

**AGENCY ACTION PLAN and
STATUS OF IMPLEMENTATION
Audit Observations and Recommendations
For the Calendar Year 2021
As of Dec 31, 2022**

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan			Status of Implementation	Reason for Partial/ Delay/ Non-Implementation, if applicable	Action Taken/ Action to be Taken	
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					From				To
22-002 (21)	<p>Deferred Revenue from Grants and Donations – Pres. C. Aquino and Pres. Gloria M. Arroyo Endowment Funds</p> <p>Deferred Revenue from Grants and Donations - Pres. Corazon C. Aquino Endowment Funds and Deferred Revenue from Grants and Donations - Pres. Gloria M. Arroyo Endowment Funds accounts amounting to P3.300 million and PS.248 million, respectively were not utilized by the Development Academy of the Philippines (DAP) from the time the funds were donated</p>	<p>We recommend that Management:</p> <p>1. Utilize the Deferred Revenue from Grants and Donations - Pres. Corazon C. Aquino and Pres. Gloria M. Arroyo Endowment Funds in an accumulated amount of P8.548 million;</p>	<p>The P8.548 as per AOM is just the balance and shall be intended for the following:</p> <p>a. Succeeding issues of Journal on Public Management and Development (JPMD). Two more issues will need a total of P2,400,000.00 with P1,200,000.00 per issue. Given that a publication of a journal from writing to copy editing entails time, the succeeding two issues are estimated to be published in 2026 and 2030. Attached is the Project Profile.</p>			<p>On-going Implementaion of COA recommendation#1</p> <p>Full implementation of recommendation #2</p>	<p>1. The interest of the Endowment Fund was mostly used to develop various program components of the Institute for Public Management promoting participative and pro-poor program and to partially subsidize operational costs directly arising from program development and implementation.</p> <p>Past and current programs initiated or launched by DAP are in general, almost all pro-poor, poverty-</p>		

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	by the Office of the President of the Philippines in FYs 1992 and 2009, depriving the opportunity of the qualified and deserving beneficiaries to avail of the Programs.	2. Submit justification for non-utilization of the interest income from the endowment	<p>b. Development of MPM 13 Courses Modules amounting to P1,700,000.00. This may be implemented for 1.5 years.; and</p> <p>c. Partial scholarship grant for students of the MPM Regular online program. A total scholarship amount of P4,466,250.00 will cover partial scholarship (50%) to forty-five (45) students. Pre-implementation activities from marketing to screening of scholars to graduation will take about 25 months.</p> <p>A concept note on the utilization of Endowment Funds</p>					<p>alleviation, targeting groups in poverty in society's grassroots, living up to the core of its name and mission which is "development".</p> <p>Supporting documents and justification in the utilization of interest earned from said grants were presented to COA:</p> <p>- From CY1992 to 2012 the Interest earned was mostly utilized and significantly defrayed the GSPDM-IPM's operational costs, refer to:</p>	

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		funds; and 3. Consider the refund of the idle/unused Endowment Funds of P20 million and the Deferred Revenue from Grants and Donations of P8.548	for the Graduate School of Public and Development Management was provided during the COA Exit Conference in April 12 2022					Annex A. Interest from grants reduced the Accumulated Deficit in the span of 11 years ending 2012, to Php4,574,748. Had it not been for the grant's interest income that was utilized in the amount of P20,060,120, the GSPDM-IPM's Accumulated Deficit could had been P24.6M. Between CY2013 to 2021 part of the grants' interest from Pres Cory EF in the amount of P1,488,498, refer to Annex B was used for the publication of the Journal on Public	

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		million to National Government due to non-utilization.						<p>Management and Development's (JPMD) maiden issue. This particular project is still ongoing as of this writing and has its own e-Project Implementation Plan.</p> <p>2. In 2019, there were plans to utilize the balance of the grants' interest under the Deferred Revenue stated in the AOM in the amount of P8.548M, specifically on design and implementation of Innovative and pioneering development programs that are</p>	

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								specifically poverty- group targeted; and on tapping/developing Junior and Senior-level Managers and policy makers and program planners both from government and private sectors, who demonstrated potentials and expressed commitment to make leadership contributions to the bureaucracy or in public service-oriented careers, and are concerned on sustaining innovative and pro-poor development programs, specifically	

