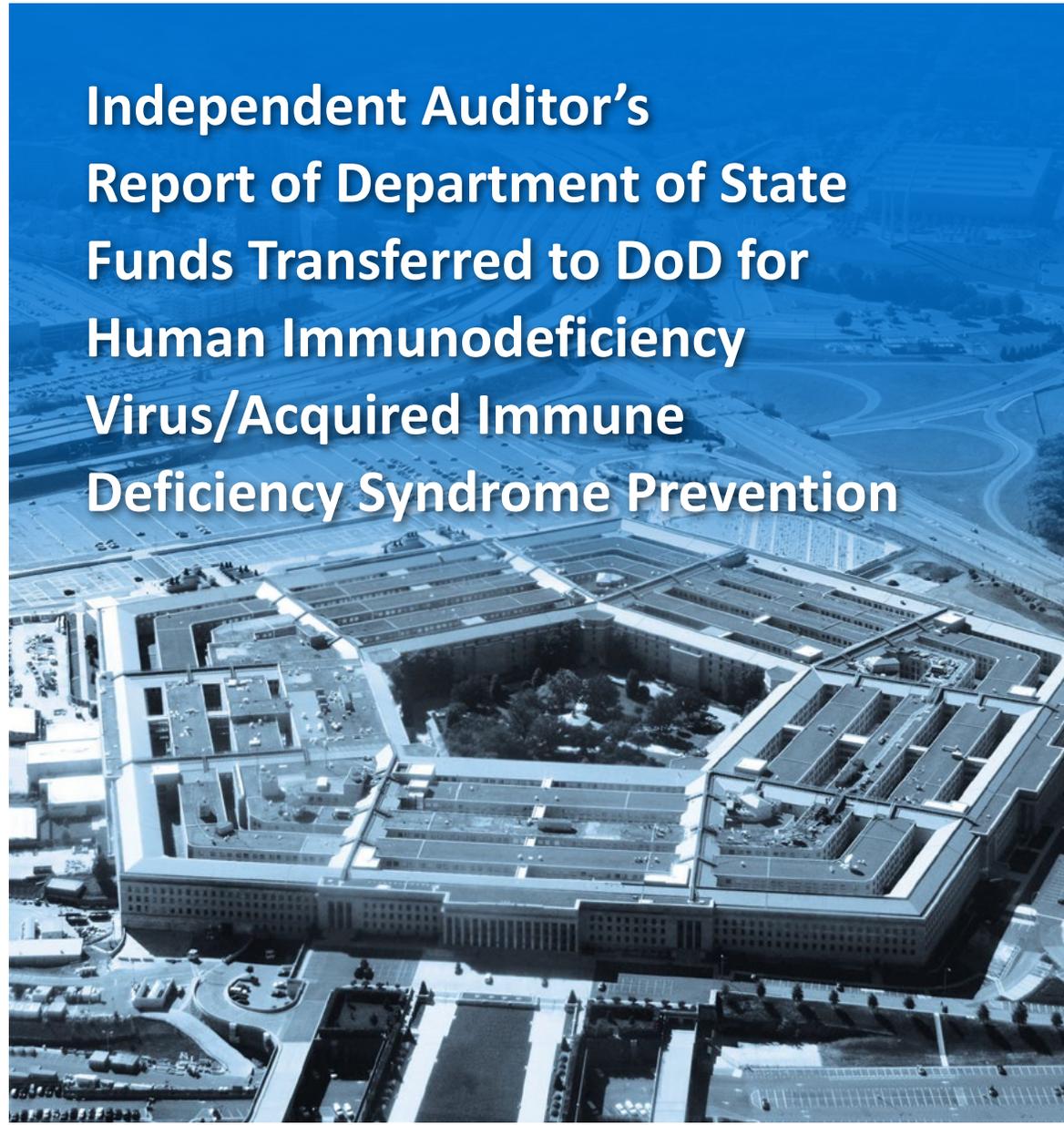




INSPECTOR GENERAL

U.S. Department of Defense

SEPTEMBER 14, 2017



Independent Auditor's Report of Department of State 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**

September 14, 2017

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE PERSONNEL AND READINESS
ASSISTANT SECRETARY OF DEFENSE (HEALTH AFFAIRS)
NAVAL INSPECTOR GENERAL
AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Independent Auditor's Report of Department of State Funds Transferred to DoD for
Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome Prevention
(Project No. D2017-D000FT-0100.000, Report No. DODIG-2017-120)

