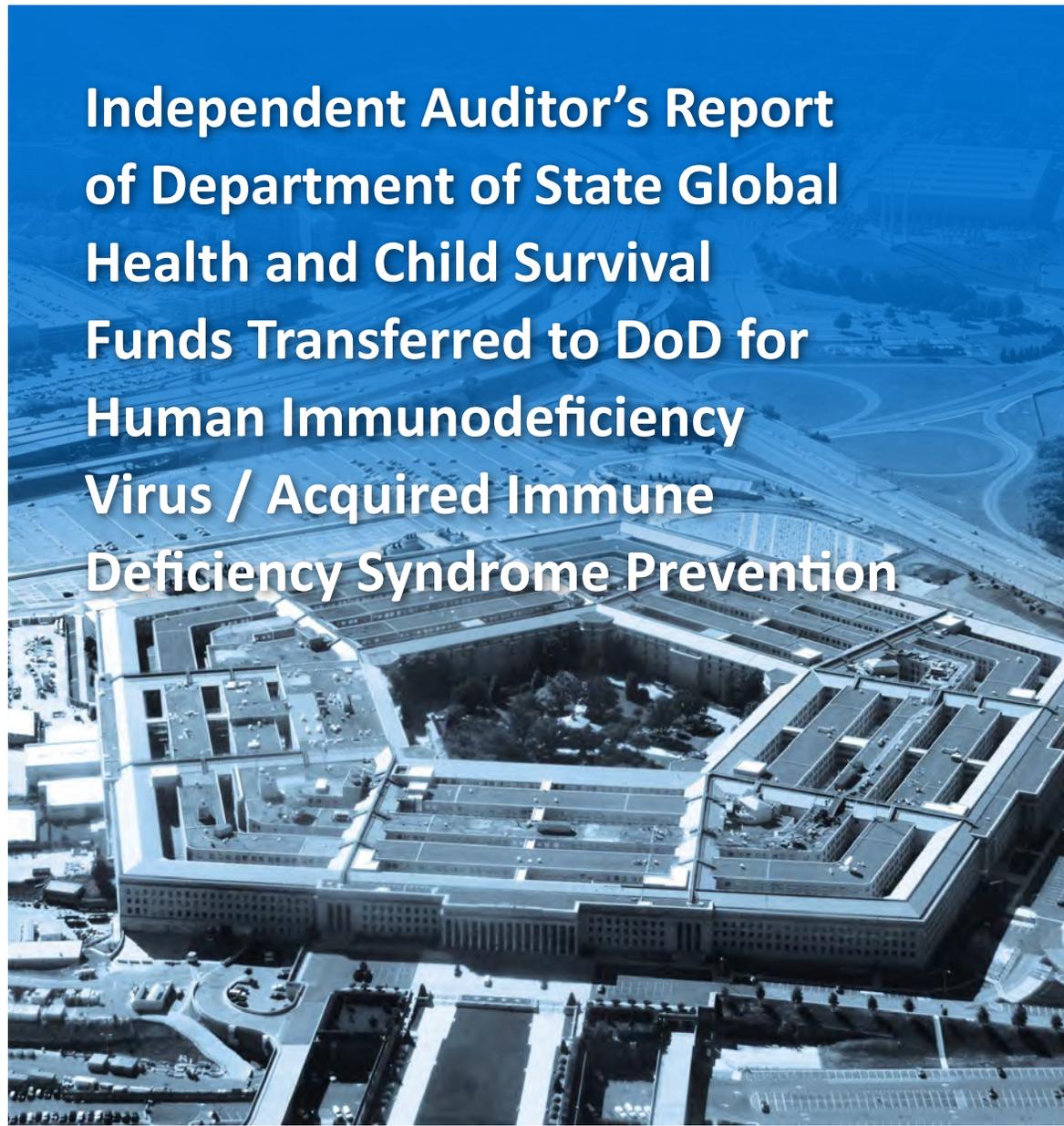




# INSPECTOR GENERAL

*U.S. Department of Defense*

OCTOBER 22, 2013



## **Independent Auditor's Report of Department of State Global Health and Child Survival Funds Transferred to DoD for Human Immunodeficiency Virus / Acquired Immune Deficiency Syndrome Prevention**

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**INSPECTOR GENERAL**  
**DEPARTMENT OF DEFENSE**  
4800 MARK CENTER DRIVE  
ALEXANDRIA, VIRGINIA 22350-1500

October 22, 2013

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE PERSONNEL AND READINESS  
ASSISTANT SECRETARY OF DEFENSE (HEALTH AFFAIRS)  
NAVAL INSPECTOR GENERAL  
AUDITOR GENERAL, DEPARTMENT OF THE ARMY  
DEPARTMENT OF STATE OFFICE OF THE U.S. GLOBAL  
AIDS COORDINATOR

SUBJECT: Independent Auditor's Report of Department of State Global Health and  
Child Survival Funds Transferred to DoD for Human Immunodeficiency  
Virus / Acquired Immune Deficiency Syndrome Prevention  
(Report No. DODIG-2014-003)

We are providing this report for information and use. No written response to this report was required. Therefore, we are publishing this report in final form.

