

DEVELOPMENT ACADEMY OF THE PHILIPPINES
 AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION
 AUDIT OBSERVATIONS AND RECOMMENDATIONS FOR CY 2014
 As of 31 March 2016

AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION									
Ref.	Audit Observations	Recommendations	Agency Action Plan and Status of Implementation				Status of Implementation	Reason for Partial/ Delay/ Non-implementation, if applicable	Action Taken/ Action to be taken
			Action Plan	Person's Responsible	Target Implementation Date				
					From	To			
AOM 2015-01	The Development Academy of the Philippines (DAP) did not comply with the provisions of Republic Act (RA) No. 7656, particularly Section 3, in the remittance of the 50 per cent share of its annual net earnings amounting to 2,055,742 to the National Government.	Remit to the Bureau of Treasury the amount of P2,055,742 representing the 50% of its net earnings for the year ended December 31, 2013.					N/A	The Academy did not declare dividends for CY 2013 because DAP applied the formula that excluded subsidy. Hence, the Academy incurred a Net Loss before Gov't Subsidy of P73.28 Million in the Income Statement.	The Academy still maintains that it is not obliged to remit dividends to the Bureau of Treasury because of the reason stated.
AOM 2015-02	Unutilized funds amounting to P1.5 million out of the P165 million Disbursement Acceleration Program (DAP) fund released to the Academy for the Executive Development Project for Schools, Universities and Colleges were not yet returned to the Bureau of Treasury (BTR) as of December 31, 2014 despite the Supreme Court ruling on DAP dated July 1, 2014.	Return the unutilized DAP fund in its custody amounting to P1.5 million.					Implemented	N/A	The Academy returned the utilized funds amounting to P1.5M to the Bureau of Treasury per Official Receipt No. 8203113 dated July 24, 2015.
AOM 2015-03	(1) Liquidation reports of the project regarding Energy Efficiency and Conservation as contained in the contract entered into by and between the Department of Energy (DOE) and the Development Academy of the Philippines (DAP) showed that the amount returned by the Academy to DOE representing unutilized fund exceeded by P33,282.32; (2) Supplies purchased and charged to the Project amounting to P260,580 lacked documents to support its distribution causing the transaction to be excessive as defined in COA Circular No. 2012-003; (3) DOE Project fund amounting to P104,419.64 was utilized to acquire equipment in the name of the Academy causing doubt as to the validity and propriety of charging these acquisitions to said Fund.	a. Request DOE to refund/return the excess amount of P33,282.32 it received from DAP; b. Practice prudence so that government funds are safeguarded and that excessive expenditures are prevented; c. Submit the documents evidencing the distribution of supplies to workshop participants; and d. Coordinate with DOE relative to the ownership of the purchased equipment charged to DOE project fund however booked as the Academy's property.					Implemented	N/A	a. The excess amount of P33,282.32 was offset against the unutilized fund of Project Profiling Study on Bote-bote per JEV#15-12-1898; b. The documents evidencing the distribution of supplies to participants were already submitted; c. The ownership of the equipment will be transferred to DOE on 31 December 2016. As of 31 December 2015 the amount of P104,419.64 was already included in the Academy's inventory list for monitoring purposes. However, when these PPE will be transferred to DOE at the end of the project, an Invoice Receipt of Property (IRP) will be prepared and issued for this purpose.

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AOM 2015-04	Purchases amounting to P471,425.58 from the Department of Budget and Management-Procurement Service (DBM-PS) were not supported with delivery receipts, inspection and acceptance reports which is required under COA Circular No. 2009-001 dated February 12, 2009 resulting in doubtful existence, validity and accuracy of the Supplies Inventory account.	<p>a. Submit and attached to the Journal Entry Vouchers (JEV) the delivery receipts and inspection and acceptance reports of the goods that were already delivered and received by the Academy;</p> <p>b. Periodically reconcile and monitor the purchases vis-à-vis delivered supplies and materials from the DBM-PS. Also, coordination shall be maintained among personnel from the Accounting and Property Office to ensure the correctness of the property inventory account; and</p> <p>c. Adjust the advance payment of undelivered items to Due from DBM-PS.</p>					Implemented	N/A	a. We already submitted and attached to the Journal Entry Voucher (JEV), the delivery receipt and Inspection and acceptance reports on the goods that were already delivered and received by the Academy; b. COD purchases from DBM-Procurement Service are recorded in the books of accounts as Supplies in-transit (200-300). If purchases are not delivered then this account and the cash account are reversed. The check is likewise cancelled. The supplies inventory of the Academy has been reconciled.
AOM 2015-05	Allowance for Doubtful Accounts for Accounts Receivable from CY 1977 to CY 2003 with a year-end balance of P28.308 million was overstated by P26.601 million due to the adoption of rates ranging from 12 to 100 per cent, instead of one to five per cent prescribed in Section 66 of the NGAS Manual, Volume 1.	<p>a. Direct the FAO to adjust the rates used by Management in the determination of allowance for bad debts pursuant to Section 66, NGAS, Volume I and adjust accordingly the computed allowance for bad debts by P26.601 million; and</p> <p>b. Use the prescribed rates in the computation of the allowance for bad debts and exclude in the computation accounts receivable from government agencies.</p>					Implemented	N/A	As of 31 December 2015, only the amount of P195,808.88 remains as an overstated allowance provided in previous years. In 2016 the Accounting Division shall start providing for Allowance for Doubtful Accounts in accordance with the prescribed rates under Section 66, NGAS, Volume 1

