

Report in Brief

Date: August 2017

Report No. A-04-16-04044

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



Why OIG Did This Review

The President's Emergency Plan for AIDS Relief (PEPFAR) was authorized to receive \$48 billion in funding for the 5-year period beginning October 1, 2008, to assist foreign countries in combating HIV/AIDS, tuberculosis, and malaria. Additional funds were authorized to be appropriated through 2018.

The act that implemented PEPFAR requires HHS, OIG, among others, to provide oversight of PEPFAR. To meet this requirement, we have conducted a series of audits of organizations receiving PEPFAR funds from HHS, Centers for Disease Control and Prevention (CDC).

The objective of our audit was to determine whether the Ministry of Health National AIDS Control Program (the Ministry), located in Dar es Salaam, Tanzania, managed and expended PEPFAR funds in accordance with the award requirements.

How OIG Did This Review

Our audit covered the budget periods from December 15, 2012, through March 31, 2015. These budget periods were for years 1 and 2 of a 5-year cooperative agreement. During the budget period under review, CDC awarded the Ministry \$7.8 million, of which the Ministry expended \$6.8 million. From these PEPFAR fund expenditures, we selected a judgmental sample of 52 transactions totaling \$1 million.

The Ministry of Health and Social Welfare National AIDS Control Program Did Not Always Manage and Expend PEPFAR Funds in Accordance With Award Requirements

What OIG Found

The Ministry did not always manage and expend PEPFAR funds in accordance with award requirements. Of the 52 financial transactions in our judgmental sample, 25 transactions totaling \$510,584 were allowable, but 27 transactions totaling \$495,379 were not. These transactions were unallowable because the Ministry did not provide adequate supporting documentation for the expenditures.

In addition, the Ministry did not have a time and attendance system to support \$1.5 million in funded personnel costs, did not always record financial transactions correctly, filed an inaccurate Federal Financial Report (FFR), filed one of its FFRs more than 15 months late, did not maintain a United States dollar bank account, and paid unallowable value-added taxes.

What OIG Recommends

We recommend that the Ministry (1) refund to CDC \$495,379 of unallowable expenditures from our sample review that it could not adequately support, (2) work with CDC to determine the allowability of the \$1.5 million in personnel costs awarded to the Ministry during the audit period, and (3) develop and implement adequate policies and procedures to ensure that it prepares and submits accurate FFRs on time. We also made other procedural and policy recommendations.

In written comments on our draft report, the Ministry did not specifically concur or nonconcur with our recommendations. However, for many of the recommendations it described actions that it had taken or plans to take. In addition, the Ministry provided for consideration additional documentation to support expenditures questioned in our draft report. After considering the Ministry's comments and additional documentation, we adjusted our findings and recommendations where warranted.