

DEVELOPMENT ACADEMY OF THE PHILIPPINES
 AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION
 AUDIT OBSERVATIONS AND RECOMMENDATIONS FOR CY 2015 ISSUED IN 2016
 As of 31 December 2016

AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION									
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AOM 2016-01 (15)	The APO National Workshop on Organic Product Certification for Philippine Inspector project for the months of February to May 2013 with a total project cost of P1.134 million was implemented without a perfected Contract or Memorandum of Agreement by and between the Development Academy of the Philippines and the Department of Agriculture – Bureau of Agriculture and Fisheries Standards (DA-BAFS).	Ensure that all the documentary requirements to support its transactions in the disbursements of government funds are complete.						<p>The Academy's Legal Counsel opined that <i>"the avenue of collection through quantum meruit could not be availed of due to lacking documentary requirements"</i>.</p> <p>DAP implemented this project on the basis of the "Notice to Proceed" issued by ASec. Salvador S. Salacup of the Department of Agriculture-Bureau of Agriculture and Fisheries Product Standards (DA-BAFPS) to DAP.</p> <p>DAP has exhausted all efforts to have the contract signed by the DA. The DA's USec. for Administration and Finance in a letter instead advised the Academy "to undertake the necessary procedure to file claim for payment under the quantum meruit with the Commission on Audit". Upon examination of the documents, it was found to be incomplete as to undertake a claim under the quantum meruit procedure.</p> <p>The opinion of the Academy's Legal Counsel stated that <i>"the Academy's project team shall have to contact their counterparts and re-establish connections to find other solutions for completion and closure"</i>.</p> <p>Likewise, he suggested that <i>"the Department of Agriculture (DA) should provide the Academy a certification recognizing the project and subsequent obligation in its budget"</i>.</p>	

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AOM 2016 Q2 (15)	Vehicle rental payments amounting to P189,800 for the year 2015 were only supported with Acknowledgement Receipt (AR) or Reimbursement Expense Receipt (RER).	a. Review the payment of reimbursable expenses charged to the Academy to determine whether these are valid and in accordance with Government Procurement Manual.					Implemented	a. We strictly review and validate the payment of reimbursable expenses charged to the Academy in accordance with the Government Procurement Manual.	
		b. Submit approved itinerary/trip ticket indicating the name of passengers, the purpose, and the destination with the corresponding time and dates, and justification letter for the special hire of vehicles.					Implemented	b. We require the centers/groups to submit the vehicle rental requirements, if applicable.	
	Supporting documents relative to the team building conducted on August 4 and 20, 2015 costing to P189,128.20 were incomplete.	c. Submit complete documents to support the team building and justify why the approved itinerary was not followed					Implemented	c. We have submitted the following documents as requested to support the said teambuilding: 1) Program Content and Report; 2) Approval of the Conduct of Teambuilding by the President; 3) Itinerary/Justification; and 4) Attendance Sheet	
	Lead time between the evaluation of liquidation documents and its recording was not in accordance with Section 5.3 of COA Circular No. 1997-002.	d. Strictly enforce liquidation of all cash advances immediately after purposes for which they were granted have been served or period allotted for their liquidation whichever comes first;					Implemented	d. We are implementing the policy on liquidation of local/foreign travel cash advances per COA Circular 248 and E.O. 298.	

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	Accountable Officers (AOs) are given an additional cash advance despite of its unsettled liquidation balance.	e. Refrain from granting additional cash advances to AOs with unsettled cash advances;					Implemented	e. We have explained to the COA Auditor the situation in DAP that we will be granting a maximum of two (2) cash advances for those who travel frequently and with no sufficient time to liquidate the first cash advance. The two (2) cash advances at a time per Accountable Officer (AO) shall already include the cash advance for a specific purpose.
		f. Enforce the use of DAP transaction form to strengthen the control in the liquidation of cash advances; and					Not Applicable	f. While we prepare the DTF, this is not meant to be submitted to COA with the documents to support payment. This is retained at the Finance Department as a monitoring instrument for the ISO-set lead/processing time.
		g. Institute appropriate legal sanctions against AO who fails to liquidate cash advances within the period prescribed by law and regulations.					Implemented	g. We are already instituting sanctions for AOs who do not liquidate their cash advances on the required date. We send letters informing those concerned that we will be deducting from their salaries the unliquidated cash advances in their names.

