



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

DATE: January 30, 2025

TO: USAID/Philippines Mission Director, Ryan Washburn

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

SUBJECT: Financial and Closeout Audit of USAID Awards Managed by Save the Children Philippines, Inc., January 1, 2023, to April 30, 2024 (5-492-25-016-R)

This memorandum transmits the final report on the financial audit of the following USAID awards managed by Save the Children Philippines, Inc.:

Award Name (Type)	Award Number	Audit Period
CS02 Project (Cooperative Agreement)	72049220CA00011	January 1, 2023 – April 30, 2024
BHA Project (Subaward from Save the Children Federation, Inc.) [Close-out]	720BHA23GR00330	October 1, 2023 – December 31, 2023

Save the Children Philippines, Inc. contracted with the independent audit firm, Punongbayan & Araullo to conduct the audit. The audit firm stated it performed its audit in accordance with generally accepted government auditing standards (GAGAS), International Standards on Auditing, in conjunction with GAGAS and USAID Financial Audit Guide for Foreign Organizations. 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.¹

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

¹ 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.

complied with the award terms and applicable laws and regulations. To answer the audit objectives, the audit firm conducted a financial audit that covered costs of \$1,005,508, for the audited period.

The audit firm concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, project revenues and costs incurred under the agreement for the period audited except for \$89 unsupported questioned costs. The audit firm did not identify any material internal control weaknesses, or any instances of noncompliance. 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 \$89 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 30, 2025.

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.