

Department of Health and Human Services
Office of Inspector General



Office of Audit Services

February 2025 | A-04-23-01028

CDC Lacked Documentation for Its Redirections of PEPFAR Funds to Support the COVID-19 Response

REPORT HIGHLIGHTS



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CDC Lacked Documentation for Its Redirections of PEPFAR Funds to Support the COVID-19 Response

Why OIG Did This Audit

- In April 2020, the Office of Management and Budget allowed Federal awarding agencies to repurpose their awards to support the COVID-19 response.
- HHS and the U.S. Agency for International Development OIGs collaboratively audited each of their agencies' redirection of the President's Emergency Plan for AIDS Relief (PEPFAR) funds for the COVID-19 response.
- This audit assessed the Centers for Disease Control and Prevention's (CDC's) adherence to applicable regulations and guidance in redirecting its PEPFAR award funds to support the COVID-19 response.

What OIG Found

- CDC did not maintain documentation to show that it followed guidance issued by the Office of the U.S. Global AIDS Coordinator.
- For 69 of the 104 cooperative agreements in our sample, representing approximately \$25.2 million in redirections, CDC lacked documentation for at least one of the requirements.

What OIG Recommends

We recommend that CDC develop, implement, and maintain a centralized repository to store required documentation pertaining to PEPFAR funds that are redirected due to a pandemic or other emergency.

CDC concurred with our recommendation.

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INTRODUCTION

WHY WE DID THIS AUDIT

The U.S. Congress authorized the President's Emergency Plan for AIDS Relief (PEPFAR) to receive funding for fiscal years (FYs) 2009–2013 to assist foreign countries in combating HIV/AIDS, tuberculosis, and malaria.¹ Congress authorized additional funds to be appropriated for FYs 2014–2018, and again for FYs 2019–2023.²

The Tom Lantos and Henry J. Hyde United States Global Leadership Against HIV/AIDS, Tuberculosis, and Malaria Reauthorization Act of 2008 (the Act) requires the Department of Health and Human Services (HHS), Office of Inspector General (OIG), among others, to provide oversight of the programs implemented under the Act, including PEPFAR. To meet this requirement, HHS-OIG has conducted a series of audits of the Centers for Disease Control and Prevention (CDC) and its recipients.³

The World Health Organization declared COVID-19 a pandemic on March 11, 2020. In April 2020, the Office of Management and Budget allowed Federal awarding agencies to repurpose their awards to support the COVID-19 response. CDC used this flexibility to redirect some PEPFAR funds to support the COVID-19 response.

In 2021, the OIGs charged with developing the annual Inspectors General Coordinated PEPFAR Oversight Plan established a working group to plan contemporaneous audits addressing common themes across their respective agencies. The working group's first proposal was for HHS and the U.S. Agency for International Development (USAID) OIGs to collaboratively audit each of their agencies' redirection of PEPFAR funds for the COVID-19 response.⁴

OBJECTIVE

Our objective was to determine whether CDC redirected PEPFAR funds for COVID-19 according to Federal regulations and the guidance issued by the Office of the U.S. Global AIDS Coordinator.

¹ Tom Lantos and Henry J. Hyde United States Global Leadership Against HIV/AIDS, Tuberculosis, and Malaria Reauthorization Act of 2008, P.L. No. 110-293 (enacted July 30, 2008).

² PEPFAR Stewardship and Oversight Act of 2013, P.L. No. 113-56 (enacted Dec. 2, 2013) and PEPFAR Extension Act of 2018, P.L. No. 115-305 (enacted Dec. 11, 2018).

³ Appendix B contains a list of related OIG reports issued in the past 5 years.

⁴ Foreign Assistance to Combat HIV/AIDS, Tuberculosis, and Malaria: Fiscal Year 2022 Inspectors General Coordinated PEPFAR Oversight Plan (Aug. 25, 2021). Available online at <https://oig.hhs.gov/oas/reports/region4/42101023.pdf>.

BACKGROUND

Centers for Disease Control and Prevention

CDC engages foreign governments to help address their health challenges, with its global programs addressing more than 400 diseases, health threats, and conditions that are major causes of death, disease, and disability. Through PEPFAR, CDC works in more than 45 countries and regions around the globe to fight HIV and tuberculosis.

