



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

Management Letter

on the

**The Kapit Bisig Laban sa Kahirapan –
Comprehensive and Integrated Delivery of Social
Services
(KALAHI-CIDSS)
National Community Driven Development Project
(NCDDP)
Loan No: 8335-PH
3100-PH**

**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 Loan No. 8335-PH and 3100-PH:
Kapitbisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services
Project (KALAH-CIDSS) – National Community Driven Development Project (NCDDP)
for the Calendar Year 2014**

1. Pursuant to the Loan Agreement No. 8335-PH and 3100-PH dated April 2, 2014 and March 26, 2014, respectively, between the World Bank, Asian Development Bank and the Republic of the Philippines, thru the Department of Social Welfare and Development, we have audited the accounts and operations of the *Kapitbisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services Project (KALAH-CIDSS) – National Community Driven Development Project (NCDDP)* 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 June L. Van Schoonneveldt 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.
3. 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**.
4. 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

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

Unreliable Cash in Bank balances

- FO V to require the Accountant to (i) record the identified reconciling items; (ii) regularly prepare the monthly BRS for all bank accounts to determine the reconciling items and establish the existence and accuracy of the reported cash in bank balances; and (ii) trace and reconcile the differences between the recorded book and bank balances and effect immediately adjusting correcting entries, if necessary; and thereafter submit the BRS to the Auditor within the prescribed period for review.

Utilization of KC-AF-LP to other FAPs

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

B. DETAILED OBSERVATIONS AND RECOMMENDATIONS

B. Financial and Compliance

Unreliable Cash in Bank balances

The *Cash in Bank* of Field Office No. V is unreliable due to discrepancy of **₱2,266,548.35** between the book and confirmed bank balance.

6. Year-end confirmation of bank accounts of FO V showed a net variance of **₱2,266,548.35** between the book and bank balances due to unrecorded reconciling items, as shown below:

| Account Name/No. | Amount | | |
|----------------------|----------------------|----------------------|---------------------|
| | Book Balance | Bank Balance | Variance |
| KC-NCDDP/ADB 1079-55 | 2,434,952.00 | 4,090,984.12 | 1,656,032.12 |
| KC-NCDDP/WB 1079-63 | 13,770,921.13 | 14,381,437.36 | 610,516.23 |
| Total | 16,205,873.13 | 18,472,421.48 | 2,266,548.35 |

7. The reconciling items were not immediately identified and adjusted due to delayed non-preparation of BRS because the bank statements could not be found and the agency has to request from LBP and DBP re-issuance of the bank statements. The Accounting Section has updated lately the submission of the BRS to the Audit Team.

8. We recommended and the Secretary agreed to require the FO V to require the Accountant to (i) record the identified reconciling items; (ii) regularly prepare the monthly BRS for all bank accounts to determine the reconciling items and establish the existence and accuracy of the reported cash in bank balances; and (ii) trace and reconcile the differences between the recorded book and bank balances and effect immediately adjusting/correcting entries, if necessary; and thereafter submit the BRS to the Auditor within the prescribed period for review.

Utilization of KC-AF-LP to other FAPs

The utilization of KC-AF-LP for administrative costs of other Foreign Assisted Projects amounting to ₱1,866,623.72 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.

9. 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)

Audit of transactions pertaining to the use of KC-AF-LP revealed on various dates, expenditures for administrative costs of National Community Driven Development Project (NCDDP), such as honoraria services, board and lodging of seminars, plane tickets, office supplies, consultancy services and training expenses amounting to ₱1,866,623.72, as follows:

| Date Issued | Check No. | Voucher No. | Purpose | Gross Amount |
|-------------|-----------|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 05-Jun-14 | 224512 | 14051292 | Payment of services for the consultant-writers for use in the KC-NCDDP implementation | 496,800.00 |
| 10-Jun-14 | 224550 | 14061428 | Payment of plane tickets for the period May 1-15, 2014 - resource person during the conduct of ke-neddp mayor's forum on May 14-16, 2014 | 23,620.72 |
| 16-Jun-14 | 224557 | 14061455 | Honoraria for services during Writeshop on Mar 24-Apr 11, 2014; Writeshop and Trainers' Orientation Of NCDDP CO-CD Training for Community Empowerment Facilitators | 26,000.00 |
| 16-Jun-14 | 224558 | 14061456 | Honoraria For Services During Writeshop On Jan 16-18 & Mar 24-29, 2014; Writeshop and Trainers' Orientation of NCDDP CO-CD Training For Community Empowerment Facilitators | 25,000.00 |
| 16-Jun-14 | 224559 | 14061444 | Honoraria for services during Writeshop on Jan 16-18 and Mar 25-29, 2014 | 30,000.00 |
| 16-Jun-14 | 224560 | 14061454 | Honoraria for services during Writeshop on Jan 16-18 and Mar 24-29, 2014 | 35,000.00 |
| 16-Jun-14 | 224561 | 14061441 | Honoraria for services during the Writeshop on Jan 16-18 and Mar 25-29, 2014 | 10,000.00 |
| 16-Jun-14 | 224562 | 14061453 | Honoraria for services during Writeshop on Jan 16-18, 2014 and Trainers' Orientation of NCDDP CO-CD Training for Community Empowerment Facilitators | 10,000.00 |
| 16-Jun-14 | 224565 | 14061449 | Honoraria for services during Writeshop on Jan 16-18 and Mar 25-29, 2014; Writeshop and Trainers' Orientation of NCDDP CO-CD Training for Community Empowerment Facilitators | 15,000.00 |

