



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: October 16, 2023

TO: USAID/India Mission Director, Veena Reddy

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

SUBJECT: Financial Audit of USAID Resources Managed by KPMG Advisory Services Private Limited Under Multiple Awards in India for the Period March 18, 2021, to May 26, 2022 (5-386-24-001-R)

This memorandum transmits the final report on the financial audit of the following USAID awards managed by KPMG Advisory Services Private Limited (KASPL), India for the period March 18, 2021, to May 26, 2022:

| Award Name (Type) | Award Number | Audit Period |
|--|---------------------|---------------------------------|
| Partnership to Advance Clean Energy 2.0 – Smart Power for Advancing Reliability and Connectivity (Cooperative Agreement) [Close-out] | 72038618CA00003 | April 1, 2021 – May 26, 2022 |
| Support for Water and Sanitation in India (Contract) | 72038621C00001 | March 18, 2021 – March 31, 2022 |

KASPL contracted with the independent audit firm Bansal & Co. LLP to conduct the audit. The audit firm stated it performed its audit in accordance with generally accepted government auditing standards (GAGAS) and USAID Financial Audit Guide for Foreign Organizations. However, the audit firm did not have continuing professional education and external quality control review programs 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 KASPL's schedule of expenditures of USAID awards; the effectiveness of its internal control; or its compliance with the awards' terms, 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 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.

The audit objectives were to: (1) express an opinion on whether the KASPL's schedule of expenditures of USAID awards for the period audited was presented fairly, in all material respects; (2) evaluate and obtain an understanding of its internal controls relevant to the projects audited; and (3) perform tests to determine whether it had complied with the awards' terms, applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject audit that covered expenditures of \$3,340,262, for the audited period.²

The audit firm concluded that KASPL's schedule of expenditure of USAID awards presented fairly, in all material respects, the projects' revenues and costs incurred and reimbursed during the audited period. The audit firm did not identify any questioned costs, material weaknesses in internal control, or material instances of noncompliance.

During our desk review, we noted some areas for improvement which the audit firm should address in its future audit reports. We presented these deficiencies in a memorandum to the Controller dated October 16, 2023.

This report does not include any recommendations for your action.

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.³

² This amount represents total audited expenditures of \$1,155,093 incurred under the Smart Power for Advancing Reliability and Connectivity project, plus \$2,185,169 of net audited expenditures incurred under the Support for Water and Sanitation in India [\$2,596,432 of total costs minus unaudited subawards in the amount of \$411,263].

³ 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.