

Spot Check

“Our lives, our future. Supporting Self-Recovery and Resilience of Conflicts. Affected Communities in Armenia” Project

Financed by UNDP

**Implemented by:
“Youth for Change” NGO**

Spot Check performed by: “BDO Armenia CJSC

Date: 26 July 2022

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Agreed-Upon-Procedures On Programme Disbursements Made

To UNDP Armenia,

Purpose of this Agreed-Upon Procedures Report

Our report is solely for the purpose of assisting you in evaluating the validity of accounting records that support cash transfers in respect to the programme disbursements related to “Our lives, our future. Supporting Self-Recovery and Resilience of Conflicts. Affected Communities in Armenia” *Project* № 00136959 for the period 1 March 2022 - 31 May 2022 implemented by “Youth for Change” NGO (“IP”, “YFC”) and are summarized below at “Procedures and findings” section of our report. Our report may not be suitable for another purposes.

Responsibilities of the Engaging Party and the Responsible Party

UNDP Armenia has acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

YFC is responsible for the subject matter on which the agreed-upon procedures are performed.

Auditor’s responsibility

Our firm (“Auditor”) have conducted the agreed-upon procedures in accordance with International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-upon Procedures Engagements*.

An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the UNDP Armenia, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

We have the complied with ethical requirements the *International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants* (“IESBA Code”). Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the Auditor also complies with the independence requirements of the *IESBA Code*.

Our firm applies the International Standard on Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, (“ISQC 1”), and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding the compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and findings

We have performed the procedures described below, which were agreed upon with UNDP Armenia.

1. Compare documentation obtained describing the IP’s financial management internal controls against the most recent micro assessment from the corresponding programme cycle. Document any changes or inconsistencies.
2. Inquire of IP management whether there have been any changes to internal controls since the prior micro assessment from the current programme cycle. Document any changes identified.
3. Obtain a listing of all programme related expenditures during the period 1 March 2022 - 31 May 2022 for the agreed-upon procedures engagement and perform the following:

- Randomly select a sample of expenditures amounting to a certain percentage of total expenditures. The percentage to be determined by each agency in relation to their needs and requirements. Provide a detailed listing of expenditures selected as samples.
 - For each sample selection perform the following procedures:
 - o Verify that documentation exists to support the expenditure in accordance with the IP's rules and procedures and agreements with the agency.
 - o Verify that the activity related to the expenditure is in accordance with the work plan.
 - o Verify that the expenditure has been reviewed and approved in accordance with the IP's rules and procedures and agreements with the agency.
 - o Verify that the expenditure was reflected on a certified Funding Authorization and Certificate of Expenditures ("FACE") form submitted to the agency.
 - o Verify that the expenditure was reflected in the IP's accounting records and bank statement.
 - o Verify that supporting documents are stamped "PAID from HACT grant", indicating which agency funded the transaction.
 - o Verify that the FACE form was submitted consistent with the periodicity-of-disbursement requirement in the HACT framework (within two weeks).
 - o Verify the price paid for goods or services against United Nations agreed standard rates (if readily available).
4. If separate bank accounts are maintained for agency-granted funds, perform the following procedures:
- Verify that the activity per the bank statements agrees with that reflected in the accounting records. Document any variances noted; and
 - Confirm that a bank reconciliation was completed and the balance has been reconciled to the accounting records. Document any variances noted.

We report our findings below:

- (a) With respect to item 1, micro-assessment was not conducted for YFC due to level of engagement with YFC not exceeding the threshold of mandatory micro-assessment. We did not reveal any issues. See Annex 3, Internal Controls.
- (b) With respect to item 2, micro-assessment was not conducted for YFC NGO due to level of engagement with YFC not exceeding the threshold of mandatory micro-assessment. We did not reveal any issues. See Annex 3, Internal Controls.
- (c) With respect to item 3, we obtained a listing of all programme related expenditures during the period 1 March 2021 - 31 May 2021 reported in the FACE and performed procedures enumerated there. There were 127 transactions with total amount of 39,106,782 Armenian drams (AMD), from which we selected 30 transactions with total amount of 17,583,024 AMD, which accounts 45% of the expenditures made for the reporting period, and performed procedures enumerated there. We found that:
 - ✓ Supporting documents were stamped "PAID from HACT grant". See Annex 4, Sample of Expenditures, for further details.
- (d) With respect to item 4, YFC maintains separate bank account for agency-granted fund. The activity per the bank statements agrees with the accounting records. No variances were noted. Bank reconciliation was completed, and the balance has been reconciled to the accounting records.

