



Republic of the Philippines  
**Commission on Audit**  
Commonwealth Avenue, Quezon City

## **Management Letter**

**on the**

**Emergency Assistance and Early Recovery for  
Poor Municipalities Affected by Typhoon  
Yolanda- Subcomponent A1  
Grant No.: JFPR 9175-PHI**

**Department of Social Welfare and Development**

**For the Year Ended December 31, 2014**



*Republic of the Philippines*  
**COMMISSION ON AUDIT**

Department of Social Welfare and Development  
Office of the Secretary  
Batasan Hills, Quezon City

**CONFIDENTIAL**

July 31, 2015

**Honorable Corazon Juliano - Soliman**  
Secretary  
Department of Social Welfare and Development  
Batasan Hills, Quezon City

**Madam:**

**Management Letter on the Audit of the Grant No. JFPR 9175-PHI:  
Emergency Assistance and Early Recovery for Poor Municipalities Affected by  
Typhoon Yolanda- Subcomponent A1  
for the Calendar Year 2014**

1. Pursuant to the Grant Agreement No. JFPR 9175-PHI dated March 12, 2014 between the World Bank and the Republic of the Philippines, thru the Department of Social Welfare and Development, we have audited the accounts and operations of the *Emergency Assistance and Early Recovery for Poor Municipalities Affected by Typhoon Yolanda* for the period ended December 31, 2014. The audit was conducted in accordance with Philippine Public Sector Standards in Auditing. Those standards require that we plan and perform the audit to obtain a reasonable basis for our conclusions.

2. The audit was conducted by the audit team led by Ms. Ma. Victoria C. Gregorio and June L. Van Schoonneveldt both State Auditor IV, to (a) verify the level of assurance that may be placed on Management's assertions on the financial statements; (b) recommend agency improvement opportunities; and (c) determine the extent of implementation of prior years' audit recommendations.

The Independent Auditor's Report, Statement of Management Responsibility on the Financial Statements, the Project's statement of financial position, statement of financial performance, statement of cash flows and statement of changes in net assets/equity for the year then ended, and a summary of significant accounting policies and other explanatory information for calendar year 2014 are shown in **Annexes A-G**.

3. We wish to bring to your attention our audit observations and recommendations which were earlier communicated through Audit Observation Memoranda (AOMs) and discussed in an exit conference conducted on June 30, 2014 with concerned DSWD

officials. The comments were incorporated in this report, where appropriate. The significant audit observations and recommendations shall be incorporated in the Consolidated Annual Audit Report (CAAR) of the Department of Social Welfare and Development for CY 2014.

#### A. SUMMARY OF RECOMMENDATIONS

4. For the significant deficiencies observed in the course of the audit, we recommended and Management agreed to:

- require the Directors of NPMO, KC and Finance to (a) reimburse KC-AF-LP the above amount from the appropriate FAP funds; and (b) adjust/reclassify the charging of expenses from KC-AF to the respective or appropriate funds, as may be necessary.

#### B. DETAILED OBSERVATIONS AND RECOMMENDATIONS

##### *Loan Proceeds not utilized as intended*

*The utilization of KC-AF-LP for administrative costs of other Foreign Assisted Projects amounting to P23,706.04 is not in accordance with DBM-COA-DOF Joint Circular No. 2-97. Moreover, expenditures were not included in the Work and Financial Plan covering January 1 to May 31, 2014.*

5. Item 4.1.4 of DBM-COA-DOF JC No. 2-97 provides that *"The NCA for LP, to be released upon the submission of the BTr certification of the actual receipt of loan proceeds shall not be treated a Common Fund."* (underscoring ours)

6. Audit of transactions pertaining to the use of KC-AF-LP revealed on various dates, expenditures for administrative costs of other FAPs, such as honoraria services, board and lodging of seminars, plane tickets, office supplies, consultancy services and training expenses of other loan and grant-funded projects namely, the National Community Driven Development Project (NCDDP), Millennium Challenge Corporation (MCC), and Japan Social Development Funds amounting to P1,967,001.76, of which the JFPR shared the amount below:

Date Issued	Check No.	Voucher No.	Purpose	Gross Amount	Per Verification
10-Jun-14	224549	14061427	Payment of plane tickets for the period April 16-30, 2014 - training of RPMO and selected ACT staff on the JFPR grant on 30 April - 3 May 2014	23,706.04	JFPR

7. The KALAHI-Additional Financing under KC-AF Loan No. 7959 is a loan funded by the World Bank/ International Bank for Reconstruction and Development (IBRD) with effectivity date of February 24, 2011 to May 31, 2014. The purpose of

which is to empower communities through participation in local governance and involvement in the implementation of poverty reduction activities with specific eligible expenditures identified in the Work and Financial Plan for the said loan.

8. Further, the 2014 Work Financial Plan of KC-AF for the period January 1 to May 31, 2014 did not include the above expenses, thus resulting on overcharging and undercharging of expenses out of the KC-AF-LP and said FAPs, respectively.

9. **We recommended and the Management agreed to require the Directors of NPMO, KC and Finance to:**

- a) reimburse KC-AF-LP the above amount from the appropriate FAP funds; and
- b) adjust/reclassify the charging of expenses from KC-AF to the respective or appropriate funds, as may be necessary.

#### **C. STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS**

10. There was no prior years' audit recommendation since the grant started within the year, thus, validation of implementation is not applicable.

#### **D. ACKNOWLEDGEMENT**

11. We wish to express our appreciation to the Management and staff of Department of Social Welfare and Development for the cooperation and assistance extended to our audit team during the audit.

12. We request a status report (in hard and soft copy) on the action taken on the audit recommendations within 60 days from the date of receipt hereof pursuant to Section 88, General Provisions of the General Appropriations Act FY 2014 using the attached Agency Action Plan and Status of Implementation (**Annex H**).

Very truly yours,

  
**MARIBETH F DE JESUS**  
Supervising Auditor  
DSWD Audit Group

Cc. Cluster 6- Health & Science Director  
National Government Sector  
Department of Social Welfare and Development  
Batasan Hill, Q.C.

**Annexes:**

- A – Independent Auditor’s Report
- B – Statement of Management Responsibility on the Financial Statements
- C – Statement of Financial Position
- D – Statement of Financial Performance
- E – Statement of Cash Flows
- F – Statement of Changes in Net Assets/Equity
- G - Notes to Financial Statements
- H - Agency Action Plan and Status of Implementation

# **Annexes**



Republic of the Philippines  
**Commission on Audit**  
Commonwealth Avenue, Quezon City

## INDEPENDENT AUDITOR'S REPORT

**The Department Secretary**  
Department of Social Welfare and Development  
Batasan Hills, Quezon City

We have audited the accompanying financial statements of **Japan Fund for Poverty Reduction**, which comprise the statement of financial position as at December 31, 2014, and the statement of financial performance, statement of cash flows and statement of changes in net assets/equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Philippine Public Sector Standards in Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.


We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.


*Opinion*

In our opinion, the financial statements present fairly, in all material respects the financial position of the **Japan Fund for Poverty Reduction** and of its financial performance, statement of cash flows and statement of net assets/equity for the year then ended in accordance with Philippine Public Sector Accounting Standards.

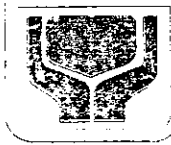
**COMMISSION ON AUDIT**

  
**MARIBETH F. DE JESUS**

State Auditor V  
Supervising Auditor 

July 31, 2015 





Republic of the Philippines  
Department of Social Welfare and Development

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Annex B

STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS

Japan Fund for Poverty Reduction ADB Grant No. 9175-PHI

The management of Department of Social Welfare and Development is responsible for all information and representations contained in the accompanying Statement of Financial Position as of December 31, 2014 and the related Statement of Financial Performance, Statement of Cash Flows, Statement of Comparison of Budget and Actual Amounts, Statement of Changes in Net Assets/Equity and the Notes to Financial Statements for the year then ended. The financial statements have been prepared in conformity with the Philippine Public Sector Accounting Standards and generally accepted state accounting principles, and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