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								<p>providing scholarship grants to qualified and deserving candidates in the government service who would like to pursue a Master's Degree in Public Management (MPM) and Master's Degree in Productivity and Quality Management (MPQM).</p> <p>3. The Management did not consider the refund of the Endowment Fund of P20M to the National Government because of the following reasons:</p>	

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								<p>The grant's principal of P20M is conservatively invested and earns in high-yielding money placement. It is intact/unused but had never been "idle".</p> <p>The management takes a more prudent way of just utilizing the interest income to defray the operational costs of GSPDM-IPM and allows its innovative ways to support and manage its programs and operations.</p> <p>A substantial part of grant's interest</p>	

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									was already utilized in the amount of P21,548,618 (P20,060,120 from CY2009 to 2012 and P1,488,496 in CY2013), and its utilization complied with the grants' condition and purpose.
22-003 (21)	Cash in Bank - LBP CA 0672-1013-79 The Accounting Division (AD) of the Development Academy of the Philippines records the fund transfer transactions of the Cash in Bank - LBP Current Account 0672-1013-79 (Operational Fund) at	We recommend that Management direct the: 1. Treasury Division to make monthly fund transfer of operational funds based on the issued checks to maintain the LBP CA 0672-1013-79 account at a normal balance to come up with the correct and reliable					Fully Implemented		

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	the end of each month instead of the date of transfer, while the Treasury Division transfers funds based on amount of checks released rather than the total checks issued resulting to negative monthly balance of the same account.	<p>status of cash availability at a given period;</p> <p>2. Record the DM/CM transactions on the actual date of transfer to avoid abnormal balance of the account;</p> <p>3. Cancel the stale checks amounting to P217,540.47 by preparing Journal Entry Voucher (JEV) in order to revert back to same amount to LBP CA 0672-1013-79 account; and</p> <p>4. Prepare justification/reason for</p>							

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		making fund transfer based on the released checks instead of the check actually issued and the recording of DM/CM at the end of each month.							
22-004 (21)	<p>Accounts Receivable</p> <p>The faithful representation in the financial statements of Accounts Receivables in the net amount of P76.392 million could not be ascertained due to variances between the books and the confirmed balances totaling P50.730 million as a result of unrecorded payments and unrecognized payables of DAP clients contrary to Paragraph 27 of IPSAS 1 and Items</p>	<p>We recommend that Management direct the Accounting Division to:</p> <ol style="list-style-type: none"> 1. Reconcile the Receivables account with the clients' records, and make the necessary adjustment in the books, if any; 2. Observe proper recording of collections in their respective accounts to prevent erroneous entry; 3. Ensure proper monitoring of receivables to include regular and periodic 					<p>Fully Implemented Recommendations #4</p> <p>On-going implementation of Recommendations #1, 2, 3, 5 and 6</p>	<p>Will hire a personnel to be detailed to Accounts Receivable</p> <p>Consult our Legal Department on the draft of Undertaking that the Finance has drafted which the resigning employee has to sign.</p>	

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	3.10 and 3.11 of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities.	verification, analysis and validation of their existence; 4. Provide allowance for impairment for the past due Other Receivables – resigned employees accounts in compliance with Paragraph 68 of IPSAS 29; 5. Submit the additional documentary requirements to support the Request for Write Off for review and approval by the Supervising Auditor, Cluster Director and Assistant Commissioner; and 6. Henceforth, request the resigning employee/s to sign the Undertaking so that the							

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		DAP could still collect for their unpaid obligations. Make sure that the resigning employee/s has no outstanding obligation to the Academy before issuance of Clearance							
22-005 (21)	<p>Gender And Development</p> <p>The Development Academy of the Philippines was able to comply with the requirements of Philippine Commission on Women, National Economic and Development Authority and Department of Budget and Management Joint Circular No. 2012-01, particularly on the submission of the Gender and</p>	<p>We recommend that Management direct the GAD Focal Point Person and the GAD TWG:</p> <p>a. Continue to comply with the requirements of the PCW-NEDA-DBM Joint Circular No. 2012-01 and other related Circulars, regarding the submission of GPB on time and the allocation of at least five per cent of its COB;</p>					On-going implementation	Electronically signed PCW Reviewed 2021 DAP GAD AR, submitted to COA in July 8 2022	

