

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

## Fiscal Year 2021 Inspectors General Coordinated PEPFAR Oversight Plan

August 2020



USAID Office of  
Inspector General



Department of State  
Office of Inspector  
General



HHS Office of  
Inspector General



Peace Corps Office  
of Inspector General

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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, President George W. Bush 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).<sup>1</sup> 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 (NGOs) 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 (OIGs) of the implementing agencies continue to strengthen their coordinated oversight efforts. In 2017, in addition to joint annual reporting, they began meeting periodically to share information and discuss planning. This closer cooperation led the respective OIGs in 2018 to begin holding quarterly meetings; include the Peace Corps OIG in planning and meetings; and increase cooperation on overseas audits and investigations of efforts to combat HIV/AIDS, tuberculosis, and malaria. In 2020, quarterly meetings were held virtually, included the Government Accountability Office, and were used to coordinate PEPFAR and COVID-19 oversight efforts.

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. 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 year (FY) 2021.<sup>2</sup>

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<sup>1</sup> 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.

<sup>2</sup> 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

In FY 2019 and 2020, USAID reported receiving approximately \$3.7 billion and \$2.5 billion, respectively, to help strengthen developing countries' primary healthcare systems to prevent and treat communicable diseases, including HIV/AIDS, tuberculosis, and malaria. The agency works with governments, NGOs, 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's Office of Inspector General (USAID OIG) has conducted 100 audits of USAID's HIV/AIDS, tuberculosis, and malaria programs, which have led to improvement in their management and operations.<sup>3</sup> In addition, our auditors and investigators coordinate closely with other international donors and public international organizations that receive significant amounts of PEPFAR funds, such as the Global Fund to Fight HIV/AIDS, Tuberculosis, and Malaria.

USAID OIG's audit-planning process targets high-risk programs and ensures that we continue to provide audit coverage in specialized areas that we have received funding or mandates for, and that addresses our stakeholders' needs for information on USAID operations and oversight activities. To maximize our impact, we shifted our oversight model from one that focused on country-specific programs to one that is more strategic and crosscutting. As a result, some of our audits may span fiscal years. As part of the planning process, we continually assess whether any changes or additional audits related to HIV/AIDS, malaria, or tuberculosis might be warranted and notify all relevant oversight bodies accordingly. Recognizing that the COVID-19 pandemic has greatly influenced USAID's ability to implement and monitor foreign assistance, we are adapting select ongoing and planned PEPFAR audits to incorporate COVID-19 oversight as appropriate.

## Ongoing Audits for FY 2021

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

The Office of the U.S. Global AIDS Coordinator and Health Diplomacy (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 can be especially risky in Africa given the levels of corruption in countries with the greatest HIV prevalence. Additional concerns about the target goal include lack of local partner capacity and management capacity at USAID. The objectives of this audit are to (1) describe the extent to which USAID's PEPFAR budgets are on track to meet the goal for local partner funding; (2) assess to what extent USAID's agency-wide strategy has prepared the agency to

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<sup>3</sup> This number does not include the hundreds of financial audits performed by independent audit firms that USAID OIG oversees. See "Oversight of Audits of HIV/AIDS, Tuberculosis, and Malaria Contractors and Grantees" on page 3 for more information.

increase PEPFAR funding to local partners while addressing risks; and (3) assess to what extent selected USAID missions in Africa followed agency guidance designed to achieve the goal for PEPFAR local partner funding while addressing risks. The audit also explores topics related to the possible effects of the COVID-19 pandemic on USAID's ability to reach the OGAC target and the extent to which USAID has identified financial and programmatic risks emanating from the pandemic.

## **USAID's Procurement and Management of Its Global Health Supply Chain Contract**

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 unexpected or emerging health-related threats. Since then, the Global Health Supply Chain Program has been under scrutiny both in the oversight community and in the media. These concerns garnered congressional attention, culminating in a November 2017 request from the Senate Foreign Relations Committee for USAID OIG to initiate oversight work related to the supply chain of USAID-funded health commodities. In its request, the Senate Foreign Relations Committee also asked USAID OIG to look at the agency's procurement process and management of the global health supply chain contract. In response to the request, USAID OIG initiated two audits of the supply chain: a recently completed audit related to in-country commodity management and delivery<sup>4</sup> and this ongoing audit to address concerns about the contract procurement as well as the unsatisfactory performance of contractors delivering on-time shipments of commodities. The objectives of the audit are to (1) assess how the Global Health Supply Chain Program-Procurement and Supply Management (GHSC-PSM) contract was designed and awarded, and (2) determine whether USAID has managed the GHSC-PSM contract to provide for accurate and timely delivery of commodities to selected countries.

