

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

Fiscal Year 2020 Inspectors General Coordinated Oversight Plan

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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, the Bush administration 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).¹ 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 coordinate their oversight efforts and continue to strengthen this process. In 2017, in addition to joint annual reporting, they began meeting periodically to share information and discuss planning. This closer cooperation led them in 2018 to begin holding quarterly meetings; include the Peace Corps in planning and meetings; and increase cooperation on overseas audits and investigations of efforts to combat HIV/AIDS, tuberculosis, and malaria.

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, and at the Peace Corps. 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) 2020.²

¹ 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.

² 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

USAID helps strengthen developing countries' primary healthcare systems to prevent and treat communicable diseases, including HIV/AIDS, tuberculosis, and malaria. The Agency works with governments, nongovernmental organizations, 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 more than 90 audits of USAID's HIV/AIDS, tuberculosis, and malaria programs, improving their management and operations.³ In addition, our auditors and investigators coordinate closely with other international donors and the accountability functions of public international organizations that receive significant amounts of PEPFAR funds, such as the Global Fund to Fight HIV/AIDS, Tuberculosis, and Malaria.

In the FY 2020 coordinated oversight plan, USAID OIG is reporting on the status of its ongoing audits from the FY 2019 plan and on the audit work we plan to undertake in FY 2020. In addition, we list other activities we perform to provide oversight of the foreign assistance to combat HIV/AIDS, tuberculosis, and malaria. Our audit-planning process targets high-risk programs and ensures that we continue to provide audit coverage in specialized areas for which we have received funding or mandates and 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 oversight bodies accordingly.

Ongoing Audits for FY 2020

Two Audits of USAID's Global Health Supply Chain

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. In 2017, an OIG Office of Investigations memo raised concerns about the Bureau for Global Health's oversight of USAID-funded commodities and their vulnerability to theft. Around the same time, Devex published articles questioning the performance of USAID's contractor, Chemonics. These concerns garnered congressional attention, culminating in a November 2017 request from the Senate Foreign Relations Committee for OIG to initiate work on the supply chain of

³ This number does not include the hundreds of audit reports performed by independent audit firms that we oversee (as described in the last section on page 3, entitled "Oversight of Audits of HIV/AIDS, Tuberculosis, and Malaria Contractors and Grantees.")

USAID-funded health commodities. To address the request, we began two audits of USAID's Global Health Supply Chain.

The objective of our Pretoria, South Africa-based audit is to determine the extent to which USAID has undertaken activities to identify and mitigate the root causes of supply chain weaknesses. We plan to issue the report in FY 2020.

In its request, the Senate Foreign Relations Committee also asked OIG to look at USAID's procurement process and management of the global health supply chain contract. This ongoing audit by the Office of Global and Strategic Audits Division in Washington addresses concerns about the contract procurement and unsatisfactory contractor performance delivering on-time shipments of commodities. The objectives of the audit are to determine how the contract was designed and awarded and how USAID has managed the contract to provide for accurate and timely delivery of commodities to selected countries. We plan to issue the report in FY 2020.

Planned Audits for FY 2020

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

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 is especially risky in Africa given the levels of official corruption in countries with the greatest HIV prevalence. Additional concerns about the target goal include questionable local partner capacity and management bandwidth at USAID. This audit will look at the risks and opportunities of PEPFAR's local partner participation initiative and ways to help USAID implement it more effectively.

Audit of Data Quality in Selected USAID/Southern Africa PEPFAR Programs

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. In addition to using such data for strategic programming decisions, USAID also uses data for decisions such as whether to make follow-on awards to implementers. Prior 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 inaccurate results reporting.

Other Oversight Activities

Proactive Outreach Program

In April 2017, USAID OIG's Office of Investigations started a Proactive Outreach Program. Under the program, OIG special agents and analysts work with organizations implementing high-priority programs to preemptively identify systemic weaknesses and vulnerabilities in the organizations' internal controls over procurement, 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. 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. Since FY 2017, 265 fraud awareness briefings were conducted in Africa—the focus of much of USAID's HIV/AIDS and malaria programming—reaching more than 8,500 participants.

