



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: May 12, 2023

TO: USAID/India Mission Director, Veena Reddy

FROM: USAID OIG Asia Regional Office Assistant Director, Rhonda M. Horried/s/

SUBJECT: Financial Audit of USAID India's Knowledge Partner for Health Project Managed by SWASTI Health Resource Centre, Award 72038618CA00001, April 1, 2021 to March 31, 2022 (5-386-23-012-R)

This memorandum transmits the final audit report of USAID India's Knowledge Partner for Health project managed by SWASTI Health Resource Centre, award 72038618CA00001, from April 1, 2021 to March 31, 2022. SWASTI contracted with the independent certified public accounting firm Kumar Mittal & CO. to conduct the audit. The audit firm stated it performed its audit in accordance with generally accepted government auditing standards. However, the audit firm disclosed that it did not have a continuing professional education program or an external quality control review that fully satisfies the standards' requirements. 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 schedule of expenditures of USAID awards, the effectiveness of its internal control, or its compliance with the award, laws, and regulations¹.

The audit objectives were to: (1) express an opinion on whether the schedule of expenditures of USAID awards for the period audited was presented fairly in all material respects; (2) evaluate SWASTI's internal controls; (3) determine whether SWASTI complied with award terms and applicable laws and regulations; and (4) determine whether SWASTI took adequate corrective actions on prior audit recommendations. To answer the audit objectives, the audit firm performed the subject financial audit that covered total costs of \$1,120,682 for the period from April 1, 2021 to March 31, 2022.

The audit firm concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, program revenues, and costs incurred under the award for the period audited except for \$3,465 in total ineligible questioned costs. The audit firm identified one

¹ We reviewed the audit firm's report for conformity with professional reporting standards. Our desk reviews are typically performed to identify items that need clarification or issues that require management attention. Desk reviews are limited to review of the audit report itself and exclude review of the auditor's supporting work papers; desk reviews are not designed to enable us to directly evaluate the quality of the audit performed.

instance of material noncompliance, and three material weaknesses in internal control pertaining to: (1) non-reversal of gratuity provision of resigned employee; (2) not reporting Goods and Services Tax invoices to USAID; and (3) not paying creditors expenses claimed in previous years. 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 \$3,465 in questioned costs and recover any amount determined to be unallowable. The audit firm issued a management letter. Further, the audit report included personally identifiable information (PII).

During our desk review, we noted areas for improvement which the audit firm should address in future audit reports. We presented these areas of improvement in a memo to USAID/India's controller dated May 12, 2023.

To address the issues identified in the report, we recommend that USAID/India:

Recommendation 1. Verify that SWASTI corrects the three material weaknesses in internal control detailed on pages 41-44 of the audit report.

Recommendation 2. Verify that SWASTI corrects the one instances of material noncompliance detailed on page 48 of the audit report.

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").