Office of the U.S. Global AIDS Coordinator

The Office of the U.S. Global AIDS Coordinator (OGAC) was established in 2003 at the U.S. State Department to oversee the PEPFAR program. OGAC allocates funds to PEPFAR-implementing agencies, particularly HHS's CDC and USAID. CDC and USAID, in turn, provide funds for HIV treatment, care, and prevention activities through grants, cooperative agreements (CoAgs), and contracts.⁵ On August 1, 2023, the Department of State merged other offices and functions with OGAC to form the Bureau of Global Health Security and Diplomacy (GHSD).⁶

HOW WE CONDUCTED THIS AUDIT

Our audit covered 121 CoAgs in 23 countries reported by CDC to have redirected \$33.2 million in PEPFAR funds to support the COVID-19 response from October 1, 2019, through September 30, 2022. From the 121 CoAgs, we selected a non-statistical sample of 104, representing 15 countries, for a total of \$32.4 million in redirected PEPFAR funds for the audit period. We reviewed documentation related to the 104 CoAgs in our sample to determine whether CDC redirected PEPFAR funds according to Federal regulations and the guidance issued by OGAC.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix A contains the details of our audit scope and methodology.

⁵ CDC awarded PEPFAR funds through CoAgs, which CDC uses in lieu of grants. The regulations that apply to Federal grants also apply to CoAgs.

⁶ Because GHSD was established after the end of our audit period, we do not make another reference to it in this report.

FINDING

CDC did not maintain documentation to show that it followed guidance issued by OGAC for redirecting PEPFAR funds to support the COVID-19 response. Of the 104 CoAgs we reviewed, CDC provided supporting documentation for 35 CoAgs, representing approximately \$7.1 million in redirections. However, for 69 CoAgs, representing approximately \$25.2 million in redirections, CDC could not provide documentation related to at least one of the requirements in the guidance. This occurred for a variety of reasons with one example being that CDC did not have a centralized repository to maintain documentation related to the redirection of PEPFAR funds to support the COVID-19 response.

REQUIREMENTS

OMB issued a class exception allowing Federal awarding agencies to repurpose their Federal assistance awards “to support the COVID-19 response, as consistent with applicable laws.”⁷ Under OMB Memorandum M-20-20, Repurposing Existing Federal Financial Assistance Programs and Awards to Support the Emergency Response to the Novel Coronavirus (COVID-19), “Federal awarding agencies and recipients must maintain appropriate records and documentation of these exceptions.”

OGAC advised CDC through internal guidance issued on April 1, 2020, and June 30, 2021, of eight requirements it must meet in redirecting its Federal assistance awards toward COVID-19 response efforts. CDC distributed the internal guidance issued by OGAC to its staff for use in submitting proposed redirections for review and approval.

CDC LACKED DOCUMENTATION TO SUPPORT REDIRECTIONS FOR 69 OF 104 COOPERATIVE AGREEMENTS

For 69 of the 104 CoAgs in our sample, CDC did not follow the internal guidance issued by OGAC that CDC distributed to its staff for use in submitting proposed redirections for review and approval. CDC did not provide documentation to show that it satisfied the requirements specified in the guidance issued by OGAC, such as notifications and approvals. The table on the next page shows the eight requirements from the guidance issued by OGAC and the respective number of CoAgs from our sample that lacked documentation.

⁷ OMB may allow exceptions from certain grant requirements for classes of Federal awards or non-Federal entities, subject to the requirements of this part when exceptions are not prohibited by statute (2 CFR § 200.102(a)).

Table: Type of Documentation Required and Number of CoAgs Lacking Documentation

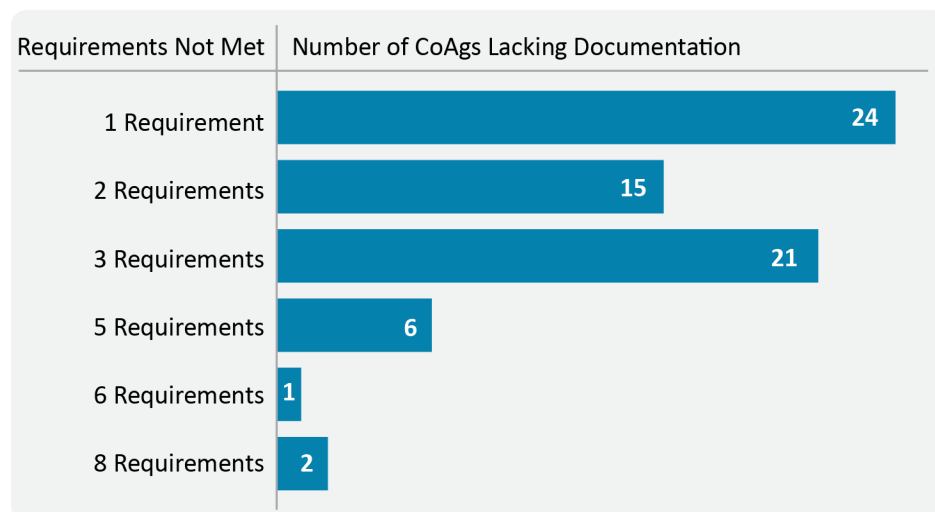
OGAC Requirement	Description of OGAC Requirement	Number of CoAgs Lacking Documentation⁸
1	Email notification of redirection request sent to the SGAC email address identified in the OGAC requirement ⁹	49
2	S/GAC PEPFAR Program Manager (PPM) approval	48
3	S/GAC Chair approval	30
4	Notification of redirection request sent to the S/GAC PPM	24
5	Notification of redirection request sent to the S/GAC Chair	9
6	Notification of redirection request sent to relevant Headquarters financial personnel	2
7	PEPFAR Country Team agreement	5
8	Agency Headquarters office agreement	2

