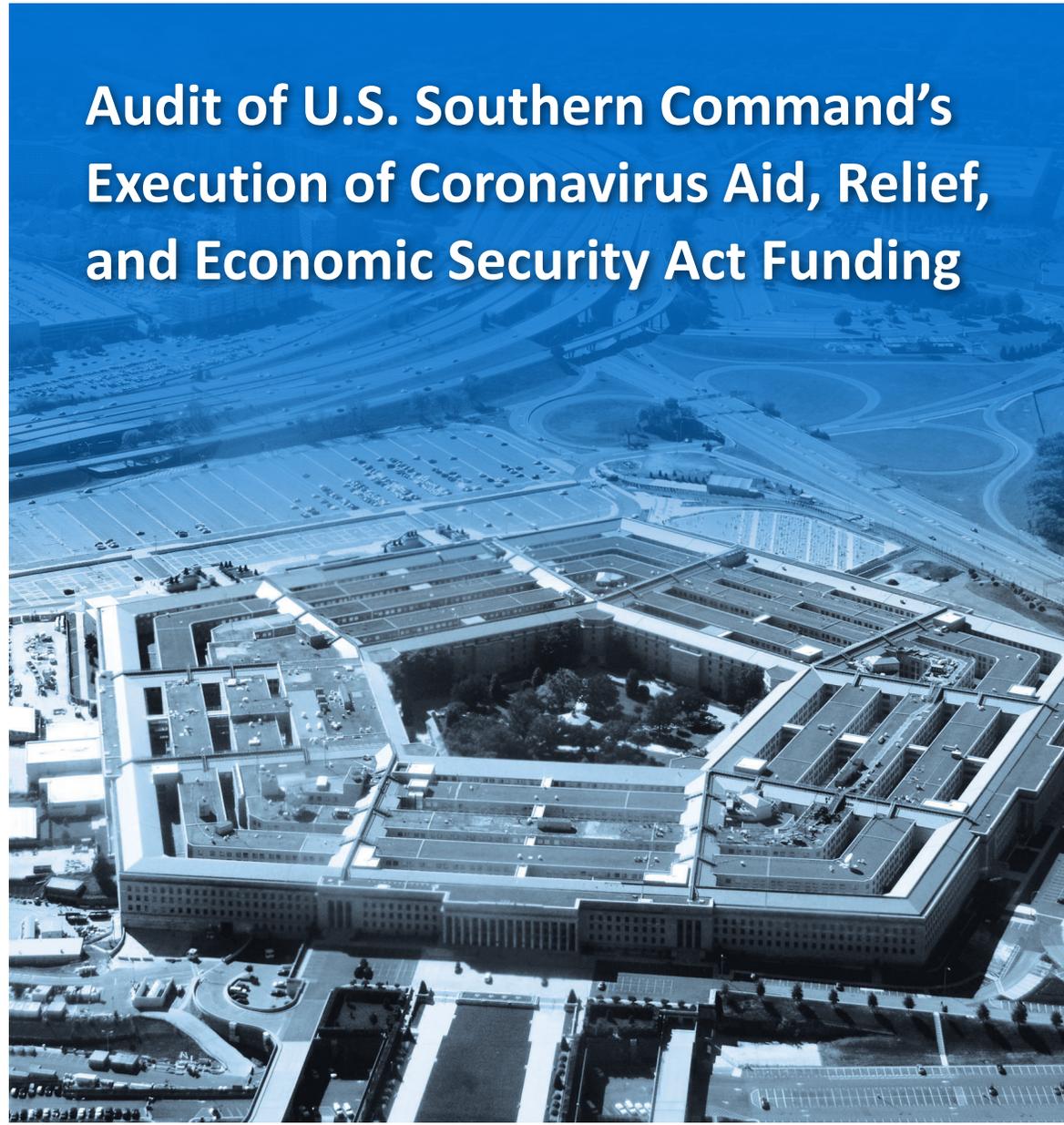


INSPECTOR GENERAL

U.S. Department of Defense

SEPTEMBER 27, 2022



Audit of U.S. Southern Command's Execution of Coronavirus Aid, Relief, and Economic Security Act Funding

INTEGRITY ★ INDEPENDENCE ★ EXCELLENCE





Results in Brief

Audit of U.S. Southern Command's Execution of Coronavirus Aid, Relief, and Economic Security Act Funding

September 27, 2022

Objective

The objective of this audit was to determine whether U.S. Southern Command (USSOUTHCOM), U.S. Africa Command, and U.S. Indo-Pacific Command officials used Coronavirus Aid, Relief, and Economic Security (CARES) Act funding to support the coronavirus disease-2019 (COVID-19) pandemic response and operations in accordance with Federal laws and DoD policies. This report focused on USSOUTHCOM's execution of CARES Act funding. We issued separate reports on the execution of CARES Act funding by the U.S. Africa Command and the U.S. Indo-Pacific Command. See Appendix A for details on the audit scope and methodology.

Background

USSOUTHCOM is one of seven DoD geographic combatant commands and is headquartered in Doral, Florida. USSOUTHCOM's area of responsibility covers 31 countries and 16 dependencies and areas of special sovereignty across Central America, South America, and the Caribbean.

COVID-19 is an infectious disease that can cause a wide spectrum of symptoms. In March 2020, the President of the United States declared the COVID-19 outbreak an emergency and signed the CARES Act that provided \$10.5 billion in supplemental funding for the DoD COVID-19 response. DoD CARES Act funds were primarily intended to prepare for, prevent, and respond to the COVID-19 pandemic, domestically and internationally.

Army and Defense Security Cooperation Agency (DSCA) officials provided \$70.69 million in CARES Act funds to

Background (cont'd)

USSOUTHCOM—\$675,000 for 8 information technology (IT) equipment projects and \$70.01 million for 227 projects to enhance the medical capabilities of USSOUTHCOM partner nations. USSOUTHCOM officials executed \$69.90 million in CARES Act funds to support these 235 projects. We reviewed all 8 IT equipment projects, and 77 out of 227 humanitarian assistance projects based on a random, nonstatistical sampling methodology.

CARES Act funding guidance—issued by the Office of Management and Budget and the Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD—requires that USSOUTHCOM officials maintain evidence for goods and services acquired in response to COVID-19. The guidance further states that adequate evidence must include clear and accurate data of sufficient quality that articulates the need for the acquired goods and services for the COVID-19 pandemic response.

Finding

USSOUTHCOM officials generally used CARES Act funds to support COVID-19 pandemic response and operations in accordance with Federal laws and DoD policies. Specifically, for 83 of the 85 projects reviewed, USSOUTHCOM officials used \$32.34 million in CARES Act funds to prepare for, prevent, and respond to the COVID-19 pandemic. USSOUTHCOM officials justified the use of CARES Act funds for:

- 8 IT equipment projects, valued at \$675,000, to purchase laptops, laptop docking stations, mobile communication kits, monitors, headsets, cameras, common access card readers, and other equipment for USSOUTHCOM users in support of the increased telework environment.
- 75 humanitarian assistance projects, valued at \$31.67 million, primarily to refurbish and build medical facilities and to purchase mobile field hospitals, portable hand wash stations, medical equipment, personal protective equipment, and medical and cleaning supplies for communities at high-risk for COVID-19 infection across the USSOUTHCOM area of responsibility.

However, for the two remaining projects reviewed, USSOUTHCOM officials used \$1.10 million in CARES Act funds to construct maternity wards, a purpose that did not meet the requirements



Results in Brief

Audit of U.S. Southern Command's Execution of Coronavirus Aid, Relief, and Economic Security Act Funding

Finding (cont'd)

of the CARES Act because the DSCA did not require geographic combatant commands to obtain approval before changing the funding source of previously approved humanitarian assistance projects. As a result of this audit, USSOUTHCOM officials corrected the projects' funding source.

In addition, USSOUTHCOM officials committed \$2.11 million in DoD humanitarian assistance and disaster relief funds for 10 projects before obtaining the DSCA's concurrence to execute costs more than 10 percent above the approved project amounts because the DSCA and USSOUTHCOM lacked controls to reinforce the requirement for additional DSCA review and concurrence. USSOUTHCOM officials stated that they overlooked the DSCA requirement due to the large number of projects they had to execute within 11 months of receiving the CARES Act funds.

Following existing requirements and establishing additional controls can help the DSCA and USSOUTHCOM improve oversight over humanitarian assistance projects and ensure that future emergency funding will be executed in accordance with Federal laws and DoD policies. The proper execution of USSOUTHCOM's CARES Act funds strengthens the public trust in the DoD's ability to safeguard taxpayer dollars and provides Congress with greater assurance that CARES Act funds were spent to address DoD requirements and partner nation requests for the COVID-19 pandemic response.

Recommendations

We recommend that the DSCA Director require geographic combatant commands to obtain DSCA approval before changing the funding source of

an approved humanitarian assistance project to reprogrammed funds with a limited and defined funding purpose. We also recommend that the DSCA Director and the USSOUTHCOM Humanitarian Assistance Program Manager implement internal controls that reinforce the requirement to obtain DSCA concurrence for cost increases that exceed 10 percent of the approved project amounts. In addition, we recommend that the USSOUTHCOM Humanitarian Assistance Program Manager take steps to ensure the combatant command submits changes in project funding for DSCA and USSOUTHCOM approval, and documents the resulting decision.

Management Comments and Our Response

The DSCA Director and the USSOUTHCOM Comptroller, responding for the USSOUTHCOM Humanitarian Assistance Program Manager, agreed to implement controls that ensure the DSCA approves changes in the funding source and cost of humanitarian assistance projects. The USSOUTHCOM Comptroller also agreed to develop and implement a matrix that identifies projects requiring additional DSCA review and approval before increasing project costs. The comments from the DSCA Director and USSOUTHCOM Comptroller addressed the specifics of the recommendations. Therefore, the recommendations are resolved but remain open. We will close the three recommendations when we verify that the information provided and agreed-upon actions fully address the recommendations.

Please see the Recommendations Table on the next page for the status of the recommendations.

Recommendations Table

Management	Recommendations Unresolved	Recommendations Resolved	Recommendations Closed
Director, Defense Security Cooperation Agency	None	1, 3	None
Humanitarian Assistance Program Manager, U.S. Southern Command	None	2, 3	None

Please provide Management Comments by December 27, 2022.

Note: The following categories are used to describe agency management’s comments to individual recommendations.

- **Unresolved** – Management has not agreed to implement the recommendation or has not proposed actions that will address the recommendation.
- **Resolved** – Management agreed to implement the recommendation or has proposed actions that will address the underlying finding that generated the recommendation.
- **Closed** – DoD OIG verified that the agreed-upon corrective actions were implemented.





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

September 27, 2022

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)/CHIEF FINANCIAL OFFICER, DOD
COMMANDER, U.S. SOUTHERN COMMAND
DIRECTOR, DEFENSE SECURITY COOPERATION AGENCY
AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Audit of U.S. Southern Command's Execution of Coronavirus Aid, Relief, and Economic Security Act Funding (Report No. DODIG-2022-138)

This final report provides the results of the DoD Office of Inspector General's audit. We previously provided copies of the draft report and requested written comments on the recommendations. We considered management's comments on the draft report when preparing the final report. These comments are included in the report.

Defense Security Cooperation Agency and U.S. Southern Command officials agreed to address all the recommendations presented in the report; therefore, we consider the recommendations resolved and open. As described in the Recommendations, Management Comments, and Our Response section of this report, we will close the recommendations when you provide us documentation showing that all agreed-upon actions to implement the recommendations are completed. Therefore, please provide us within 90 days your response concerning specific actions in process or completed on the recommendations. Send your response to either followup@dodig.mil if unclassified or rfunet@dodig.smil.mil if classified SECRET.

If you have any questions, please contact me at [REDACTED].

A handwritten signature in blue ink, reading "Richard B. Vasquez", is positioned above the typed name.

Richard B. Vasquez
Assistant Inspector General for Audit
Readiness and Global Operations

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Introduction

Objective

The objective of this audit was to determine whether U.S. Africa Command, U.S. Indo-Pacific Command, and U.S. Southern Command (USSOUTHCOM) officials used Coronavirus Aid, Relief, and Economic Security (CARES) Act funding to support the coronavirus disease–2019 (COVID-19) pandemic response and operations in accordance with Federal laws and DoD policies. This report focused on USSOUTHCOM’s execution of CARES Act funding. We issued separate reports on the execution of CARES Act funding by the U.S. Africa Command and the U.S. Indo-Pacific Command.¹ See Appendix A for details on the audit scope and methodology.