| Date Issued | Check No. | Voucher No | Purpose | Gross Amount |
|-------------|-----------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 16-Jun-14 | 224566 | 14061442 | Honoraria during Writeshop on Jan 16-18 and Mar 24-29, 2014 and Trainers' Orientation of NCDDP CO-CD Training for Community Empowerment Facilitators | 17,500.00 |
| 24-Jun-14 | 224597 | 14061499 | Honoraria for services during training on Mar 24-29, 2014. Trainer's Orientation Training of NCDDP CO Curriculum and Training Management | 50,000.00 |
| 24-Jun-14 | 224598 | 14061494 | Honoraria for services during Training Facilitators on May 25-29, 2014. Trainer's Orientation Training of NCDDP CO Curriculum and Training Management | 35,000.00 |
| 25-Jun-14 | 224601 | 14061513 | Payment of service provider for the conduct of series of ARCGIS Training | 939,961.00 |
| 27-Jun-14 | 224606 | 14061568 | Payment of plane tickets for DSWD personnel (attend various workshop training pertaining to KC-NCDDP) | 100,531.00 |
| 10-Jul-14 | 224622 | 14071622 | Payment of honoraria for Training Staff Conference w/ Regional Project Coordinators. Training for the roll-out of KC-NCDDP on March 19-21, 2014 | 21,000.00 |
| 11-Jul-14 | 224626 | 14071616 | Payment for board & lodging for CO-CD Training Workshop-Writeshop, NCDDP | 18,192.00 |
| 11-Jul-14 | 224627 | 14071630 | Payment for office supplies for the Teambuilding Workshop. Team enhancement activity pertaining to NCDDP | 1,519.00 |
| 24-Jul-14 | 224629 | 14071649 | Release honoraria for services during Writeshop on Jan 16-18, 2014 re: Writeshop and Trainer's Orientation of NCDDP CO-CD Training for Community Empowerment Facilitators | 5,000.00 |
| 24-Jul-14 | 224630 | 14071648 | Release honoraria for services during Writeshop & Training on Jan 16-18 and Mar 25-29, 2014. Writeshop and trainer's orientation of NCDDP CO-CD Training for Community Empowerment Facilitators | 12,500.00 |
| | | | | 1,866,623.72 |

10. 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.

11. 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.

12. 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

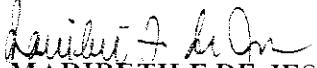
13. There was no prior years' audit recommendation since the loan started within the year, thus, validation of implementation is not applicable.

D. ACKNOWLEDGEMENT

14. 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.

15. 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 **Kapit-bisig Laban sa Kahirapan – Comprehensive and Integrated Delivery of Social Services: National Community Driven Development Project**, 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

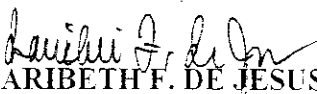
accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

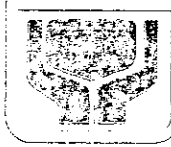
Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of the **Kapit-bisig Laban sa Kahirapan – Comprehensive and Integrated Delivery of Social Services: National Community Driven Development Project** 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




Annex B

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

National Community-Driven Development Project

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

May 21 2015
Date Signed


MATEO G. MONTAÑO
Undersecretary, GASSG

May 21 2015
Date Signed



DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT

Statement of Financial Position

As of December 31, 2014

Support to Foreign-Assisted Fund - General Fund - New General Appropriations - NCDDP-WB & ADB
(in Philippine Peso)

| | <u>2014</u> | | |
|------------------------------------------------|----------------|----------------|-----------------------|
| ASSETS | WB | ADB | |
| Current Assets | | | |
| Cash and Cash Equivalents | 235,380,089.98 | 429,645,326.71 | |
| Receivables | 752,116.23 | 23,726,312.05 | |
| Inventories | 1,995,889.25 | 96,073.36 | |
| Total Current Assets | | | 691,596,807.58 |
| Non - Current Assets | | | |
| Property, Plant and Equipment | 10,038,652.12 | 5,616,405.00 | |
| Biological Assets | - | | |
| Intangible Assets | 9,984.00 | | |
| Other Assets | 388,803.80 | 11,984.00 | |
| Total Non-Current Assets | | | 16,065,828.92 |
| Total Assets | | | 707,662,636.50 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Financial Liabilities | 58,001,578.38 | 66,125,719.93 | |
| Inter-Agency Payables | 16,114,137.78 | 3,256,352.29 | |
| Intra-Agency Payables | | | |
| Trust Liabilities | | | |
| Deferred Credits/Unearned Income | | | |
| Other Payables | 76,459.13 | 2.95 | |
| Total Current Liabilities | | | 143,574,250.46 |
| Non- Current Liabilities | | | |
| Financial Liabilities | - | | |
| Provisions | - | | |
| Deferred Credits/Unearned Income | - | | |
| Trust Liabilities | - | | |
| Total Non- Current Liabilities | | | - |
| Total Liabilities | | | 143,574,250.46 |
| NET ASSETS/EQUITY | | | |
| Accumulated Surplus/(Deficit) | 174,373,360.09 | 389,715,025.95 | |
| Total Net Assets/Equity | | | 564,088,386.04 |
| Total Liabilities and Net Assets/Equity | | | 707,662,636.50 |