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 601-5945 (DSN 329-5945).

A handwritten signature in black ink that reads "Lorin T. Venable".

Lorin T. Venable, CPA  
Assistant Inspector General  
Financial Management and Reporting





**INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
4800 MARK CENTER DRIVE  
ALEXANDRIA, VIRGINIA 22350-1500**

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SUBJECT: Independent Auditor's Report of Department of State Global Health and Child Survival Funds Transferred to DoD for Human Immunodeficiency Virus / Acquired Immune Deficiency Syndrome Prevention (Report No. DODIG-2014-003)

Public Law 111-117, "The Consolidated Appropriations Act, 2010," under Division F, "Department of State, Foreign Operations, and Related Programs Appropriations Act of 2010," December 16, 2009, appropriated funds to the Department of State (DoS) for the purpose of Human Immunodeficiency Virus (HIV)/Acquired Immune Deficiency Syndrome (AIDS) prevention, treatment, control, and research (to include development of programs and assisting communities). Further, this public law requires the inspector general of each agency receiving funds to perform periodic program and financial audits of the use of such funds.

The DoS Office of the U.S. Global AIDS Coordinator (OGAC) entered into Memorandums of Agreement (MOAs) with DoD to transfer Global Health and Child Survival (GHCS)\* funds appropriated under the DoS Foreign Operations and Related Programs Appropriations Act. The purpose of these MOAs is to fund efforts to achieve the HIV/AIDS prevention, care, and treatment goals of the U.S. Leadership Act and the President's Emergency Plan for AIDS Relief (PEPFAR). Two DoD programs—the DoD HIV/AIDS Prevention Program (DHAPP) and the Military HIV Research Program (MHRP)—receive PEPFAR funds provided from DoS. See the Attachment for additional background and MOA information.

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\* GHCS funds are FY 2008-2011 no-year funds.

We performed this review-level attestation in accordance with attestation standards established by the American Institute of Certified Public Accountants and in compliance with generally accepted Government auditing standards. Those standards require that we plan and perform the attestation to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our attestation objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our attestation objective. A review-level attestation is substantially less in scope than an examination done to express an opinion on the subject matter. Accordingly, we do not express such an opinion.

We reviewed \$47,513,442 (77.0 percent) of the \$61,702,518 in DoD GHCS disbursements made over a 7-month period. We nonstatistically selected \$20,111,632 (67.9 percent) of the \$29,626,435 in DHAPP disbursements from May 24, 2012, to January 2, 2013, and \$27,401,809 (85.4 percent) of the \$32,076,082 in MHRP disbursements from June 1, 2012, to December 31, 2012. See the table for a summary of DHAPP and MHRP GHCS disbursements.

*Table. Summary of DHAPP and MHRP GHCS Disbursements and DoD OIG Sample Selection*

Program	Total Disbursements*	DoD OIG Sample Selection	Percentage of Disbursements
<b>DHAPP</b>	\$29,626,435	\$20,111,632	67.9%
<b>MHRP</b>	\$32,076,082	\$27,401,809	85.4%
<b>Total</b>	\$61,702,518	\$47,513,442	77.0%

\*Navy disbursements from May 24, 2012, to January 2, 2013, and Army disbursements from June 1, 2012, to December 31, 2012.

Based on our review of DHAPP and MHRP disbursements, nothing came to our attention that caused us to believe that GHCS funds transferred from DoS to DoD for HIV and AIDS prevention, care, and treatment were not disbursed in accordance with the goals set forth in the U.S. Leadership Act and PEPFAR.

We coordinated a discussion draft of this report with officials from Assistant Secretary of Defense (Health Affairs) (ASD [Health Affairs]), U.S. Army Medical Command, U.S. Army Medical Research Materiel Command, Walter Reed Army Institute of Research (WRAIR), and the Naval Health Research Center (NHRC). We considered management comments when preparing the final report.

This report is intended solely for the information and use of the ASD (Health Affairs), WRAIR, and NHRC and is not intended to be and should not be used by anyone else. However, this report is a matter of public record, and its distribution is not limited.

A handwritten signature in black ink that reads "Lorin T. Venable". The signature is written in a cursive style with a large initial 'L'.

