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Attention: **Jennifer del Rosario – Malonzo**
Executive Director

Dear Ma'am,

MATTERS ARISING FROM THE AUDIT OF IBON INTERNATIONAL FOUNDATION INC.: CPDE PROJECT: CIVIL SOCIETY CONTINUING CAMPAIGN FOR EFFECTIVE DEVELOPMENT COOPERATION IN SDGs (the Project) FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2020.

In accordance with our normal practice of informing you of matters concerning internal controls, accounting practices and other matters arising from our audit, we are writing to inform you of certain matters which came to our attention during our audit of the financial statements for year ended December 31, 2020.


Our review of the accounting systems and internal controls was carried out to assist us in expressing an opinion on the financial statements of the Project as a whole. This work was not primarily directed towards the discovery of deficiencies, or the detection of fraud, or other irregularities, other than those which would influence us in forming our opinion and should not therefore be relied upon to show that no other deficiencies exist. Accordingly, our comments which follow refer only to those matters which have come to our attention during the course of our normal audit and do not attempt to indicate all possible improvements which a special review might develop.

This letter is issued solely for the information of the management of the Project and should not be presented or quoted to anyone outside the Project.

Please let us know from time to time any changes you make to your accounting and control system so that we can update our records and plan our future audits accordingly.

Yours faithfully,

YU VILLAR TADEJA & CO.



Ericson D. Tadeja
Partner
CPA Certificate no. 0095707
SEC Accreditation No. 1711-A
September 18, 2018, valid until September 17, 2021
Tax Identification No. 911-354-725-000
Tax Accreditation No. 08-007425-001-2018
November 23, 2018, valid until November 22, 2021
BOA Accreditation: Board Resolution No. 204.S. of 2017
PTR No. 8147509 January 17, 2020, Makati City

July 7, 2021

IBON International Foundation, Inc.

CPDE Project: Civil Society Continuing Campaign for Effective Development Cooperation in SDGs

Management Letter

For the year ended December 31, 2020

	Observations	Implication	Recommendation	Management's Response
1.	Ensure that unexpended funds are remitted back to the Foundation on a timely manner			
	<p>Per Memorandum of Understanding (MoU) between the Foundation and CSO partners, the unexpended funds shall be remitted back to Foundation within thirty (30) days after the conduct of last activity.</p> <p>During our current audit, we noted that some CSO partners were not able to remit back the unexpended funds, beyond thirty (30) after the conduct of last activity and as at the date of this report, to the Foundation amounting to \$4,233.</p> <p>Moreover, the Foundation has also erroneously transferred funds to APRN amounted to \$13,619. APRN is no longer a CSO partner of the Foundation, subsequent after the reporting period. As of July 22, 2021, the amount is still outstanding from APRN.</p>	<p>Funds not remitted on a timely basis may result to inefficient cash flow management of the Company. The cash could have been used to other purposes relevant to the project of the Foundation.</p> <p>Moreover, there is also a risk that the unexpended funds will not be able to be recovered by the Foundation, especially for partners who were no longer contracted by the Foundation on subsequent project implementation.</p>	<p>The Foundation should ensure strict adherence and execution of its MoU with CSO partners. It should exhaust all efforts to collect unexpended funds within 30 days after the conduct of last activity.</p> <p>The foundation should improve it existing controls when transferring funds to Partners to avoid erroneous transfer.</p>	<p>The Management notes the recommendation.</p> <p>At the time of the conduct of the audit, the Foundation has communicated with the Asia Pacific Research and other CSO partners to collect erroneous payment made and unexpended funds.</p>
2.	Ensure and establish timely reporting of the Foundation's partners			
	<p>During the audit, we have noted that the Foundation's partners had difficulty in providing the narrative reports detailing the status of the projects' implementation and financial reports due to the impact of COVID-19.</p> <p>Moreover, we have also noted that the narrative reports provided by the Foundation's implementing partners did not include the amounts of unexpended funds still outstanding as of December 31, 2020, particularly for partners who have not implemented their respective projects.</p>	<p>The untimely reporting from the Foundation's partners resulted to a delay in the audit of the Foundation's books as of December 31, 2020.</p>	<p>The Foundation should ensure and monitor its implementing partners' compliance with the timely reporting of its financial reports to ensure that the Foundation's books are also updated on a timely manner to assist in efficient and effective audit of its financial reports.</p> <p>The Foundation should also</p>	<p>The management notes this recommendation and shall take action to guarantee timely reporting and monitoring of grants to partners.</p> <p>During the course of the period, follow ups and consultations have been made with implementing partners to update on their implementation.</p>

IBON International Foundation, Inc.

CPDE Project: Civil Society Continuing Campaign for Effective Development Cooperation in SDGs

Management Letter

For the year ended December 31, 2020

	Observations	Implication	Recommendation	Management's Response
			require its implementing partners, particularly those that has not yet implemented their projects, to report the amount of unexpended funds to establish a common understanding, between the Foundation and the partners, of an accurate amount that is still outstanding for implementation.	The need to improve the narrative reporting template to include an inquiry in grant received, current balance and other finance related queries is noted. It is highly suggested, as in audits conducted in prior years that a confirmation of advances and or payables be sent to implementing partners as well.