Department of Social Welfare and Development
STATEMENT OF FINANCIAL PERFORMANCE
 For the period ending December 31, 2014
NCDDP-WB & ADB
 (in Philippine Peso)

| Revenue | WB | ADB | |
|--------------------------------------------------|----------------|----------------|-------------------------|
| Service and Business Income | 172,579.04 | 226,966.12 | |
| Total Revenue | | | 399,545.16 |
| less: Current Operating Expenses | | | |
| Maintenance and Other Operating Expenses | 788,138,672.45 | 141,232,155.38 | |
| Financial Expenses | | 1,138.90 | |
| Non-Cash Expenses | 765.38 | | |
| Current Operating Expenses | | | 929,372,732.11 |
| Surplus/(Deficit) from Current Operations | | | (928,973,186.95) |
| Net Financial Assistance/Subsidy | 955,262,000.00 | 516,414,410.00 | |
| Gains | 9,714,138.80 | 18,228,857.68 | |
| Losses | (2,421,049.55) | (3,855,836.48) | |
| Surplus(Deficit) for the period | | | 564,369,333.50 |



Department of Social Welfare and Development
STATEMENT OF CASH FLOWS
 For the period ending December 31, 2014
NCDDP-WB & ADB
 (in Philippine Peso)

| | WB | ADB |
|------------------------------------------------------------------------|-------------------------|-----------------------|
| Cash Flows From Operating Activities | | |
| Cash Inflows | | |
| Receipt of Notice of Cash Allocation | 1,806,041,002.87 | 679,222,605.86 |
| Collection of Income/Revenues | 12,503,172.52 | 18,561,440.89 |
| Collection of Receivables | 771,107.87 | - |
| Receipt of Inter-Agency Fund Transfers | 14,951,155.91 | - |
| Other Receipts | 145,544.54 | 27,977.75 |
| Adjustments | 2,761,504.85 | 483,698.45 |
| Total Cash Inflows | <u>1,837,173,488.56</u> | <u>698,295,722.95</u> |
| Cash Outflows | | |
| Remittance to National Treasury | 2,051.50 | - |
| Payment of Expenses | 716,689,770.52 | 97,969,039.00 |
| Purchase of Inventories | 784,423.70 | 67,667.82 |
| Grant of Cash Advances | 310,060.00 | 125,990.00 |
| Prepayments | 162,000.00 | - |
| Remittance of Personnel Benefit Contributions and Mandatory Deductions | 25,229,269.99 | 1,860,691.80 |
| Grant of Financial Assistance/Subsidy | 850,779,002.87 | 161,539,746.48 |
| Other Disbursements | 2,589,984.53 | 3,924,201.57 |
| Adjustments | 1,881,525.06 | - |
| Total Cash Outflows | <u>1,598,428,088.17</u> | <u>265,487,336.67</u> |
| Cash Provided by (Used in) Operating Activities | <u>238,745,400.39</u> | <u>432,808,386.28</u> |
| Cash Flows from Investing Activities | | |
| Cash Inflows | | |
| Total Cash Inflows | <u>-</u> | <u>-</u> |
| Cash Outflows | | |
| Purchase/Construction of Property, Plant and Equipment | 3,367,361.91 | 3,162,179.23 |
| Total Cash Outflows | <u>3,367,361.91</u> | <u>3,162,179.23</u> |
| Cash Provided By (Used in) Investing Activities | <u>(3,367,361.91)</u> | <u>(3,162,179.23)</u> |
| Cash Flows From Financing Activities | | |
| Cash Inflows | | |
| Total Cash Inflows | <u>-</u> | <u>-</u> |
| Cash Outflows | | |
| Total Cash Outflows | <u>-</u> | <u>-</u> |
| Cash Provided By (Used In) Financing Activities | <u>-</u> | <u>-</u> |
| Effects of Exchange Rate Changes on Cash and Cash Equivalents | | |
| Total Cash Provided by Operating, Investing and Financing Activities | <u>235,378,038.48</u> | <u>429,646,207.05</u> |
| Add: Cash Balance, Beginning January 1, 2014 | <u>-</u> | <u>-</u> |
| Cash Balance, Ending December 31, 2014 | <u>235,378,038.48</u> | <u>429,646,207.05</u> |



DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT
Statement of Changes in Net Assets/Equity
Consolidated Central and Regional Offices
NCDDP-WB & ADB
(in Philippine Peso)
For the Year Ended December 31, 2014

2014

| | |
|--------------------------------------------------------------------|----------------|
| Balance at December 31, 2013 | |
| Changes in Accounting Policy | |
| Restated Balance | 0.00 |
| Changes in Net Assets/Equity for 2013 | |
| Adjustment of net revenue recognized directly in net assets/equity | (280,947.46)) |
| Surplus/(Deficit) for the period | 564,369,333.50 |
| Total recognized revenue and expense for the period | 564,088,386.04 |
| Balance at December 31, 2014 carried forward | 564,088,386.04 |