## **Planned Audits for FY 2021**

### **Data Quality in Selected USAID PEPFAR Programs in Africa**

High-quality data are the foundation for sound decision making and should be valid, precise, timely, and reliable to be useful and credible for reporting. USAID uses data to make decisions such as whether to make follow-on awards to implementers. Given OGAC's strong emphasis on meeting targets amidst stagnant or declining budgets, implementers may try to falsify data to obtain favorable ratings and follow-on awards, or to collect U.S. Government funds by claiming inflated numbers of beneficiaries served.<sup>5</sup> Prior USAID OIG PEPFAR audits reported that data quality issues are commonplace in USAID programs. This audit will look at the quality of data reported in selected PEPFAR programs to determine if weaknesses exist that may lead to reporting inaccurate results. Possible objectives include assessing (1) the extent to which data from selected PEPFAR programs in Africa meet USAID's data quality standards, (2) the

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<sup>4</sup> USAID OIG, "USAID's Global Health Supply Chain Would Benefit From More Rigorous Risk Management and Actions To Enhance Local Ownership" (4-936-20-002-P), July 10, 2020.

<sup>5</sup> The administration's FY 2019 PEPFAR budget request is \$5.3 billion, down from \$6.5 billion in FY 2018.

strategies USAID has to mitigate the risk of poor data quality, and (3) how USAID uses reported implementer data in making decisions. This audit will also incorporate aspects of COVID-19 oversight as appropriate.

## **Other Oversight Activities**

### **Proactive Outreach Program**

In April 2017, USAID OIG's Office of Investigations initiated its Proactive Outreach Program. Under the program, OIG special agents and analysts engage with organizations implementing USAID's high-priority programs including PEPFAR, PMI, and the Global Health Supply Chain to preemptively identify systemic weaknesses and vulnerabilities in the organizations' internal controls over procurement, fraud reporting, 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 for both implementers and USAID personnel. These informative, relationship-building efforts help deter fraud, waste, and abuse by increasing awareness of mandatory disclosure requirements for allegations of fraud, misconduct, and sexual exploitation and abuse; educating stakeholders on the criminal, civil, and administrative consequences of programmatic misconduct; and identifying red flags for potential fraud. USAID OIG's Office of General Counsel conducts similar briefings, in conjunction with the Office of Investigations, or separately, to national and international forums of the legal counsels of nongovernmental organizations. Since FY 2017, 297 fraud awareness briefings were conducted in Africa—the focus of much of USAID's HIV/AIDS and malaria programming—reaching more than 10,150 participants.

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

For FY 2020, 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 controls, noncompliance with laws and regulations, and fraud affecting

Federal programs. USAID OIG reviews the resulting audit reports for conformity with professional reporting standards and then issues a transmittal memorandum to the agency that may contain recommendations for improvement. OIG also conducts quality control reviews of audit firms as time and resources allow.

## **U.S. DEPARTMENT OF STATE OFFICE OF INSPECTOR GENERAL**

For the FY 2021 coordinated oversight plan, the U.S. Department of State Office of Inspector General (State OIG) is reporting on completed work from FY 2020 and work it has initiated or plans to undertake in FY 2021. During FY 2020, State OIG issued one audit report and four inspection reports that assessed PEPFAR programming and coordination in Cameroon, Eswatini, Kenya, Lesotho, Malawi, South Africa, Tanzania, and Uganda. The combined annual PEPFAR budget for these eight countries exceeds \$2 billion. State OIG found that program success and coordination varied by post. Further, staff interviewed by State OIG expressed concerns about the process for developing country operational plans and the challenges involved in getting agencies to agree on uniform performance metrics for treatment activities to be included in the plans. Finally, in a positive development, State OIG found that the creation of the PEPFAR Oversight and Accountability Response Team helped establish monitoring and evaluation activities that fostered accountability and promoted the effective use of resources toward epidemic control and the attainment of PEPFAR goals.

