



*Office of Inspector General*

*Tom Lantos and Henry J. Hyde United States Global Leadership Against  
HIV/AIDS, Tuberculosis, and Malaria Reauthorization Act of 2008*

Fiscal Year 2009 Coordinated Audit Plan  
September 2008

**U.S. Agency for International Development  
Department Of State  
Department Of Health And Human Services**

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## FORWARD

The *Tom Lantos and Henry J. Hyde United States Global Leadership Against HIV/AIDS, Tuberculosis, and Malaria Reauthorization Act of 2008* provides \$48 billion over 5 years to help foreign countries combat HIV/AIDS, tuberculosis, and malaria. The act requires the Inspector General offices of the Departments of State, Health and Human Services, and the U.S. Agency for International Development to provide oversight to the programs implemented under the act and to develop coordinated annual plans for providing such oversight in each of the fiscal years 2009 through 2013.

We are pleased to present this fiscal year 2009 plan—our first jointly produced and coordinated audit plan for providing oversight to the programs funded by this significant legislation.

The act requires the Inspector General offices to coordinate their activities, as appropriate, with the Government Accountability Office, as well as the Inspector General Offices for Departments of Commerce, Defense, Labor, and the Peace Corps. We have also shared this plan with the Office of the Global AIDS Coordinator and the U.S. Malaria Coordinator.

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Inspector General  
U.S. Agency for International Development

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Acting Inspector General  
Department of State

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Inspector General  
Department of Health and Human Service

# **U.S. Agency for International Development Office of Inspector General**

## **FISCAL YEAR (FY) 2009 PERFORMANCE AUDITS**

The U.S. Agency for International Development (USAID), Office of Inspector General (OIG) plans to initiate the following 14 performance audits in fiscal year 2009.

- **Six Audits of Selected Prevention Activities for Combating HIV/AIDS**

Audits will be conducted in 5 of the 15 focus countries previously identified by the President's Emergency Plan For AIDS Reduction (PEPFAR), with a sixth summary audit report issued by headquarters.

Objective: Have selected USAID prevention activities for combating HIV/AIDS achieved intended results, and what has been the impact?

- **Followup Audit of USAID/Guyana's Progress in Implementing the President's Emergency Plan for HIV/AIDS Relief**

Objectives: Did USAID/Guyana take effective actions in response to the recommendations in Audit Report No. 1-504-06-005-P? Did USAID/Guyana's HIV/AIDS activities achieve current performance targets, and what has been the impact?

- **Audit of USAID/Kenya's Implementation of the Prevention of Mother-to-Child Transmission of HIV Program**

Objective: Did USAID/Kenya's activities for the prevention of mother-to-child HIV transmission achieve their intended results, and what was the impact?

- **Audit of USAID/Ethiopia's Management of Commodities for the President's Emergency Plan for AIDS Relief**

Objective: Have selected USAID/Ethiopia implementing partners procured, warehoused, and disseminated commodities to ensure that intended results are achieved, and what was the impact?

- **Two Audits of USAID's PEPFAR-funded Activities and Commodities for the Prevention of Mother-to-Child Transmission of HIV**

The first two audits in a series of six (to be conducted in five PEPFAR focus countries with a summary report issued by the Office of Inspector General in Washington, DC) will be conducted in fiscal year 2009.

Objectives: Did USAID's activities for the prevention of mother-to-child transmission contribute towards meeting their mandated targets, and what has been the impact? Did USAID procure,

store, and distribute commodities for the prevention of mother-to-child transmission to help ensure that intended results were achieved, and what has been the impact?

- **Audit of USAID/Nigeria’s Tuberculosis and Malaria Interventions**

Objective: Did USAID/Nigeria’s malaria and tuberculosis interventions achieve their intended results, and what has been the impact?

- **Audit of USAID’s Implementation of the President’s Malaria Initiative**

The USAID mission to be audited will be selected from one of the 15 Malaria initiative focus countries. Objective: Are selected USAID activities under the President’s Malaria Initiative achieving planned results?

- **Audit of USAID’s Activities to Combat Tuberculosis**

The USAID mission to be audited will be selected from one of the 22 Expanded Response to Tuberculosis “Tier 1 priority countries.” Objective: Did USAID tuberculosis activities achieve their intended results, and what was their impact?