We are providing this report for information and use. This report does not contain recommendations; therefore, no written response to this report was required. We coordinated a discussion draft of this report with officials from the Office of the Assistant Secretary of Defense (Health Affairs) (OASD [Health Affairs]), U.S. Army Medical Command, U.S. Army Medical Research Materiel Command, Walter Reed Army Institute of Research, and the Naval Health Research Center. They concurred with our report and provided no additional comments. 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 cursive script 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
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September 14, 2017

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE PERSONNEL AND READINESS
ASSISTANT SECRETARY OF DEFENSE (HEALTH AFFAIRS)
NAVAL INSPECTOR GENERAL
AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Independent Auditor's Report of Department of State Funds Transferred to DoD for Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome Prevention (Project No. D2017-D000FT-0100.000, Report No. DODIG-2017-120)

Public Law 114-113, "Consolidated Appropriations Act, 2016," under Division K, "Department of State, Foreign Operations, and Related Programs Appropriations Act, 2016," December 18, 2015, appropriates funds to the Department of State (DoS) for the prevention, treatment, control of, and research on, Human Immunodeficiency Virus (HIV)/Acquired Immune Deficiency Syndrome (AIDS). This law requires the inspector general of each agency receiving funds to perform periodic program and financial audits of the use of such funds. The objective of our review was to determine whether the DoD used the funds transferred from the DoS to support efforts for the prevention of, treatment of, control of, and research on HIV/AIDS.

The DoS entered into memorandums of agreement (MOAs) with the DoD to transfer Global Health Program (GHP) funds appropriated under the annual DoS, Foreign Operations, and Related Programs Appropriations Act. The purpose of these MOAs is to allocate funds to achieve the HIV/AIDS prevention, care, and treatment goals of the "United States Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act, 2003" (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 GHP funds provided from the DoS. See the Attachment for additional background and MOA information.

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.¹ Those standards require that we plan and perform the attestation to obtain sufficient evidence to provide a reasonable basis for our conclusions based on our attestation objective. We believe the evidence obtained provides a reasonable basis for our 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 supporting documentation, including funding authorization documents, contracts, and grants, for \$67,863,871 of the \$119,594,106 (57 percent) in DoD GHP disbursements made during FY 2016. We nonstatistically selected \$12,768,796 of the \$39,690,715 (32 percent) in DHAPP disbursements from FY 2016 and \$55,095,075 of the \$79,903,391 (69 percent) in MHRP disbursements from FY 2016. Specifically, we reviewed 25 DHAPP and 25 MHRP disbursements to verify the accuracy of the dollar amount and to confirm that the disbursement met the goals of the PEPFAR. For example, we reviewed disbursements for items such as HIV testing for pregnant women, pediatric care and treatment, and health care training. See the Table below for a summary of DHAPP and MHRP GHP disbursements.

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

Program	Total Disbursements	DoD OIG Sample Selection	Percent of Disbursements
DHAPP	\$39,690,715	\$12,768,796	32
MHRP	79,903,391	55,095,075	69
Total	\$119,594,106	\$67,863,871	57

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

We coordinated a discussion draft of this report with officials from the Office of the Assistant Secretary of Defense (Health Affairs) (OASD [Health Affairs]), U.S. Army Medical Command, U.S. Army Medical Research Materiel Command, Walter Reed Army Institute of Research, and the Naval Health Research Center. They concurred with our report and provided no additional comments.

¹ A review-level attestation is designed to provide a moderate level of assurance and consists of sufficient testing to express a conclusion about whether any information came to the auditor's attention that indicates the subject matter is not in conformance with the criteria.

This report is intended solely for the information and use of the OASD (Health Affairs), the Walter Reed Army Institute of Research, and the Naval Health Research Center 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.



Lorin T. Venable, CPA

Assistant Inspector General

Financial Management and Reporting

Attachment: As stated

cc: Department of State Office of the U.S. Global Aids Coordinator

Attachment

Flow of GHP Funds from the DoS to the DoD

Memorandums of Agreement for FY 2012 Through 2016

The FY 2012 through 2016 MOAs were between the DoS Office of the Global AIDS Coordinator and the OASD (Health Affairs). The MOAs allocated the GHP funds to the DoD. The DoS provided additional GHP funding to the DoD in subsequent MOA amendments. See Table 1 below for a summary of the amount of GHP funding provided from the DoS to DoD.

Table 1. Summary of the Dates and GHP Funding Amounts for the MOAs and Subsequent Amendments by Fiscal Year

Fiscal Year	Date Signed ¹	Cumulative Funding Amount ²
2012	July 17, 2012	\$114,454,292
2013	June 17, 2013	112,510,864
2014	April 25, 2014	120,505,968
2015	June 15, 2015	168,314,517
2016	September 15, 2016	119,841,320
Total		\$635,626,961

¹ Date of the latest signature on the original FY MOAs.

