



## MEMORANDUM

**DATE:** February 26, 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 Level Up for Taps and Toilets in Slum Homes Program (Pass: Pani Aur Swachhata Mein Sajhedari) in India Managed by the Centre for Urban and Regional Excellence, Cooperative Agreement AID-386-A-15-00002, April 1, 2019, to March 31, 2020 (5-386-21-015-R)

This memorandum transmits the final audit report on the Level Up for Taps and Toilets in Slum Homes Program (Pass: Pani Aur Swachhata Mein Sajhedari) in India managed by the Centre for Urban and Regional Excellence (CURE). CURE 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 and the USAID Financial Audit Guide for Foreign Organizations. 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 CURE's fund accountability statement (FAS), the effectiveness of its internal control, or its compliance with the award, laws, and regulations.<sup>1</sup>

The audit objectives were to (1) express an opinion on whether CURE's FAS for the period audited was presented fairly, in all material respects; (2) evaluate CURE's internal controls; (3) determine whether CURE complied with award terms and applicable laws and regulations; and (4) determine whether CURE had taken corrective actions on prior audit report recommendations. The audit firm stated that an audit was not conducted in the prior period because it was not required. To answer the audit objectives, the audit firm examined the

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<sup>1</sup> 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.

project's FAS and supporting documentation; evaluated the control environment, accounting systems, and control procedures; and tested compliance with agreement requirements and applicable laws and regulations. The audit covered project revenues and costs of \$1,127,967 and \$1,016,577, respectively, for the period from April 1, 2019, to March 31, 2020.<sup>2</sup>

The audit firm concluded that the FAS presented fairly, in all material respects, project revenues and costs incurred under the agreement for the period audited. The audit firm did not report any questioned costs, material weaknesses in internal control, and material instances of noncompliance.

Accordingly, we are not making any recommendations.

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 26, 2021.

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").

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<sup>2</sup> The total cost incurred of \$1,039,182 for the audited period (page 15 of the report) included disbursements to subawardees amounting to \$22,605. According to the audit firm, these costs were not subjected to audit. It audited only the costs directly incurred by CURE totaling \$1,016,577.