



MEMORANDUM

DATE: February 05, 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 Project in India Managed by the World Health Partners, Cooperative Agreement AID-386-A-16-00004, April 1, 2019, to March 31, 2020 (5-386-21-012-R)

This memorandum transmits the final audit report on the Tuberculosis Health Action Learning Initiative project in India managed by the World Health Partners (WHP). WHP contracted with the independent certified public accounting firm of Kumar Mittal & 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 WHP's fund accountability statement (FAS), 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 on whether WHP's FAS for the period audited was presented fairly, in all material respects; (2) evaluate WHP's internal controls; (3) determine whether WHP complied with award terms and applicable laws and regulations (including cost-sharing contributions); and (4) determine whether WHP had taken corrective actions on prior audit report recommendations. To answer the audit objectives, the audit firm examined the project's FAS and supporting documentation; evaluated the control environment, accounting systems, and control procedures; tested compliance with agreement requirements and applicable laws and regulations; and assessed the status of prior audit report

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.

recommendations. The audit covered revenues and costs of \$2,189,870 and \$1,811,184, respectively, for the period from April 1, 2019, to March 31, 2020.

The audit firm concluded that, except for the effect of the questioned costs totaling \$23,519 (ineligible), the FAS presented fairly, in all material respects, project revenues and costs incurred under the agreement for the period audited. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID/India determine the allowability of the \$23,519 in ineligible questioned costs and recover any amount determined to be unallowable.

The Auditor General identified one material weakness in internal control related to the questioned costs in the FAS and one material instance of noncompliance related to variances between WHP's books of accounts and the monthly expenditure report it submitted to USAID. Regarding cost-sharing contributions, the audit firm reported no contributions during the period audited. Per the audit report, WHP has fulfilled the required cost-sharing contributions of \$771,835. The audit firm also issued a management letter to WHP identifying other internal control matter. Finally, the audit firm noted that all prior audit findings had been resolved.

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 05, 2021.

To address the issues identified in the report, we recommend that USAID/India:

Recommendation 1. Verify that World Health Partners corrects the material weakness in internal control detailed on pages 35-36 of the audit report.

Recommendation 2. Verify that World Health Partners corrects the material instance of noncompliance detailed on page 39 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decisions.

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").