  
**DESEREE D. FAJARDO**  
Director, Financial Management Service

APR 29 2015

Date Signed

  
**MATEO G. MONTAÑO**  
Undersecretary, GASSG

APR 29 2015

Date Signed



DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT  
 Statement of Financial Position  
 Consolidated Central and Regional Offices  
 Japan Fund for Poverty Reduction ADB Grant No. 9175-PHI  
 For the Period Ending December 31, 2014

	Note	2014
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	4	18,593,242.28
<b>Total Current Assets</b>		<u>18,593,242.28</u>
Non - Current Assets		-
<b>Total Assets</b>		<u><u>18,593,242.28</u></u>
<b>LIABILITIES</b>		
Current Liabilities		-
Non-Current Liabilities		-
<b>Total Liabilities</b>		<u>-</u>
<b>NET ASSETS/EQUITY</b>		
Accumulated Surplus/(Deficit)	5	18,593,242.28
<b>Total Net Assets/Equity</b>		<u>18,593,242.28</u>
<b>Total Liabilities and Net Assets/Equity</b>		<u><u>18,593,242.28</u></u>



DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT  
 Statement of Financial Performance  
 Consolidated Central and Regional Offices  
 Japan Fund for Poverty Reduction ADB Grant No. 9175-PHI  
 For the Year Ended December 31, 2014

	Note	2014
<b>Revenue</b>		
Service and Business Income	6	1,812.79
<b>Total Revenue</b>		<u>1,812.79</u>
<b>Less: Current Operating Expenses</b>		
Financial Expenses	7	452.28
<b>Total Current Operating Expenses</b>		<u>452.28</u>
<b>Surplus/(Deficit) from Current Operations</b>		<u>1,360.51</u>
Net Financial Assistance Subsidy	8	18,591,881.77
<b>Surplus/(Deficit) for the period</b>		<u>18,593,242.28</u>



DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT  
 Statement of Cash Flows  
 Consolidated Central and Regional Offices  
 Japan Fund for Poverty Reduction ADB Grant No. 9175-PHI  
 For the Year Ended December 31, 2014

	<u>NOTE</u>	<u>2014</u>
Cash Flows From Operating Activities		
Cash Inflows		
Receipt of Notice of Cash Allocation	9	34,183,763.54
Collection of Income Revenues		1,812.79
Total Cash Inflows		<u>34,185,576.33</u>
Cash Outflows		
Other Disbursements	10	(452.28)
Release of Intra-Agency Fund Transfers	11	(15,591,881.77)
Total Cash Outflows		<u>(15,592,334.05)</u>
<b>Cash Provided by (Used in) Operating Activities</b>		<b>18,593,242.28</b>
Cash Flows from Investing Activities		
Cash Outflows		
Purchase/Construction of Property, Plant and Equipment		-
Total Cash Outflows		<u>-</u>
<b>Cash Provided By (Used In) Investing Activities</b>		<b>-</b>
Effects of Exchange Rate Changes on Cash and Cash Equivalents		-
Total Cash Provided by Operating, Investing and Financing Activities		18,593,242.28
Add: Cash Balance, Beginning January 1, 2014		-
<b>Cash Balance, Ending December 31, 2014</b>		<b><u>18,593,242.28</u></b>

## Annex F



**DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT**  
**Statement of Changes in Net Assets/Equity**  
**Consolidated Central and Regional Offices**  
**Japan Fund for Poverty Reduction ADB Grant No. 9175-PHI**  
**For the Year Ended December 31, 2014**

2014

Balance at December 31, 2013	
Changes in Accounting Policy	
Restated Balance	
Changes in Net Assets/Equity for 2013	
Adjustment of net revenue recognized directly in net assets equity	
Surplus/(Deficit) for the period	<u>18,593,242.28</u>
Total recognized revenue and expense for the period	<u>18,593,242.28</u>
<b>Balance at December 31, 2014 carried forward</b>	<b><u>18,593,242.28</u></b>