Background

USSOUTHCOM is one of seven DoD geographic combatant commands and is headquartered in Doral, Florida. USSOUTHCOM’s mission is to deter aggression, defeat threats, respond to crises, and build regional capacity to enhance security and defend the United States and U.S. national interests. USSOUTHCOM performs its mission in an area of responsibility covering 31 countries and 16 dependencies and areas of special sovereignty across Central America, South America, and the Caribbean.²

Pandemic Declaration

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. A pandemic is a global outbreak of a disease that can infect people and spread between people sustainably. On March 13, 2020, the President of the United States declared the COVID-19 outbreak an emergency.

CARES Act Funding

On March 27, 2020, the President signed the CARES Act that provided the DoD \$10.5 billion in supplemental funding for the DoD COVID-19 response.³ DoD CARES Act funds were primarily provided to prepare for, prevent, and respond

¹ Report No. DODIG-2022-080, “Audit of U.S. Africa Command’s Execution of Coronavirus Aid, Relief, and Economic Security Act Funding,” March 31, 2022, and Report No. DODIG-2022-091, “Audit of U.S. Indo-Pacific Command’s Execution of CARES Act Funding,” May 5, 2022.

² USSOUTHCOM’s area of responsibility excludes U.S. commonwealths, territories, and possessions.

³ Public Law 116-136, “Coronavirus Aid, Relief, and Economic Security Act,” March 27, 2020.

to the COVID-19 pandemic, domestically and internationally. Congress originally appropriated the CARES Act funds to various DoD Components. Table 1 lists the 16 DoD appropriations that were identified in the CARES Act.⁴

Table 1. List of DoD Appropriations in the CARES Act

Appropriation	Amount (in Millions)
Defense Health Program	\$4,901.10
Defense Production Act Purchases	1,000.00
National Guard Personnel, Air Force	482.13
National Guard Personnel, Army	746.59
Office of the Inspector General	20.00
Operation and Maintenance, Air Force	155.00
Operation and Maintenance, Air National Guard	75.75
Operation and Maintenance, Army	160.30
Operation and Maintenance, Army National Guard	186.70
Operation and Maintenance, Army Reserve	48.00
Operation and Maintenance, Defense-Wide	827.80
Operation and Maintenance, Marine Corps	90.00
Operation and Maintenance, Navy	360.31
Working Capital Fund, Air Force	475.00
Working Capital Fund, Defense-Wide	500.00
Working Capital Fund, Navy	475.00
Total	\$10,503.68

Source: Division B, "Emergency Appropriations for Coronavirus Health Response and Agency Operations," Title III, "Department of Defense" of the CARES Act.

Congress also provided the DoD the authority, in Section 13001 of the CARES Act, to transfer CARES Act funds from the original 16 appropriations to other DoD appropriations for expenses incurred in preparing for, preventing, and responding to the COVID-19 pandemic. In May 2020 and August 2020, officials from the Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD (USD[C]/CFO), approved the transfer of CARES Act funds to the Operation and Maintenance, Army, and the Overseas Humanitarian, Disaster, and Civic Aid (OHDACA) appropriations, to support USSOUTHCOM's response to the COVID-19 pandemic.⁵

⁴ An appropriation is a provision of law permitting the expenditure of funds for a specified purpose.

⁵ Reprogramming Action – Internal FY 20-28, "CARES Act – Information Technology (IT) Requirements COVID-19 Response," May 7, 2020 (Reprogramming Action FY 20-28), and Reprogramming Action – Internal Reprogramming FY 20-43, "CARES Act – August 2020," August 27, 2020 (Reprogramming Action FY 20-43).

Operation and Maintenance, Army

On May 7, 2020, the Deputy USD(C) approved the transfer of \$50.92 million from the Operation and Maintenance, Defense-Wide appropriation of the CARES Act to the Operation and Maintenance, Army appropriation.⁶ As the sponsor for all Army appropriations, the Office of the Assistant Secretary of the Army for Financial Management and Comptroller (OASA[FM&C]) distributed \$675,000 in CARES Act funds from the Operation and Maintenance, Army appropriation to USSOUTHCOM on May 20, 2020.⁷ OASA(FM&C) officials distributed the CARES Act funds to USSOUTHCOM through the General Fund Enterprise Business System (GFEBS)—the Army’s financial, asset, and accounting management system. In GFEBS, OASA(FM&C) officials established the special purpose code “CV02” to track all projects funded through the CARES Act.⁸

According to Reprogramming Action FY 20-28, USSOUTHCOM required CARES Act funds to purchase information technology (IT) equipment—such as headsets, laptops, and classified mobile devices—needed to accommodate an increased number of USSOUTHCOM personnel teleworking in response to COVID-19 restrictions. From March 27, 2020, through August 17, 2021, USSOUTHCOM officials executed eight projects related to the procurement of IT equipment, valued at \$675,000, to support the increased telework environment during the COVID-19 pandemic.

Overseas Humanitarian, Disaster, and Civic Aid

On August 27, 2020, the Assistant Secretary of the Navy (Financial Management and Comptroller), performing the duties of the USD(C)/CFO, approved the transfer of \$120.31 million from various FY 2020 Defense appropriations of the CARES Act to the OHDACA appropriation.⁹ As the Defense agency responsible for managing OHDACA-funded projects, the Defense Security Cooperation Agency (DSCA) distributed \$70.01 million in CARES Act funds from the OHDACA appropriation to USSOUTHCOM on October 14, 2020.¹⁰ DSCA officials distributed the CARES Act

⁶ The Operation and Maintenance, Army appropriation funds expenses such as civilian salaries, supplies, and the maintenance of equipment.

⁷ DoD Directive 5100.03, “Support of the Headquarters of Combatant and Subordinate Unified Commands,” February 9, 2011 (Incorporating Change 1, September 7, 2017), states that the Secretary of the Army shall fund the administrative and logistical requirements of USSOUTHCOM Headquarters. Therefore, the Army distributed CARES Act funding from the Operation and Maintenance, Army appropriation to support the IT requirements of USSOUTHCOM during the COVID-19 pandemic.

⁸ “CV02” is an abbreviation for the Army’s receipt of CARES Act funds through Reprogramming Action FY 20-28 during the DoD COVID-19 pandemic response.

⁹ The OHDACA appropriation supports a wide range of DoD humanitarian assistance activities, including efforts to relieve or reduce disease, hunger, or the adverse effects of a natural disaster.

¹⁰ According to Reprogramming Action FY 20-43, the Assistant Secretary of the Navy (Financial Management and Comptroller), performing the duties of the USD(C)/CFO, approved transfer of the remaining \$50.30 million in CARES Act funds from the OHDACA appropriation to other geographic combatant commands such as the U.S. European Command, the U.S. Indo-Pacific Command, the U.S. Northern Command, and the U.S. Africa Command.

funds to USSOUTHCOM through the Defense Agencies Initiative (DAI) system—the Defense agencies’ financial, budgetary, and accounting management system. In the DAI system, DSCA officials established the special purpose code “2021_OH_SO_CARES” to track USSOUTHCOM’s humanitarian assistance-related projects funded through the CARES Act.¹¹

According to Reprogramming Action FY 20-43, USSOUTHCOM required CARES Act funds to enhance the capabilities of partner nations to prepare for, prevent, and respond to the COVID-19 pandemic. In coordinated efforts with the DSCA and other Federal agencies, USSOUTHCOM provided COVID-19 assistance to civilians in partner nations within the USSOUTHCOM area of responsibility. Examples of USSOUTHCOM COVID-19 assistance included constructing and refurbishing medical facilities, as well as donating mobile field hospitals, personal protective equipment (PPE), medical supplies, and medical equipment. From March 27, 2020, through August 17, 2021, USSOUTHCOM officials executed 227 projects, valued at \$69.22 million, to provide overseas humanitarian assistance within the USSOUTHCOM area of responsibility in response to the COVID-19 pandemic.¹²

DSCA and USSOUTHCOM officials oversee the execution of humanitarian assistance projects within the USSOUTHCOM area of responsibility through the Overseas Humanitarian Assistance Shared Information System (OHASIS)—the DSCA’s project management system of record. Specifically, Federal and DoD officials use OHASIS to develop, nominate, staff, coordinate, approve, and manage humanitarian assistance projects. In OHASIS, the project approval form includes the project title, description of the humanitarian assistance to be provided to the partner nation, estimated costs, and evidence of coordination with Federal and DoD officials. The DSCA requires geographic combatant commands, including USSOUTHCOM, to maintain accurate and updated humanitarian assistance project data in OHASIS.¹³

¹¹ “2021_OH_SO_CARES” is an abbreviation for the CARES Act funds that were reprogrammed to the OHDACA appropriation and provided to USSOUTHCOM during FY 2021.

¹² Amounts represent the dollar value of humanitarian assistance projects provided by the DSCA that USSOUTHCOM reported in the DAI system as of August 17, 2021, as supplemented with additional cost information USSOUTHCOM provided for 16 individual projects executed under a group purchase.

¹³ DSCA Manual 5105.38-M, “Security Assistance Management Manual,” chapter C12, “Overseas Humanitarian, Disaster, and Civic Aid (OHDACA),” April 30, 2012 (Updated through March 9, 2021), provides guidance for the administration and execution of DoD humanitarian assistance and foreign disaster relief activities funded with the DoD OHDACA appropriation.

CARES Act Funding Guidance

Since the enactment of the CARES Act, Federal and DoD officials have issued various policy memorandums that emphasize the importance of maintaining evidence for goods and services acquired in response to COVID-19. Specifically, on April 1, 2020, the Office of the USD(C)/CFO issued a memorandum on DoD CARES Act funding guidance to all DoD Components.¹⁴ The guidance states:

It is critically important to track execution and ensure funds are used only for the purpose appropriated, including furnishing evidence to support items bought in support of COVID-19, for audit.

In addition, on April 10, 2020, the Office of Management and Budget issued a memorandum on COVID-19 funding guidance to the heads of departments and agencies.¹⁵ The guidance states that accurate recording and tracking of funds under the CARES Act is essential and descriptions of goods and services acquired in response to COVID-19 should be in plain language. The guidance also states that agencies must have processes to ensure that the data is of sufficient quality for reporting and decision making purposes. Furthermore, on April 13, 2020, the Deputy Comptroller for Program/Budget issued a memorandum on CARES Act cost reporting guidance to the comptrollers of the Military Departments, Defense agencies, and DoD field activities.¹⁶ The guidance requires DoD Components to verify that CARES Act funds are used, recorded, and supported by documentation such as invoices, receiving reports, contracts, and military interdepartmental purchase requests (MIPRs).¹⁷

USSOUTHCOM CARES Act Projects Reviewed

From March 27, 2020, through August 17, 2021, USSOUTHCOM officials used \$69.90 million in CARES Act funds to execute 235 projects for the USSOUTHCOM COVID-19 pandemic response. Specifically, USSOUTHCOM officials funded 8 IT equipment projects, valued at \$675,000, and 227 humanitarian assistance projects, valued at \$69.22 million, through the CARES Act. We reviewed all 8 IT equipment projects, and 77 out of 227 humanitarian assistance projects based

¹⁴ Office of the USD(C)/CFO Memorandum, "DoD Response to COVID-19 CARES Act Funding Request Guidance," April 1, 2020.

¹⁵ Office of Management and Budget Memorandum M-20-21, "Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19)," April 10, 2020.

¹⁶ Deputy Comptroller for Program/Budget Memorandum, "DoD Response to the Novel Coronavirus – Cost Reporting Guidance Addendum #1," April 13, 2020.

¹⁷ A MIPR is a method for transferring funds from one military organization to another to procure services, supplies, or equipment for the requesting military organization.

on a random, nonstatistical sampling methodology. Table 2 summarizes the USSOUTHCOM CARES Act projects we reviewed in relation to the universe of USSOUTHCOM CARES Act projects. See Appendix A for additional details on our sampling methodology.

