

DEVELOPMENT ACADEMY OF THE PHILIPPINES ANNUAL AUDIT REPORT FOR CY 2013

EXECUTIVE SUMMARY

Introduction

The Development Academy of the Philippines (DAP) with registered office address at DAP Building, San Miguel Avenue, Pasig City, Philippines is primarily tasked to support the developmental forces at work in the nation's economy through selective human resource development programs, research, data collection, and information services. It also discharges a regional role in initiating and catalyzing exchange of ideas and expertise on development activities in Asia and the Far East.

The DAP's core businesses include, among others, education, technical assistance, consultancy, research and training. These are being undertaken by the Graduate School for Public and Development Management (GSPDM) for education and the various operating centers, such as the Center for Knowledge Management (CKM), Center for Quality and Competitiveness (CQC), Center for Sustainable and Human Development (CSHD), Center for Governance (CFG), that hold offices in Pasig. A center with similar activities is in operation in Davao City, the DAP sa Mindanao (DSM).

In addition, the DAP Convention Center (DAPCC) which is located in Tagaytay City, is being used as a seminar and training venue. It also offers lodging and dining facilities to the public which generates additional income for the Academy.

The current administration is headed by President Antonio D. Kalaw while the policy-making body is the Board of Trustees (BOT), composed of the following ex-officio Members:

Chairman	Cayetano W. Paderanga, Jr	- Office of the President
Vice Chairman	Francisco T. Duque III	- Civil Service Commission
Members	Ramon JP. Paje	- Department of Environment and Natural Resources
	Antonio D. Kalaw, Jr.	- Development Academy of the Philippines
	Proceso J. Alcala	- Department of Agriculture
	Enrique T. Ona	- Department of Health
	Virgilio R. Delos Reyes	- Department of Agrarian Reforms
	Florencio B. Abad	- Department of Budget and Management
	Cesar V. Purisima	- Department of Finance
	Arsenio M. Balisacan	- National Economic and Development Authority
	Bro. Armin Luistro	- Department of Education

For 2013, DAP had a total of 243 personnel complement composed of 46 regular and 197 co-terminus employees. Its principal officers are as follows:

President	- Antonio D. Kalaw, Jr.
Senior Vice President - Programs	- Magdalena L. Mendoza

Senior Vice President - Support Operations
 Senior Vice President and Dean - GSPDM
 Vice President-APO Liaison Officer

- Bernardo A. Dizon
 - Dr. Gloria J. Mercado
 - Carlos A. Sayco, Jr.

Financial Profile

Shown below are the comparative financial position and financial performance of DAP for CY 2013 and CY 2012, as well as financial performance versus Corporate Operating Budget (COB).

Comparative Financial Position (in PhP)

<u>Particulars</u>	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Assets	634,274,989	578,542,294	55,732,695
Liabilities	352,269,619	297,777,290	54,492,329
Equity	282,005,370	280,765,004	1,240,366

Comparative Financial Performance (in PhP)

<u>Particulars</u>	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Gross Revenue	333,119,774	316,956,651	16,163,123
Subsidy Income-NG	<u>97,575,176</u>	<u>54,267,548</u>	<u>43,307,628</u>
Total Operating Income	430,694,950	371,224,199	59,470,751
Operating Expenses	<u>426,583,467</u>	<u>368,571,732</u>	58,011,735
Net Income	<u>4,111,483</u>	<u>2,652,467</u>	<u>1,459,016</u>

Financial Performance vs. Corporate Operating Budget (in PhP)

<u>Particulars</u>	<u>Actual</u>	<u>COB</u>	<u>Over(Under)</u>
Gross Profit	333,119,774	455,986,000	(122,866,226)
NG Support	<u>97,575,176</u>	<u>129,300,000</u>	<u>(31,724,824)</u>
Total Operating Income	430,694,950	585,286,000	(154,591,050)
Operating Expenses	<u>426,583,467</u>	<u>556,924,000</u>	<u>(130,340,533)</u>
Net Income	<u>4,111,483</u>	<u>28,362,000</u>	<u>(24,250,517)</u>

Scope of Audit

The audit covered the financial transactions and operations of DAP for CY 2013. The audit involved performing procedures to obtain audit evidence about the amounts and

disclosures in the financial statements. The procedures selected are based on the professional judgment of the auditor including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

State Auditor's Report on the Financial Statements

The Auditor rendered an unqualified opinion on the fairness of the presentation of the financial statements of the DAP for the year 2013 with emphasis on a certain matter.

