



## MEMORANDUM

**DATE:** February 26, 2021

**TO:** USAID/India Acting Mission Director, Ramona M. EL Hamzaoui

**FROM:** USAID OIG Asia Regional Office USDH NFA Coordinator, James C. Charlifue /s/

**SUBJECT:** Financial Audit of Tuberculosis Health Action Learning Initiative, Pool 2 Program in India Managed by Karnataka Health Promotion Trust, Cooperative Agreement AID-386-A-16-00005, April 1, 2019 to March 31, 2020 (5-386-21-014-R)

This memorandum transmits the final audit report on the Tuberculosis Health Action Learning Initiative, Pool 2 Program in India managed by Karnataka Health Promotion Trust (KHPT). KHPT contracted with the independent certified public accounting firm of Bansal & Co. LLP to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards and the USAID Financial Audit Guide for Foreign Organizations. However, it did not fully comply with the requirements on having a continuing professional education program and external quality reviews. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on the recipient's fund accountability statement, the effectiveness of its internal control, or its compliance with the award, laws, and regulations.<sup>1</sup>

The audit objectives were to: (1) express an opinion on whether KHPT's fund accountability statement for the period audited was presented fairly, in all material respects; (2) evaluate KHPT's internal controls; (3) determine whether KHPT complied with the agreement terms (including cost-sharing contributions), and applicable laws and regulations; and (4) determine if KHPT had taken corrective actions on prior audit report recommendations. The audit firm stated that there were no prior audit recommendations. To answer the audit objectives, Bansal

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<sup>1</sup> We reviewed the audit firm's report for conformity with professional reporting standards. Our desk reviews are typically performed to identify any items needing clarification or issues requiring management attention. Desk reviews are limited to review of the audit report itself and excludes review of the auditor's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

& Co. LLP reviewed the program documents, applicable guidelines and regulations, as well as recipient's financial and management policies; examined KHPT's fund accountability statement and supporting documentation; obtained sufficient understanding of KHPT's internal control systems and assessed control risks; and tested compliance with agreement terms, applicable laws, and regulations. The audit covered program revenues and costs of \$1,386,530 and \$1,115,336, respectively, from April 1, 2019 to March 31, 2020.<sup>2</sup>

Bansal & Co. LLP concluded that the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the agreement for the period audited. The audit firm did not identify any questioned costs, material weaknesses in internal control, or material instances of noncompliance. Regarding the review of cost-sharing contributions, the audit firm reported that the recipient contributed \$336,344 during the period audited, and a total of \$761,483 as of March 31, 2020, which fully satisfies the total cost-sharing requirement of \$757,582. The audit firm did not report any questioned costs on the contributions during the period audited.

During our desk review, we noted issues that the audit firm will need to address in future audit reports. We presented these issues in a memorandum to the controller dated February 26, 2021.

The report does not include any recommendations.

OIG does not routinely distribute independent public accounting reports beyond the immediate addressees because a high percentage of these reports contain information restricted from release under the Trade Secrets Act, 18 U.S.C. 1905 and Freedom of Information Act Exemption Four, 5 U.S.C. 552(b)(4) ("commercial or financial information obtained from a person that is privileged or confidential").

Attachment: a/s

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<sup>2</sup> The total expenditures of \$1,302,718 for the audited period (page 18 of the report) included costs incurred by subawardees of \$187,382. According to the audit firm, these costs were not subjected to audit. It audited only the costs directly incurred by KHPT totaling \$1,115,336.