



MEMORANDUM

DATE: December 3, 2020

TO: USAID/Armenia Acting Mission Director, David Hoffman

FROM: USAID/OIG Middle East and Eastern Europe (M/EE) Regional Office, USDH NFA Coordinator, John Vernon /s/

SUBJECT: Audit of the Fund Accountability Statement of Media Initiatives Center, Cooperative Agreement AID-111-A-14-00005, Media for Informed Civic Engagement Project in Armenia, January 1 to December 31, 2019 (8-111-21-008-R)

This memorandum transmits the final audit report of the fund accountability statement of Media Initiatives Center, cooperative agreement AID-111-A-14-00005, Media for Informed Civic Engagement project in Armenia, from January 1 to December 31, 2019. Media Initiatives Center contracted with the independent certified public accounting firm Grant Thornton CJSC to conduct the audit. The audit firm stated that it performed the audit in accordance with U.S. Government Auditing Standards issued by the Comptroller General of the United States and the USAID Financial Audit Guide for Foreign Organizations. However, it did not have an external peer review or 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 said 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 report and the conclusions expressed in it. We do not express an opinion on auditee's fund accountability statement, internal control effectiveness, or its compliance with the award, laws, and regulations.¹

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

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.

auditee's internal controls; and (3) determine whether the auditee complied with applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$815,761 from January 1 to December 31, 2019.

The auditors expressed an unmodified opinion on the fund accountability statement and did not identify any questioned costs. The auditors did not identify any material internal control weaknesses or any material instances of noncompliance with applicable laws and regulations. The auditors identified \$13,716 of ineligible questioned cost share contributions. Since the questioned costs 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 \$13,716 in questioned cost share contributions and recover any amount determined to be unallowable.

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").