



MEMORANDUM

DATE: March 25, 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 Multiple USAID Awards in India Managed by IPE Global Limited, April 1, 2019, to March 31, 2020 (5-386-21-018-R)

This memorandum transmits the final audit report of IPE Global Limited (IPE Global) under the following USAID awards:

Award Name	Award No.	Audited Period
Scaling-Up Interventions in Reproductive, Maternal, Neonatal, Child and Adolescent Health Program (Scaling-Up RMNCH+A program)	AID-386-A-14-00001	April 1, 2019 – March 31, 2020
Ending Preventable Maternal and Child Deaths Among India's Urban Poor Program	AID-386-A-15-00014	April 1, 2019 – March 31, 2020

IPE Global 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) physically verify fixed assets, and (2) obtain proper assurance of the effectiveness of internal controls because the employees were not present in the office. Also, the audit firm indicated that it did not audit costs of

\$514,417 incurred by two subrecipients.¹ 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.²

The audit objectives were to: (1) express an opinion whether IPE Global's fund accountability statement for the period audited was presented fairly, in all material respects; (2) evaluate IPE Global's internal controls system; (3) determine whether IPE Global complied with the agreement terms (including cost-sharing contributions), and applicable laws and regulations; and (4) determine if IPE Global had taken adequate corrective actions on prior audit report recommendations. To answer the audit objectives, IPE Global reviewed the program documents, applicable guidelines and regulations, as well as recipient's policies and procedures; examined IPE Global's fund accountability statement and supporting documentation; obtained understanding of its internal control systems and assessed control risks; tested compliance with agreement terms, laws and regulations; and assessed the status of prior audit report recommendations. The audit covered program revenues and costs of \$4,696,306 and \$4,052,046, respectively, for the period from April 1, 2019, to March 31, 2020.³

P.K. Chopra & 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. The audit firm also reported that all prior audit findings had been resolved except for one that is being resolved.

Regarding the review of cost-sharing contributions required under the Scaling-Up RMNCH+A program, the audit firm reported that there were no cost-sharing contributions during the period audited. Hence, no review of cost-sharing contributions was performed. The life-of-project cost-sharing contributions required by the agreement was \$1,000,000 or Indian Rupees 60,000,000. The audit report did not disclose the cumulative contributions provided by IPE Global as of the audit period ending March 31, 2020. Since the award was ending May 25, 2020 (later extended to May 25, 2021 as indicated by the mission) and with the audit report not addressing if the cumulative contributions met the life-of-project cost-sharing budget, we bring this to the mission's attention for consideration of further action. Specifically, to determine at the end of the award whether

¹ Subrecipients' costs of \$514,417 consisted of: (1) \$415,108 incurred by a non-U.S. organization which expended less than \$750,000 in USAID funds during its fiscal year, which was exempt from the audit requirements; and (2) \$99,309 incurred by a U.S. organization under a fixed amount sub-contract, which was exempt from the audit requirements. Please refer to ADS Chapter 591.3.2.1.c and 591.3.1.2.

² 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.

³ The total costs incurred of \$4,566,463 for the audited period (\$3,163,766 plus \$1,402,697 on pages 23 and 24 of the report) included disbursements to subawardees amounting to \$514,417. According to the audit firm, these costs were not subjected to audit as discussed on pages 1-2 of this memorandum. It audited only the costs directly incurred by IPE Global totaling \$4,052,046.

(1) the cumulative contributions met the life-of-project cost-sharing budget, and (2) the mission needs to recover cost-sharing shortfall, if any.

During our desk review, we noted several 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 25, 2021.

The report does not include any recommendations.

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