Table 2. USSOUTHCOM CARES Act Projects Reviewed

Type of Expense	Total Number of Projects	Total Amount of CARES Act Funds Used (in Millions)	Number of Projects Reviewed	Amount of CARES Act Funds Reviewed (in Millions) ¹	CARES Act Funds Reviewed (percent of dollar amount)
IT Equipment	8	\$0.68	8	\$0.68	100
Humanitarian Assistance Greater Than \$75,000	70	65.72 ²	31	31.71 ²	48
Humanitarian Assistance Equal to or Less Than \$75,000	157	3.50	46	1.06	30
Total	235	\$69.90	85	\$33.45	48³

¹ USSOUTHCOM provided the dollar value of IT equipment projects they reported in GFEBs as of June 30, 2021. The DSCA provided the dollar value of humanitarian assistance projects USSOUTHCOM reported in the DAI system as of August 17, 2021.

² We calculated the total amount of CARES Act funds reviewed for humanitarian assistance projects with a cost greater than \$75,000 based on the dollar amounts reported in the DAI system as of August 17, 2021, and supplemental cost information USSOUTHCOM provided for 16 individual projects executed under a group purchase.

³ We reviewed 48 percent (\$33.45 million of \$69.90 million) of the CARES Act funds USSOUTHCOM executed.

Source: The DoD OIG, USSOUTHCOM, DSCA, DAI system, and GFEBs.

For all 85 projects reviewed, we analyzed documentation such as project approval forms, MIPRs, receiving reports, and contracts, to determine whether USSOUTHCOM officials:

- used CARES Act funding to prepare for, prevent, and respond to COVID-19, domestically and internationally;
- maintained documentation supporting the execution of CARES Act funds; and
- coordinated with Federal and DoD officials to obtain project approvals in accordance with DoD policies and procedures.

See Appendix B for the detailed list of USSOUTHCOM CARES Act projects that we reviewed.

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.¹⁸

While USSOUTHCOM officials generally used CARES Act funds to support COVID-19 pandemic response and operations in accordance with Federal laws and DoD policies, we identified internal control weaknesses related to the approval and execution of humanitarian assistance project changes. Specifically, USSOUTHCOM officials did not obtain DSCA approval to commit CARES Act funds that were 10 percent above the approved project amounts for ten projects. USSOUTHCOM officials also used CARES Act funds for a purpose that did not meet the requirements of the CARES Act for two projects. We will provide a copy of the report to the senior official responsible for internal controls in USSOUTHCOM and the DSCA.

¹⁸ DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013 (Incorporating Change 1, June 30, 2020).

Finding

USSOUTHCOM Officials Generally Executed CARES Act Funds Appropriately But Could Improve Processes to Execute Emergency Funding

USSOUTHCOM officials generally used CARES Act funds to support COVID-19 pandemic response and operations in accordance with Federal laws and DoD policies. For 83 of 85 projects reviewed, USSOUTHCOM officials used \$32.34 million in CARES Act funds to prepare for, prevent, and respond to the COVID-19 pandemic, as intended by the CARES Act.¹⁹ Specifically, USSOUTHCOM officials justified the use of CARES Act funds for:

- 8 IT equipment projects, valued at \$675,000, to purchase laptops, laptop docking stations, mobile communication kits, monitors, headsets, cameras, common access card readers, and other equipment for USSOUTHCOM users in support of the increased telework environment.
- 75 humanitarian assistance projects, valued at \$31.67 million, primarily to refurbish and build medical facilities and purchase mobile field hospitals, portable hand wash stations, medical equipment, PPE, and medical and cleaning supplies for communities at high-risk for COVID-19 infection across the USSOUTHCOM area of responsibility.

However, for the two remaining projects reviewed, USSOUTHCOM officials used \$1.10 million in CARES Act funds to construct maternity wards—a purpose that did not meet the requirements of the CARES Act. USSOUTHCOM inappropriately used CARES Act funds because DSCA policies and procedures did not require geographic combatant commands to obtain approval before changing the funding source of previously approved humanitarian assistance projects.

In addition, USSOUTHCOM officials committed \$2.11 million in OHDACA funds for 10 humanitarian assistance projects before obtaining additional DSCA concurrence for costs that exceeded 10 percent of the approved project amounts.²⁰ The DSCA requires geographic combatant commands to identify cost increases over 10 percent of the approved project amount for additional DSCA review and approval. However, the DSCA and USSOUTHCOM lacked controls to reinforce

¹⁹ The total amount of USSOUTHCOM's CARES Act funding differs due to rounding.

²⁰ DSCA Manual 5105.38-M defines a commitment as an administrative reservation of funds based on firm procurement requests.

the DSCA requirement. USSOUTHCOM officials stated that they overlooked the DSCA requirement due to the large number of projects they had to execute within 11 months of receiving the CARES Act funds.

By following existing requirements and establishing additional controls over project changes, DSCA and USSOUTHCOM officials can improve humanitarian assistance project oversight and ensure that future emergency funding will be executed in accordance with Federal laws and DoD policies. The proper execution of USSOUTHCOM's CARES Act funds strengthens public trust in the DoD's ability to safeguard taxpayer dollars and provides Congress with greater assurance that CARES Act funds were spent to address DoD requirements and partner nation requests for the COVID-19 pandemic response.

USSOUTHCOM Officials Generally Used Funds In Accordance With the CARES Act

USSOUTHCOM officials generally executed CARES Act funds to support the COVID-19 pandemic response and operations in accordance with Federal laws and DoD policies. Specifically, for 83 of the 85 projects reviewed, USSOUTHCOM officials used \$32.34 of \$33.45 million of the CARES Act funds we reviewed to prepare for, prevent, and respond to the COVID-19 pandemic, as intended by the CARES Act.²¹ Based on our analysis of documentation—such as project approval forms, contracts, and MIPRs—we determined that USSOUTHCOM officials justified the use of CARES Act funds for 8 IT equipment projects and 75 humanitarian assistance projects during the USSOUTHCOM COVID-19 pandemic response.

Information Technology Projects

USSOUTHCOM officials used \$675,000 in CARES Act funds for 8 IT equipment projects in accordance with the CARES Act and DoD funding requirements.

USSOUTHCOM officials used \$675,000 in CARES Act funds for 8 IT equipment projects in accordance with the CARES Act and DoD funding requirements.

According to Reprogramming Action FY 20-28, the Deputy USD(C) authorized the transfer of CARES Act funds to USSOUTHCOM for expenses incurred in preparing for, preventing, or responding to COVID-19. The reprogramming action also specified that the

transferred CARES Act funds would support USSOUTHCOM's IT equipment requirements and allow USSOUTHCOM to continue operations during the maximum telework environment.

²¹ See Appendix B for the detailed list of all USSOUTHCOM CARES Act projects that we reviewed. In addition, the total amount of USSOUTHCOM's CARES Act funding differs due to rounding.

From April 2020 through August 2020, USSOUTHCOM officials purchased laptops, laptop docking stations, mobile communication kits, monitors, headsets, cameras, common access card readers, and other equipment for USSOUTHCOM users in support of the increased telework environment, valued at \$675,000. For example, on April 9, 2020, USSOUTHCOM officials signed and submitted a government purchase card request for the procurement of 75 headsets with microphones. According to a USSOUTHCOM briefing dated April 13, 2020, the headsets were a short-term requirement, approved by the USSOUTHCOM Chief of Staff, to enable USSOUTHCOM users to telework from home during the COVID-19 pandemic. USSOUTHCOM officials also stated that the headsets would allow USSOUTHCOM users to social distance and participate in virtual meetings. Based on our review of the government purchase card request and the purchase order submitted in GFEBs, we verified that on April 16, 2020, USSOUTHCOM officials approved the request, authorizing the use of \$2,025 in CARES Act funds to purchase the headsets.

In addition, on June 16, 2020, 410th Contracting Support Brigade officials signed and awarded a contract, on behalf of USSOUTHCOM, for the procurement of 25 classified laptops, 70 classified mobile devices, and 25 docking stations.²² The USSOUTHCOM briefing dated April 13, 2020, stated that USSOUTHCOM required classified equipment to support the maximum telework environment during the COVID-19 pandemic. Reprogramming Action FY 20-28 also justified USSOUTHCOM's need for classified mobile devices to support USSOUTHCOM's increased telework requirements. Based on our review of the contract and the receiving report, we verified that on August 4, 2020, USSOUTHCOM officials used approximately \$128,450 in CARES Act funds and obtained the classified IT equipment.

We analyzed similar documentation supporting the execution of the remaining six IT equipment projects and the relevance of the projects' scope to the COVID-19 pandemic response. Based on our review of the project documentation, we determined that the amounts and scope of the remaining six IT equipment projects met the DoD funding requirements identified in Reprogramming Action FY 20-28. Therefore, USSOUTHCOM officials appropriately used CARES Act funds to execute eight IT equipment projects supporting USSOUTHCOM's increased telework environment, in accordance with Federal laws and DoD policies.

²² Joint Publication 4-10, "Operational Contract Support," March 4, 2019, states that geographic combatant commands, such as USSOUTHCOM, do not have their own contracting authority and rely on subordinate Service Components for contracting support. Therefore, USSOUTHCOM used the contracting services of the 410th Contracting Support Brigade—the brigade responsible for planning and executing contracting support for the U.S. Army South and joint operations throughout the USSOUTHCOM area of responsibility.

Overseas Humanitarian Assistance Projects

USSOUTHCOM officials used \$31.67 million in CARES Act funds for 75 of the 77 humanitarian assistance projects in accordance with the CARES Act and DoD funding requirements.²³ According to Reprogramming Action FY 20-43,

USSOUTHCOM officials used \$31.67 million in CARES Act funds for 75 of the 77 humanitarian assistance projects in accordance with the CARES Act and DoD funding requirements.

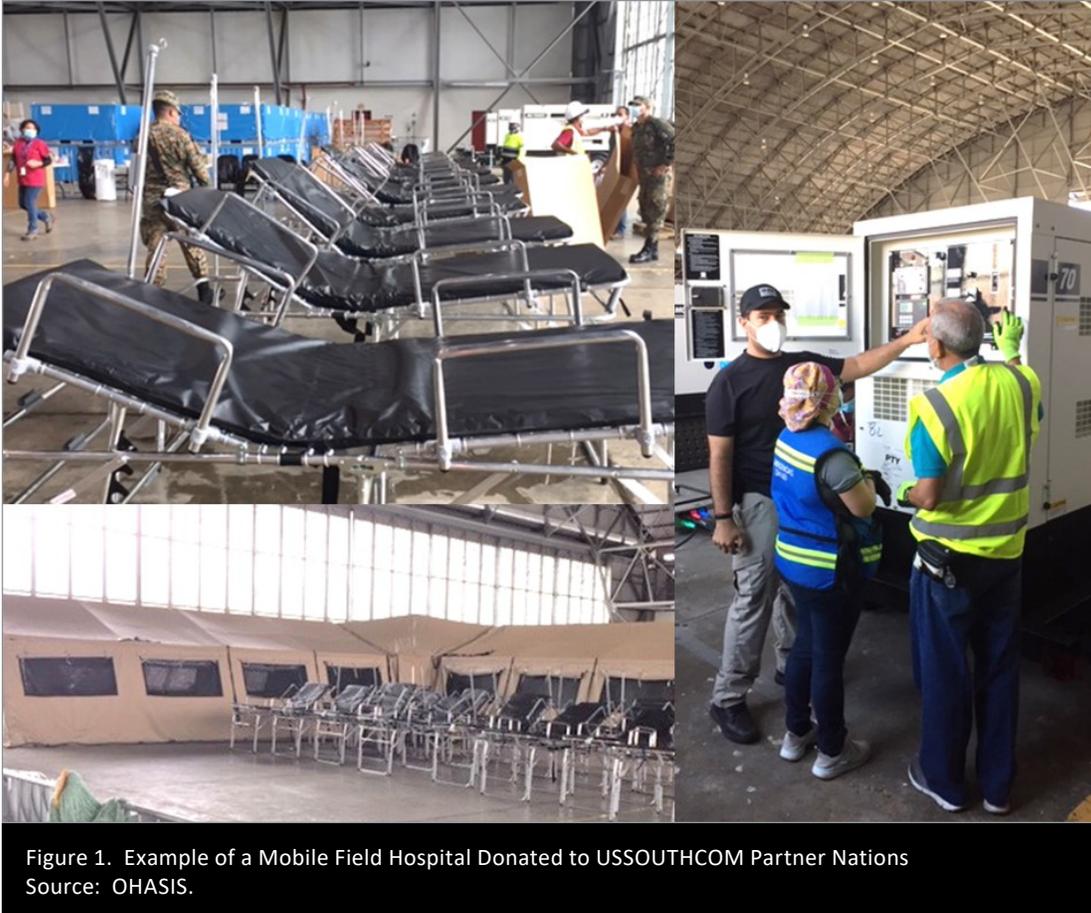
the Assistant Secretary of the Navy (Financial Management and Comptroller), performing the duties of the USD(C)/CFO, authorized the transfer of CARES Act funds to USSOUTHCOM for expenses incurred in preparing for, preventing, or responding to COVID-19. The reprogramming action

also specified that the transferred CARES Act funds would supplement existing DoD funds used to support overseas humanitarian assistance activities in the OHDACA appropriation and enhance the capabilities of partner nations to respond to the COVID-19 pandemic.

