



Office of Inspector General

**Fiscal Year 2018 Coordinated Oversight Plan
of
Foreign Assistance To Combat
HIV/AIDS, Tuberculosis, and Malaria
of the
Offices of Inspector General
of the
U.S. Agency for International Development,
U.S. Department of State, and
U.S. Department of Health and Human Services**

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FOREWORD

HIV/AIDS, tuberculosis, and malaria are three of the world's deadliest infectious diseases that cause tremendous human suffering and economic loss and threaten political stability in many countries in sub-Saharan Africa and the developing world. In 2003, the Administration established the President's Emergency Plan for AIDS Relief (PEPFAR) to help save the lives of those suffering from HIV/AIDS around the world, and the U.S. Congress passed the 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 (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 also allocates appropriated 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). CDC and USAID obligate the majority of PEPFAR 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.¹

The U.S. Government's strategy to combat these diseases is a coordinated effort between Federal agencies, NGOs, partner-country Government entities, and other implementing partners. Given the coordination required to implement this strategy, it is equally critical for inspectors general of the implementing agencies to coordinate oversight of the foreign assistance to combat HIV/AIDS, tuberculosis, and malaria. Therefore, the Offices of Inspector General (OIG) of USAID, State, and HHS held a planning conference to discuss oversight activities in Washington DC on August 15th, 2017, and prepared this fiscal year (FY) 2018 coordinated plan for providing oversight of foreign assistance to combat HIV/AIDS, tuberculosis, and malaria.²

Consistent with past practice, the offices of inspector general will continue to coordinate their activities with the Government Accountability Office, as well as with the Offices of Inspector General of the Departments of Commerce, Defense, and Labor and of the Peace Corps. We have also shared this plan with the Office of the Global AIDS Coordinator and the U.S. Global Malaria Coordinator. We look forward to continued engagement among the agencies, Congress, and other key stakeholders around the world as we implement this plan during FY 2018.

¹ Other implementing agencies include the Peace Corps and the Departments of State, Defense, Labor, and Commerce. In addition, other HHS offices and agencies receiving PEPFAR resources include 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 as amended by the United States Global Leadership against HIV/AIDS, Tuberculosis, and Malaria Reauthorization Act of 2008, Pub. L. 110-293, and the PEPFAR Stewardship and Oversight Act, Pub. L. 113-56 (22 USC § 7611).

/s/

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

USAID has focused for many years on strengthening primary health care systems in order to prevent, and more recently to treat and care for, a number of communicable diseases, including HIV/AIDS, tuberculosis, and malaria. USAID's foreign service officers, trained physicians, epidemiologists, and public health advisors work with governments, NGOs, and the private sector in order to provide training, technical assistance, and commodities (including pharmaceuticals) to prevent and reduce transmission of these diseases and to provide treatment and care to people living with these diseases. 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. USAID, contractors, and grantees gained many lessons learned as a result that will be applied in ongoing and future responses to infectious diseases.

For the FY 2018 coordinated oversight plan, USAID OIG is reporting on the status of its ongoing audits from the FY 2017 plan and on the audit work we plan to undertake in FY 2018. 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 that 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 will continually assess whether any changes or additional audits related to HIV/AIDS, malaria, or tuberculosis might be warranted and will notify all oversight bodies accordingly.

ONGOING AUDITS FROM THE FY 2017 COORDINATED PLAN

- **Audit of Selected HIV Care and Treatment Activities at USAID/Ethiopia**
USAID/Ethiopia receives significant funding for its HIV/AIDS activities, with obligations of more than \$90 million in FY 2015. The audit objective is to determine whether USAID/Ethiopia's construction and renovation of health centers are helping improve patient access to quality HIV-related public health and clinical services. Fieldwork for this audit began late FY 2016 and continued in FY 2017. We plan to issue the report in early FY 2018.
- **Audit of USAID/Cambodia's HIV/AIDS Flagship Project**
This project was initiated in 2012 to enhance the effectiveness of the national response to HIV/AIDS through technical innovation and improvements in the capacity to deliver sustainable services. We initiated the audit due to the heightened risk implementing the \$30 million project through local organizations. The audit objectives are to determine whether the project is achieving its planned results and whether the results are sustainable. Fieldwork for this audit began late FY 2016 and continued in FY 2017. We plan to issue the report in early FY 2018.
- **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 access to high-quality

services that 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 strengthening, (2) the Office of Health Systems provided USAID missions the necessary resources, direction, and technical assistance, and (3) USAID missions' coordinated programs with other donors and host-country Government strategies. We began conducting fieldwork for this audit in FY 2017 and plan to issue the report in FY 2018.

