



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: June 23, 2023

TO: USAID/India Mission Director, Veena Reddy

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

SUBJECT: Financial Audit of Multiple USAID Awards Managed by Piramal Swasthya Management and Research Institute in India, April 1, 2021, to March 31, 2022 (5-386-23-019-R)

This memorandum transmits the final audit report of Piramal Swasthya Management and Research Institute (PSMRI) under the following USAID awards:

Award Name (Type)	Award Number	Audit Period
Tribal TB Initiative & COVID-19 (cooperative agreement)	72038621CA00003	April 1, 2021 to March 31, 2022
Sub-recipient of Project Saksham (cooperative agreement)	AID.583717-01712991-SUB	October 1, 2021 to March 31, 2022

PSMRI contracted with the independent audit firm P. K. Chopra & Co. to conduct the audit. The audit firm stated it performed its audit in accordance with generally accepted government auditing standards and the USAID Financial Audit Guide for Foreign Organizations. However, the audit firm disclosed that it did not have: (1) an external peer review; and (2) a continuing professional education program that fully satisfy 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 PSMRI's schedule of expenditures of USAID awards, the effectiveness of its internal control, or its compliance with the awards, laws, and regulations.¹

The audit objectives were to: (1) express an opinion on whether PSMRI's schedule of expenditures for the period audited was presented fairly, in all material respects; (2) evaluate PSMRI's internal controls relevant to the project; and (3) determine whether PSMRI complied with awards terms and applicable laws and regulations. To answer the audit objectives, the audit

¹ We reviewed the audit firm's report for conformity with professional reporting standards. Our desk reviews are typically performed to identify any 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 working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

firm performed the subject financial audit that covered costs of \$2,663,162 for the audit period.

The audit firm questioned ineligible costs of \$1,003 and concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, program revenues and audited costs incurred under the award for the period from April 1, 2021, to March 31, 2022. The audit firm identified one material instance of noncompliance and one material weaknesses in internal control pertaining to the auditee reporting inaccurate total expenditures in its utilization certificates. 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 \$1,003 in questioned costs and recover any amount determined to be unallowable.

During our desk review, we noted an issue which the audit firm will need to address in future audit reports. We presented this issue in a memo to the controller dated June 23, 2023.

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

Recommendation 1. Verify that PSMRI corrects the 1 material weakness in internal control detailed on pages 28 of the audit report.

Recommendation 2. Verify that PSMRI corrects the 1 instance of material noncompliance detailed on pages 31 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"). In addition, USAID OIG has determined that this transmittal memo and the enclosed report are not subject to notification and reporting requirements under Section 5274 of the National Defense Authorization Act".²

² The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to oignotice_ndaa5274@usaid.gov.