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	<p>Development Plan and Budget (GPB) to Philippine Commission for Women for calendar year 2021 within the prescribed period and allocation of GPB of at least five per cent of its Corporate Operating Budget. However, we noticed some deficiencies: (a) Out of the 19 GAD related Programs, Projects and Activities, only one was fully accomplished, seven were partially accomplished, four were not yet started and seven have no status of accomplishment; and (b) non-compliance with Item V of COA Circular No. 2014-001 dated March 18, 2014</p>	<p>b. Make sure that the GAD Activities in the GBP are doable and can be completed in a given period in order to accomplished 100% the planned activities/programs/projects;</p> <p>c. Monitor the GAD Plan and Budget and ascertain that all activities are accomplished within the approved GAD budget of the Academy for the current year;</p> <p>d. Submit to the Audit Team copy of the approved/duly endorsed GPB within five days from receipt thereof, and GAD AR within five working days upon receipt of</p>							

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	on the submission of endorsed GPB and Accomplishment Report to COA within five (5) working days, contrary to same Circular.	the final GAD AR from PCW.							
22-006 (21)	<p>Property, Plant and Equipment (PPE)</p> <p>This is a reiteration with updates of the previous year's audit observation as Management was not able to fully implement the recommendations.</p> <p>The faithful representation in the financial statements of the balance of the Property, Plant and Equipment (PPE) account amounting to P423,247 million, with carrying amount of</p>	<p>We recommend that Management:</p> <p>1. Direct the Accounting Division to expedite the update of the JPMS to make all transactions regarding PPE items recorded in the books and PMS reflect in the PPELCs as well as the reconciliation of the beginning balances on the summary of PPELCs generated in the PRSL with the JPMS database;</p>	<p>The Property and Supplies Management Section of the Administrative Department-LoDi acknowledges the COA recommendation to appraise the value of the motor vehicle, Land Cruiser with plate number SJW 928, donated without condition to the Academy by the UNDP in 2009, to its current fair market value and record the necessary adjustment in the</p>				<p>Fully Implemented of Recommendations #3 and #4 done by the Property Division</p> <p>Partially Implemented Recommendations #1 and #2 done by the Accounting Division</p>	<p>The Accounting Division and the Administrative Department-LoDi have achieved the reconciliation of the PPE General Ledger balances and the physical count, respectively.</p> <p>The enhancement of the PPE system is an ongoing undertaking with the understanding that it is a priority of the IT Administrator of the Academy.</p>	

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	P189.675 million as of December 31, 2021 was not established in view of the following: (a) variance of P11.117 million between the General Ledgers balances of the Machinery and Equipment sub-accounts and Furniture and Fixtures account and PPE Ledger Cards, contrary to Paragraph 27 of IPSAS 1; and (b) motor vehicle donated by United Nations Development Program in CY 2009 was valued at P1 in the books, contrary to Section 12 of Government Accounting Manual Volume I.	<p>2. Direct the IT Administrator to expedite the enhancement or better integrate the features of the JPMS and PRSL into one system for proper recording as well as monitoring of PPE accounts so that it can generate reliable PPELCs to support the GL balances generated from the FMIS;</p> <p>3. Appraise the value of the motor vehicle donated by the UNDP to its current fair market value and record the necessary</p>	books. The Property Section will adjust the value of the vehicle donated by the UNDP from P1.00 to its current fair market value based on Loss Damage Insurance of GSIS amounting to P398,580.25 as of 31 July 2021 as the maximum amount of claim, and will advise the Accounting Division on such adjustment.					<p>The variance of P11.117 million between GL and SL balances of has gone down to P1.7million as of July 31 2022</p> <p>The Property Section adjusted the value of the vehicle donated by the UNDP from P1.00 to its current fair market value based on Loss Damage Insurance of GSIS amounting to P398,580.25 as of 31 July 2021 as the maximum amount of claim and advised the Accounting Division on such adjustment in Sept 1, 2022.</p>	

