



*Office of Inspector General*

## MEMORANDUM

**DATE:** April 23, 2019

**TO:** USAID/Armenia Mission Director, Deborah Grieser

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

**SUBJECT:** Audit of the Fund Accountability Statement of Eurasia Partnership Foundation Under Multiple Awards in Armenia, Year Ended December 31, 2016 (8-111-19-058-R)

This memorandum transmits the final report of the fund accountability statement audit of Eurasia Partnership Foundation under the following awards:

<b>Award Name (Type)</b>	<b>Award Number</b>	<b>Period</b>	<b>Subimplementer</b>
CSO DePO: Civil Society Organization Development Program (Cooperative Agreement)	AID-111-A-14-00002	Jun 6, 2014- Jun 5, 2019	
Civic Engagement in Local Governance (Sub-grant agreement)	AID-14-1001	Oct 15, 2014- Sep 30, 2017	
Expanding Economic Ties With Turkey (Sub-grant agreement)	EPF-11-A-14-00007	Oct 14, 2014- Sep 15, 2016	
Media for Informed Civic Engagement (Sub-grant agreement)	MICE/MIC-EPF-02	Oct 27, 2014- Sep 30, 2017	

The auditee contracted with the independent certified public accounting firm of "BDO Armenia" CJSC to conduct the audit.

The audit firm stated that it performed the audit in accordance with generally accepted government auditing standards except for not participating in an external quality control review program and not having a continuing education program that fully satisfies the standards' requirements. The audit firm explained that Armenia does not offer such a review program. With respect to the continuing education program, the audit firm says that they could not satisfy the standards' requirements because they could not fully obtain the U.S. Government auditing related hours. 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 awards, laws, and regulations<sup>1</sup>.

The audit objectives were mainly to: (1) express an opinion on whether the fund accountability statement for the year ended December 31, 2016 was fairly presented, in all material respects; (2) evaluate the auditee's internal controls; and (3) determine whether the auditee complied with agreements terms and applicable laws and regulations. To answer the audit objectives, the auditors performed the subject financial audit that covered \$938,497 for the year ended December 31, 2016.

The auditors expressed a modified opinion on the fund accountability statement, and identified \$290 of ineligible questioned costs. The auditors did not identify any material internal control weaknesses or any material instances of noncompliance with the agreements terms and applicable laws and regulations. Because of its immateriality, USAID OIG ME/EE Regional Office is not including an official recommendation on the \$290 of ineligible questioned costs. However, USAID/Armenia is required to make a determination on its allowability and recover any amounts determined to be unallowable.

The report does not contain any recommendations for your action.

We appreciate the assistance extended to the audit staff during the engagement.

The 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.