From October 2020 through August 2021, USSOUTHCOM officials properly executed 75 of the 77 humanitarian assistance projects we reviewed. Specifically, based on our review of the DAI data, USSOUTHCOM officials used \$31.67 million in CARES Act funds to support humanitarian assistance projects that primarily constructed and refurbished medical facilities, as well as donated mobile field hospitals, portable hand wash stations, medical equipment, PPE, and medical and cleaning supplies to USSOUTHCOM partner nations.²⁴ For example, on February 2, 2021, USSOUTHCOM officials submitted a MIPR to Defense Logistics Agency Troop Support to purchase six mobile field hospitals for the Panama Ministry of Health and the Panamanian Social Security Fund. According to the project approval form, the hospitals would allow the Panamanian government to provide medical services and care to COVID-19 patients during the pandemic. On February 3, 2021, Defense Logistics Agency Troop Support officials accepted the MIPR, which authorized USSOUTHCOM officials to use \$5.48 million in CARES Act funds to purchase the mobile field hospitals. Figure 1 shows a mobile field hospital similar to those USSOUTHCOM donated to Panama Ministry of Health and Panamanian Social Security Fund officials.

²³ See Appendix B for the detailed list of all USSOUTHCOM CARES Act projects that we reviewed.

²⁴ The DAI system is the Defense agencies' financial, budgetary, and accounting management system. DSCA officials distributed the CARES Act funds to USSOUTHCOM through the DAI system and established the special purpose code "2021_OH_SO_CARES" to track USSOUTHCOM's humanitarian assistance-related projects funded through the CARES Act.



In other humanitarian assistance projects, USSOUTHCOM officials used CARES Act funds to provide PPE and medical supplies used to treat COVID-19 patients in USSOUTHCOM partner nations. For example, on January 26, 2021, USSOUTHCOM officials approved and signed the universal purchase requisition authorizing the use of \$15,000 in CARES Act funds to purchase PPE, medical equipment, and medical supplies for the Honduran Ministry of Health.²⁵ According to the project approval form, Ministry of Health medical personnel urgently needed PPE, medical equipment, and medical supplies to treat the local population during the COVID-19 pandemic. In response to Honduran officials' request for COVID-19 assistance, USSOUTHCOM officials provided CARES Act funds to Department of State officials who purchased items, such as surgical face masks, KN95 face masks, gloves, surgical gowns, thermometers, Clorox, and 70-percent alcohol from a local Honduran vendor.

²⁵ A universal purchase requisition is a printable document resulting from an individual creating a request for goods or services that contains a brief description of the goods or services requested, unit price, quantity, line of accounting, and approval signatures.

Based on our review of the vendor quote dated January 11, 2021, and the receipt dated October 2, 2021, we confirmed that Department of State officials appropriately used USSOUTHCOM CARES Act funds for the purchase of PPE, medical equipment, and medical supplies. Figure 2 provides examples of PPE, medical equipment, and medical supplies that USSOUTHCOM donated to the Honduran Ministry of Health.



For 73 of the 77 humanitarian assistance projects reviewed, we analyzed similar documentation supporting the execution of CARES Act funds and the scope of COVID-19 assistance provided to partner nations in the USSOUTHCOM area of responsibility. Based on our review of the project documentation, we determined that the amounts and scope of the 73 humanitarian assistance projects met DoD funding requirements identified in Reprogramming Action FY 20-43. Therefore, USSOUTHCOM officials appropriately used CARES Act funds to execute 75 humanitarian assistance projects in accordance with Federal laws and DoD policies.

USSOUTHCOM Officials Inappropriately Funded Two Construction Projects

For 2 of the 77 humanitarian assistance projects reviewed, USSOUTHCOM officials did not execute CARES Act funds to support the COVID-19 pandemic response and operations in accordance with Federal laws and DoD policies. Reprogramming Action FY 20-43 stated that the purpose of the CARES Act funds was for expenses incurred in preparing for, preventing, or responding to COVID-19. The reprogramming action also specified that USSOUTHCOM would use the CARES Act funds to enhance the capabilities of partner nations to respond to the COVID-19 pandemic. The DSCA Director reiterated the funding requirements of Reprogramming Action FY 20-43 in a memorandum dated October 5, 2020, stating that the CARES Act funds were only available for humanitarian assistance projects supporting a foreign nation's COVID-19 response or pandemic readiness. The Director also stated that it was the responsibility of each geographic combatant command to ensure the restricted use of the funding.²⁶

However, USSOUTHCOM officials used \$1.10 million in CARES Act funds to construct maternity wards at two existing public medical clinics in Honduras, a purpose that did not meet the CARES Act and DoD funding requirements.

- USSOUTHCOM officials used \$815,000 in CARES Act funds to construct a maternity ward in Sonaguera, Colon (project 39591). According to the project approval form, Honduran Ministry of Health officials requested U.S. assistance to construct a maternity ward at an existing medical clinic. The project approval form cited the lack of available health services within the town and its inability to meet the local population's need for maternity care. The project approval form also stated that constructing the new maternity ward would improve the health and living conditions of the local population and support the Honduran government's efforts to provide healthcare during the COVID-19 pandemic.
- USSOUTHCOM officials used \$284,821 in CARES Act funds to construct a maternity ward in Orocuina, Choluteca (project 63579). According to the project approval form, the need for the maternity ward to provide basic health care services to new and expectant mothers existed prior to COVID-19. USSOUTHCOM and other U.S. Government officials initially planned to execute the project before COVID-19, but later suspended the project because of the global crisis. The project approval form stated that by continuing with the project, USSOUTHCOM could help meet a known humanitarian requirement in Honduras during the pandemic.

²⁶ The DSCA Director issued a memorandum, "Fiscal Year 2020-2021 Overseas Humanitarian, Disaster Assistance, and Civic Aid Allocation," October 5, 2020 (DSCA Funding Allocation Memorandum), to all geographic combatant commands with the exception of the U.S. Space Command. The memorandum included guidance regarding the allocation and use of reprogrammed CARES Act funds within the OHDACA appropriation.

While the project approval forms indicated that projects 39591 and 63579 would help the Honduran government maintain a healthy population during the COVID-19 pandemic, we determined that the projects' purpose did not meet the restricted use of the CARES Act funds outlined in Reprogramming Action FY 20-43 and the DSCA Funding Allocation Memorandum. Based on our review of the project approval forms and supporting memorandums from the U.S. Embassy in Honduras, we identified that the need for the projects originated from limited medical services in the local areas, with a focus on providing maternity care. The maternity wards did not support the isolation or treatment of COVID-19 patients or the testing, monitoring, or diagnosing of the virus. Instead, the primary purpose of the maternity wards was to provide overnight observation of patients with high-risk pregnancies, pregnancy complications, or impending deliveries—a purpose unrelated to the COVID-19 pandemic response.

In addition, DSCA officials approved USSOUTHCOM's execution of projects 39591 and 63579 with OHDACA funds on April 3, 2020, and August 11, 2020, respectively. Since DSCA officials approved the projects before they distributed the CARES Act funds to USSOUTHCOM on October 14, 2020, the project approvals were based on the use of OHDACA funds, which would cover a broader range of health-related projects and activities not covered by the CARES Act. However, after analyzing two MIPRs, we verified that in November 2020 and January 2021, USSOUTHCOM officials charged the CARES Act funding code "2021_OH_SO_CARES" to fund the projects. Therefore, USSOUTHCOM officials inappropriately used CARES Act funds to execute the two maternity ward projects.

The DSCA Lacked Controls Over Changes in Project Funding Sources

DSCA policies and procedures did not require geographic combatant commands to obtain approval before changing the funding source of previously approved humanitarian assistance projects.

USSOUTHCOM officials inappropriately used CARES Act funds because DSCA policies and procedures did not require geographic combatant commands to obtain approval before changing the funding source of previously approved humanitarian assistance projects.

Specifically, after the DSCA distributed

the CARES Act funds to USSOUTHCOM on October 14, 2020, USSOUTHCOM humanitarian assistance officials executed projects 39591 and 63579 with CARES Act funds, without submitting the changes in funding source through the humanitarian assistance approval process. In November 2021 and April 2022, we interviewed USSOUTHCOM humanitarian assistance officials to clarify why they used CARES Act funds instead of OHDACA funds to execute the two projects. USSOUTHCOM humanitarian assistance officials stated that they believed the

projects supported the intent of the CARES Act by freeing up Honduran resources for the country's COVID-19 response, which would otherwise be devoted to maternity care.

USSOUTHCOM humanitarian assistance officials also stated that they followed the humanitarian assistance approval process by coordinating the projects with DSCA and internal USSOUTHCOM stakeholders, and obtained necessary approvals to execute the projects. However, in November 2021 and December 2021, officials from the DSCA Office of General Counsel and the USSOUTHCOM Office of the Staff Judge Advocate stated that they each completed their respective reviews before the issuance of CARES Act funds to USSOUTHCOM, and they did not consider the use of CARES Act funds during their reviews. Officials from the DSCA Office of General Counsel and the USSOUTHCOM Office of the Staff Judge Advocate also stated that based on their reviews of the projects' scope and the intent of the CARES Act, the use of CARES Act funds was not justified and agreed that USSOUTHCOM humanitarian assistance officials should have used OHDACA funds to execute the projects.

Chapter C12 of DSCA Manual 5105.38-M requires geographic combatant commands to obtain DSCA's review and concurrence for changes that alter an approved project's scope or fiscal year appropriation. However, chapter C12 does not require geographic combatant commands to obtain DSCA's review and concurrence when changing the funding source of an approved project. Resubmitting projects for approval after anticipated changes are identified ensures that all humanitarian assistance projects meet Federal laws and DoD policies and procedures. Therefore, whenever the DSCA provides reprogrammed OHDACA funds with a limited and defined funding purpose to geographic combatant commands, the DSCA Director should require the commands to obtain DSCA approval for changes in the funding source of an approved humanitarian assistance project. By establishing the additional control, the DSCA can ensure that anticipated changes in the projects' funding source are justified and comply with Federal laws and DoD policies and procedures.

Actions Taken to Correct the Funding Source of Two Maternity Ward Projects

During the audit, USSOUTHCOM humanitarian assistance officials acknowledged the legal opinions of officials from the DSCA Office of General Counsel and the USSOUTHCOM Office of the Staff Judge Advocate, who stated that USSOUTHCOM humanitarian assistance officials should have used OHDACA funds to execute projects 39591 and 63579. As a result, USSOUTHCOM humanitarian assistance officials took prompt actions to correct the projects' funding source.

In December 2021 and June 2022, we verified that USSOUTHCOM officials corrected the projects' funding source after analyzing updated MIPRs, MIPR acceptance documents, and screenshots of the DAI system supporting the replacement of CARES Act funds with OHDACA funds as the projects' funding source. Based on USSOUTHCOM actions taken during the audit, we determined that USSOUTHCOM officials justified and accurately accounted for 75 humanitarian assistance projects funded through the CARES Act, and 2 humanitarian assistance projects funded through the OHDACA appropriation.

