

## **Independent Auditor's Report – Financial Audit**

EU Delegation to Armenia  
21 Frik Street  
Yerevan  
Armenia

We have audited the expenditure and revenue as stated in the Financial Report of the project entitled "Clean Alliance: Accessible Services for Goris and Sarnakunk (Gorayk) Community Clusters", the 'Project', for the period from 1 July 2016 to 30 June 2018 which is set out in Annex 1. This report has been prepared pursuant to Article 16.3 of the Contractual Conditions for the Project as agreed by the European Commission and Urban Foundation for Sustainable Development, the 'Entity'.

Our findings are set out in the relevant sections of our report, which is made solely to the European Commission in order to gain assurance that the Project funding provided has, in all material respects, been used in conformity with the applicable Contractual Conditions which are set out in Section 2.2 of our report, and to facilitate determination with the Entity of any balance of funding which is payable or recoverable.

### **Respective Responsibilities of the Entity's management and auditors**

In accordance with the Contractual Conditions the Entity's management are responsible for the preparation of the Financial Report and for being satisfied that it presents fairly the actual expenditure incurred and revenue received for the Project in conformity with the applicable Contractual Conditions.

Our responsibility is to audit the Financial Report and to report our findings to the European Commission in accordance with the Terms of Reference for the audit engagement. These specify that we should carry out our work in accordance with International Standards on Auditing (issued by the International Federation of Accountants) insofar as these standards can be applied in the specific context of a contractual compliance audit. These standards require us to observe applicable ethical standards in the conduct of our work.

### **Scope of the audit**

The scope of our audit is set out in the Terms of Reference as noted in Section 3 of our report. It includes obtaining evidence for the amounts and disclosures in the Financial Report sufficient to give assurance, based on a confidence level of 95%, that the Financial Report is free from material misstatement, whether caused by error or fraud. For the purpose of determining what a material misstatement is, we have applied a materiality threshold of 2% of the total expenditure amount for the Project or € 7,048 as requested by the European Commission. We have reported all our findings regardless of the amount involved.

We have taken into account all the available evidence presented to us during our fieldwork which we finalised on 28 September 2018, including the subsequent comments and information of the Entity and of the European Commission up to the date of this report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

### **Unqualified Opinion**

In our opinion,

- The Financial Report presents fairly, in all material respects, the actual expenditure incurred and revenue received for the Project for the period from 1 July 2016 to 30 June 2018 in conformity with the applicable Contractual Conditions; and
- The Project funds provided by the European Commission have, in all material respects, been used in conformity with the applicable Contractual Conditions.

### **Emphasis of Matter**

Without qualifying our opinion, we draw your attention to the financial findings totalling € 3,149.83 as set out in Section 1 (Summary of Findings) of our report. These findings represent 0.89% of the total expenditure amount reported for the Project and are therefore not considered material in the context of our audit. Nevertheless, we report them to you in accordance with our Terms of Reference as they may be taken into account in determining any balance of funding payable or recoverable by the European Commission.

### **Distribution and Use**

The European Commission has requested this report and it is intended solely for the information and use of the European Commission and the Entity.



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