

STATUS OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

Out of the 202 prior years' audit recommendations, 45 were fully implemented, and 157 were not implemented, as follows:

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>1. The Financial Statements (FSs) of the Schools Division Office (SDO) are materially misstated in aggregate amount of ₱632,773,240.77 on account of errors, omissions and improper accounting treatment of transactions that are considered as departures from the Philippine Public Sector Accounting Standards (PPSAS), hence, affecting the fair presentation of its financial position as at yearend and its financial performance and cash flows for the year then ended.</p> <p><i>a) Non – recording of transactions and non – inclusion of Provident Fund in the consolidated balance of Cash in Bank – LCCA</i></p> <p><i>b) Unadjusted/uncorrected book reconciling items from previous years</i></p> <p>We recommended that the Management direct the Accountant to:</p> <p>a. record all transactions pertaining to the Provident Fund and include the same in the Consolidated Financial Statements of the SDO; and</p> <p>b. recognize all reconciling items in the BRS that require adjustment/correction in the books to reflect the correct balance of the cash in bank</p>	<p>CY 2021 ML 1-1.7 2</p>	<p>In its FY 2022 Financial Statements, provident fund transactions are included in the consolidated reports.</p>	<p>Implemented</p>	

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accounts and other affected accounts.				
<p>c) <i>Non-inclusion of the carrying amount of Due from NGAs account of SDO Proper</i></p> <p>We recommended that the SDS require the Accountant to restate the CY 2021 Financial Statements to reflect the correct ending balance of the Due from National Government Agencies account.</p>		<p>As of March 31, 2023, the Due from NGAS account is now adjusted based on the recommendations noted in the FY 2022 AOM.</p>	Implemented	CY 2021 FS was not restated.
<p>d) <i>Erroneous recording of the cost of tables and chairs transferred from DepEd NCR to SDO- QC</i></p> <p>e) <i>Failure to recognize expense for the issued inventories in stocks</i></p> <p>We recommended that the Schools Division Superintendent require the accountant to make the necessary adjusting entries to correct the error in recording the transferred inventories and those unrecorded issuances.</p>		<p>Issuances have been recorded and adjusted in the books of accounts as of March 31, 2023</p>	Implemented	No adjustment entry made for the misstatement.
<p>f) <i>Erroneous amount of recorded school building transferred by the DPW;</i></p> <p>g) <i>Unrecorded transfers of completed school buildings and other structures;</i></p> <p>h) <i>Understated Accumulated Depreciation and Depreciation Expenses;</i></p> <p>i) <i>Erroneous Capitalization of expenses charged against MOOE;</i></p>				

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<p><i>j) Cost of completed repair/rehabilitation of school buildings and other structures not recorded as PPE</i></p> <p>We recommended that the Schools Division Superintendent direct the:</p> <p>a. Accountant to:</p> <p>(i) recognize in the books the cost of school buildings and other structures that were already completed and transferred by the DPWH;</p> <p>(ii) coordinate with the DPWH on the submission of all supporting documents and lists of completed school buildings and other structures including the related JEVs (de-recognition by DPWH) for proper recording in the books of the SDO and concerned IUs;</p> <p>(iii) recognize in the books the amount of the understated Accumulated Depreciation including the other accounts affected and henceforth, recognize monthly depreciation of all PPE accounts;</p> <p>(iv) record the cost of the rehabilitation of Gabaldon building in Placido Del Mundo ES to its appropriate account and recognize their corresponding accumulated depreciation;</p> <p>(v) prepare and maintain a PPE Lapsing Schedule to facilitate the monitoring of</p>			<p>Fully Implemented</p> <p>Fully Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p>	<p>As per validation, SDO-Proper still not recording Depreciation Expense.</p> <p>Recording of rehabilitation was not yet done.</p>

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<p>PPE accounts additions and disposals, including the provision of depreciation;</p> <p>(vi) maintain SL for each PPE account to facilitate the computation of depreciation; and</p> <p>(vii) reclassify to the proper MOOE accounts the LR expenses recorded under the School Buildings and Other Structures;</p> <p>b. Implementing Units to coordinate with the Division Accountant for the completed school buildings and other structures costs that are transferred by DPWH to make proper accounting entries on the books; and</p> <p>c. Infrastructure unit to provide the Accounting Unit with copies of report of completed projects and other necessary documents for proper recording in the books.</p>			<p>Not Implemented</p> <p>Fully Implemented</p> <p>Fully Implemented</p> <p>Not Implemented</p>	<p>No depreciation recognized for CY 2022.</p> <p>Adjusted with JEV# 2022-12-009918 to 009924</p>
<p>k) <i>Late recording of Liquidations of Due from Advances to Operating Expenses and Advances to Officers and Employees; and</i></p> <p>l) <i>Non-inclusion of the balance of the SDO Proper Advances to Officers and Employees account</i></p> <p>We recommended that the Schools Division Superintendent direct the Accountant to record all liquidations in the period that the expenses are</p>		<p>Liquidation of Cash advances are recorded in the period in which they relate.</p> <p>Due to Officer and Employees Account are properly recorded and included in the books of accounts.</p>	<p>Fully Implemented</p> <p>Fully Implemented</p>	

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<p>incurred, rather than on the period in which the cash flows related to them occur, in adherence to the accrual basis of accounting and include the SDO Proper balance in the reported total balance of the account.</p>				
<p><i>m) Double recording of correcting entries</i></p> <p>We recommended that the Management require the Accountant to review thoroughly and carefully all journal entries drawn/recorded to minimize errors such as double recording of transactions, among others, thus ensuring the accuracy of the presentation of the financial statements.</p>		<p>Recommendations have been complied.</p>	<p>Fully Implemented</p>	
<p>2. The balance of the Due from NGAs account is unreliable due to the discrepancy of ₱2,598,897.22 between the balance of Due for NGAs account per SDO and Implementing Units books.</p> <p>We recommended that the SDS require the Division Accountant and the bookkeeper of Implementing Units to conduct a regular reconciliation with the DBM-PS.</p>	<p>CY 2021 ML 2-2.4</p>	<p>The Due from NGAs account is already adjusted per audit recommendation.</p>	<p>Fully Implemented</p>	
<p>3. Deficiencies in Inventory management noted which adversely affected the fair presentation of the Inventory accounts included: a) difference in the amount presented in the Consolidated Statement of Financial Position and the General Ledger balance generated from e-NGAS; b) unrecorded issuances of inventory supplies based on the RSMIs; c) non-submission of the Report on the Physical Count of</p>	<p>CY 2021 ML 3-3.1 0</p>			

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<p>Inventory (RPCI) by the Property Officer; and c) non-maintenance of Supplies Ledger Cards (SLCs) and Stock Cards (SCs) by the Accounting Unit and Property Unit, respectively.</p> <p>We recommended that the Schools Division Superintendent require the:</p> <p>a. Accountant to:</p> <p>(i) analyze the inventory account and prepare an adjusting entry for the variances noted and reinstate the Financial Statements;</p> <p>(ii) maintain SLCs for each type of supplies to record all receipts and issuance with the support of RSMIs from the Property Unit; and</p> <p>(iii) record on time issuances of supplies and materials based on the RSMIs.</p> <p>b. Property Officer to:</p> <p>(i) conduct physical count of all the inventory items and prepare the RPCI in the format prescribed by GAM, and submit to the Auditor not later than July 31 and January 31 of each year; and</p> <p>(ii) maintain SCs for each type of supplies to record all receipts and issuances.</p> <p>c. Accountant and Property Officer to conduct periodic reconciliation of their respective reports and records.</p>		<p>Regular coordination with property unit is being conducted to address the audit recommendation.</p> <p>Upon submission of RSMIs by the Property Unit, recording is done immediately in the books of accounts.</p>	<p>Partially Implemented</p> <p>Not Implemented</p> <p>Partially Implemented</p>	

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<p>4. Other deficiencies noted which adversely affected the fair presentation of the School Buildings, Other Structures and Construction in Progress (CIP) – Buildings and Other Structures accounts included, among others: (a) the absence of records and documents necessary to determine the proper valuation of the SDO Proper's General Ledger (GL) PPE account balances; (b) difference in the amount presented in the Statement of Financial Position and GLs of the SDO Proper and Non-Implementing Units (Non IUs); (c) no recorded school buildings and unrecognized Accumulated Depreciation of IUs; (d) inconsistent application of residual value and useful life in depreciating PPE; (e) failure to reclassify completed construction and major repairs from CIP to school buildings and other structures accounts; and (f) entire contract cost recorded under CIP upon payment of first progress billings.</p> <p>We recommended that the Schools Division Superintendent direct the:</p> <p>a. Accountant to:</p> <p>(i) analyze the discrepancy between the balance of Other Structures account and its related Accumulated Depreciation per FS and GL and restate accordingly the CY 2021 Financial Statements;</p> <p>(ii) reclassify to the School Buildings account, the cost of completed school recognized as Other Structures;</p>	CY 2021 ML 4-4.3 3			

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<p>(iii) formulate a policy for the uniformed estimated useful life and salvage value of each item of PPE following the GAM and cascade to all the Implementing Units, and likewise disclose the same in the Notes to Financial Statements;</p> <p>(iv) maintain SL for each PPE account to facilitate the computation of depreciation;</p> <p>(v) stop the practice of recording the entire contract cost upon payment of the first progress billing and record only the amount equivalent to the accomplished work for the period as per progress billing; and</p> <p>(vi) analyze the construction in progress account and prepare adjusting entry to reclassify the cost of completed construction/repair/rehabilitation projects on school buildings and other structures to its appropriate asset account and provide depreciation thereon.</p> <p>b. Implementing Units to:</p> <p>(i) form an Inventory Team to conduct their own year-end inventory count to facilitate timely submission of RPCPPE; and</p> <p>(ii) conduct complete inventory taking of PPEs before the year ends and submit the RPCPPE to the Audit Team</p>				

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<p>on or before January 31 of each year.</p> <p>c. Infrastructure Unit to:</p> <p>(i) prepare and submit updated Consolidated School Buildings Inventory Report; and</p> <p>(ii) furnish the Division Accountant and IUs with the necessary documents that will serve as basis in recording completed school buildings in their respective books of accounts.</p> <p>d. Accounting Unit and the Property/Infrastructure Unit, to conduct periodic reconciliation of their records and reports.</p>				
<p>5. The SDO Quezon City consolidated yearend balances of Advances for Operating Expenses and Advances to Officers and Employees amounting to ₱37,383,592.15 and ₱3,369,264.55, respectively, were unreliable due to: (a) negative accountabilities of several Accountable Officers (AOs) of ₱8,067,975.17; (b) amount described as “for reconciliation” of ₱75,777,872.1 with no details, supporting schedules and subsidiary ledger; and (c) misclassification of accounts.</p> <p>We recommended that the Schools Division Superintendent direct the Accountant to:</p> <p>a. conduct a detailed analysis of the accountabilities to</p>	CY 2021 ML 5-5.7	Conduct a thorough analysis	Partially Implemented	

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<p>determine the causes of the negative balances as well as those unliquidated cash advances of retired/resigned/transferred personnel of the Division Office;</p> <p>b. analyze the discrepancy between the balance of Advances to Officers and Employees account per FS and GL and restate accordingly the CY 2021 Financial Statements; and</p> <p>c. reclassify the grant and liquidation of Advances for Operating Expenses from the Advances to Officers and Employees.</p>		<p>of each account to comply with the audit recommendation.</p> <p>Discrepancies have already been reconciled.</p> <p>Reclassification entries have been made already.</p>	<p>Fully Implemented</p> <p>Fully Implemented</p>	
<p>6. The late recording on the set-up of liabilities and payment for salaries made to teaching and non- teaching personnel contrary to the accrual basis of accounting, as defined under Section 2.a, Chapter 2 of the GAM for the NGAS, Volume I.</p> <p>We recommended that the Management require the Accountant to set-up liability at the time the SCDR/payroll are received from the Payroll Unit and record payment at the time transactions occur in accordance with Section 2.a, Chapter 2 of the GAM for the NGAS, Volume I prescribing the accrual basis of accounting.</p>	CY 2021 ML 6-6.3	<p>Setting-up of obligations for the payment of salary is being done before the actual payment of the salaries and other payables.</p>	Fully Implemented	

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<p>7. The consolidated yearend balance amounting to ₱19,907,626.16 of the Due to BIR account is not reliable due to the negative (debit) balances of three Implementing Units (IUs) in the amount of ₱551,667.09 and unreconciled variance with the Schedule of Taxes Withheld and Remitted to BIR during the year.</p> <p>We recommended that Management direct the Accountant and bookkeepers to:</p> <p>a. perform an account analysis of the Due to BIR account on the negative (debit) balances of the three IUs and effect the necessary adjusting entries to reflect the correct balance in the books of accounts, and</p> <p>b. reconcile the balance per books and the Consolidated Schedule of Summary of Remittances to come up with the correct balance of account.</p>	<p>CY 2021 ML 7-7.5</p>	<p>This audit recommendation have already been complied.</p> <p>REconciliation has already been conducted.</p>	<p>Fully Implemented</p> <p>Fully Implemented</p>	
<p>8. Despite the previous Audit Team's observation in the CY 2019 audit, the SDO Proper is still using an obsolete version of electronic National Government Accounting System (eNGAS) that uses the old NGAS Chart of Accounts instead of the RCA prescribed by COA Circular No. 2020-001 dated 28 January 2020. Moreover, the manual conversion of accounts was not in accordance on COA Circular No. 2014-003 dated 15 April 2019 which provides the guidelines and procedures on the conversion of the NGAS Chart of Accounts to RCA resulting to some noted discrepancies in the</p>	<p>CY 2021 ML 8-8.1 3</p>	<p>The SDO made a representation to the City government to include in the list of priority projects the provision of the system. However, in 2019 the Purchase Request has been disapproved. The SDO cannot attain to charge the equipment to the regular account of the agency because of</p>		<p>During the exit conference, the Audit Team advised Management to have their existing eNGAS evaluated/assessed by the COA-Information Technology first to determine the extent of upgrading process to be undertaken.</p>

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<p>balances per general ledger and the financial statements.</p> <p>We recommended that the Management:</p> <p>a. include in their budget an allocation for the upgrade of the e-NGAS to enhance uniformity in the application of government accounting rules, provide for a more accurate financial reporting system and facilitate the consolidation of financial reports; and</p> <p>b. in the meantime, that the e-NGAS is not yet updated, due care in the manual conversion of accounts must be ensured so that the accounts are accurately reported in the financial statements.</p>		<p>capitalization threshold constraints. Also, the SDO cannot attest to resort on the DepEd – Central Office generated system, the EFRS System, because the system cannot capture the historical data of all accounts in the books of accounts. Per DepEd-CO, the DepEd, including its field units such as SDOs, will shift to the use of e-NGAS. The SDO is expected to shift also for compliance as soon as provisions and processes will be introduced.</p> <p>The SDO – Accounting Unit is coordinating with the DepEd NCR and Central Office during the conversion and consolidation of financial data in the financial statements. Due care is exerted in the process of consolidation. However, there were still errors confronted in the consolidation of reports.</p>		

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		<p>Management assured the Audit Team that the SDO Accounting Unit will be more diligent and will conduct substantive controls to ensure reliability, completeness and accuracy in the preparation and submission of financial reports and records. Adjustments of the discrepancies in the balances will be made to comply with the audit recommendations.</p>		
<p>9. The Cash – LCCA account being maintained by the SDO at the Landbank of the Philippines (LBP) is without authority or legal basis and serves as depository of unauthorized fund transfers from the Modified Disbursement System (MDS) account amounting to ₱1,085,576,456.67 and various collections amounting to ₱9,160,938.64, contrary to Executive Order No. 431 and Section 2.1 of Permanent Committee Joint Circular No. 4-2012. Also, unnecessary bank accounts maintained by the SDO and Implementing Units were not yet closed contrary to Section 3.4 of the Permanent Committee Joint Circular No 4-212 dated 11 September 2012.</p>	<p>CY 2021 ML 9-9.1 7</p>			