USSOUTHCOM Officials Did Not Always Obtain DSCA Concurrence for Increases in Project Costs

USSOUTHCOM officials did not always obtain additional DSCA concurrence before increasing the cost of humanitarian assistance projects. Chapter C12 of DSCA Manual 5105.38-M allows geographic combatant commands to fund in-scope cost increases of no more than 10 percent of the approved project amount. When actual costs exceed 10 percent, geographic combatant commands must obtain DSCA project concurrence at the higher funding amount before additional funds may be committed.²⁷ Based on our review of USSOUTHCOM officials' actions to coordinate the projects and commit additional funding, we determined that project costs exceeded the 10-percent threshold amount for 15 of the 77 humanitarian assistance projects reviewed.²⁸

After analyzing MIPRs, universal purchase requisitions, and project approval forms, we verified that USSOUTHCOM officials obtained DSCA project concurrence before committing an additional \$3.27 million in combined funding for 5 of the 15 humanitarian assistance projects. However, USSOUTHCOM officials did not request or receive concurrence from the DSCA to increase the costs of 10 of the 15 projects, before committing an additional \$2.11 million in combined funding.²⁹ After committing funds above the 10-percent threshold, USSOUTHCOM officials retroactively obtained DSCA approval for cost increases totaling \$689,341 for 4 of the 10 projects and, for 1 project, officials later retracted \$183,000 in excess

²⁷ Chapter C12 of DSCA Manual 5105.38-M states that project commitment amounts should ultimately reflect the amount of funds required for project execution.

²⁸ We identified 15 projects that exceeded the 10-percent threshold based on the review of project coordination, CARES Act funding, and OHDACA funding information included in the 77 project approval forms. To assess the extent costs increased on the 15 projects, we reviewed the project coordination and funding information included in OHASIS as of September 2 and September 3, 2021; MIPRs, and universal purchase requisitions.

²⁹ Some projects had multiple funding actions that either increased or decreased the total amount of funds over the life of a project. Therefore, we reported the cumulative total of excess commitments, as of the most recent funding action that contributed to costs exceeding the 10-percent threshold.

funding, so additional DSCA approval was no longer necessary. See Table 3 for a description of USSOUTHCOM’s humanitarian assistance projects with cost increases exceeding 10 percent of the approved project amount, and for the status of the DSCA’s approval to permit the increase.

Table 3. Status of Humanitarian Assistance Projects Requiring DSCA Approval for Cost Increases

Status of DSCA Approval for Cost Increases Exceeding 10 Percent of the Approved Project Amount	Project Number
Projects that received DSCA concurrence <i>before</i> committing additional funding	65428 66625 66691 67821 67831
Projects that received DSCA concurrence <i>after</i> committing additional funding	39683 63577 63811 67663
Projects that did not receive DSCA concurrence	39591 65343 65422 63778 67974
Projects where DSCA concurrence is no longer necessary	42239
Total Number of Projects	15

Source: The DoD OIG, USSOUTHCOM, and OHASIS.

We also verified that USSOUTHCOM officials did not obtain DSCA project concurrence before committing an additional \$1.23 million in CARES Act and OHDACA funds for 5 of the 15 humanitarian assistance projects. For example, on April 3, 2020, DSCA officials approved project 39591 for a total estimated cost of \$750,000, to construct a maternity ward in Honduras—a purpose that did not meet the requirements of the CARES Act. On May 5, 2020, USSOUTHCOM officials issued MIPR W91LMH057396 for \$139,000 to the U.S. Army Corps of Engineers, Mobile District, to begin the project’s pre-planning and design efforts. However, estimated project costs increased above 10 percent of the approved amount once USSOUTHCOM officials began issuing a series of MIPRs and MIPR amendments to fund the construction of the maternity ward. See Table 4 for funding actions issued from October 29, 2020, through December 20, 2021, that exceeded the 10-percent project threshold.

Table 4. USSOUTHCOM Funding Actions Issued for Project 39591 From May 2020 Through December 2021

Funding Action	Funding Commitment Date	Funding Amount	Cumulative Dollar Value Over Approved Amount (\$750,000)	Cumulative Percentage Above Approved Amount (\$750,000)
MIPR W91LMH057388	5/4/2020	\$750,000	—	—
MIPR W91LMH057388, Amendment 1	5/5/2020	-750,000	—	—
MIPR W91LMH057396	5/5/2020	139,000	—	—
MIPR W91LMH163085	10/29/2020	1,055,000	\$444,000	59.20
MIPR W91LMH163085, Amendment 1	5/21/2021	-240,000	204,000	27.20
MIPR W91LMH276529	12/7/2021	815,000	1,019,000	135.87
MIPR W91LMH163085, Amendment 2	12/20/2021	-\$815,000	\$204,000	27.20

Source: The DoD OIG, USSOUTHCOM, and OHASIS.

DSCA Controls to Approve Project Cost Increases Are Not Always Effective

USSOUTHCOM officials did not always obtain additional project concurrence from the DSCA before increasing the cost of humanitarian assistance projects. The Acting USSOUTHCOM Humanitarian Assistance Program Manager explained that he was aware of the requirement to obtain DSCA concurrence, but overlooked it on 10 of the 15 projects that required additional concurrence because of the increased number of projects the staff had to execute within 11 months of receiving the CARES Act funds.³⁰

- USSOUTHCOM officials stated that they realized they committed funds 10 percent above the approved amount for 4 of the 10 projects—projects 39683, 63577, 63811, and 67663. USSOUTHCOM officials retroactively requested and received DSCA approval for the cost increases. Based on our review of documentation, such as MIPRs, universal purchase requisitions, and project approval forms, we determined that USSOUTHCOM officials took an average of 66 days to identify the noncompliance with DSCA Manual 5105.38-M, chapter C12 and to retroactively obtain DSCA's approval to permit the increases.
- During the audit, USSOUTHCOM officials acknowledged that they were unaware of the unapproved cost increases for 5 of the 10 projects—projects 39591, 63778, 65343, 65422, and 67974. On March 28, 2022, USSOUTHCOM officials retroactively requested and received DSCA approval for five of the projects. However, for these five projects, the number of elapsed days between the commitment of funds and the retroactive approval was much greater, at an

³⁰ The 10 projects are 39591, 39683, 42239, 63577, 63778, 63811, 65343, 65422, 67663, and 67974.

average of 477 days. Furthermore, by the time USSOUTHCOM officials received DSCA approval for four of the five projects, the vendors had already issued invoices for either the majority or full amount of the increased costs, limiting the DSCA’s ability to fully monitor and ensure the proper use of funding.

- During the audit, USSOUTHCOM officials also acknowledged that they were unaware of the unapproved cost increases for 1 of the 10 projects—project 42239. However, on September 27, 2021, USSOUTHCOM officials retracted a portion of project 42239’s funding, which eliminated the amount of funds committed above the 10-percent threshold. Therefore, we determined that DSCA approval for the cost increase was no longer necessary. The total number of elapsed days between USSOUTHCOM’s overcommitment and retraction of funds for project 42239 was 102 days.

See Table 5 for the number of elapsed days between project costs exceeding the 10-percent threshold and the DSCA’s retroactive approval for the cost increases.

Table 5. USSOUTHCOM Humanitarian Assistance Projects With Costs Exceeding 10 Percent of the Approved Project Amount

Project Number	Funding Commitment Date ¹	Date USSOUTHCOM Submitted Funding Increase Request in OHASIS	Date DSCA Retroactively Approved Cost Increase Request in OHASIS	Lag Between Funding Commitment Date and Retroactive Cost Increase Approval
Projects First Identified by USSOUTHCOM Officials With Unapproved Cost Increases				
39683	10/29/2020	6/3/2021	6/3/2021	217 days
63577	9/25/2020	10/7/2020	10/7/2020	12 days
63811	9/3/2020	10/7/2020	10/7/2020	34 days
67663	6/23/2021	6/24/2021	6/24/2021	1 day
Projects First Identified During the Audit With Unapproved Cost Increases				
39591	10/29/2020	3/28/2022	3/28/2022	515 days
42239	6/17/2021	— ²	— ²	— ²
63778	10/16/2020	3/28/2022	3/28/2022	528 days
65343	12/22/2020	3/28/2022	3/28/2022	461 days
65422	10/16/2020	3/28/2022	3/28/2022	528 days
67974	4/8/2021	3/28/2022	3/28/2022	354 days

¹ Some projects had multiple funding actions that either increased or decreased the total amount of funds committed above the 10-percent threshold over the life of a project. Therefore, we reported the date USSOUTHCOM officials first committed funds over 10 percent of the approved project amount.

² DSCA concurrence was no longer necessary because on September 27, 2021, USSOUTHCOM officials retracted funds exceeding the threshold amount. The total number of elapsed days between the commitment and retraction of funds was 102 days.

Source: The DoD OIG, USSOUTHCOM, and OHASIS.

According to a DSCA humanitarian assistance official, the DSCA incorporated the requirement to obtain additional concurrence for cost increases into DSCA Manual 5105.38-M, chapter C12 on June 7, 2019, as part of a chapter-wide revision. The revision aligned policy with statutory changes and standardized implementation of OHDACA-funded programs and activities across combatant commands and other DoD Components. The DSCA official noted that while the chapter revisions were collaboratively developed and coordinated with geographic combatant commands, command personnel could forget the requirement, or not inform new staff of the requirement, if project costs rarely increased above the 10-percent threshold at a geographic combatant command.

While the Acting USSOUTHCOM Humanitarian Assistance Program Manager was aware of the requirement, he stated that he was only temporarily acting as the manager until the position was filled. Furthermore, other USSOUTHCOM officials that assisted in the execution of humanitarian assistance projects during the audit were not aware of the requirement. Therefore, USSOUTHCOM's Humanitarian Assistance Program Manager should take steps, such as issuing procedures or training briefs, to ensure the combatant command submits project funding changes for approval from DSCA and USSOUTHCOM officials, and documents the resulting decision.

In addition, the DSCA did not establish controls within OHASIS—the DSCA's project management system of record—to identify project changes requiring additional DSCA review and approval. USSOUTHCOM officials use OHASIS to develop, submit, coordinate, approve, and submit changes related to humanitarian assistance projects for approval. However, the resubmission of approved projects solely

The DSCA did not establish controls within OHASIS—the DSCA's project management system of record—to identify project changes requiring additional DSCA review and approval.

depends on the geographic combatant command's compliance with the requirements outlined in chapter C12 of DSCA Manual 5105.38-M. Even if changes to an approved project's scope, fiscal year appropriation, funding source, or cost amount occur, the DSCA does not have visibility of those changes unless the geographic combatant command

resubmits the humanitarian assistance projects for review and approval in OHASIS. Officials from the DSCA Office of General Counsel and the USSOUTHCOM Office of the Staff Judge Advocate also confirmed that they do not have visibility over changes after project approval, and must rely on geographic combatant command officials to notify them of any project changes.

The Government Accountability Office states that management officials should design the entity's information system and related control activities to achieve objectives and respond to risks.³¹ OHASIS is not a financial system of record and contains limited funding information for humanitarian assistance projects. However, OHASIS lacks the controls for the DSCA to provide proper oversight of project changes and prevent the misuse of funds. According to DSCA Manual 5105.38-M, the DSCA is responsible for the oversight and management of DoD humanitarian assistance activities, and the geographic combatant commands are responsible for the proper execution of funds. Therefore, the DSCA Director and USSOUTHCOM Humanitarian Assistance Program Manager should implement internal controls that ensure the combatant command complies with existing policy to obtain additional DSCA concurrence to permit cost increases above 10 percent of approved project amounts before committing additional funding to humanitarian assistance projects.

Actions Taken to Retroactively Obtain DSCA Project Concurrence for Cost Increases

During the audit, USSOUTHCOM officials confirmed that they did not comply with requirements in DSCA Manual 5105.38-M, chapter C12, and took prompt action on March 28, 2022, to retroactively request and obtain DSCA concurrence for the cost increases related to projects 39591, 63778, 65343, 65422, and 67974. During April 2022, we analyzed the project approval forms in OHASIS and verified that the DSCA OHDACA Program Manager retroactively approved the cost increases for all five projects.

Within each project concurrence, the Program Manager stated that he approved the additional funds because of inflation, and reminded USSOUTHCOM officials that they must comply with DSCA Manual 5105.38-M requirements and obtain DSCA concurrence for costs that exceed 10 percent of the approved project amounts before committing additional funds. Based on USSOUTHCOM and DSCA officials' actions taken during the audit, we determined that USSOUTHCOM officials retroactively complied with DSCA Manual 5105.38-M, chapter C12.

