



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: October 24, 2024

TO: USAID/Armenia, Mission Director, John Allelo

FROM: Middle East and Eastern Europe Regional Office, Acting Audit Assistant Director, David J. Clark /s/

SUBJECT: Audit of the Schedule of Expenditures of Armavir Development Center Socio-Economic NGO, Under Multiple Awards in Armenia, January 1 to December 31, 2023 (8-111-25-001-R)

This memorandum transmits the final audit report of the schedule of expenditures of Armavir Development Center Socio-Economic NGO under the following awards:

| Award Name (Type) | Award Number | Period | Sub-implementer |
|--|------------------|----------------------|-----------------|
| Local Works Support to Areni Consolidated Community in Armenia (cooperative agreement) | 72011123CA00004 | Jan. 1-Dec. 31, 2023 | n/a |
| Local Works Support to Community Resilience (cooperative agreement) | 72011121RFA00001 | Jan. 1-Dec. 31, 2023 | n/a |

The auditee contracted with the independent audit firm Baker Tilly Armenia CJSC to conduct the audit. The audit firm stated it performed its audit in accordance with U.S. Generally Accepted Government Auditing Standards and the USAID Financial Audit Guide for Foreign Organizations. However, it did not have an external quality control review or continuing professional education programs that fully satisfy the standards' requirements. The audit firm said that Armenia does not offer an external quality control review program. With respect to the continuing professional education program, the audit firm said that they could not fully comply with 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 the auditee's schedule of expenditures; the effectiveness of its internal controls; or its compliance

with the awards, laws, and regulations¹.

The audit objectives were to (1) express an opinion on whether the schedule of expenditures for the period audited was presented fairly, in all material respects; (2) evaluate the auditee's internal controls; and (3) determine whether the auditee complied with the agreements' terms and applicable laws and regulations. To answer the audit objectives, the audit firm performed the subject financial audit that covered \$1,063,142 for the period from January 1 to December 31, 2023.

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

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

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.

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.