



## 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 The Reproductive Maternal Newborn and Child Health Alliance Project in India Managed by the Impact Foundation (India), Cooperative Agreement AID-386-A-13-00002, April 1, 2019, to March 31, 2020 (5-386-21-019-R)

This memorandum transmits the final audit report on The Reproductive Maternal Newborn and Child Health Alliance Project in India managed by the Impact Foundation (India) (IMPACT). IMPACT contracted with the independent certified public accounting firm of A B Kanabar & 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, the audit firm disclosed that due to the lockdown related to the COVID-19 pandemic, the audit was conducted online, based on scanned copies of documents and accounting records made available to the auditors by electronic mode, and clarifications received through telephone and video conferences with key personnel.

The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on IMPACT'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 IMPACT's FAS for the period audited was presented fairly, in all material respects; (2) evaluate IMPACT's internal controls;

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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.

(3) determine whether IMPACT complied with award terms and applicable laws and regulations; and (4) determine whether IMPACT had taken corrective actions on prior audit report recommendations. The audit firm stated that an audit was not conducted in the prior period and there were no open findings in the preceding financial year.<sup>2</sup> 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; and tested compliance with agreement requirements and applicable laws and regulations. The audit covered project revenues and costs of \$958,030 and \$986,138, 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 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 March 25, 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> Audit was not required in the prior period because the annual expenditure did not meet the audit threshold of \$750,000.