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AOM 2016 03 (15)	The validity of the Provision for Output Vat account for theyears 2002 and below amounting to P14,740,320.00, which remained dormant, cannot be ascertained due to the absence of records and supporting documents	a. Direct the Chief Accountant and staff to review, analyze and adjust the Provision for Output Tax 2002 and below, together with other related accounts in the trial balance, specifically the AR account;					Implemented	<p>a. We are reiterating our response to your letter dated 29 February 2016 with additional comments, as follows: Provision for Output VAT Year 2002 & Below (469-100) – P-14,740,320.00-The last audit observation in AAR 2009 required that DAP establish the validity of the account "Provision for Output VAT for the years 2002 and below" to which DAP management stated that "it shall continue to analyze all tax-related accounts and ascertain their validity".</p> <p>However, DAP management stated in the 2010 AAR's Status of Implementation of Prior Year's Audit Recommendations "that there are no longer existing records to validate". To date, DAP has already exhausted all efforts to gather and reconstruct records but to no avail. In spite of the absence of records, as an option, based on the manually-prepared general ledgers for Accounts Receivable - Private and Government, we computed the output VAT for outstanding/uncollected Accounts Receivable amounting to P 25,843,495.42 as of year-end 2002. The computed output VAT amounted to P 2,349,408.67. The account under audit shall be reduced by this amount when DAP's initial request for write-off is finally approved by the COA.</p>	

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								b. The balance of P 12,390,911.33 (P14,740,320.00 less P 2,349,408.67) has been adjusted in the Academy's books of accounts per JEV No.16-07-1686.	
		b. Exert effort to locate pertinent records/schedules and supporting documents to determine the existence and validity of the dormant account balance. If however after exerting effort, still required records/schedules cannot be found, request from COA Central Office the write-off and/or adjustment of account balances, supported by a list of available records and extent of validation made on the accounts as well as certification on the reasons for the absence or failure to locate pertinent books of accounts/records, financial statement/schedules and supporting					Implemented	<p>b. We have initially submitted certain accounts for write-off to the COA Central Office. However, the request was returned to the Academy to comply with additional requirements. The list has been revalidated and updated by the Finance Department and shall be resubmitted to the COA Central Office for approval.</p> <p>As to other accounts you stated as dormant in your letter dated 29 February 2016, we reiterate our response for the following accounts:</p> <p>1. Contingent Surplus (466-300) – P 417,013.00</p> <p>This account pertains to accumulated COA disallowances from 1982-2001. Efforts have been exhausted to collect from the accountable staff who are no longer connected with DAP.</p>	

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		vouchers/documents as required under Section III of COA Circular No. 97-001.						<p>2. Other Payables (439-600) – P 121,679.43</p> <p>This account has been closed as of 31 December 2015 per Journal Entry Voucher (JEV) No. 15-12-3396.</p>	
AOM 2016-04(14)	Project Cost in the amount of P2,400,000.00 was fully recognized as income despite the Project being incomplete as of December 31, 2015.	<p>a. Recognize the revenue in accordance with the completion of the project activities. Adjust the books accordingly by reducing the revenue allocated to the remaining project activities and record the amount under Deferred Credits;</p> <p>b. Make final negotiation with PCAF whether the project will be pushed through or not; if not, request PCAF to provide a waiver stating therein that DAP is free from any obligations relative to the unfinished project activities and make agreement as to the contract cost to ascertain the recognition of revenue; and</p>					Implemented	<p>a. In the reduction of revenue by P 447,952.00 as recommended by the COA Auditor, the Prior Year's Adjustment account (512-100) was debited as a reduction in prior year's income while the Deferred Credit to Income (466-200) was credited or increased by the same amount per JEV No. 16-05-1971.</p> <p>b. An orientation on ISO 9001:2015 was conducted by the Academy's PDC as a substitute for the Management Review. The remaining and final activity to complete the project shall involve a two-day gap assessment towards ISO 9001:2008 certification that shall be conducted on 28-29 March 2009.</p>	

