



INSPECTOR GENERAL

U.S. Department of Defense

JUNE 8, 2022



DoD Cooperative Agreements With Coronavirus Aid, Relief, and Economic Security Act Obligations

INTEGRITY ★ INDEPENDENCE ★ EXCELLENCE





Results in Brief

DoD Cooperative Agreements With Coronavirus Aid, Relief, and Economic Security Act Obligations

June 8, 2022

Objective

Our objective was to determine whether the DoD obligated Coronavirus Aid, Relief, and Economic Security (CARES) Act funding to grants and cooperative agreements for expenses incurred in preventing, preparing for, or responding to coronavirus disease-2019 (COVID-19).

Background

COVID-19 is an infectious disease that can cause a wide spectrum of symptoms. On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic, and on March 13, 2020, the President of the United States declared the COVID-19 pandemic a national emergency. Under the CARES Act, the DoD received \$10.6 billion in funding to prevent, prepare for, and respond to the COVID-19 pandemic, domestically and internationally.

As of August 10, 2021, USAspending.gov reported that the DoD awarded 1,009 grants and cooperative agreements, with a total obligated value of \$970.2 million of CARES Act funding. However, we determined that the DoD's CARES Act obligations on grants and cooperative agreements reported through USAspending.gov were not accurate or complete. During our audit, the DoD Office of Inspector General issued an audit report and a management advisory that determined that the DoD reported unreliable information through USAspending.gov and recommended that the Under Secretary

Background (cont'd)

of Defense (Comptroller)/Chief Financial Officer address the errors. Because the Under Secretary of Defense (Comptroller)/Chief Financial Officer agreed to implement the recommendations from the advisory, we are not making any related recommendations in this report.

Through discussions with DoD Components, we determined that the DoD applied CARES Act funding to only 69 cooperative agreements and did not apply CARES Act funding to any grants. We did not review 33 of the 69 cooperative agreements, with a total obligated value of \$594.7 million, because they were included in an earlier DoD Office of Inspector General audit. As a result, we reviewed 36 cooperative agreements, with a total obligated value of \$127.1 million of CARES Act funding.

Finding

The DoD obligated CARES Act funding to cooperative agreements for expenses incurred in preventing, preparing for, or responding to COVID-19. Specifically, for the 36 cooperative agreements we reviewed, the DoD Components complied with CARES Act requirements when they obligated \$127.1 million in CARES Act funding for COVID-19-related purposes. The DoD Components complied with requirements by adequately justifying that the funds were for a purpose permitted by the CARES Act. Of the \$127.1 million in CARES Act funding that the DoD Components obligated, they expended \$90.3 million to protect DoD military and civilian personnel and their families and safeguard National Security capabilities.





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

June 8, 2022

MEMORANDUM FOR DISTRIBUTION

SUBJECT: DoD Cooperative Agreements With Coronavirus Aid, Relief, and Economic Security Act Obligations (Report No. DODIG-2022-102)

This final report provides the results of the DoD Office of Inspector General's audit of DoD Cooperative Agreements with Coronavirus Aid, Relief, and Economic Security Act Obligations. We considered management's comments on a discussion draft copy of this report when preparing this final report. We did not make any recommendations; therefore, no additional comments are required to the final report.

We appreciate the cooperation and assistance received during the audit. If you have any questions, please contact me at [REDACTED]

A handwritten signature in black ink, appearing to read "T. A. Wimette", is positioned above the typed name.

Timothy M. Wimette
Deputy Assistant Inspector General for Audit
Acquisition, Contracting, and Sustainment

Distribution:

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Introduction

Objective

The objective of this audit was to determine whether the DoD obligated Coronavirus Aid, Relief, and Economic Security (CARES) Act funding to grants and cooperative agreements for expenses incurred in preventing, preparing for or responding to coronavirus disease–2019 (COVID-19). See Appendix A for a discussion of the scope and methodology and prior audit coverage related to the audit objective.

Background

COVID-19 is an infectious disease that can cause a wide spectrum of symptoms. On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic, and on March 13, 2020, the President of the United States declared the COVID-19 pandemic a national emergency. Under the CARES Act, the DoD received \$10.6 billion in funding to prevent, prepare for, and respond to the COVID-19 pandemic domestically and internationally.¹ The CARES Act allowed the funding to be transferred and merged with other applicable DoD appropriations for expenses incurred in preventing, preparing for, or responding to the COVID-19 pandemic. If the DoD later determined that the transferred funds were not necessary to prevent, prepare for, or respond to the COVID-19 pandemic, the CARES Act required the DoD to transfer the funds back to the original appropriation.

DoD CARES Act Funding

The DoD CARES Act Spend Plan, dated May 29, 2020, stated that the DoD received:

- \$7.9 billion “to prevent, prepare for, and respond to COVID-19, domestically or internationally”;
- \$1.5 billion for the Defense Working Capital funds, “to prevent, position, prepare for, and respond to COVID-19, domestically or internationally”; and
- \$1.1 billion for the Defense Health Program to fund existing shortfalls in the TRICARE managed care support contracts.²

¹ Public Law 166-136, “Coronavirus Aid, Relief, and Economic Security Act,” March 27, 2020.

