



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 Partnership to Advance Clean Energy 2.0 "Smart Power for Advancing Reliable and Connectivity" Program in India Managed by KPMG Advisory Services Private Limited, Cooperative Agreement 72038618CA00003, April 01, 2019, to March 31, 2020 (5-386-21-020-R)

This memorandum transmits the final audit report on the Partnership to Advance Clean Energy 2.0 "Smart Power for Advancing Reliable and Connectivity" program in India managed by KPMG Advisory Services Private Limited (KASPL). KASPL 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 the recipient's fund accountability statement, 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 KASPL's fund accountability statement for the period audited was presented fairly, in all material respects; (2) evaluate KASPL's internal controls; (3) determine whether KASPL complied with the agreement terms (including cost-sharing contributions), and applicable laws and regulations; and (4) determine if

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.

KASPL 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, Bansal & Co. LLP reviewed the program documents, applicable guidelines and regulations, as well as KASPL's financial and management policies; examined KASPL's fund accountability statement and supporting documentation; obtained sufficient understanding of KASPL's internal control systems and assessed control risks; and tested compliance with agreement terms, applicable laws, and regulations. The audit covered program revenues and costs of \$920,326 and \$1,078,853 respectively, from April 1, 2019 to March 31, 2020.

Bansal & Co. LLP concluded that the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the agreement for the period audited. The audit firm did not identify any questioned costs material weaknesses in internal control, or material instances of noncompliance. Regarding the review of cost-sharing contributions, the audit firm reported that the recipient contributed \$89,311 during the period audited and a total of \$116,356 as of March 31, 2020. The cumulative contribution of \$116,356 is equivalent to 50.12 percent of the life-of-project cost-sharing budget of \$232,171. The audit firm did not report any questioned costs on the contributions during the period audited.

During our desk review, we noted issues that the audit firm will need to address. 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