⁸ Some CoAgs did not have documentation for multiple requirements.

⁹ OGAC, SGAC, and S/GAC are all used interchangeably throughout this report to refer to the Office of Global Aids Coordinator.

The figure below shows the number of CoAgs from our sample that lacked documentation for at least one, and as many as eight, of the requirements described in guidance issued by OGAC.

Figure: CoAgs Lacking Documentation for One or More Requirements



CDC was unable to provide documentation to support its adherence to guidance issued by OGAC. According to CDC officials, some of the agreements and approvals required by the guidance were made verbally, and for those requirements that were documented in writing, the records were not centrally maintained. Because our sample covered 15 countries across three continents (North America, Africa, and Asia), some of the documentation we requested had to be collected by CDC from its offices in foreign countries. One in-country office employee noted they were not part of the team until late 2021 and said that although they were working with Headquarters, some of the required documentation could not be located. CDC officials also cited employee turnover as a factor that made it difficult to locate documents. For example, one in-country office noted that 7 of the 15 Project Officers involved in the redirections were no longer with the in-country office. CDC acknowledged that not having records housed in a central location kept them from being able to access them in a timely manner.¹⁰

CDC's failure to follow the requirements to maintain supporting documentation increased the risk that the 69 CoAgs' \$25 million in redirected funds could have been used for activities

¹⁰ For those documents that CDC did provide, it was not able to do so by the original request date. Approximately six months passed from the time of our first request for sample documentation until we received the last documents that we considered when conducting this audit.

unrelated to PEPFAR or people living with HIV/AIDS affected by COVID-19 or for unapproved activities.¹¹

RECOMMENDATION

We recommend that the Centers for Disease Control and Prevention:

- Develop, implement, and maintain a centralized repository to store required documentation pertaining to PEPFAR funds that are redirected due to a pandemic or other emergency.

CDC COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

In written comments on our draft report, CDC concurred with our recommendation and stated that it “will develop, implement, and maintain a centralized repository to store required documentation pertaining to PEPFAR funds that are redirected due to a pandemic or other emergency.” CDC further stated in its comments that, “[f]or context of the report sample, CDC obligated \$2.26 billion of PEPFAR funding on cooperative agreements in Fiscal Year (FY) 2020 and \$1.54 billion in FY 2021 for a total of \$3.8 billion. During these two years, CDC redirected \$32.38 million of PEPFAR funds for COVID-19 emergency adaptations.”

Along with its comments, CDC submitted “documentation to address many of the missing documents where available.” CDC’s comments appear as Appendix C.

We appreciate the actions CDC indicated it will take to address our recommendation.

Based on our review of the additional documentation CDC provided, we reduced the number of CoAgs lacking documentation from 77 to 69, reduced the unsupported dollar amount from \$28.1 million to \$25.2 million, and updated the table and figure in this report.

CDC also asserted that it redirected \$32.38 million of PEPFAR funds for COVID emergency adaptations; however, the agency did not provide documentation to support why this amount differed from the documentation it provided during the audit, which totaled \$33.2 million. Thus, we made no changes regarding the total amount CDC redirected for the COVID-19 response.

¹¹ One of the principles of the guidance issued by OGAC is, “Extending flexibility to the PEPFAR country teams within PEPFAR’s mandates and authorities to the extent possible to take into account COVID-19-related needs, in the context of seeking to achieve the best possible HIV outcomes.”

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

Our audit covered 121 CoAgs in 23 countries reported by CDC to have redirected \$33.2 million in PEPFAR funds to support COVID-19 from October 1, 2019, through September 30, 2022. From those CoAgs, we selected a non-statistical sample of 104, representing 15 countries for a total of \$32.4 million in redirected PEPFAR funds. We also reviewed CDC's internal controls related to its redirection of PEPFAR funds to support COVID-19.