Summary of Audit Findings and Observations

Below is a summary of the audit findings and recommendations for CY 2013 as detailed in Part II A of the Report.

1. The implementation and utilization of the Disbursement Acceleration Program (DAP) Fund granted to the Academy was audited and the following deficiencies were noted:
 - 1.1 The intention of the DAP to fast track public spending and push economic growth had not been completely realized by the Academy because as of December 31, 2013, out of the ₱165 million DAP fund, ₱34.503 million or 20.91 per cent was unutilized and remained in the custody of the Academy.
 - 1.2 The Academy recognized a 15 per cent Management Fee from the EDPSUCs' ₱165 million projects even if the activities related therein were not completed.
 - 1.3 Expenses for foreign travels in the amount of ₱6.256 million were incorrectly recorded in the account Training Expense (Workshop and Conference) – Out-of-Pocket Cost (OPC).
 - 1.4 Presidents of various SUCs and some officers of the Academy who travelled to New Zealand from June 3 to 8, 2013 were granted traveling allowance in excess of the allowable rate as provided under EO 298.
 - 1.5 In view of the foregoing, we recommended that Management undertake the following:
 - a. Ensure the adherence of the program implementers to the specific timelines of deliverables in accordance with the log frames drawn up for the Program components, otherwise, consider returning the unspent money to BTr;
 - b. Recognize the 15 per cent Management Fee (MF) in accordance with the completed project. Adjust the books accordingly by reducing MF by ₱5.175 million and record the amount to Deferred Credits;

- c. Adjust the accounts Training Expenses and Traveling –Foreign. Take up the ₱6,255,655.78 as Traveling Expenses – Foreign instead of Training Expenses – OPC; and
 - d. Require the respective SUC Presidents and officers of the Academy to refund the excess traveling allowance they received.
2. **The reported balance of the Land and Land Improvement account amounting to ₱4,941,419.21 was not fairly presented because it included the value of parcels of land, the legal ownership of which was not in the name of the Academy. The annual real estate tax for the lots including the DAP Building that stands thereon was not paid for the last 31 years, hence, the risk of garnishment in lieu of the unpaid taxes exists.**
 - 2.1 The following measures or courses of actions were recommended:
 - a. Adjust the amount of the land so that only the lot in the name of the Academy is reflected in the books. Until the issue on ownership of the lots is resolved in favor of the Academy, it is appropriate that the value of the three lots be deleted from the books; and
 - b. Avail of all legal remedies to resolve the ownership of the other three lots where the DAP building is located to avoid possible problem with unpaid realty taxes and at the same time, protect the assets of the Academy.
3. **The Academy approved the granting of additional benefits to its regular officers and employees in the form of CY 2011 Financial Performance Award (FPA) in the total amount of ₱5,197,573.25 without legal basis. The benefit was released in December 2012.**

Due to failure of Management to submit any document showing that the granted FPA had authority from the DBM as required by RA 6758, the total amount of ₱5,197,573.25 shall be disallowed in audit.
4. **Despite the issuance of Notice of Disallowance on the CY 2004 FPA, the Academy obligated a liability of ₱7.277 million for the payment of the CY 2013 FPA to the officers and employees of the Academy without legal basis, thereby overstating both the liability and expense accounts by the same amount.**

We recommended that payment of CY 2013 FPA to the Academy's regular officers and employee be not pursued and the affected accounts be accordingly adjusted.
5. **The assets of the Academy were inadequately insured for the period November 2, 2013 to November 2, 2014 as building renovations, equipment and other assets in the amount of at least ₱93.565 million were not included in the insurance coverage secured from the Government Service Insurance System (GSIS).**

In compliance with RA 656 and reduce losses in the event of the occurrence of the risks, it was recommended that Management secure adequate insurance coverage for the Academy's property. Coordinate with the authorized personnel of the GSIS for the revaluation of the renovations of the DAP buildings for insurance purposes. Submit the latest physical inventory of the contents of the account Property, Plant and Equipment to update the insurance coverage thereof.