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<p>We recommended that the Management:</p> <p>a. coordinate with the DepEd Central and Regional Offices to secure authority from the Permanent Committee on the maintenance of current account. Otherwise, close the unauthorized current account and revert its balance to the BTr pursuant to Executive Order No. 431.</p> <p>b. observe efficiency in the implementation of programs/projects/activities and discontinue the practice of transferring the funds from MDS to current account;</p> <p>c. remit/deposit to the BTr all the revenues and receipts that may be collected by the SDO in accordance with Section 10 of the General Provisions of the General Appropriations Act for the Fiscal Year 2021; and</p> <p>d. close all dormant/unnecessary accounts with zero balances.</p>		<p>To close the Cash-LCCA Account because of lack of authority to maintain the account.</p> <p>Focal persons of each PPAs are being reminded of the availability of NCA and the urgency to disburse the fund.</p> <p>REfunds and other collections with no authority to use are being remitted to BTr.</p> <p>Bank Accounts with zero balances are being requested to be closed.</p>	<p>Partially Implemented (There are still balance in the Current Account for puposes of Proceeds from the sale of Bid docs, Google Workspace Subscription, and seminar fees).</p> <p>Fully implemented</p> <p>Fully Implemented</p> <p>Fully Implemented</p>	
<p>10. Out of the total 50,655,170.26 balance of cash advances, ₱46,646,547.99 or 92 percent remained unliquidated after they become past due, with accounts outstanding for 12 years contrary to Section 89 of PD 1445 and COA Circular No. 97-002 dated 10 February 1997. Moreover, ₱12,314,119.19 of the unliquidated cash advances were</p>	<p>CY 2021 ML 10-10 .9</p>			

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<p>due from retired/resigned/deceased/transferred personnel of the Division Office therefore liquidation/settlement of which is doubtful</p> <p>We recommended that the Schools Division Superintendent direct the Accountant to:</p> <ul style="list-style-type: none"> a. look into the addresses of those AOs who already retired, separated and the place of employment of those who transferred, then sent demand letters requiring them to settle their cash advances; b. issue demand letters to those who are still in active service with past due accounts for the immediate settlement of their accountabilities; c. cause the timely submission of the required quarterly and semestral reports on the status of cash advances; and d. delegate the preparation of accounting reports to the accounting staff to ease up his workload and review thoroughly the reports prior to their submission on the set deadlines. 		<p>To comply with the audit recommendation.</p> <p>To comply with the audit recommendation.</p> <p>Submission of quarterly reports are being done within the deadline set by COA.</p> <p>To comply with the audit recommendation.</p>	<p>Partially Implemented</p> <p>Partially Implemented</p> <p>Fully Implemented</p> <p>Fully Implemented</p>	
<p>11. The non-preparation and non-submission of the monthly Bank Reconciliation Statement (BRS) by the senior high schools to the Division Accountant and the Audit Team on bank accounts maintained for their Maintenance and Other Operating Expenses (MOOE) allocations prevented the timely verification and</p>	<p>CY 2021 ML 11-11.6</p>			

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<p>reconciliation of the accounts, early detection of errors and immediate communication of results by the Audit Team to the Management.</p> <p>We recommended that the Schools Division Superintendent direct all the School Heads and Disbursing Officers of Non-IUs specifically SHSs in coordination with the SDO's Accounting Unit to prepare and submit the required monthly BRS, which shall be submitted together with the monthly/quarterly liquidation report of their respective School MOOE allocations.</p>		<p>Non-Ius, (elementary and Senior HS) are submitting BRS as attachment to the Liquidation Report submitted.</p>	<p>Fully implemented</p>	
<p>12. The Schools Division Office (SDO) – Proper and almost all the 30 Implementing Units (IUs) did not submit the Statement of Comparison of Budget and Actual Amounts (SCBAA) and Notes to Financial Statements for Calendar Year (CY) 2021 required under the GAM for NGAs. Also, the submitted Consolidated Financial Statements (FSs) did not include the SCBAA, Notes to FSs and other supporting schedules with the narrative descriptions or disaggregation of items disclosed in those FSs and information about the items that do not qualify for recognition in those statements as required in Section 29, Chapter 2 of the same manual.</p> <p>We reiterated our prior year's audit recommendation that the Schools Division Superintendent strictly require the Division Accountant, the Principals and Bookkeepers of all IUs to:</p>	<p>CY 2021 ML 12-12 .5</p>	<p>In its FY 2022 consolidated Financial Statements, the SDO submitted the Notes to FS as one of the major component of financial statements.</p>	<p>Partially Implemented</p>	

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<p>a. prepare and submit the SCBAA and Notes to FS for CY 2021 including all the required supporting documents and other related documents in accordance with Sections 11 and 29 of Chapter 2 of the GAM for NGAs, Volume I; and</p> <p>b. submit justification/reasons for the non-submission of the Notes to FS and SCBAA despite reminders and audit observation on the matter.</p>				
<p>13. Out of the total 50,655,170.26 balance of cash advances, ₱46,646,547.99 or 92 percent remained unliquidated after they become past due, with accounts outstanding for 12 years contrary to Section 89 of PD 1445 and COA Circular No. 97-002 dated 10 February 1997. Moreover, ₱12,314,119.19 of the unliquidated cash advances were due from retired/resigned/deceased/transferred personnel of the Division Office therefore liquidation/settlement of which is doubtful.</p> <p>We recommended that the Schools Division Superintendent direct the Accountant to:</p> <p>a. look into the addresses of those AOs who already retired, separated and the place of employment of those who transferred, then sent demand letters requiring them to settle their cash advances;</p>	CY 2021 ML 13-13 .10			

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<p>b. issue demand letters to those who are still in active service with past due accounts for the immediate settlement of their accountabilities;</p> <p>c. cause the timely submission of the required quarterly and semestral reports on the status of cash advances; and</p> <p>d. delegate the preparation of accounting reports to the accounting staff to ease up his workload and review thoroughly the reports prior to their submission on the set deadlines.</p>				
<p>14. The non-preparation and non-submission of the monthly Bank Reconciliation Statement (BRS) by the senior high schools to the Division Accountant and the Audit Team on bank accounts maintained for their Maintenance and Other Operating Expenses (MOOE) allocations prevented the timely verification and reconciliation of the accounts, early detection of errors and immediate communication of results by the Audit Team to the Management and rendered the accuracy of the reported cash balance doubtful.</p> <p>We recommended that the Schools Division Superintendent direct all the School Heads and Disbursing Officers of Non-IUs specifically SHSs in coordination with the SDO's Accounting Unit to prepare and submit the required monthly BRS, which shall be submitted together with the monthly/quarterly</p>	CY 2021 ML 14-14 .6			

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liquidation report of their respective School MOOE allocations.				
<p>15. The accumulation of unreturned/non-deduction of balances of fund transfer for undelivered items of ₱3,561,112.11. These internal control deficiencies could be ascribed to weak monitoring and reconciliation of accounts and records by the Accounting and Property Units, as well as the regular coordination with DBM-PS.</p> <p>We recommended that the SDS required:</p> <p>a. Accountant to submit the supporting documents for all adjustments made on the account; and</p> <p>b. Property Officer to assess the necessity of the undelivered items covered by the accumulated balance of fund transfers and coordinate with the DBM-PS to apply the balance to succeeding APRs, or if no longer needed, require the DBM-PS the immediate refund thereof and subsequently remit the amount to the Bureau of Treasury.</p>	CY 2021 ML 15-15 .6			
16. While there was a very high reported budget utilization rate of 98.40 percent or ₱9,006,083,574.95 obligated amount out of the total ₱9,152,523,699.95 allotment received by the SDO in CY 2021 and an overall disbursement utilization rate of 92.73 percent or ₱8,351,586,490.90 over its total	CY 2021 ML 16-16 .17			

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<p>obligated amount, there were noted deviations from existing regulations in the utilization of its budget, such as: (a) allotment amounting to ₱1,085,576,456.67 was obligated despite the absence of legitimate claimants; and (b) funds were transferred from the Modified Disbursement System (MDS) account to its current account, apparently to avoid its reversion to the National Treasury. The practice of obligating funds without valid claimants inflates the reported obligated amount and the budget utilization rate of the SDO. Moreover, the unobligated allotments of ₱146,440,125.01 was largely attributable to Personal Services (PS).</p> <p>We recommended that the Schools Division Superintendent require the Division Accountant and Budget Officer to:</p> <ol style="list-style-type: none"> a. stop the practice of obligating funds without legitimate claimants and transferring the same from MDS to current account; b. submit the ORS to the Audit Team supported by documents for verification as to the validity, propriety, and legality of the claims and the corresponding supporting documents; c. maintain the required budget registries to facilitate monitoring of the budget utilization and preparation of the corresponding reports thereon; and d. remit to the Bureau of the Treasury all unused funds of 				

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programs/programs/activities that were already completed.				
<p>17. The implementation of the BE-LCP by the Schools Division of Quezon City in responding to basic education challenges brought about by COVID-19 disclosed the following deficiencies: (a) non-compliance with the procedures in the receipts, inspection and acceptance of inventory items; (b) non-submission of Contracts/Purchase order within five working days from its execution; (c) the non-submission of the required documents needed to facilitate and complete the auditorial review/evaluation of the contracts; (d) payments for the Job Order personnel amounting to ₱1,250,400.00 and other purchases intended for the Implementation of BE-LCP amounting to ₱28,076,832.40 were made despite the lack of required supporting documents and approval. Thus, the propriety of the procurement process and payments made relative to the program could not be fully ascertained. Moreover, previously procured learning materials were not issued to the schools depriving the students of adequate learning tools.</p> <p>We recommended that the Management:</p> <p>a. comply strictly with the provisions of Government Accounting Manual on the procedures in the Receipt, Inspection, Acceptance and Recording of Inventory items,</p>	CY 2021 ML 17-17 .24	<ul style="list-style-type: none"> • Management commented that they will ensure compliance with the following: • specific provisions of the GAM for NGAS, Volume I, regarding procedures in the Receipt, Inspection, Acceptance and Recording of Inventory items and prescribed use of Requisition and Issue Slip, Purchase Order, Inspection and Acceptance Report and other forms; and • COA Circular No. 2009-001 dated February 12, 2009 on the timely submission of the contracts to the Auditor. • On the non-issuance of previously procured Learning 		

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<p>RA No. 9184 and its IRRs for procurement of learning resources, and DepEd Order No. 18, s. 2020 on the implementation of BE-LCP;</p> <p>b. require the Supply Officer to maintain stock cards, expedite the preparation and submission of the RISs and to report the same in the RSMI to enable the Accountant to record all issuances for the month and monitor the running balance of inventory items accurately at any given time;</p> <p>c. submit the approved RIS for all the ICS issued for the distributed learning materials;</p> <p>d. submit justification on the delayed submission of contracts/POs and delivery documents as compliance therewith enables the timely review of the contracts/POs and correction of errors;</p> <p>e. submit the lacking documents to avoid audit suspension/disallowance and ensure that all disbursements/utilization of government funds are authorized and properly supported with necessary documents; and</p> <p>f. submit justification on the non-issuance of the previously procured learning materials procured for the 1st and 2nd Quarters of CY 2021.</p>		<p>Materials-considering that the PIVOT was introduced and proven to be effective in Region IV-A, it was utilized during the 4th quarter of SY 2020-2021 and SY 2021-2022 instead of the USLEM</p> <ul style="list-style-type: none"> Partial submission of lacking documents was already done by Management subject to review by the Audit Team. 		

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>18. Liquidation Reports in the total amount of ₱28,486,353.98 out of the total additional MOOE allocation of ₱47,769,992.17 granted to the SDO of Quezon City to implement measures in preparing and responding to the COVID-19 downloaded to the schools thru cash advances, were not supported with complete documentation, while requests for quotations for procurements made involving amounts of more than ₱50,000.00 were not supported with proof of posting to the PhilGEPs. Thus, the regularity and propriety of payments could not be ascertained.</p> <p>We recommended that the Schools Division Superintendent require the:</p> <p>a. School Principals to:</p> <p>(i) ensure that all supporting documents of the DVs are complete and accurately accomplished to establish the validity of claims; and</p> <p>(ii) submit the proofs of posting of invitation/request for submission of quotation in the PhilGEPs for ABC above ₱50,000.00.</p> <p>b. Division Accountant to check/verify supporting documents as to completeness and propriety upon receipt of the Liquidation Reports in accordance with Section 5.3 of COA Circular No. 97-002.</p>	CY 2021 ML 18-18 .12	<p>Management commented that a Memorandum was issued to the concerned schools for them to take appropriate actions on the audit recommendations. Copy of the received memorandum/letter will be forwarded to the Audit Team. At present, the SDO Accounting Unit has only one designated staff (contractual city paid employee) who is doing the pre-audit function of the Liquidation Reports of all the Junior High Schools and Senior High Schools which is one of the reasons pre-audit functions could not be perfectly performed. The Division Accountant believes that it will be a relief if personnel with per will be in-charge to assure accountability of the duties assigned.</p> <p>Nevertheless, the Audit team was assured that they</p>		<p>Proper delegation of duties and responsibilities to the personnel assigned in the Accounting Division should be taken into consideration to assist the Division Accountant in the performance of his duties, thus, minimizing delays in the submission of the reports, ease up his workload, and thus, giving him more time to conduct more thorough review of the required reports before submission to the Audit Team.</p>

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
		<p>will be more careful and diligent in performing pre-audit activities.</p> <p>There was already partial compliance on the submission of lacking supporting documents by the concerned schools.</p>		
<p>19. Journal Entry Vouchers (JEVs), Disbursement Vouchers (DVs) and supporting documents covering various transactions in CY 2021 were not submitted to the Audit Team within the prescribed period, contrary to Section 122 of PD No. 1445 and COA Circular No. 95-006 dated 18 May 1995, thus, affecting the timely audit/verification thereof. Likewise, the Management and its Implementing and Non-Implementing Units failed to submit some required financial reports/records discussed in detail below.</p> <p>Moreover, auditorial review/evaluation of perfected contracts for CY 2021 contracts and the corresponding supporting documents could not be done due to non-submission thereof to the Audit Team within five working days upon perfection contrary to Section 3.1.1 of COA Circular No. 2009-001.</p> <p>We reiterated our previous year's recommendations that the Schools Division Superintendent:</p>	CY 2021 ML 19-19 .32	<p>Memorandum will be issued to concerned accountable officers and status of compliance on the submission of the reports will be monitored. In his letter dated March 4, 2022, the Division Accountant submitted proofs of submission of the required financial reports/documents. In the meantime, the SDO through its Internal Audit Unit will be monitoring the submission of the reports.</p>		

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>a. enforce strictly compliance by the Accountant, the School Heads of IUs/Non-IUs and other concerned accountable officers on the submission of the required financial reports/documents;</p> <p>b. require the accountable officers concerned to submit justice justification/reasons for the non-submission of the financial reports/documents and take the necessary actions to address the perennial problem encountered pursuant to existing regulations;</p> <p>c. require the Bids and Awards Committee to submit the contracts and observe the five-day reglementary period on the submission of all perfected Contracts/POs and its supporting documents to facilitate timely review and appropriate action thereon; and</p> <p>d. In case of non-compliance by the concerned accountable officer, implement Section 122 of PD No. 1445 on the withholding of salary until compliance with the requirements, without prejudice to any disciplinary action that may be instituted against such official or employee for dereliction of duties.</p>				
<p>20. The SDO Proper buildings were not insured with the Government Service Insurance System (GSIS), contrary to Republic Act No. 656, Administrative Order No. 33 dated 25 August 1987, COA Circular Nos. 92-390 dated 17</p>	<p>CY 2021 ML 20-20 .13</p>	<p>, the inventory and appraisal of all insurable properties were already conducted last 08 November to 06 December</p>		

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>November 1992 and 2018-002 dated 31 May 2018. Hence, in case of fortuitous events like fire, etc., there will be no indemnification for any damage to the buildings of the SDO Proper, including other property, plant and equipment not covered with insurance. Also, the Property Inventory Form remains unsubmitted to the Audit Team.</p> <p>We reiterated our [previous year's recommendation that the Schools Division Superintendent:</p> <ol style="list-style-type: none"> undertake inventory every year and conduct an appraisal of all insurable properties of the SDO; prepare and submit the Property Inventory Form (PIF) to GSIS not later than October 31 of the ensuing year to ensure that all insurable assets and properties are adequately insured with the GIF; include in the yearly budget an allocation for the insurance premium of all the SDO's insurable property that will adequately indemnify or compensate the Government for any damage to, or loss of its properties against all perils; and submit to the Audit Team the consolidated PIF within the prescribed timeline. 		<p>2021. They are preparing the Property Insurance Form (PIF) for the inclusion of all insurable properties and covered by the insurance policy for submission within the prescribed timeline. As per the Division's approved National Annual Budget, some insurable assets were not included. They will try to explore all possible and legal avenues to include the items not provided for and check the list of budgeted accounts under the Local Approved Budget.</p>		
<p>21. The SDO Quezon City was able to conduct various Gender and Development (GAD) programs and activities for CY 2021, however, only ₱13,877,324.70 or</p>	<p>CY 2021 ML 21-21 .7</p>			

