



MEMORANDUM

DATE: January 27, 2020

TO: USAID/Armenia Mission Director, Deborah Greiser

FROM: USAID OIG Middle East and Eastern Europe (ME/EE) Regional Office, USDH NFA Coordinator, Abdoulaye Gueye /s/

SUBJECT: Audit of Fund Accountability Statement of Territorial Development Fund of Armenia, Local Governance Reform Program in Armenia, Cooperative Agreement AAG-111-G-13-001, January 1 to December 31, 2018 (8-111-20-008-N)

This memorandum transmits the final audit of the fund accountability statement of Territorial Development Fund of Armenia, Local Governance Program in Armenia, cooperative agreement AAG-111-G-13-001, January 1 to December 31, 2018. USAID/Armenia contracted with the independent certified public accounting firm BDO Armenia-CJSC to conduct the audit. The audit firm states that it performed its audit in accordance with the Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States. However, it did not have an external quality control review program and continuing education program that fully satisfies the standards' requirements. The audit firm explained that Armenia does not offer such a review program. The audit firm is responsible for the enclosed auditor's report and the conclusions expressed in it. We do not express an opinion on the auditee's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.

The audit objectives were to (1) express an opinion on whether the fund accountability statement for the period audited was presented fairly, in all material respects; (2) evaluate the auditee's internal controls; (3) determine whether the auditee complied with the award terms and applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$1,563,383, from January 1 to December 31, 2018.

The auditors expressed an unmodified opinion on the fund accountability statement and did not identify any questioned costs. The audit firm did not identify any material weaknesses or significant deficiencies in internal control, or any material instances of noncompliance with the agreement

terms, conditions and applicable laws and regulations. Further, the audit firm issued a management letter.

During our desk review, we noted minor issues which the audit firm will need to address in future audit reports. We presented these issues in a memo to the controller, dated January 27, 2020.

The report does not include any recommendations for your action.

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”).