**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 Management and Development for Health (MDH), located in Dar es Salaam, Tanzania, managed PEPFAR funds in accordance with the award requirements.

**How OIG Did This Review**
Our audit covered the budget periods from September 30, 2011, through September 29, 2015. These budget periods were for years 1 through 4 of a 5-year cooperative agreement. During the budget period under review, CDC awarded MDH $46.6 million, of which MDH expended $46.3 million. From these PEPFAR fund expenditures, we selected for review a judgmental sample of 60 transactions, totaling $7 million.

**Management and Development for Health Did Not Always Manage the President’s Emergency Plan for AIDS Relief Funds in Accordance With Award Requirements**

**What OIG Found**
MDH did not always manage PEPFAR funds in accordance with award requirements. Of the 60 financial transactions in our sample, 51 transactions totaling $6.8 million were allowable, but 9 transactions totaling $181,000 were not.

Additionally, MDH used $23,000 in PEPFAR funds to pay unallowable Value-Added Taxes (VAT) on purchases that have not been reimbursed by the Tanzania Revenue Authority.

**What OIG Recommends**
We recommend that MDH (1) refund to CDC $101,000 for transactions that it could not fully support with adequate documentation and $80,000 for unallowable PEPFAR expenditures and (2) work with CDC to obtain $23,000 of VAT reimbursement from the Tanzanian Government. We also made procedural and policy recommendations.

In written comments on our draft report, MDH generally concurred with our recommendations to refund unsupported transactions and unallowable PEPFAR expenditures. However, MDH provided additional supporting documentation for consideration. After considering the additional documentation, we adjusted our findings accordingly in the final report. Also, MDH concurred with our procedural recommendations and described some of the actions it has taken, or plans to take, to address them.

The full report can be found at [https://oig.hhs.gov/oas/reports/region4/41604045.asp](https://oig.hhs.gov/oas/reports/region4/41604045.asp).