Lorin T. Venable, CPA  
Assistant Inspector General  
Financial Management and Reporting

Attachment:  
As stated

# **Attachment. Program Background and Flow of Funds From DoS OGAC to DoD**

## **Public Laws**

Public Law 108-25, “United States Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act of 2003,” May 27, 2003, establishes a 5-year emergency plan for AIDS relief, known as the PEPFAR, to confront HIV/AIDS with the goals of preventing, treating, and providing humane care for millions of people suffering from HIV/AIDS.

Public Law 110-293, “Tom Lantos and Henry J. Hyde United States Global Leadership Against HIV/AIDS, Tuberculosis, and Malaria Reauthorization Act of 2008,” July 30, 2008, amended Public Law 108-25. The purpose of this public law is to strengthen and enhance the United States’ response to the HIV/AIDS pandemic and other preventable infectious diseases.

Public Law 111-117, “Consolidated Appropriations Act, 2010,” under Division F, “Department of State, Foreign Operations, and Related Programs Appropriations Act of 2010,” December 16, 2009, appropriates funds to DoS for the purpose of HIV/AIDS prevention, treatment, control, and research (to include development of programs and assisting communities). Further, this public law requires the inspector general of each agency receiving funds to perform periodic program and financial audits of the use of such funds.

## **FY 2008 through 2011 Memorandums of Agreement Between DoS and DoD**

The MOAs required DoD to contribute to a number of reports on the progress of their PEPFAR programs and the use of the funds allocated to DoD. Additionally, the MOAs required DoD to keep thorough records and use the funds in accordance with generally accepted Government accounting principles.

DoS OGAC provided initial funding in the FY MOAs and additional funding in subsequent amendments. See the following table for a summary of the amount of funding provided from DoS to DoD.

*Table. Summary of the Dates and Funding Amounts for the GHCS MOAs and Subsequent Amendments*

	Date Signed <sup>1</sup>	Cumulative Funding Amount <sup>2</sup>
<b>FY 2008 MOA</b>	January 28, 2008	\$99,533,658
<b>FY 2009 MOA</b>	February 13, 2009	\$125,806,882
<b>FY 2010 MOA</b>	April 30, 2010	\$121,791,347
<b>FY 2011 MOA</b>	April 11, 2011	\$148,031,848
<b>Total</b>		\$495,163,735

<sup>1</sup> Date of the latest signature on the original FY MOAs.

<sup>2</sup> Total funding amount as of May 22, 2013, including original FY MOA amounts and all subsequent amendments.

## DoD HIV/AIDS Prevention Program

DHAPP is the DoD executive agent for the global HIV/AIDS prevention, care, and treatment for foreign militaries. DHAPP's mission is to reduce the incidence of HIV/AIDS among uniformed personnel and to assist in the development and implementation of military-specific HIV prevention programs. To carry out their mission, DHAPP oversees the contributions of a variety of DoD organizations and specialized DoD institutions. DHAPP's responsibilities include day-to-day direction of the DoD effort to assist foreign militaries, administering funding, conducting training, technical assistance, and the submission of periodic reports to OGAC.

DHAPP was under the command of NHRC in San Diego, California. In addition, DHAPP used the Naval Supply Systems Command Fleet Logistics Centers to administer their contracts and grant agreements.

As of May 2013, DHAPP received \$211,907,240 in GHCS funding under the FY 2008 through FY 2011 MOAs and disbursed \$112,224,076 of the funds.

## U.S. Military HIV Research Program

MHRP, the second program receiving funds, is a partner in international efforts to combat HIV, and it has a dual mission to develop a preventive HIV vaccine for U.S. military personnel and for the global community. The program provides prevention, care, and treatment through the PEPFAR, including international laboratory and clinical research capabilities. DHAPP provides oversight of the contributions of the MHRP.

MHRP was under the command of WRAIR in Silver Spring, Maryland. MHRP used U.S. Army Medical Research Acquisition Activity and the Naval Supply Systems Command Fleet Logistics Centers to administer grant agreements. For example, grants with the Henry M. Jackson Foundation, Stichting PharmAccess International, and Health Initiatives for the African Safety and Stability were used to obligate and expend Army GHCS funds.