² The DoD CARES Act Spend Plan included \$10.5 billion in funding received by the DoD in the CARES Act, Division B, Title III. The CARES Act, Division B, Title IV, included an additional \$70 million for the U.S. Army Corps of Engineers, resulting in a total of \$10.6 billion in DoD CARES Act funding.

The DoD CARES Act Spend Plan had two main priorities: 1) protect DoD military and civilian personnel and their families and 2) safeguard National Security capabilities. To protect DoD military and civilian personnel, the DoD increased its medical care and procurement of medical equipment. The DoD bought personal protective equipment, vaccines, antivirals, and other pharmaceutical supplies. To safeguard National Security capabilities, the DoD upgraded its information technology to increase bandwidth to continue operations and increased access to material necessary for national security and pandemic recovery. To address the DoD CARES Act Spend Plan priorities, the DoD awarded new contracts to companies and funded contract modifications involving price increases and cost overruns tied directly to the COVID-19 response.

CARES Act Funds Obligated to DoD Grants and Cooperative Agreements

The DoD submits its award data through its quarterly Digital Accountability Transparency Act of 2014 (DATA Act) submission to USAspending.gov.³ USAspending.gov receives data from more than a hundred Federal agencies' systems, and is the official open data source to show the American public the spending data for the U.S. Government. In April 2020, the Office of Management and Budget (OMB) issued guidance that expanded and modified the DATA Act reporting requirements to enable Federal agencies to comply with CARES Act reporting requirements.⁴ The memorandum instructed agencies to code CARES Act emergency funding in their financial systems using the Disaster Emergency Fund Code (DEFC) "N." The inclusion of the DEFC designation in agency data submitted to USAspending.gov is intended to provide the American public insight into how Government agencies spent COVID-19 relief funds.

As of August 10, 2021, USAspending.gov reported that the DoD awarded 1,009 grants and cooperative agreements, with a total obligated value of \$970.2 million of CARES Act funding. Grants and cooperative agreements are legal instruments the DoD uses to enter into a relationship with a recipient in which the principal purpose is to transfer a thing of value to the recipient to carry out a public purpose of support and stimulate the economy, rather than to acquire property or services for the DoD's direct benefit or use. Unlike grants, cooperative agreements are expected to require substantial involvement of the DoD and

³ The Digital Accountability and Transparency Act of 2014 (DATA ACT) requires Federal agencies to report financial and payment information according to data standards established by the Treasury Department and Office of Management and Budget. The purpose of the DATA Act is to make Federal spending data more accessible, searchable, and reliable while also serving as a tool for better oversight, data-centric decision-making, and innovation both inside and outside of government.

⁴ Office of Management and Budget Memorandum M-20-21, "Implementation Guidance for Supplemental Funding Provided in Response to Coronavirus Disease 2019 (COVID-19)," April 10, 2020.

recipient when carrying out the activity, such as research programs and clinical studies between DoD Components and universities. See Table 1 for a breakout from USAspending.gov showing the DoD grants and cooperative agreements with CARES Act funding.

Table 1. DoD Grants and Cooperative Agreements with CARES Act Funding Reported Through USAspending.gov

	Grants		Cooperative Agreements		Total	
DoD Component	Number of Awards	CARES Act Obligations (in millions)	Number of Awards	CARES Act Obligations (in millions)	Number of Awards	CARES Act Obligations (in millions)
Army	98	\$62.0	226	\$265.3	324	\$327.3
Navy	5	0.8	9	(0.3)	14	0.5
Air Force	534	109.9	72	214.2	606	324.2
Defense Advanced Research Projects Agency	0	0	48	30.4	48	30.4
Uniformed Services University of the Health Sciences	0	0	12	183.1	12	183.1
Washington Headquarters Services	4	0.4	1	104.2	5	104.7
Total	641	\$173.2*	368	\$797.1*	1,009	\$970.2

*Column does not sum due to rounding.

Source: USAspending.gov.

During our audit, the DoD OIG published a report and a management advisory that identified that the DoD reported unreliable information through USAspending.gov and recommended that the Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer (OUSD[C]/CFO) address the errors. Specifically, the DoD OIG issued Report No. DODIG-2022-027, “Audit of the DoD’s Compliance With the DATA Act of 2014,” November 8, 2021, that determined that the DoD’s COVID-19 outlays contained in the DoD’s DATA Act submission to USAspending.gov were not accurate or complete. The auditors determined that none of the outlays reviewed actually used COVID-19 supplemental funds. According to OUSD(C)/CFO officials, the automated process used to generate the DEFC contained an error that resulted in non-COVID outlays being assigned the DEFC “N.” The report did not make recommendations because the DoD OIG issued Report No. DODIG-2022-054, “Management Advisory Regarding Results from Research for Future Audits and Evaluations Related to the Effects of the

2019 Novel Coronavirus on DoD Operations,” January 19, 2022, that contained recommendations to address the errors. The management advisory determined that the DoD reported unreliable information through USAspending.gov and recommended that the USD(C)/CFO:

- work with DoD Components to implement procedures to ensure award amounts funded under the CARES Act are appropriately recorded and reported with the accurate DEFC through the respective reporting systems;
- develop procedures to confirm that DoD Components have appropriately implemented the policies DoD prescribed for coding CARES Act fund transactions; and
- issue funding authorization documents that include a DEFC value to ensure all DoD budget and accounting systems have a consistent basis to record and report funding and execution by DEFC.