NOTES TO FINANCIAL STATEMENTS
KALAHI-CIDSS: NCDDP
CY 2014

1. General information

Department of Social Welfare and Development - KALAHI-CIDSS National Community Driven Development Project (NCDDP) is a poverty alleviation program of the National Government implemented by the DSWD. It is supported by the Philippine Development Plan (2011-2016). Approved on 18 January 2013, it is the expansion into a national scale of the operations of the community-driven development (CDD), a strategy that has been tried and proven effective in KALAHI-CIDSS (Kapit-Bisig Laban sa Kahirapan – Comprehensive and Integrated Delivery of Social Services), the parent project of KC-NCDDP. The development objective of KC-NCDDP is to have barangays/communities of targeted municipalities become empowered to achieve improved access to services and to participate in more inclusive local planning, budgeting, and implementation. KC-NCDDP will also be aligned into a program to support community-driven post-disaster response and development in Typhoon Yolanda-affected municipalities within provinces covered by KC-NCDDP.

Loan Data

| Description | Loan No. 8335-PH | Loan No. 3100-PHI |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| Project Title | Kapit-Bisig Laban sa Kahirapan- Comprehensive and Integrated Delivery of Social Services: National Community-Driven Development Project | Kapit-Bisig Laban sa Kahirapan- Comprehensive and Integrated Delivery of Social Services: National Community-Driven Development Project |
| Executing Agency | Department of Social Welfare and Development | Department of Social Welfare and Development |
| Loan Account No. | 8335-PH | 3100-PHI |
| Creditor | Republic of the Philippines | Republic of the Philippines |
| Funding Source | World Bank/ International Bank for Reconstruction and Development (IBRD) Loan | Asian Development Bank |
| Amount of Loan | \$479,000,000.00 | \$372,103,895.00 |
| Effectivity Date | After 90 days | After 90 days |
| Loan Agreement Signing Date | 2 April 2014 | 26 March 2014 |
| Closing Date | 31 December 2019 | 30 June 2018 |
| Maturity Date | 25 years | 25 years |
| Grace Period | 10 years | 10 years |

Financial Highlight

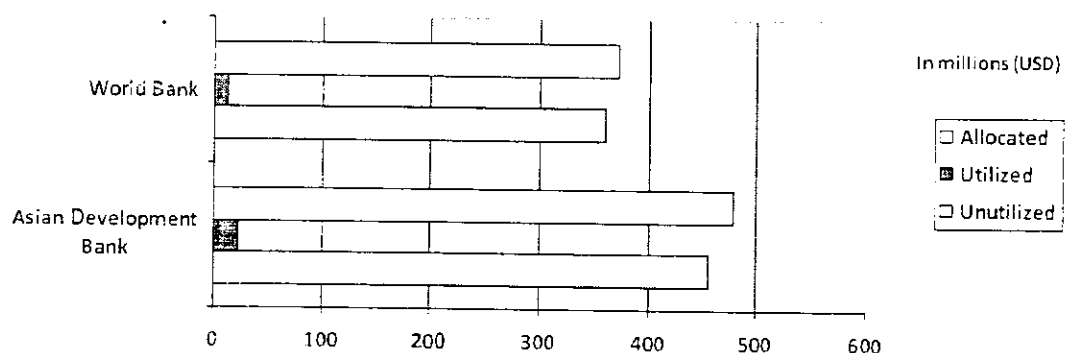
The funding sources for the NCDDP are the following:

Amount in Philippine Peso (Php)

| Particulars | Amount | % |
|--------------------|-------------------|--------|
| Loan Proceeds (LP) | 34,555,000,000.00 | 78.63% |
| GOP Counterpart | 9,389,000,000.00 | 21.37% |
| Total Project Cost | 43,944,000,000.00 | 100% |

As of December 31, 2014, Loan No. 8335-PH and 3100-PH utilized loan proceeds are, US\$23,197,500.00 and US\$12,000,000.00 or 5% and 3% leaving US\$455,802,500.00 and US\$360,103,895.00 unutilized loan proceeds, respectively.

| PROJECT CATEGORY | ALLOCATION | UTILIZED | DISBURSEMENT RATE | UNUTILIZED |
|----------------------------------|-----------------------|----------------------|-------------------|-----------------------|
| 8335-PH | | | | |
| GRANTS | 380,192,500.00 | - | 0% | 380,192,500.00 |
| GOODS/CONSULTANCY/COO | 97,610,000.00 | 16,766,237.48 | 17% | 80,843,762.54 |
| FRONT END FEE | 1,197,500.00 | 1,197,500.00 | 100% | - |
| WORKING FUND | - | 5,223,762.54 | - | 5,223,762.54 |
| TOTAL PROJECT COST | 479,000,000.00 | 23,197,500.00 | 5% | 455,802,500.00 |
| 3100-PH | | | | |
| GRANTS | 358,581,000.00 | 985,745.17 | 0% | 357,595,254.83 |
| EQUIPMENT, VEHICLE AND FURNITURE | 1,073,000.00 | 107,542.48 | 10% | 965,457.52 |
| ADVOCACY AND IEC/MATERIALS | 158,000.00 | 4,573.00 | 3% | 151,427.00 |
| TRAINING, WORKSHOPS AND MEETINGS | 943,000.00 | 1,263,913.83 | 13% | 814,986.12 |
| CONSULTING SERVICES | 1,200,000.00 | - | 0% | 1,200,000.00 |
| MONITORING AND EVALUATION | 1,169,000.00 | 15,812.23 | 1% | 1,144,387.77 |
| UNALLOCATED | 520,895.00 | - | 0% | 520,895.00 |
| IMPREST FUND-WF | - | 9,622,613.24 | - | 9,622,613.24 |
| TOTAL PROJECT COST | 372,103,895.00 | 12,000,000.00 | 3% | 360,103,895.00 |