² Total funding amount includes original FY MOA amounts and all subsequent amendments, as of January 19, 2017, which is the date of the FY 2016 MOA Amendment 1.

Two DoD programs—DHAPP and MHRP—received the GHP funds transferred from the DoS. See Table 2 for a summary of total GHP funding amounts by MOA for each DoD program.

Table 2. Summary of GHP Funding Amounts for MOA and DoD Programs by Fiscal Year

Fiscal Year	DHAPP	MHRP
2012	\$53,073,732	\$61,380,560
2013	42,664,585	69,846,279
2014	36,803,185	83,702,783
2015	50,656,961	117,657,556
2016	41,671,756	78,169,564
Total for Each Program	\$224,870,219	\$410,756,742
Combined Total	\$635,626,961	

DoD HIV/AIDS Prevention Program

DHAPP, located at the Naval Health Research Center in San Diego, California, operates under DoD Directive 6485.02E, “DoD Human Immunodeficiency Virus (HIV)/Acquired Immune Deficiency Syndrome (AIDS) Prevention Program (DHAPP) to Support Foreign Militaries,” December 6, 2013. The Directive designates the Secretary of the Navy as the DoD executive agent for DoD HIV/AIDS support to foreign militaries.² DHAPP assists foreign military partners with the development and implementation of culturally focused, military-specific HIV/AIDS prevention, care, and treatment programs through PEPFAR. In addition, DHAPP provides oversight of the MHRP, the other program receiving funds.

U.S. Military HIV Research Program

The MHRP, located at the Walter Reed Army Institute of Research in Silver Spring, Maryland, conducts research to develop an effective HIV vaccine and integrates prevention, diagnostics, treatment, and monitoring. In 1986, Congress initiated the MHRP to protect service personnel and serve the global community by reducing the risk of HIV infection. The MHRP provides prevention, care, and treatment services to civilian and military populations through PEPFAR.

Flow of Funds

The FY 2012 through FY 2016 GHP funds were first transferred from the DoS to the DoD at the Office of the Under Secretary of Defense (Comptroller). The GHP funds were then transferred to the OASD (Health Affairs) using a Funding Authorization Document. Next, the OASD (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 Bureau of Medicine and Surgery and the U.S. Army Medical Command transferred the GHP funds through their subordinate commands to the program level.

Public Laws

Public Law 87-195, “The Foreign Assistance Act, 1961,” September 4, 1961 (amended by Public Law 114-195), under Section 632(a), allows for the transfer of funds between U.S. Government agencies for the purposes for which the funds are authorized and for carrying out the Act.

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

² As of August 20, 2017, DHAPP transitions from the Navy to the Defense Health Agency.

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 law is to strengthen and enhance the United States response to the HIV/AIDS pandemic and other preventable infectious diseases.

Public Law 114-113, “Consolidated Appropriations Act, 2016,” under Division K, “Department of State, Foreign Operations, and Related Programs Appropriations Act, 2016,” December 18, 2015, appropriated FY 2016 GHP funds to the DoS for the prevention, treatment, control of, and research on, HIV/AIDS. This law requires the inspector general of each agency receiving funds to perform periodic program and financial audits of the use of such funds.

Public Law 114-113 is specific to FY 2016 GHP funds. See Table 3 below for a summary of applicable public laws appropriating FY 2012 through 2016 GHP funds to the DoS for the prevention, treatment, control of, and research on, HIV/AIDS.

Table 3. Summary of the Public Laws Appropriating GHP Funds by Fiscal Year

Fiscal Year	Public Law	Title
2012	112-74	Consolidated Appropriations Act, 2012
2013	113-6	Consolidated and Further Continuing Appropriations Act, 2013
2014	113-76	Consolidated Appropriations Act, 2014
2015	113-235	Consolidated and Further Continuing Appropriations Act, 2015
2016	114-113	Consolidated Appropriations Act, 2016

Acronyms and Abbreviations

AIDS	Acquired Immune Deficiency Syndrome
DHAPP	DoD HIV/AIDS Prevention Program
DoS	Department of State
GHP	Global Health Program
HIV	Human Immunodeficiency Virus
MHRP	Military HIV Research Program
MOA	Memorandum of Agreement
OASD (Health Affairs)	Office of the Assistant Secretary of Defense for Health Affairs
PEPFAR	President's Emergency Plan for AIDS Relief



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