We met with officials from the Military Services, Uniformed Services University of the Health Sciences (USUHS), Defense Advanced Research Projects Agency (DARPA), and Washington Headquarters Services (referred collectively throughout as DoD Components) to verify that the 1,009 grants and cooperative agreements, with a total obligated value of \$970.2 million, reported in USAspending.gov used CARES Act funding. Through our meetings with DoD Component officials, we determined that the DoD’s CARES Act obligations on grants and cooperative agreements reported through USAspending.gov were not accurate or complete. We did not make any recommendations to address the inaccuracies related to the reporting of DoD grants and cooperative agreements with CARES Act funding in USAspending.gov because the Acting Deputy Chief Financial Officer, responding for the USD(C)/CFO, agreed to implement the recommendations from the management advisory, which will correct the problems.

The DoD Components identified that the DoD applied CARES Act funding to only 69 cooperative agreements and did not apply CARES Act funding to any grants. Specifically, as of December 31, 2021, the DoD Components identified that the DoD awarded 68 cooperative agreements, with a total obligated value of \$715.3 million of CARES Act funding. Additionally, DARPA provided \$6.5 million in DoD CARES Act obligations to fund a Department of the Interior (DOI) cooperative agreement. Therefore, in total, the DoD Components obligated \$721.8 million in CARES Act funding to 69 cooperative agreements.

We did not review 33 of the 69 cooperative agreements, with a total obligated value of \$594.7 million, because the cooperative agreements were included in Report No. DODIG-2021-081, “Audit of the DoD Coronavirus Aid, Relief, and Economic Security Act Awards to the Defense Industrial Base,” May 20, 2021.

The audit identified that DoD officials implemented processes to identify appropriate Defense Production Act Title III projects to receive CARES Act funding. Additionally, the Defense Industrial Base companies reviewed in the audit received CARES Act funding to help them overcome the financial distress caused by the COVID-19 pandemic and sustain projects that are critical to national defense. Therefore, for this audit, we reviewed 36 cooperative agreements, with a total obligated value of \$127.1 million of CARES Act funding to determine whether the DoD obligated CARES Act funding to cooperative agreements for expenses incurred in preventing, preparing for, or responding to COVID-19. See Appendix B for a list of the cooperative agreements that identifies the obligated values and purpose of the CARES Act funding.

Review of Internal Controls

DoD Instruction 5010.40 requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls.⁵ We identified that the DoD's CARES Act obligations on grants and cooperative agreements reported in USAspending.gov were not accurate or complete. However, we did not make any recommendations to address the problems already identified in a DoD OIG report and management advisory because the OUSD(C)/CFO agreed to implement the recommendations from the advisory.⁶ Additionally, we identified that the DoD obligated CARES Act funding to cooperative agreements for expenses incurred in preventing, preparing for, or responding to COVID-19. As a result, we identified that those internal controls were effective.

⁵ DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013, (Incorporating Change 1, Effective June 30, 2020).

⁶ Report No. DODIG-2022-027, "Audit of the DoD's Compliance With the DATA Act," November 8, 2021 and Report No. DODIG-2022-054, "Management Advisory Regarding Results from Research for Future Audits and Evaluations Related to the Effects of the 2019 Novel Coronavirus on DoD Operations," January 19, 2022.

Finding

DoD CARES Act Funding on Cooperative Agreements Used for Appropriate Purposes

The DoD obligated CARES Act funding to cooperative agreements for expenses incurred in preventing, preparing for, or responding to COVID-19. Specifically, for the 36 cooperative agreements we reviewed, the DoD Components complied with CARES Act requirements when they obligated \$127.1 million in CARES Act funding for COVID-19 related purposes. The DoD Components complied with requirements by adequately justifying that the funds were for a purpose permitted by the CARES Act. Of the \$127.1 million in CARES Act funding that the DoD Components obligated, they expended \$90.3 million to protect DoD military and civilian personnel and their families and safeguard National Security capabilities.

DoD Obligated CARES Act Funding on Cooperative Agreements for COVID-19 Purposes

The DoD obligated CARES Act funding to cooperative agreements for expenses incurred in preventing, preparing for, or responding to COVID-19. Specifically, for the 36 cooperative agreements we reviewed, the DoD Components complied with CARES Act requirements when they obligated \$127.1 million in CARES Act funding for COVID-19 related purposes. See Appendix B for a list of the cooperative agreements that describes the purpose for the CARES Act funding on each award.

The Department of the Army (Army) awarded three cooperative agreements through the United States Army Medical Research Acquisition Activity (USAMRAA) and Army Contracting Command (ACC), with a total obligated value of \$3.7 million of CARES Act funding.⁷ USAMRAA awarded one cooperative agreement, with a total obligated value of \$2.1 million of CARES Act funding that used the U.S. Military HIV Research Program and researched emerging infectious disease threats. The ACC awarded two cooperative agreements, with a total obligated value of \$1.5 million of CARES Act funding. One cooperative agreement was for research on high-yield manufacturing processes for anti-COVID-19 immune globulin.⁸ DARPA provided CARES Act funding to ACC for the second cooperative agreement to identify the host response to COVID-19 and understand how the virus infects cells and causes disease.