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		c. Require project officers/personnel to closely monitor the status of project implementation to avoid any slippages and to apply an immediate corrective measure, if any.						c. Monitoring in project implementation by project officers/personnel is already in place.	
AOM 2016-05 (15)	Out of the 23 Quality Management System (QMS) related projects conducted by the DAP amounting to P15,113,274.71, only 81.74% were fully completed within the timeline as of December 31, 2015.	a. Require project officers/personnel to closely monitor the status of project implementation; b. Prepare reports detailing the extent of project implementation; and c. Recommend corrective measures to have the project on track or punitive measures to be imposed for slippages to ensure compliance.					Implemented	a-b. A monitoring system already exists where project officers/personnel are required to submit the status of their projects and these are presented in their Units and the Center's quarterly and semestral's review. c. It is upon the client's initiative to request extension of the project's implementation within the allowed provision of the contract signed by both parties. All projects have been completed.	
AOM 2016-06 (15)	The Academy complied with the provisions of Section 18(a)(b)(c), Rule No. III of the IRR of RA No. 7875, National Health Insurance Act of 2013, on the deduction and remittance of mandatory contributions. However, remittance reports were not in accordance with the mode as prescribed under PhilHealth Circular No. 025, s-2012.	Continue the timely withholding and remittance of PhilHealth premium contributions and adopt the EPRS as stated in PhilHealth Circular No. 025, s-2012, which includes the list of employees and their PhilHealth numbers.					Implemented	The Academy has obtained the Philhealth numbers of all its employees. Likewise, the Academy is now enrolled in the EPRS and using the said system in the preparation and submission of the Employer's Remittance Report.	

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AOM 2016-07 (15)	Management has recognized in their accounting books various expenditures incurred as intangible assets under the account Research and Development (292-100), resulting in deviation from the Philippine Public Sector Accounting Standard (PPSAS) No. 31.	Make necessary adjusting journal entries to reclassify the recorded expenditures and to recognize the future expenditures in relation to research and development as expense as mentioned in Paragraph 52 of PPSAS 31					Implemented	In 2016, the Academy has fully amortized the total amount of P2,245,482.46 for Research and Development per JEV Nos. 16-12-3208 and 16-12-4056.	
AOM 2016-08 (15)	DAP has not constituted its GAD Focal Points (GFPS) contrary to section 36 of the IRR of the Magna Carta of Women. The members of the GAD Focal Points (GFPs) did not undergo GAD training which was not in conformity with Section 37 of the IRR of the Magna Carta for Women.	a. Create GAD Focal Point and conduct trainings on gender sensitivity and gender-responsive planning before undertaking GAD Planning and Budgeting; and					Implemented	Even prior to the release of the Special Order on Creation of GAD Focal Point Core Team, several sessions on gender and development programs such as Gender Briefing, Gender Sensitivity and Awareness Seminar have already been conducted as part of capacity building of identified GAD Focal Point Core Team members. Coordination with the Civil Service Institute and the Philippine Commission on Women had been done in 2016 for potential conduct of in-house training on Gender Sensitivity Training, Gender Analysis, GAD planning and Budgeting, and gender audit for the members of the GFP. With the release of SO towards the end of 2016, the Core Team has decided to implement it for 2017.	

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	DAP was unable to formulate its GAD plans and budget for CY 2015 contrary to the PCW-NEDA-DBM Joint Circular No. 2012-01. Cost of GAD related activities amounted only to .04853% of the total corporate operating budget.	b. Strictly comply with provisions of PCW, NEDA and DBM Joint Circular No. 2012-01 and formulate GAD plan and budget and incorporate GAD programs, activities and projects to the Academy's operations					implemented	For 2016, we had been very conscientious in keeping track of our GAD programs and activities. We also ensured that allocated budget for gender and development was spent for more purposive and value adding projects. Last December 7, 2016, the newly created DAP GAD Focal Point Core Team did its Planning and Budgeting for year 2017. Through this, an even more comprehensive, focused, purposive and well - directed implementation of GAD Programs/Activities/Projects can be expected and assured for 2017.	
AOM 2016-09 (15)	Audit of the Security Services for the Calendar Year 2015 showed the inability of the Development Academy of the Philippines (DAP) to comply with Section 10 of Republic Act (RA) 9184 also known as the Government Procurement Reform Act of 2003 as well as the documentary requirements of COA Circular no. 2012-001 dated June 14, 2012.	a. Adhere to the documentary requirements of COA Circular no. 2012-001 and other applicable laws to support each transaction in the disbursements of government funds;					Implemented	a. To date, the Academy has consistently required the additional documents stated in this AOM for payment of security services.	