## **FY 2009 FINANCIAL AUDITS**

USAID’s OIG oversees financial audits of USAID-funded organizations to ensure that funds are spent in accordance with the terms of the agreements. These audits are carried out by independent public accounting firms and others. For example, audits are performed annually for U.S.-based nonprofit organizations spending more than \$500,000 in Federally-provided funds in a single year. OIG reviews such audits, summarizes audit findings and recommendations, and performs quality control reviews of the audit work on a selected basis.

USAID’s OIG also provides oversight of financial audits performed on entities not based in the United States who spend \$300,000 or more in USAID funding in a single year. These audits may be performed by independent public accounting firms, by Supreme Audit Institutions (equivalent to the U.S. Government Accountability Office), or by the Defense Contract Audit Agency. OIG’s six regional offices located overseas perform the required oversight of these financial audits. OIG personnel also provide training to local accounting firms periodically and conducts quality-control reviews to ensure that work done by these audit firms complies with applicable standards. As the number of non-U.S.-based organizations with whom USAID does business expands, so too will the number of financial audits that OIG will oversee.

### **COST: \$1.5 million.**

An estimated \$1.5 million will allow USAID OIG to double its current audit activities in this area. Since 2005, USAID OIG has conducted approximately seven audits per year of programs funded under the President’s Emergency Plan for AIDS Relief (PEPFAR). In FY 2009, USAID OIG will conduct 14 audits.

## **Department of State Office of Inspector General**

### **FY 2009 INSPECTIONS**

- **Inspection of Chief of Mission Oversight and Support of PEPFAR Implementation at U.S. Diplomatic Missions Overseas**

The primary objectives of this inspection will be to review (1) Chief of Mission (COM) management of the interagency PEPFAR coordination process and integration of PEPFAR strategic objectives and programs into the Mission Strategic Plan; (2) challenges COMs face harmonizing PEPFAR programs with other U.S. bilateral and regional assistance programs; and (3) COM use of NSDD-38 authority in light of PEPFAR expansion, rightsizing pressures, and increased burdens imposed on posts' management support platforms and ICASS service providers.

Field work will be performed at approximately 25 posts, including those in 13 PEPFAR recipient countries that are scheduled for routine management inspections during the FY 2009 inspection cycle. Additional posts will be selected for site visits based on criteria to be developed by Office of Inspector General Inspections. The remaining posts that receive PEPFAR funds will be asked to participate via electronic survey. A single, summary-level report will be produced, with appendices containing post-specific information.

### **FY 2009 FINANCIAL AUDITS**

#### **Consolidated Financial Audit of the Global HIV/AIDS Initiative (GHAI) Account for PEPFAR**

On March 31, 2008, Ambassador Dybul, the U.S. Global AIDS Coordinator, requested a joint audit plan for the review of the PEPFAR funds. Following discussions with the Coordinator and in accordance with the "Memorandum of Agreement Coordinating Audit Coverage of Programs and Activities Implementing the President's Emergency Plan for AIDS Relief," signed by the impacted Offices of Inspectors General in 2004, the Department of State Office of Inspector General coordinated with other impacted Office of Inspectors General for the conduct of a consolidated financial-related audit of the Global HIV/AIDS initiative (GHAI) account for PEPFAR. Accordingly, the Inspectors General for the Departments of State, Health and Human Services, Defense, Labor, U.S. Agency for International Development, and Peace Corps agreed on a coordinated approach to conducting this audit. The Department of State Office of Inspector General will lead the effort.

An independent public accounting firm will perform a consolidated "sources and uses" audit. The primary objective will be to track the flow of FY 2004 through FY 2008 PEPFAR funds from the initial appropriations to all implementing agencies; from there to the implementing bureaus and operating divisions/offices of each agency; and to the recipient program and county entities, including U.S. and non-U.S. partners and nongovernmental organizations. Additional aspects of the audit will include (1) comparing the flow of funds with the annual PEPFAR Operational Plan and/or other summary data that the U.S. Global AIDS Coordinator prepares and distributes externally to determine consistency in reported funding allocations and/or uses, to the extent feasible, and (2) identify the type and frequency of current audit oversight, such as the annual reviews conducted on PEPFAR

recipients by impacted Office of Inspectors General based on the dollar threshold of expenditures and performance audits.