⁷ Total does not sum due to rounding.

⁸ The process could help address the limited supply of available convalescent plasma to treat COVID-19.

The Department of the Navy (Navy) awarded one cooperative agreement, with a total obligated value of \$3.0 million of CARES Act funding, through the Naval Information Warfare Center Pacific. DARPA provided CARES Act funding to the Naval Information Warfare Center Pacific to study rapid COVID-19 diagnosis.

The Department of the Air Force (Air Force) awarded three cooperative agreements, with a total obligated value of \$7.4 million of CARES Act funding, through the Air Force Research Lab Wright Research Site. The cooperative agreements were:

- to manufacture and study antimicrobial mats and covers for use on high-touch surfaces,
- to enhance an online portal connecting the additive manufacturing industry to the needs of the medical community, increase offerings of personal protective equipment designs in short supply, and create an enduring infrastructure to prepare the nation for future crises, and
- to develop a COVID-19 test that can be manufactured in the U.S. at high volumes and low cost for detection of COVID-19 antibodies from disease or vaccination using human blood serum.

The National Guard Bureau awarded 11 cooperative agreements, with a total obligated value of \$12.0 million of CARES Act funding, that were for cleaning contracts, cleaning supplies, and personal protective equipment.

DARPA, which oversees investments in research and development technology programs, awarded eight cooperative agreements, with a total obligated value of \$55.5 million of CARES Act funding. The cooperative agreements were for medical research projects related to COVID-19 therapeutics, growing virus stock and evaluating viral growth, COVID-19 antibodies, and pharmaceutical initiatives. For example, on June 5, 2020, DARPA awarded a cooperative agreement, with a total obligated value of \$11.8 million in CARES Act funding, for the ultra-rapid drug repurposing for COVID-19 therapeutics. The statement of work for the cooperative agreement explained that the research would focus on repurposing existing drugs that the U.S. Food and Drug Administration approved for other medical applications as COVID-19 therapeutics.

USUHS, aligned under the Office of the Under Secretary of Defense for Personnel and Readiness, is responsible for educating, training, and comprehensively preparing uniformed services health professions and scientists. USUHS awarded nine cooperative agreements, with a total obligated value of \$39.0 million of CARES Act funding. The cooperative agreements were for medical research projects related to COVID-19 clinical symptom presentation, impact of COVID-19 on the military health system, ventilator use, long-haul COVID, and COVID-19

vaccinations and antibody levels. For example, on April 1, 2020, USUHS awarded a cooperative agreement, with a total obligated value of \$10.1 million in CARES Act funding, for research related to an adaptive COVID-19 treatment trial and epidemiology, immunology, and clinical characteristics of emerging infectious diseases with pandemic potential.⁹

The DOI awarded one cooperative agreement, with a total obligated value of \$6.5 million of CARES Act funding, on behalf of DARPA. DARPA provided DoD CARES Act funding to the DOI to fund the cooperative agreement to develop viral therapeutics and rapid viral companion diagnostics including those for COVID-19.

DoD Justified Need for CARES Act Funding on Cooperative Agreements

The DoD Components complied with requirements by adequately justifying that the funds were for a purpose permitted by the CARES Act.

The DoD Components complied with requirements by adequately justifying that the funds were for a purpose permitted by the CARES Act. The DoD Components used different processes to ensure they used CARES Act funding for COVID-19-related purposes.

USAMRAA and the ACC justified the purpose for the CARES Act funding on their cooperative agreements. USAMRAA received reprogrammed CARES Act funds from the Defense Health Agency to support the DoD Joint Program Evaluation Office's Vaccine Effectiveness and Immune Response of COVID-19 Vaccines in Active Military Personnel project. According to a USAMRAA official, USAMRAA obligated the funds on an existing cooperative agreement that had a related task, diagnostic and countermeasure branch efforts, that the USAMRAA grants officer previously approved. The ACC issued an Authority to Use Grants and Cooperative Agreements memorandum that determined a cooperative agreement was the appropriate instrument for this research effort, pursuant to the authority of Section 2358, title 10, United States Code.¹⁰

⁹ According to the Centers for Disease Control website, epidemiology is the study of the distribution and determinants of health-related states among specified populations and the application of that study to the control of health problems.

¹⁰ According to 10 U.S.C. §2358, the Secretary of Defense or the Secretary of a Military Department may engage in basic research, applied research, advanced research, and developmental projects that are necessary to the responsibilities of such Secretary's department and either relate to a weapon system or other military needs or are of potential interest to the DoD.