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		adjustment in the books; and 4. Consider applying the provisions of COA Circular No. 2020-006 dated January 31, 2020 pertaining to "one-time cleansing of PPE account balances of government agencies" to establish PPE balances that are verifiable as to the existence, condition, and accountability.							
22-007 (21)	Compliance with Mandatory Contributions and Remittances to Government Service Insurance System, PhilHealth and Pag-ibig The DAP was unable to remit in full the	We recommend that Management: a. Analyze and reconcile the beginning balance of the GSIS, PhilHealth and Pag-IBIG accounts as well as remit the outstanding balance of					On-going implementation of recommendations "a" and "b"	On-going reconciliation is being done by the Accounting Division from current year and backwards	

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	premium contributions to Government Service Insurance System (GSIS), Philippine Health Insurance Corporation and Home Development Mutual Fund (HDMF) in the amounts of P2.813 million, P325,433 and P128,733 respectively, for calendar year 2021, contrary to Section 14.1 of the Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 8291, otherwise known as the GSIS Act of 1997; Section 11 of the Revised IRR of RA No. 10606, known as the National Health Insurance Act of 2013; and Section 3,	the aforementioned accounts; and b. Strictly comply with the provisions of Section 14.1 of the IRR of RA No. 8291, Section 11 of the IRR of RA No. 10606, and Section 3, Rule VII of the IRR of RA No. 9679 on the withholding and remittance of premiums and contributions of GSIS, PhilHealth, and Pag-IBIG.							

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	Rule VII of the IRR of RA No. 9679 or the HDMF Law of 2009.								
22-008 (21)	<p>Compliance with the Presidential Decree (PD) No. 245 amending Section 3 of Republic Act (RA) No. 656, also known as Property Insurance Law</p> <p>The Academy adheres with the Presidential Decree (PD) No. 245 amending Section 3 of the Republic Act (RA) No. 656, also known as Property Insurance Law by annually paying insurance coverage totaling P 2.789 million for their insurable assets and properties with the Government Service</p>	<p>We recommend that Management direct the Property Division to:</p> <p>1. Prepare and submit the prescribed Property Inventory Form (PIF) to the Supervising Auditor/Audit Team Leader and the GIF, GSIS, not later than April 30 of each year in accordance with the COA Circular No. 2018-002 dated May 31, 2018; and</p>	<p>1. The Property and Supplies Manahe 1. The Logistics Division – Administrative Department will prepare the Property Inventory Form (PIF) in accordance with the COA Circular 2018-002 and submit the prescribed PIF to the Supervising Auditor / Audit Team Leader and to the General Insurance Fund (GIF) of the Government Service Insurance System (GSIS) not later April 30 of each year instead of the Property Inventory Report of each year</p>				<p>Partially Implemented</p> <p>Recommendation #1 is fully implemented</p> <p>On-going implementation of Recommendation #2</p>	<p>The Property and Supplies Management (PSMS) of the Logistics Division – Administrative Department will prepare the Property Inventory Form (PIF) in accordance with the COA Circular 2018-002 and submit the prescribed PIF to the Supervising Auditor / Audit Team Leader and to the General Insurance Fund (GIF) of the Government Service Insurance System (GSIS) not later April 30</p>	

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	Insurance System (GSIS) for calendar year 2021. However, they were not compliant with the guidelines prescribing the submission of the Property Inventory Form as basis for the assessment of general insurance coverage over all insurable assets, properties and interests of the government with the General Insurance Fund of the GSIS as provided under COA Circular No. 2018-002 dated May 31, 2018, thus, denied the Academy adequate and reliable protection in the event of damage to, or loss of, such assets and properties	2. Hire an independent appraiser to evaluate the appraised value of the insurable properties of the Academy that has a value of more than 10 million to guarantee that all assets are adequately and reliably safeguarded.	as supporting documents in filing the DAP building and content insurance. 2. While the DAP Management will scout for an independent appraiser to evaluate the appraised value of the insurable properties of the Academy. The management will also evaluate the overall impact of unnecessarily increasing (if ever) the asset base of the Academy particularly to its structure and consequently to its overall financial standing (afterwards).						<p>GSIS e-mail acknowledgment of PIF as of March 31 2022, in April 29 and stamp as received of hardcopy in May 4, 2022</p> <p>PIF ao March 31 2022 received by COA on April 29 2022</p> <p>Scouting for an independent appraiser to evaluate the appraised value of the insurable properties of the Academy and also evaluates the overall impact of unnecessarily increasing (if ever) the asset base of the Academy</p>

