

Report in Brief

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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 the Department of Health and Human Services (HHS), Office of Inspector General (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 National Institute of Health in Mozambique (the Institute), located in Maputo, Mozambique, managed and expended PEPFAR funds in accordance with the award requirements.

How OIG Did This Review

Our audit covered the budget periods from September 30, 2011, through March 31, 2016. These budget periods were for a 5-year cooperative agreement. During the budget period under review, CDC awarded the Institute \$9 million, of which it expended \$8.5 million. From these PEPFAR fund expenditures, we selected a judgmental sample of 50 transactions totaling \$1.3 million.

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

What OIG Found

The Institute did not always manage and expend PEPFAR funds in accordance with award requirements. Among the most significant problems, the Institute was unable to reconcile its accounting records to the \$8.5 million that it claimed on its Federal Financial Report (FFR) for the audit period. Of the \$1.3 million we reviewed, \$623,637 was allowable, but \$431,458 was unallowable and \$291,185 was for unsupported personnel costs. Additionally, the Institute classified transactions totaling \$795,295 in the wrong budget category. Finally, the Institute did not have a functioning accounting system and did not have a time and attendance system to support \$1.3 million in PEPFAR-funded personnel costs.

What OIG Recommends and Institute Comments

We recommend that the Institute (1) refund to CDC \$431,458 of unallowable expenditures, (2) implement an accounting system that allows it to accurately account for Federal funds, and (3) work with CDC to determine the allowability of the \$1.3 million in personnel costs expended during the audit period. We also made other policy and procedural recommendations.

In addition, we provided 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. CDC responded to the memorandum and described controls that it put in place to monitor the funds.

Although the Institute did not specifically concur with any of our recommendations in its written comments on our draft report, it described some of the actions it had taken, or planned to take, to address all but our first recommendation. The Institute partially agreed with our first recommendation to refund transactions that were unallowable or inadequately supported. Along with its comments on our first recommendation, the Institute provided additional supporting documentation for certain transactions and expenditures. After considering its comments and additional documentation, we adjusted our findings and recommendations accordingly.