



MEMORANDUM

DATE: August 8, 2018

TO: USAID/Armenia Mission Director, Deborah Grieser

FROM: Regional Inspector General/Frankfurt, James C. Charlifue /s/

SUBJECT: Financial Audit of the USAID Resources Managed by Eurasia Partnership Foundation Under Multiple Awards in Armenia, for the year ended December 31, 2015 (8-111-18-055-R)

This memorandum transmits the final audit report on Eurasia Partnership Foundation's following awards:

Award/Project Name (Type)	Award Number	Period	Sub-implementer
CSO DePo: Civil Society Organizations Development Program (cooperative agreement)	AID-111-A-14-00002	June 2014 - June, 2019	N/A
Media for Informed Civil Engagement (cooperative agreement)	MICE/MIC-EPF-01	October 2014-September, 2016	Eurasia Partnership Foundation
Expanding Economic Ties with Turkey (cooperative agreement)	EPF-11-A-14-00007	October 2014-August, 2016	Eurasia Partnership Foundation
Civil Engagement in Local Governance (cooperative agreement)	AID 14-1001	October 2014-August, 2016	Eurasia Partnership Foundation

Eurasia Partnership Foundation contracted with the independent certified public accounting firm Grant Thornton CJSC to conduct the audit. The audit firm stated that the contract required them to perform the audit in accordance with generally accepted government auditing standards and the USAID OIG Guidelines for Financial Audits Contracted by Foreign Recipients.¹

¹ On June 30, 2017, USAID OIG rescinded its Guidelines for Financial Audits Contracted by Foreign Recipients, recognizing the Agency's role to impose requirements on its implementing partners and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.

The audit firm states it performed its audit in accordance with generally accepted government auditing standards except that it did not participate in an external quality control review program and did not have a continuing education program that fully satisfies the standards' requirements. The audit firm says 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 award, laws, and regulations.²

The audit objectives were mainly to: (1) express an opinion on whether the fund accountability statement for the year ended December 31, 2015, was presented fairly, in all material respects; (2) evaluate Eurasia Partnership Foundation's internal controls; and (3) determine whether Eurasia Partnership Foundation complied with the award terms and applicable laws and regulations. To answer the audit objectives, the auditors performed the subject financial audit that covered \$585,174 in expenditures for the year ended December 31, 2015.

The auditors expressed a modified opinion on the fund accountability statement and identified \$187 of ineligible questioned costs. The auditors did not identify any material internal control weaknesses or any material instances of noncompliance with the award terms and applicable laws and regulations.

Because of its immateriality, RIG/Frankfurt is not including an official recommendation on the \$187 of ineligible questioned costs. However, USAID/Armenia is required to make a determination on its allowability and recover any amounts determined to be unallowable. During our desk review, we noted several minor issues which the audit firm will need to address in future audit reports. We presented these issues in a letter to the controller, dated August 8, 2018.

The report does not contain any recommendations for your action.

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

² 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.

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").

Enclosed: a/s