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 Included in this Financial Statements of the Department are the transactions of the different Fund Clusters, as an amendment to the UACS in the recording of transactions, such as follows:

- 01 Regular Agency Fund – covering the annual authorizations for incurring obligations during the specified budget year, as listed in the GAA
- 02 Foreign Assisted Projects Fund – covering the appropriations for loan as listed in the GAA
- 03 Special Account - Local Fund/Domestic Grants Fund – covering the authorizations for domestic grant funds
- 04 Special Account - Foreign Account/Foreign Grants Fund - covering the authorizations for foreign grant funds
- 06 Business Related Funds – receipts derived from business-type activities of departments/agencies as authorized by law, i.e., Revolving Funds
- 07 Trust Receipts – receipts that are officially in the possession of government agencies or a public officer as trustee, agent, or administrator, or which have been received for the fulfillment of a particular obligation

2.4 The financial statements are presented in Philippine Pesos which is the functional and reporting currency of the agency.

2.5 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.

2.6 The financial statements have been prepared on the basis of historical cost, unless stated otherwise.

2.7 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 Notice of Cash Allocation (NCA) is recorded in the Regular Agency (RA) Books as well as those income/receipts which the agency is authorized to use.
- 3.2 Petty Cash Fund (PCF) Account is maintained under the Imprest System. All replenishments are directly charged to the expense account. The PCF is not used to purchase regular inventory items for stock.
- 3.3 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.
- 3.4 Supplies and Materials Purchased for inventory purposes and recorded using the Perpetual Inventory System in accordance with PPSAS.
- 3.5 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.
- 3.6 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 |

- 3.7 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.
- 3.8 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

- 3.9 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.
- 3.10 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.
- 3.11 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.
- 3.12 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.
- 3.13 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

| Account Name | Code | CY 2014 |
|--------------------------------------------------|----------|-----------------------|
| Cash - Collecting Officer | 10101010 | 14,577.48 |
| Cash in Bank - Local Currency, Current Account | 10102020 | 206,576,721.73 |
| Cash in Bank - Foreign Currency, Savings Account | 10103030 | 458,432,946.32 |
| Cash - Treasury/Agency Deposit, Trust | 10104030 | 2,171.16 |
| Total | | 665,026,416.69 |

5. RECEIVABLES

| Account Name | Code | CY 2014 |
|---------------------------------------|----------|----------------------|
| Due from National Government Agencies | 10303010 | 118,972.04 |
| Due from Local Government Units | 10303030 | 23,717,788.00 |
| Due from Officers and Employees | 10305020 | 28,394.00 |
| Other Receivables | 10305990 | 613,274.24 |
| Total | | 24,478,428.28 |

6. INVENTORIES

Inventory items of the Department consists of the following:

| <u>Account Name</u> | <u>Code</u> | <u>Amount</u> |
|--------------------------------------------------|-------------|---------------------|
| Office Supplies Inventory | 10404010 | 2,057,862.61 |
| Accountable Forms, Plates and Stickers Inventory | 10404020 | 32,550.00 |
| Other Supplies and Materials Inventory | 10404990 | 1,550.00 |
| Total | | 2,091,962.61 |

7. Other Current Assets

| <u>Account Name</u> | <u>Code</u> | <u>Amount</u> |
|----------------------------------------|-------------|-------------------|
| Advances for Operating Expenses | 19901010 | 1.50 |
| Advances to Special Disbursing Officer | 19901030 | 26,984.00 |
| Advances to Officers and Employees | 19901040 | 211,802.30 |
| Prepaid Rent | 19902020 | 144,000.00 |
| Guaranty Deposits | 19903020 | 18,000.00 |
| Total | | 400,787.80 |

8. PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment for CY 2014 are summarized as follows:

| <u>Account Name</u> | <u>Code</u> | <u>Cost at Jan. 1, 2014</u> | <u>Additions</u> | <u>Disposals</u> | <u>Transfer/ Adjustments</u> | <u>Cost at Dec. 31, 2014</u> |
|----------------------------------------------------|-------------|-----------------------------|----------------------|------------------|------------------------------|------------------------------|
| Office Equipment: | 1 06 05 020 | | 300,361.50 | | | 300,361.50 |
| Information and Communication Technology Equipment | 1 06 05 030 | | 7,910,580.00 | | | 7,910,580.00 |
| Communication Equipment | 1 06 05 070 | | 17,490.00 | | | 17,490.00 |
| Motor Vehicles | 1 06 06 010 | | 6,600,025.00 | | | 6,600,025.00 |
| Furniture and Fixtures | 1 06 07 010 | | 827,366.00 | | | 827,366.00 |
| Total | | | 15,655,822.50 | | | 15,655,822.50 |
| Less: Accumulated Depreciation | | | | | | 765.38 |
| Total | | | | | | 15,655,057.12 |

Property, Plant and Equipment is carried at cost less accumulated depreciation. Regular maintenance, repair and minor replacements are charged against Maintenance and Other Operating Expense (MOOE).