## NOTES TO FINANCIAL STATEMENTS

Fund 171 – JFPR

CY 2014

## 1. General information

**Department of Social Welfare and Development - Japan Fund for Poverty Reduction – Assistance for Emergency Assistance and Early Recovery for Poor Municipalities Affected by Typhoon Yolanda**

**Japan Fund for Poverty Reduction – Assistance for Emergency Assistance and Early Recovery for Poor Municipalities Affected by Typhoon Yolanda ( JFPR Project No. 9175-PHI)** – This is a financial assistance provided by Japan under the JFPR administered by Asian Development Bank in the amount not exceeding \$20M for the Republic of the Philippines. This will benefit about 1.2 million individuals from 74 municipalities in the region that was hit hardest by Typhoon Yolanda. A certain amount will be used for the rehabilitation projects to be implemented through Kapit-Bisig Laban sa Kahirapan – CIDSS. Kalahi Cidss targets the speedy rehabilitation of 220 small-scale municipal and community infrastructures in 13 municipalities using the community-driven development a (CDD) strategy, a development approach that focuses on empowering and building up the capacities of citizens and local government units so they will be able to lift own communities out of poverty.

## Grant Data

Project Name	: Emergency Assistance and Early Recovery for Poor Municipalities Affected by Typhoon Yolanda
Executing Agency	: Department of Social Welfare and Development
Grant No.	: JFPR 9175-PHI
Grantor	: Asian Development Bank
Funding Source	: Japan Fund for Poverty Reduction
Amount of Grant	: U.S.\$3,000,000.00
Grant Agreement Signing Date	: 12 March 2014
Effectivity Date	: 12 March 2014
Closing Date (Original)	: 30 June 2016
Closing Date (Revised)	: 30 June 2017
Total Project cost	:

## Project Components

Components	Output Indicators	Cost ₱M	Target at end of Project	
			Original	Revised
Reconstruction of selected small-scale infrastructure, including (i) existing	No. of operational barangay and rural	115.710	TBD	3 operational health centers (1

Components	Output Indicators	Cost PM	Target at end of Project	
			Original	Revised
community infrastructure financed under KALAHI-CIDSS such as rural access roads, school buildings, health centers, water systems, small irrigation systems, and footbridges, and (ii) recovery of municipal infrastructure investments such as basic water supply restoration, restoration of appropriate sanitation to reduce health risks, solid waste collection and transport, and equipment to clear debris.	health centers by December 2015			RHU, 2 barangay health centers)
	No. of damaged community infrastructure investments restored or rehabilitated		220	113
	No. of damaged municipality infrastructure investments restored or rehabilitated		40	1

### Financial Profile

The Multi-Year Financial Plan of the Grant states that the fund shall be allocated as follows:

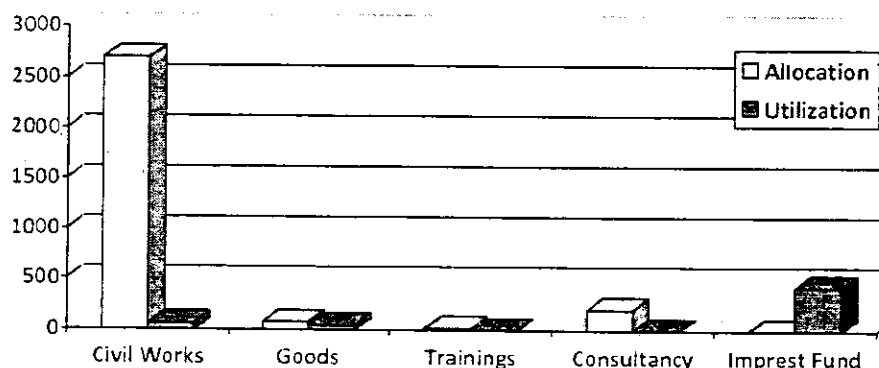
Amount in Millions of Philippine Peso (Php)

	2014	2015	Total
Grant Proceeds	18.6	110.4	129.0

Grants Disbursement Status ending December 2014 (in US\$)

