



MEMORANDUM

DATE: June 25, 2019

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

FROM: USAID OIG Asia Regional Office Audit Director, Matthew Rathgeber /s/

SUBJECT: Financial Audit of the South Asia Regional Initiative for Energy Integration Program in India Managed by Integrated Research and Action for Development, Cooperative Agreement AID-386-A-12-00006, April 1, 2017, to March 31, 2018 (5-386-19-042-R)

This memorandum transmits the final audit report of the South Asia Regional Initiative for Energy Integration Program in India. Integrated Research and Action for Development (IRADe) contracted Bansal & Co. to conduct the audit. The contract required the audit firm to perform the audit in accordance with U.S. generally accepted government auditing standards (GAGAS) and USAID OIG Guidelines for Financial Audits Contracted by Foreign Recipients.¹

Bansal & 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. Bansal & 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 IRADe's fund accountability statement for the period audited was presented fairly, in all material respects; (2) evaluate IRADe's internal controls; and (3) determine whether IRADe complied with agreement terms and applicable laws and regulations. To answer the audit objectives, Bansal & Co. reviewed program documents and procedures; examined the fund accountability statement; evaluated

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and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 that 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.

IRAD's internal control systems; and tested compliance with agreement terms and applicable laws and regulations. The audit covered program revenues and costs of \$784,145 and \$828,917,³ respectively, from April 1, 2017, to March 31, 2018.

Bansal & 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.

The audit firm reported that (1) the agreement did not require cost-sharing contributions; (2) the recipient has no USAID-authorized provisional indirect cost rate; and (3) there were no outstanding prior audit recommendations.

During our desk review, we noted several minor issues which the audit firm will need to address in future audit reports. We presented these issues in a memorandum to the controller dated June 25, 2019.

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

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

³ Expenditures under the program totaled \$837,026. This included \$8,109 in total costs incurred by a subrecipient, Consumer Unity and Trust Society, of which costs were not subject to audit. Only costs totaling \$828,917, expended by IRADe, were subject to this audit.