



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** September 28, 2022

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

**FROM:** USAID OIG Asia Regional Office USDH NFA Coordinator, Rhonda M. Horried /s/

**SUBJECT:** Financial Audit of the Schedule of Expenditures of USAID Awards for the Institutionalization of the Health Leadership and Governance Program in the Philippines, Managed by the Zuellig Family Foundation, Inc, July 3, 2017, to December 31, 2019 (5-492-22-031-R)

This memorandum transmits the financial audit report on the Schedule of Expenditures of USAID Awards for the Institutionalization of the Health Leadership and Governance Program in the Philippines, Cooperative Agreement No. AID-492-A-17-00005. The Zuellig Family Foundation, Inc., managed the cooperative agreement from July 3, 2017, to December 31, 2019, when it ended. The Zuellig Family Foundation, Inc. (the recipient), contracted with the independent firm Diaz Murillo Dalupan and Company to conduct the audit. The firm stated it performed its audit in accordance with generally accepted government auditing standards. However, the audit firm disclosed it does not have a continuing professional education program and an external peer review that satisfies the standards' 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 to (1) express an opinion on whether the schedule of expenditures of USAID awards for the period audited was presented fairly, in all material respects; (2) evaluate the recipient's internal controls; and (3) determine whether the recipient complied with award terms and applicable laws and regulations. The audit examined the project's revenues and costs of \$1,490,907 and \$1,495,205, respectively for the audited period.

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<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 working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

The audit firm concluded that the schedule of expenditures of USAID awards presented fairly, in all material respects, revenues and costs incurred for the audited period. The audit firm did not identify any questioned costs, material weaknesses in internal control, or instances of material noncompliance. The audit firm issued a management letter to the recipient.

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”).