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									particularly to its structure and consequently to its overall financial standing. Last appraisal of fixed assets is in 2017(Cuervo Appraisal Report)
22-009 (21)	<p>Cost of Audit Services</p> <p>Cost of Audit Services from calendar years 1990 to 2021 in the aggregate amount of P60.658 million was not yet remitted by the Academy to the Bureau of Treasury contrary to Commission on Audit (COA) and Department of Budget and Management (DBM) Joint Circular No. 88-1 dated July 29, 1988 and Section 2 of Executive Order</p>	<p>We reiterate our prior year's audit recommendations that Management instruct the Finance Department to:</p> <p>1. Continue to make representation to the Department of Budget and Management (DBM) to request subsidy/allotment for the outstanding unpaid amount of cost of audit services of P60.658 million; and</p>	<p>We will pursue our request for a subsidy from the Department of Budget and Management (DBM) to pay the cost of audit services.</p>				Not Implemented		<p>DBM's fund releases to the Academy, if any, are intended for specific projects only that are aligned to its mandate.</p> <p>DAP will file another plea before the COA and continues to identify sources of funds.</p> <p>As to the computation of the payable amount,</p>

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	No. 19 dated June 19, 1986 as amended by Executive Order No. 271, s. 1987.	2. Submit to COA-PFMS the plan of payment in a staggered scheme to gradually settle the unpaid balances in compliance with the provisions of COA and DBM Joint Circular No. 88-1 dated July 29, 1988 and other related issuances. Payment depending on their financial performance.							there is a discrepancy of P 3.81 Million between the records of the COA (P 60.658 Million) and the Academy (P 56.848 Million). Details of reconciliation is already presented to the COA Auditor in Sept 7 2022. COA requires the proof of DAPs payments to BOT in Y2005, Y2006, and Y2007. Archiving of records is on-going.
22-010 (21)	Other Unearned Revenue/Income	We recommend that Management direct the Accounting Division to:					Fully Implemented		. The result of the validation by the Accounting Division staff on

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	<p>The correctness of the Other Unearned Revenue/Income account amounting to P308.772 million as of December 31, 2021, could not be established due to (a) unreconciled Schedule supporting the General Ledger balance of the account with the Subsidiary Ledger per project/program with a variance of P 22.524 million; and (b) inclusion of P4.464 million balance of unpaid penalty charges from the Philippine Competition Commission (PCC), contrary to Paragraph 27 of IPSAS 1.</p>	<p>1. Reconcile SL balances with the Schedule of the GL account balance to ascertain the correctness of the amount of the Unearned Revenue/income and update the SLs with the completed projects to close the Unearned Revenue/income account.</p> <p>2. Reclass/adjust the balance of unpaid penalty charges</p>						<p>certain clients for the Other Unearned Revenue/ Income account amounting to P15,093,763.95, that were earlier audited and found to have discrepancies between the records in the General Ledgers (GL) and Subsidiary Ledgers (SL), are already reconciled in prior years up to present. The SLs are ready for audit anytime.</p> <p>2. The Management acknowledges the</p>	

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		amounting to P4.464 million to come up with the correct year-end balance of Unearned Revenue/Income; and 3. Prepare justification/reason for retaining the balance of P4.464 million in the Unearned Revenue/Income account.						COA recommendation and this has been complied with per JEV No. 22-02-1251. 3. The penalty charges of the PCC amounting to P10.857 million was recorded per JEV No. 21-12-2708 based on the OGCC Opinion No. 036, Series of 2020 and AOM No. 21-008 (20). The overstatement of Unearned Revenue /Income account and understatement of the Accumulated Surplus /(Deficit) in the amount of P	

**AGENCY ACTION PLAN and
 STATUS OF IMPLEMENTATION
 Audit Observations and Recommendations
 For the Calendar Year 2021
 As of Dec 31, 2022**

Ref.	Audit Observations	Audit Recommendations	Agency Action Plan				Status of Implementation	Reason for Partial/ Delay/ Non-Implementation, if applicable	Action Taken/ Action to be Taken
			Action Plan	Persons/Dept Responsible	Target Implementation Date				
					From	To			
									15.331 million were all reclassified in compliance with the AOM, of which P10.867million was recorded in December 2021 and P 4.464 million in February 2022.