PROJECT CATEGORY	ALLOCATION (US\$)	UTILIZED	DISBURSEMENT RATE	UNUTILIZED (US\$)
Civil Works	2,697,907.00	62,751.66	2%	2,635,155.34
Vehicles, Equipment, and Supplies	78,182.00	45,303.92	58%	32,878.08
Trainings, Workshops and Seminars	20,000.00	-	0.00%	20,000.00
Management and Coordination, Consulting Services	203,911.00	-	0.00%	203,911.00
Imprest Fund-WF	-	424,837.00		(424,837.00)
<b>Total</b>	<b>3,000,000.00</b>	<b>532,692.58</b>	<b>17.76%</b>	<b>2,871,944.42</b>

Note: Utilization of USD 108,055.58 are direct payments based on various BSP forex rates



## **2. Statement of compliance and basis of preparation**

- 2.1. The consolidated financial statements of the DSWD have been prepared in accordance with generally accepted government accounting principles and pertinent laws, rules and regulations and comply with the Philippine Public Sector Accounting Standards (PPSAS).
- 2.2. Accounts were converted to conform to the Revised Chart of Accounts (RCA) for National Government Agencies under Commission on Audit Circular No. 2013-002 dated January 30, 2013.
- 2.3. The financial statements are presented in Philippine Pesos which is the functional and reporting currency of the agency.
- 2.4. The agency implemented the Enhanced eNGAS version 2.0 in December, 2014 to comply with the PPSAS, Unified Accounts Codes Structure (UACS) and the Revised Chart of Accounts.
- 2.5. The financial statements have been prepared on the basis of historical cost, unless stated otherwise.
- 2.6. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flows statement is prepared using the direct method. The consolidated financial statements are prepared on an accrual basis.

## **3. Summary of significant accounting policies**

- 3.1. The agency uses **Accrual Basis of Accounting** – All expenses are recognized when incurred and reported in the financial statements in the period to which they relate. Income is recorded upon receipt.
- 3.2. The cost of ending inventory of Office Supplies and Materials and other inventory items are computed using the Moving Average Method in accordance with PPSAS.
- 3.3. Supplies and Materials Purchased for inventory purposes and recorded using the Perpetual Inventory System in accordance with PPSAS.
- 3.4. All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. All other repair and maintenance costs are recognized in expenses as incurred.



- 3.5. Depreciation on assets is charged on a straight-line basis over the useful life of the asset. The residual value is computed at five percent effective January 1, 2014.

<u>Account Name</u>	<u>Est. Life</u>
Buildings	20-30 years
Office Equipment	5 years
Furniture and Fixtures	10 years
Information and Communication Technology Equipment	5 years
Books	5 years
Communication Equipment	10 years
Construction and Heavy Equipment	10 years
Disaster Response and Rescue Equipment	7 years
Medical Equipment	10 years
Sports Equipment	5 years
Technical and Scientific Equipment	10 years
Other Machinery and Equipment	10 years
Motor Vehicles	7 years
Other Property, Plant and Equipment	5 years

- 3.6. Intangible assets acquired separately are initially recognized at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.
- 3.7. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with a finite life is amortized over its useful life:

Computer Software	5 years
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- 3.8. Payable Accounts are recognized and recorded in the book of accounts only upon delivery and acceptance of the goods inventory other assets and rendition of services to the agency.
- 3.9. Income/receipts which the agency are not authorized to use and are required to be remitted to the National Treasury are recorded in the National Government (NG) Books. However, Interest income from current bank accounts of projects funded by foreign donors were required to be reported and refunded back to the grantor in compliance with the provisions of the financial manual or grant agreements.
- 3.10. A foreign currency transaction is recorded, on initial recognition in the Philippine peso, by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

3.11. Unrealized gains and losses arising from changes in foreign currency exchange rates are not cash flows. However, the effect of exchange rate changes on cash and cash equivalents held in a foreign currency is reported in the cash flow statement in order to reconcile cash and cash equivalents at the beginning and the end of the period. This amount is presented separately from cash flows from operating, investing and financing activities, and includes the differences, if any, if those cash flows had been reported at end of period exchange rates.

