

Report in Brief

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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 objectives of our audit were to determine whether the Aurum Institute (Aurum), located in Johannesburg, South Africa, (1) managed and expended PEPFAR funds in accordance with the award requirements and (2) implemented recommendations from our previous audit.

How OIG Did This Review

Our audit covered the budget periods from September 30, 2012, through March 31, 2016. During the budget period under review, CDC awarded Aurum \$52.8 million, of which Aurum expended \$51.1 million. From these PEPFAR fund expenditures, we selected a stratified statistical sample of 70 transactions totaling \$2.0 million.

Aurum Institute Generally Managed and Expended the President's Emergency Plan for AIDS Relief Funds in Accordance With Award Requirements

What OIG Found

On the basis of our sample results, we concluded that Aurum managed and expended PEPFAR funds in accordance with the award requirements. However, it did not always maintain segregation of duties among different personnel within the organization. Additionally, Aurum used a procurement-management system that did not allow it to record an invoice with multiple items as a single transaction to the general ledger. Finally, Aurum implemented corrective actions for all five recommendations from our previous audit.

The deficiencies we identified occurred because Aurum did not have the necessary financial staff to manage the extra duties and responsibilities that arose from its accelerated growth and because its procurement-management system had limited compatibility with its accounting system.

What OIG Recommends and Aurum's Comments

We recommend that Aurum continue to (1) implement segregation of duties among different key personnel and (2) upgrade its procurement and accounting systems to effectively track procurements.

In written comments on our draft report, Aurum concurred with our recommendations and described some of the actions it had taken, or planned to take, to address them. Examples include reorganizing the financial service to segregate duties and responsibilities among key personnel in the financial process and investigating upgrades and alternatives to the procurement management and accounting systems.