- **Audit of USAID/Ukraine's Efforts to Foster Country Ownership of HIV/AIDS Interventions**

This audit was previously included in the FY 2016 and 2017 plans as the Audit of USAID/Ukraine's Improving HIV/AIDS Services Among Most-at-Risk Populations in Ukraine (RESPOND) Project, focusing on improving HIV/AIDS services to most-at risk populations. The audit was expanded in FY 2017 to focus on fostering country ownership of HIV/AIDS interventions. The audit's expanded focus looks at Ukraine's HIV interventions and broader implications for strengthening USAID's sustainability efforts. The audit's objectives are to determine (1) what accomplishments USAID/Ukraine achieved toward Ukraine country ownership of HIV/AIDS response and how they were reported to U.S. Government stakeholders, and (2) what actions USAID/Ukraine planned for filling the gaps toward achievement of country ownership. We plan to issue the report in FY 2018.

PLANNED AUDITS FOR FY 2018

- **Audit of USAID's Healthcare Commodities and Supply Chain Management**
In 2015, USAID signed a \$9.5 billion indefinite delivery, indefinite quantity contract—the largest valued contract in USAID history—to procure and provide pharmaceuticals and other commodities for treating and preventing HIV/AIDS and malaria, maternal/child health, and other unexpected or emerging health related threats. We completed a risk assessment on different health commodities, identifying those that are highest risk, and are currently performing risk analyses on elements of the supply chain processes. We will determine the direction of the audit based on results of these risk assessments.

OTHER OVERSIGHT ACTIVITIES

- **Make a Difference (MAD) Malaria Campaign**
USAID OIG's Office of Investigations launched the "Make a Difference" campaign to solicit the involvement of local communities in the fight against fraud and abuse perpetrated on America's overseas antimalarial programs. The campaign's main objective is to obtain actionable information concerning the theft, transshipment, resale, or falsification of antimalarial drugs and commodities in countries that receive funds from the President's Malaria Initiative. Toll-free local malaria hotlines are a central feature of the campaign, allowing community members to report on distributors, sellers, or manufacturers of stolen and counterfeit malaria commodities. Materials were developed and distributed throughout local communities with information regarding the hotlines and messages about safe malaria medications. Cash rewards are available to individuals reporting actionable information to the hotline. To date, the campaign has launched in Benin, Nigeria, and Malawi. Information

reported to the hotline in Malawi, 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**

USAID OIG's Office of Investigations started a Proactive Outreach Program in April 2017, which specifically identifies USAID implementers working on high priority programs. Under this program, OIG special agents and analysts engage and partner with implementer employees to develop program or project profiles to preemptively identify systemic weaknesses and vulnerabilities in each organization's internal controls, including procurement, finance, staffing, and other processes. OIG uses this valuable opportunity to provide immediate feedback to the implementer and the relevant USAID mission, encouraging proactive partnerships and systemic changes where needed.

- **Conduct 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. To date in FY 2017, 67 fraud awareness briefings were conducted in Africa, the focus of much of USAID's HIV/AIDS and malaria programming, reaching over 2,000 participants.

- **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 contractors, grantees, and enterprise funds. Pursuant to these requirements, independent audit firms perform incurred costs 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. Additionally, USAID OIG's Office of Investigations established a strategic priority in FY 2017 to deter, detect, and neutralize organized crime targeting USAID's global supply chain for life saving medications, commodities, and associated programming, with an intense focus on HIV/AIDS and malaria initiatives.

U.S. Department of State Office of Inspector General

PEPFAR is a broad interagency effort led by the Department of State through OGAC. OGAC leads policy direction and coordination for the program and provides funding for it; however, most PEPFAR programming is implemented overseas through USAID and CDC. For inspections of embassies that host PEPFAR programs, the U.S. Department of State, Office of Inspector General (State OIG) reviews the adequacy of chief of mission oversight and support to programs funded by OGAC. For the FY 2018 coordinated oversight plan, State OIG will continue to report on those inspections of embassies with significant PEPFAR programs. State OIG also plans to undertake an audit assessing the State Department's role in leading PEPFAR in FY 2018. These and other oversight activities are described in more detail below.