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

For FY 2019, 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 control, noncompliance with laws and regulations, and fraud affecting Federal programs. USAID OIG reviews the resulting audit reports to ensure they meet professional standards and then issues a transmittal memorandum to the Agency that might 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 2020 coordinated oversight plan, the U.S. Department of State Office of Inspector General (State OIG) is reporting on audits and inspections we have initiated or plan to undertake in FY 2020.

Ongoing Audits for FY 2020

Audit of the Department of State's Coordination and Oversight of the U.S. President's Emergency Plan for AIDS Relief

PEPFAR is a broad interagency effort that involves the Department, USAID, the Peace Corps, HHS, Defense, Commerce, and Labor, as well as international and local nongovernmental organizations, private sector entities, and partner governments. The Department's FY 2019 budget request includes \$6 billion for global health programs, which is the largest source of PEPFAR funding and is overseen and coordinated by OGAC.

At overseas posts, OGAC's representative, the PEPFAR country coordinator, is responsible for ensuring that the U.S. Government PEPFAR team is utilizing all available data to help (1) inform coordinated planning, which is captured in an annual country operational plan (COP), and (2) implement a unified and transparent country program. The PEPFAR country coordinator should also ensure that all agencies are following OGAC guidance on financial monitoring for accountability and impact. We are conducting this audit to determine whether PEPFAR country coordinators in Kenya, Malawi, Tanzania, and Uganda effectively coordinated with interagency partners and whether OGAC has overseen selected overseas posts' performance toward achieving PEPFAR goals.

Audit of Department of State Cooperative Agreement Awarded to the U.S. President's Emergency Plan for AIDS Relief

In 2016, the Department awarded \$78 million in federal assistance funding to JSI Research and Training Institute, Inc. (JSI) to disburse, manage, and monitor the use of funds for the PEPFAR-supported DREAMS Innovation Challenge. JSI disbursed award funds to 46 organizations, which then disbursed funds to an additional 40 organizations. This award is the largest PEPFAR award that the Department has issued in the last 3 fiscal years. We are conducting this audit to determine whether selected subrecipients in Kenya, Malawi, Tanzania, and Uganda under the JSI-administered DREAMS Innovation Challenge cooperative agreement award accurately reported financial information, expended funds in accordance with Federal requirements and the award terms and conditions, accurately reported performance information, and achieved performance goals.

Ongoing and Planned Inspections for FY 2020

The Office of Inspections provides the Department of State with systematic and independent assessments of mission leadership, policy implementation, resource management, and internal controls. For FY 2020, OIG is conducting inspections at four posts with a combined PEPFAR

budget of more than \$578 million—Cameroon, Indonesia, Namibia, and Nigeria. At these posts, inspection teams will assess the extent to which the Ambassador and PEPFAR country coordinator are addressing core priorities, including epidemic control, interagency coordination, and execution of the country operational plan process.

In alignment with the FY 2019 oversight plan, OIG has issued inspection reports for two posts and completed fieldwork for three additional posts; these five countries have a combined PEPFAR budget of more than \$1 billion. In Haiti, OIG found that the PEPFAR country coordinator worked effectively with counterparts to advance PEPFAR's mission; however, the program still faced major challenges reaching epidemic control and was at risk of a staffing gap for its PEPFAR country coordinator position. In Rwanda, OIG found that the PEPFAR Coordination Office successfully promoted cooperation among interagency stakeholders and that clearly defined lanes of responsibility reinforced efficiencies and managed resources. OIG is in the process of completing inspection reports that include assessments of PEPFAR programs in eSwatini, Lesotho, and South Africa.

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

For the FY 2020 coordinated audit plan, HHS's Office of Inspector General (HHS OIG) requests \$1.5 million to conduct program integrity and fraud prevention activities for the PEPFAR program. CDC received over \$1.8 billion in FY 2018 PEPFAR funds (about 97 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, sustainable prevention, care, and treatment to millions of people in countries most affected by HIV. To date, the 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 in ongoing and future responses to infectious diseases.

To advance program-integrity efforts, HHS OIG has developed a 5-year plan (FYs 2019-2023) to continue oversight of the PEPFAR program. For FY 2020, the HHS OIG has ongoing and planned work to complete three audits; start three audits—one domestic and two international (in-country); and conduct fraud-prevention training.

