



MEMORANDUM

DATE: April 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 Audit of the Project Sambhuya in India Managed by Solidarity and Action Against the HIV Infection in India, Cooperative Agreement AID-386-A-15-00006, April 1, 2019, to March 31, 2020 (5-386-21-023-R)

This memorandum transmits the final audit report on the Project Sambhuya: Engaging Private Sector to Improve Reproductive, Maternal, Neonatal, Child and Adolescent Health Outcomes in India managed by Solidarity and Action Against the HIV Infection in India (SAATHII). SAATHII contracted with the independent certified public accounting firm of Kumar Mittal & Co. to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards and 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 SAATHII's fund accountability statement (FAS); 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 SAATHII's FAS for the period audited was presented fairly, in all material respects; (2) evaluate the SAATHII's internal controls; (3) determine whether SAATHII complied with award terms (including cost-sharing contributions), and applicable laws and regulations; and (4) determine whether SAATHII had taken corrective actions on prior audit report recommendations. The mission confirmed that the agreement did not require cost-sharing contributions. To answer the audit objectives, the audit firm examined the project's FAS and supporting documentation; evaluated the control

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.

environment, accounting systems, and control procedures; tested compliance with agreement requirements and applicable laws and regulations; and assessed the status of prior audit report recommendations. The audit covered project revenue and costs of \$846,327 and \$896,279, respectively, for the period from April 1, 2019, to March 31, 2020.

The audit firm concluded that, except for the effect of the questioned costs totaling \$46 (ineligible), the FAS presented fairly, in all material respects, project revenues and costs incurred under the agreement for the period audited. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that USAID/India determine the allowability of the \$46 in questioned costs and recover any amount determined to be unallowable.

The audit firm did not identify any material instances of noncompliance but identified three material weaknesses in internal control. Since the project had ended and USAID/India does not have existing or planned awards with the recipient, we are not making any procedural recommendations. Further, some prior audit recommendations had not been satisfactorily addressed.

During our desk review, we noted several issues that the mission and the audit firm will need to address in future audit reports. We presented these issues in a memorandum to the controller dated April 16, 2021.

We are not making 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").