

**AGENCY ACTION PLAN and
STATUS OF IMPLEMENTATION
Audit Observations and Recommendations
For the AAR 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			
Part III of the 2021 AAR – Status of Prior Year’s Audit Recommendations									
Per AAR as of Dec 31, 2021 of the 23 total recommendations, 13 were partially implemented, 8 fully implemented, and 2 were not implemented As of December 9, 2022 of the 23 total recommendations, 6 were partially implemented, 15 fully implemented, and 2 were not implemented									
AAR 2020 AO No. 01 page 43	<p>Unearned Revenue / Income</p> <p>The Unearned Revenue/Income account with a balance of P325.417 million as of December 31, 2020 was overstated by P18.517 million due to:</p> <p>(a) non-adjustment (debit) of the said account for earned revenue from completed projects in Calendar Year (CY) 2020 totaling P3.186 million; and (b) recording in the said account of penalty charges for the delayed payment of the office space rental from a lessee amounting to P15.331 million, instead of Rent/Lease Income account, contrary to Paragraph 19 of International Public Sector Accounting Standard (IPSAS) 9.</p>	<p>We reiterated our prior year’s recommendations that Management direct the Accounting Division to:</p> <p>(a) Analyze thoroughly the Unearned Revenue/Income account and prepare the necessary adjusting entries to correct the overstatement of P18.517 million; and</p>					<p>Reiterated and updated under Part II – Observation and Recommendation No. 2 of this Report.</p> <p style="color: blue; font-weight: bold;">Fully Implemented</p>		<p>The adjusting entries for the completed projects were taken up per JEV Nos</p> <p>21-05-0902 – 25,102.00 21-05-0422 – 88,954.00 21-05-0421 – 22,974.00 21-05-0422 and 21-05-0421 – 88,954.00 21-08-1248 and 21-12-2277 – 973,391.58 21-05-0464 – 583,452.86 21-05-0898 and 21-06-1074 – 1,403,600.00</p> <hr style="width: 10%; margin-left: auto; margin-right: 0;"/> <p>Total – P3,186,428.44 -refer to Schedule 1</p> <p>The penalty charges of the PCC amounting to P15.331</p>

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		<p>(b) Recognize the income on the period it was earned following the accrual basis of accounting</p> <p>We further recommended that Management:</p> <p>(a) Instruct the Finance Department to closely coordinate with the Project Managers with regards to the Implementation of contracted projects for proper recognition of income in the books of accounts; and</p> <p>(a) Closely coordinate with the PCC to settle the issue on the unpaid penalty charges for the delayed payment of the space</p>		Finance and Legal Department		31-Mar-2023	<p>Fully Implemented as of 31-Mar-2022</p> <p>Fully Implemented as of 31-Mar-2022</p> <p>Partially Implemented</p>	<p>were adjusted 2708 based on the OGCC Opinion</p> <p>P10.867 million was recorded per JEV No. 21-12-2708 and the balance of P4.464million was recorded per JEV No. 22-02-1251</p> <p>There is a close monitoring and review of the Project Status Report for the Center's contracted projects to be able to properly recognize the revenue during the period when it was earned.</p> <p>The PCC officers, the DAP OSVP-S and Finance Team had a face-to-face meeting last 13-June-2022 and among the agreements was that PCC would submit its computation for</p>	

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									penalty and total amount due. The PCC submitted its computation in 28-July-2022, based on its legal perspective, which needs to be evaluated and commented by DAP's Legal Department. Finance held a meeting with the Legal Department on various matters, last Dec 7, and will continue the discussion on PCC matters in the soonest possible time.
AAR 2020 AO No. 2 page 46	Accounts Receivables The faithful representation in the financial statements of the Receivables account with net book value of P123.599 million as of December 31, 2020 was not established due to variances between: (a) the books and the confirmed balances from the agencies/clients totaling P6.523 million; and (b) the General Ledger (GL) and the schedule of receivables amounting to P3.690 million, which remained	We reiterated our previous year's audit recommendations that Management direct the Accounting Division to: (a) Reconcile the Receivables account with the clients' records, and make the necessary adjustment in the books, if any; and				31-Dec-2023	Partially Implemented Reiterated and updated under Part II – Observation and Recommendation No. 1 of this Report.		The recruited personnel who will perform the reconciliation of AR accounts vs. clients' records, the regular verification, analysis and validation of receivables' existence is set to join the Treasury Office in the 1 st quarter of 2023.
						31-Dec-2023	Partially Implemented		

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	unreconciled at year-end, contrary to Paragraph 27 of IPSAS 1. Likewise, no Allowance for Impairment was provided for the receivables from other government agencies totaling P7.134 million which have been dormant for more than ten (10) years, contrary to Paragraph 68 of IPSAS 29.	<p>(b) Observe the proper recording of transactions in the books to prevent erroneous entry.</p> <p>We further recommended that Management require the Accounting Division to:</p> <p>(a) Provide an Allowance for Impairment for the receivables from other government agencies which have remained outstanding in the books for more than ten years and the collectability is already remote if not nil;</p> <p>(b) Ensure proper monitoring of receivables to include regular and periodic verification, analysis and validation of their existence; and</p> <p>(b) Submit Aging Schedule of Receivables to the</p>							<p>To be performed by the recruited personnel for AR who will join in the 1st quarter of 2023.</p> <p>Provided an Allowance for Impairment for the receivables as of Dec 31 2021 per JV/JEV21-12-2638</p> <p>To be performed by the recruited personnel for AR who will join in the 1st quarter of 2023.</p> <p>The Ageing of AR were complied / submitted to</p>
					31-Dec-2023	Fully Implemented			
							Partially Implemented		
						31-Dec-2022	Fully Implemented		

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		Audit Team, for verification.						COA at the end of CY2020, 2021,2022, or upon request.	
AAR 2020 AO No. 03 page 51	<p>Property, Plant and Equipment (PPE)</p> <p>The faithful representation in the financial statements of the balance of the Property, Plant and Equipment (PPE) account with carrying amount of P157.418 million as of December 31, 2020 was not established in view of the General Ledgers (GLs) balances of the Machinery and Equipment sub-accounts totaling P81.108 million did not tally with the PPE Ledger Cards (PPELCs) aggregating P83.520 million or a variance of P2.412 million, contrary (b) to Paragraph 27 of 1PSAS 1.</p>	<p>We reiterated our previous year's audit recommendation that Management direct the Information Technology (IT) administrators to expedite the enhancement of the JPMS to generate reliable PPELCs to support the GLs balances of PPE sub-accounts.</p>				31-March-2023	<p>Partially Implemented</p> <p>Reiterated and updated under Part II – Observation and Recommendation No. 3 of this Report</p>	<p>The new IT administrator who is tasked to enhance the JPMS and PPELC RCA is currently undergoing training and familiarization.</p> <p>In the meantime, the Finance continued the reconciliation. It also developed an excel PPELC subsidiary ledger cards and submitted to COA in Feb 14 2023. It has the same format and framework of JPMS like auto-computing features for Depreciation, Carrying Values, etc. and it is utilized for the remaining PPE items valued P50T and above. The data in the manual subsidiary ledger which is reconciled to the Property Division's Physical count as of Dec</p>	