3.12. Correction of fundamental errors of prior years are done by adjusting the Accumulated Surplus/(Deficit) beginning balance account. Fundamental errors affecting current year's operation are charged to the current year's accounts.

**4. Cash and Cash equivalents**

<u>Account Name</u>	<u>Code</u>	<u>CY 2014</u>
Cash in Bank - Local Currency, Current Account	10102020	15,591,881.77
Cash in Bank - Foreign Currency, Savings Account	10103030	3,001,360.51
<b>Total</b>		<b>18,593,242.28</b>

**Cash in Bank- Local Currency Account** includes the funds that were deposited with **Authorized Government Depository Bank (AGDB)** in accordance with **GAFMIS Circular Letter No. 2003-005** dated **November 21, 2003**.

**Cash in Bank Foreign Currency Savings Account** includes the deposits from Grants and Donations and loan proceeds received by **DSWD**.

**5. Accumulated Surplus/Deficit**

<u>Account Name</u>	<u>Code</u>	<u>CY 2014</u>
Accumulated Surplus/Deficit	30101010	18,593,242.28
<b>Total</b>		<b>18,593,242.28</b>

Accumulated Surplus/(Deficit) is the residual interest, which was the excess of the Department's assets over its liabilities. This account was used in lieu of the Government Equity account.

**6. Service and Business Income**

<u>Account Name</u>	<u>Code</u>	<u>CY 2014</u>
Interest Income	40202210	1,812.79
<b>Total</b>		<b>1,812.79</b>

Interest Income represents income earned from special bank accounts of the Department.

## 7. Financial Expenses

<u>Account Name</u>	<u>Code</u>	<u>CY 2014</u>
Bank Charges	50301040	452.28
<b>Total</b>		<b>452.28</b>

The account Bank Charges generally refers to the charges imposed by the bank for various services rendered.

## 8. Net Financial Subsidy

<u>Account Name</u>	<u>Code</u>	<u>CY 2014</u>
Subsidy from National Government	40301010	18,591,881.77
<b>Total</b>		<b>18,591,881.77</b>

The account Subsidy from National Government pertains to NCA received from DBM for Operating Requirements.

## 9. Receipt of Notice of Cash Allocation

<u>Particulars</u>	<u>CY 2014</u>
Receipt of Notice of Cash Allocation	18,591,881.77
Receipt of Working Fund for Foreign Assisted Projects	15,591,881.77
<b>Total</b>	<b>34,183,763.54</b>

The total receipt of notice of cash allocation to cover operating requirements for the implementation of various programs projects activities, replenishment of Working Fund for the program and project loan support.

## 10. Other Disbursements

This refers to payment of financial expenses.

## 11. Release of Intra-Agency Fund Transfers

This pertains to cash outflows for transfer of subsidy and capital seed fund to Field Offices.

ACTION PLAN MONITORING

Sector: National Government Sector, Cluster 6 - Health and Science  
 Team: \_\_\_\_\_  
 Agency Audited: Department of Social Welfare and Development  
 Audit Period: \_\_\_\_\_  
 AAR Date: \_\_\_\_\_

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_  
 Reviewed by: \_\_\_\_\_ Date: \_\_\_\_\_  
 Approved by: \_\_\_\_\_ Date: \_\_\_\_\_

		AGENCY ACTION PLAN and STATUS of IMPLEMENTATION				RESULTS of COA VALIDATION					
CAAR Ref	Audit Observation	Audit Recommendations	Agency Action Plan		Status of Implementation	Reason for Partial/Delay/Non-Implementation if applicable	Action Taken/Action to be Taken	Date Follow up	Actual Implementation Date		Remarks
			Person/Dept. Responsible	Target Implementation Date From To					From	To	
2014	<i>Loan Proceeds not utilized as intended</i>	Require the Directors of NPMO, KC and Finance to (a) use the KC-AF-IP according to its intended use; (b) reimburse KC-AF-IP the above amount from the appropriate IAP funds; and (c) adjust/reclassify the charging of expenses from KC-AF to the respective or appropriate funds, as may be necessary.									