9. Intangible Assets

Intangible asset of the Department is composed of Computer Software only to wit:

| <u>Account Name</u> | <u>Code</u> | <u>CY 2014</u> |
|---------------------|-------------|----------------|
| Computer Software | 10801020 | 9,984.00 |

Computer Software is items reclassified from IT Equipment and Software and are amortized using the straight line method based on the remaining life of the software.

10. Other Assets

| <u>Account Name</u> | <u>Code</u> | <u>CY 2014</u> |
|---------------------|-------------|----------------|
| Other Assets | 19999990 | 0.00 |

11. Financial Liabilities

| <u>Account Name</u> | <u>Code</u> | <u>CY 2014</u> |
|-------------------------------|-------------|------------------------------|
| Accounts Payable | 20101010 | 115,445,033.89 |
| Due to Officers and Employees | 20101020 | 8,682,264.42 |
| Total | | <u>124,127,298.31</u> |

12. Interagency Payables

| <u>Account Name</u> | <u>Code</u> | <u>CY 2014</u> |
|---------------------|-------------|-----------------------------|
| Due to BIR | 20201010 | 18,828,637.06 |
| Due to Pag-Ibig | 20201030 | 542,733.02 |
| Due to Philhealth | 20201040 | (2,200.00) |
| Due to GCCC's | 20201060 | 1,320.00 |
| Total | | <u>19,370,490.07</u> |

13. Trust Liabilities

| <u>Account Name</u> | <u>Code</u> | <u>CY 2014</u> |
|------------------------------------|-------------|--------------------|
| Guaranty/Security Deposits Payable | 20401040 | 0.00 |
| Total | | <u>0.00</u> |

14. Other Payables

| <u>Account Name</u> | <u>Code</u> | <u>CY 2014</u> |
|---------------------|-------------|----------------|
| Other Payables | 29999990 | 76,462.08 |

15. Accumulated Surplus/Deficit

| <u>Account Name</u> | <u>Code</u> | <u>CY 2014</u> |
|-----------------------------|-------------|----------------------------|
| Accumulated Surplus/Deficit | 30101010 | (162,619.43) |
| Total | | <u>(162,619.43)</u> |

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.

16. Service and Business Income

| <u>Account Name</u> | <u>Code</u> | <u>CY 2014</u> |
|--------------------------------------|-------------|-------------------|
| Fines and Penalties - Service Income | 40201140 | 563.61 |
| Interest Income | 40202210 | 398 981.55 |
| Total | | <u>399 545.16</u> |

The account Fines and Penalties - Service Income is the amount charged or being collected by the Department from various contractors' suppliers for late delivery of goods and services as specified in the Purchase Order.

Interest Income represents income earned from special bank accounts of the Department which were remitted to the Bureau of Treasury.

17. Shares, Grants and Donations

| <u>Account Name</u> | <u>Code</u> | <u>CY 2014</u> |
|------------------------------------------|-------------|----------------|
| Income from Grants and Donations in Cash | 40402010 | 0.00 |
| Total | | <u>0.00</u> |

This account is used to record grants and donations received as technical assistance and for project implementation from various foreign funding institutions such as the Asian Development Bank, Millennium Challenge Corporation and United Nation agencies.

18. Personnel Expenses

| <u>Account Name</u> | <u>Code</u> | <u>CY 2014</u> |
|---------------------|-------------|----------------|
| Honoraria - | 50102100 | 0.00 |
| Total | | <u>0.00</u> |

19. Maintenance and Other Operating Expenses

| <u>Account Name</u> | <u>Code</u> | <u>CY 2014</u> |
|---------------------------------------|-------------|----------------|
| Traveling Expenses - Local | 50201010 | 45,959,688.37 |
| Training Expenses | 50202010 | 207,433,186.33 |
| Office Supplies Expenses | 50203010 | 3,779,886.74 |
| Accountable Forms Expenses | 50203020 | 52,272.50 |
| Fuel, Oil and Lubricants Expenses | 50203090 | 702,760.21 |
| Other Supplies and Materials Expenses | 50203990 | 28,159.55 |
| Water Expenses | 50204010 | 127,641.99 |
| Electricity Expenses | 50204020 | 1,106,609.26 |
| Postage and Courier Services | 50205010 | 85,414.71 |
| Telephone Expenses | 50205020 | 11,264,556.75 |
| Internet Subscription Expenses | 50205030 | 10,158.47 |

