how USAID has managed it to provide for accurate and timely delivery of commodities to selected countries. Fieldwork began in FY 2018 and continues in FY 2019.

Planned Audits for FY 2019

Audit of Local Partner Participation Initiatives in USAID's PEPFAR Programs in Africa

OGAC has established a goal of 70 percent local partner participation in PEPFAR programs by 2020. Included in the definition of local partner participation is government-to-government assistance, which is especially risky in Africa given the levels of official corruption in countries with the greatest HIV prevalence. Additional concerns about the target goal include lack of local partner capacity and management bandwidth at USAID. This audit will solicit the viewpoints of a broad cross section of USAID officials across Africa—such as mission directors, controllers, and health and contracting officers—who can better inform U.S. Government stakeholders about the risks and opportunities of PEPFAR's local partner participation initiative and help USAID implement them more effectively.

Audit of Data Quality in Selected USAID/Southern Africa PEPFAR Programs

OGAC's strong emphasis on meeting targets can create pressures for some implementers to falsify data to obtain favorable ratings and win follow-on awards. This audit will look at the quality of data reported in selected PEPFAR programs and the role of USAID's Global Health Bureau in ensuring data quality.

Other Oversight Activities

Make a Difference (MAD) Malaria Campaigns

USAID OIG's Office of Investigations has directed a number of "Make a Difference" campaigns against fraud and abuse perpetrated on U.S. Government antimalarial programs in Africa. The campaigns' main objective is to obtain from members of affected communities actionable information concerning the theft, transshipment, and resale of antimalarial drugs and commodities funded through the President's Malaria Initiative. Toll-free local malaria hotlines are a central feature of the campaigns, allowing community members to report on distributors and sellers of stolen malaria commodities. The campaigns transmit mass media messages describing the hotlines and offering cash rewards to individuals reporting actionable information. Campaigns in Benin, Guinea, Malawi, and Nigeria have produced significant leads. In Malawi for example, hotline reports led to ongoing investigations with the Global Fund Office of the Inspector General, the Malawi Anti-Corruption Bureau, and the Malawi police.

Proactive Outreach Program

In April 2017, USAID OIG's Office of Investigations started a Proactive Outreach Program. Under the program, OIG special agents and analysts work with organizations implementing high-priority programs to preemptively identify systemic weaknesses and vulnerabilities in the organizations' internal controls over procurement, finance, staffing, and other processes. OIG provides immediate feedback to the implementers and the relevant USAID missions, encouraging systemic changes where needed and building partnerships.

Fraud Awareness Briefings in Countries With HIV/AIDS, Tuberculosis, and Malaria Programs

USAID OIG's Office of Investigations conducts worldwide fraud awareness briefings. These informative, relationship-building efforts help deter fraud, waste, and abuse by increasing awareness of reporting procedures for criminal, civil, and administrative violations; educating stakeholders on the consequences of committing these violations; and establishing cooperation with other law enforcement authorities. Since FY 2017, 171 fraud awareness briefings were conducted in Africa, the focus of much of USAID's HIV/AIDS and malaria programming, reaching more than 4,900 participants.

Investigative Monitoring of USAID's \$9.5 Billion Global Health Supply Chain Contract

For FY 2019, USAID's Office of Investigations has prioritized deterring, detecting, and neutralizing organized crime that targets the global health supply chain for life-saving medications and commodities. This focus includes maintaining collaborative relationships with implementers and the USAID Bureau of Global Health, tracking complaints of theft and loss, developing trend analyses, and pursuing relevant investigations in the field.

Oversight of Audits of HIV/AIDS, Tuberculosis, and Malaria Contractors and Grantees

USAID is required by the Federal Acquisition Regulation, the Single Audit Act, and Office of Management and Budget guidance to obtain appropriate and timely audits of its U.S.-based contractors, grantees, and enterprise funds; USAID's own policy requires audits of those based overseas. Pursuant to these requirements, independent audit firms perform incurred-cost and financial audits of contractors and grantees. These audits may identify questioned costs, deficiencies in internal control, noncompliance with laws and regulations, and fraud affecting Federal programs. USAID OIG reviews resulting audit reports and conducts quality control reviews of audit firms.

U.S. DEPARTMENT OF STATE OFFICE OF INSPECTOR GENERAL

For the FY 2019 coordinated oversight plan, the U.S. Department of State Office of Inspector General (State OIG) is reporting on audits and inspections we have initiated or plan to undertake in FY 2019.

Ongoing Audits for FY 2019

Audit of the Department of State's Coordination and Oversight of the U.S. President's Emergency Plan for AIDS Relief

The U.S. President's Emergency Plan for AIDS Relief (PEPFAR) is a broad interagency effort that involves the Department of State (Department), U.S. Agency for International Development (USAID), the Peace Corps, and the Departments of Health and Human Services (HHS), Defense, Commerce, and Labor, as well as international and local non-governmental organizations, private sector entities, and partner governments. The Department's FY 2019 budget request includes \$6 billion for Global Health Programs, which is the largest source of PEPFAR funding and is overseen and coordinated by the Department's Office of the U.S. Global AIDS Coordinator and Health Diplomacy (OGAC).