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>0.154% of the SDO's current appropriations of ₱9,004,803,475.39 were spent for the formulation and implementation of PPAs that are responsive to GAD issues, which was way below the required allocation of at least 5% of its appropriations. This is primarily due to non-inclusion of GAD accomplishments of schools and failure to attribute other costs that address specific gender issues.</p> <p>We recommended that the Management:</p> <ul style="list-style-type: none"> a. allocate at least five percent of the total appropriations and attribute its regular Programs/Activities/Projects for the implementation of GAD-related issues and concerns as required under Section 32 of the General Provisions of FY 2021 GAA; b. ensure that all schools integrate in their operations GAD-related activities and their GAD Plan and Budget, and GAD ARs are submitted to the DO for consolidation; and c. intensify the Agency GAD planning and budgeting by taking into consideration the proper way of allocating/attributing costs in the GPB as contemplated under Joint Circular No. 2012-01. 				
22. Notwithstanding the SDO Quezon City's compliance with the provisions on "Transparency Seal" in its official website,	CY 2021 ML			

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>transparency in governance was not fully achieved because the posting and updating of information on the financial reports and infrastructure projects have not been completely undertaken, as mandated under Sections 91, 92, 93, 95 and 96 of the General Provisions (GP) of the General Appropriations Act (GAA) for Fiscal Year (FY) 2021 or the Republic Act (RA) No. 11518, thus, depriving the public of inclusiveness to the pertinent information necessary to enforce accountability among its officials.</p> <p>In addition, this also affects the Agency's eligibility for Performance-Based Bonus (PBB) in CY 2021 due to non-compliance with the good governance conditions required under Memorandum Circular No. 2020-1 dated June 2, 2020.</p> <p>We recommended that the Management:</p> <p>a. update regularly the information/data posted in its official website and ensure strict compliance with Sections 91, 92, 93, 95 and 96 of the General Provisions of the GAA of FY 2021 or RA No. 11518 and Section 4 of Memorandum Circular No. 2020-1 dated June 2, 2020, issued by the Inter-Agency Task Force on the Harmonization of National Government Performance Monitoring, Information and Reporting Systems; and</p> <p>b. ensure that the Agency's available information technology resources are utilized</p>	22-22 .10			

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
to make certain that the transparency and accountability of its operational and financial affairs are strictly implemented.				
<p>23. Audit Suspensions and Disallowances amounting to ₱99,735,958.08 and ₱1,302,203.53, respectively, remained unsettled as of 31 December 2021, contrary to COA Circular No. 2009-006 dated 15 September 2009, on the settlement of government accounts.</p> <p>We recommended that the management ensure that the requirements of transactions suspended in audit are complied with and that the liability arising from the disallowances/charges be enforced against those liable persons who are still with the Agency. In case of refusal/failure to settle the obligations, legal proceedings may be undertaken pursuant to Section 35 of PD No. 1445. We further recommended that payment in installment basis shall be requested to the Commission in accordance with COA Resolution No. 2017-021 dated 03 November 2017.</p>	CY 2021 ML 27-27.7			
<p>24. The Consolidated FSs of the SDO are materially misstated in aggregate amount of ₱564,633,715.14 on account of errors, omissions and improper accounting treatment of transactions that are considered as departures from the Philippine Public Sector Accounting Standards (PPSAS). In view of the significance and impact of such misstatements, the Consolidated FSs of the SDO do not present fairly, in all material respects,</p>	CY 2020 ML 1 -1.14			

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>its financial position as of December 31, 2019, and its financial performance and cash flows for the year ended in accordance with the PPSAS, hence, could not be relied upon. (<i>Observation No. 1</i>)</p> <p><i>a. Non-inclusion of the existing cash balance of Provident Fund</i></p> <p>We reiterated our recommendations that the SDS instruct the Accountant to:</p> <p>a. record the transactions pertaining to the Provident Fund and include its accounts in the FS of SDO Proper; and</p> <p>b. submit to the Audit Team all the documents pertaining to the Provident Fund for audit purposes.</p>		<p>Management already submitted documents.</p>	<p>Not Implemented</p> <p>Fully Implemented</p>	<p>Reiterated on CY 2021 ML</p> <p>As per validation, documents for CY 2021 pertaining to Provident Fund already submitted to the Audit Team.</p>
<p><i>b. Delayed/Late recording of liquidations of Advances</i></p> <p>We reiterated our recommendation that the Accountant ensure that liquidations are recorded in the period on which they actually occurred, rather than on the period in which the cash flows related to</p>	<p>CY 2020 ML 1.15 -1.20</p>	<p>Liquidations are submitted on the 5th day of the following month and any unused fund at the end of the year is</p>	<p>Not Implemented</p>	<p>There were still transactions not in adherence to Accrual basis of accounting.</p>

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
them occur, in adherence to Accrual basis of accounting.		refunded to SDO. Recording of transactions is made immediately after pre-audit and to be submitted to COA for post-audit purposes.		
<p><i>c. Double recording of advances to and deliveries from DBM-PS</i></p> <p>We recommended that the Schools Division Superintendent require</p> <p>a. the Accountant to ensure that</p> <ul style="list-style-type: none"> all deliveries from the DBM-PS are regularly monitored and reconciled with the corresponding funds transferred, and any discrepancies be immediately communicated to the Property Unit and DBM-PS; the necessary adjusting entries are prepared for the various misstatements noted to properly reflect the correct balance of the account. <p>b. Property Office to-</p> <ul style="list-style-type: none"> ensure regular monitoring of the APRs for any undelivered supplies and materials or any discrepancies which must be immediately communicated 	CY 2020 ML 1.21 -1.29	<p>The SDO Accounting Unit made a monitoring tool to reconcile the amounts disbursed for procurement of common-use supplies from DBM-PS. This monitoring sheet will be regularly updated and reconciliation will be made with the Property Unit and DBM-PS to avoid any discrepancies.</p> <p>Adjusting entries have been made to correct the misstatements.</p>	<p>Not Implemented</p> <p>Not Implemented</p>	<p>Reconciliation is still on-going.</p> <p>No JEV submitted to Audit Team.</p>

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
to the DBM-PS for appropriate action.			Not Implemented	Undelivered supplies and materials or discrepancies still exist.
<p>d. <i>Unrecorded transfer of completed school buildings and other structures</i></p> <p>We recommended that the Schools Division Superintendent direct the:</p> <p>a. Accountant to:</p> <ul style="list-style-type: none"> recognize in the books the cost of the school buildings and other structures that were already completed and transferred by the DPWH; coordinate with the DPWH submission of all the supporting documents and lists of completed school buildings and other structures including the related JEVs (de-recognition by DPWH) for proper recording in the books of DO; 	CY 2020 ML 1.31 – 1.41	<p>These recommendations are for compliance. Periodic reconciliations will be made to assess the correct value of the School Buildings Account. The SDO will make representations with DPWH for the completed school buildings account and other structures.</p> <p>The Accountant is coordinating with DPWH counterpart to ensure submission of supporting documents on the transfer of completed school buildings.</p>	<p>Not Implemented</p> <p>Not Implemented</p>	<p>Reiterated on ML CY 2021.</p> <p>Validation resulted that not all completed School Buildings from DPWH recognized in the books of SDO-QC.</p>
e. <i>Understated Accumulated Depreciation</i>	CY 2020 ML 1.42		Not Implemented	

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<ul style="list-style-type: none"> maintain SL for each PPE accounts to facilitate the computation of depreciation; record monthly depreciation of all PPE accounts and make the necessary adjusting entries to reflect the correct balances of the affected accounts; 	– 1.44	<p>Maintain SL for each PPE items and update the depreciation schedule.</p> <p>The SDO Accounting Unit is now updated on the depreciation schedule. (October 2021 for all PPE items)</p>	Not Implemented	<p>Reiterated on ML CY 2021.</p> <p>Validation of Audit Team revealed that there were no necessary adjusting entries to correct balances.</p>
<p><i>f. Under-provision of depreciation on recorded PPEs</i></p> <ul style="list-style-type: none"> formulate/set policy for the estimated useful life and salvage value of each item of PPE following the GAM and cascade to all the implementing units, and likewise disclose the same in the Notes to Financial Statements. 	CY 2020 ML 1.45 – 1.47	Policies were made to determine the estimated useful life of each PPE item.	Not Implemented	Reiterated on ML CY 2021
<p><i>g. Depreciation on unrecorded School Buildings and Other Structures</i></p> <ul style="list-style-type: none"> record the reclassified school buildings from Other Structures account to School Building account; and 	CY 2020 ML 1.48	Reclassification entry is being made to correct the misstatements	Not Implemented	Reclassification was done manually without JEV and other supporting documents.
<p><i>h. Unrecognized Accumulated Depreciation of Implementing Units</i></p> <ul style="list-style-type: none"> Bookkeeper of concerned IUs to recognize in the books the 	CY 2020 ML 1.49		Not Implemented	Reiterated on ML CY 2021.

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
cost of school buildings and other structures that were already completed and transferred by DPWH		No action taken from the management		
i. <i>Misclassification of accounts</i> <ul style="list-style-type: none"> Accounting and Infrastructure Units, to conduct periodic reconciliation of their records and reports 	CY 2020 ML 1.50-1.51	No action taken from the management	Not Implemented	Reiterated on ML CY 2021.
j. <i>Non-inclusion of Division Office Proper GL balance in the FS and the abnormal balances</i> We recommended that the Accountant: <ul style="list-style-type: none"> perform account analysis on the negative debit balance of P142,711,369.38 of the Due to Officers and Employees account and effect the necessary adjusting entries to reflect the correct balance in the books; 	CY 2020 ML 1.58-1.59	The SDO Accounting Unit conducted account analysis on the said account and necessary adjusting entries had been made to correct the balance. The following adjusting entries had been made under JEV. Nos. 2021-03-000936-937 and 2021-03-000940-942	Fully Implemented	The Audit Team verify the JEV. Nos. 2021-03-000936-937 and 2021-03-000940-942 dated March 10, 2021.
k. <i>Erroneous Journal Entries</i> We recommended that the Accountant: <ul style="list-style-type: none"> set-up liability at the time the SCDR and payroll are received from the Payroll Unit; and 	CY 2020 ML 1.60-1.66	It is the practice of the Accounting Unit to record the set-up of liabilities	Fully Implemented	Audit Team validated the adjusting entry through JEV

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<ul style="list-style-type: none"> conduct a careful and thorough review of the accounts before consolidation to ensure the completeness and accuracy of the consolidated balances of the accounts presented in the financial statements. 		<p>account at the time the SCDR and payroll are received from the Payroll Unit. The non-recording of the this transaction was overlooked by the accounting unit. Appropriate adjusting entry had been made to set-up the said liability under JEV No. 2021-03-000943.</p> <p>Management assured the Audit Team that the Accounting Unit will conduct substantive account analysis of those accounts before consolidation to ensure reliable, accurate and complete financial information.</p>	Not Implemented	<p>No. 2021-03-000943 dated March 10, 2021.</p> <p>Accounting Unit failed to review accounts before consolidation, since there were still accounts not consolidated in the FS.</p>
<p><i>l. Non-inclusion of the Due to BIR SDO Proper balance in the FS Balance</i></p> <p>We recommended that the Accountant:</p> <ul style="list-style-type: none"> perform an account analysis on the negative debit balance of P2,113,389.22 of the Due to BIR account and effect the necessary adjusting entries to 	<p>CY 2020 ML 1.67-1.71</p>	<p>The accounting unit is now in the process of verifying and reviewing the</p>	Fully Implemented	<p>Audit team validated the adjusting entry made on JEV No.</p>

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>reflect the correct balance in the books;</p> <ul style="list-style-type: none"> and carefully review the accounts including its supporting schedules before consolidation to ensure the completeness and accuracy of the consolidated balances presented in the financial statements. 		<p>account Due to BIR. Adjustments will be made accordingly to correct the misstatements in the account. Adjusting entry has been made to reflect the correct balance under JEV No. 2022-02-000356 dated February 17, 2022.</p> <p>The Management commented that they will comply with the recommendation cited in the AOM.</p>	Not Implemented	<p>2022-02-000356 dated February 17, 2022.</p> <p>Accounting Unit failed to review accounts before consolidation, since there were still accounts not consolidated in the FS.</p>
<p><i>m. Non-inclusion of the Due to PhilHealth SDO Proper balance in the FS balance</i></p> <p>We recommended that the Accountant:</p> <ul style="list-style-type: none"> perform an account analysis on the negative debit balance of ₱6,724,101.44 of the Due to PhilHealth account and effect the necessary adjusting entries 	CY 2020 ML 1.72-1.77	Adjustments have been made through JEV No. 2022-02-000361	Not Implemented	Adjustment made was not correct. Incorrect

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>to reflect the correct balance in the books; and</p> <ul style="list-style-type: none"> carefully review the accounts before consolidation to ensure the completeness and accuracy of the consolidated balances presented in the financial statements. 		dated February 17, 2022.	Not Implemented	<p>amount and account.</p> <p>Reiterated on ML CY 2021.</p>
<p><i>n. Unrecorded Salaries and Wages</i></p> <p>We recommended that the Schools Division Superintendent direct the Accountant to:</p> <ul style="list-style-type: none"> prepare necessary adjusting entries to record the SDO-QC Salaries and Wages-Regular expense for January CY 2020; 	CY 2020 ML 1.83-1.85	<p>Journal Entry Voucher Nos. 2021-03-001000, 2021-03-001001, 2021-03-001002 have been made to record the unrecorded set-up of salaries and wages for the month of January 2020 while Journal Entry Voucher No. 2021-03-001003 has been made to reclassify erroneous entry made for the prior years' related transactions on salaries and wages.</p>	Fully Implemented	<p>Auditor validated the adjusting entries for Journal Entry Voucher Nos. 2021-03-001000, 2021-03-001001, 2021-03-001002 and 2021-03-001003 dated March 12, 2021.</p>
<p><i>o. Prior year's salaries were booked up/taken up in the current year</i></p> <ul style="list-style-type: none"> reclassify the prior years' related transactions recorded using the Salaries and Wages - Regular account to appropriate Accumulated Surplus/(Deficit) account; and 	CY 2020 ML 1.86-1.94	<p>Journal Entry Voucher No. 2021-03-001003 has been made to reclassify erroneous entry made for the prior years' related</p>	Fully Implemented	<p>Validated the Journal Entry Voucher No. 2021-03-001003 dated March 12, 2021 for the reclassification</p>

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<ul style="list-style-type: none"> record salaries and wages expense in the year that it is incurred while recognizing liabilities under the Due to Officers and Employees account. 		<p>transactions on salaries and wages.</p> <p>Management agreed with the recommendations and will conduct regular review of processing the claims of the SDO Personnel. Recognition of expenses will be recorded in the year incurred regardless of when paid and liabilities will also be recorded upon incurrence of the transactions.</p>	Fully Implemented	<p>made by the Accounting Unit.</p> <p>Accounting Unit submitted monthly JEV for their recognition salaries and wages .</p>
<p>25. The Schools Division Office (SDO) - Proper and almost all of the 46 Implementing Units (IUs) did not submit the Statement of Comparison of Budget and Actual Amounts (SCBAA) and Notes to Financial Statements required under Section 11 and Section 29, Chapter 2 of the GAM for NGAS, Volume I.</p> <p>We reiterated our prior year's recommendation that the Schools Division Superintendent require the Accountant, the Principals and Bookkeepers of all IUs to prepare and submit the SCBAA and Notes to FS for CY 2020 including all the required supporting schedules and other related documents required under Sections 11 and 29 of Chapter 2 of the GAM for NGAs, Volume I to:</p>	CY 2020 ML 2-2.7			

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<ul style="list-style-type: none"> • ensure proper disclosure of the narrative descriptions or disaggregation of items in those FSs and information about items that do not qualify for recognition in those statements; and • enhance the transparency of financial reporting in government. 		<p>Memorandum was issued to IUs to submit the lacking financial reports within five days from the receipt of the communication. The SDO Proper will also submit the said report.</p> <p>Management assured the Audit Team that the financial statements for FY 2021 will be submitted completely in compliance to the audit recommendations.</p>	<p>Not Implemented</p> <p>Not Implemented</p>	<p>Reiterated on ML CY 2021.</p> <p>Reiterated on ML CY 2021.</p>
<p>26. The balance of the Cash in Bank – LCCA account is unreliable due to unreconciled variance of ₱109,312,562.91 between the balance per books and per bank which could not be identified/verified due to the absence of periodic bank reconciliation by the Accounting Unit.</p> <p>We recommended that the Management prepare and submit the monthly BRS covering the year 2020 for all bank accounts maintained by the SDO to determine all reconciling items that need correction/adjustment in the books to reflect the correct balance of the cash in bank and other</p>	<p>CY 2020 ML 3-3.6</p>	<p>The Accounting Unit is currently preparing the BRS for submission to COA. To date, January to December 2020 has been submitted to COA.</p>	<p>Fully Implemented</p>	<p>BRS for CY 2020 has been submitted to COA.</p>

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
affected accounts, and henceforth, strictly comply with the prescribed period on the preparation and submission of the BRS.				
<p>27. The reliability of the Advances for Operating Expenses account is doubtful due to non-preparation and non-submission of the monthly BRS by the Non- IUs to the Division Accountant and the Audit Team relative to the bank accounts they maintain for their MOOE allocations.</p> <p>We recommended that the SDS ensure strict compliance by the Division Accountant, School Heads and Disbursing Officers of Non-IUs on the preparation and submission of the required BRS, which shall be submitted together with monthly liquidation report on their MOOE allocations.</p>	CY 2020 ML 3.7-3.13	The SDO Accounting Unit see to it that schools must comply with the requirement to include BRS in the submission of Liquidation Reports.	Not Implemented	Reiterated on ML CY 2021.
<p>28. The accumulation of unreturned/non-deduction of balances of fund transfers for undelivered items of ₱4,139,513.09. These internal control deficiencies could be ascribed to weak monitoring and reconciliation of accounts and records by the Accounting and Property Units, as well as the regular coordination with DBM-PS.</p> <p>We recommended that the Schools Division Superintendent require the Property Officer to assess the necessity of the undelivered items covered by the balance of unutilized fund transfers and</p>	CY 2020 ML 4-4.4	No comment from the management	Not Implemented	Reiterated on ML CY 2021.

