



MEMORANDUM

DATE: June 30, 2020

TO: USAID/India Acting Mission Director, Keith E. Simmons

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

SUBJECT: Financial Audit of Tuberculosis Health Action Learning Initiative (THALI), Pool 2 Program in India Managed by Karnataka Health Promotion Trust, Cooperative Agreement AID-386-A-16-00005, April 1, 2018 to March 31, 2019 (5-386-20-058-R)

This memorandum transmits the final audit report on the financial audit of Tuberculosis Health Action Learning Initiative (THALI), 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 (GAGAS) and the USAID Financial Audit Guide for Foreign Organizations. However, its continuing education program and external quality reviews do not fully satisfy GAGAS requirements. 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.¹

The audit objectives were to: (1) express an opinion whether the 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) ascertain if KHPT had taken corrective action on prior audit recommendations. To answer the audit objectives, Bansal & Co. LLP reviewed the cooperative agreement, relevant federal regulations, and program documents; verified records of transactions reported in the fund accountability statement and examined supporting documentations; evaluated the recipient's control environment and its effectiveness; and conducted tests of its compliance with agreement terms, applicable laws, and regulations. The audit firm reported that there were no prior year recommendations to follow

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.

up on. The audit covered program revenues and costs of \$1,954,141 and \$1,469,825 respectively, from April 1, 2018 to March 31, 2019.²

Bansal & Co. LLP concluded that the recipient's fund accountability statement presented fairly, in all material respects, project 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 cost-sharing contributions, the audit firm reported that the recipient contributed \$425,139 during the fiscal year. The audit firm did not report any questioned costs on these contributions.

During our desk review, we noted issues, which the audit firm will need to address in future audit reports. We presented these issues to the mission in a memorandum to the controller dated June 30, 2020.

The report does not report 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

² The total expenditures of \$2,125,742 for the audited period include costs of \$655,917 incurred by subawardees. According to the audit firm, these costs were not subject to the audit per USAID Guidelines. Only costs of \$1,469,825, which KHPT directly incurred, were subject to the audit.