



MEMORANDUM

DATE: May 21, 2021

TO: USAID/Nepal Mission Director, Sepideh Keyvanshad

FROM: USAID OIG Asia Regional Office USDH NFA Coordinator, James C. Charlifue /s/

SUBJECT: Financial and Closeout Audit of Multiple USAID Awards Managed by Social Empowerment and Building Accessibility Center Nepal, July 17, 2019, to November 30, 2020 (5-367-21-027-R)

This memorandum transmits the final audit report of the Social Empowerment and Building Accessibility Center Nepal (SEBAC-Nepal) under the following USAID awards:

Award Name	Award No.	Audited Period
Safaa Paani (Wash Recovery Activity) (cooperative agreement)	AID-367-A-16-00001	July 17, 2019, to November 30, 2020 (closeout)
Good Nutrition (SUA AHARA II) (subaward from Helen Keller International)	AID-367-A-16-00006	July 17, 2019, to July 15, 2020
Good Nutrition (SUA AHARA II) (subaward from CARE-Nepal)	AID-367-A-16-00006	July 17, 2019, to June 30, 2020

SEBAC-Nepal contracted with the independent certified public accounting firm of K.B. Chitracar & Co. to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards. 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

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.

The audit objectives were to (1) express an opinion on whether SEBAC-Nepal's fund accountability statement for the periods audited, was presented fairly, in all material respects; (2) evaluate SEBAC-Nepal's internal controls; (3) determine whether SEBAC-Nepal complied with agreement terms (including cost-sharing contributions), and applicable laws and regulations; and (4) determine if SEBAC-Nepal had taken adequate corrective actions on prior audit report recommendations. To answer the audit objectives, K.B. Chitracar & Co. reviewed SEBAC-Nepal's project documents; examined SEBAC-Nepal's fund accountability statement and supporting documentation; obtained an understanding of the internal control system and assessed its effectiveness; tested compliance with the agreement terms, and applicable laws and regulations; and assessed the status of prior audit recommendations. The audit covered project revenues and costs of \$852,528 and \$892,732, respectively, from July 17, 2019, to November 30, 2020.

K.B. Chitracar & Co. concluded that the recipient's fund accountability statement presented fairly, in all material respects, project revenues and costs under the agreements for the periods 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, which is required under the Safaa Paani award and SUAAHARA II subaward from Helen Keller International, the audit firm reported that the recipient contributed \$144,289 and \$33,728 during the periods audited for the two awards, respectively. The audit firm did not report any questioned costs on these contributions. Further, the audit firm reported that the cumulative contributions provided by the recipient as of the audit periods ending November 30, 2020 and July 15, 2020 for the two awards, respectively, met the life-of-project cost-sharing contributions required by the awards. Finally, the audit firm noted that there are no unresolved audit findings in prior year.

During our desk review, we noted several issues that the mission and the audit firm will need to address in future audit reports. We also have a suggestion to the mission. We provided these issues and suggestion in a memorandum to the controller dated May 21, 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").