PLANNED OVERSIGHT ACTIVITIES FOR FY 2018

- **Review of Chief of Mission Oversight and Support for Programs Funded by the Office of the Global AIDS Coordinator and Health Diplomacy**
State OIG plans to conduct inspections of two U.S. embassies during FY 2018 that host PEPFAR programs—U.S. Embassy Addis Ababa, Ethiopia and U.S. Embassy Nairobi, Kenya. The inspections will review the adequacy of chief of mission oversight and support to programs funded by OGAC. State OIG will coordinate with USAID OIG, as part of the inspection of U.S. Embassy Addis Ababa, Ethiopia, on the findings of USAID OIG's audit of selected HIV care and treatment activities at USAID/Ethiopia.
- **Audit of the Department of State's Role in Leading the Implementation of the President's Emergency Plan for AIDS Relief**
The Department's FY 2017 budget request included \$6 billion for Global Health Programs aimed at country-based HIV/AIDS activities; technical support, strategic information, and evaluation support for international partners; and oversight and management. The Global Health Programs account is the largest source of funding for PEPFAR and is overseen and coordinated by OGAC. In addition to coordinating with USAID and HHS, OGAC also must coordinate with other U.S. Government agencies, non-governmental organizations, faith- and community-based organizations, private sector entities, and partner governments. The objectives of this audit are to determine whether the Department has effectively coordinated with PEPFAR interagency partners on policy and program management issues, overseen overseas partners to ensure successful program performance, and monitored overseas partners' progress toward meeting PEPFAR goals. This audit will be initiated in FY 2018.

OTHER OVERSIGHT ACTIVITIES

- **Inspection of the Bureau of African Affairs, FY 2017**
Total PEPFAR funds managed by the Department's Bureau of African Affairs increased from about \$2 million in 2004 to \$45.8 million in 2017. As part of its inspection of the Bureau of African Affairs, State OIG assessed the coordination between the Bureau of African Affairs

and OGAC to properly manage the PEPFAR funding and workload. Fieldwork for this inspection has been completed and State OIG plans to issue the report in early FY 2018.

U.S. Department of Health and Human Services Office of Inspector General

For the fiscal year (FY) 2018 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 of FY 2015 PEPFAR funds (about 95 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 works side-by-side with Ministries of Health and other partners in more than 60 countries and provides critical technical assistance to 18 additional countries. To date, the HHS OIG has conducted 23 PEPFAR audits at CDC and in 8 countries on 2 continents, including Asia and Africa. HHS OIG's PEPFAR oversight helped CDC, other HHS staff, and 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 2018-2022) to continue its oversight activities of the PEPFAR program. For FY 2018, the HHS OIG has ongoing and planned work to complete two audits and conduct two additional in-country audits, prepare a rollup report to CDC, conduct a follow-up audit of CDC's award process, conduct an audit of CDC's Working Capital Fund, and conduct fraud-prevention training. HHS OIG continues to work with the State Department Office of Global AIDS Coordinator to fund our FY 2017 and FY 2018 PEPFAR oversight activities.

- **Complete Two Audits of In-Country Recipients of PEPFAR Funds Awarded by CDC**

South Africa received a significant amount of funding from CDC for its HIV/AIDS activities, with obligations of about \$107 million in FY 2016. South Africa ranks as one of the top ten countries regarding levels of Government-to-Government funding received and one of the top five countries in terms of total PEPFAR funding.

Objective, Audit 1: Determine whether the South Africa Department of Health (1) managed and expended PEPFAR funds in accordance with the award requirements, and (2) implemented recommendations from our previous audit. We also coordinated our audit with the Global Fund.

Objective, Audit 2: Determine whether Aurum Institute NPC (1) managed and expended PEPFAR funds in accordance with the award requirements, and (2) implemented recommendations from our previous audit.

- **Conduct Two Follow-up Audits of CDC In-Country Offices' Monitoring of PEPFAR Recipients**

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

Objective, Audit 1: Determine whether CDC's South Africa office (1) monitored recipients' use of PEPFAR funds in accordance with HHS and other Federal requirements, and (2) implemented recommendations from our previous audit.

Objective, Audit 2: Determine whether CDC's Namibia office (1) monitored recipients' use of PEPFAR funds in accordance with HHS and other Federal requirements, and (2) implemented recommendations from our previous audit.

- **Conduct an Audit of the CDC Working Capital Fund**

The Office of the U.S. Global AIDS Coordinator requested that we conduct an audit of CDC's Working Capital Fund.

Objective: Determine whether CDC used Working Capital Funds in accordance with applicable requirements.

- **Conduct a Follow-up 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 issues identified in our audit of CDC's PEPFAR grant award process and requested that we conduct a follow-up audit. CDC did not award PEPFAR funds for FY 2013 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: Determine whether CDC implemented corrective actions in response to the report.

- **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: Provide CDC with a report compiling the findings for all in-country audits and recommendations for CDC to take corrective action.

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

As a result of various allegations received, the Office of Investigations (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.

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