



HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-SI-19-43

What OIG Audited

The U.S. President's Emergency Plan for AIDS Relief (PEPFAR) is focused on combating human immunodeficiency virus/Acquired Immunodeficiency Syndrome (HIV/AIDS). In 2016, the Department of State (Department) awarded a cooperative agreement to JSI Research and Training Institute, Inc. (JSI) valued at \$78,572,270 to disburse, manage, and monitor the use of funds for a PEPFAR project designed to identify and implement innovative solutions to reduce HIV infections. This audit focused on six Determined, Resilient, Empowered, AIDS-free, Mentored, and Safe (DREAMS) Innovation Challenge sub-award recipients. The Office of Inspector General (OIG) performed audit fieldwork overseas for this audit in Malawi, Uganda, and Kenya.

OIG conducted this audit to determine whether sub-award recipients under JSI's cooperative agreement (1) accurately reported performance information and achieved performance goals, (2) accurately reported financial information, and (3) expended funds in accordance with requirements.

What OIG Recommends

OIG made 11 recommendations to address the issues identified during the audit. On the basis of the Department's responses to a draft of this report, OIG considers two recommendations closed; one recommendation unresolved; and eight recommendations resolved, pending further action. A synopsis of the Department's responses to the recommendations offered and OIG's reply follow each recommendation in the Audit Results section of this report. The Department's responses to a draft of this report are reprinted in their entirety in Appendices C and D.

September 2019

OFFICE OF AUDITS

SECURITY AND INTELLIGENCE DIVISION

Audit of Cooperative Agreement Sub-Award Recipients Supporting the U.S. President's Emergency Plan for AIDS Relief

What OIG Found

Sub-award recipients did not always report performance information accurately. Specifically, OIG found that four out of the six sub-award recipients it examined overreported or underreported performance information to JSI. OIG also concluded that four sub-award recipients generally achieved their goals. According to sub-award recipient officials, performance data were sometimes inaccurate for reasons such as human error and missing records. Nevertheless, to fully determine the impact of the projects and the activities funded, the Office of the U.S. Global AIDS Coordinator and Health Diplomacy, which is responsible for leading the U.S. Government's international HIV/AIDS efforts, must receive accurate performance data.

OIG also found that the six sub-award recipients accurately reported financial information but did not always submit timely financial reports. Specifically, OIG reviewed 137 financial reports and found that all were consistent with financial reporting requirements. Furthermore, OIG found that the data in 12 reports tested were mathematically accurate. However, OIG found that 38 of 137 (28 percent) financial reports were provided after the required deadlines. Delays occurred because staff members were not always available to complete the reports and collaboration with JSI was sometimes needed to finalize the reports. Nevertheless, when financial reports are not submitted in a timely manner, improper costs can go undetected and potentially jeopardize the overall award.

Finally, OIG found that the sub-award recipients generally expended funds in accordance with Federal requirements. OIG identified \$23,851 out of \$1,897,334 (1 percent) as unallowable. OIG attributes the nominal amount of questioned costs identified, in part, to the effective oversight of the award by Department personnel. However, because of the type of questioned costs identified, including value added taxes, OIG concludes that it is important for the Department to take additional steps to address these issues.