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>coordinate with the DBM-PS to apply the balance to the succeeding APRs; or if no longer needed, request the DBM-PS the immediate refund thereof, and subsequently remit the amount to the Bureau of Treasury.</p>				
<p>29. The SDO has no of policy prescribing a consistent and uniform application of residual value and estimated useful lives when depreciating PPE.</p> <p>We recommended that the SDS instruct the Accountant to formulate a policy that will prescribe a consistent and uniform application of residual value and estimated useful lives when depreciating assets, and cascade the same to all Heads of IUs for their implementation.</p>	<p>CY 2020 ML 5-5.6</p>	<p>Policies were made to determine the estimated useful life of each PPE item.</p>	<p>Not Implemented</p>	<p>Reiterated on ML CY 2021.</p>
<p>30. The consolidated reported balance of Inventory Accounts amounting to ₱75,455,907.55 as of year-end is unreliable due to the following deficiencies noted:</p> <p>a) non-recognition of expenses for the issued stocks;</p> <p>b) Report on Supplies and Materials Issued (RSMIs) not properly accomplished;</p> <p>c) non-submission of the Report on the Physical Count of Inventory (RPCI);</p> <p>d) erroneous classification of the semi-expendable properties amounting to ₱620,250.00 as Office Supplies Inventory; and</p>	<p>CY 2020 ML 6-6.1 6</p>			

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<p>e) non-maintenance of Supplies Ledger Cards (SLCs) by the Accounting Unit which are contrary to the relevant provisions of Chapter 8 of the Government Accounting Manual (GAM) for NGAS, Volume I. Likewise, reconciliation of the non-moving amount of ₱31,904,340.72 was not yet done.</p> <p>We recommended that the Schools Division Superintendent:</p> <p>d. require the Accountant to:</p> <ul style="list-style-type: none"> analyze the Inventory accounts and reclassify the ₱620,250.00 to its proper account; study the eNGAS to make use of the built-in SLC of the system; maintain SLCs for each type of supplies to record all the receipts and issuances made supported with RSMIs from Property Unit; <p>e. require the Property Officer to:</p> <ul style="list-style-type: none"> properly accomplish the RSMIs for all issuances made as prescribed by GAM; submit copies of the RSMI to the Accounting Unit which will serve as the basis 		<p>Adjustments will be made to reclassify the misstated inventories and the maintenance of SLC will be implemented.</p> <p>To conduct deep-through study of the ENGAS.</p> <p>If ENGAS cannot generate SLC, accounting must take manual recording of SLC for each type of inventory.</p>	<p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p> <p>Fully Implemented</p> <p>Fully Implemented</p>	<p>Ongoing reconciliation of accounts and no reclassification as of date.</p> <p>Reiterated on ML CY 2021.</p> <p>No SLCs maintained by the Accounting Unit.</p> <p>Auditor validated copy of RSMI requested from Property Unit.</p> <p>Auditor validated copy of RSMI</p>

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<p>for recording of issued supplies;</p> <ul style="list-style-type: none"> • prepare the RPCIs for CY 2020 or submit a copy of the approved letter for exemption from Inventory taking; • create a special team that will investigate the composition and details of the non-moving amounts of various Inventories; and <p>f. require the Accountant and Property Officer to conduct periodic reconciliation of their respective reports and records.</p>			<p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p>	<p>requested from Property Unit.</p> <p>Property Unit did not submit RPCI for CY 2021.</p> <p>Non-moving amounts remains in the inventory account.</p> <p>Reiterated on ML CY 2021.</p>
<p>31. There were some control weaknesses noted during the walkthrough on the preparation and processing of payroll such as: a) the absence of review in the submission of the corrected Form 7 from the concerned schools directly to the Payroll Unit; b) lack of review of the payroll and Summary of Cash Disbursement Report (SCDR) before final printing and forwarding to the Accounting unit for payroll preparation and processing; and c) insufficient monitoring of short (below 10 days) and long-term leaves of absence.</p> <p>We recommended that the Management revisit and evaluate the existing internal control on</p>	<p>CY 2020 ML 7-7.7</p>	<p>Management commented that to avoid circuitous</p>	<p>Fully implemented</p>	<p>Auditor noted that the submitted</p>

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<p>the payroll processing system and consider the deficiencies/weaknesses noted herein for the enhancement of the same.</p>		<p>processing of Form 7 that will cause the delay of the preparation of payroll of salary, revised Form 7s are submitted directly by the concerned schools to PSU for payroll preparation without necessary review by the Personnel Unit.</p> <p>They considered recommendations for the enhancement of the payroll process.</p>		<p>payroll of SDO-QC had an approval from Payroll head.</p>
<p>32. For CY 2020, Disbursement Vouchers and supporting documents totalling ₱2,091,205,479.06 covering various transactions were not submitted to the Audit Team within the prescribed period, contrary to Section 122 of Presidential Decree No. 1445 COA Circular No. 95-006 dated May 18, 1995 and Section 7.2.1.a of the 2009 Rules and Regulations on the Settlement of Accounts (RRSA) as prescribed under COA Circular No. 2009-006 dated September 15, 2009. Moreover, the following financial reports/documents were also not yet submitted by the DO Proper and various schools: List of Due and Demandable Accounts Payables - Advice to Debit Account (LDDAP-ADA) for some</p>	<p>CY 2020 ML 8-8.3 0</p>			

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>transactions in CY 2020, six Budget and Financial Accountability Reports, Trial Balances, Bank Reconciliation Statements, Bank Statements and supporting schedules, Maintenance and Other Operating Expenses (MOOE) Liquidation Reports and Annual Procurement Plans of various schools, Provident Fund transactions, and the Agency Action Plan and Status of Implementation (AAPSI).</p> <p>We reiterated our prior year's recommendations that the Schools Division Superintendent:</p> <p>a. strictly enforce compliance by the Accountant, the school heads of IUs/Non-IUs, and other concerned accountable officers on the submission of all the financial reports/documents which are still unsubmitted to date;</p> <p>b. require the accountable officers concerned to submit justification/reasons for the non-submission of the financial reports/documents and take the necessary actions to address the perennial problem encountered pursuant to existing regulations;</p> <p>c. in case of non-compliance by the concerned</p>		<p>Managements had been submitted to COA for FY 2020 the Consolidated Reports and Financial records, however one IU (Quezon City HS) did not submit FS for FY 2020, this was noted in the Notes to FS.</p> <p>The AOM was communicated to IUs for their appropriate action.</p> <p>If Accountable officer or agency</p>	<p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p>	<p>Reiterated on ML CY 2021.</p> <p>Reiterated on ML CY 2021.</p> <p>Auditor validated that</p>

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<p>accountable officer or agency personnel, strictly implement Section 122 of PD No. 1445 on the withholding of salary until compliance with the requirements, without prejudice to any disciplinary action that may be instituted against such official or employee for dereliction of duties.</p>		<p>personnel failed to comply to the submission they are required to submit justifications and disciplinary action is issued</p>		<p>despite of non-submission of accountable personnel, Section 122 of PD no. 1445 was not implemented</p>
<p>33. As observed in previous years' audit, the Cash-LCCA account being maintained by the SDO at the Landbank of the Philippines (LBP) under Account No. 0692-1020-70 has no authority or legal basis and is continuously being used as a depository of unauthorized fund transfers from Modified Disbursement System (MDS) account and various collections amounting to amounting to ₱1,267,841,537.58 and ₱10,659,430.96, respectively, contrary to the provisions of Executive Order No. 431 dated May 30, 2005 and Section 2.1 of Permanent Committee Joint Circular No. 4-2012 dated September 11, 2012.</p> <p>We recommended that the Management:</p> <p>a. prepare and submit the monthly BRS covering the year 2020 for all bank accounts maintained by the SDO to determine all reconciling items that need correction/adjustment in the books to reflect the correct balance of the cash</p>	<p>CY 2020 ML 9-9.1 6</p>	<p>Preparation of BRS is on-going. The accounting unit will submit the BRS to the COA Office immediately after the preparation of BRS for CY 2020</p>	<p>Not Implemented</p>	<p>Submission of BRS still not updated</p>

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<p>in bank and other affected accounts and henceforth, strictly comply with the prescribed period on the preparation and submission of the BRS;</p> <p>b. coordinate with the DepEd Central and Regional Offices to secure authority from the Permanent Committee on the maintenance of current account. Otherwise, close the unauthorized current account and revert. its balance to the BTr, pursuant to Executive Order No 431 dated May 30, 2005 ; and</p> <p>c. ensure strict implementation of funded projects and the disbursements of NCAs within its effective period for valid and completely documented obligations, and discontinue the practice of transferring the unutilized NCAs to prevent the lapsing thereof. Strictly comply with DBM issuances on the matter, otherwise the transfer thereof to the current account will be disallowed in audit; and</p> <p>d. remit/deposit to the National Treasury all</p>		<p>for all accounts maintained by the SDO.</p> <p>Verbal coordination with the oversight agencies have been made to secure authority in maintaining the agency current account. Implementation of the centrally managed programs is being planned accordingly to avoid lapsing of the NCA.</p> <p>Disbursements and obligations are supported with documents to support the transactions to verify the validity and completeness of transactions. Remittance to National Treasury is done regularly for those collections with no authority to use and all the excess funds of the SDO.</p> <p>Revenues and receipts are deposited to BTr</p>	<p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p>	<p>Reiterated on ML CY 2021</p> <p>Not all no authority to use and excess funds of SDO remitted to National Treasury.</p> <p>Proof of deposits not yet</p>

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<p>revenues and receipts that may be collected by the SDO as required in the aforementioned laws, rules and regulations.</p>		<p>considering the SDO has no authority to use.</p>		<p>submitted to Audit.</p>
<p>34. Disbursements with inadequate supporting documents. Lack of proper documentation in payment of salaries to newly hired employees</p> <p>We recommended that the Schools Division Superintendent direct the Payroll and Personnel Officers to submit the lacking documentary requirements for the payment of salaries of the newly hired employees in the total amount of ₱720,029.90 as required under Section 4(6) of P.D. 1445 and COA Circular No. 2012-001 dated June 14, 2012 to avoid suspension in audit.</p>	<p>CY 2020 ML 10-10 .5</p>	<p>The Accounting Unit will provide checklist of documentary requirements in adherence to COA Circular 2012-001 dated June 14, 2012 in processing the claims. The checklist will be the basis for the completion of documentary requirements before processing payment of claims.</p> <p>Some lacking documents have already been submitted to COA Office in compliance to the audit recommendations</p>	<p>Not Implemented</p>	<p>Prepared Follow up letter to submit all the necessary documents as per COA Circular 2012-001 dated June 14, 2012.</p>
<p>35. Although the SDO Quezon City was able to conduct various Gender and Development (GAD) related programs and activities for CY 2020, only ₱177,917,263.41 or 2.286% of the SDO's current appropriation of ₱7,782,431,821.74 was actually spent for the formulation and</p>	<p>CY 2020 ML 11-11 .8</p>			

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>implementation of PPAs that are responsive to GAD issues, which is way below the required allocation of at least 5% of its current year appropriation, as required under the provisions of Section 32 of RA 11260 or the FY 2019 GAA.</p> <p>Moreover, the FY 2020 GAD Plan and Budget (GPB) was not approved by the Philippine Commission on Women (PCW) and not endorsed to the Department of Budget and Management (DBM) contrary to Joint Circular (JC) No. 2012-01 of the National Economic and Development Authority (NEDA), PCW and DBM.</p> <p>We recommended that the Management:</p> <p>a. allocate at least 5% of the total appropriations and attribute its regular Program/Activities/Projects for the implementation of GAD-related issues and concerns as required under Section 31 of the General Provisions of FY 2020 GAA;</p> <p>b. ensure that the implementation of the GAD activities as reported in the AR are consistent with the approved GPB; and</p>		<p>The SDO is conducting various programs for GAD. Management assured the Audit Team that more programs will be implemented to cover the 5% allocation for GAD related programs.</p> <p>All activities implemented for GAD for FY 2020 are aligned with the approved GPB.</p>	<p>Not Implemented</p> <p>Not Implemented</p>	<p>Reiterated on ML CY 2021.</p> <p>Management did not ensure that implementation of GAD activities as reported in the</p>

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<p>c. the schools to integrate into their operations GAD related activities which shall be included in their respective GPBs and submitted to the SDO Proper for consolidation.</p>		<p>The SDO has informed the field units to include GAD related activities in the disposition of the school MOOE.</p>	<p>Not Implemented</p>	<p>AR are consistent with the approved GPB.</p> <p>GAD accomplishments of schools are not included.</p>
<p>36. Although the SDO Quezon City complied with Section 32 of the General Provisions of the FY 2020 General Appropriations Act (GAA) on the implementation of programs/projects/activities (PPAs) for senior citizens (SCs), it was not able to formulate the same to address the concerns of persons with disability (PWDs) contrary to the same provision of the said GAA.</p> <p>Moreover, review of the project to provide additional medical support to senior citizens through the provision of Health Check Cards showed the following a) discrepancy on amount presented on budget proposal and health card application form; and b) some health benefits covered by the Health Check Cards being granted were similar to those already covered by PhilHealth and R.A. No. 9257.</p> <p>We recommended that the Schools Division Superintendent direct:</p> <p>a. the Project Coordinator to:</p>	<p>CY 2020 ML 12-12 .14</p>			

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<ul style="list-style-type: none"> conduct thorough study in the formulation of plans, programs and projects to address the welfare and concerns of SCs and PWDs, which would relate to the mandated functions of SDO Quezon City that would be integrated in their regular activities, in compliance with Section 32 of the General Provisions of the GAA for FY 2020 and the years thereafter; explain the discrepancy noted between the approved budget and the actual amount of health card; and submit comments/justification on the duplication of benefits of Health Card with PhilHealth and R.A. 9257. <p>b. the BAC to:</p> <ul style="list-style-type: none"> submit to the Audit Team all the documents supporting the procurement of the health cards, including the list of 		<p>They were able to identify a health care provider with a one year contract. The excess amount has already been returned to Cash Division as part of liquidation submitted last June 11, 2021.</p>	<p>Not Implemented</p> <p>Fully Implemented</p> <p>Fully Implemented</p> <p>Not Implemented</p>	<p>SDO-QC formulated plans, programs and projects for SCs only and no project formulated for PWDs.</p> <p>Submitted copy of policy of health care provider and their accomplishment report.</p> <p>Through their reply on AOM, it was noted that they oversee the benefits of Health Card was the same with PhilHealth and R.A. 9257.</p> <p>The BAC did not submit documents pertaining to</p>

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
the 80 beneficiaries, for audit purposes.				the procurements of health cards.
<p>37. Although the SDO Quezon City complied with the provision of "Transparency Seal" in its official website, transparency in governance was not fully assured because the posting and updating of the information on the financial reports, infrastructure projects have not been completely undertaken and updated, as mandated under Sections 89, 90, 91, 93 and 94 of the General Provisions (GP) of the General Appropriations Act (GAA) for Fiscal Year (FY) 2020 or the Republic Act (RA) No. 11465, thus, depriving the public of inclusiveness to the pertinent information necessary to enforce accountability among its officials.</p> <p>Moreover, this also affected the Agency's eligibility for Performance-Based Bonus (PBB) in CY 2020 due to non-compliance with the good governance conditions required under Memorandum Circular No. 2020-1 dated June 2, 2020.</p> <p>We recommended that the Management:</p> <p>a. comply strictly with Sections 89, 90, 91, 93 and 94 of the General Provisions of the GAA of FY 2020 or RA No. 11465 and Section 4 of Memorandum Circular No. 2020-1 dated June 2, 2020, issued by the Inter-Agency Task Force</p>	CY 2020 ML 13-13 .10	The Finance Unit has forwarded to the ICT and Planning Unit the financial information of the SDO for posting in the SDO website.	Not Implemented	Reiterated on ML CY 2021 and some were partially compliant.