Gnel Khachatryan, Engagement partner
"BDO Armenia" CJSC
Davit Anghat 23/6, Yerevan, Armenia
26 July 2022



Annex 1. Programme-specific Information

IP name:	“Youth for Change” NGO
Programme name:	“Our lives, our future. Supporting Self-Recovery and Resilience of Conflicts. Affected Communities in Armenia” Project
Programme number:	00136959
Programme background:	Skills upgrade through on-job training with the focus on displaced women residing in the bordering communities of Gegharkunik and Syunik regions.
Programme location:	Gegharkunik and Syunik regions.
Programme contact person(s):	Evrik Ghazaryan - Project Coordinator
Location of records:	Vardenis, Gegharqunik, Armenia
Currency of records maintained:	Armenian Drams
Period of transactions covered by spot check:	1 March 2022 - 31 May 2022
Funds received during the period covered by the attestation engagement:	39 106 782 AMD
Expenditures incurred/reported during the period covered by the attestation engagement:	39 106 782 AMD
Intended start date of spot check:	13 July 2022
Estimated number of days required for the spot check visit to the IP:	2/two/
Any special requests to be considered during the spot check:	None
Cash transfer modality used by the IP:	Bank transfer

Annex 2. Spot Check Work Plan

Programme title:	“Our lives, our future. Supporting Self-Recovery and Resilience of Conflicts. Affected Communities in Armenia” Project
Project title:	Skills upgrade through on-job training with the focus on displaced women residing in the bordering communities of Gegharkunik and Syunik regions.
Name of IP:	“Youth for Change” NGO
Location of IP/programme:	Vardenis, Gegharqunik, Armenia
IP contact person and position:	Evrik Ghazaryan - Project Coordinator
Start/end date of spot check (dd/mm/yyyy - dd/mm/yyyy):	13/07/2022 - 25/07/2022
Dates covered by FACE form selected for testing (dd/mm/yyyy - dd/mm/yyyy):	01/03/2022 - 31/05/2022
Dates covered by last spot check (dd/mm/yyyy - dd/mm/yyyy):	N/A
Member(s) of the spot check team: (Name, designation, section/organization)	Gnel Khachatryan, Partner, “BDO Armenia” CJSC; Stella Minasyan, Audit assistant, “BDO Armenia” CJSC.
IP staff who met and worked with the spot check team met during the spot check (Names and titles):	Evrik Ghazaryan - Project Coordinator

Annex 3: Internal Controls

	Procedure	Findings
1	Compare documentation obtained describing the IP’s financial management internal controls against the most recent micro assessment from the corresponding programme cycle. Document any changes or inconsistencies identified.	Micro-Assessment was not conducted for YFC due to level of engagement with YFC not exceeding the threshold of mandatory micro-assessment. YFC receives funds and spends them according to budget approved at the beginning of each programme. All financial transactions are made by the Accountant Hayk Sahakyan and approved by Director Vardan Minasyan. When contracting services or permanent employment contracts, the YFC observes the regulations laid down in legislation of Republic of Armenia. No issues were identified.
2	Inquire of IP management whether there have been any changes to internal controls since the prior micro assessment from the current programme cycle. Document any changes identified.	Micro-Assessment was not conducted for YFC due to level of engagement with YFC not exceeding the threshold of mandatory micro-assessment. We found no issues in this regard.

Annex 4: Sample of Expenditures

Sample expenditure description and voucher number	Sample expenditure amount reported	Documentation exists to support expenditure in accordance with IP's applicable rules and procedures and agreements with the agency? (Y/N)	Documentation exists to support expenditure in accordance with work plan? (Y/N)	Expenditure has been reviewed and approved in accordance with IP's applicable rules and procedures and agreements with the agency? (Y/N)	Expenditure was reflected on a certified FACE form submitted to the agency and in IP's accounting records and bank statement? (Y/N)	Supporting documents are stamped “PAID from HACT grant”, indicating which agency funded the transaction? (Y/N)	FACE form was submitted consistent with the periodicity-of-disbursement requirement in the HACT framework (within two weeks)? (Y/N)	Price paid for goods or services against United Nations agreed standard rates (if readily available) (Y/N)	Comment / finding
<i>Total sample expenditures: (127 transactions in this amount)</i>	39,106,782 AMD	YES	YES	YES	YES	YES	YES	YES	
<i>Total sample expenditures: (Total 30 of transactions checked)</i>	17,583,024 AMD								
<i>Total expenditures reported on FACE forms during period under spot check: (Total 545 of transactions in FACE)</i>	39,106,782 AMD								
<i>Percentage coverage: (Total sample expenditures divided by total expenditures reported on FACE forms during period under spot check)</i>	45%								