

Development Academy of the Philippines  
**ACTION PLAN ON AUDIT OBSERVATION MEMORANDA**  
 As of 31 December 2014

Observation	Recommendation	Management Action /Update	Action Plan
<p>1. The amount of P165M taken from the Disbursement Acceleration Program (DAP) was released to the Academy beyond the validity indicated in the Special Allotment Release Order (SARO) No. F-11-02248 dated December 22, 2011.</p> <p>2. As of December 31, 2013, 20.91% of the funds was unutilized and remained to be in custody of the Academy hence did not completely realized the intent of the fund to fast track public spending and push economic growth.</p>	<p>1. Bring to the attention of the DBM and the Bureau of Treasury the release of the Disbursement Acceleration Program fund beyond the validity provided in the SARO, justification is necessary in the event that the matter becomes a matter of concern in the future;</p> <p>2. Ensure the adherence of the program to the specific timeliness of deliverables in accordance with the log frames drawn up for the Program components;</p>	<p>1. Informed the COA that concern regarding the issue the validity of the release was already brought to the attention of DBM and was verbally informed by the same that the issue should be discussed by the Academy's Auditor with the Auditor of the Bureau of Treasury.</p> <p>2. Explained to the Auditor that the Academy closely coordinated with CHED in order to fast track the program implementation. As of June 30, 2014, the program had been fully implemented.</p>	<p>1. Complied</p> <p>2. Management will formalize its query to the OGCC regarding the unutilized ₱ 1.5 Million of the EDPS fund. This amount is earmarked for the external assessment which is an integral part of the program.</p>

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<p>3. The Academy recognized a 15% Management Fee from the EDPS P165million projects even if the activities related therein are yet to be completed.</p> <p>4. Expenses for foreign travels were incorrectly recorded in the account Training Expense (Workshop and Conference)-OPC.</p>	<p>3. Recognize the 15% Management Fee (MF) in accordance with the completed project thus adjust the books accordingly.</p> <p>4. Adjust the accounts Training Expenses and Travelling Expenses-Foreign instead of Training Expenses – OPC and</p>	<p>3. Recommendations for Issues #s 3 &amp; 4 have been complied with. Books of the Academy have been adjusted accordingly.</p> <p>4. Our earlier reply to the COA Auditor stated that there was no need to adjust the two (2) expenses in DAP's books of accounts which were already closed as the Prior Year's Adjustment account is both debited and credited which has no effect in the books of accounts.</p>	<p>3. Complied. Adjusted the books of accounts accordingly for CY 2014.</p> <p>4. While we concur with the COA recommendation to adjust the Training Expenses to Travel Expenses for the airfare and hotel accommodation of various SUCs Presidents and DAP Project staff, it is no longer needed to reclassify these accounts inasmuch as DAP's 2013 books of accounts have been closed. For both expenses, the Prior Year's Adjustment account is debited and credited which has no effect in the books of accounts.</p>

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<p>5. Travelling allowance granted to some SUCs Presidents and DAP officers for the Foreign Academic Travel were in excess of the allowable rate as provided under EO 298.</p>	<p>5. Require the respective SUCs Presidents and officers of the Academy to refund the excess travelling allowances they received.</p>	<p>5. Out of the 23 participants of the Foreign Academic Travel, 20 have refunded the excess DSA. The Academy's COA Auditor will issue the ND for the 3 remaining SUC Presidents and will be forwarded to their respective COA. One (1) paid the full amount of ₱ 9,557.49 on 22 January 2015 and one (1) fully paid the remaining balance of ₱ 656.00 on 06 March 2015.</p>	<p>5. While we will continue to exert effort in collecting the excess travelling allowance granted to the remaining SUCs Presidents , we also sought assistance from COA particularly in sending a copy of the ND to the COA Auditor of said SUCs.</p>

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<p>6. The reported balance of the Land and Land Improvement account in the amount of P4,941.419.21 was not fairly presented because it included the value of parcels of land, the legal ownership of which was not in the name of the Academy.</p>	<p>6.1 Adjust the amount of the land so that only the lot in the name of the Academy is reflected in the books, until the issue on ownership of the lots is resolved in favor of the Academy, it is appropriate that the value of the three lots be deleted from the books.</p> <p>6.2 Avail all legal remedies to resolve the ownership of the other three lots where the DAP building is located to avoid possible problem with the BIR and the same time, protect the assets of the academy.</p>	<p>6. Continuous efforts are still ongoing towards restoration of ownership of the land to the Academy.</p>	<p>6. The Secretary of Justice has issued a Legal Opinion stating among others that the transfer of said properties from DAP to DBI is void ab-initio.</p> <p>Reference to COA Audit Observation Memorandum No. 2013-03 (dated July 8, 2014) stating among others that the Academy should: "avail all legal remedies to resolve the ownership of the other lots where the DAP building is located", re findings that properties of DAP covered by TCT No. 32172, No. 32173, and No. 32174 that were later changed to TCT No. 56453, No. 56454, and No. 56455, respectively in the name of DBI on the strength of a</p>