The Air Force cooperative agreements received CARES Act funds from the Office of the Under Secretary of Defense for Research and Engineering (OUSD[R&E]). OUSD(R&E) officials provided the justification process, stating the DoD Manufacturing Technology Program asked the existing Manufacturing Innovation Institutes for projects that could help the United States fight the pandemic. The Secretary of Defense established the DoD Manufacturing Technology Program to develop and apply advanced manufacturing technologies and processes to reduce the acquisition and supportability costs of weapon systems. The DoD Manufacturing Technology Program is composed of the Military Service and DoD Agency investment programs operated out of the Army, Navy, Air Force, Defense Logistics Agency, Missile Defense Agency, and Office of the Secretary of Defense. The Office of the Secretary of Defense Manufacturing Technology Office, under the OUSD(R&E), sponsors Manufacturing Innovation Institutes with headquarters across the United States. The Manufacturing Innovation Institutes are public-private partnerships designed to overcome the challenges faced by the American manufacturing innovators in a variety of technology areas. An OUSD(R&E) official explained that OUSD(R&E) leadership and the DoD health community reviewed the proposed projects. According to the OUSD(R&E) official, the Under Secretary of Defense for Research and Engineering approved 14 projects.

The National Guard Bureau instituted a process in which each state unit submitted a funding request detailing its description of required CARES Act funding and a justification for the funding. The National Guard Bureau created a flowchart that battalion and major subordinate commands used to validate applicability of CARES Act funding for the requested requirement. If validated, the battalion or major subordinate command provided the request to the applicable unit Program Manager, who reviewed and validated that the request complied with CARES Act guidelines.

A DARPA official stated that DARPA marked the funding as CARES Act within the complete funding package, which was routed through and approved by the DARPA Comptroller. According to the DARPA official, the Comptroller reviewed the new or existing statement of work and the Agreements Officer ensured the scope was appropriate prior to execution.¹¹ The DARPA official explained that in addition, the DARPA Comptroller's Office and Contracts Management Office leadership reviewed a weekly report on cooperative agreements in which the funding was marked as CARES Act prior to execution of the new award or modification. DARPA followed

¹¹ An agreements officer is an official with the authority to enter into, administer, or terminate a cooperative agreement.

this process for the eight cooperative agreements it awarded. DARPA also followed this process when it provided CARES Act funding for the Army, Navy, and DOI cooperative agreements.

USUHS officials explained that the USUHS Principal Investigators, who were faculty members responsible for directing a research or clinical project, applied for CARES Act funding in response to a February 11, 2020, Defense Health Agency call for proposals to address COVID-19. According to a USUHS official, USUHS submitted white paper summaries that included a rough order of magnitude of clinical trial costs to support its requirement for CARES Act funding. The USUHS official explained that once USUHS received CARES Act funding from the Defense Health Agency for approved research projects, USUHS obligated the CARES Act funding on the cooperative agreements.

DoD CARES Act Expenditures Related to COVID-19

Of the \$127.1 million in CARES Act funding that the DoD Components obligated, they expended \$90.3 million to protect DoD military and civilian personnel

Of the \$127.1 million in CARES Act funding that the DoD Components obligated, they expended \$90.3 million to protect DoD military and civilian personnel and their families and safeguard National Security capabilities.

and their families and safeguard National Security capabilities. As of February 2022, the DoD Components had not spent the remaining \$36.8 million of CARES Act obligations. The DoD Components provided invoices and research progress reports to verify that the DoD Components expended the CARES Act funding on the 36 cooperative

agreements for the stated COVID-19 purposes that correlated to the DoD CARES Act Spend Plan. See Appendix B for a list of the 36 cooperative agreements and associated expenditure amounts.

The DoD CARES Act Spend Plan identified that the top two priorities for the CARES Act funding were to: (1) protect our military and civilian personnel and their families and (2) safeguard our national security capabilities.

The first priority included items such as diagnostic and medical research, personal protective equipment, medical supplies, and cleaning products. The second priority included items to continue DoD operations, such as procurement of information technology equipment and increased bandwidth. The second priority also included items to support increased deployments and social distancing requirements.

For example, the National Guard Bureau cooperative agreements were for the “COVID-19 National Guard Facilities Program.” This included purchases of cleaning contracts, hand sanitizers, face masks, and temperature screening equipment. The Army provided invoices detailing the expenditures of the CARES Act funding for each cooperative agreement that supported it expended CARES Act funding on the stated COVID-19 purposes. In one instance, the Army provided invoices to support that the Wisconsin Army National Guard expended \$283,907 in CARES Act funding for increased janitorial service, installation of hands-free paper towel and soap dispensers, and an ultraviolet light disinfection system. In another instance, the Virginia Army National Guard invoices identified that it expended \$1 million in CARES Act funding to build an additional base camp to facilitate social distancing.

In another example, the USUHS cooperative agreements were for medical research projects that included research on COVID-19 clinical symptom presentation, ventilator use, long-haul COVID-19, and vaccination antibody levels. USUHS provided invoices to support expenditures of CARES Act obligations on its cooperative agreements and progress reports from the research institutions that detailed the research efforts completed with those expenditures. In one instance, the USUHS invoices supported expenditures of \$10.1 million in CARES Act funding for a cooperative agreement studying clinical characteristics of emerging diseases. The progress report explained that the study had enrolled 2,822 subjects across 10 military treatment facilities and tracked them to identify COVID-19 hospitalizations, risk factors, short-term complications, and persistence of symptoms. The report also identified that the study tracked 270 healthcare workers to identify characteristics of COVID-19 disease after vaccination. Additionally, the report highlighted published scientific journal articles resulting from the research.

