



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF TRUSTEES

Development Academy of the Philippines
DAP Building, San Miguel Avenue,
Pasig City

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of the **Development Academy of the Philippines (DAP)**, which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of financial performance, statements of changes in net assets/equity, and statements of cash flows for the years then ended, statement of comparison of budget and actual amounts for the year ended December 31, 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Bases for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of DAP as at December 31, 2018 and 2017 and of its financial performance and its cash flows for the years then ended in accordance with Philippine Public Sector Accounting Standards (PPSASs).

Bases for Qualified Opinion

The Cash In Bank account totalling P628.163 million was understated by P7.906 million due to non-recording of reconciling items representing unidentified deposits/collections from January 2017 to December 2018. Likewise, the year-end balance of the Due to Officers and Employees account amounting to P64.022 million as of December 31, 2018 was overstated by P55.589 million due to accruals made for Financial Performance Award and Performance Based Bonus amounting to P42.644 million and P12.945 million, respectively, which were not valid obligations. Moreover, the Unearned Revenue/Income account with total balance of P85.890 million as at December 31, 2018 still included already earned revenue/income from completed and terminated projects in the amounts of P18.000 million and P1.235 million, respectively, thus overstating the said account in the amount of P19.235 million and understatement of the Accumulated Surplus/(Deficit) by the same amount.

Also, the faithful representation of the balance of the Accounts Receivable account totalling P228.507 million as at December 31, 2018 was not established in view of the variance amounting to P46.299 million between the balance per books and the