



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** February 22, 2023

**TO:** USAID/Armenia Mission Director, John Allelo

**FROM:** USAID/OIG Middle East and Eastern Europe (ME/EE) Regional Office, Assistant Audit Director, David Clark/s/

**SUBJECT:** Audit of the Schedule of Expenditures of Eurasia Partnership Foundation Under Multiple Awards in Armenia, January 1 to December 31, 2021 (8-111-23-016-R)

This memorandum transmits the final audit report on Eurasia Partnership Foundation (EPF) incurred costs under the following awards:

<b>Award Name (Type)</b>	<b>Award Number</b>	<b>Period</b>	<b>Sub-implementer</b>
Data for Accountable and Transparent Action Project (cooperative agreement)	72011120CA0 0002	January 1 to December 31, 2021	n/a
Media for Informed Civic Engagement Project (sub grant)	MICE/MIC-EPF-01	January 1 to December 31, 2021	Eurasia Partnership Foundation
Civic Engagement in Local Governance Project (sub grant)	AID-14-1001	January 1 to December 31, 2021	Eurasia Partnership Foundation

The auditee contracted with the independent audit firm Grant Thornton CJSC to conduct the audit. The audit firm stated that it performed its audit in accordance with U.S. Generally Accepted Government Auditing Standards and USAID financial audit guide for foreign organizations. However, it did not have an external quality control review program or a continuing education program that fully satisfies the standards' requirements. The audit firm explained that professional organizations in Armenia do not offer such a quality control review program. With-regards to continuing education, the audit firm explained that some auditors involved in this engagement did not complete the government related training hours.

The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on the auditee's schedule of expenditures; the effectiveness of its internal controls; or its compliance with the awards, laws, and regulations.<sup>1</sup>

The audit objectives were to: (1) express an opinion on whether the schedule of expenditures for the period audited was presented fairly, in all material respects; (2) evaluate the auditee's internal controls; and (3) determine whether the auditee complied with the awards terms and applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$1,070,748 from January 1 to December 31, 2021.

The audit firm concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, program revenues and costs incurred under the awards for the period audited. The audit firm identified no questioned costs, no material weaknesses in internal control, and no instances of material noncompliance. The audit firm did disclose a cost share contribution shortfall in the amount of \$24,346. Since this amount 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/Armenia determine the allowability of the \$24,346 and recover the amounts it finds appropriate. Further, the audit firm issued a management letter. During our desk review, we noted areas for improvement which the audit firm should address in future audit reports. We presented these areas in a memo to the controller, dated February 22, 2023.

The 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").

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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.