



MEMORANDUM

DATE: June 26, 2020

TO: USAID/Nepal Mission Director, Adriana Hayes

FROM: USAID OIG Asia Regional Office Audit Director, James C. Charlifue /s/

SUBJECT: Financial Audit of the Nepal CRS Company Pvt. Ltd. Under Multiple USAID Awards, July 17, 2018 to July 16, 2019 (5-367-20-056-R)

This memorandum transmits the final audit report of the Nepal CRS Company Pvt. Ltd. (CRS) under multiple USAID awards. CRS contracted with the independent certified public accounting firm of KB Chitracar & Co. to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards. However, it did not fully comply with the requirements on having a continuing professional education program and external quality control reviews. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on CRS's fund accountability statement; the effectiveness of its internal control; or its compliance with the awards, laws, and regulations.¹

The audit objectives were to (1) express an opinion on whether CRS's fund accountability statement for the period audited was presented fairly, in all material respects; (2) evaluate CRS's internal controls; (3) determine whether CRS complied with award terms (including cost-sharing) and applicable laws and regulations; (4) determine whether CRS has taken corrective actions on prior audit report recommendations. To answer the audit objectives, the audit firm examined the fund accountability statement and supporting documentation; evaluated the effectiveness of the design and operation of the internal control system; tested compliance with award terms and applicable laws and regulations; and assessed the status of prior audit recommendations. CRS was the prime recipient for one program and a subrecipient for

¹ 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.

another program. The audit covered program revenues and costs of \$2,651,456 and \$1,752,712, respectively from July 17, 2018 to July 16, 2019.²

KB Chitracar & Co. concluded that the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the agreements 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 CRS contributed \$758,525 for the period audited. The audit firm did not report any questioned costs on these contributions. Finally, the audit firm reported that four prior audit recommendations were satisfactorily addressed.

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 June 26, 2020.

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

² Of the total expenditures of \$1,752,712, \$1,725,925 was incurred under Cooperative Agreement AID-367-A-10-00002 (Ghar Ghar Maa Swaasthya Program) for which CRS was the prime recipient; and \$26,786 was incurred under Cooperative Agreement AID-OAAA-A-14-00028 (Possible Severe Bacterial Infection Program) for which CRS was a subrecipient (closed out on March 15, 2019). Due to the rounding difference, the sum of \$1,725,925 and \$26,786 was \$1 less than the total expenditures of \$1,752,712.