Appendix A

Scope and Methodology

We conducted this performance audit from October 2021 through June 2022 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.

To determine whether the DoD obligated CARES Act funding to grants and cooperative agreements for expenses incurred in preventing, preparing for, or responding to COVID-19, we interviewed officials from the following DoD Components to identify their roles and responsibilities and obtained grant and cooperative agreement documentation:

- OUSD(C)/CFO;
- Office of the Under Secretary of Defense for Personnel and Readiness;
- OUSD(R&E);
- Office of the Assistant Secretary of the Army (Acquisition, Logistics and Technology);
- Office of the Assistant Secretary of the Navy (Financial Management and Comptroller);
- Office of the Assistant Secretary of the Air Force (Financial Management and Comptroller);
- Air Force Research Lab;
- National Guard Bureau;
- USUHS;
- DARPA; and
- Washington Headquarters Services.

DoD Cooperative Agreement Universe and Documentation Analysis

We met with the DoD Components to obtain a universe of grants and cooperative agreements with CARES Act obligations because we determined that the DoD's COVID-19 obligations reported in USAspending.gov were not accurate or complete. The DoD Components did not identify any grants using CARES Act funding; therefore, we did not review any grants. We reviewed 36 cooperative agreements, with a total obligated value of \$127.1 million of CARES Act funding, awarded by the Military Departments, DARPA, USUHS, and the DOI. For each cooperative agreement, we coordinated with the DoD Components to identify how the DoD Components justified that the purposes of their cooperative agreements related to preventing, preparing for, or responding to COVID-19 and warranted the use of CARES Act funding. Additionally, we obtained the base agreements, modifications, statements of work, and research descriptions to support the DoD Component's explanations of how the purposes were related to COVID-19 and verify the obligated CARES Act amounts. We obtained invoices for each cooperative agreement to identify how the DoD Components expended the CARES Act obligations and determine if the DoD Components actually expended the CARES Act obligations on the stated COVID-19 purposes. If the invoices did not contain adequate detail to make a determination, we obtained other documentation from the DoD Components, including progress reports, to determine if the DoD Components actually expended the CARES Act funding for COVID-19 related purposes. We also reviewed the following Federal laws, and OMB and DoD guidance related to CARES Act funding, grants, and cooperative agreements.

- Public Law 116-136, "CARES Act," March 27, 2020
- Title 2 Code of Federal Regulations (CFR) part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards"
- Title 2 CFR part 1104, "Implementation of Governmentwide Guidance for Grants and Cooperative Agreements"
- Title 32 CFR Part 21, "DoD Grants and Agreements – General Matters"
- Title 32 CFR Part 22, "DoD Grants and Agreements – Award and Administration"
- Office of the Under Secretary of Defense (Comptroller), "Department of Defense Spend Plan For Funding Received in the Coronavirus Aid, Relief, and Economic Security "CARES" Act (P.L. 116-136)," May 29, 2020
- OMB Memorandum M-20-21, "Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19)," April 10, 2020

Internal Control Assessment and Compliance

We assessed internal controls and compliance with laws and regulations necessary to satisfy the audit objective. In particular, we assessed the information and communication-related internal control components and underlying principles significant to determining whether the DoD obligated CARES Act funding to grants and cooperative agreements for expenses incurred in preventing, preparing for, or responding to COVID-19. However, because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

Use of Computer-Processed Data

We did not use computer-processed data to perform this audit.

Prior Coverage

During the last 5 years, the DoD OIG issued three reports related to DoD grants and cooperative agreements with CARES Act obligations. Unrestricted DoD OIG reports can be accessed at <http://www.dodig.mil/reports.html/>.

DoD OIG

Report No. DODIG-2022-054, “Management Advisory Regarding Results from Research for Future Audits and Evaluations Related to the Effects of the 2019 Novel Coronavirus on DoD Operations,” January 19, 2022

The DoD OIG determined that the DoD reported unreliable information through USAspending.gov because the DoD inconsistently used the CARES Act DEFC when reporting its use of the funds and incurred system limitations when recording the CARES Act DEFC for awards. The DoD OIG identified multiple areas of concern with tracking and reporting the \$10.6 billion in the DoD’s emergency-use funding provided through the CARES Act. As a result, the DoD’s processes are not ensuring transparency and accountability, and are not accurately informing decision-making.

Report No. DODIG-2022-027, “Audit of the DoD’s Compliance With the DATA Act of 2014,” November 8, 2021

The DoD OIG determined that DoD did not comply with all DATA Act requirements. The DoD OIG identified that some data elements included in the submission were not accurate, complete, or timely. Additionally, DoD’s COVID-19 outlays were not accurate or complete. Specifically, none of the outlays reviewed that had a DEFC “N” actually used COVID-19 supplemental funds.

Report No. DODIG-2021-081, "Audit of the DoD Coronavirus Aid, Relief, and Economic Security Act Awards to the Defense Industrial Base," May 20, 2021

The DoD OIG determined that the DoD awarded CARES Act funding to sustain or increase the Defense Industrial Base in accordance with Federal regulations and Defense Production Act authorities for the six awards that were reviewed. This occurred because DoD officials implemented processes to identify appropriate Defense Production Act Title III projects to receive CARES Act funding. In addition, DoD officials complied with the Federal Acquisition Regulation and the Code of Federal Regulations when awarding the CARES Act funding to existing contracts and new technology investment agreements. As a result, the six Defense Industrial Base companies reviewed will receive \$206.8 million in CARES Act funding to help them overcome the financial distress caused by the COVID-19 pandemic and sustain projects that are critical to national defense.

