



## MEMORANDUM

**DATE:** November 17, 2021

**TO:** USAID/Philippines Acting Mission Director, Sean Callahan

**FROM:** USAID OIG Asia Regional Office USDH NFA Coordinator, James C. Charlifue /s/

**SUBJECT:** Financial Audit of Multiple USAID Awards in the Philippines Managed by Philippine Business for Education, Inc., January 1 to December 31, 2020 (5-492-22-004-R)

This memorandum transmits the final audit report on USAID resources managed by Philippine Business for Education, Inc. (PBE) under the following awards:

Award Name (Type)	Award No.	Audited Period
Youthworks PH Project (Cooperative Agreement)	72049218CA00006	January 1 – December 31, 2020
Opportunity 2.0 (Subaward 2020-0082 under Education Development Center, Inc.)	72049220CA00003	July 15 – December 31, 2020

PBE contracted with the independent certified public accounting firm Punongbayan & Araullo Grant Thornton to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards 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 because this is not offered in the Philippines. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on PBE's schedule of expenditure of USAID awards, the effectiveness of its internal control, or its compliance with the awards, laws, and regulations.<sup>1</sup>

<sup>1</sup> 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 objectives were to: (1) express an opinion whether the schedule of expenditure of USAID awards for the period audited was presented fairly, in all material respects; (2) evaluate PBE's internal controls system; (3) determine whether PBE complied with the agreement terms, and applicable laws and regulations; and (4) determine whether PBE took adequate corrective actions on prior audit report recommendations. To answer the audit objectives, the audit firm reported that it examined PBE's schedule of expenditure of USAID awards and supporting documentation; reviewed PBE's internal controls; tested compliance with agreement terms and applicable laws and regulations; and assessed the status of prior audit findings. The audit covered program revenues and costs of \$830,942 and \$886,593, respectively, for January 1 to December 31, 2020.

The audit firm concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, program revenues and costs incurred under the awards for the period audited. The audit firm did not identify any questioned costs, material weaknesses in internal control, or instances of material noncompliance. The audit firm reported that all prior audit findings had been resolved.

The report does not include any recommendations.

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").