| | | |
|----------------------------------------------------------|----------|------------------------------|
| Consultancy Services | 50211030 | 27,068,103.16 |
| Other Professional Services | 50211990 | 625,852,307.74 |
| Janitorial Services | 50212020 | 197,835.39 |
| Security Services | 50212030 | 145,855.30 |
| Repairs and Maintenance - Buildings and Other Structures | 50213040 | 984,193.00 |
| Repairs and Maintenance - Machinery and Equipment | 50213050 | 25,740.00 |
| Repairs and Maintenance - Transportation Equipment | 50213060 | 685,647.31 |
| Insurance Expenses | 50215030 | 8,691.50 |
| Advertising Expenses | 50299010 | 412,017.60 |
| Printing and Publication Expenses | 50299020 | 488,651.30 |
| Representation Expenses | 50299030 | 1,498,983.66 |
| Transportation and Delivery Expenses | 50299040 | 9,220.92 |
| Rent/Lease Expenses | 50299050 | 748,638.64 |
| Subscription Expenses | 50299070 | 27,456.00 |
| Other Maintenance and Operating Expenses | 50299990 | 667,152.43 |
| Total | | <u>929,370,827.83</u> |

Traveling Expenses - Foreign includes airfare, pre-travel allowance, accommodation and daily subsistence allowance of DSWD Officials and Employees during travels on official business to attend various trainings/seminars, consultation meetings for the period January to December 2014. It also includes liquidation of operating expenses by the Disbursing Officer in Foreign Posts.

Training Expenses consists of payment of honorarium of resource persons, board and lodging and or hotel accommodation of participants to various seminar, training - workshops. It also includes course fee and or registration fees of DSWD Officials and Employees to enhancement training and seminars.

Water Expenses are payments made to Maynilad Water Services, Inc. for the water consumption at DSWD Central Office, NHTO (Mahusay Building), Director's Dormitory and DSWD AHON Center, MIA Road, Pasay City. It also includes payment to Manila Water Company for water consumption of DSWD SWADCAP, Taguig City and DSWD 4Ps Training Center, Bago Bantay, Quezon City.

Postage and Courier Services represents payment made to the Philippine Postal Corporation and Airfreight 2100, Inc. for mailing services of various communication, door-to-door delivery of the Department. It also includes liquidation of Operating Expenses of the different Social Welfare Attache at foreign post.

Telephone Expenses are payments made to the Philippine Long Distance Telephone Company (PLDT) for current charges of DSWD Telephone (Landlines) lines. It also includes mobile expenses made to Globe Telecom, Inc. and Smart Communications, Inc. for Globe Amax and Smart BIZ load services corporate e-loading systems for use of DSWD Officials and Employees who are Globe/Touch Mobile and Smart/Talk and Text subscribers. Also included are reimbursement of individual postpaid lines payments in lieu of prepaid card allocation.

Internet Subscription Expenses are payments made to Globe Telecommunications, Inc. for the wireless internet subscription with Tablet Device

for use of DSWD Executive and Management Committee and to Smart Communications, Inc. for wireless internet subscription for DSWD Central Office. It also includes payment made to iOne Resources, Inc. as secondary internet service provider of DSWD DRRROO and NROC.

Auditing Services are payments made to PLDT for current charges of DSWD - COA telephone lines. It also includes traveling expenses of DSWD- COA staff during validation and or inspection of DSWD Projects of 4Ps and KC-AF projects and cell cards allocation for January to March 2014.

Janitorial Services are payment made to Philcare Manpower Services for janitorial services rendered by 58 janitors assigned at DSWD Central Office and satellite offices including special, additional and overtime services rendered at DSWD NROC and SWADCAP.

Security Services are payments made to Prime Security Agency, Inc. for security services rendered at DSWD Central Office, NROC and RSCC for the period January 1 to December 31, 2014.

Fidelity Bond Premium represents payment of 1.5% fidelity bond premium of Regular Disbursing Officers, Special Disbursing Officers and Approving/Signatory of each Bureau/Service of the Department.

Advertising Expenses includes newspaper publication or advertorial for Invitation to Bid for the procurement of goods and services.

Consultancy Expenses includes payment to service providers engaged in the development of systems and the program/project consultants.

Other Professional Services are payments to DSWD hired workers under a Cost of Service Contracts.

20. Financial Expenses

| <u>Account Name</u> | <u>Code</u> | <u>CY 2014</u> |
|---------------------|-------------|------------------------|
| Bank Charges | 50301040 | 1,138.90 |
| Total | | <u>1,138.90</u> |

The account Bank Charges generally refers to payment and accruals of interbank fees for cash card grants advanced by Land Bank of the Philippines (LBP) to other banks for ATM transactions and the bank service fees for over-the-counter payments of cash grants by the LBP conduits for the implementation of the Pantawid Pamilya program.

21. Non-Cash Expenses

| <u>Account Name</u> | <u>Code</u> | <u>CY 2014</u> |
|----------------------------------------|-------------|----------------------|
| Depreciation - Machinery and Equipment | 50501050 | 765.38 |
| Total | | <u>765.38</u> |

The Depreciation for Land Improvements, Buildings and Other Structures, Machinery and Equipment, Transportation Equipment, Furniture and Fixtures and Books, Other Property, Plant and Equipment are periodic cost allocation for the wear and tear the Department's PPE. Amortization of Intangible Assets are also periodic cost allocation of the Computer Software.

