



MEMORANDUM

DATE: March 16, 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 and Closeout Audit of Resource Group for Education and Advocacy for Community Health Under Multiple USAID Awards in India, April 1, 2019, to March 31, 2020 (5-386-21-016-R)

This memorandum transmits the final audit report of the Resource Group for Education and Advocacy for Community Health (REACH) under the following USAID awards:

Award Name	Award No.	Audited Period
Tuberculosis Call to Action (TBC2A)	AID-386-A-16-00002	April 1, 2019 to January 14, 2020 (closeout)
Reaching the Last Mile Towards TB Elimination – The Accountability Leadership by Local Communities for Inclusive, Enabling Services	72038619CA00004	September 26, 2019 to March 31, 2020

REACH contracted with the independent certified public accounting firm of P.K. Chopra & Co. 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. Additionally, due to the lockdown related to the COVID-19 pandemic, the audit firm was unable to (1) verify and comment on internal controls because it did not visit the REACH office, and (2) physically verify fixed assets and to provide assurance for the proper disposition and utilization of all assets. Since the TBC2A project is a closeout audit, we bring to the mission's attention for consideration of further action to determine whether all assets procured with USAID funds were disposed of in accordance with the terms of the agreement.

The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on REACH's fund accountability statement (FAS), 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 REACH's FAS for the period audited was presented fairly, in all material respects; (2) evaluate REACH's internal controls; (3) determine whether REACH complied with award terms and applicable laws and regulations (including cost-sharing contributions); and (4) determine whether REACH had taken corrective actions on prior audit report recommendations. The audit firm stated that there were no prior audit recommendations. To answer the audit objectives, the audit firm examined the projects' 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 \$1,149,479 and \$1,115,659, respectively, for the period from April 1, 2019, to March 31, 2020.

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

Regarding the review of cost-sharing contributions required under the TBC2A project, the audit firm reported that REACH contributed \$217,062 during the period audited and a total of \$358,942 as of the end of the award. The audit firm did not report any questioned costs on the contributions during the period audited. Since the budgeted amount required by the agreement was \$595,238, there was a cost-sharing shortfall of \$236,296. We bring this to the mission's attention for consideration of further action to determine if the mission needs to recover the cost-sharing shortfall of \$236,296.

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 March 16, 2021.

The report does not include any recommendations.

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").

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.