We conducted our audit work from May 2023 through September 2024.

METHODOLOGY

To accomplish our objective, we:

- reviewed relevant Federal laws and regulations, HHS guidance, technical and budget guidance issued by OGAC, and CDC's policies and procedures;
- developed questionnaires and reviewed responses from CDC officials regarding their interagency communication, relevant training, and in-country policies and procedures;
- conducted meetings with USAID-OIG to collaborate throughout the audit process;
- selected a non-statistical sample of 104 CoAgs that contained redirections of PEPFAR funds for countries that:
 - CDC had in common with USAID-OIG, and
 - had \$1 million or more in redirections;
- reviewed documents for the 104 CoAgs in our sample to determine if the proper requests and approvals for redirections of PEPFAR funds were made according to guidance issued by OGAC; and
- discussed the results of the audit with CDC officials.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

APPENDIX B: RELATED OFFICE OF INSPECTOR GENERAL REPORTS

PEPFAR AUDIT REPORTS ISSUED IN THE PAST FIVE YEARS

Report Title	Report Number	Date Issued
<i>ICAP at Columbia University Generally Managed Its PEPFAR Expenditures Appropriately but Lacked a Robust Financial Management System</i>	A-04-20-01020	12/20/2024
<i>The Thailand Ministry of Public Health Managed PEPFAR Funds According to Federal Regulations but Internal Controls Could Be Improved</i>	A-04-21-01021	3/26/2024
<i>CDC's Corrective Actions Improved Program Operations at the National Institute of Health in Mozambique and Facilitated the Institute's Implementation of Prior OIG Audit Recommendations</i>	A-04-20-01019	9/27/2022
<i>Although CDC Implemented Our Prior Audit Recommendations, Its Corrective Actions Did Not Effectively Address Findings Related to 3 of Our 13 Recommendations</i>	A-04-19-01014	8/20/2021
<i>Although CDC Implemented Corrective Actions To Improve Oversight of the President's Emergency Plan for AIDS Relief Recipients, Some Internal Control Weaknesses Remained</i>	A-04-18-01010	12/11/2020

APPENDIX C: CDC COMMENTS



U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Public Health Service

Centers for Disease Control
and Prevention (CDC)
Atlanta GA 30333

MEMORANDUM

TO: Inspector General
U.S. Department of Health and Human Services

FROM: Director, Centers for Disease Control and Prevention (CDC)
Administrator, Agency for Toxic Substances and Disease Registry

DATE: November 7, 2024

SUBJECT: Office of the Inspector General Draft Report (A-04-23-01028)

Attached is CDC's response detailing actions taken regarding recommendations contained in the draft report, "CDC Lacked Documentation for Its Redirections of PEPFAR Funds to Support the COVID-19 Response (A-04-23-01028)."

CDC appreciates the opportunity to review and comment on this draft report.

A handwritten signature in black ink that reads "Mandy K. Cohen".

Mandy K. Cohen, M.D., M.P.H.
Director, CDC

Enclosure

The Centers for Disease Control and Prevention’s (CDC) Response Regarding Actions Taken for Recommendations Contained in the Report, “CDC Lacked Documentation for Its Redirections of PEPFAR Funds to Support the COVID-19 Response, A-04-23-01028”

CDC appreciates the Office of Inspector General’s (OIG) work on this President's Emergency Plan for AIDS Relief (PEPFAR) report. The agency submits the following response to the draft report.

OIG’s stated objective of this review was to determine whether CDC redirected PEPFAR funds for COVID-19 according to federal regulations and the guidance issued by the Office of the U.S. Global AIDS Coordinator. OIG found that for 77 of the 104 cooperative agreements in their sample, representing approximately \$28.1 million in redirections, CDC lacked documentation for at least one of the requirements.

CDC is submitting documentation to address many of the missing documents where available. For context of the report sample, CDC obligated \$2.26 billion of PEPFAR funding on cooperative agreements in Fiscal Year (FY) 2020 and \$1.54 billion in FY 2021 for a total of \$3.8 billion. During these two years, CDC redirected \$32.38 million of PEPFAR funds for COVID-19 emergency adaptations.

OIG recommends CDC develop, implement, and maintain a centralized repository to store required documentation pertaining to PEPFAR funds that are redirected due to a pandemic or other emergency. CDC concurs with the recommendation. CDC will develop, implement, and maintain a centralized repository to store required documentation pertaining to PEPFAR funds that are redirected due to a pandemic or other emergency.

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TTY: 1-800-377-4950

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