6. The uncollected rent and other dues from various lessees of the DAP amounted to at least ₱1.294 million as of CY 2013 as discussed below:
- 6.1 For the inability to implement the provisions of the Contract of Lease, there were delays in the payment of rent of ₱819,249.47 and the interest accruing thereon in the amount of ₱183,792.21 was not billed and collected from the lessees.
 - 6.2 The Philippine Center for Environmental Protection and Sustainable Development, Inc., (PCEPSDI) had not been paying rent to the Academy. The unpaid rent from CYs 2011 to 2013 amounted to ₱804,696.00.
 - 6.3 A lessee was granted accommodations not enjoyed by other lessees resulting to further reduction in rental income in the amount of ₱276,124.80 and unpaid auxiliary services of ₱35,220 for CY 2013.
 - 6.4 In view of the foregoing, it was recommended that Management:
 - a. Evaluate existing lease contracts; and
 - b. Collect the amount of ₱1,293,831.48 from the concerned lessees.

Status of Implementation of Prior Year's Recommendations

5 / Of the nine audit recommendations included in last year's Annual Audit Report, two were implemented, four were partially implemented and three were not implemented.

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Part I – AUDITED FINANCIAL STATEMENTS



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

INDEPENDENT AUDITOR'S REPORT

THE BOARD OF DIRECTORS
Development Academy of the Philippines
DAP Building
San Miguel Avenue, Pasig City

We have audited the accompanying financial statements of the Development Academy of the Philippines, which comprise the balance sheet as of December 31, 2013, and the statement of income and expenses, statement of changes in equity and cash flow statement 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 State accounting principles, 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 International Standards on 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 judgment, 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 Development Academy of the Philippines as of December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with State accounting principles.

Without qualifying our opinion, we draw attention to Note 4.6 to the Financial Statements. DAP is availing legal remedy to transfer the legal ownership of three parcels of lot in the name of the Academy. In case the outcome should not be in favor to DAP, its operation would be significantly affected. The property is remained recorded in the books to strengthen the legal claim over said assets.

Report on Supplementary Information Required Under BIR Revenue Regulation 15-2010

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties and license fees paid or accrued during the taxable year described in Note 24 to the financial statements is presented for the purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management. The information has been subjected to auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

COMMISSION ON AUDIT


MARISSA V. FAJARDO-PARIÑAS
OIC-Supervising Auditor – Audit Group H
Cluster 6, Corporate Government Sector

June 27, 2014



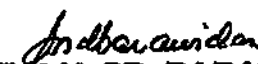
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Development Academy of the Philippines

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of the Development Academy of the Philippines is responsible for all information and representations contained in the accompanying Balance Sheet as of December 31, 2013 and the related Statement of Income and Expenses and Cash Flow for the year then ended. The financial statements have been prepared in conformity with 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 of disposition and liabilities are recognized.


ANATALIA S.D. BARAWIDAN
Officer-In-Charge
Finance and Administrative Office


ANTONIO D. KALAW, JR., CESO I
President



DEVELOPMENT ACADEMY OF THE PHILIPPINES
BALANCE SHEET
December 31, 2013
 (With corresponding figures for 2012)
 (In Philippine Peso)