Appendix B

Cooperative Agreements with DoD CARES Act Funding

We reviewed 36 cooperative agreements, with a total obligated value of \$127.1 million of CARES Act funding, awarded by the Military Departments, DARPA, USUHS, and the DOI. The Military Departments, DARPA, USUHS, and DOI expended \$90.3 of the \$127.1 million of CARES Act funding. See Table 2 for a list of the cooperative agreements that identifies the obligated and expended values of CARES Act funding and describes the purpose for the CARES Act funding.

Table 2. Cooperative Agreements with DoD CARES Act Funding

	Awarding Component	Cooperative Agreement Number	CARES Act Funding Obligations	CARES Act Funding Expenditures	Purpose for CARES Act Funding
1	Army	W81XWH18-2-0040	\$2,124,872	\$341,189	To leverage the U.S. military HIV research program's scientific capabilities, existing infrastructure, and partnerships across the world to research emerging infectious disease threats.
2	Army	W911QY-20-2-0004	741,925	741,925	To research a high yield anti-COVID-19 immune globulin hyperimmune manufacturing process.
3	Army	W911NF-19-2-0111	799,477	799,477	To identify the epigenetic signature of host response to COVID-19 and understand how the virus infects cells and causes disease.
4	Navy	N66001-20-2-4033	3,046,149	2,436,350	To study isothermal function of effector proteins to make COVID-19 diagnosis rapid and scalable.
5	Air Force	FA8650-20-2-5506	1,000,000	1,000,000	To manufacture and study antimicrobial mats and covers for use on high touch surfaces.
6	Air Force	FA8650-20-2-5700	4,700,000	4,616,468	To enhance an online portal connecting the additive manufacturing industry to the needs of the medical community, increase offerings of personal protective equipment designs in short supply, and create an enduring infrastructure to prepare the nation for future crises.

Table 2. Cooperative Agreements with DoD CARES Act Funding (cont'd)

	Awarding Component	Cooperative Agreement Number	CARES Act Funding Obligations	CARES Act Funding Expenditures	Purpose for CARES Act Funding
7	Air Force	FA8650-15-2-5220	1,727,500	1,727,500	To develop a COVID-19 test that can be manufactured in the United States at high volumes and low cost for detection of COVID-19 antibodies from disease or vaccination using human blood serum.
8	National Guard Bureau	W91243-20-2-1001	120,000	119,190	For the Nebraska Army National Guard to purchase preventative standard electrostatic disinfection system services.
9	National Guard Bureau	W9124X-20-2-1001	1,054,100	1,011,213	For the Nevada Army National Guard to purchase personal protective equipment, temperature screening equipment, and cleaning supplies.
10	National Guard Bureau	W912J2-20-2-1001	448,400	283,907	For the Wisconsin Army National Guard to contract increased janitorial service, purchase and install hands free paper towel and soap dispensers, and purchase an ultra violet light disinfecting system.
11	National Guard Bureau	W912JB-20-2-1021	41,040	37,416	For the Michigan Air National Guard to purchase personal protective equipment, hand sanitizer, cleaning supplies, and increased janitorial service.
12	National Guard Bureau	W912JF-20-2-1001	685,000	684,042	For the Arkansas Army National Guard to purchase personal protective equipment and increased janitorial service.
13	National Guard Bureau	W912KC-20-2-1001	1,447,635	1,207,395	For the Pennsylvania Army National Guard to purchase supplies and fund a facility cleaning contract.
14	National Guard Bureau	W912KZ-20-2-1001	1,200,000	1,200,000	For the Kentucky Army National Guard to purchase temperature screening equipment, hand sanitizer, and deep cleaning services.
15	National Guard Bureau	W912L7-20-2-1001	1,214,000	563,073	For the Tennessee Army National Guard to purchase specialty cleaning equipment to conduct preventative and responsive cleaning.

Table 2. Cooperative Agreements with DoD CARES Act Funding (cont'd)

