



## MEMORANDUM

**DATE:** October 17, 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:** Fund Accountability Statement Audit of Centre for Agribusiness and Rural Development Foundation Under Multiple Awards in Armenia, for the Year Ended December 31, 2015 (8-111-20-004-R)

This memorandum transmits the final audit report on the fund accountability statement of Centre for Agribusiness and Rural Development Foundation under the following awards:

| Award Name (Type)  | Award Number       | Period                                | Subimplementer                                |
|--|--------------------|---------------------------------------|---|
| Development of Private Extension Service System in Armenia (cooperative agreement) | AID-111-A-14-00001 | February 26, 2014-February 25, 2016   | N/A   |
| Partnership for Rural Prosperity (sub-grant)                                       | N 01-13D           | August 1, 2013-July 31, 2018          | Agribusiness and Rural Development Foundation |
| Expanding Economic Ties with Turkey (cooperative agreement)                        | AID-111-A-14-00007 | September 30, 2014-September 29, 2016 | N/A   |

The auditee contracted with the independent certified public accounting firm BDO Armenia to conduct the audit. The audit firm states that it performed its audit in accordance with generally accepted government auditing standards and OIG Guidelines<sup>1</sup>. 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. With respect to the continuing education program, the audit firm states that they could

<sup>1</sup> On June 30, 2017, USAID OIG rescinded its "Guidelines for Financial Audits Contracted by Foreign Recipients," recognizing the Agency's role to impose requirements on its implementing partners and contractors as a management function. This contracted audit, however, was initiated before that date and follows the guidelines.

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 controls; or its compliance with the awards, laws, and regulations.<sup>2</sup>

The audit objectives were mainly to: (1) express an opinion on whether the fund accountability statement for the period audited was presented fairly, in all material respects; (2) evaluate and obtain a sufficient understanding of the auditee's internal controls related to the agreements; and (3) determine whether the auditee complied, in all material respects, with the agreements terms, and applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$629,816, for the year ended December 31, 2015.

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 internal control weaknesses or any material instance of noncompliance. The audit firm issued a management letter.

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").

---

<sup>2</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.