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	DAP was unable to conduct public bidding for the hiring of security guards employed by Star Special Corporate Security Management, Inc. (SSCSMI) for the year 2015.	b. Require the Bids and Awards Committee to formulate policies for the improvement of its procurement planning and conduct competitive bidding, except in cases where alternative modes of procurement is allowed, on every procurement of goods, services and infrastructure projects by DAP; and					Implemented	<p>b.All bids conducted by the Academy are in accordance with R.A. No. 9184 that included the security services.</p> <p>There was a delay in the procurement process for security services due to unforeseen developments.</p> <p>DAP and SSCSMI forged an Interim Security Service Contract for the first semester of 2015 pending the completion of the competitive public bidding. Subsequently, this was extended on a month-to-month basis up to the end of 2015. DAP management informed the Government Procurement Policy Board (GPPB) in compliance to GPPB Resolution No. 23-2007.</p> <p>A Notice of Award dated 24 November 2015 was granted to the SSCSMI as the sole bidder.</p>	
	Various disbursement vouchers payable by DAP to SSCSMI for the security services for CY 2015 were approved for payment despite the incomplete supporting documents	c. Submit the certified true copy of official receipts issued by the above-mentioned concerned government agencies as proof of remittance as well as certified true copy of attendance sheets of the security guards assigned to the Academy.					Implemented	<p>c.We have forwarded to the COA all certified true copies of Official Receipts as proofs of remittances to BIR, SSS, Pag IBIG and Philhealth for CY 2015 that were submitted by SSCSMI. The Attendance Sheets were likewise submitted by SSCSMI and forwarded to the COA.</p> <p>Furthermore, we have required the stated documents as attachments to requests for payments starting in January 2016.</p>	

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AOM 2016-10 (15)	Honoraria paid to the officers and employees of the Development Academy of the Philippines who rendered services as resource persons showed that the computation of honoraria was not in accordance to DBM Budget Circular no 2007-01 dated April 23, 2007.	<p>a. Comply with the provision of Section 4.2 of DBM Circular No. 2007-01 stating therein the prescribes formula in computation of honoraria;</p> <p>b. Indicate the Consultant/Resource Person's Evaluation Form the actual number of hours rendered by each resource person as basis in the computation of the total honoraria;</p> <p>c. Compute the honoraria based on the actual number of hours rendered instead of number of students/participants in the class; and</p>					Implemented	<p>In May 2012 the Academy wrote the DBM and requested for a categorical statement concerning the proper application of Budget Circular No. 2007-01 in DAP's engagement of resource persons to undertake its programs and projects. A reply by the DBM in October 2012 included the following categorical statements:</p> <p>"1. Apply the formulae in sub-item 4.2 of BC No. 2007-1, except in cases as may be determined by the DAP; and</p> <p>2. Determine the honoraria rates for those in the private sector, also as an exemption to sub-item 4.3 of BC No. 2007-01, provided that such rates are not unreasonably high, were benchmarked with private industry rates, and were tempered to consider budgetary implications."</p> <p>In accordance to the above statements, the Academy issued Memorandum Circular (MC) No. 2014-007 entitled the "Implementing Guidelines on the Engagement and Payment to Consultants and Resource Persons".</p>

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								<p>The said MC provides the guidelines on how to categorize the Consultant/Resource Person, the different types of engagement of the Consultant/Resource Person, and the rate that should be accorded to the Consultant/Resource Person depending on his/her engagement.</p> <p>The programs and projects of the Academy have been guided by this MC and rates paid to its Consultants/Resource Persons are in accordance to said MC depending on type of engagement.</p>	
		d. Comply with the provisions prescribed in Section 4.6 of DBM Circular No. 2007-01 in the payments honoraria of resource persons whose duties and responsibilities include such.					Implemented	The Academy has been compliant to Section 4.6 of DBM Circular No, 2007-01 in the payment of honoraria of resource person whose duties and responsibilities include such when applicable.	