	Awarding Component	Cooperative Agreement Number	CARES Act Funding Obligations	CARES Act Funding Expenditures	Purpose for CARES Act Funding
16	National Guard Bureau	W912LQ-20-2-1001	4,875,000	4,772,964	For the Virginia Army National Guard to purchase personal protective equipment, cleaning supplies, air filters and cleaners, handwashing stands, remote key systems, and build an additional base camp to facilitate social distancing.
17	National Guard Bureau	W912SV-20-2-1001	490,000	319,310	For the Massachusetts Army National Guard to purchase cleaning supplies and personal protective equipment.
18	National Guard Bureau	W91ZRS-20-2-1001	386,647	385,840	For the Connecticut Army National Guard to increase facility maintenance, purchase screening equipment, medical supplies, and personal protective equipment.
19	DARPA	HR0011-20-2-0040	11,770,931	11,770,931	To test repurposing existing drugs that are food and drug administration approved for other medical applications as COVID-19 therapeutics.
20	DARPA	HR0011-19-2-0020	5,451,334	4,970,878	To conduct research under the DARPA biological technologies office's panacea program to include docking of established drugs and new chemotypes against COVID-19 viral and human proteins.
21	DARPA	HR0011-17-2-0069	10,220,429	6,943,877	To conduct research under the Duke DARPA pandemic prevention platform to include growing virus stock, evaluating viral growth, and optimizing fluorescent labeling methods for severe acute respiratory syndrome coronavirus 2.
22	DARPA	HR0011-18-2-0001	1,277,038	1,243,487	To conduct research under the rational and rapid antibody design and delivery proposal to include isolating high potency neutralizing antibodies to COVID-19 and developing optimized rapid antibody discovery methods.
23	DARPA	HR0011-19-2-0008	1,777,735	946,955	To develop a synthetic ribonucleic acid based therapeutic treatment of COVID-19 virus infection in humans.

Table 2. Cooperative Agreements with DoD CARES Act Funding (cont'd)

	Awarding Component	Cooperative Agreement Number	CARES Act Funding Obligations	CARES Act Funding Expenditures	Purpose for CARES Act Funding
24	DARPA	HR0011-19-2-0025	304,000	0*	To conduct research under the "rethinking molecular design" proposal to include using machine learning approaches for COVID-19 drug design.
25	DARPA	HR0011-16-2-0029	23,856,409	23,010,341	To conduct research under the DARPA pharmacy on demand program related to regulatory approval of continuous manufacturing devices for an abbreviated new drug application to the food and drug administration and creating an end-to-end pharmaceutical production platform.
26	DARPA	HR0011-20-2-0058	860,961	511,223	To study the manufacturing capacity and requirements for various active pharmaceutical ingredients, including important COVID-19 related active pharmaceutical ingredients.
27	USUHS	HU0001-20-2-0067	10,110,492	10,110,492	To study COVID-19 infection to describe the natural history of clinical disease, identify risk factors for infection and severe clinical course, characterize host immune response to infection, develop diagnostic tools for future clinical study of COVID-19 infection, and establish a clinical and laboratory database and specimen repository for future studies.
28	USUHS	HU0001-19-2-0072	146,171	99,485	To study the functionality of ventilator prototypes in a swine model.
29	USUHS	HU0001-21-2-0089	5,879,819	6,429	To study the impact of COVID-19 on factors such as resource allocation; cost, quality and efficiency of care; access to care; and population-level health outcomes using the military health system as a model for large health systems.

Table 2. Cooperative Agreements with DoD CARES Act Funding (cont'd)

	Awarding Component	Cooperative Agreement Number	CARES Act Funding Obligations	CARES Act Funding Expenditures	Purpose for CARES Act Funding
30	USUHS	HU0001-21-2-0087	2,899,779	73,374	To research long-haul COVID-19 disease and its associated nervous system consequences by developing and implementing cellular and molecular characterization of long-haul COVID-19 disease participants within a clinical trial for Ivabradine responsiveness.
31	USUHS	HU0001-21-2-0090	6,603,892	276,408	To research and generate clinical tools to identify and treat patients with long-haul COVID-19 including those suffering from postural orthostatic tachycardia.
32	USUHS	HU0001-21-2-0094	4,197,600	30,976	To study the relationship between pre-vaccination antibody and T-cell responses against seasonal coronavirus and vaccine induced immune responses.
33	USUHS	HU0001-21-2-0093	5,724,000	6,770	To evaluate, modify, integrate, and adapt emerging technologies for COVID-19 detection and potentially other pathogens for different operational military environments.
34	USUHS	HU0001-20-2-0077	1,006,586	147,336	To implement a clinical trial to determine whether pre-exposure immunization with a single dose of vaccine prevents the incidence of COVID-19 infection.
35	USUHS	HU0001-20-2-0082	2,385,000	1,558,447	To study real-world performance differences between currently available COVID-19 vaccine products with respect to duration and breadth of protection and assess optimal booster strategies.
36	DOI	D18AC00006-10	6,500,000	6,314,450	To develop viral therapeutics and rapid viral companion diagnostics including those for COVID-19.
Total			\$127,073,922**	\$90,269,115**	

* As of February 2020, DARPA did not expend funds on 1 of the 36 cooperative agreements. DARPA officials stated that the universities collaborating on the research are notorious for slow billing and a university's failure to invoice does not mean that the university has not performed any work.

** Column does not sum due to rounding.

Source: The DoD Components and DoD OIG.

Acronyms and Abbreviations

ACC	Army Contracting Command
CARES	Coronavirus Aid, Relief, and Economic Security
COVID-19	coronavirus disease–2019
DARPA	Defense Advanced Research Projects Agency
DATA ACT	Digital Accountability Transparency Act of 2014
DEFC	Disaster Emergency Fund Code
DOI	Department of the Interior
OMB	Office of Management and Budget
OUS(D)(C)/CFO	Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer
OUS(D)(R&E)	Office of the Under Secretary of Defense for Research and Engineering
USAMRAA	United States Army Medical Research Acquisition Activity
USUHS	Uniformed Services University of the Health Sciences



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703.604.8324

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