### **Ongoing and Planned Work for FY 2021**

State OIG is in the process of completing an inspection report that includes an assessment of the PEPFAR program in Namibia, with a total PEPFAR budget of approximately \$66 million. Because of travel restrictions due to COVID-19, State OIG postponed the post inspections in Nigeria and Indonesia that had been identified in the FY 2020 coordinated oversight plan. Total annual PEPFAR funding in those two countries totals approximately \$431 million. Further, given continuing uncertainties associated with COVID-19 and related travel restrictions, State OIG has not yet scheduled any overseas post inspections for FY 2021. When overseas posts inspections resume, State OIG will ensure coverage of PEPFAR issues where applicable.

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

For the FY 2021 coordinated oversight plan, the U.S. Department of Health and Human Services, Office of Inspector General (HHS-OIG), plans to conduct PEPFAR program integrity and fraud prevention activities. CDC received over \$1.9 billion in FY 2019 PEPFAR funds (about 95 percent of the funds received by HHS) to accelerate progress toward achieving an AIDS-free generation and to 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 and sustainable prevention, care, and treatment to millions of people in the countries most affected by HIV. To date, HHS-OIG has conducted 29 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 to ongoing and future responses to infectious diseases.

To advance program integrity efforts, HHS-OIG has developed a 5-year plan (FY 2019-2023) to continue oversight of the PEPFAR program. For FY 2021, HHS-OIG has ongoing and planned work to complete four audits, start two audits (one domestic and one international [in-country]), and conduct fraud-prevention training.

### **Ongoing Audits for FY 2021**

#### **Followup Audit to “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”**

OGAC expressed concern about noncompliance identified in our prior 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. Our objective is to determine whether CDC implemented recommendations from our prior audit to address the problems we identified.

## **Audit of Centers for Disease Control and Prevention Corrective Actions and National Institute of Health in Mozambique’s Management of PEPFAR Funds Followup**

Findings from the prior HHS-OIG audit report included the lack of a compliant accounting system and the resultant inability to reconcile PEPFAR expenditures of \$8.5 million.<sup>6</sup> The prior audit report also included a memorandum to CDC to alert it of the potential risk of fraud, waste, and abuse that PEPFAR funds could be subjected to in the event of future awards. Our objective is to assess any corrective actions CDC has taken to improve program operations at the National Institute of Health in Mozambique and to determine whether it implemented recommendations from our prior audit.

### **Audit of Thailand Ministry of Public Health PEPFAR Recipient**

HHS-OIG received requests from CDC to conduct a PEPFAR audit in Thailand. Also, at CDC’s request, HHS-OIG Office of Investigations presented fraud awareness training in Thailand in December 2017. Findings from our audits of ministries of health in other countries included inadequate accounting systems and ineffective internal controls resulting in the mismanagement of PEPFAR funds. If these vulnerabilities are also present at the Thailand Ministry of Public Health, the risk of mismanaged Federal funds would further complicate the CDC umbrella cooperative agreement it was awarded. The umbrella award combines funding streams from multiple CDC programs and divisions, including PEPFAR. Our objective is to determine whether the Thailand Ministry of Public Health managed and expended PEPFAR funds in accordance with award requirements.

### **Audit of Columbia University PEPFAR Recipient**

CDC has indicated interest in an HHS-OIG audit of several domestic recipients of PEPFAR funds. Our audit of the International Center for AIDS Programs (ICAP) at Columbia University will focus on reviewing financial controls, including a site visit to an ICAP in-country office. A prior HHS-OIG investigation found that Columbia University improperly claimed and received excessive indirect costs resulting in a \$9.5 million settlement in connection with Federal research grants. Our objective is to determine whether ICAP at Columbia University reported its CDC PEPFAR expenditures in accordance with Federal requirements during FY 2018.