22. Net Financial Subsidy

| <u>Account Name</u> | <u>Code</u> | <u>CY 2014</u> |
|----------------------------------|-------------|--------------------------------|
| Subsidy from National Government | 40301010 | 1,475,270,000.00 |
| Subsidies - Others | 50214990 | 3,593,590.00 |
| Total | | <u>1,471,676,410.00</u> |

The account Subsidy from National Government is further broken down as follows:

| | | |
|--------------------------------------------------------------|--|--------------------------------|
| NCA Received from DBM | | |
| • Operating Requirements | | |
| NCDDP-WB | | 955,262,000.00 |
| NCDDP-ADB | | 520,008,000.00 |
| Field Offices | | 1,009,993,608.73 |
| Total | | <u>2,485,263,608.73</u> |
| Less: | | |
| Notice of Transfer of Allocation | | 1,009,993,608.73 |
| Total | | <u>1,009,993,608.73</u> |
| TOTAL Subsidy from National Government as of 12/31/14 | | <u>1,475,270,000.00</u> |

The account Financial Assistance to NGAs pertains to transfer of funds through funding checks charged against Loan Proceeds to Field Offices for the implementation of various projects/programs/activities.

The account Subsidies – Others pertains to community grants for the KC NCDDP program from January to December 2014.

23. Gains/Losses

| <u>Account Name</u> | <u>Code</u> | <u>CY 2014</u> |
|----------------------------------|-------------|-----------------------------|
| Gain on Foreign Exchange (FOREX) | 40501010 | 27,942,996.48 |
| Loss on Foreign Exchange (FOREX) | 50504010 | 6,276,886.03 |
| Total | | <u>21,666,110.45</u> |

Gains on Foreign Exchange results from the translation of foreign currency into the presentation currency which the Philippine peso was using the prevailing exchange rate at every end of the period. This is the excess of current exchange rate (closing rate) at the reporting date over the rate initially or previously recognized multiplied by the balance of the foreign currency account.

Loss on Foreign Exchange (FOREX) are results from the translation of foreign currency into the presentation currency which was the Philippine peso using the prevailing exchange rate at every end of the period. This is the excess of the rate initially or previously recognized over current exchange rate (closing rate) at the reporting date multiplied by the balance of the foreign currency account.

The account **Other Gains** pertains to payments received from contractors' suppliers for non-refundable fee for bidding documents for participation in the bidding for the supply and delivery of various goods and services.

24. Receipt of Notice of Cash Allocation

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 while the amount of P12,674.00 pertains to trust receipt representing the refund of excess cash advance charged against ASEAN funds which was inadvertently deposited to the Bureau of Treasury (BTr) and subsequently refunded by the Bureau of Treasury.

25. Remittance to National Treasury

The Remittance to National Treasury refers to deposit of collections with the BTr for refunds of current and prior year expenses as well as disallowances, miscellaneous income, permits and licenses and remittance of interest income.

26. Payment of Expenses

This refers to payments of personnel services, maintenance and other operating expenses and financial expenses including cash grants to Pantawid Pamilya beneficiaries.

27. Grant of Financial Assistance/Subsidy

This refers payments financial assistance for assistance to individuals in crisis situation, cash grants to Pantawid Pamilya beneficiaries and community grants for the KC NCDDP program from January to November 2014 as a result of the adoption of the e-NGAS version 2.0.

28. Release of Intra-Agency Fund Transfers

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

Annex II

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: _____

| CAAR Ref | Audit Observation | AGENCY ACTION PLAN and STATUS of IMPLEMENTATION | | | | RESULTS of COA VALIDATION | | | | | |
|----------|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|---------------------------------------|--------------------------|------------------------------------------------------------|---------------------------------|----------------|--------------------------|---------------------------------------|---------|
| | | Action Plan | Agency Action Plan Person/Dept. Responsible | Target Implementation Date From To | Status of Implementation | Reason for Partial/Delay/Non-Implementation, if applicable | Action Taken/Action to be Taken | Date Follow up | Status of Implementation | Actual Implementation Date From To | Remarks |
| 2014 | Unreliable Cash in Bank balances | Audit Recommendations <ul style="list-style-type: none"> FO V to require the Accountant to (i) record the identified reconciling items; (ii) regularly prepare the monthly BRS for all bank accounts to determine the reconciling items and establish the existence and accuracy of the reported cash in bank balances; and (ii) trace and reconcile the differences between the | | | | | | | | | |

| CAAR Ref | AGENCY ACTION PLAN and STATUS of IMPLEMENTATION | | | | RESULTS of COA VALIDATION | | | |
|----------|-------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|---------------------------------------------|-----------------------------|----------------------|---------------------------------------------|---------|
| | Audit Observation | Action Plan | Agency Action Plan Person/ Dept. Responsible | Target Implementation Date From To | Status of Implementation | Date Follow up | Actual Implementation Date From To | Remarks |
| | | Audit Recommendations recorded book and bank balances and effect immediately adjusting/correcting entries, if necessary; and thereafter submit the BRS to the Auditor within the prescribed period for review; and | | | | | | |
| | Utilization of KC-AF-LP to other FAPs | <ul style="list-style-type: none"> Reimburse KC-AF-LP the above amount from the appropriate FAP funds; and Adjust/reclassify the charging of expenses from KC-AF to the respective or appropriate funds, as may be necessary. | | | | | | |