



MEMORANDUM

DATE: August 8, 2018

TO: USAID/India Mission Director, Mark A. White

FROM: Regional Inspector General/Manila, Matthew Rathgeber /s/

SUBJECT: Financial Audit of the Reproductive Maternal Newborn and Child Health Alliance Program in India Managed by the Impact Foundation (India), Cooperative Agreement AID-386-A-13-00002, April 1, 2016, to March 31, 2017 (5-386-18-029-R)

This memorandum transmits the final audit report on the Reproductive Maternal Newborn and Child Health Alliance Program in India. Impact Foundation (India) contracted the independent certified public accounting firm of A B Kanabar & Co. to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards (GAGAS) and USAID OIG Guidelines for Financial Audits Contracted by Foreign Recipients.¹

A B Kanabar & Co. stated that it performed its audit in accordance with GAGAS except that it did not fully comply with the requirements on having a continuing professional education program and external quality control reviews. A B Kanabar & Co. is responsible for the enclosed auditor's 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.²

The audit objectives were to (1) express an opinion on whether the recipient's fund accountability statement for the period audited was presented fairly, in all material respects;

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and contractors as a management function. The mission, however, asked the auditors in its contract to follow the Guidelines, and this contracted audit followed those Guidelines.

² 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.

(2) evaluate the recipient's internal controls; (3) determine whether the recipient complied with agreement terms and applicable laws and regulations; and (4) determine if the recipient had taken adequate corrective actions on prior audit recommendations. To answer the audit objectives, A B Kanabar & Co. reviewed program documents and procedures; internal control systems; and tested compliance with agreement terms and applicable laws and regulations. The audit covered program revenues and costs of \$898,609 and \$961,799, respectively, from April 1, 2016, to March 31, 2017.

A B Kanabar & Co. 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, significant deficiencies or material weaknesses in internal control, or material instances of noncompliance.

In response to our inquiry, the mission confirmed that the recipient did not have a cost-sharing requirement and USAID-authorized provisional indirect cost rate in the cooperative agreement. Furthermore, the audit firm reported that there were no prior audit recommendations.

During our desk review, we noted several issues in the audit report which the audit firm will need to address in future audit reports. We presented these issues in a memorandum to the controller dated August 8, 2018.

Given the above results of our review of the report, we are not making any recommendations. We appreciate the assistance extended to audit staff during the engagement.

The 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