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		<p>We further recommended that Management:</p> <p>(a) Instruct the Property Division to prepare the IIRUP for</p>					<p>Fully Implemented as of 31-Oct-2022</p> <p>Fully Implemented</p>	<p>31 2022 is ready for uploading to the enhanced PPELC RCA.</p> <p>The unidentified variance of P2.412 million, between GL and PPELC per AOM has gone down to 0.197million as of Dec 31 2022, in reference to the excel PPELC. The difference represents 2 in-transit PPE paid but not yet received by the Property Division as of the current year. The manual SL is an option suggested by COA during the COA Exit Conference, due to reported limitations of PPELC RCA pending enhancement.</p> <p>Please refer to SO SO-2018-020 – Reconstitution of the Committee on Appraisal and Disposal of Old Unserviceable</p>	

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	Likewise, the inclusion of various defective /unserviceable equipment with carrying amount of P1.402 million in the books resulted in the overstatement of the PPE account in the same amount, contrary Paragraph 82 of the IPSAS 17.	<p>defective/ unserviceable properties;</p> <p>(b) Create a Disposal Committee to facilitate disposal of the defective/ unserviceable properties;</p> <p>(c) Direct the Accounting Division to derecognize the defective/ unserviceable properties upon disposal; and</p> <p>(c) Consider applying the provisions of COA Circular No. 2020-006 dated January 31, 2020 pertaining to "one-</p>					<p>Fully Implemented</p> <p>Fully Implemented as of 31-Oct-2022</p>	<p>Equipment, Furniture, Supplies and Materials</p> <p>There was a continuous verification and cleansing of inventory performed by the Property Division for 2020 and 2021, in close coordination with the Accounting Division, including the implementation of COA Circular 2022-004 "Guidelines... relative to the increase of capitalization threshold from P15,000 to P50,000.</p>	

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		time cleansing of PPE account balances of government agencies" to establish PPE balances that are verifiable as to existence, condition and accountability.							
AAR 2020 AO No. 4 page 56	Unpaid Cost of Audit Services The Academy did not remit the cost of audit services to the Bureau of the Treasury (BTr) from CYs 1990 to 2020 totaling P56.364 million, contrary to Commission on Audit (COA) and Department of Budget and Management (DBM) Joint Circular No. 88-1 dated July 29, 1988 and related issuances.	We reiterated our prior year's audit recommendations that Management instruct the Finance Department to: (a) Remit to the BTr the outstanding balance of the cost of audit services of P56.364 million as of the December 31, 2020 to avoid accumulation of unremitted amount; or (b) Plan a payment scheme to settle the unpaid balances in compliance with the					Not Implemented Reiterated and updated under Part II – Observation and Recommendation No. 5 of this Report Not Implemented	DBM's fund releases to the Academy, are intended for specific projects only that are aligned to its mandate. DAP will file another plea before the COA Main Office as it continues to identify sources of funds. As to the computation of the amount payable, for 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 available. The bulk of difference was during 1990	

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		provisions of COA and DBM Joint Circular No. 88-1 dated July 29, 1988 and other related issuances. (c) Audit Team suggested that Management explore the possibility of requesting from the COA - Planning, Finance and Management Sector the settlement of the cost of audit services on installment/ staggered basis.					Fully Implemented		to 1999 but the records were already subjected to disposal after the prescribed period of retention
AAR 2020 AO No. 5 page 57	Mandatory Contributions The DAP was unable to remit in full the premium contributions to the Government Service Insurance System (GSIS), Philippine Health Insurance Corporation (PhilHealth) and Home Development Mutual Fund (Pag-IBIG) in the amounts of P254,841; P29,256 and P33,300, respectively, for CY 2020, which is not in accordance with the provisions of Section 14.1 of the Implementing Rules and Regulations (IRR) of RA No. 8291, otherwise known as the GSIS Act of 1997; Section 11 of the Revised IRR of RA	We reiterated our prior year's audit recommendation that Management instruct the Accounting Division to 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 to the GSIS.		HRMDD Comben	-	31-Dec-2023	Partially Implemented Reiterated and updated under Part II – Observation and Recommendation No. 7 of this Report		The Accounting Division performed the trailing and matching of transactions in 2021 and 2020 with the data provided by the Comben Division. Few adjusting entries were already booked until October 2022 to correct errors attributed or committed during the recording of original transactions and residual centavo difference per JEV#22-10-1663; 22-10-

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	No. 10606, known as the National Health Insurance Act of 2013; and Section 3, Rule VII of the IRR of RA No. 9679 or the Home Development Mutual Fund Law of 2009	PhilHealth and Pag-IBIG, respectively.						1664;22-02-1253; 22-02-1254; 20-11-0823; 20-12-0522 Comben Division continues the process of trailing and analysis in collaboration with the Accounting Division.	
AAR 2020 AO No. 6 page 60	Gender and Development (GAD) The CY 2020 GAD Plan and Budget (GPB) of the Academy showing 13 GAD programs, activities and projects (PAPs) amounting to P18.925 million was duly endorsed by the Philippine Commission on Women (PCW), which is in consonance with Item 8.2 of PCWNational Economic and Development Authority (NEDA)-Department of Budget and Management (DBM) Joint Circular No. 2012- 01. However, the following deficiencies were noted: (a) the GPB did not meet the five (5) per cent minimum requirement of the total Corporate Operating Budget (COB) of P1,077.382 million as only P18.925 million was allocated instead of P53.869 million; (b) the GAD Accomplishment Report (AR) showed that only 10 GAD activities were	We reiterated our prior year's audit recommendation that Management comply strictly with the provisions of PCW-NEDA-DBM Joint Circular No. 2012-01 by maximizing the utilization of the budget for DAP's GAD PAPs. We further recommended that Management: (a) Allocate at least five (5) per cent of the annual COB for GAD-related PAPs through attribution and mainstreaming/ integrating gender perspectives in the					Fully Implemented	DAP is committed to strictly implement the recommendations of COA and this is evident in the utilized GAD budget of DAP from 0.84% in 2020 to 43.19% in 2021 based on the PCW-reviewed DAP GAD AR	

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	<p>implemented with actual expenditures of P9.736 million or 51.44 per cent of the total GPB; and</p> <p>(c) Item V of COA Circular No. 2014-001 dated March 18, 2014, on the submission of the endorsed GPB and reviewed GAD AR to COA within five (5) working days from receipt from POW was not complied with.</p>	<p>major programs and projects of the Academy.</p> <p>(b) Direct the GAD Focal Person to:</p> <p>(b.1) Implement all the GAD PAPs in the PCW-endorsed GPB to ensure that identified gender issues are timely and properly addressed;</p>					<p>Fully Implemented</p>	<p>Efforts of the Academy were mostly directed to align its processes, systems and programs into the online mode and other priorities, in response to restrictions brought by COVID-19 pandemic. Thus, the efforts and focus/attention attributed to GAD programs were significantly reduced.</p>	<p>DAP has allocated 52.53% and 22.35% budget for GAD-related PAPs in 2021 and 2022 respectively based on the PCW-endorsed DAP GPBs. The actual expenditure as of Dec 31 2022 is 20.58% of the budgeted amount.</p>
					31-Dec-2022	Fully Implemented		DAP has sought the assistance of the following	

