



MEMORANDUM

DATE: September 26, 2019

TO: USAID/India Acting Mission Director, Keith E. Simmons

FROM: USAID OIG Asia Regional Office Audit Director, James C. Charlifue /s/

SUBJECT: Financial Audit of Room to Read India Trust Under Multiple USAID Awards, April 1, 2017, to March 31, 2018 (5-386-19-057-R)

This memorandum transmits the final audit report on the multiple USAID awards managed by Room to Read India Trust (the recipient). The recipient contracted with the independent certified public accounting firm of Walker Chandiok & Co LLP to conduct the audit. The contract required the audit firm to perform the audit in accordance with U.S. generally accepted government auditing standards (GAGAS) and USAID OIG Guidelines for Financial Audits Contracted by Foreign Recipients.¹

Walker Chandiok & Co LLP stated that it performed its audit in accordance with U.S. GAGAS except that it did not fully comply with the requirements on having a continuing professional education program and external quality control reviews. Walker Chandiok & Co LLP is responsible for the enclosed auditor's 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 awards, laws, and regulations.²

The audit objectives were to: (1) express an opinion on whether the recipient's fund accountability statement for the period audited was presented fairly, in all material respects; (2) evaluate the recipient's internal controls; (3) determine whether the recipient complied with agreement terms (including cost-sharing contributions, if applicable), and applicable laws and regulations; (4) perform an audit of the indirect cost rate if the recipient has USAID-authorized

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and contractors as a management function. The mission, however, asked the auditors in its contract to follow the Guidelines, and this contracted audit follows those Guidelines.

² 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.

provisional indirect cost rate; and (5) determine whether the recipient has taken corrective actions on prior audit report recommendations. To answer the audit objectives, Walker Chandiok & Co LLP examined the fund accountability statement and supporting documentation; evaluated the recipient's internal control system; determined compliance with agreement terms and applicable laws and regulations; and assessed status of prior audit recommendations. The audit firm reported that (1) the recipient does not operate on a cost-sharing approach and (2) the recipient has no USAID-authorized provisional indirect cost rate. The audit covered project revenues and costs of \$1,752,158 each from April 1, 2017, to March 31, 2018.³

Walker Chandiok & Co LLP concluded that the fund accountability statement presented fairly, in all material respects, project revenues and costs incurred under the two awards for the period audited. The audit firm did not also identify any material weaknesses in internal control or material instances of noncompliance. Further, the audit firm reported that the prior audit recommendation had been satisfactorily addressed.

During our desk review, we noted several issues which the audit firm will need to address in future audit reports. We presented the issues in a memorandum to the controller dated September 26, 2019.

Given the above results of the audit, we are not making any recommendations for inclusion in USAID's Consolidated Audit and Compliance Tracking System. We appreciate the assistance extended during the engagement.

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

³ Of the total expenditures of \$1,752,158, \$1,531,289 was incurred under Cooperative Agreement AID-386A-15-00021 (Scaling Up Early Reading Intervention Program) for which Room to Read India was the prime recipient; and \$220,869 was incurred under grant CMF-RTR-EDU-20151203 (Providing basic literacy skills to children across 100 schools in Rajasthan) for which Room to Read India Trust was a subrecipient.

