



OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

MEMORANDUM

DATE: July 11, 2023

TO: USAID/Philippines Mission Director, Ryan Washburn

FROM: USAID OIG Asia Regional Office Assistant Director, Rhonda M. Horried/s/

SUBJECT: Financial Audit of the Strength CTIP-P Project Managed by Partnership for Development Assistance in the Philippines, Inc., Cooperative Agreement 72049219CA00011, April 1, 2021, to March 31, 2022 (5-492-23-020-R)

This memorandum transmits the final audit report on the Strengthening Local Systems and Partnership for More Effective Sustainable Counter-Trafficking in Persons in the Philippines (Strength CTIP-P) project managed by Partnership for Development Assistance in the Philippines, Inc. (PDAP), from April 1, 2021 to March 31, 2022. PDAP contracted with the independent certified public accounting firm Diaz Murillo Dalupan and Company to conduct the audit. The audit firm stated it performed the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) and the USAID Financial Audit Guide for Foreign Organizations. However, the audit firm disclosed that it did not have (1) a continuing professional education program that fully complies with the GAGAS requirements, and (2) an external quality control review by an unaffiliated audit organization because professional organizations in the Philippines do not offer such a program. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on PDAP's schedule of expenditures of USAID awards; the effectiveness of its internal control; or its compliance with the agreement terms, laws, and regulations.¹

The audit objectives were to (1) express an opinion on whether PDAP's schedule of expenditures of USAID awards for the period audited was presented fairly, in all material respects; (2) evaluate PDAP's internal controls; and (3) determine whether PDAP complied with the award terms, and applicable laws and regulations. To answer the audit objectives, 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.

audit firm performed the subject financial audit that covered total expenditures of \$1,129,754 for the audited period.

The audit firm concluded that, except for ineligible questioned costs of \$17,385, the statement of expenditures of USAID awards presented fairly, in all material respects, revenues received, and costs incurred by the recipient for the period audited. The audit firm stated that it did not identify any material internal control weaknesses or any instances of material noncompliance with laws, regulations, or agreement terms. 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 the mission follows-up on the recipient's corrective actions and ensures that questioned costs were fully recovered. The audit firm issued a management letter.

During our desk review, we noted an area for improvement that the audit firm will need to address in future audit reports. We presented this area for improvement in a memorandum to the mission controller dated July 11, 2023.

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") 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

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.