At overseas posts, OGAC's representative, the PEPFAR Country Coordinator, is responsible for ensuring that the U.S. Government PEPFAR team is utilizing all available data to help (1) inform coordinated planning, which is captured in an annual Country Operational Plan (COP), and (2) implementation of a unified and transparent country program. The PEPFAR Country Coordinator should also ensure that all agencies are following OGAC guidance on financial monitoring for accountability and impact. We are conducting this audit to determine whether PEPFAR Country Coordinators in Kenya, Malawi, Tanzania, and Uganda effectively coordinated with interagency partners and whether OGAC has overseen selected overseas posts' performance towards achieving PEPFAR goals.

Audit of Department of State Cooperative Agreement Awarded to the U.S. President's Emergency Plan for AIDS Relief

In 2016, the Department awarded \$78 million in federal assistance funding to John Snow Research and Training Institute, Inc. (JSI) to disburse, manage, and monitor the use of funds for the PEPFAR-supported DREAMS Innovation Challenge. JSI disbursed award funds to 46 organizations, which then disbursed funds to an additional 40 organizations. This award is the largest PEPFAR award that the Department has issued in the last 3 fiscal years. We are conducting this audit to determine whether selected sub-recipients in Kenya, Malawi, Tanzania, and Uganda under the JSI-administered DREAMS Innovation Challenge cooperative agreement award accurately reported financial information, expended funds in accordance with Federal requirements and the award terms and conditions, accurately reported performance information, and achieved performance goals.

Ongoing and Planned Inspections for FY 2019

The Office of Inspections provides the Department of State with systematic and independent assessments of mission leadership, policy implementation, resource management, and internal controls. For FY 2019, OIG is conducting post inspections at five posts with combined PEPFAR budgets of more than \$1 billion. OIG has initiated inspections of embassies in Haiti and Rwanda and plans to conduct inspections in South Africa, eSwatini, and Lesotho in the spring of 2019. Inspection teams will assess the extent to which the Ambassador and PEPFAR coordinator are addressing four core priorities: epidemic control; interagency coordination; front office involvement in overseeing PEPFAR implementation; and the country operational plan process.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES OFFICE OF INSPECTOR GENERAL

For the fiscal year (FY) 2019 coordinated audit plan, the U.S. Department of Health and Human Services, Office of Inspector General (HHS OIG) requests \$1.5 million to conduct program integrity and fraud prevention activities for the PEPFAR program. The Centers for Disease Control and Prevention (CDC) received over \$1.7 billion in FY 2017 PEPFAR funds (about 97 percent of the funds received by HHS) to accelerate progress toward achieving an AIDS-free generation and create a lasting infrastructure that allows partner countries to respond to a range of health challenges and threats.

CDC has been working to combat HIV since the start of the HIV epidemic. As an implementing agency of PEPFAR, CDC works side by side with Ministries of Health, leveraging its scientific and technical expertise to help deliver high-impact, sustainable prevention, care, and treatment to millions of people in countries most affected by HIV. To date, the HHS OIG has conducted 28 PEPFAR audits at CDC and in 8 countries on 2 continents, Asia and Africa. HHS OIG's PEPFAR oversight has helped CDC and other HHS staff, as well as grant recipients, learn important grant and program integrity lessons that apply in ongoing and future responses to infectious diseases.

To advance program-integrity efforts, HHS OIG has developed a 5-year plan (FYs 2019-2023) to continue its oversight activities of the PEPFAR program. For FY 2019, the HHS OIG has ongoing and planned work to complete two audits, conduct one domestic and two international (in-country) audits, conduct a follow-up audit of CDC's award process, prepare a rollup report to CDC, and conduct fraud-prevention training.

Ongoing Audits From the FY 2018 Coordinated Plan

Complete Two Followup Audits of CDC In-Country Offices' Monitoring of PEPFAR Recipients

OIG conducted audits of CDC offices in Namibia and South Africa in FY 2012. We will determine whether CDC implemented our recommendations.

Objective, Audit 1: To determine whether CDC's Namibia office implemented recommendations from our previous audit. This audit report was issued October 30, 2018.

Objective, Audit 2: To determine whether CDC's South Africa office implemented recommendations from our previous audit.

Conduct a Followup Audit of The Centers for Disease Control and Prevention Did Not Award President's Emergency Plan for AIDS Relief Funds for 2013 in Compliance With Applicable HHS Policies (A-04-14-04021)

The Office of the U.S. Global AIDS Coordinator expressed concern with the results of our audit of CDC's PEPFAR grant award process and requested that we conduct a followup audit. CDC awarded PEPFAR funds for FY 2013 that were not in compliance with applicable

departmental policies. As a result, CDC did not fully support its funding decisions to award \$1.9 billion over the 5-year project period and may have treated applicants inconsistently. *Objective:* To determine whether CDC implemented corrective actions from our previous audit.

Prepare a Rollup Report to CDC Compiling the Findings From All In-Country Audits

Since the OIG began audits of the PEPFAR program in 2011, the findings continue to be similar at various recipients around the world.