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		<p>(b.2) Request assistance from PCW for the conduct of relevant trainings and seminars by gender experts, advocates, practitioners and institutions on gender sensitivity, gender audit, gender analysis, gender-responsive planning and budgeting, project design and implementation and institutional strengthening, among others; and</p> <p>(b.3) Comply with Item V of COA Circular No. 2014-001 dated March 18, 2014, on the submission of the endorsed GPB and reviewed GAD AR to COA within five (5) working days from receipt from PCW.</p>					Fully Implemented	<p>gender experts, advocates, practitioners and institutions for the implementation of similar relevant trainings and seminars on gender sensitivity, gender audit, gender analysis, gender-responsive planning and budgeting:</p> <ul style="list-style-type: none"> • Atty. Eric Paul Peralta – Member, PCW National GAD Resource Pool (Orientation on Safe Spaces Act) • Dr. Rowena S. Navera – Member, PCW National GAD Resource Pool (Training on Harmonized Gender and Development Guidelines) • Raymund Astillas- Diversity and Inclusion Advocate, Chair, Philippine LGBT Chamber of Commerce (Understanding SOGIE and Path to Gender Allyship) <p>There was an oversight in the submission of endorsed GPB and reviewed GAD</p>	

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							Fully Implemented	<p>AR for FY 2020 but DAP was able to make up for this at the start of 2021. PCW endorsed GPB and GAD AR were submitted to COA on within the prescribed period as follows:</p> <p>2021 GPB-submitted 8.2.21 GAD AR-submitted 7.7.22</p> <p>2022 GPB- submitted 2.18.22</p> <p>Electronically signed "PCW- Reviewed 2021 DAP GAD AR", submitted to COA in July 8 2022</p> <p>Annual GAD Accomplishment Report for 2022 was submitted to DAP-Finance as part of COA AAR2022.</p>	
PART II of the 2021 AAR – Observations and Recommendations (AOM for the current year)									

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As of December 9, 2022 of the 20 total recommendations, 7 were partially implemented, 11 fully implemented, and 2 were not implemented									
FINANCIAL A.1	<p>Accounts Receivable</p> <p>The fair presentation in the financial statements of the Receivables account amounting to P157.346 million with the net realizable value of P76.392 million could not be ascertained due to: a) variance totaling P50.730 million between the book and confirmation balance of 22 sample accounts; b) unrecorded payments of clients made thru direct deposits and/or bank transfers totaling P18.057 million; c) accounts amounting to P10.634 million are with pending request for write-off; and d) the amount of P451,242 are prior years' receivables from resigned/separated employees without provision for impairment, contrary to Paragraph 27 of International Public Sector Accounting Standard 1.</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>1. As of December 31, 2021, the total receivables of DAP per books is P157.346 million with a net realizable value of P76.392 million as shown in</p>	<p>1.15 We recommended that Management direct the Accounting Division to:</p> <p>a. Conduct a full review and analysis of all the receivable balances by: (i) reviewing the results of the 22 confirmation replies; (ii) identifying the Clients who made the bank payments comprising the P18.057 million undistributed collections, and record the said payments in their respective subsidiary ledgers; (iii) sending confirmation letters to other clients whose balances as of December 31, 2021 has not been confirmed; and (iv) coordinating and/or reconciling with records of the Client agencies, for those accounts with remaining discrepancies;</p>	<p>Treasury Head will provide intensive orientation and training to the newly-recruited personnel to be detailed to AR.</p>				<p>Fully Implemented (a) and (b) refer to Schedule 2</p>	<p>The recruited personnel will be detailed to AR and will help implementing recommendations (c) (d) and further recommendation (a). The recruit has passed the screening process of the HRMDD and shall be soon endorsed to Finance under the supervision of the Treasury Head.</p>	

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	<p>Table 1 – Composition of Receivables Account</p> <p>2. The balance of the Accounts Receivable pertains to the collections of DAP from various government and private clients for services rendered – consultancy fees, research, training and seminars conducted, and similar other activities. It also includes income from rentals of DAP facilities – conference centers, hostel, dormitories and others. The Inter-agency Receivables primarily covers fund transfers to Procurement Service – Department of Budget and Management (PS-DBM) for the procurement of goods; Interest Receivables covers the interest from investments and deposits; and Other Receivables are amounts due from officers and employees of DAP.</p> <p>3. The Allowance for impairment of P80.955 million pertains only to Accounts Receivable. The amount was based on the policy of the Academy that uncollected receivables for a period of more than two years should be provided with an allowance for impairment at a rate of</p>	<p>b. Prepare/make the adjustments in the books, as necessary;</p> <p>c. Devise and implement a process/measure that will allow the immediate identification of the Clients making payments thru bank deposits/transfers – e.g., requiring Clients to immediately notify the Accounting Division of the payments either thru messenger, email, screen shots of deposit slips or payment forms, and other means deemed appropriate; sending of Statement of Accounts to Clients with outstanding/non-moving balances, at least twice a year or as necessary;</p> <p>d. Ensure proper monitoring of receivables to include regular and periodic verification, analysis and validation of their existence; and</p>				December 31, 2023	Partially Implemented (c)	<p>The balance of undistributed collections or collections is P25.812million as of Dec 31 2023.</p> <p>The value of identified transactions already reclassified to AR /proper accounts in 2023 is P18.023million per reference JEVs 23-01-1449 and 23-01-1450.</p> <p>The value of collections with unidentified payor-client is P7.789million. The identification and seeking centers /clients support is on-going.</p>	
						December 31, 2023	Partially Implemented (d)		

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	<p>10 to 100 per cent. Analysis of the past due accounts revealed that P86.787 million of the accounts were over two years, thus the rate of allowance for impairment ranged from 10 per cent to 100 per cent. Aging of the receivables is provided in Table 2: Aging of Accounts Receivable</p> <p>4. Variance amounting to P50.730 million between the balances per books and confirmation replies</p> <p>To check the existence and accuracy of the Accounts Receivable balances which represent 97 per cent of the total receivables, the Audit Team sent 40 confirmation letters to selected clients based on the Schedule submitted by the Accounting Division. Out of 40 confirmations sent, 22 clients responded. The result is summarized in Table 3 - Results of Confirmation of Accounts Receivables As of December 31, 2021</p> <p>As gleaned from the table, only the accounts of PCIC and PPA were reconciled. Review of the</p>	<p>e. Provide allowance for impairment for the past due receivables of the resigned/separated employees accounts in compliance with Paragraph 68 of IPSAS 29.</p> <p>1.16 We also recommended that Management:</p> <p>a. Re-submit the Request for Authority to Write Off for the remaining dormant receivables of P10.634 million with the additional required documents, for review of the appropriate approving authorities concerned; and</p> <p>b. Deduct from the claim of the retiring/resigning employee any unsettled amount due to DAP, in case the claim is not sufficient to pay the</p>				<p>December 31, 2022</p> <p>December 31, 2023</p> <p>December 31, 2022</p>	<p>Fully Implemented</p> <p>Partially Implemented (a)</p> <p>Fully Implemented (b)</p>		<p>Accounting Division I provided Impairment for the past due receivables of resigned /separated employees accounts as of 31-Dec-2022 per JEV ref# 22-11-1613</p>