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<p>on the Harmonization of National Government Performance Monitoring, Information and Reporting Systems;</p> <p>b. ensure that the Agency's available information technology resources are utilized to make certain that the transparency and accountability of its operational and financial affairs are strictly implemented; and</p> <p>c. make certain that the information/data posted in its official website are regularly updated and monitored.</p>		<p>SDO website is being monitored and improved by the ICT Unit. This is also being updated by the agency transparency seal team. Information available for dissemination to general public is being posted in the website.</p> <p>Information in the SDO Website is regularly updated and monitored by the SDO Transparency Seal Team</p>	<p>Not Implemented</p> <p>Not Implemented</p>	<p>Reiterated on ML CY 2021.</p> <p>Reiterated on ML CY 2021.</p>
<p>38. The Consolidated Financial Statements (FSS) of the Schools Division Office (SDO) are materially misstated in aggregate amount of ₱3,395,306,081.64 on account of errors, omissions and improper accounting treatment of transactions that are considered as departures from the Philippine Public Sector Accounting Standards (PPSAS). In view of the significance and impact of such misstatements, the Consolidated FSS of the SDO do not present fairly, in all material respects, its financial position as of December 31, 2019, and its financial performance and cash flows for the year ended in accordance with</p>	<p>CY 2019 ML, Para. 1 -1.8</p>			

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<p>the PPSAS, hence, could not be relied upon.</p> <p><i>a. Non-inclusion of the existing cash balance of Provident Fund</i></p> <p>We recommended that the SDS instruct the Accountant to:</p> <p>a. record the transactions pertaining to the Provident Fund and include its accounts in the FS of SDO Proper; and</p> <p>b. submit to the Audit Team all the documents pertaining to the Provident Fund.</p>		<p>Management will include Provident Fund and Other Funds in Consolidated FS CY 2020</p> <p>The SDO Accounting Unit requested</p>	<p>Not Implemented</p> <p>Fully Implemented</p>	<p>Upon verification on the Consolidated FS CY 2021, Provident and Other Funds were not yet included.</p> <p>Document pertaining to provident fund 2019 were submitted to the Audit Team.</p>
<p><i>b. Delayed/Late recording of liquidations of Advances</i></p> <p>We recommended that the Accountant ensure that liquidations are recorded in the period on which they actually occurred, rather than on the period in which the cash flows related to them occur, in adherence to Accrual basis of accounting.</p>	<p>CY 2019 ML, Para. 1.14</p>	<p>Liquidations made at the beginning of the coming year is recorded as debit to Accumulated Surplus/(Deficit) account to reflect prior year adjustments considering the cash advances were granted on prior years.</p>	<p>Not Implemented</p>	<p>Liquidations are still not yet recorded in the period on which they occurred.</p>

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p><i>c. Unrecorded/Erroneous recording of advances to and deliveries from DBM-PS</i></p> <p>We recommended that the SDS require the:</p> <p>a. Accountant to:</p> <ul style="list-style-type: none"> regularly reconcile records, monitor the deliveries made by comparing the same against the corresponding transferred funds and immediately inform the DBM-PS about the existence of undelivered supplies to avoid accumulation thereof; immediately record in the books the delivered supplies and equipment in order to reflect the correct balances of the affected accounts; and prepare the necessary adjusting entries for the various misstatements noted to properly reflect the correct balance of the account. <p>b. Property Officer to immediately submit to the Accounting Division all delivery documents to facilitate the timely recording of deliveries.</p>	CY 2019 ML, Para. 1.19	<p>The Due from NGAs account is now being reconciled and necessary adjusting entries will be made to correct the errors made. The Accountant will exercise due diligence to regularly reconcile records, update the ledgers, and proper recording of the transactions.</p>	<p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p>	<p>Reiterated on ML CY 2021.</p> <p>Upon validation, there was still unreconciled records.</p> <p>No adjusting entry made by Accounting Unit.</p> <p>Property and Accounting records were not yet reconciled.</p>
<p><i>d. Unrecorded acquisitions of PPE</i></p> <p>We recommended that the Accountant:</p>	CY 2019 ML, Para. 1.27		Not Implemented	

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>a. recognize the cost of PPE items that were already delivered in 2019 but remain unrecorded to date; and</p> <p>b. ensure that assets are recorded in the books upon their delivery or upon transfer of ownership to the entity.</p>		<p>Proper accounting will be made to those unrecorded transactions to date.</p> <p>The Accounting Unit is now vouching/verifying the supporting documents reflecting the PPE items transferred by DPWH to SDO for recording.</p>	Not Implemented	<p>Analysis of General Ledger of various PPE items revealed no recognition on the books of undelivered PPE items in 2019</p> <p>Reiterated on ML CY 2021.</p>
<p><i>e. Non-inclusion of the carrying amount of School Buildings account of SDO Proper</i></p> <p>We recommended that the Accountant analyze the discrepancy between the balance of School Buildings account and its related Accumulated Depreciation per FS and GL and restate accordingly the CY 2019 FS.</p>	CY 2019 ML, Para. 1.32	Proper account analysis will be made to reconcile the discrepancy between the FS balance and the GL balance of the School Building account.	Not Implemented	FS for CY 2019 and 2020 were not restated.
<p><i>f. Unrecorded Cost of Completed Buildings Transferred by DPWH</i></p> <p>We recommended that the Accountant and the Bookkeepers of concerned IUs recognize in the books the cost of completed school buildings and other structures already transferred by DPWH.</p>	CY 2019 ML, Para. 1.38	Management commented that journal entries will be made to recognize the cost of school buildings completed and	Not Implemented	Not all completed buildings were recognized by SD-QC.

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		transferred by the DPWH.		
<p><i>g. Failure to Reclassify the Cost of Completed Construction and Major Repair/Rehabilitation of School Buildings and Other Structures</i></p> <p>We recommended that the SDS require the Accountant and the Bookkeepers of IUs to prepare the journal entries to reclassify the cost of completed construction/repair/rehabilitation projects on school buildings and other structures to its appropriate asset account and provide depreciation thereon.</p>	CY 2019 ML, Para. 1.45	Management will analyze the CIP account to reflect the correct and reliable balance of the account.	Not Implemented	No reclassification made for the completed projects for CY 2021 and backwards.
<p><i>h. Unrecorded/Unrecognized/Under-Provision of Depreciation</i></p> <p>We recommended that the Accountant:</p> <p>a. record the amount of ₱30,380,433.24 representing the net understatement in the amount of depreciation expense recognized from CYs 2016 to 2019; and</p> <p>b. ensure that all PPE accounts are provided with correct depreciation in CY 2020 and the years thereafter.</p>	CY 2019 ML, Para. 1.54	Proper adjusting entries will be made to reflect the unrecorded depreciation expenses not recognized from 2016 to 2019.	<p>Not Implemented</p> <p>Not Implemented</p>	<p>Audit Team noted that depreciations were not yet adjusted.</p> <p>Depreciation for CY 2020 was recorded but not in a correct amount.</p>
<i>i. Semi-expendable Properties Erroneously Classified as PPE</i>	CY 2019			

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
We recommended that the Accountant reclassify items costing below ₱15,000.00 from PPE to Semi-Expendable Property and recognize the same as expense upon issuance to the end-users.	ML, Para. 1.61	Management will reclassify the PPE to reflect the cost of the items considered as semi-expendable property.	Not Implemented	Analysis of GL of PPE revealed there was no reclassification made to the account.
<p><i>j. Erroneous Journal Entries and Double Recording of Adjusting Entries</i></p> <p>We recommended that the Accountant:</p> <p>a. perform account analysis and effect the necessary adjusting entries in order to correct the erroneous journal entries and the abnormal balances of the affected accounts; and</p> <p>b. review carefully the JEV before approving the same for posting.</p> <p>Moreover, in view of the foregoing misstatements in aggregate amount of ₱3,377,502,735.41, we also recommended that the SDS direct the Accountant to restate the CY 2019 FS as a comparative figure in the CY 2020 FS.</p>	CY 2019 ML, Para. 1.74	<p>Management came up with necessary adjusting entries to correct the abnormal balance and erroneous entries.</p> <p>The management commented that since these accounts are permanent, and adjusted the correct balance. They will just generate the correct amount on the preparation of FS CY 2020.</p>	<p>Fully Implemented</p> <p>Fully Implemented</p> <p>Not Implemented</p>	<p>JEV No. 2020-11-00399 5, 2020-11-00399 6 and 2020-11-00402 dated November 10, 2020 were drawn to adjust the erroneous entry</p> <p>Division Accountant is the approver of the JEV.</p> <p>FS for CYs 2019 up to 2021 were not restated.</p>

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>39. The target of completing the 120-day feeding cycle by end of December 2019 was not achieved in view of the delay in the commencement and implementation of the School-Based Feeding Program (SBFP) for School Year (SY) 2019-2020 attributable to inadequate planning and coordination between the SDO Proper and the participating schools, lengthy period of time spent on preparatory activities, and delayed undertaking of procurement activities, contrary to DepEd Order No. 039 dated August 17, 2017 and DepEd Order No. 18 dated July 23, 2019.</p> <p>Moreover, our evaluation disclosed also the following: a) SBFP Funds in the total amount of ₱838,080.00 were not released to five elementary schools, hence, the utilization thereof was not maximized and deprived some of the beneficiaries of the benefits of the program; b) only 27.49% or ₱13,047,089.96 was liquidated out of the total released funds of ₱47,460,600.00 for the first tranche, thus leaving a huge amount of unliquidated balance of ₱34,413,510.04; c) contracts/purchase orders (POs) were not submitted to the Audit Team within five days after its perfection; and d) sanitation permits of school canteens and the health certificates of food handlers were not updated.</p> <p>On the other hand, majority of the schools inspected are compliant with the following requirements: composition of SBFP Core Group, availability of potable water and hand washing facilities, Gulayan sa Paaralan, and prohibition on the use of styrofoam and plastic containers.</p>	CY 2019 ML, Para. 21			

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<p>We recommended the Management to:</p> <p>a. strictly comply with DepEd Order Nos. 39 s. 2017 and 18 s. 2019 specifically on the target date of commencement and completion of the feeding cycle;</p> <p>b. ensure full coordination between the SDO Proper and SBFP implementers in order to come up with a streamlined planning process and preparatory activities resulting in a more efficient program implementation;</p> <p>c. expedite the procurement process by conducting early procurement activities short of award;</p> <p>d. maximize the utilization of program funds by expanding the coverage of the feeding cycle beyond 120-days, if warranted;</p> <p>e. consider whether the unused/unreleased SBFP funds pertaining to five schools could be used to augment or finance other SBFP-related activities, otherwise revert the funds to the Bureau of the Treasury;</p> <p>f. direct the school heads to immediately liquidate their cash advances pertaining to the first tranche;</p>		<p>Operation of the SBFP was delayed due to series of on-going meeting on the Modality to be adopted by the SDO.</p> <p>There is a full coordination between the SDO Proper and the SBFP Implementers for efficient program implementation.</p> <p>Procurement was done after finalizing the modality to be used and upon availability of the fund.</p> <p>The unused/unreleased SBFP Funds will be reverted to the BTr.</p> <p>The SHs are always reminded for the liquidation of the outstanding balances of the Program. The</p>	<p>Fully Implemented</p> <p>Fully Implemented</p> <p>Fully Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p> <p>Fully Implemented</p>	<p>Several meetings were done for the implementation of SBFP.</p> <p>Procurement was done after finalizing the modality to be used.</p> <p>No proof of expanding the feeding cycle.</p> <p>Management did not submitted proof that unreleased Funds were reverted to the BTr.</p> <p>Submitted liquidation report to the Audit Team.</p>

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>g. adhere strictly to the provisions of COA Circular No. 97-002 on the granting and liquidation of cash advances;</p> <p>h. require the School Bids and Awards Committee to submit the Contracts/POs and its supporting and observe the five-day reglementary period on the submission of the same to facilitate timely review and appropriate action thereon;</p> <p>i. enjoin the SBFP Coordinators to ensure that food handlers have updated health certificates covering the whole feeding cycle; and</p> <p>j. enjoin the school heads to ensure that the canteens have updated sanitary permits</p>		<p>SDO is adopting No Liquidation, No Cash Advance on the release of the succeeding funds.</p> <p>A memo was released to the field for the submission of PO/Contract to the Audit Team within 5 days after the approval of the PO/Contract.</p>	<p>Not Implemented</p> <p>Not Implemented</p> <p>Fully Implemented</p> <p>Fully Implemented</p>	<p>There are still unliquidated cash advances.</p> <p>Not all schools submitted the Contracts/PO and its supporting regarding the SBFP submitted to the Audit Team.</p>
<p>40. The Cash in Bank – Local Current, Current Account with a consolidated year-end balance of ₱340,725,939.83 is understated by ₱14,531,738.75 due to non-recording of the transactions pertaining to the Provident Fund and the subsequent non-consolidation thereof in the Financial Statements of the SDO. Likewise, the reliability of the account is doubtful due to unreconciled variance of ₱76,212,510.37 between the balance of the account per books and per</p>	<p>CY 2019 ML, Para. 5</p>	<p>The agency is committed to eliminate the maintenance of agency current account starting 2021 and discontinue the practice of fund transfer from MDS to LCCA Account. All unexpended</p>		

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>c. coordinate with DepEd Central Office to secure authority from the Permanent Committee to maintain the current account. Otherwise, close the unauthorized current account and revert its balance to the Bureau of the Treasury(BTr), pursuant to Executive Order No. 431;</p> <p>d. observe efficiency in the implementation of programs/projects/activities and discontinue the practice of transferring the funds from MDS to current account;</p> <p>e. remit/deposit to the BTr all the revenues and receipts that may be collected by the SDO in accordance with laws, rules and regulations; and</p> <p>f. close the three unnecessary current accounts with zero balances.</p>		<p>The SDO Accounting Unit will submit all the BRS with its supporting documents for the year 2019 covering all the ban accounts maintained by the Office.</p> <p>A series of coordination was conducted by the SDO Finance Unit to secure authority from DepEd NCR for the maintenance of the account with specific purpose.</p> <p>All revenues collected by the SDO is being deposited/reverted to the BTr.</p> <p>The three current accounts with zero balances have been closed already.</p>	<p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p>	<p>Reiterated on ML CY 2021</p> <p>Reiterated on ML CY 2021.</p> <p>Reiterated on ML CY 2021.</p> <p>Reiterated on ML CY 2021.</p>
<p>41. The Office Equipment, Furniture and Fixtures, Information and Communications Technology Equipment and Motor Vehicles accounts with a total carrying value of ₱185,922,461.42 as of December 31, 2019 is misstated by a total amount of ₱4,763,006.03 due to: a) unrecorded Property, Plant and</p>	<p>CY 2019 ML, Para. 1.29 & 10</p>			

