



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: August 28, 2024

TO: USAID/Philippines Mission Director, Ryan Washburn

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

SUBJECT: Financial Audit of Strength CTIP-P Managed by Partnership for Development Assistance in the Philippines, Cooperative Agreement 72049219CA00011, April 1, 2022, to March 31, 2023 (5-492-24-046-R)

This memorandum transmits the final audit report on subject award for the period April 1, 2022, to March 31, 2023, managed by the Partnership for Development Assistance in the Philippines, Inc. (PDAP).

The recipient contracted with the independent audit firm, Punongbayan & Araullo, to conduct the audit. The audit firm stated it performed its audit in accordance with International Standards on Auditing in conjunction with the U.S. Generally Accepted Government Auditing Standards (GAGAS), 2 U.S. Code of Federal Regulations Part 200, and USAID Financial Audit Guide for Foreign Organizations. The audit firm did not have external quality control review and continuing education programs that fully satisfy GAGAS' requirements. The audit firm explained that the Philippines does not have a peer review program. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on the recipient's schedule of expenditures; the effectiveness of its internal controls; or its compliance with the awards, laws, and regulations.¹

The audit objectives were to: (1) express an opinion on whether the recipient's schedule of expenditures for the period audited was presented fairly, in all material respects; (2) understand and evaluate its internal controls related to the project; (3) determine whether it complied with the awards' terms, applicable laws and regulations; and (4) assess whether it had taken adequate corrective action on prior year findings. To answer the audit objectives, the audit firm performed the subject audit that covered expenditures of \$810,489 for the audited period.

The audit firm concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, revenues received, and costs incurred for the project, for the period April 1, 2022, to March 31, 2023.

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.

The audit firm did not identify any questioned costs, material weaknesses in internal control or material instances of noncompliance. It however identified other matters of internal control which were communicated through a management letter.

During our desk review, we noted areas for improvement which the audit firm should address in its future audit reports. We presented these deficiencies through a memo to the controller, dated August 28, 2024.

This 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.