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	<p>confirmation letters disclosed that nine accounts amounting to P21.949 million were confirmed fully paid with proof of payment such as scanned copies of Official Receipts (ORs), subsidiary ledgers, and payment references. Moreover, PhilHealth disputed the bill of P3.691 million, claiming that the same represents the increase in office rental and is allegedly without legal basis, while PCC did not recognize their obligation to DAP of P19.573 million.</p> <p>5. <i>Unrecorded payments from clients made thru direct deposits and/or bank transfers totaling P18.057 million</i></p> <p>For the past years, the clients of DAP were allowed to make payments or settle their obligations/accounts thru direct deposits and/or bank transfers. However, this practice had led to late or non-posting/recording of the payments in the Client's subsidiary ledger until such time that they notify the Accounting Division of such payment. Payments from unidentified clients were not recorded as credits to accounts receivable, instead, it</p>	<p>obligation, require the employee to sign a Letter of Undertaking to settle his account after.</p>							<p>The Legal has expressed its comments /opinion in Dec 7 2022 on the Statement of Undertaking and has been part of the requirements from resigning employees since then.</p>

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	<p>was temporarily recorded under the account undistributed collections.</p> <p>Audit showed that as at year-end, the undistributed collections were P19.327 million of which P18.057 million pertains to payments from DAP clients thru bank deposits or transfers. These remained unrecorded/uncredited in the Receivable account and in the respective subsidiary ledgers of the clients. Apparently, this is one of the main reasons for the discrepancy between the balances per accounting records and confirmation replies.</p> <p>6. <i>Accounts amounting to P10.634 million are with pending request for write-off.</i></p> <p>In line with COA Circular No. 2016-005 dated December 19, 2016, the Academy, in CY 2017 requested for Authority to Write-off various dormant accounts receivable amounting to P18.616 million. Of the amount P7.982 million was approved while the documents covering the remaining amount of P10.634 million were returned to Management due to lack of documentary requirements.</p>								

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	<p>As of December 31, 2021, the said request has yet to be returned to the Audit Team. To mention, these dormant accounts are already provided with Allowance for Impairment.</p> <p>7. <i>Amount of P451,242 are prior years' receivables from resigned/separated employees without provision for impairment</i></p> <p>Audit disclosed that out of the balance of P1.334 million of Other Receivables account, P451,242 pertains to unsettled accounts of DAP employees who are resigned and/or retired from service. This amount should have been deducted from their last salary before the issuance of clearance or should have requested the resigned employees to sign an Undertaking so that the Academy could still demand payment for any claim/receivable even though they were no longer connected with DAP. The account should have been provided with allowance for impairment due to the remote possibility of collecting these accounts.</p>								

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	Considering the foregoing deficiencies, it is apparent that the year-end balance of the receivables account of P156.436 million with a carrying value of P76.392 million is unreliable, thereby affecting the fair presentation of the account in the Financial Statements which is not in accordance with paragraph 27 of IPSAS 1.								
A.2	<p>Other Unearned Revenue/Income</p> <p>The faithful representation in the financial statements of the Unearned Revenue/Income account amounting to P308.772 million as of December 31, 2021, could not be ascertained due to the discrepancies between the General Ledger/Schedule and Subsidiary Ledger balances amounting to P22.524 million and the non-adjustment of the penalty charges in prior years of P4.464 million which was erroneously credited to the account contrary to Paragraph 27 of International Public Sector Accounting Standard 1.</p>	<p>2.10 We recommended that Management direct the Accounting Division to:</p> <p>a. Reconcile SL balances with the Schedule supporting the GL and update the SLs per confirmation replies to ascertain the correctness of the Unearned Revenue/Income account balance; and</p>					Fully Implemented	<p>The result of the validation by the Accounting Division staff on 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 verification of COA auditor anytime.</p>	

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	<p>1. <i>This is a reiteration with updates of the previous year's audit observation as Management was not able to fully implement the recommendations.</i></p> <p>2. As of December 31, 2021, the Unearned Revenue/Income account has a balance of P308.772 million composed of the following sub-accounts, as shown in Table 4 - Composition of Unearned Revenue/Income</p> <p>Validation of Other Unearned Revenue/Income – contracted projects account balance of P96.329 million as of December 31, 2021 disclosed that the account balance was not completely supported by the SLs of DAP's clients. From the schedule provided by the Accounting Division, SLs of selected clients were generated using the FMIS-RCA. Verification revealed that there were some SL balances from the FMIS that did not reconcile with the schedule per project/program submitted by the Accounting Division, as shown in Table 5 - Variance between Schedule and the SL</p>	<p>b. Reclass/adjust the balance of unpaid penalty charges amounting to P4.304 million to come up with the correct year-end balance of Unearned Revenue/Income.</p>					Fully Implemented	<p>2. The COA recommendations have been fully complied with as follows</p> <p>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).</p> <p>The overstatement of Unearned Revenue /Income account and understatement of the Accumulated Surplus /(Deficit) in the amount of P 15.331 million were all reclassified in compliance with the AOM, of which P10.867million was recorded in December 2021 per JV/JEV21-12-2708, and P 4.464 million in February 2022 per JV/JEV22-02-1251.</p>	

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	<p>From the table it can be gleaned that per GL/Schedule, AFP has three projects while DOH, PA, and PCG has one project each. However, per SL AFP has five projects, DOH has three, and PA and PCG have two projects each. Also, there were SLs that could not be generated from the FMIS like the ledgers for the Bureau of Treasury GAA from 2018 to 2020 locally funded projects with outstanding balances in the schedule of P4 million, P14 million, and P42.08 million for calendar years 2018, 2019, and 2020, respectively.</p> <p>Moreover, audit disclosed that the P11.621 million balance of penalty charges, includes the amount of P4.304 million covering the unadjusted portion of the penalty imposed to a DAP client in previous year which was erroneously credited to unearned income.</p> <p>The non-reconciliation of the schedule and the SLs could be the effect of non-monitoring and non-reversal of unearned revenue/income account when revenue was already earned based</p>								

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	<p>on the percentage of project completion or accomplishment of the program/course.</p> <p>The non-reconciliation of SLs and the Schedule supporting the GL and the unreversed Other Unearned Revenue/Income – penalty charges cast doubts to the reliability of the account balance</p>								
A.3	<p>Property, Plant and Equipment (PPE)</p> <p>The costs of the Property, Plant and Equipment (PPE) account amounting to P423.247 million, with carrying amount of P189.675 million as of December 31, 2021 recorded in the books has no material variance between the total costs of inventory per physical count. However, the faithful representation of the PPE account balance recorded in the books was doubtful 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 International Public Sector Accounting Standard 1; and (b) motor vehicle donated by United Nations Development Program in CY 2009</p>	<p>We recommend that Management:</p> <p>a. 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>b. Direct the IT Administrator to expedite</p>				<p>31-March-2023</p>	<p>Fully Implemented of Recommendation (a) and (c)</p> <p>Partially Implemented Recommendation (b)</p>	<p>The Accounting Division and the Property Division have achieved the reconciliation of the PPE General Ledger balances and the physical count, respectively.</p> <p>The enhancement of the PPE system is ongoing with the understanding that it is a priority of the IT Administrator of the Academy.</p> <p>the Finance continued the reconciliation. It also developed an excel PPELC subsidiary ledger cards and submitted to COA in Feb</p>	