Ongoing Audits for FY 2020

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”

OGAC expressed concern about noncompliance identified in our audit of CDC's PEPFAR grant award process and requested that we conduct a follow-up 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 previous audit to address the problems we identified.

Prepare a Rollup Report to CDC Compiling the Findings From All In-Country Audits

Since HHS OIG began audits of the PEPFAR program in 2011, the findings continue to be similar for various recipients around the world. Accordingly, our objective is to summarize the results of our previous audits of CDC PEPFAR recipients and to determine the internal control weaknesses identified in CDC's post-award oversight of PEPFAR recipients.

Conduct an Audit of a PEPFAR Recipient in South Africa

Our objective is to determine whether TB HIV Care, a nonprofit organization operating in South Africa, managed and expended PEPFAR funds in accordance with the award requirements and met program goals in accordance with award requirements.

Planned Audits for FY 2020

Conduct an Audit of a Domestic PEPFAR Recipient

CDC has indicated interest in an OIG audit of several domestic recipients of PEPFAR funds. This audit will focus on one of those recipients and will include a site visit to a foreign subrecipient. Our objective is to determine whether the recipient managed and expended PEPFAR funds in accordance with the award requirements.

Conduct Two Audits of In-Country PEPFAR Recipients

Findings from the prior HHS OIG audit (“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”) included the lack of a compliant accounting system and the resultant inability to reconcile PEPFAR expenditures of \$8.5 million. Our objective is to determine whether the National Institutes of Health in Mozambique implemented recommendations from our previous audit. In addition, we plan to conduct an audit of PEPFAR funds in Thailand. For this audit, our objective is to determine whether a recipient in Thailand managed and expended PEPFAR funds in accordance with award requirements.

Other Oversight Activities

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

In FY 2020, the 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

PEPFAR is managed through an interagency structure that is facilitated by the Office of the Global AIDS Coordinator in the U.S. State Department. 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 the disease. 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.

Ongoing Audit Work for FY 2020

Review of the Peace Corps' Allocation Procedures for PEPFAR Expenses

Peace Corps posts are required to follow Peace Corps guidance to allocate PEPFAR funds. The allocation of PEPFAR funds determines whether and in what percentage PEPFAR funds can be used to pay for Volunteer or post costs associated with PEPFAR programming. We will sample paid vouchers of the 12 posts that are currently receiving these funds to conduct their operations. The review's objectives are to determine whether posts utilized the correct allocation percentage (the percentage is based on the number of Peace Corps Volunteers) and to determine that the payments of these expenses followed the requirements stated in the Peace Corps guidance. Beyond the immediate review objectives, the results of the engagement are expected to inform an upcoming revision of our post audit programming aimed at appropriately prioritizing our PEPFAR oversight. We expect to complete this review and issue a management advisory report before the end of FY 2019.

Planned Post Audit Work for FY 2020 – Uganda, Namibia, and Ukraine

OIG audits of Peace Corps posts abroad review whether the financial and administrative operations at a post are functioning effectively and complying with Peace Corps policies and Federal regulations. During the post audits, we also assess areas of concern and processes that present challenges to posts. As part of our audit we will review PEPFAR funds received by posts. OIG is considering post audits in Uganda, Namibia, and Ukraine for FY 2020. All three countries receive PEPFAR funding.

Ongoing Evaluation Work for FY 2020

Country Program Evaluation of Tanzania (announced May 2019)

OIG is currently conducting a country program evaluation in Tanzania. The evaluation will cover programming, training, Volunteer support, and post leadership and management. Fieldwork is scheduled for August 2019, and the final report will be issued in FY 2020. The post performs PEPFAR-related programming.

Planned Country Program Evaluations for FY 2020 – Eastern Caribbean, Guyana, and Guinea

OIG country program evaluations provide an independent assessment of post management and agency programs abroad. Evaluations promote greater efficiency and effectiveness by identifying best management practices and recommending program improvements. OIG is considering conducting country program evaluations in the Eastern Caribbean, Guyana, and Guinea. All three posts perform PEPFAR-related programming.

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