## **Planned Audits for FY 2021**

### **Audit of Centers for Disease Control and Prevention**

The Office of Management and Budget (OMB) issued administrative relief for recipients and applicants of Federal financial assistance directly affected by COVID-19, including flexibilities extended to recipients affected by the loss of operational capacity and increased costs because of the COVID-19 crisis. Additionally, the Department of State’s Office of the U.S Global AIDS Coordinator provided PEPFAR technical guidance for the provision of services in PEPFAR-

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<sup>6</sup> HHS-OIG, “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), April 10, 2018.

supported countries during the COVID-19 pandemic. We plan to conduct an audit of CDC's controls on the redirection of PEPFAR funds for COVID-19 activities and other flexibilities extended to the PEPFAR program or its recipients.

### **Audit of In-Country PEPFAR Recipient(s)**

Multiple PEPFAR recipients in South Africa have officially launched the Pelebox smart locker at numerous facilities to deliver new approaches to healthcare. The Pelebox smart locker is an electronic pickup point where patients can collect their refill medications for chronic conditions (e.g., tuberculosis, HIV). We plan to conduct an audit of PEPFAR recipient(s) in South Africa with a focus on the Pelebox program. We will review the recipient's Pelebox operation and controls of medication distribution through the Pelebox.

## **Other Oversight Activities**

### **Fraud Prevention Training for CDC In-Country Staff and CDC Cooperative Agreement Recipients**

In FY 2021, HHS-OIG Office of Investigations will continue to collaborate with foreign and domestic partners to evaluate fraud and misconduct allegations to determine appropriate investigative actions. Part of this collaboration will include providing fraud awareness and anticorruption training to CDC's in-country staff, partners, and grantees.

## PEACE CORPS OFFICE OF INSPECTOR GENERAL

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 HIV/AIDS. The 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 U.S. Government 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. The Peace Corps received more than \$44.1 million in FY 2019 and over \$40 million in FY 2020 of PEPFAR funds. Consistent with the FY 2020 oversight plan, the Peace Corps OIG issued one agency-wide report on PEPFAR funding<sup>7</sup> and two evaluations covering Peace Corps that included HIV-related findings.<sup>8</sup>

### Ongoing and Planned Work for FY 2021

The Peace Corps responded to the COVID-19 pandemic by suspending all Volunteer activities and evacuating nearly 6,900 Volunteers from approximately 60 countries of service. The fiscal and programmatic impact of the COVID-19 pandemic on Peace Corps operations is substantial. For the first time since its establishment in 1961, the Peace Corps is without a single active Volunteer. The CARES Act provided the agency with supplemental funding to prevent, prepare for, and respond to coronavirus. The Peace Corps OIG is committed to continued independent oversight over all Peace Corps appropriations, including CARES Act funding.

While the CARES Act funding is critical for the sustainability of the Peace Corps, significant challenges remain. Prior to the global evacuation, Volunteers served in over 60 countries. The agency's re-entry plans will need to be informed by an understanding of the wide-ranging response to COVID-19 of governments and peoples, as well as the economic, health, safety, and social infrastructure in each country it plans to re-enter. To address these enormous challenges, Director Olsen has put together multiple working groups to advise her decision making in how to resume global operations.

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<sup>7</sup> Peace Corps OIG, "Management Advisory Report: Peace Corps PEPFAR Financial Guidance" (IG-20-01-SR), March 2020.

<sup>8</sup> Peace Corps OIG, "Evaluation of Peace Corps/Panama" (IG-20-01-E) and "Evaluation of Peace Corps/Tanzania" (IG-20-02-E), March 2020.

During this time, Peace Corps OIG is committed to monitoring and contributing to the agency's planning and implementation of its re-entry process. At this time, we have not scheduled any new Peace Corps post audits or evaluations because of the inherent uncertainty about where and when the Peace Corps will be returning Volunteers to service. Peace Corps OIG oversight will include continued focus on the health and safety of the Volunteers as the agency takes the necessary steps to safely redeploy Volunteers, as well as emphasis on proper spending of taxpayer funds. Our goal is to direct Peace Corps OIG oversight activities in ways that help the Peace Corps safeguard its integrity, better its effectiveness, and cement its long-term success. Peace Corps OIG will announce any reviews involving PEPFAR funds via our website and social media.

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