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	<p>was valued at P1 in the books, contrary to Section 12 of Government Accounting Manual Volume I.</p> <p>1. <i>This is a reiteration with updates of the previous year's audit observation as Management was not able to fully implement the recommendations.</i></p> <p>The PPE account amounting to P423.247 million, had a carrying amount of P189.675 million as of December 31, 2021, breakdown is presented in Table 6 - Breakdown of PPEs at Carrying Amount</p> <p>The carrying value or net book value of the PPE account is net of accumulated depreciation, disposal and other related adjustments.</p> <p>2. <i>Physical inventory was conducted in the DAP Head Office, Pasig City and DAP Convention Center, Tagaytay in various dates from October to December 2021 as witnessed by the Audit Team. Comparison of the balances of the PPE accounts between the costs recorded in the books and the total costs of inventory per physical count only showed a variance of P49,728, causes of</i></p>	<p>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; and</p> <p>c. Appraise the value of the motor vehicle donated by the UNDP to its current fair market value and record the necessary adjustment in the books.</p>						<p>14 2023. It has the same format and framework of JPMS like auto-computing features for Depreciation, Carrying Values, etc. and it is utilized for the remaining PPE items valued P50T and above. The data in the manual subsidiary ledger which is reconciled to the Property Division's Physical count as of Dec 31 2022 is ready for uploading to the enhanced PPELC RCA.</p> <p>The unidentified variance of P2.412 million, between GL and PPELC per AOM has gone down to 0.197million as of Dec 31 2022, in reference to the excel PPELC. The difference represents 2 in-transit PPE paid but not yet received by the Property Division as of the current year. The manual SL is an option suggested by COA during the COA Exit</p>	

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	<p><i>which were due to an item which was recorded twice in the books and another item which was already recorded in the books but not yet included in the inventory.</i></p> <p>3. <i>Variance of P11.117 million between the General Ledgers balances of the Machinery and Equipment sub-accounts and Furniture and Fixtures account totaling P123.142 million and PPE Ledger Cards aggregating P112.025 million, contrary to Paragraph 27 of IPSAS 1</i></p> <p>The Academy developed the Journal Entry Voucher (JEV) PPE Monitoring System (JPMS) for the Accounting Division to serve as a SL that contains the master database of all PPEs which includes the generation of the monthly depreciation and the maintenance of PPE Ledger Card (PPELC) for each PPE items.</p> <p>They have also developed another system called PPE RCA Subsidiary Ledger (PRSL) where they can generate a summary of PPELCs from its own database which shows the items of PPEs per category acquired from 2019 onwards and a</p>							<p>Conference, due to reported limitations of PPELC RCA pending enhancement.</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, ref JEV#22-09-1778.</p>	

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	<p>beginning balance that covers a lump sum of PPE items acquired in 2018 and prior years that came from the JPMS database.</p> <p>At the same time, the Academy uses the FMIS as their internally developed accounting software for recording transactions in the books of accounts which includes the generation of GLs and other financial reports.</p> <p>However, review and validation of the PPELCs generated from the JPMS revealed that these did not tally with GLs balances of the Machinery and Equipment sub-accounts and Furniture & Fixtures account, showing a total variance of P11.117 million, as presented in Table 7 - Variance between GLs and PPELCs balances of Machinery and Equipment sub-accounts and Furniture & Fixtures account</p> <p>Interview with the Accounting Division on the cause(s) of the variance disclosed that they are still in the process of updating and enhancing the JPMS and its</p>								

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	<p>interconnection with the FMIS and Property Monitoring System (PMS) of the Property Division to make all transactions regarding PPE items recorded in the books and PMS reflect in the PPELCs. The current interconnection of the two systems with the JPMS involves the following:</p> <p>For the newly acquired PPEs, the JEVs of recorded acquisitions in the FMIS were queried on a module in the JPMS and will view the details of the accounting entries. Then the system will require the Purchase Order (PO) number, which was provided in the JEV particulars, to show the breakdown of items recorded in the PMS and compare it with the JEV in terms of PPE classification and amounts. If the two records tally with each other, the user will save the shown details to complete the process and it will then reflect on the databases of PPELCs in the JPMS and PRSL, otherwise, the Accounting Division and/or Property Division will make necessary adjustments in the FMIS and/or PMS for any discrepancy.</p>								

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	<p>For the disposed unserviceable PPEs, with the Inventory and Inspection of Unserviceable Properties submitted by the Property Division, the Accounting Division will prepare a JEV and make a breakdown of items by property number and amount in a separate module on the FMIS then the user will save the data so that the total amount per PPE category will reflect on the bottom part of the summary of PPELCs generated from the PRSL as "Total Disposed".</p> <p>Likewise, the sum of adjustments and reclassifications made for PPEs will only reflect as "Total Adjustments" and "Total Reclassed" on the said summary.</p> <p>However, although the disposed, reclassified and adjusted PPEs were added/deducted from the total amount, the record of individual items in the JPMS and PRSL databases still remains, and the lump-sum amounts reflected in the summary of PPELCs only accumulate whenever there are disposals, reclassifications and adjustments made.</p>								

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	<p>The Accounting Division has prepared a reconciliation schedule for the variance between GLs and PPELCs and has identified various reconciling items but can only update the items in the JPMS and PRSL databases with the acquisitions not yet reflected in its PPELCs. The disposals, reclassifications and adjustments recorded in the books are only reflected as lump-sum amounts in the generated summary of PPELCs from PRSL because the JPMS has no feature yet to accommodate those transactions.</p> <p>As of date, they are working out the reconciliation of the PPEs item by item especially between the reflected beginning balance, composed of PPE items from 2018 and prior years, on the summary of PPELCs generated from PRSL and the database of the JPMS to make the disposals, reclassifications and adjustments be applied on a per-item level and eliminate the lump-sum amounts on the summary of PPELCs.</p>								

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	<p>With the deficiencies of the systems above, the reliability of the generated PPELCs has become doubtful as there were acquisitions, disposals, reclassifications and adjustments that need to be updated as well as the beginning balances of the generated summary of PPELCs from the PRSL that need to be reconciled item by item with the JPMS database.</p> <p>The Audit Team also noted that the variance between GLs and PPELCs had significantly increased by 361 per cent from the last year's variance of P2.412 million. Had the update and enhancement of the JPMS, PRSL and their interconnection with the FMIS and PMS been finished, this variance could have been avoided and will not accumulate even more in the succeeding years.</p> <p>In view of the variance of P11.117 million between the GLs balances of the Machinery and Equipment sub-accounts and Furniture & Fixtures account and the PPELCs, the reliability and accuracy of the balances of these accounts were not established.</p>								

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	<p>4. <i>Motor vehicle donated without condition from United Nations Development Program (UNDP) project in CY 2009 was valued at P1 in the books, contrary to Section 12 of GAM.</i></p> <p>Review and validation of the detailed PPE inventory list disclosed that the motor vehicle, Land Cruiser with plate number SJW 928, donated without condition to the Academy from the completed project with the UNDP in CY 2009 was valued only at P1 in the books of accounts at the time of donation and did not recognize the fair value of the said PPE item which resulted to the understatement of the PPE – Motor Vehicles and Accumulated Depreciation – Motor Vehicles accounts and the non-recognition of Income from Grants and Donations in Kind on the period it was donated with the amount corresponding to the fair value of the said asset.</p> <p>In view of the foregoing deficiencies, the faithful representation of the balance of the PPE account</p>								

