Although CDC Implemented Corrective Actions To Improve Oversight of the President’s Emergency Plan for AIDS Relief Recipients, Some Internal Control Weaknesses Remained

What OIG Found
Our analysis of 21 prior audit reports on PEPFAR recipients identified the following 6 trends in which recipients:

1. had either inadequate or no policies and procedures related to management of PEPFAR funds (19 of 21 reports),
2. did not comply or may not have complied with HHS regulations regarding value added tax (18 of 21 reports),
3. had transactions that were either not supported (16 of 21 reports) or unallowable (15 of 21 reports),
4. did not accurately report PEPFAR expenditures on the financial reports or did not file reports on time (11 of 21 reports),
5. did not have annual audits performed or submitted on time (9 of 21 reports), and
6. could not reconcile PEPFAR expenditures to amounts reported on their financial reports (7 of 21 reports).

In response to the 6 trends identified in our prior audits, CDC took action to improve its oversight of PEPFAR recipients. Finally, CDC had two internal control weaknesses in its post-award oversight that it did not adequately address in its in-country office Standard Operating Procedures (SOPs).

What OIG Recommends and CDC Comments
We recommend that CDC implement requirements for CDC in-country offices to have SOPs for Cooperative Agreement (CoAg) management and periodically review and update CDC in-country office SOPs for CoAg management.

In written comments on our draft report, CDC officials concurred with our recommendations. CDC stated that it has developed minimum standards for all in-country CoAg management SOPs. CDC will start implementing these minimum standards in January 2021. In addition, CDC is developing a process to annually review and update in-country SOPs for CoAg management. This process will be implemented in January 2021.

CDC also provided technical comments that we addressed as appropriate.