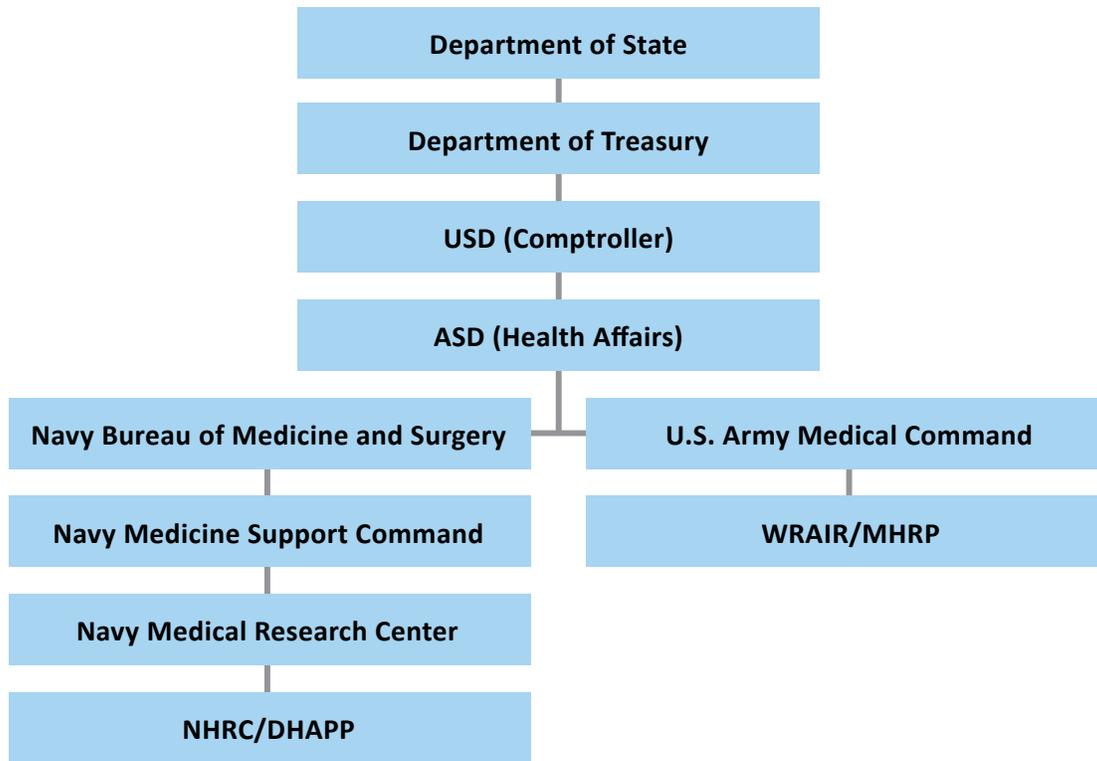
As of June 2013, MHRP received \$283,256,495 in GHCS funding under the FY 2008 through FY 2011 MOAs and disbursed \$209,605,838 of the funds.

## Flow of Funds

DoS officials submitted a Standard Form 1151, “Non-Expenditure Transfer Authorization,” to the Department of Treasury, which started the transfer of GHCS funds from DoS to DoD. DoD transferred funds within the department through funding authorization documents (FADs).

Specifically, the DoS used the SF 1151 to transfer GHCS funds to the Under Secretary of Defense (Comptroller) [USD (Comptroller)]. The USD (Comptroller) transferred the funds to ASD (Health Affairs) using a FAD. At the ASD (Health Affairs) level, the GHCS funds were split between the Navy and Army based on the MOA. Utilizing another FAD, the ASD (Health Affairs) transferred the Navy’s funds to the Navy Bureau of Medicine and Surgery and transferred the Army’s funds to the U.S. Army Medical Command. The Navy and Army used additional FADs to transfer funds within their organizations. For example, the Navy Bureau of Medicine and Surgery used a FAD to transfer funds to the Navy Medicine Support Command. The Navy Medicine Support Command used a FAD to transfer funds to the Navy Medical Research Center. The Navy Medical Research Center then transferred the GHCS funds to NHRC using a memorandum referred to as the Operational Target Authority memo. In contrast, U.S. Army Medical Command used only one FAD for each transfer of funds to WRAIR.

The following figure illustrates the flow of funds from DoS to the DoD programs at NHRC and WRAIR.



Source: DoD OIG

# Acronyms and Abbreviations

<b>AIDS</b>	Acquired Immune Deficiency Syndrome
<b>ASD (Health Affairs)</b>	Assistant Secretary of Defense for Health Affairs
<b>DHAPP</b>	DoD HIV/AIDS Prevention Program
<b>DoS</b>	Department of State
<b>FAD</b>	Funding Authorization Document
<b>GHCS</b>	Global Health and Child Survival
<b>HIV</b>	Human Immunodeficiency Virus
<b>MHRP</b>	Military HIV Research Program
<b>MOA</b>	Memorandum of Agreement
<b>NHRC</b>	Naval Health Research Center
<b>OGAC</b>	Office of the U.S. Global AIDS Coordinator
<b>PEPFAR</b>	President's Emergency Plan for AIDS Relief
<b>USD (Comptroller)</b>	Under Secretary of Defense (Comptroller)
<b>WRAIR</b>	Walter Reed Army Institute of Research

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