Conclusion

USSOUTHCOM officials generally used CARES Act funds to support COVID-19 pandemic response and operations in accordance with Federal laws and DoD policies. For 83 out of 85 projects reviewed, USSOUTHCOM officials justified the use of \$32.34 million in CARES Act funds for the COVID-19 pandemic response.

³¹ Government Accountability Office, "Standards for Internal Control in the Federal Government," September 2014.

Maintaining appropriate documentation such as MIPRs, contracts, and receiving reports validates the use of CARES Act funds and strengthens public trust in the DoD's ability to safeguard taxpayer dollars.

However, for the remaining two projects, USSOUTHCOM officials improperly used \$1.10 million in CARES Act funds to construct two maternity wards, which was a purpose that did not meet the requirements of the CARES Act. USSOUTHCOM officials inappropriately used the CARES Act funds because DSCA policies and procedures did not require geographic combatant commands to obtain approval before changing the funding source of previously approved humanitarian assistance projects. In addition, USSOUTHCOM officials did not obtain DSCA concurrence for costs exceeding 10 percent of the approved project amounts because the DSCA and USSOUTHCOM lacked controls that would reinforce the requirement for additional DSCA review and concurrence. USSOUTHCOM officials stated that they overlooked the requirement while executing several projects within 11 months of receiving the CARES Act funds. Establishing and implementing controls over changes in humanitarian assistance projects would enable the DSCA and USSOUTHCOM to properly oversee and manage projects that comply with Federal laws and DoD policies, and prevents the misuse of future emergency funding for humanitarian assistance projects.

Recommendations, Management Comments, and Our Response

Recommendation 1

We recommend that the Defense Security Cooperation Agency Director require geographic combatant commands that receive reprogrammed funds with a limited and defined funding purpose, to submit changes that alter the funding source of an approved humanitarian assistance project for review and approval by appropriate stakeholders to ensure that anticipated project changes are justified and comply with Federal laws and DoD policies and procedures.

Defense Security Cooperation Agency Comments

The DSCA Director agreed with the recommendation, stating that by September 30, 2023, DSCA officials will update DSCA Manual 5105.38-M with a requirement for geographic combatant commands that receive reprogrammed funds with a more limited and specifically defined funding purpose to obtain additional DSCA approval before changing the funding source of an approved humanitarian assistance project. The Director also stated that the updated requirement will help DSCA officials ensure that changes in the projects' funding source are justified and comply with Federal laws and DoD policies and procedures.

U.S. Southern Command Comments

Although not required to comment, the USSOUTHCOM Comptroller agreed with the recommendation, stating that before March 31, 2023, USSOUTHCOM humanitarian assistance officials will coordinate with DSCA officials to establish controls over reprogrammed funds with a more limited and specifically defined funding purpose. The Comptroller noted that USSOUTHCOM officials will also plan and execute OHDACA funds that cover a broader range of humanitarian assistance activities in accordance with DSCA Manual 5105.38-M.

Our Response

Comments from the DSCA Director addressed all specifics of the recommendation; therefore, the recommendation is resolved but remains open. We will close the recommendation once we verify that DSCA officials updated DSCA Manual 5105.38-M with the requirement for geographic combatant commands to obtain DSCA approval before changing the funding source of an approved humanitarian assistance project. We also acknowledge the comments from the USSOUTHCOM Comptroller, and appreciate USSOUTHCOM's efforts to strengthen controls over future emergency funding.

Recommendation 2

We recommend that the U.S. Southern Command Humanitarian Assistance Program Manager take steps, such as issuing procedures or training briefs, to ensure the combatant command submits changes in project funding for approval from Defense Security Cooperation Agency and U.S. Southern Command officials, and documents the resulting decision.

U.S. Southern Command Comments

The USSOUTHCOM Comptroller, responding for the USSOUTHCOM Humanitarian Assistance Program Manager, agreed with the recommendation, stating that before March 31, 2023, the Program Manager will develop and implement a matrix identifying projects that require additional review and approval from the USSOUTHCOM Program Director. The Program Director will coordinate with DSCA officials to assess and approve any identified project changes.

Our Response

Comments from the USSOUTHCOM Comptroller addressed all specifics of the recommendation; therefore, the recommendation is resolved but remains open. We will close the recommendation once we verify that the USSOUTHCOM Humanitarian Assistance Program Manager developed and implemented a matrix identifying projects that require additional review and approval.

Recommendation 3

We recommend that the Defense Security Cooperation Agency Director and the U.S. Southern Command Humanitarian Assistance Program Manager implement internal controls that ensure the combatant command complies with existing policy to obtain Defense Security Cooperation Agency concurrence to permit cost increases above 10 percent of approved project amounts, before committing additional funding to humanitarian assistance projects.

Defense Security Cooperation Agency Comments

The DSCA Director agreed with the recommendation, stating that by September 30, 2023, the DSCA will develop an OHASIS tracking tool to identify all humanitarian assistance projects with funding commitments exceeding the approved project amount. The Director stated that the tool will notify DSCA and combatant command officials that additional DSCA concurrence will be required if funding is anticipated to exceed 10 percent of the approved project amount. The Director also stated that DSCA officials will assist the USSOUTHCOM Humanitarian Assistance Program Manager with implementing controls that ensure the combatant commands comply with existing policy before increasing project costs.

U.S. Southern Command Comments

The USSOUTHCOM Comptroller, responding for the USSOUTHCOM Humanitarian Assistance Program Manager, agreed with the recommendation, stating that USSOUTHCOM officials will coordinate with DSCA officials to develop an OHASIS tracking tool intended to identify projects with excess funding commitments. The Comptroller stated that the Program Manager will obtain DSCA concurrence to increase the project costs before committing additional funds that exceed 10 percent of the approved project amount.

Our Response

Comments from the DSCA Director and the USSOUTHCOM Comptroller addressed all specifics of the recommendation; therefore, the recommendation is resolved but remains open. We will close the recommendation once we verify that DSCA and USSOUTHCOM officials developed and implemented an OHASIS tracking tool that identifies projects with costs exceeding approved project amounts. We will also verify the establishment of USSOUTHCOM's controls over increased project costs through the implementation of the matrix described in USSOUTHCOM's response to Recommendation 2.

Appendix A

Scope and Methodology

We conducted this performance audit from July 2021 through July 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.

The objective of this audit was to determine whether U.S. Africa Command, U.S. Indo-Pacific Command, and USSOUTHCOM officials used CARES Act funding to support COVID-19 pandemic response and operations in accordance with Federal laws and DoD policies. We focused on the three commands that received the highest amounts of CARES Act funding among the geographic combatant commands based on our review of documentation, such as reprogramming actions and combatant command officials' responses.³² This report focused on USSOUTHCOM's execution of CARES Act funding. We issued separate reports on the execution of CARES Act funding by the U.S. Africa Command and the U.S. Indo-Pacific Command.

To determine whether USSOUTHCOM officials used CARES Act funding to support the COVID-19 pandemic response and operations in accordance with Federal laws and DoD policies, we reviewed the CARES Act and the DoD CARES Act Spend Plan to identify the amounts and requirements of CARES Act funds the DoD received for COVID-19 pandemic response. In addition, we interviewed officials from the Office of the USD(C)/CFO to confirm our understanding of the following Federal and DoD policies related to recording, tracking, and supporting the use of DoD CARES Act funds.

- Office of the USD(C)/CFO Memorandum, "DoD Response to COVID-19 – CARES Act Funding Request Guidance," April 1, 2020
- Office of Management and Budget Memorandum, "Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19)," April 10, 2020
- Deputy Comptroller for Program/Budget Memorandum, "DoD Response to the Novel Coronavirus – Cost Reporting Guidance Addendum #1," April 13, 2020
- Office of the USD(C)/CFO, "Fiscal Year 2021 Department of Defense Statement of Assurance Execution Handbook," March 2021

³² The U.S. Northern Command received the second-highest amount of CARES Act funding among the geographic combatant commands. However, we did not include the U.S. Northern Command in the scope of this audit because in June 2021, the DoD Office of Inspector General announced an audit to determine whether U.S. Northern Command officials used CARES Act funding to support COVID-19 pandemic response and operations in accordance with applicable Federal laws and DoD policies.

We then requested and obtained documentation supporting the amounts of CARES Act funds USSOUTHCOM received, the DoD Components that provided the funds, and descriptions of how the DoD tracked the funds in GFEBS and the DAI system. We validated USSOUTHCOM's receipt of CARES Act funds by analyzing documentation such as funding authorization documents and reprogramming actions. We also interviewed DSCA officials to confirm that USSOUTHCOM received accurate amounts of CARES Act funds for COVID-19 pandemic response.

We initially obtained spreadsheets identifying USSOUTHCOM's IT equipment and humanitarian assistance projects that were funded through the CARES Act from March 27, 2020, through June 30, 2021. The spreadsheets included detailed information, such as the project date, description of the purchased item or service, amount of CARES Act funds used, and the special purpose codes used to track the execution of CARES Act funds. We compared the list of USSOUTHCOM's IT equipment projects with information provided by the OASA(FM&C), and the list of USSOUTHCOM's humanitarian assistance projects with the DSCA's list of humanitarian assistance projects from March 27, 2020, through August 17, 2021. We compared the USSOUTHCOM, OASA(FM&C), and DSCA documentation to determine whether any IT equipment or humanitarian assistance projects were excluded from USSOUTHCOM's lists of projects.

Based on the analysis, we determined that USSOUTHCOM officials did not exclude any CARES Act-funded IT equipment projects. However, we determined that the DSCA's list of humanitarian assistance projects included 159 additional projects. As a result, we took additional steps to test the completeness of USSOUTHCOM's list of CARES Act-funded humanitarian assistance projects. See the Computer-Processed Data section of this Appendix to review the procedures we performed to verify the reliability of USSOUTHCOM's CARES Act data.

USSOUTHCOM officials used \$69.90 million in CARES Act funds for the USSOUTHCOM COVID-19 pandemic response. Specifically, USSOUTHCOM officials funded 8 IT equipment projects, valued at \$675,000, and 227 humanitarian assistance projects, valued at \$69.22 million. We reviewed all 8 IT equipment projects, and 77 out of 227 humanitarian assistance projects based on the following random, nonstatistical sampling methodology.³³

- Due to the small population size of the IT equipment projects, we reviewed all 8 projects, valued at \$675,000.
- According to a DSCA policy memorandum, DSCA officials require geographic combatant commands to obtain additional project approvals from the DSCA and the Office of the Under Secretary of Defense for

³³ We initially selected 88 humanitarian assistance projects for review. However, based on our analysis of documentation, such as project approval forms, MIPRs, and responses provided by USSOUTHCOM officials, we determined that USSOUTHCOM officials had either canceled or funded 11 of the 88 humanitarian assistance projects with OHDA CA funds. As a result, we excluded the 11 projects from the audit universe and assessed the execution of CARES Act funds for 77 humanitarian assistance projects, valued at \$33.45 million.

Policy, for projects exceeding a cost of \$75,000.³⁴ The DSCA authorizes geographic combatant commands to approve projects with a cost equal to or less than \$75,000, without additional coordination and external approvals. To verify that USSOUTHCOM officials followed the different approval processes, we divided the 227 humanitarian assistance projects into two categories—70 projects exceeding a cost of \$75,000, and 157 projects with a cost equal to or less than \$75,000.

- We performed a random, nonstatistical sample to select and review:
 - 31 out of 70 humanitarian assistance projects with a cost exceeding \$75,000, valued at \$31.71 million; and
 - 46 out of 157 humanitarian assistance projects with a cost equal to or less than \$75,000, valued at \$1.06 million.

In total, we reviewed 85 out of 235 projects USSOUTHCOM officials executed with CARES Act funds from March 27, 2020, through August 17, 2021. Table 6 summarizes the USSOUTHCOM CARES Act projects that we reviewed.