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AOM 2015-06	(1) Due to the inability of DAP Management to identify the depositors/payors of funds credited/posted in the bank statement issued by the Land Bank of the Philippines (LBP), Cash in Bank- Local Currency, Savings Account in the amount of P1.810 million remained as reconciling items as of December 31, 2014; and (2) Deposit transactions amounting to P0.895 million were recorded as Cash in Bank, Foreign Currency, Savings Account and credited to Deferred Income without basis and supporting documents.	<p>a. prepare the bank reconciliation statements in accordance with COA Circular No. 92-125 A dated March 4, 1992 which requires "the Accountant to prepare correcting/adjusting entries for discrepancies/errors or other reconciling items requiring corrections by the agency immediately after the Treasury/Bank Reconciliation Statement were made and after those items were properly analyzed and verified." Analyze and verify the nature of the entries in the bank statement and those in the books of the agency in order to properly record the reconciling items and reflect the correct account balance in the financial statements;</p> <p>b. request from LBP copy/ies of the debit and credit memo as reference/source information to support/evidence the recording of the transactions in the books of DAP; and</p> <p>c. facilitate the identification of postings in the bank statements corresponding to collections from the clients/payors of DAP or other parties.</p>					Implemented	N/A	<p>a. Bank Reconciliation Statements (BRS) are prepared accordingly on a monthly basis by the Accounting Division's staff. All reconciling items for bank-to-bank payments are reflected in the BRS. As soon as these payments are identified by the Treasury Division, these are recorded in the books of accounts. Official Receipts (ORs) are issued for these payments.</p> <p>b. The P 0.895 Million has been reclassified due to identification of payors per JEV Nos. 15-07-1539, 15-07-1573 and 15-07-1751</p>
AOM 2015-07	Collections through clients' direct transfer of fund to the depository account of the Academy resulted in the accumulation of unrecorded cash deposits and inability to issue official receipts or equivalent contrary to Section 3.1 of COA Circular No. 2013-007 dated September 18, 2013 and Section 68 of PD 1445.	<p>a. Establish guidelines on collections through clients' direct transfer of fund to the depository account of the Academy; and</p> <p>b. Consider COA Circular No. 2013-007 dated September 18, 2013 relative to the adoption of electronic collection system.</p>		Jocelyn Y. Denaco, Manager, Treasury Division			Partially implemented	The Treasury Division is experiencing difficulty in the identification of the bank-to-bank transactions since the clients were depositing to DAP's bank account without information to identify them. The clients usually do not write details of their payment in the deposit slip/s particularly the name of agency/person paying, the bill number/s and contact numbers.	In this regard, the Treasury Division shall continue to reconcile the said transactions. In order to minimize, if not eradicate, future bank-to-bank payments problems, the Treasury Division has facilitated the drafting of a MOA between DAP and LBP to avail of the LANDBANK On-line Collection facility that will solve this matter. This will address the identification of the payor and other information pertaining to DAP's bank-to-bank collections.


