



## OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

### MEMORANDUM

**DATE:** March 22, 2022

**TO:** USAID/India Mission Director, Veena Reddy

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

**SUBJECT:** Financial Audit of USAID India's Knowledge Partner for Health Project Managed by Swasti Health Resource Centre, Cooperative Agreement 72038618CA00001, April 1, 2020, to March 31, 2021 (5-386-22-012-R)

This memorandum transmits the final audit report on USAID India's Knowledge Partner for Health Project managed by Swasti Health Resource Centre (Swasti) for the period April 1, 2020, to March 31, 2022. Swasti contracted with the independent certified public accounting firm Kumar Mittal & Co. to conduct the audit. The audit firm stated that it performed the audit in accordance with generally accepted government auditing standards (GAGAS); however, its continuing professional education program and external quality control review do not fully satisfy GAGAS requirements. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Swasti's schedule of expenditures of USAID awards; the effectiveness of its internal control; or its compliance with the agreement terms, laws, and regulations.<sup>1</sup>

The audit objectives were to (1) express an opinion on whether Swasti's 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 agreement terms and applicable laws and regulations, and (4) determine if Swasti had taken corrective action on prior audit report recommendations. To answer the audit objectives, the audit firm performed the subject audit that covered \$807,671 and \$757,160 in USAID revenues and expenditures, respectively from April 1, 2020, to March 31, 2021.

The audit firm concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, project revenues, costs incurred and reimbursed by the recipient during

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<sup>1</sup> 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 audited period except for \$24,717 in questioned ineligible costs. The questioned costs are associated with the identified material weakness in internal controls and material noncompliance. The audit firm also identified one instance of significant deficiency in the recipient's internal controls. Since the questioned costs are below OIG's threshold of \$25,000 for making a recommendation, we are not making a recommendation. Nevertheless, we suggest that the mission determine the allowability of \$24,717 in questioned costs and recover any amount determined to be unallowable. In addition, we suggest that the mission determine if Swasti had addressed the significant deficiency noted.

With regards to prior year audit findings, the audit firm reported that the auditee had not resolved 3 of the 10 findings. The audit firm also issued a management letter to Swasti on other matters of internal control identified during the audit.

During our desk review, we noted issues that the audit firm will need to address in future audit reports. We presented these issues to the mission in a memorandum to the controller dated March 22, 2022.

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

Recommendation 1. Verify that Swasti Health Resource Centre corrects the material weakness in internal control detailed on pages 36 to 37 of the audit report.

Recommendation 2. Verify that Swasti Health Resource Centre corrects the instance of material noncompliance detailed on pages 41 to 42 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach a management decision.

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.")