**COST: \$300,000**

The amount of \$300,000 is estimated to cover the inspection of the Chief of Mission's oversight and support of the implementation of the President's Emergency Plan for AIDS Relief (PEPFAR) at U.S. diplomatic missions overseas. The proposed "Consolidated Financial Audit of the Global HIV/AIDS Initiative Account for PEPFAR" will be funded separately. This proposal is the result of a previous recommendation made to the Office of the Global AIDS Coordinator.

## **Department of Health and Human Services Office of Inspector General**

### **FY 2009 PERFORMANCE AUDITS**

- Centers for Disease Control and Prevention (CDC) Oversight of PEPFAR Grants

The Department of Health and Human Services, Office of Inspector General, will review CDC's oversight of grants and cooperative agreements for funds it awarded under the PEPFAR program. PEPFAR funds support international programs of AIDS prevention, treatment, and care. CDC received PEPFAR funds from both the annual HHS/Labor appropriation and the Foreign Operations appropriation. This review will focus on the GHAI funds that HHS/CDC received from the State Department under the Foreign Operations appropriation. OMB Circulars A-102 and A-110 provide Federal agencies with policies for the administration of grants and other agreements. The audit will identify and test the controls that CDC used to monitor recipient use of GHAI funds and to evaluate recipient reporting and auditing of financial results. From FY 2004 through FY 2008, CDC received about \$3.4 billion (81 percent) of the \$4.2 billion in GHAI funds received by HHS.

- Health Resources and Services Administration (HRSA) Oversight of PEPFAR Grants.

The Department of Health and Human Services, Office of Inspector General, will review HRSA's oversight of grants and cooperative agreements for funds it awarded under the PEPFAR program. PEPFAR funds support international programs of AIDS prevention, treatment, and care. HRSA received PEPFAR funds from the annual Foreign Operations appropriation. This review will focus on the GHAI funds that HHS/HRSA received from the State Department under the Foreign Operations appropriation. OMB Circulars A-102 and A-110 provide Federal agencies with policies for the administration of grants and other agreements. The audit will identify and test the controls that HRSA used to monitor recipient use of GHAI funds and evaluate recipient reporting and auditing of financial results. From FY 2004 through FY 2008, HRSA received about \$678 million (16 percent) of the \$4.2 billion in GHAI funds received by HHS.

- CDC Recipients' Compliance with PEPFAR Award Cost Requirements.

The Department of Health and Human Services, Office of Inspector General, will review at least one of the larger CDC recipients receiving funds under the PEPFAR program for compliance with uniform administrative requirements of OMB Circulars A-102 and A-110 and cost principles of the OMB Circular applicable to the recipient type. PEPFAR funds support international programs of AIDS prevention, treatment, and care. CDC received PEPFAR funds from both the annual Health and Human

Services/Labor appropriation and the Foreign Operations appropriation. CDC makes its awards under the PEPFAR program in the form of grants and cooperative agreements. This review will focus on costs claimed by U.S.-based recipients to determine whether they were allowable, allocable, and reasonable.

- HRSA Recipients' Compliance with the PEPFAR Award Cost Requirements.

The Department of Health and Human Services, Office of Inspector General, will review at least one of the larger HRSA recipients receiving funds under the PEPFAR program for compliance with uniform administrative requirements of OMB Circulars A-102 and A-110 and cost principles of the OMB Circular applicable to the recipient type. HRSA received PEPFAR funds from the annual Foreign Operations appropriation. HRSA mainly makes its awards under the PEPFAR program in the form of grants and cooperative agreements. This review will focus on costs claimed by U.S.-based recipients to determine whether they were allowable, allocable, and reasonable.

**COST: \$750,000**

The amount of \$750,000 is estimated to cover the execution of audits that will examine agency oversight of awards made under the *Tom Lantos and Henry J. Hyde United States Global Leadership Against HIV/AIDS, Tuberculosis, and Malaria Reauthorization Act of 2008*, as well as recipient compliance with cost requirements.

## **Points of Contact**

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