



MEMORANDUM

DATE: November 17, 2020

TO: USAID/Philippines Acting Mission Director, Patrick Wesner

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

SUBJECT: Financial Audit of the Education Governance Effectiveness Program in the Philippines Managed by Synergeia Foundation, Inc., Cooperative Agreement AID-492-A-13-00008, January 1 to December 31, 2019 (5-492-21-008-R)

This memorandum transmits the final audit report on the Education Governance Effectiveness Program in the Philippines managed by Synergeia Foundation, Inc. (Synergeia). Synergeia contracted with the independent certified public accounting firm of Diaz Murillo Dalupan and Company to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS) and the USAID Financial Audit Guide for Foreign Organizations. However, it did not fully comply with the requirements on having a continuing professional education program and external quality control reviews. 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 fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

The audit objectives were to (1) express an opinion on whether Synergeia's fund accountability statement for the period audited was presented fairly, in all material respects, (2) evaluate Synergeia's internal controls, and (3) determine whether Synergeia complied with agreement terms (including cost-sharing contributions), and applicable laws and regulations. To answer the audit objectives, the audit firm examined the fund accountability statement and supporting documentation; evaluated the recipient's internal controls over financial reporting; and tested compliance with agreement terms and applicable laws and regulations. The audit covered program revenues and costs of \$929,952 and \$1,050,742, respectively, from January 1 to December 31, 2019.

¹ 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 firm concluded that the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited. The audit firm did not identify any questioned costs, material weaknesses in internal control, or material instances of noncompliance. On the review of cost-sharing contributions, which are required under the program, the audit firm reported that Synergeia contributed \$858,769 during the period reviewed. The audit firm did not report any questioned cost-sharing contributions.

During our desk review, we noted an issue that the audit firm will need to address in future audit reports. We have presented this issue in a memorandum to the Controller dated November 17, 2020.

The report does not include any recommendations.

The 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").

Attachment: a/s