



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

MEMORANDUM

DATE: December 27, 2023

TO: USAID/Armenia, Mission Director, John Allelo

FROM: Middle East and Eastern Europe Regional Office, Acting Audit Director, Alicia T. Pegues /s/

SUBJECT: Audit of the Schedule of Expenditures of Center for Agribusiness and Rural Development Foundation, Rural Economic Development-New Economic Opportunities Program in Armenia, Cooperative Agreement 72011119CA00001, January 1 to December 31, 2022 (8-111-24-008-R)

This memorandum transmits the final audit report on the schedule of expenditures of Center for Agribusiness and Rural Development Foundation, Rural Economic Development - New Economic Opportunities program in Armenia, cooperative agreement 72011119CA00001, from January 1 to December 31, 2022. The auditee contracted with the independent audit firm Baker Tilly Armenia CJSJG 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 external quality control review or continuing professional education programs that fully satisfy the standards' requirements. The audit firm said that professional organizations in Armenia do not offer such an external quality control review program. 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 award, laws, and regulations¹.

The audit objectives were mainly to: (1) express an opinion on whether the schedule of expenditures for the period audited was presented fairly, in all material respects; (2) evaluate

¹ 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 auditee's internal controls; and (3) determine whether the auditee complied with the agreement's terms and applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$1,454,281 for the period from January 1 to December 31, 2022.

The audit firm concluded that the schedule of expenditures presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited. The audit firm did not identify any material internal control weaknesses or any material instances of noncompliance with the award terms, conditions and applicable laws and regulations.

During our desk review, we noted an area for improvement which the audit firm should address in future audit reports. We presented this deficiency in a memo to controller of USAID/Armenia, dated December 27, 2023.

The report does not contain 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.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 oinotice_ndaa5274@usaid.gov.