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AOM 2015-08	The Academy defaulted in the remittance on the cost of the audit services since 1990 to 2014 in violation of the Commission on Audit (COA) and Department of Budget and Management (DBM) Joint Circular No. 88-1 dated July 29, 1988. The outstanding balance due to the Commission amounted to P34.49 million as of CY 2014.	<p>a) Settle the latest assessment received;</p> <p>b) Reconcile the Summary of Assessments, Remittances and Balances transmitted by the Commission with the Academy's records. It was possible that there were payments not considered in the records of the Commission; communicate to the latter any discrepancy noted;</p> <p>c) Develop a payment scheme to settle the unpaid balance. Inform the Commission of the planned settlement scheme and strictly abide by it.</p>		Anatalia SD. Barawidan, Acting Managing Director, Finance Department			Partially implemented	The Academy is programming the allocation of funds that included the cost of audit services.	We have reconciled the data on cost of audit services and paid, through the Bureau of Treasury, the 2014 COA assessment amounting to P-2,977,274.00 per O.R. # 6439550 dated 15 August 2015. The Academy shall program the allocation of funds for the payment of the latest COA cost of audit services.
AOM 2015-09	(1) The Academy spent P22.633 million for foreign travels for the Executive Development Program (EDP) for Schools, Universities and Colleges (SUCs) funded by the Disbursement Acceleration Program contrary to Section 7 of Executive Order 248-A dated August 29, 1995; (2) Foreign Academic Travel (FAT) to Netherlands dated November 30, 2013 to December 8, 2013 disclosed that the Academy incurred P106,800 in going to Paris from Benelux, Netherlands which was not part of the travel itinerary and activities, therefore, unnecessary as defined in COA Circular No. 2012-003; (3) Review of documents supporting the liquidation of payment of the airfare, accommodation and Daily Subsistence Allowance (DSA) of the FAT participants revealed some inconsistencies with COA Circular No. 2012-01, Prescribing the Revised Guidelines and Documentary Requirements for Common Government Transactions; and (4) Suspended and refunded excess DSA granted to FAT participants (SUC Presidents and officers of the Academy) who travelled to New Zealand amounting to P180,936.97 were not reverted to DAP funds, thereby, understating the reported unutilized amount of P1.5 million to be returned to the Bureau of Treasury (BTr).	<p>a. Submit the curriculum, board resolutions and other documents evidencing the authorization of each FAT;</p> <p>b. Limit foreign travels to those which are necessary, will involve minimal cost and shall contribute greatly to the attainment of the objective of the activity/program;</p> <p>c. Submit liquidation documents in accordance with COA Circular No. 2012-01;</p> <p>d. Practice prudence in the disbursement of government funds; and</p> <p>e. Return the suspended and refunded excess amount of DSA granted to FAT participants to the Bureau of Treasury in addition to the P1.5 million reported unutilized DAP funds.</p>	DAP will continue to limit foreign travels to those which are necessary and contribute greatly to the attainment of the objective of the activity/program.	Graduate School Program Development Management (Dean Gloria J. Mercado)	Jan. 01, 2016	Dec. 31, 2016	Implemented	N/A	For excess DSA, except for two (2) SUC Presidents, amounting to P19,114.24, all others have refunded the excess DSA granted to them. Efforts have been exhausted to collect this amount by emailing and calling up the 2 SUCs Presidents but these yielded negative results. As to COA requirement "a", the Academy sent a letter to the COA Auditor dated 18 August 2015 stating justifications and submitting other related documents.
AOM 2015-10	Expenses related to Gender and Development (GAD) incurred by DAP for CY 2014 amounting to P374,571.00 was less than the five per cent Approved Corporate Operating Budget (COB) of P610,123,000.00 equivalent to P30,506,150.00 required under Joint Circular No. 2012-01.	Identify and monitor GAD activities, programs and projects mainstreamed in their operations with their corresponding cost to form part of the DAP overall GAD activities, programs and projects and budget.					Implemented	N/A	The HRMDD has since been doing your recommendation .

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AOM 2015-11	The Academy could have earned at least P2.686 million had it enforced and implemented the 10 per cent escalation clause provided in the lease contract upon its renewal and the imposition of the 1.4 per cent interest per day of default in payment.	<p>a. Review the contracts to determine the reasonableness of rental rates, whether the term and conditions are still applicable and/or reasonable, and advantageous to DAP;</p> <p>b. Cause the preparation and perfection of the lease contracts to include the escalation and penalty charges to all lessees in case of default on paying the rental fees;</p> <p>c. Enforce the lessee to pay interest in all payments in default and include/ add the escalation of 10 per cent every year upon the renewal of the lease contracts; and</p> <p>d. Collect the amount of P2.686 million or take appropriate action to collect from the lessees concerned.</p>					Implemented	N/A	Management already addressed the recommendations of the COA Auditor.
AOM 2015-12	The accuracy and validity of the PPE account balances as of December 31, 2014 amounting to P315.188 million is doubtful because it is not reconciled with the physical inventory balance totaling P317.924 million or a discrepancy of P2.736 million	<p>a. Create a team or task force to reconcile discrepancies between accounting and property records to ascertain the accuracy and validity of the PPE account balances; and</p> <p>b. Direct the FAO to maintain PPELCs and to regularly prepare PPE schedules as basis to reconcile the GL balances of PPE accounts with the inventory report pursuant to Section 53, GAAM Volume III.</p>					Implemented	N/A	The PPE book records and the actual physical inventory are almost reconciled in totality except for P-3,013.00 where the physical inventory is larger by this amount.
AOM 2015-13	The PPE accounts and the corresponding Depreciation Expense and Allowance for Depreciation accounts were all overstated due to non-reclassification of unserviceable items of property to Other Assets account.	Direct the FAO to maintain PPELCs and to regularly prepare PPE schedules as basis to reconcile the GL balances of PPE accounts with the inventory report pursuant to Section 53, GAAM Volume III.					Implemented	N/A	The Academy has existing computerized system for PPE including depreciation. There is no adjustment in the books of accounts for PPE and the related accumulated depreciation.

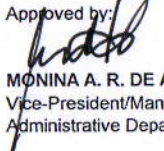
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