



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: February 24, 2023

TO: USAID/Philippines Mission Director, Ryan Washburn

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

SUBJECT: Financial Audit of USAID Resources Managed by Philippine Business for Education, Inc. in the Philippines, January 1 to December 31, 2021 (5-492-23-008-R)

This memorandum transmits the final report on the financial audit of the following USAID awards managed by Philippine Business for Education, Inc. (PBE) in the Philippines, for the year ended December 31, 2021:

Award Name (Type)	Award Number	Audit Period
Youthworks PH Project (Cooperative Agreement)	72049218CA00006	January 1 – December 31, 2021
Opportunity 2.0 Project (Subaward from Education Development Center, Inc.)	2020-0082	January 1 – December 31, 2021

PBE contracted with the independent certified public accounting firm Punongbayan & Araullo to conduct the audit. The audit firm stated it performed its audit in accordance with generally accepted government auditing standards (GAGAS). However, the audit firm did not have a continuing professional education program and an external quality control review that fully satisfy GAGAS requirements. 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 expenditures of USAID awards; the effectiveness of its internal control; or its compliance with the awards, laws, and regulations.¹

¹ We reviewed the audit firm's report for conformity with professional reporting standards. Our desk reviews are typically performed to identify any items that need clarification or issues that require management attention. Desk reviews are limited to review of the audit report itself and exclude review of the auditor's supporting work 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 on whether PBE's schedule of expenditures of USAID awards was presented fairly, in all material respects, the grants received, and costs incurred under the projects audited; (2) evaluate PBE's internal controls; (3) determine whether PBE complied with the agreements' terms, including cost-sharing contributions, and applicable laws and regulations; and (4) determine whether PBE took adequate corrective actions on prior audit recommendations. The audit firm examined the projects' revenues and costs of \$1,315,904 and \$1,276,719, respectively for the audited period.

The audit firm concluded that the recipient's schedule of expenditures presents fairly, in all material respects, grants received, and costs incurred for the period audited. The audit firm did not identify any questioned costs, material instances of noncompliance, or deficiencies in internal control.

The audit firm reported that PBE had provided \$24,880 toward the total matching contribution of \$75,474 required for its subaward. The audit firm also reported that the PBE did not have prior-year audit recommendations.

During our desk review, we noted an area for improvement which the audit firm should address in future audit reports. We presented the issue in a memorandum to the controller dated February 24, 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").