



## MEMORANDUM

**DATE:** March 4, 2020

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

**FROM:** USAID OIG Middle East and Eastern Europe Regional Office, USDH NFA Coordinator, John Vernon /s/

**SUBJECT:** Audit of the Fund Accountability Statement of USAID Resources Managed by the Media Initiatives Center, Under Multiple Awards in Armenia, for the Year Ended December 31, 2018 (8-111-20-047-R)

This memorandum transmits the final audit report on USAID resources managed by the Media Initiatives Center under the following awards, for the year ended December 31, 2018:

Award Name (Type)	Award Number	Period	Subimplementer
Media for Informed Civic Engagement (cooperative agreement)	AID-111-A-14-00005	September 16, 2014-May 31, 2021	N/A
Civil Society Organization Development Program (subgrant agreement)	Y14-1002	June 6, 2014-September 30, 2019	Media Initiatives Center

The Media Initiatives Center (MIC) contracted with the independent certified public accounting firm Grant Thornton, Yerevan, Armenia to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards and guidelines for financial audits contracted by foreign recipients issue by the office of Inspector General of the USAID.<sup>1</sup> However, it did not have an external quality control review program and continuing education program that fully satisfies the standards' requirements set forth in GAGAS. The audit firm explained that they could not fully obtain the U.S. government auditing hours and that Armenia does not offer an external quality control review program. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not

<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 On June 30, 2017, USAID OIG rescinded its "Guidelines for Financial Audits Contracted by Foreign Recipients," recognizing the Agency's role to impose requirements on its implementing partners and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.

express an opinion on MIC's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>2</sup>

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 MIC's internal controls; (3) determine whether MIC complied with award terms and applicable laws and regulations including compliance with cost-sharing contributions. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$854,012 in costs incurred for the year ended December 31, 2018.

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

During our desk review, we noted minor issue which the audit firm will need to address in future audit reports. We presented this issue in a letter to the controller dated March 4, 2020.

The report does not contain any recommendations for your action.

We appreciate the assistance extended to the audit staff 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").

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<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.