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>Equipment (PPE) amounting to ₱1,136,199.50; b) understatement in Accumulated Depreciation by ₱3,351,806.53; and c) erroneous classification of semi-expendable properties as PPE amounting to ₱275,000.00.</p> <p>Likewise, the reliability and accuracy of the accounts are doubtful due to non-submission of Report on the Physical Count of Property, Plant and Equipment (RPCPPE) and non-preparation of Property, Plant and Equipment Ledger Card (PPELC) by the Property and Accounting Offices, respectively.</p> <p>Moreover, various PPE have no Property Identification Tag making it difficult to identify the items during inventory taking and exposing the assets to incidence of theft and misuse.</p> <p>We recommended the Management to:</p> <p>c. Direct the Accountant to:</p> <ul style="list-style-type: none"> ● recognize the cost of PPE items that were already delivered in 2019 but remain unrecorded to date; ● ensure that assets are recorded in the books upon their delivery or upon transfer ownership to the entity; ● draw a Journal Entry Voucher (JEV) to record the amount of ₱3,351,806.53 representing depreciation expense that were not recognized in Calendar Years (CYs) 2017 to 2019; 		<p>Proper accounting will be made to those unrecorded transactions to date.</p> <p>The accounting unit is now vouching/verifying the supporting documents reflecting the PPE items transferred by DPWH to SDO for recording.</p> <p>Proper adjusting entries will be</p>	<p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p>	<p>No recordings of undelivered PPE items on the FS.</p> <p>Reiterated on ML CY 2021.</p>

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<ul style="list-style-type: none"> • ensure that all PPE accounts are provided with depreciation in CY 2020 and years thereafter; • reclassify items costing below ₱15,000.00 from PPE to Semi-Expendable Property; • prepare and maintain an updated PPELC which shall be reconciled with the Property Cards (PCs) maintained by the Property/Supply Officer in compliance with Section 42, Chapter 10 of the GAM; <p>d. Direct the Property Officer to:</p> <ul style="list-style-type: none"> • submit the CY 2019 RPCPPE to the Audit Team which shall be reconciled with the accounting records; • improve the property identification tagging system and put property tags on all existing properties and equipment of the SDO. 		<p>made to reflect the unrecorded depreciation expenses not recognized through 2017 to 2019.</p> <p>Reclassifying entry will be made to reflect the cost of the items considered as semi-expendable property.</p>	<p>Fully Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p> <p>Fully Implemented</p> <p>Not Implemented</p>	<p>Depreciation for CY 2020 was recognized.</p> <p>Reclassification was not seen on the GL account.</p> <p>Submitted the RPCPPE for CY 2019.</p> <p>Still no property tags on the newly issued PPE.</p>
<p>42. The Due to Officers and Employees account with a year-end balance of ₱577,823,169.21 is overstated by a total amount of ₱566,433,323.46 due to: a) erroneous journal entries made totaling ₱557,528,111.94 wherein the account debited during the transfer of funds to the payroll account of DepEd National Capital Region does not correspond to the account</p>	<p>CY 2019 ML, Para. 1.76</p>	<p>Account analysis and other analytical procedures will be applied to reflect the correct balances of the Due to Officers and Employees account</p>		

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>credited during the initial set-up of liability; and b) double adjusting entries made to correct the erroneous initial set up of liability account in the amount of ₱8,905,211.52.</p> <p>We recommended the Management to:</p> <p>a. perform account analysis and effect the necessary adjusting entries in order to correct the erroneous journal entries and the abnormal balances of the affected accounts;</p> <p>b. review carefully the JEV before its approval for posting; and</p> <p>c. restate the CY 2019 financial statements as a comparative figure in the CY 2020 financial statements.</p>			<p>Fully Implemented</p> <p>Fully Implemented</p> <p>Not Implemented</p>	<p>JEV No. 2020-11-00399 5, 2020-11-00399 6 and 2020-11-00402 dated November 10, 2020 were drawn to adjust the erroneous entry</p> <p>FS CY 2019 was not restated.</p>
<p>43. The Advances for Operating Expenses account with a year-end balance of ₱54,722,677.05 is overstated by a total amount of ₱3,554,170.93 due to delayed recording of liquidations for the SY 2019-2020 SBFP Funds. The liquidations for the said funds were recorded in the books only in January and February 2020 although the transactions occurred in 2019, hence, contrary to Accrual basis of accounting.</p> <p>Moreover, the reliability of the account is doubtful due to non-preparation and non-submission of the monthly BRS by the Non-IUs to the Division Accountant and the Audit Team relative to the bank</p>	<p>CY 2019 ML, Para. 1.14 & 6</p>	<p>Liquidations made at the beginning of the coming year is recorded as debit to accumulated surplus to reflect prior year adjustments considering the cash advances were granted on prior years.</p> <p>A memo was issued to require the SHs to prepare BRS as part of their monthly requirement for the liquidation of</p>		

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>accounts they maintain for their Maintenance and Other Operating Expenses (MOOE) allocations.</p> <p>We recommended the Management to:</p> <p>a. direct the Accountant to:</p> <ul style="list-style-type: none"> ● ensure that liquidations are recorded in the period on which they occurred, rather than on the period in which the cash flows related to them occur, in adherence to Accrual basis of accounting; ● restate the CY 2019 financial statements as a comparative figure in the CY 2020 financial statements; and ● direct all the School Heads and Disbursing Officers of non-IUs to prepare the required BRS, which shall be submitted together with the monthly liquidation report on their MOOE allocations. 		<p>the School MOOE and other funds. The accounting unit is also conducting technical assistance to SHs for the preparation of BRS.</p>	<p>Not Implemented</p> <p>Not Implemented</p> <p>Fully Implemented</p>	<p>Reiterated on ML CY 2021.</p> <p>FS for CY 2019 was not restated.</p> <p>Some Implementing Units submitted BRS with their monthly liquidation.</p>
<p>44. The SDO - Proper and almost all of the 27 IUs did not submit the Statement of Comparison of Budget and Actual Amounts (SCBAA) and Notes to Financial Statements for CY 2019 required under the Philippine Public Sector Accounting Standards (PPSASs) and GAM for NGAs.</p> <p>We recommended the Management to require the Accountant and the Principals and Bookkeepers of the concerned IUs to prepare and submit the SCBAA and Notes to FS for CY 2019 and the years thereafter on or before January 20 of the ensuing year.</p>	<p>CY 2019 ML, Para. 4</p>	<p>The IUs were reminded to prepare the SCBAA and notes to FS as main component of the FS to be submitted semi-annually and annually</p>	<p>Not Implemented</p>	<p>Reiterated on ML CY 2021.</p>

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>45. The insurance policy availed of by the SDO with total premium payment of ₱8,218,432.05 funded by the Local Government of Quezon City is inadequate since it covers only the school buildings and the indemnification is limited only to fire and lightning perils. Hence, in case of earthquakes, strong typhoons, or floods, there will be no indemnification to damaged school buildings since those perils are not covered by the policy.</p> <p>Moreover, the Property Inventory Form (PIF) remain unsubmitted to the Audit Team contrary to Republic Act No. 656, Administrative Order No. 33 dated August 25, 1987, and COA Circular Nos. 92-390 dated November 17, 1992 and 2018-002 dated May 31, 2018.</p> <p>We recommended the Management to:</p> <ol style="list-style-type: none"> revisit Administrative Order No. 33 and COA Circular Nos. 92-390 and 2018-002 and prepare and submit to the GSIS, within the prescribed timeline, the PIF to ensure that all insurable assets and properties are adequately insured with the GIF; submit to the Audit Team the PIF within the prescribed timeline; conduct an appraisal on the value of the insurable properties by the SDO; allocate a yearly budget for the insurance premiums that will adequately insure the SDO's school buildings and other property and equipment against all perils. 	CY 2019 ML, Para. 22	<p>An assessment was made to consider this Audit Recommendation. Appraisal was also made by the Property and Infra section.</p>	<p>Fully Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p>	<p>As of this date PIF was not yet submitted.</p> <p>Appraisals of value were not yet done.</p> <p>LGU paid the GSIS Insurance.</p>

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>46. The School Buildings and Other Structures accounts with a consolidated carrying amount of ₱692,513,334.32 as of December 31, 2019 is misstated by a total amount of ₱2,584,461,153.68 due to: a) non-inclusion of the carrying amount of School Buildings account of the SDO Proper, resulting in net understatement of ₱2,342,309,517.26; b) unrecorded cost of school buildings and other structures already completed and transferred by the Department of Public Works and Highways (DPWH) in the amount of ₱256,881,242.97 and ₱12,299,020.16, respectively; c) understatement in Accumulated Depreciation amounting to ₱27,028,626.71; and d) erroneous recording of school buildings worth ₱63,682,737.85 under Other Structures account.</p> <p>Moreover, the following deficiencies were also observed in audit: a) absence of policy prescribing a consistent and uniform application of residual value and estimated useful lives when depreciating assets; and b) demolition of school buildings not properly supported with documentary requirements resulting in non-dropping from the books of accounts.</p> <p>We recommended the Management to require the:</p> <p>c. Accountant to:</p> <ul style="list-style-type: none"> ● analyze the discrepancy between the balance of School Buildings 	CY 2019 ML, Para. 1.32	<p>Proper account analysis will be made to reconcile the discrepancy between the FS balance and the GL balance of the School Building Account.</p> <p>Entries will be made to recognize</p>	Not Implemented	Reiterated on ML CY 2021.

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>account and its related Accumulated Depreciation per FS and General Ledger (GL) and restate accordingly the CY 2019 Financial Statements;</p> <ul style="list-style-type: none"> recognize in the books the cost of school buildings and other structures that were already completed and transferred by DPWH; prepare an adjusting journal entry to record the amount of understatement in Accumulated Depreciation; prepare and maintain a PPE Lapsing Schedule that will facilitate the monitoring of the movement (additions and disposals) of PPE accounts and ensure that they are provided with depreciation; maintain Subsidiary Ledger (SL) for each PPE account to facilitate the computation of depreciation; reclassify the cost of school buildings from Other Structures account to School Buildings account; formulate a policy that will prescribe a consistent and uniform application of residual value and estimated useful lives when depreciating assets, and cascade the same to all IUs for their implementation and; coordinate with the Infrastructure Unit and Property Office for the 		<p>the cost of school buildings completed and transferred by the DPWH.</p> <p>All other recommendations will be implemented accordingly.</p>	<p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p> <p>Fully Implemented</p> <p>Not Implemented</p>	<p>Audit validation revealed that not all completed school buildings were recognized in the books.</p> <p>No adjusting entry for the understatement.</p> <p>Reiterated on ML CY 2020.</p> <p>Reiterated on ML CY 2021.</p> <p>Reclassification was manually done by the Accounting Unit.</p> <p>Reiterated on ML CY 2021.</p>

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>details of the demolished buildings for proper dropping in the books of accounts.</p> <ul style="list-style-type: none"> Bookkeeper of concerned IUs to recognize in the books the cost of school buildings and other structures that were already completed and transferred by DPWH. 			Not Implemented Not Implemented	Reiterated on ML CY 2021. Reiterated on ML CY 2021.
<p>47. The DVs and its supporting documents with a total amount of ₱1,282,807,668.98 covering various transactions in Calendar Year 2019 were not submitted to the Audit Team within the prescribed period, contrary to Section 122 of Presidential Decree (PD) No. 1445 and COA Circular No. 95-006, thus affecting the timely audit/verification thereof. Likewise, the Management failed also to submit the following financial reports/records: List of Due and Demandable Accounts Payables - Advice to Debit Account (LDDAP-ADA) for some transactions in CY 2019, seven Budget and Financial Accountability Reports, Trial Balance, BRS, Bank Statements and supporting schedules, MOOE Liquidation Reports and Annual Procurement Plans (APPs) of some schools, Provident Fund Transactions, and the Agency Action Plan and Status of Implementation (AAPSI).</p> <p>Moreover, auditorial review/evaluation of contracts and their supporting documents for seven infrastructure projects worth ₱266,969,500.53 could not be done due to non-submission thereof to the Audit Team within</p>	CY 2019 ML, Para. 2	<p>DVs and supporting documents are being submitted upon approval of the JEV for the particular transaction. Submission of LDDAP-ADA will be strictly implemented as part of the supporting documents. Accounting Staff in-charge on the submission of the listed deficiencies have been informed to facilitate the submission of the documents immediately.</p> <p>On the part of BAC Secretariat to provide copies of pertinent documents to COA, please be informed that we always see to it that the said</p>		

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>five working days from its perfection contrary to Section 3.1.1 of COA Circular No. 2009-001.</p> <p>We recommended the Management to:</p> <p>a. require the Accountant, the school heads of IUs/Non-IUs and other concerned accountable officers to submit the DVs and their corresponding supporting documents, LDDAP-ADA, Budget and Financial Accountability Reports, documents pertaining to the Provident Fund transactions, MOOE Liquidation Reports, AAPSI, Trial Balance, Bank Reconciliation Statements, Bank Statements and supporting schedules, and APPs;</p> <p>b. require the Bids and Awards Committee to submit the contracts and observe the five-day reglementary period on the submission of all perfected Contracts/POs and its supporting documents to facilitate timely review and appropriate action thereon; and</p> <p>c. in case of non-compliance by the concerned accountable officer, implement Section 122 of PD No. 1445 on the withholding of salary until compliance with the requirements, without prejudice to any disciplinary action that may be instituted against such official or employee for dereliction of duties.</p>		<p>documents are provided to COA. However, on the seven infrastructure projects, the documents were inadvertently submitted beyond the prescription date.</p> <p>The audit observation and recommendation s are duly noted and rest assured that the BAC Secretariat will ensure compliance on that matter.</p>	<p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p>	<p>Reiterated on CY 2021 ML</p> <p>The management did not submit contract, POs and other necessary documents to Audit Team.</p> <p>As of this date, no accountable officer subject in withholding of salary due to non-compliance.</p>
48. The Construction in Progress (CIP) – Buildings and Other Structures account of the SDO with a balance of ₱647,894,340.53	CY 2019 ML, Para.	Proper account analysis of the CIP account will be made to reflect the		

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>as of December 31, 2019 is misstated by ₱191,914,106.19 due to failure to reclassify the cost of constructed school buildings and other structures worth ₱111,308,900.06 which were already completed in CYs 2011 to 2013, and the cost of major repair/rehabilitation of school buildings already completed in CYs 2017 to 2018 amounting to ₱80,605,206.13; hence, overstating the CIP account by ₱191,914,106.19.</p> <p>Moreover, the practice of recording the entire contract cost upon payment of the first progress billing to the CIP account instead of just the equivalent amount per progress billing violates the Matching Principle in accounting.</p> <p>We recommended the Management to:</p> <p>a. prepare the journal entries to reclassify the cost of completed construction/repair/rehabilitation projects on school buildings and other structures to its appropriate asset account and provide depreciation thereon; and</p> <p>b. stop the practice of recording the entire contract cost upon payment of the first progress billing and record only the amount equivalent to the accomplished work for the period as per progress billing.</p>	1.45 & 7	correct and reliable balance of the account	<p>Not Implemented</p> <p>Not Implemented</p>	<p>No JEV drawn for the reclassification of the completed projects.</p> <p>The entire cost was still recorded for the first billing.</p>
<p>49. The Due from National Government Agencies account with a consolidated balance of ₱1,680,403.62 is overstated by a net amount of ₱745,503.20 due to:</p> <p>a) unrecorded advances to</p>	CY 2019 ML, Para. 1.19			

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>DBM-Procurement Service (DBM-PS) in the amount of ₱2,296,406.92; b) erroneous recording of advances to DBM-PS totaling ₱556,699.16; and c) unrecorded deliveries from DBM-PS amounting to ₱3,598,609.28. The said accounting deficiencies are primarily due to weak monitoring and reconciliation of accounts and records between the Accounting and Property Offices.</p> <p>We recommended that the Management require the:</p> <p>a. Accountant to–</p> <ul style="list-style-type: none"> regularly reconcile records, monitor the deliveries made by comparing the same against the corresponding transferred funds and immediately inform the DBM-PS about the existence of undelivered supplies to avoid accumulation thereof; immediately record in the books the delivered supplies and equipment in order to reflect the correct balances of the affected accounts; and prepare the necessary adjusting entries for the various misstatements noted to properly reflect the correct balance of the account. <p>b. Property Officer to immediately submit to the Accounting Division all delivery documents to facilitate the timely recording of deliveries.</p>		<p>Due from NGAs account is now being reconciled and necessary adjusting entries will be made to correct the errors made. The account will exercise due diligence to regularly reconcile records, update the ledgers, and proper recording of the transactions.</p> <p>The SDO Accounting Unit came up with a monitoring tool in excel format to regularly monitor and reconcile the transactions pertaining to</p>	<p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p>	<p>There are still occurrences of unreconciled records.</p> <p>The correct balances of the account are not yet reflected.</p> <p>No necessary adjusting entry made.</p> <p>No monitoring tool presented to the Audit Team.</p>

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
		Procurement of Common-Use Supplies from DBM-PS		
<p>50. Of the total allotments of ₱7,591,115,827.04 received by the SDO in CY 2019, the amount of ₱7,463,594,129.129 was obligated obtaining a high budget utilization rate of 98.32%. Likewise, the SDO achieved an overall disbursement utilization rate of 90.78%, computed based on its total disbursements of ₱6,775,770,933.73 over its total obligations of ₱7,463,594,129.94. Notwithstanding therefrom, lapses in the budget utilization were still observed such as: a) incurrence of unobligated allotments of ₱30,935,585.23 largely attributable to the delay in the implementation of five projects; and b) obligating the total allotments of ₱226,429,756.00 for the SBFP(Milk Feeding Component) and New School Personnel Position despite the absence of legitimate claimants and subsequently transferring the funds from the MDS account to its current account, apparently to avoid its reversion to the National Treasury. The practice of obligating funds without valid claimants inflates the reported obligated amount and the budget utilization rate of the SDO.</p> <p>We recommended the Management to:</p> <p>a. strengthen the monitoring of allotments to immediately respond to issues causing partial/non-utilization thereof so that other options/strategies could be</p>	CY 2019 ML, Para. 19	The management conducts regular monitoring on the status of implementation of PPAs; Obligations	Not Implemented	Reiterated on ML CY 2021.