Table 6. USSOUTHCOM CARES Act Projects Reviewed

Type of Expense	Total Number of Projects	Total Amount of CARES Act Funds Used (in Millions)	Number of Projects Reviewed	Amount of CARES Act Funds Reviewed (in Millions) ¹	CARES Act Funds Reviewed (percent of dollar amount)
IT Equipment	8	\$0.68	8	\$0.68	100
Humanitarian Assistance Greater Than \$75,000	70	65.72 ²	31	31.71 ²	48
Humanitarian Assistance Equal to or Less Than \$75,000	157	3.50	46	1.06	30
Total	235	\$69.90	85	\$33.45	48³

¹ USSOUTHCOM provided the dollar value of IT equipment projects they reported in GFEBs as of June 30, 2021. The DSCA provided the dollar value of humanitarian assistance projects USSOUTHCOM reported in the DAI system as of August 17, 2021.

² We calculated the total amount of CARES Act funds reviewed for humanitarian assistance projects with a cost greater than \$75,000 based on the dollar amounts reported in the DAI system as of August 17, 2021, and supplemental cost information USSOUTHCOM provided for 16 individual projects executed under a group purchase.

³ We reviewed 48 percent (\$33.45 million of \$69.90 million) of the CARES Act funds USSOUTHCOM executed.

Source: The DoD OIG, USSOUTHCOM, DSCA, DAI system, and GFEBs.

³⁴ DSCA Policy Memorandum, “Department of Defense Overseas Humanitarian, Disaster and Civic Aid (OHDACA) Activities in Support of COVID-19 International Response,” September 9, 2020 (Reissued on January 8, 2021, and May 26, 2021).

For each of the 85 projects reviewed, we analyzed documentation, such as project approval forms, MIPRs, receiving reports, and contracts, to determine whether USSOUTHCOM officials:

- used CARES Act funding to prepare for, prevent, and respond to COVID-19, domestically and internationally;
- maintained documentation supporting the execution of CARES Act funds; and
- coordinated with Federal and DoD officials to obtain project approvals in accordance with DoD policies and procedures.

See Appendix B for the detailed list of all USSOUTHCOM CARES Act projects that we reviewed.

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 control activities and monitoring components related to USSOUTHCOM's execution of CARES Act funds. 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 used computer-processed data from USSOUTHCOM, GFEBs, the DAI system, and OHASIS to perform this audit. Specifically, USSOUTHCOM officials provided Excel spreadsheets containing data related to IT equipment and humanitarian assistance projects funded through the CARES Act from March 27, 2020, through June 30, 2021. USSOUTHCOM officials compiled IT equipment project data from GFEBs, and the humanitarian assistance project data from an internal reporting tool used to brief USSOUTHCOM leadership on the status of humanitarian assistance projects.

We tested the completeness of the computer-processed data from GFEBs and the USSOUTHCOM internal reporting tool by comparing the data with information provided by the OASA(FM&C) and the DSCA's list of humanitarian assistance projects from the DAI system from March 27, 2020, through August 17, 2021. Based on the analysis, we determined that USSOUTHCOM officials did not exclude any CARES Act-funded IT equipment projects and the GFEBs data was complete. However, we determined that the DSCA's list of humanitarian assistance projects included 159 additional projects. As a result, we determined that the computer-processed data from the USSOUTHCOM internal reporting

tool was incomplete. As a result, we used the computer-processed data from USSOUTHCOM's internal reporting tool and the DSCA data from the DAI system to identify all humanitarian assistance projects that were funded through the CARES Act from March 27, 2020, through August 17, 2021.

We used the computer-processed data to identify all projects USSOUTHCOM executed with CARES Act funds. We tested the accuracy of the USSOUTHCOM, GFEBs, and DAI system data by:

- analyzing source documentation that authorized the use of CARES Act funds for each sampled IT equipment and humanitarian assistance project; and
- interviewing USSOUTHCOM and DSCA officials to discuss project-specific information.

Based on our analysis of the supporting documentation and corroborating evidence, we determined that the accuracy of the computer-processed data from USSOUTHCOM, GFEBs, and the DAI system were sufficiently reliable for the purpose of this report.

In addition, we downloaded and used computer-processed data from OHASIS in the form of PDFs, Word documents, Excel spreadsheets, and digital images. We used the data to verify whether the scope of the project prepared for, prevented, and responded to the COVID-19 pandemic in accordance with the CARES Act. To test the reliability of the data, we interviewed USSOUTHCOM and DSCA officials to validate the details of the humanitarian assistance projects. We also corroborated the data against information found in reprogramming actions and project approval forms. Therefore, we determined that computer-processed data from OHASIS were sufficiently reliable for the purpose of this report.

Use of Technical Assistance

The DoD Office of Inspector General (DoD OIG) Quantitative Methods Division initially assisted us with selecting a statistical sample of USSOUTHCOM's humanitarian assistance projects. However, we could not project the sample to the population due to changes in the population and samples.³⁵ Therefore, we conducted a random, nonstatistical sampling methodology of USSOUTHCOM's humanitarian assistance projects. See the Scope and Methodology section of this Appendix for additional details.

³⁵ We made changes in the population and sample, since USSOUTHCOM's list of CARES Act-funded humanitarian assistance projects was incomplete and included projects USSOUTHCOM officials canceled or funded with OHDACA funds.

Prior Coverage

During the last 5 years, the DoD OIG issued four reports related to the use of CARES Act funds. Unrestricted DoD OIG reports can be accessed at <http://www.dodig.mil/reports.html/>.

DoD OIG

Report No. DODIG-2022-098, “Audit of North American Aerospace Defense Command (NORAD) and U.S. Northern Command (USNORTHCOM) Use of Coronavirus Aid, Relief, and Economic Security Act Funding,” May 17, 2022

The DoD OIG determined that for 19 of 25 transactions reviewed, NORAD and USNORTHCOM officials used \$34.4 million in CARES Act funds to prepare for, prevent, and respond to the COVID-19 pandemic.³⁶ However, for 3 of the 25 transactions reviewed, NORAD and USNORTHCOM officials used \$19.2 million in CARES Act funds for IT equipment and support that did not support the COVID-19 pandemic response. In addition, for 7 of the 25 transactions reviewed, NORAD and USNORTHCOM officials did not maintain adequate evidence supporting that \$7.4 million in CARES Act funds was used for the COVID-19 pandemic response.

Report No. DODIG-2022-091, “Audit of U.S. Indo-Pacific Command’s Execution of Coronavirus Aid, Relief, and Economic Security Act Funding,” May 5, 2022

The DoD OIG determined that U.S. Indo-Pacific Command officials used CARES Act funds to support COVID-19 pandemic response and operations in accordance with Federal laws and DoD policies. For the 64 projects reviewed, U.S. Indo-Pacific Command officials used \$26.08 million in CARES Act funds to prepare for, prevent, and respond to the COVID-19 pandemic, as intended by the CARES Act.

Report No. DODIG-2022-080, “Audit of U.S. Africa Command’s Execution of Coronavirus Aid, Relief, and Economic Security Act Funding,” March 31, 2022

The DoD OIG determined that for 28 of 29 projects reviewed, U.S. Africa Command officials used \$26.07 million in CARES Act funds to prepare for, prevent, and respond to the COVID-19 pandemic. However, for 1 of the 29 projects reviewed, U.S. Africa Command officials confirmed that they incorrectly used \$74,000 in CARES Act funds to execute the

³⁶ The DoD OIG identified 2 types of findings for 4 out of 25 transactions reviewed.

project and retroactively adjusted the project's funding source to the DoD overseas humanitarian assistance and disaster relief funds, effectively correcting the error.

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 identified multiple areas of concern with tracking and reporting the \$10.6 billion the DoD received through the CARES Act. Specifically, the DoD OIG determined that the DoD is not providing detailed award data to USASpending.gov on the CARES Act funds. In addition, the DoD did not track the CARES Act fund transactions using the Disaster Emergency Fund Code as required by the Office of Management and Budget. Lastly, Defense Health Agency officials did not accurately report \$1.1 billion in CARES Act funding data used by the Defense Health Program.

Appendix B

USSOUTHCOM CARES Act-Funded Projects

No.	Description of Procurement	Date Project Was First Recorded in GFEBs or the DAI System ¹	Expense Category	Amount (in Millions) ²
1	Common access card readers	4/22/2020	IT Equipment	\$0.01
2	Headsets	4/22/2020	IT Equipment	0.002
3	Telework peripherals (headsets, webcams, and monitors)	6/10/2020	IT Equipment	0.16
4	Phones, tablets, and laptops	6/16/2020	IT Equipment	0.13
5	Mobile communication kits	7/1/2020	IT Equipment	0.07
6	Laptops	6/11/2020	IT Equipment	0.03
7	Laptops	8/24/2020	IT Equipment	0.25
8	Laptops and docking stations	8/24/2020	IT Equipment	0.02
9	Construction of a maternity annex to an existing public medical clinic in Honduras	11/10/2020	HA ³	0.82
10	Health center refurbishment to support the COVID-19 response in Colombia	11/4/2020	HA	0.82
11	Planning, design, and construction of a public health clinic annex to support the COVID-19 response in Honduras	3/19/2021	HA	0.93
12	Shipping costs for field hospital tents to support the COVID-19 response in El Salvador	10/27/2020	HA	0.19
13	Construction of a maternity annex adjacent to an existing medical facility in Honduras	1/12/2021	HA	0.28
14	Freight and travel costs for mobile field hospitals to support the COVID-19 response in Ecuador	10/16/2020	HA	0.02
15	Freight costs for mobile field hospitals to support the COVID-19 response in Peru	10/16/2020	HA	0.05
16	Medical equipment and supplies to support the COVID-19 response in Suriname	10/28/2020	HA	0.01

USSOUTHCOM CARES Act-Funded Projects (cont'd)

No.	Description of Procurement	Date Project Was First Recorded in GFEBS or the DAI System ¹	Expense Category	Amount (in Millions) ²
17	Three oxygen generator plants, 100 oxygen concentrators, and 1,700 empty oxygen tanks to support the COVID-19 response in Peru	1/15/2021	HA ³	1.33
18	Twelve ventilators to support the COVID-19 response in Brazil	10/29/2020	HA	0.20
19	Four mobile field hospitals to support the COVID-19 response in Panama	12/22/2020	HA	3.96
20	Eight ventilators to support the COVID-19 response in the Dominican Republic	10/29/2020	HA	0.14
21	Eight ventilators to support the COVID-19 response in Ecuador	10/29/2020	HA	0.14
22	Eight ventilators to support the COVID-19 response in Chile	10/29/2020	HA	0.14
23	Mobile field hospital to support the COVID-19 response in Uruguay	10/16/2020	HA	0.50
24	Mobile field hospital to support the COVID-19 response in Jamaica	12/17/2020	HA	1.03
25	Four on-site oxygen generators to support the COVID-19 response in Panama	8/10/2021	HA	0.66
26	Twelve ventilators to support the COVID-19 response in Uruguay	4/28/2021	HA	0.20
27	Three mobile field hospitals to support the COVID-19 response in Colombia	12/21/2020	HA	2.88
28	Three mobile field hospitals to support the COVID-19 response in Argentina	12/23/2020	HA	3.28
29	Four oxygen generator plants to support the COVID-19 response in Argentina	5/13/2021	HA	0.67
30	Four mobile field hospitals to support the COVID-19 response in Paraguay	1/6/2021	HA	1.38
31	Vaccine storage units to support the COVID-19 response in Guyana	2/11/2021	HA	0.13
32	Six mobile field hospitals to support the COVID-19 response in Panama	2/3/2021	HA	5.48

USSOUTHCOM CARES Act-Funded Projects (cont'd)

