



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

### MEMORANDUM

**DATE:** January 21, 2025

**TO:** USAID/Philippines Mission Director, Ryan Washburn

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

**SUBJECT:** Financial Audit of USAID Multiple Awards in Philippines Managed by Gerry Roxas Foundation, Inc., December 21, 2022, to December 31, 2023 (5-492-25-012-R)

This memorandum transmits the final report on the financial audit of the following USAID awards managed by Gerry Roxas Foundation, Inc. (GRF):

Award Name (Type)	Award Number	Audit Period
Investing in Sustainability and Partnerships for Inclusive Growth and Regenerative Ecosystems (Cooperative Agreement)	72049221CA00004	January 1, 2023 – December 31, 2023
Youth Leadership for Democracy (Subgrant)	32376-500-26-95001	December 21, 2022 – December 22, 2023

GRF contracted with the independent audit firm, Diaz, Murillo, Dalupan, and Company to conduct the audit. The audit firm stated it performed its audit in accordance with International Standards on Auditing, in conjunction with generally accepted government auditing standards (GAGAS). However, the audit firm disclosed that it did not have continuing professional education and external peer review programs 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 the recipient's schedule of expenditures of USAID awards; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</sup>

The audit objectives were mainly to (1) express an opinion on whether GRF's schedule of expenditures of USAID awards for the period audited was presented fairly, in all material respects; (2) evaluate GRF's internal controls related to the USAID-funded project; and (3) determine

<sup>1</sup> We reviewed the audit firm's report for conformity with professional reporting standards. Our desk reviews are typically performed to identify 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 workpapers; they are not designed to enable us to directly evaluate the quality of the audit performed.

whether GRF complied with the award terms and applicable laws and regulations. To answer the audit objectives, the audit firm conducted this financial audit that covered costs of \$5,074,009, for the audited period.

The audit firm concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, revenues and costs incurred for the period audited except for \$3,353 ineligible questioned costs. The audit firm identified two instances of material noncompliance but did not identify any material internal control weaknesses. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation, we did not make a recommendation. Nevertheless, we suggest that USAID/Philippines determine the allowability of the \$3,353 in questioned costs and recover any amount determined to be unallowable. In addition, although we do not make a recommendation for significant deficiencies noted in the report, we suggest USAID/Philippines determine if the recipient addressed the issues noted. The audit firm issued a management letter that had no material issues that required a recommendation.

During our desk review, we noted areas for improvement that the audit firm will need to address in its future audit reports. We presented these deficiencies in a memorandum to the mission controller dated January 21, 2025.

To address the issues identified in the report, we recommend that USAID/Philippines:

**Recommendation 1.** Verify that Gerry Roxas Foundation, Inc. corrected the two instances of material noncompliance detailed on pages 44 to 48 of the audit report.

We ask that you provide written notification of actions planned or taken to reach a management decision.

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.<sup>2</sup>

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<sup>2</sup> The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 Pub. L. No. 117-263, § 5274. Please direct related inquiries to [oignotice\\_ndaa5274@usaid.gov](mailto:oignotice_ndaa5274@usaid.gov).