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	amounting to P423.247 million with a carrying amount of P189.675 million as of December 31, 2021 was not established, contrary to the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities and Paragraph 27 of IPSAS 1.								
B.4	<p>Interest earned from the Endowment Fund</p> <p>Interest earned from Calendar Years 2014 to 2021 totaling P8.549 million from the investment/deposit of Presidential endowment granted to the DAP, intended for scholarship grants and related programs, were not utilized by the Academy, depriving the deserving individuals/government employees in availing such benefits and opportunities.</p> <p>1. <i>The DAP received an endowment/donation from the late President Corazon C. Aquino, and then President Gloria Macapagal Arroyo, sourced from their Presidential Social Fund (PSF). The details of the donations are</i></p>	<p>We recommend that Management:</p> <p>1. Utilize the earnings from the grants by developing and implementing programs and projects in accordance with the purpose for which the funds were granted.</p>					<p>December 31, 2023</p>	<p>1. Between CY2013 to 2021 part of the grants' interest from Pres Cory EF in the amount of P1,488,498, was used for the publication of the <u>Journal on Public Management and Development's (JPMD) maiden issue (Issue #1)</u>. The journal is set to be published by December 2022, once approved by the editorial board</p> <p>2. The P8.548 as per AOM w/c represents the balance</p>	

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	<p><i>presented in Table 8 - Details of Endowment Funds</i></p> <p>The P20 million endowment fund is currently invested with the Development Bank of the Philippines thru its DBP Tier2 CAP Notes with Yield-To-Maturity of 4.875 per cent per annum for 10 years and is about to mature on November 20, 2023. Interest earned from these funds are recorded in the books of the DAP under Deferred Revenue from Grants and Donations – President Corazon C. Aquino/President Gloria M. Arroyo.</p> <p>From CY 1992 to CY 2013, these funds granted by President Aquino and President Arroyo had earned an interest amounting to P18.985 million and P1.496 million, respectively and the DAP was able to utilize the amounts. However, from CY 2014 to CY 2021, the interest earned from these investments/deposits totaling P3.301 million and P5.248 million, respectively were not utilized as of December 31, 2021.</p> <p>The purpose of the interest earned from the grants/donations as</p>							<p>of grant's interest shall be intended for the following:</p> <p>a. The interest balance of the PGMA endowment fund is PhP 3,300,821.70 as of Dec 31 2021. Two projects will be implemented for the President Corazon C. Aquino Fund, intended for the development of program curricula and syllabi for the Master in Public Management (MPM) Program and the publication of one issue of the Journal on Public Management and Development (JPMD).</p> <p>Aside from the publication of the maiden issue of the JPDM, the development of program</p>	

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	<p>indicated in Table 8 are akin to the mandate of the DAP. Thus, it is expected that the interest earned from the endowment funds be utilized for the intended programs/projects specifically for providing scholarship grants and/or similar other related programs.</p> <p>The non-utilization of the interest earned for a period of eight years had deprived the deserving students and/or other qualified government employees, to avail of the scholarship grant and similar programs that would have enhanced their potentials and capabilities.</p>							<p>curriculum of two (2) more tracks of the Master in Public Management (MPM) is for implementation: MPM major in Sustainable Development (MPM SD) and MPM major in Social Welfare and Development (MPM SWD). Both programs will utilize Php900,000.00.</p> <p>The indicative timeline for the creation of the program curriculum for presentation to the Academic Council is from December 2022 to May 2023.</p>	

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									As of February 01, 2023, a Special Order and Project Code are in place, a Letter of Conformance (LOC) has been signed by the Consultant so the implementation activities such as conduct of Training Needs Analysis (TNA), Key Informant Interview (KII), and Focus Group Discussions (FGDs) will soon take place. These activities are needed for the development of the program curriculum, which will be presented to the Academic Council for approval prior to

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								marketing the program to the DSWD. b. The interest balance of the FPGMA Endowment Fund, on the other hand, is PhP 5,248,198.76 where PhP 4,466,250.00 is to be utilized for the 50% scholarship grant to qualified Filipino public servants. A portion of the remaining balance of PhP 781,948.76 will be used for the curriculum review of the MPM Program that will be used by batches 3 onwards.	

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								<p>Status Report as of February 1, 2023 Page 3</p> <p>Master in Public Management (MPM) Online Program Batches 4 and 6. The MPM Program officially had its first batch in 1993, accepted its last batch in 2005 and was able to capacitate a total of 180 public managers.</p> <p>In 2020, after the revitalization of its program curriculum, the DAP-GSPDM offered it to the public through an online mode. Batch 1 produced a total of 15 graduates and</p>	

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								<p>Batch 2 was able to capacitate 14 more public managers.</p> <p>Batches 4 and 6 of the Program will be shouldered by the said EF while Batch 3 and 5 will be shouldered by the Government Appropriations Act of the Fiscal Year 2022 and 2023 under Support for GSPDM Programs.</p> <p>The EF will cover professional service fee, consultants service fee and out of pocket costs for the two-day activity. Batches 4 and 6 of the MPM Online</p>	

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								<p>Program may offer partial or 50% scholarship grant to 20 and 25 students, respectively. Pre-implementation activities from marketing to screening of scholars to graduation will take about 25 months for each batch. The indicative Academic Calendar of Batches 4 and 6 is as follows:</p> <p>MPM Batch 4 Indicative Academic Year: 4 May 2023 – July 2024 Enlistment Period: February 2023</p> <p>MPM Batch 5 Indicative Academic</p>	

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									Year: 6 December 2023 – July 2025 Enlistment Period: September 2023 Further that, 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". 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.
B.5	Unpaid Cost of Audit Services Costs of Audit Services from calendar years 1990 to 2021 in the aggregate amount of P60.658 million were not yet remitted by the Academy to the Bureau of Treasury contrary to Commission on Audit and Department of Budget and Management Joint Circular No. 88-1 dated	We reiterated our prior year's audit recommendation (1) that Management instruct the Finance Department to submit to COA-PFMS the plan of payment in a staggered scheme to gradually settle					Not Implemented (1)	DBM's fund releases to the Academy, if any, are intended for specific projects only that are aligned to its mandate. DAP will file another plea before the COA and	

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	<p>July 29, 1988 and Section 2 of Executive Order No. 19 dated June 19, 1986 as amended by Executive Order No. 271, s. 1987</p> <p><i>This is a reiteration with updates of the previous year's audit observation as Management was not able to fully implement the recommendations.</i></p> <p>The Accounting Office of the Planning, Finance and Management Sector (PFMS) of the COA prepares the Billing Statement for the cost of audit services rendered by the resident auditors to their respective audited government agencies in accordance with Section 24 of Presidential Decree (PD) No. 1445, as amended by Executive Order (EO) No. 19 dated July 29, 1986 and further amended by EO No. 271 dated July 26, 1987. The COA and DBM issued Joint Circular No. 88-1 dated July 29, 1988, which provided the guidelines in implementing the objectives of the aforesaid issuances</p> <p>On February 3, 2022, DAP received a COA Bill No. 2021-12-001409 dated December 22, 2021 from the Accounting Office of the PFMS of the</p>	<p>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; and</p> <p>We further recommended that</p> <p>(2) the DAP continue to make representation to the DBM to request subsidy/allotment for the outstanding unpaid amount of costs of audit services of P60.658 million.</p>					<p>Not Implemented (2)</p>	<p>continues to identify sources of funds.</p> <p>As to the computation of the amount payable, for 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 available. The bulk of difference was during 1990 to 1999 but the records were already subjected to disposal after the prescribed period of retention</p>	