No.	Description of Procurement	Date Project Was First Recorded in GFEBS or the DAI System ¹	Expense Category	Amount (in Millions) ²
33	Portable oxygen concentrators to support the COVID-19 response in Chile	7/29/2021	HA ³	0.04
34	Mobile field hospital to support the COVID-19 response in Suriname	6/23/2021	HA	0.87
35	Mobile field hospital to support the COVID-19 response in St. Vincent and the Grenadines	4/5/2021	HA	1.35
36	Mobile field hospital to support the COVID-19 response in Antigua and Barbuda	4/5/2021	HA	1.28
37	Mobile field hospital to support the COVID-19 response in St. Lucia	4/8/2021	HA	0.68
38	Mobile field hospitals to support the COVID-19 response in St. Kitts and Nevis	4/6/2021	HA	1.28
39	Oxygen generator plants to support the COVID-19 response in Paraguay	5/20/2021	HA	0.67
40	Eleven COVID-19 vaccine storage units to support the COVID-19 response in Haiti	5/13/2021	HA	0.16
41	Medical equipment to support the COVID-19 response in Uruguay	4/26/2021	HA	0.01
42	Vaccine storage units to support the COVID-19 response in Guatemala	3/11/2021	HA	0.02
43	PPE to support the COVID-19 response in Peru	3/4/2021	HA	0.03
44	PPE and cleaning supplies to support the COVID-19 response in Honduras	10/16/2020	HA	0.02
45	PPE, screening supplies, and medical supplies to support the COVID-19 response in Honduras	1/26/2021	HA	0.01
46	Face masks to support the COVID-19 response in Guatemala	12/10/2020	HA	0.01
47	COVID-19 vaccine storage units to support the COVID-19 response in Guatemala	3/11/2021	HA	0.02
48	PPE to support the COVID-19 response in Honduras	11/16/2020	HA	0.03

USSOUTHCOM CARES Act-Funded Projects (cont'd)

No.	Description of Procurement	Date Project Was First Recorded in GFEBS or the DAI System ¹	Expense Category	Amount (in Millions) ²
49	Portable handwashing stations to support the COVID-19 response in Costa Rica	4/26/2021	HA ³	0.03
50	Portable handwashing stations, PPE, and cleaning supplies to support the COVID-19 response in El Salvador	1/5/2021	HA	0.02
51	Portable handwashing stations to support the COVID-19 response in Costa Rica	4/16/2021	HA	0.03
52	Medical supplies, cleaning supplies, and cleaning equipment to support the COVID-19 response in Uruguay	1/25/2021	HA	0.01
53	PPE to support the COVID-19 response in Honduras	2/19/2021	HA	0.004
54	Portable handwashing stations to support the COVID-19 response in Costa Rica	4/16/2021	HA	0.03
55	Equipment and supplies to support the COVID-19 response in Uruguay	2/2/2021	HA	0.008
56	PPE to support the COVID-19 response in Peru	3/4/2021	HA	0.03
57	PPE to support the COVID-19 response in Panama	11/18/2020	HA	0.03
58	PPE, medical supplies, and cleaning supplies to support the COVID-19 response in El Salvador	5/25/2021	HA	0.007
59	PPE to support the COVID-19 response in El Salvador	4/16/2021	HA	0.004
60	Medicine, medical supplies, and cleaning supplies to support the COVID-19 response in Haiti	3/4/2021	HA	0.03
61	PPE to support the COVID-19 response in Honduras	3/19/2021	HA	0.02
62	Portable handwashing stations to support the COVID-19 response in Costa Rica	4/26/2021	HA	0.03
63	Digital thermometers to support the COVID-19 response in Paraguay	3/2/2021	HA	0.03
64	PPE to support the COVID-19 response in Peru	6/2/2021	HA	0.03

USSOUTHCOM CARES Act-Funded Projects (cont'd)

No.	Description of Procurement	Date Project Was First Recorded in GFEBs or the DAI System ¹	Expense Category	Amount (in Millions) ²
65	Portable handwashing stations to support the COVID-19 response in Costa Rica	11/30/2020	HA ³	0.03
66	Face masks to support the COVID-19 response in Guatemala	3/22/2021	HA	0.01
67	PPE and cleaning supplies to support the COVID-19 response in St. Lucia	8/6/2021	HA	0.03
68	Medical equipment and supplies to support the COVID-19 response in Trinidad and Tobago	10/28/2020	HA	0.02
69	PPE to support the COVID-19 response in Panama	2/4/2021	HA	0.03
70	PPE to support the COVID-19 response in Panama	1/26/2021	HA	0.03
71	PPE and cleaning supplies to support the COVID-19 response in Honduras	10/16/2020	HA	0.02
72	Portable handwashing stations to support the COVID-19 response in Costa Rica	4/16/2021	HA	0.03
73	PPE to support the COVID-19 response in Honduras	12/21/2020	HA	0.02
74	Bleach to support the COVID-19 response in Guatemala	12/9/2020	HA	0.01
75	PPE to support the COVID-19 response in Panama	3/8/2021	HA	0.03
76	PPE to support the COVID-19 response in Belize	3/2/2021	HA	0.01
77	PPE to support the COVID-19 response in the Dominican Republic	1/7/2021	HA	0.03
78	Portable handwashing stations to support the COVID-19 response in Costa Rica	4/16/2021	HA	0.03
79	PPE to support the COVID-19 response in Peru	3/4/2021	HA	0.03
80	Portable handwashing stations to support the COVID-19 response in Costa Rica	2/3/2021	HA	0.03
81	Medical equipment to support the COVID-19 response in Honduras	3/31/2021	HA	0.03

USSOUTHCOM CARES Act-Funded Projects (cont'd)

No.	Description of Procurement	Date Project Was First Recorded in GFEBS or the DAI System ¹	Expense Category	Amount (in Millions) ²
82	PPE to support the COVID-19 response in Honduras	12/21/2020	HA ³	0.01
83	PPE to support the COVID-19 response in Trinidad and Tobago	12/21/2020	HA	0.08
84	Oxygen tanks to support the COVID-19 response in Paraguay	4/27/2021	HA	0.08
85	Ventilators to support the COVID-19 response in Peru	10/29/2020	HA	0.14
Total				\$33.45⁴

¹ The project date represents the date USSOUTHCOM was authorized to obligate CARES Act funds for the HA project in the DAI system, or the date when the IT equipment project was recorded in GFEBS.

² USSOUTHCOM provided the dollar value of IT equipment projects they reported in GFEBS, as of June 30, 2021, and the value of six humanitarian assistance projects within our sample funded through a Defense Logistics Agency group purchase. DSCA provided the dollar value of humanitarian assistance projects USSOUTHCOM reported in the DAI system as of August 17, 2021.

³ Humanitarian Assistance.

⁴ The total amount of CARES Act funds USSOUTHCOM executed (\$33.45 million) does not equal the sum of the amounts listed in the table (\$33.47 million) due to rounding.

Source: The DoD OIG, USSOUTHCOM, GFEBS, and DAI system.

Management Comments

Defense Security Cooperation Agency



DEFENSE SECURITY COOPERATION AGENCY
2800 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-2800

AUG 18 2022
AUG 18 2022

MEMORANDUM FOR INSPECTOR GENERAL OF THE DEPARTMENT OF
DEFENSE

SUBJECT: Response to the Department of Defense Office of Inspector General (OIG) Draft Report, "Audit of U.S. Southern Command's Execution of Coronavirus Aid, Relief, and Economic Security Act Funding" (Project No. D2021-D000RH-0142.002)

Thank you for providing a copy of the draft report regarding U.S. Southern Command's Execution of Coronavirus Aid, Relief, and Economic Security Act Funding. As requested, the Defense Security Cooperation Agency (DSCA) has reviewed the document and provided the following comments for usage in preparation of the final report.

FINDING and RECOMMENDATION 1: The DSCA Lacked Controls Over Changes in Project Funding Sources (page 15). We recommend that the DSCA Director require geographic combatant commands that receive reprogrammed funds with a more limited and specifically defined funding purpose, to submit changes that alter the funding source of an approved humanitarian assistance project for review and approval by appropriate stakeholders to ensure that anticipated project changes are justified and comply with Federal laws and DoD policies and procedures.

DSCA RESPONSE: Concur. No later than the end of FY2023, DSCA will update DSCA Manual 5105.38-M, Security Assistance Management Manual (SAMM) procedures to require geographic combatant commands that receive reprogrammed funds with a more limited and specifically defined funding purpose to obtain additional approval from DSCA before altering the funding source of an approved humanitarian assistance project. This will ensure that anticipated funding source changes are justified and comply with Federal laws and DoD policies and procedures.

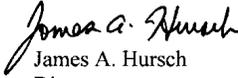
FINDING and RECOMMENDATION 3: DSCA Controls to Approve Project Cost Increases Are Not Always Effective (page 19). We recommend that the Defense Security Cooperation Agency Director and the U.S. Southern Command Humanitarian Assistance Program Manager implement internal controls that ensure the combatant command workforce complies with existing policy to obtain additional Defense Security Cooperation Agency concurrence to permit cost increases above 10 percent of approved project amounts, before committing additional funding to humanitarian assistance projects.

DSCA RESPONSE: Concur. No later than the end of FY2023, DSCA will develop a tracking tool in the Overseas Humanitarian Assistance Shared Information System (OHASIS) to identify any project funds commitments which exceed the approved project cost to any extent in order to alert DSCA and the combatant command that additional DSCA approvals will be needed for the associated projects if funds commitments are anticipated to exceed 10 percent of the approved project amount. Additionally, DSCA will support the U.S. Southern Command

Defense Security Cooperation Agency (cont'd)

Humanitarian Assistance Program Manager on the implementation of internal controls at U.S. Southern Command to ensure that the command's workforce complies with existing policy to obtain additional DSCA permission for cost increases above 10 percent of approved project amounts before committing additional funding to humanitarian assistance projects.

Please direct any questions or comments regarding this response to my audit liaison, [REDACTED]


James A. Hursch
Director

U.S. Southern Command

REPLY TO
ATTENTIO OF

DEPARTMENT OF DEFENSE
UNITED STATES SOUTHERN COMMAND
9301 NW 33RD ST
DORAL, FL 33172-1217

SCJ8

19 August 2022

MEMORANDUM FOR DOD OIG, 4800 Mark Center Drive, Alexandria, VA 22350-1500

SUBJECT: Audit of U.S. Southern Command's Execution of Coronavirus Aid, Relief, and Economic Security Act Funding

1. Reference: Project No. D2021-D000RH-0142.002.
2. Discussion: With regards to the findings and recommendations contained in Project No. D2021-D000RH-0142.002 the USSOUTHCOM response is as follows:
 - Recommendation 1. Concur. USSOUTHCOM Humanitarian Assistance will coordinate with DSCA to establish controls for "reprogrammed funds with a more limited and specifically defined funding purpose" to ensure DSCA maintains oversight and overall program management responsibilities. Fiscal management of normally appropriated Overseas Humanitarian, Disaster, and Civic Aid (OHDACA) funds will be planned and executed IAW policies provided in DSCA Manual 5105-38-M. All such corrective actions will be implemented before 31 March 2023.
 - Recommendation 2. Response: Concur. The USSOUTHCOM Humanitarian Assistance Program Manager will develop and incorporate a project decision matrix for the use of the USSOUTHCOM Humanitarian Assistance team that identifies when a project requires additional review and approval and flag those projects for the Program Director's review. The Program Director will coordinate with DSCA for final disposition of the project. These corrective actions are being implemented now and will be completed before 31 March 2023.
 - Recommendation 3. Response: Concur. USSOUTHCOM HA will coordinate with and comply with proposed DSCA efforts to develop a tracking tool in the Overseas Humanitarian Assistance Shared Information System (OHASIS) program management tool to identify any project funds commitments which exceed the approved project cost. Any projects projected to exceed 10 percent of the approved project amount will be submitted to DSCA for permission to advance. The HA program manager will seek DSCA permission for cost increases above 10 percent of the approved project amount before committing additional funds. These corrective actions will be implemented before 31 March 2023.
3. The point of contact for this action is the undersigned, available by phone at [REDACTED] or via email at [REDACTED]

WORRELL.DWA

YNE

Mr. Dwayne Worrell
Comptroller, J8
USSOUTHCOM

Acronyms and Abbreviations

CARES Act	Coronavirus Aid, Relief, and Economic Security Act
COVID-19	Coronavirus Disease–2019
DAI	Defense Agencies Initiative
DSCA	Defense Security Cooperation Agency
GFEBs	General Fund Enterprise Business System
IT	Information Technology
MIPR	Military Interdepartmental Purchase Request
OASA(FM&C)	Office of the Assistant Secretary of the Army (Financial Management and Comptroller)
OHASIS	Overseas Humanitarian Assistance Shared Information System
OHDACA	Overseas Humanitarian, Disaster, and Civic Aid
PPE	Personal Protective Equipment
USSOUTHCOM	U.S. Southern Command
USD(C)/CFO	Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD

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U.S. DEPARTMENT OF DEFENSE

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