Objective: To summarize the results of our previous audits of CDC's PEPFAR recipients and to determine the internal control weaknesses identified in CDC's post award oversight of PEPFAR recipients.

Ongoing and Planned Audits for FY 2019

Conduct an Audit of a Domestic PEPFAR Recipient

CDC has indicated interest in an OIG audit of several domestic recipients of PEPFAR funds. This audit will focus on one of those recipients and will include a site visit to a foreign sub-recipient.

Objective: To determine whether the recipient managed and expended PEPFAR funds in accordance with the award requirements.

Conduct Two Reviews of In-Country PEPFAR Recipients

The Office of Investigations has requested our assistance with an audit of an entity in South Africa to determine whether expenditures were in accordance with award requirements.

Findings from the prior OIG audit (*The National Institute of Health in Mozambique Did Not Always Manage and Expend the President's Emergency Plan for AIDS Relief Funds in Accordance With Award Requirements [A-04-16-04051]*) included the lack of a compliant accounting system and the resultant inability to reconcile PEPFAR expenditures of \$8.5 million.

Objective Audit 1: To determine whether the TB HIV Care managed and expended PEPFAR funds in accordance with the award requirements and met program goals in accordance with award requirements.

Objective Audit 2: To determine whether the National Institute of Health in Mozambique implemented corrective actions from our previous audit.

Other Oversight Activities

Office of Investigations Will Conduct Fraud Prevention Training for CDC In-Country Staff and CDC Cooperative Agreement Recipients

In FY 2019 the Office of Investigations (OI) will continue to collaborate with foreign and domestic partners to evaluate fraud and misconduct allegations to determine appropriate investigative actions.

As a result of various allegations received, OI has begun training CDC in-country staff and implementing partners regarding fraud and questionable activities. As part of this effort, OI will collaborate with the Department of State and various U.S. Ambassadors to provide fraud awareness and anticorruption training to CDC's in-country staff, partners, and grantees.

PEACE CORPS OFFICE OF INSPECTOR GENERAL

PEPFAR is managed through an interagency structure that is facilitated by the Office of the Global AIDS Coordinator in the U.S. State Department. Since 2004 the Peace Corps has been an integral part of PEPFAR. Peace Corps Volunteers around the world work in partnership with host country and local governments to enhance the capacity of organizations from the community to the national level, encouraging the adoption of healthier behaviors and working to mitigate the impact of the disease. Peace Corps has leveraged PEPFAR funding for vital programming and training enhancements, including supplemental Volunteer training; funding of additional 2-year Volunteers, Peace Corps Response Volunteers, third year extensions, and staff; and activities benefiting community members such as capacity building and community-initiated activities. The Office of Global Health and HIV is the technical and managerial focal point at Peace Corps Headquarters for PEPFAR programming and funding. At the country level, there is typically a USG interagency team, led by an interagency PEPFAR Coordinator employed by the State Department, with which Peace Corps posts engage to determine programming priorities and negotiate funding levels.

Ongoing Audit Work for FY 2019

Audit of Peace Corps/eSwatini

The Office of Inspector General (OIG) conducted an audit of the financial and administrative operations of Peace Corps/eSwatini for the period from October 1, 2012 to June 1, 2018. The post incurred approximately \$4 million of PEPFAR expenses during this period. In auditing these expenses, we are utilizing Peace Corps PEPFAR issued guidance. We plan to issue this report in FY 2019.

Planned Audit Work for FY 2019

Review of Peace Corps allocation procedures of PEPFAR expenses

Peace Corps posts are required to follow Peace Corps guidance to allocate PEPFAR funds. The allocation of PEPFAR funds determines whether and in what percentage PEPFAR funds can be used to pay for Volunteer or post cost associated with PEPFAR programming. We will sample paid vouchers of the 12 posts that are currently receiving these funds to conduct its operations. The review's objectives are to determine whether posts utilized the correct allocation percentage (the percentage is based in the number of Peace Corps volunteers), and to determine that the payments of these expenses followed the requirements stated in the Peace Corps guidance. Beyond the immediate review objectives, the results of the engagement are expected to inform an upcoming revision of our post audit programing aimed at appropriately prioritizing our PEPFAR oversight.

Completed Evaluation in FY 2019

Country Program Evaluation of Peace Corps Mozambique (completed, November 2018)

The post's total Fiscal Year (FY) 2018 budget was \$6,822,564, including appropriated and President's Emergency Plan for AIDS Relief (PEPFAR) funding. We found that Volunteers were serving the needs of the poor through their work in health and education projects, which were appropriately focused. Technical training for Volunteers could be more practical and better address working in the host country context. We also found that Volunteers were responsible for managing unusually large grants, which required more oversight from staff.

Ongoing Evaluation in FY 2019

PC/Namibia Follow-Up Review

OIG is currently engaged in a limited scope follow-up evaluation of PC Namibia. The review looks at the sufficiency of technical training for health Volunteers in Namibia. OIG intends to issue the final report in FY 2019.

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