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	<p>COA Central Office for the Costs of Audit Services (CAS) rendered by the resident auditors for the month of December 2021 in the amount of P357,831. Also, in the same billing statement the unremitted service fees of the Academy from CYs 1990 to 2021, totaling P60.568 million was highlighted in Table 9 - Billing of Costs of Audit as of December 31, 2021</p> <p>To ease the Academy out of their unpaid obligation to the BTr the Audit Team suggested in one of the recommendations last year to explore the possibility of requesting from the COA - PFMS the settlement of the unpaid CAS on installment/staggered basis. The Acting Finance Director days after the Exit Conference wrote directly to the COA concerned office to appeal for the unremitted amount of CAS be waived or reduced.</p> <p>In this connection, a memorandum from the Office of the PFMS was received by the Team requesting for a comment on the Academy's financial status and the capacity to pay the unremitted CAS for about 31</p>								

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	<p>years. As per Audit Team's assessment, the Academy is unable to pay the unremitted CAS aggregating to P60.658 million because of their financial condition as presented in Table 10 - Financial Performance of DAP For the Five-Year Period (CYs 2017-2021)</p> <p>Table 10 shows that the Academy is consistently incurring losses after deducting operating expenses from the service and business income for CYs 2017 to 2021, that signifies that the Academy is really relying on the national government subsidy to survive. The DAP is a self-sustaining institution that earned income from consultancy services rendered, rental from leasing office space, hostels/dormitories and interest income from investments. The subsidy from the national government was intended to finance the mandated projects and programs of the Academy.</p> <p>Inquiry with the concerned personnel revealed that the DAP is very much willing to pay their obligation to BTr but due to financial constraint and</p>								

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	<p>the recent pandemic made the Academy's financial situation even more challenging. The Academy requested from the DBM the inclusion of CAS in the Agency subsidy but unfortunately, it was denied. The National Government subsidized only the approved and identified set of projects/programs aligned to DAP's mandate.</p> <p>The Team would like to call the attention of the Management that the Academy is duty-bound to remit the CAS as provided for in COA and DBM Joint Circular No. 88-1. Likewise, in Section 2 of EO No. 19 dated June 19, 1986, an official/employee who fails to remit the amount due for the CAS, shall be held liable for neglect of duty, and shall be subject to disciplinary or administrative action under the existing rules and regulations of the Civil Service Commission.</p>								
B.6	<p>Gender And Development</p> <p>The Development Academy of the Philippines was able to comply with the requirements of Philippine Commission on</p>	<p>We recommended that Management direct the GAD Focal Point Person and the GAD TWG to:</p>							

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	<p>Women (PCW), National Economic and Development Authority and Department of Budget and Management Joint Circular No. 2012-01, particularly on the submission of the Gender and Development (GAD) Plan and Budget (GPB) to PCW for calendar year 2021 within the prescribed period and allocation of GPB of at least five per cent of its Corporate Operating Budget. However, 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 contrary to same Circular.</p> <p>The Philippine Commission on Women, National Economic and Development Authority and Department of Budget and Management (PCW-NEDA-DBM) issued Joint Circular No. 2012-01 to provide the guidelines for the preparation of the annual GPB and accomplishment report to implement the Magna Carta of Women.</p> <p>1. <i>Audit disclosed that the DAP complied with the submission of its GPB for CY 2021 to PCW for review and the same was endorsed by the latter on July 30, 2021. On August 2, 2021 a copy of PCW endorsed GPB of DAP was forwarded to COA Audit</i></p>	<p>a. Continue complying 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> <p>b. Make sure that the GAD Activities in the GPB are doable and can be completed in a given period in order to accomplish fully the planned activities/programs/projects; and</p> <p>c. Monitor the GPB and ascertain that all activities are accomplished within the approved GAD budget of the Academy for the current year.</p>				31-March-2023	<p>Fully Implemented (a)</p> <p>Partially Implemented (b)</p> <p>Fully Implemented (c)</p>	<p>Electronically signed PCW Reviewed 2021 DAP GAD AR, submitted to COA in July 8 2022</p> <p>The 2021 GAD PAPs have been superseded by the 2022 GAD PAPs. Full updates as of Dec 31 2022 was submitted to DAP-Finance and is part of COA AAR 2022.</p>	

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	<p><i>Team via email in compliance with COA Circular No. 2014-001 dated March 18, 2014.</i></p> <p>2. <i>Likewise, the Academy allocated P662.208 million for GAD related Programs, Activities and Projects (PAPs) which is equivalent to 52.53 per cent of its Corporate Operating Budget (COB) of P1.261 billion, more than the required minimum allocation of five per cent. However, it was noticed that DAP used the COB of P1.261 billion instead of the DBM approve COB of P1.368 billion.</i></p> <p>Inquiry with the concerned personnel of DAP revealed that since GPB was prepared earlier than the approval of the DAP COB, the Academy used the Board approved Indicative Budget as the source of their GAD PAPs.</p> <p>Analysis of the GAD Accomplishment Report (AR) showed a favorable result having an actual expenditure of P544.498 million equivalent to 82.22 per cent of the GPB. However, despite of the high percentage of accomplishment</p>								

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	<p>in terms of money value it was observed that only one PPA was fully accomplished, seven were partially implemented, four were not yet started as of December 31, 2021, and seven PPAs did not have any status of completion indicated in the GAD AR with the highest money value as reported. Details are shown in Annex A.</p> <p>3. Inquiry disclosed the reasons for non-completion and non-implementation of the GAD PPAs in CY 2021 were as follows:</p> <p>a. Work from Home was the default work mode in DAP in 2021 and due to the episodes of COVID-19 infections, reporting on-site was regulated;</p> <p>b. With the efforts concentrated on online conversion and delivery of the Academy's capacity building mandate there was no time and opportunity anymore to pursue original plan for GAD;</p> <p>c. It was quite difficult to hire a full-time GAD person during</p>								

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	<p>the pandemic; and without dedicated GAD person, it was also difficult to find time for Technical Working Group to act and accomplish the many targeted tasks;</p> <p>d. Hiring of full-time GAD personnel was not prioritized by Management;</p> <p>e. Memorandum Circular for use of Gender Fair Language was drafted but approval was deferred requiring further study; and</p> <p>f. Research protocol was prepared but is waiting for funding support from another unit of the Academy.</p>								
B.7	<p>Compliance with Mandatory Contributions and Remittances to Government Service Insurance System, PHIC and Pag-ibig</p> <p>The Academy was compliant in collecting and remitting premiums and membership contributions of the employees and the agency's share for the current year with Section 14.1 of the Implementing Rules and Regulations (IRR) of Republic Act (RA)</p>	<p>We recommended that Management:</p> <p>a. Analyze and reconcile the beginning balances of the GSIS, PhilHealth and Pag-IBIG accounts and remit as well the outstanding balance of</p>	<p>Reconciliation is being performed by HRMDD retrospectively as per format provided by the Accounting Division.</p>			31-Dec-2033	Partial implementation of recommendation (a)	<p>Reconciliation is being performed by the Accounting and HR Division retrospectively. The Accounting Division performed the trailing and matching of transactions in 2021 and 2020 with the data provided by the</p>	