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			<p>Deed of Conveyance; the Academy sought Legal Opinion to the Department of Justice (DOJ) through the Office of the Government Corporate Counsel (OGCC), which read: "Did the Development Academy validly convey its land properties covered by TCT No. 32172, No. 32173, and No. 32174 located at San Antonio Village, Pasig City in favor of DAP Building Inc.?"</p> <p>The Honorable Secretary of Justice came-up with a Legal Opinion No. 45 s.2014 in favor of the DAP-claim as presented in the letter of the Justice Secretary addressed to the DAP President Antonio D. Kalaw, Jr. that pertinently reads:</p>


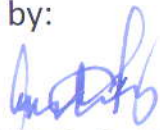
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			<p><i>"...the subject Deed is void from the beginning or inexistent, albeit the reason now is because the act done is expressly prohibited by law".</i></p> <p>Management, in consultation/coordination, is working the finer details of the restoring back the titles consistent and compliant with the abovementioned DOJ-opinion.</p>

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<p>7. Lack of legal basis for the granting of the 2013 Financial Performance Award (FPA)</p>	<p>7. It is strongly recommended that payment thereof to the Academy's regular officers and employees should not be pursued and the affected accounts be accordingly adjusted.</p>	<p>7. COA accepted the clarification of the Academy that unlike the 2004 Financial Performance Award which was based on the ESIAS and disallowed by the COA Proper, the 2013 FPA has legal basis which is the CSC approved PRAISE. Further, the implementation of the COA Proper disallowance was held in abeyance pursuant to the TRO issued by the Supreme Court.</p>	<p>7. We maintain that we have a legal basis which is the CSC-approved PRAISE.</p>

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<p>8. The Assets of the Academy was inadequately insured for the period November 2, 2013 to November 2, 2014 with the Government Service Insurance System (GSIS).</p>	<p>8. In compliance with RA656 and reduce losses in the event of the occurrence of the risks, it is recommended that Management secure adequate insurance coverage for the Academy's property.</p>	<p>8. The Academy renewed its insurance with the GSIS for its buildings and contents for the period September 2014-September 2015. Total amount insured is P285M which is P108M higher than its previous coverage and more than the COA recommended increase.</p>	<p>8. Henceforth, we will continue to secure adequate insurance coverage for the Academy's properties.</p>



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<p>9. Issue on uncollected rent and other dues from various lessees of the Development Academy of the Philippines.</p>	<p>9.1 Prepare the ensuing Lease Contract of each lessee at least a month before the expiration of the current contract</p> <p>9.2. Collect the overdue rent and other dues from concerned lessees including the interest accruing thereon.</p>	<p>9. 1 New Contracts of Lease have been finalized and forwarded to those concerned for signing. Two (2) have signed their contracts while one moved out as of end January 2015. Attached is Annex I for details.</p> <p>9.2 Arrears for lease were collected from the concerned lessees and issued billing statements for the penalties.</p>	<p>9. 1 We shall see to it that all contracts are submitted to DAP completed and signed for implementation.</p> <p>9.2 We will continue to send collection letters to avoid accumulation of arrearages and penalties.</p>

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<p>10. Expenses related to Gender and Development (GAD) for CY 2013 was below the budget required by 2013 GAA</p> <p>Prepared by:</p> <p>  <b>ANATALIA S.D. BARAWIDAN</b>  OIC, FAO</p>	<p>10. Allocate 5% of DAP's expense budget to be used for GAD-related programs, projects, and activities.</p>	<p>10. GAD projects have been incorporated in various units of the Academy, using a GAD Focal Point System (GFPS). Further, in accordance with item #6.4 of JMC 2012-01, the Academy's regular programs will be assessed using the Harmonized GAD guidelines for attribution to the GAD-related concerns.</p> <p>Noted by:</p> <p>  <b>MONINA A. R. DE ARMAS</b>  VP, SSC</p>	<p>10. We will continue to ensure that the Academy's programs and projects are embedded with GAD activities either directly or by attribution.</p>