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>considered to ensure its optimum utilization;</p> <p>b. identify the lapses that cause the delay in the implementation/ procurement of programs/projects and come up with a strategy that will address the same such as intensified monitoring and supervision from procurement to actual delivery of projects;</p> <p>c. refrain from obligating funds without legitimate claimants and transferring the same from MDS to current account;</p> <p>d. intensify the hiring for teaching and non-teaching personnel to fill the vacant plantilla positions; and</p> <p>e. remit to the National Treasury the unused funds of programs that were already completed.</p>		are based on the contracts and purchase orders available.	<p>Fully Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p>	<p>Auditors validation that there were no delay in the procurement of programs and projects.</p> <p>Reiterated on ML CY 2021.</p> <p>Validation of Audit Team revealed that there are still vacant plantilla positions.</p> <p>Reiterated on ML CY 2021.</p>
51. The reported balance of Inventory accounts amounting to ₱38,862,567.88 as of December 31, 2019 is unreliable due to noted deficiencies that are contrary to the relevant provisions in Chapter 8 of the Government Accounting Manual, such as: a) non-submission of the Report on the Physical Count of Inventory (RPCI); b) non-maintenance of Supplies Ledger Cards (SLCs) by the Accounting Unit; c) existence of non-moving amount of ₱31,904,340.72; and d) non-adherence to Perpetual Inventory System whereby	CY 2019 ML, Para. 8			

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>purchases totaling ₱9,240,912.32 were directly charged to expense accounts.</p> <p>We recommended the Management to require the:</p> <p>a. Property Officers to:</p> <ul style="list-style-type: none"> • prepare the RPCI in the format prescribed by GAM and submit to the Auditor not later than July 31 and January 31 of each year; <p>b. Accountant to:</p> <ul style="list-style-type: none"> • record all purchases and receipt of supplies for stock through the appropriate Inventory account in accordance with the Perpetual Inventory System; • maintain SLCs for each type of supplies to record all receipts and issuances; • create a special team that will investigate the composition and details of the non-moving amounts of various Inventory accounts; and <p>c. Accountant and Property Officer to conduct periodic reconciliation of their respective reports and records.</p>		<p>The SDO will now use Perpetual Inventory System for recording of inventory transactions.</p> <p>Timely reconciliation with the Property Unit will be done throughout the period.</p>	<p>Not Implemented</p> <p>Fully Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p>	<p>No RPCI submitted to the Audit Team.</p> <p>Accounting Unit uses Perpetual Inventory System.</p> <p>Reiterated on ML CY 2021.</p> <p>Non-moving amounts remain on Inventory account.</p> <p>Reiterated on ML CY 2021.</p>
<p>52. The repair/rehabilitation of school buildings under the CY 2018 Basic Education Facilities Fund (BEFF)-Batch 2 was not efficiently and effectively implemented in view of the deficiencies/lapses observed by the</p>	<p>CY 2019 ML, Para. 20</p>			

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>Audit Team during inspection, such as the following: a) undelivered items and unperformed works worth ₱7,559,868.67 even if included in the approved Program of Works (POW); b) out 1,014 items that should be delivered such as panel doors, flush doors, LED florescent lights, among others, in total amount of ₱3,674,565.78, only 562 were found/counted during inspection or a difference of 452 items with a total cost of ₱1,665,405.66; c) deviations/variations noted in the actual items delivered or works performed amounting to ₱3,539,995.61 as against the minimum specifications indicated in the approved POW; hence, affected the timely achievement of the project's target of increasing the provision of safe and structurally stable facilities that are conducive to learning and teaching.</p> <p>We recommended the Management to:</p> <p>a. conduct thorough assessment on the status of all repair/rehabilitation projects and look into imposing necessary and appropriate action on the contractors for failure to deliver commitments as agreed upon, such as requiring them to strictly comply with the provisions of the Contract and to properly address the deficiencies noted by the Audit Team and/or the impose liquidated damages, when warranted;</p> <p>b. require the Division Engineer/Infrastructure Unit to:</p> <p>● submit to the Audit Team the status/completion reports relative</p>			<p>Not Implemented</p> <p>Not Implemented</p>	<p>The Infrastructure Unit failed to submit their Assessment report.</p> <p>No submission of the</p>

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>to the said repair/rehabilitation projects;</p> <ul style="list-style-type: none"> report to the HoPE and contractors the undelivered items or nonconformities/deviations from the approved POW and require the latter to perform the necessary actions to address the noted deficiencies/observations; monitor regularly and evaluate the accomplishments of each individual projects; exercise diligent supervision on the implementation of projects to immediately address issues and lapses which certainly affect the achievement of providing safe, comfortable and functional facilities conducive to learning and teaching; ensure that repair works are performed in accordance with the approved POW; make proper coordination with officials/personnel in the schools who are involved in the project and provide them with the necessary documents needed such as contract and detailed POW so that they are properly informed of the details of the project and its target completion date as well as to check if the repair works being done conform with the contract specifications. <p>c. instruct the concerned School Heads and Property Officers to:</p> <ul style="list-style-type: none"> account and report the undelivered items and works not performed, and nonconformities/deviations from the approved POW; and 			<p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p>	<p>completion reports.</p> <p>No copy of reports furnish to the Audit Team.</p> <p>Reiterated on ML CY 2021.</p> <p>Reiterated on ML CY 2021.</p> <p>Reiterated on ML CY 2021.</p>

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<ul style="list-style-type: none"> determine the persons or entity who should be held accountable for the missing or undelivered items and demand appropriate accountability. 				Reiterated on ML CY 2021.
<p>53.The Cash in Bank-Local Currency, Current Account (CIB-LCCA) of the SDO with a balance of ₱365,454,838.57 as at year-end, is maintained without authority or legal basis and consists mostly of unauthorized transfers from the Modified Disbursement System (MDS) account of unutilized/excess NCAs/NTAs of ₱756,786,728.25 to avoid their lapsing contrary to Section 10, General Provisions of the GAA for FY 2018 and Section 4.2 of NBC No. 573, refunds of unused cash advances and other receipts of ₱12,046,541.66 which should have been remitted to the National Treasury (NT). Likewise, the balance could not be relied upon due to: a) unreconciled difference of ₱117,354,969.09 between the bank confirmed balance and the balance per books; b) a reconciling item amounting to ₱61,981,397.09 which credited the account for an abnormal negative balance of Cash National Treasury, MDS; and c) delayed submission of monthly Bank Reconciliation Statement (BRS).</p> <p>We recommended that Management:</p> <p>a. secure authority from the Permanent Committee to maintain the current accounts which they consider extremely essential in the implementation of SDO's projects. Otherwise, close the unauthorized current accounts and remit existing balance to the</p>	CY 2018 ML, Para. 1	A series of coordination was conducted by the SDO Finance Unit to secure authority from DepEd NCR	Not Implemented	The Management was still not able to secure authority from the Permanent

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BTr, pursuant to DBM-DepEd Joint Circular No 2004-01 and Section 10, General Provisions of the 2018 GAA on the "Reversion, Closure, and Transfer of all Balance of Special Accounts, Fiduciary or Trust Funds, Revolving Fund and Unauthorized Accounts;		for the maintenance of the account with specific purpose.		Committee to maintain the subject current account.
b. observe efficiency in the implementation of funded projects and the disbursements of NCAs within its effective period for valid and completely documented obligations and discontinue the practice of transferring the unutilized NCAs to prevent the lapsing thereof. Strictly comply with DBM issuances on the matter; otherwise the transfer thereof to the current account will be disallowed in audit;			Not Implemented	Reiteration on ML CY 2021.
c. remit/deposit to the National Treasury all revenues and receipts that may be collected by the SDO in accordance with laws, rules and regulations;		All revenues collected by the SDO is being deposited/reverted to the BTr.	Not Implemented	Various collections were not yet deposited in the current account.
d. explain why the two bank accounts maintained with the Land Bank of the Philippines (LBP) were not declared/recognized in the books of the SDO and re-establish the Subsidiary Ledger (SL) and record the same in the agency's books;			Not Implemented	The two bank accounts remain unrecorded in the books
e. verify the noted discrepancies in the amounts reported as well as the adjustments made and make the necessary corrections in the books of the agency; and			Not Implemented	Discrepancies not resolved by

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<p>f. prepare and submit the monthly BRS from prior years to present so that errors and reconciling items would be immediately detected for correction in the books and observe the timely submission of the same.</p>			Fully Implemented	<p>the Accounting Unit</p> <p>Submitted BRS.</p>
<p>54. The balance of the account Advances for Operating Expenses as of December 31, 2018 amounting to ₱70,756,554.92 could not be relied upon due to a) unreconciled variance of ₱11,582,120.81 between the submitted Status Report/Schedule vis-à-vis the balance reported in the Consolidated Statement of Financial Position; b) the negative balances of some individual Accountable Officers (AOs) accounts totaling ₱3,576,221.87 that affects the aggregate total of the account; c) the inclusion of "For Reconciliation" account amounting to ₱3,492,185.98 in the Status Report/Schedule. Moreover, the laxity by management in monitoring the advances accounts and enforcing the provisions of COA Circular No. 97-002 dated February 10, 1997 on the rules and regulations on the granting, utilization and liquidation of cash advances, as well as the absence of periodic reconciliation resulted in the accumulation of overdue cash advances totaling ₱10,600,015.92 or 14.98%, with age ranging from over one year to over three years and doubtful collectability/settlement of ₱8,313,063.12 or 11.75% unliquidated cash advances of</p>	CY 2018 ML, Para. 2			

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<p>retired/resigned/transferred personnel.</p> <p>We recommended that the Management:</p> <p>a. require the Chief Accountant to:</p> <ul style="list-style-type: none"> reconcile the Status Report with the balances reported in the Financial Statements; demand for the liquidation/refund of overdue cash advances; strictly enforce the regulation on the grant, utilization and liquidation of cash advances; 		<p>The variance between the Status Report and balance reported in the FSs was due to timing difference, the balance per the Status Report was as of December 31, 2018 while the FS was generated on January 25, 2019</p> <p>c</p>	<p>Fully Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p>	<p>Reconciled the balances.</p> <p>The Management has no action taken regarding the overdue cash advances on prior years.</p> <p>There were still existing unliquidated cash advances.</p>

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<ul style="list-style-type: none"> monitor and reconcile regularly the accounts; and 			<p>Not Implemented</p> <p>No Demand Letter was issue nor sanctions were instituted by the Management.</p>	<p>Advances to Officers and Employees still have for reconciliations and negative balances.</p>
<p>55. The non-recording of fund transfers to DBM-PS for the supplies and equipment requirement of the SDO of Quezon City and deliveries in the respective amounts of ₱295,689.50 and ₱1,910,135.93, as well as the erroneous recording of fund transfers of ₱815,662.89 as Office Supplies Expenses and ₱414,782.60 as Office Supplies Inventory instead of Due from National Government Agencies account resulted in the net overstatement of the Due from NGAS account by ₱384,000.94. Likewise, the absence of periodic reconciliation of accounting and property records with those of DBM-PS and regular monitoring of deliveries resulted in unreconciled balance of ₱631,348.58 between the agency's books and the DBM-PS and ₱207.56 between the Trial Balance and the Subsidiary Ledger, late recording/posting of advances and, the accumulation of unreturned/non-deduction of balances of fund transfers for undelivered items of ₱1,091,649.08.</p> <p>We recommended that the Management require the:</p> <p>a. Accountant to:</p> <ul style="list-style-type: none"> prepare the necessary adjusting entries for the various misstatements noted to properly reflect the 	<p>CY 2018 ML, Para. 3</p>	<p>Due from NGAs account is now being reconciled and necessary</p>	<p>Not Implemented</p>	<p>No adjusting entries were prepared.</p>

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>correct balance of the account;</p> <ul style="list-style-type: none"> reconcile records regularly with the Property Officer and PS-DBM; record transactions promptly; <p>b. Property Officer to:</p> <ul style="list-style-type: none"> regularly monitor the APRs and corresponding deliveries, undelivered supplies and materials and immediately inform DBM-PS of any discrepancies; and assess the necessity of the undelivered items covered by the balance of unutilized fund transfers and coordinate with PS-DBM to apply the balance to succeeding APRs, or if no longer needed, require the PS-DBM the immediate refund thereof and subsequently remit the amount to the Bureau of Treasury. 		<p>adjusting entries will be made to correct the errors made. The account will exercise due diligence to regularly reconcile records, update the ledgers, and proper recording of the transactions.</p>	<p>Not Implemented</p> <p>Fully Implemented</p> <p>Fully Implemented</p> <p>Not Implemented</p>	<p>As of date records are not reconciled.</p> <p>Transactions were recorded.</p> <p>Property personnel handling the procurement of supplies and materials has been coordinating with the DBM – PS for the undelivered supplies and discrepancies.</p> <p>Accumulated prior year balance still reflected in the GL balance of the SDO.</p>
<p>56. The reported balances of Inventory accounts totaling ₱57,218,479.90 as of December 31, 2018 is unreliable due to the following: a) the balances of the Inventory accounts of the SDO as of December 31, 2017 in the Consolidated Statement of</p>	<p>CY 2018 ML, Para. 4</p>			

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<p>Financial Position differs with the carried over balance on January 1, 2018 of the same accounts in the General Ledger, with total discrepancies of ₱35,716,346.97; b) existence of non-moving inventories amounting to ₱8,547,264.30 directly charged to expense/s; d) unrecorded issuance of inventory items costing ₱843,218.05; e) vague description of some items of Office Supplies in the SL; f) non-maintenance of Supplies Ledger Cards (SLCs) by the Accounting Unit; g) SLs with negative balances; and h) non-submission of the Report on the Physical Count of Inventory (RPCI) by the Property Officer.</p> <p>We recommended that the Management:</p> <p>a. require the Accountant to:</p> <ul style="list-style-type: none"> analyze the discrepancies noted in the beginning balance per Consolidated FS and GL and restate the CY 2017 Financial Statements; review the transactions that pertains to the inventory accounts without movement and record deliveries and issuances and prepare the necessary adjustments in the books of accounts; record promptly all purchases and receipt of supplies for stock through the appropriate Inventory Accounts in accordance with the GAM; review the SLs and analyze negative balances and make corrections/adjustments on the unclear description of the items 		<p>The Management already corrected the errors and account balances were adjusted in the FSs as of June 30, 2018.</p> <p>The SDO Accounting Unit is recording the transaction using Periodic Inventory System, and now will strictly implement</p>	<p>Fully Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p>	<p>Adjustments were duly noted by the Audit Team.</p> <p>No adjustments made to the non-moving account.</p> <p>No necessary adjustments were made by the Management. Balances of non-moving account still</p>

