



MEMORANDUM

DATE: October 27, 2021

TO: USAID/Philippines Acting Mission Director, Jeff Goebel

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, 2020 (5-492-22-003-R)

This memorandum transmits the final audit report on the Education Governance Effectiveness Program. Synergeia Foundation, Inc. (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, the audit firm disclosed that it did not have (1) a continuing professional education program that fully complies with the GAGAS requirements, and (2) an external quality control review because this is not offered in the Philippines. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Synergeia'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 to (1) express an opinion on whether Synergeia's schedule of expenditures of USAID awards for the period audited, was presented fairly, in all material respects; (2) evaluate the Synergeia's internal controls; (3) determine whether Synergeia complied with award terms and applicable laws and regulations, and (4) determine if cost-sharing contributions were made and accounted for by Synergeia in accordance with the terms of the agreement. To answer the audit objectives, the audit firm reported that it examined the

¹ We reviewed the audit 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 audit firm's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

schedule of expenditures of USAID awards and supporting documentation; evaluated Synergeia's internal controls over financial reporting; tested compliance with agreement terms and applicable laws and regulations. The audit covered program revenues and costs of \$954,680 and \$894,747, respectively, from January 1 to December 31, 2020.

The audit firm concluded that the schedule of expenditures of USAID awards 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 instances of material noncompliance. Regarding the review of cost-sharing contributions, which was required under the program, the audit firm reported that nothing came to the auditor's attention that caused the auditor to believe that Synergeia did not fairly present the cost-sharing schedule. The audit firm reported that Synergeia contributed \$443,831 during the audited period (\$5,244,302 cumulative cost-share contributions) and did not identify any questioned on cost-sharing contributions.

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").