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	<p>No. 8291, otherwise known as the GSIS Act of 1997; Section 11 of the Revised IRR of RA No. 10606, also known as the National Health Insurance Act of 2013; and Section 3, Rule VII of the IRR of RA No. 9679 or the HDMF Law of 2009. However, as of December 31, 2021 there were unremitted amounts representing unreconciled beginning balances that were forwarded from prior years in the amounts of P2.813 million, P325,433 and P128,733 respectively</p> <p>1. <i>This is a reiteration with updates of the previous year's audit observation as Management was not able to fully implement the recommendations.</i></p> <p>2. The GSIS premium contributions of the officials and employees and the Academy's share for CY 2021 were remitted within the prescribed remittance period of ten (10) days of the calendar month following the month to which the contributions apply. However, per record there was unremitted amount of P2.813 million due to unreconciled beginning balance of prior years, as shown in Table 11 - GSIS</p>	<p>the aforementioned accounts; and</p> <p>b. Strictly comply with the provisions of Section 14.1 of the IRR of RA No. 8291, Section 11 of the Revised 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.</p>						<p>Comben Division and were recorded in the books.</p> <p>Adjusting entries were already booked as per JEV#22-10-1663; 22-10-1664; 22-02-1253; 22-02-1254; 20-11-0823; 20-12-0522 to correct the errors attributed or committed during the recording of original transactions and residual centavo difference.</p>	

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	<p>Contributions and Remittances for CY 2021</p> <p>3. Likewise, the Academy complied with the remittance of PhilHealth contributions within the period prescribed as stated in the above provision for the current year. But, as of December 31, 2021 the unremitted amount of P325,433 that pertained to unreconciled previous year balance, as presented in Table 12 - PhilHealth Contributions and Remittances for CY 2021</p> <p>4. Moreover, the HDMF or PAG-IBIG contributions of the officials and employees of the Academy for CY 2021 were also remitted within the prescribed period as provided in Section 3a, Rule VII of the IRR of RA No. 9679 or the Home Development Mutual Fund Law. However, the unreconciled beginning balance from previous years were not remitted amounting to P128,733. Details are shown in Table 13 - Pag-IBIG Contributions and Remittances for CY 2021</p>								

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	<p>5. Interview with the concerned personnel of the Accounting Department revealed that the unremitted contributions of GSIS, PhilHealth and Pag-IBIG amounting to P2.813 million, P325,433 and P128,733, respectively were mainly due to unreconciled beginning balances of the accounts. As of date, they claimed that they are in the process of reconciling the beginning balance of the accounts.</p> <p>The non-remittance of the above-mentioned premiums and contributions was not in accordance with the provisions of Section 14.1 of the IRR of RA No. 8291, otherwise known as the GSIS Act of 1997; Section 11 of the Revised IRR of RA No. 10606, also known as the National Health Insurance Act of 2013; and Section 3, Rule VII of the IRR of RA No. 9679 or the HDMF Law of 2009.</p>								
B.8	<p>INSURANCE OF GOVERNMENT PROPERTIES WITH THE GSIS</p> <p>The Academy adheres with the Presidential Decree No. 24 amending</p>	We recommended that Management direct the Property Division to:					Fully implemented recommendation (a)	The Property and Supplies Management (PSMS) of the Logistics Division – Administrative Department will prepare the Property	

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	<p>Section 3 of the Republic Act No. 656, also known as Property Insurance Law by annually paying insurance coverage totaling P2.789 million for their insurable assets and properties with the Government Service Insurance System (GSIS). 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.</p> <p>Review of documents revealed that the Academy has been paying annual insurance premiums totaling P2.789 million for CY 2021 to the GSIS for its buildings and various contents located in DAP- Pasig and DAPCC - Tagaytay, separately. Below are the details of the current insurance policies acquired by the Academy, as shown in Table 14-Details of DAP Current Insurance</p>	<p>a. Prepare and submit the prescribed 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>b. Hire an independent appraiser to evaluate the appraised value of the insurable properties of the Academy that has a value of more than P10 million to guarantee that all assets are adequately and reliably safeguarded.</p>				31-Dec-2023	Partial implementation of Recommendation (b)	<p>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> <p>GSIS e-mail acknowledgement in April 29 2022 of the PIF as of March 31 2022, 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</p>	

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	<p>However, the Audit Team noted the following non-compliance with the provisions of the COA Circular No. 2018-002 dated May 31, 2018, to wit:</p> <ol style="list-style-type: none"> No PIF was prepared and submitted to the Audit Team and the GIF of the GSIS, however, request for billing with information on the amount of building and its content was issued to Marketing Department of GSIS. The PIF is a listing of all insurable properties and other assets, showing their latest appraised values/valuation, appraisal date, location, and other information which should be submitted not later than April 30 of each year, contrary to Item No. 5(b) of the circular; The letter requests for billing for DAP-Pasig and DAPCC-Tagaytay were issued and insurance premiums were paid separately and with different periods of coverage instead of consolidating all buildings and contents of the Academy and pay the insurance premiums as one, inconsistent with Item No. 5(g) of the said Circular; 							<p>ever) the asset base of the Academy particularly to its structure and consequently to its overall financial standing. Last appraisal of fixed assets is in 2017(Cuervo Appraisal Report)</p> <p>To be included in 2023 PPMP.</p>	

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	<p>3. Acquisition costs of the properties were used to value the insurable assets inconsistent with the Circular that it should be at appraised values which may result to overstatement of insurance expense for the period. An in-house appraisal shall be sufficient if the property or insurable interest has a value of P10 million and below, otherwise, an independent appraisal shall be necessary, contrary to Item No. 5(d) of the Circular; and</p> <p>4. The information presented was only the lump sum amounts of buildings and per category of PPEs while the Circular prescribed that it should be per item as presented in Annex A showing their classification, item description, nature of occupancy, date constructed/acquired/manufactured and property number which can be extracted from the Report on the Physical Count of PPE as well as from the Report on the Physical Count of Inventories (excluding impaired properties for disposal).</p> <p>To enable the GIF to deliver the mandated services, it is necessary for the GSIS to obtain complete</p>								

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	<p>information on the inventory of assets and properties of all government agencies, including the latest appraised/market values determines by a third party or in-house appraiser in compliance with the accounting and other valuation standards adopted by the concerned agency.</p> <p>5. Further, the Motor Vehicles with the total acquisition cost of P27.526 million included Toyota Land Cruiser with plate number SJW 928, which was donated by the UNDP to DAP on March 25, 2009 after completion of the project, was booked at P1. However, the GFI of the GSIS assessed the vehicle with an insurable amount of P0.829 million in CY 2021. While, the Insurance Company assessed the vehicle with the said insurance coverage that means Toyota Land Cruiser should not be valued at P1 only.</p> <p>The non-compliance with the requirement prescribed in the COA Circular No. 2018-002 dated May 31, 2018 denies the government adequate and reliable protection</p>								

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	against any damage to or loss of its properties or assets and interests due to fire, earthquake, storm, or other fortuitous events/casualty.								
B.9	<p>Compliance with Tax Laws</p> <p>The DAP has been consistently withholding taxes on salaries and wages and other benefits due from its officers and employees as well as on goods and services and remitting the same to the BIR. For CY 2021, the total amount of P41.968 million consisting of the beginning balance and the taxes withheld for the current year amounting to P5.704 million and P36.264 million, respectively, the amount of P34.531 million was remitted to BIR as of December 31, 2021 and the balance of P6.588 million was remitted in the first quarter of 2022</p>								

ANATALIA S. BARAWIDAN
 Managing Director - Finance
 Date: February 14, 2023

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Note: Status of Implementation may either be (a) Fully Implemented, (b) Ongoing, (c) Not Implemented, (d) Partially Implemented, or (e) Delayed

This forms part of Finance submission for COA 2021 Annual Audited Report.