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Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p> ₱3,585,063,832.81 and ₱1,161,192,783.79, respectively, between the balances of some PPE accounts and the related Accumulated Depreciation in the Consolidated Statement of Financial Position as of December 31, 2017 as against their balances in the General Ledger as of January 1, 2018; b) non-preparation and non-submission of Report on the Physical Count of Property, Plant and Equipment (RPCPPE) and Property, Plant and Equipment Ledger Card (PPELC) and non-reconciliation of Accounting and Property records; c) differing amounts between the amount recorded in the books of the Implementing Units (IUs) and in the School Buildings Inventory Report (SBIR) for CY 2016-2017 of the Infrastructure Unit of the DO; d) School Building (SB) in Batasan National High School constructed in CYs 2006-2007 by the Local Government Unit (LGU) of Quezon City was recorded in the IU's books without proof of donation from the City Government; e) nineteen SBs in six secondary schools totaling ₱82,922,896.76 were not recorded in the respective books of accounts of the schools understating the SB accounts as at year-end; f) residual value of 10% for SBs was adopted by three IUs, inconsistent with the SDO and other IUs which adapted a 5% residual value; g) cost of completed major repairs/rehabilitation of SBs still recorded as Construction-in-Progress (CIP) account thus, understating the SB accounts; h) the FSs of three IUs with total reported SBs of ₱55,294,347.83 have no corresponding Accumulated Depreciation account, thereby </p>				

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>overstating the book value of the asset; and i) Procurement of PPEs totaling ₱38,379.00 below the capitalization threshold of ₱15,000.00 in three schools were recorded as PPEs instead of semi-expendable PPEs, overstating the PPE account.</p> <p>We recommended that the Management require the:</p> <p>a. Property Unit to:</p> <ul style="list-style-type: none"> • submit the CY 2018 RPCPPE to the Audit Team • henceforth, conduct inventory of PPE prior to year-end to facilitate timely submission of the RPCPPE; <p>b. Infrastructure Unit to:</p> <ul style="list-style-type: none"> • prepare and submit updated Consolidated School Buildings Inventory Report; • furnish the IUs with the necessary documents that will serve as a basis in recording completed school buildings in their respective books of accounts; <p>c. Accounting Unit/IUs to:</p> <ul style="list-style-type: none"> • analyze the discrepancies noted in the beginning balance per Consolidated FS and GL and restate the CY 2017 FSs; 			<p>Fully Implemented</p> <p>Fully Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p>	<p>Property Unit submitted RPCPPE.</p> <p>Property Unit conducted inventory of PPE.</p> <p>Reiterated on CY 2021 ML.</p> <p>Reiterated on ML CY 2021.</p> <p>FS of CY 2017 was not restated.</p>

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<ul style="list-style-type: none"> record the completed projects to the appropriate PPE account/s; review all subsidiary ledgers for PPE and reclassify items costing below ₱15,000.00 to appropriate semi-expendable property/expense accounts; set a uniform estimated useful life and salvage value of each item of PPE in accordance with the GAM and cascade to all IUs, and likewise disclose the same in the Notes to FS. <p>d. Implementing Units/IUs to:</p> <ul style="list-style-type: none"> form an Inventory Team to conduct their own year-end inventory count to facilitate timely submission of RPCPPE; conduct complete inventory taking of all PPEs before the year-end and submit the RPCPPE to the Audit Team on or before January 31 of each year; prepare and maintain Property Cards and PPE Ledger Cards in accordance with Section 42, Chapter 10 of the GAM, Volume I; Accounting Unit and the Property/Infrastructure Unit to conduct periodic reconciliation of their records and reports. 			<p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p>	<p>Reiterated on CY 2021 ML.</p> <p>Reiterated on CY 2021 ML.</p> <p>Reiterated on CY 2021 ML.</p> <p>Implementing units did not submit RPCPPE.</p> <p>No submission of Inventory of all PPEs</p> <p>Accounting Unit did not maintain PPELC.</p> <p>Reiteration on ML Cy 2021.</p>

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<p>58. Lapses in the recording of transactions and weak control system manifested by the: a) non-recording of the cost of completed infrastructure projects of ₱111,308,900.06 to the appropriate PPE account; b) five projects amounting to ₱65,218,817.90 were already fully paid despite the absence of Certificates of Completion and Inspection Report; c) undetermined status of construction of school building project at Camp Crame High School with contract cost of ₱14,806,332.22, awarded to J. Simeon Construction due to absence of records; d) negative balances in the subsidiary account of New Era Elementary School (ES) and West Fairview ES, affecting the total CIP account, and e) the practice of recording the full amount of the contract cost to CIP account upon claim of first progress billing, affected the reliability of the CIP account as at year-end.</p> <p>We recommended that the management require the Accounting Unit to:</p> <p>a. record in the books the cost of all completed projects;</p> <p>b. be cautious in the approval of payments to contractors and see to it that the claims are duly supported with necessary documents;</p>	CY 2018 ML, Para. 6	<p>Necessary documentary were attached to the Disbursement Vouchers upon payment to the Contractors</p> <p>The SDO is observing due diligence in the verification of the documents needed for any completed transactions before</p>	<p>Not Implemented</p> <p>Fully Implemented</p>	<p>SDO stills record the entire cost of the project.</p>

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>c. coordinate with the Infrastructure Unit in: i) investigating the cause of non-movement of the CIP account with regard to the construction project under J.Simeon Construction amounting to ₱14,806,332.22;</p> <p>d. prepare the necessary adjusting entries to eliminate the abnormal negative balances;</p> <p>e. stop the practice of recording the entire contract cost upon payment of the first progress billing and record only the amount equivalent to the accomplished work for the period as per progress billing.</p>		<p>payment will be made</p>	<p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p>	<p>The amount of construction project was still recorded on the CIP account.</p> <p>No adjustments made by the Accounting Unit for the negative balances.</p> <p>Reiterated on MI CY 2021.</p>
<p>59.The SDO-QC incurred a total obligation of ₱7,100,501,067.52 or 97% out of the total allotment of ₱7,307,038,777.30 for Personal Services (PS), Maintenance and other Operating Expenses (MOOE) and Capital Outlays (CO) for the Calendar Year (CY) 2018. Of this amount, a total of ₱370,349,742.22 was obligated without any valid and legitimate claims or specific payees, thus, the regularity of the transaction is doubtful.</p> <p>We recommended that the Management:</p> <p>a. disregard all obligations without legitimate claimants and valid supporting documents, adjust the records/reports on allotments and obligations in the budgetary records and Financial</p>	<p>CY 2018 ML, Para. 8</p>		<p>Not Implemented</p>	<p>The SDO still practices obligating funds without valid claimants.</p>

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>Accountability Report, and refrain from certifying the same as accounts payable;</p> <p>b. discontinue the practice of making charges to allotments that are not supported with valid, proper and legitimate claims; and</p>			Not Implemented	The SDO still practices obligating funds without valid claimants.
<p>60. Despite the previous year's audit recommendation and the repeated verbal and written reminders during the year, financial reports and other supporting documents remained not submitted on time contrary to Section 60, Chapter 19, Volume I of the Government Accounting Manual (GAM) for National Government Agencies (NGAs), Section 7.2 of COA Circular No. 2009-006 dated September 15, 2009 and Sections 5.2 and 5.3 of COA-DBM Joint Circular No. 2014-01 dated July 2, 2014, thus preventing the Audit Team to conduct a timely review and evaluation of transactions for the immediate correction of deficiencies found therein, if any. Also, such significant delays adversely affected the timely submission of relevant reports to the Commission on Audit which when submitted way beyond the prescribed deadlines lessen or even lose their usefulness/value to the intended users thereof.</p> <p>We recommended and the Management agreed to:</p> <p>a. require the Accountant and other Officials concerned to submit the aforementioned documents and financial reports;</p>	CY 2018 ML, Para. 10		Not Implemented	The Management was still not able to submit

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>b. direct the Cashier/Accountant to submit on time the BRS and/or in the absence of the BRS, a copy of the Bank Statements when readily available to COA for verification/reconciliation purposes;</p> <p>c. henceforth, comply with the provision of Section 60, Chapter 19, Volume 1 of the GAM for NGAs, COA Circular No. 2009-006 dated September 15, 2009, Section 5.2 and 5.3 of COA-DBM Joint Circular No. 2014-01 dated July 2, 2014, on the timely submission of the financial statements and other financial reports/documents to the Commission on Audit by the DOP and the IUs; and</p> <p>d. consider implementing the suspension of salaries of erring officials in accordance with laws, rules and regulations.</p>			<p>Not Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p>	<p>financial reports and other supporting documents on time.</p> <p>Accounting Unit still unable to submit the BRS on a timely basis</p> <p>Reiterated on ML CY 2021.</p> <p>Despite of non-compliance, no suspension of salaries of accountable officer.</p>

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>61. Insurable assets with a total carrying amount of ₱3,099,017,477.49 are not amply protected against unforeseen events such as loss thru fire, earthquake, typhoon and/or flood as these are not insured with the General Insurance Fund (GIF) of the Government Service Insurance System (GSIS), thus, exposing the DO-QC to the risk of not being indemnified with the equivalent amount thereof contrary to Republic Act No. 656 as amended by Presidential Decree (PD) No. 245 dated July 13, 1973 and other pertinent rules and regulations.</p> <p>We recommended that the Management:</p> <p>a. require the designated Property Officer/s to comply with the requirements of COA Circular No. 2018-002 dated May 31, 2018 on the submission of PIF to the GSIS and COA Audit Team Leader within the prescribed timeline.</p>	CY 2018 ML, Para. 11		Not Implemented	PIF for CY 2019 remains unsubmitted to the Audit Team Leader.
<p>62. The first tranche cash advance for CY 2018 amounting to ₱294,000.00 for the Senior High School Maintenance and Other Operating Expenses (MOOE) requirements was deposited in a savings account under the name of the school without authority or legal basis. Moreover, the amount of bonds secured by the Principal as well as the disbursing officer was insufficient to cover their total cash accountabilities from bonding to cancellation date.</p> <p>We recommended that the school management:</p>	CY 2018 ML, Para. 12			

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>a. refrain from depositing the cash advances in the savings account without authority or legal basis;</p> <p>b. ensure that appropriate control measures will be in place to safeguard the resources of the government against possible losses/misappropriation; and</p>			<p>Not Implemented</p> <p>Not Implemented</p>	<p>Funds for the Senior High School MOOE are deposited in the payroll account of the School Heads.</p> <p>No appropriate control measures the SDO made for safeguarding of funds transfer to the School Heads and how the disbursement made by the school.</p>
<p>63. The Implementing Guidelines on the direct release and use of the school's MOOE allocation were not strictly observed in Eulogio Rodriguez, Sr. Elementary School and Betty Go Belmonte Elementary School, viz: a) delay in the release of MOOE funds; and b) disbursement of funds were not in accordance with existing accounting, procurement and auditing rules and regulations, affecting the efficient delivery of school's services and creating doubts on the regularity of disbursement transactions.</p> <p>We recommended that the Management -</p> <p>a. release the MOOE funds on time;</p>	CY 2018 ML, Para. 13	The Management implemented a system that will	Fully Implemented	MOOE funds were released on time.

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
b. require the Division Accountant to adjust in the books the erroneous entries made.		expedite the processing and pre-audit of liquidation reports	Not Implemented	No necessary adjustment were made for the erroneous entries.
<p>64. The amount of ₱19,303,759.01 pertaining to the monthly life and retirement premiums as well as loan amortizations withheld from the employees of the SDO-QC from January to December 2018 were not remitted to the GSIS. Likewise, payments for Educational Loan Assistance I (EAL I) amounting to ₱2,985,830.21 were not deducted from the employees, thus, may delay in the availment of loan privileges and such other benefits accruing to the members. Moreover, the discrepancy of ₱29,397,674.84 between the amount reflected in the Due to GSIS account in the Trial Balance of the SDO of ₱43,196,466.71 as against the amount in the Schedule submitted by the Accounting Unit which shows a balance of ₱13,798,791.87, rendered the account Due to GSIS doubtful</p> <p>We recommended that the SDS require the responsible officials to remit in full all amount due the GSIS and deduct loan repayments from the erring employees within the timelines set to avoid penalties and to enable all employees to enjoy the privileges and benefits accruing to members. Penalties imposed for the late remittance shall be disallowed in audit and shall be the sole responsibility of the officers and employees in-charge.</p>	CY 2018 ML, Para. 14		Not Implemented	Balances were for reconciliation.

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<p>65. The SDO fell short in achieving its objectives of improved physical facilities under the DepEd's BEFF for CYs 2017 and 2016 due to the delay in the completion of repair works under the CY 2016 BEFF in five out of seven schools inspected and the delay in the submission of the contracts to the Audit Team hindered the review and/or evaluation thereof.</p> <p>We recommended that the Management:</p> <p>a. impose corresponding liquidated damages on the late completion of the repair works as stated in the approved contract.</p>	CY 2017 ML, Pars. 11-23		Not Implemented	No liquidated damages were imposed on the late completion of the repair works.
<p>66. The 2015 DepEd Computerization Program (DCP), which was implemented only in 2016, was marked with lapses at the Division of Quezon City based on the Audit Team's verification of 29 out of the 1316 recipient schools, such as: a) six to 105 days delay by the supplier in the delivery and installation of 23 computer packages in 11 schools due to lack of proper coordination between the DepEd CO and the concerned Division Office' administrative officials; b) absence of certificate from City Electrician on proper electrical wirings and outlets in all schools and lack of room/space and computer tables to accommodate/place all computer packages in two schools despite having undergone assessment on school readiness resulting in the non-utilization of computer packages as intended in two schools</p>	CY 2016 ML, Para. 55			

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>and non-assurance of the sufficiency of the electrical wirings and safety use of computer packages; c) Delivery Receipts were all misrepresented as dated July 13, 2016; d) unaccounted/unrecorded P115,045.195.00 cost of 277 computer packages in the books of the Division Office/Implementing Units, thereby resulting in the understatement of 'ICT Equipment' and 'Subsidy from Central Office' accounts and non-recognition of depreciation. Consequently, the purpose of the DCP to ensure the maximum and timely utilization of the DCP computer packages to enhance teaching-learning process and raise ICT literacy among educators and students was not fully achieved.</p> <p>We recommended for the SDS to require the Division ICT Coordinator, Principals, Accountants/ Bookkeepers and/ or other concerned officials to:</p> <p>a. closely coordinate with the concerned DepEd CO officials for proper documentation, recording and complete accounting of the computer packages received; and</p> <p>b. prepare the necessary entries to recognize the asset and the corresponding depreciation based on the records/documents provided by the DepEd CO.</p>			<p>Not Implemented</p> <p>Not Implemented</p>	<p>Received computer package were not yet recorded in the books.</p> <p>Accounting Unit recorded the DCP packages Batches 36-38 for CY 2017.</p>

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>67. The aim to support and improve the Basic Education in Science and Mathematics through the provision of equipment for the subjects compliant to the K to 12 Curriculum was not fully achieved due to: (i) non-utilization of the delivered packages by the four out of the 14 verified recipient schools due to unavailability of permanent rooms which are still under construction or not yet ready for use; and (ii) the storage cabinets included in the SME package are used for purposes other than for the safekeeping of small SME tools. Moreover, the delivered packages were not inspected properly, booked up in the Division Office (DO) and covered by Property Acknowledgment Receipt/s (PARs) or Inventory Custodian Slips (ICS) due to the absence of proper coordination among the officials concerned from the DepEd Central Office (CO), DO and the Elementary/Secondary officials and inadequacy of documents as basis of inspection, recording, and issuance of the PARs and ICS, thereby, providing unreliable inspection reports to the CO as basis of the payment to suppliers and misstating the PPE and Semi-Expendable Machinery and Equipment and Subsidy from the Central Office accounts besides the lack of proper accountability on the items issued to end-users.</p> <p>We recommended that the Division Office Accountant:</p> <p>a. to coordinate with the DepEd-CO Accountant for the timely recording in the DO books of accounts the</p>	CY 2016 ML, Par. 68		Not Implemented	These were not yet recorded in the books.

Audit Observations and Recommendations	Ref.	Management's Action	Status of Implementation	Results of Auditor's Validation
<p>DepEd-CO's procured items received by the Division; and</p> <p>b. draw a Journal Entry Voucher (JEV) to account for all the items transferred from CO to the schools.</p>			Not Implemented	No JEV drawn to record the equipment.