	Notes	2013	2012 (As restated)
ASSETS			
Current Assets			
Cash and cash equivalents	4.2/5	21,243,423	27,884,753
Investments	4.5/10	61,000,000	195,000,000
Trade and other receivables - net	4.3/8	172,606,316	151,580,150
Inventories - net	4.4/7	3,516,708	4,426,545
Prepaid expenses	8	37,327,796	27,626,868
Other current assets	9	1,914,846	2,275,334
TOTAL CURRENT ASSETS		297,609,089	408,803,650
Non-current Assets			
Investments	4.5/10	155,007,000	7,000
Property and equipment - net	4.6/11	180,993,030	168,215,741
Other non-current assets	12	665,870	1,515,903
TOTAL NON-CURRENT ASSETS		336,665,900	169,738,644
TOTAL ASSETS		634,274,989	578,542,294
LIABILITIES AND EQUITY			
Current Liabilities			
Payables	13	106,966,882	83,340,983
Inter-agency payables	14	9,832,426	9,399,330
Other payables	15	44,375,803	48,231,802
TOTAL CURRENT LIABILITIES		161,175,111	140,972,115
Non-current Liabilities			
Deferred credits	16	156,646,191	128,762,406
Other long-term liabilities	17	34,448,317	30,913,886
TOTAL NON-CURRENT LIABILITIES		191,094,508	159,676,292
TOTAL LIABILITIES		352,269,619	300,648,407
EQUITY		282,005,370	277,893,887
TOTAL LIABILITIES AND EQUITY		634,274,989	578,542,294

The notes on pages 8 to 22 form part of these financial statements.

DEVELOPMENT ACADEMY OF THE PHILIPPINES
STATEMENT OF INCOME AND EXPENSES
For the Year Ended December 31, 2013
(With corresponding figures for 2012)
(In Philippine Peso)

	Notes	2013	2012
INCOME			
General income	4.1	266,637,473	219,754,985
Consultancy/research fees		28,589,913	39,566,203
Income from operation of restaurants/canteen/eateries		18,569,348	28,574,015
Income from operation of dormitories/cottages		8,616,872	8,294,367
Rent income		714,895	1,037,956
Other service income		2,406,516	2,964,880
Miscellaneous income			
		325,535,017	300,192,406
GROSS INCOME			
EXPENSES			
Personal services	4.1 21	81,061,026	66,895,330
Salaries and wages		24,193,061	21,467,787
Other compensation		11,061,577	9,149,891
Personnel benefits contribution		17,611,479	13,132,625
Other personnel benefits		133,927,143	110,645,633
Total Personal Services			
Maintenance and other operating expenses	22	101,870,131	84,110,463
Professional services		40,592,496	43,197,723
Supplies and materials expenses		20,001,822	19,829,982
Utility expenses		53,748,171	45,016,254
Training and scholarship expenses		20,184,736	18,623,694
Non-cash expenses		22,186,089	14,748,318
Travelling expenses		6,485,092	7,239,741
Repairs and maintenance expenses		5,499,637	5,145,302
Communication expenses		4,214,160	4,297,486
Rent expenses		1,836,264	1,980,252
Advertising expenses		1,248,348	1,091,614
Taxes, insurance premiums and other fees		469,488	307,006
Extraordinary and miscellaneous expenses		14,319,892	12,340,264
Other maintenance and other operating expenses		292,656,324	257,926,099
Total Maintenance and Other Operating Expenses			
TOTAL EXPENSES		426,583,467	368,571,732
INCOME (LOSS) FROM OPERATION		(101,048,450)	(68,379,326)
Other income (expenses)		7,306,988	17,620,519
Interest income		353,744	(826,873)
Gain on forex/Loss on forex/Loss on assets		(75,975)	(29,401)
Financial expenses			
NET INCOME (LOSS) BEFORE SUBSIDY		(93,463,693)	(51,615,081)
SUBSIDY FROM THE NATIONAL/ OTHER GOVERNMENT	23	97,575,176	54,267,548
NET INCOME		4,111,483	2,652,467

The notes on pages 8 to 22 form part of these financial statements.

DEVELOPMENT ACADEMY OF THE PHILIPPINES
STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2013
 (With corresponding figures for 2012)
 (In Philippine Peso)

	Notes	2013	2012 (As restated)
GOVERNMENT EQUITY	18		
Balance, beginning/end of the year		47,500,000	47,500,000
DONATED CAPITAL	19		
Balance, beginning/end of the year		161,897,942	161,897,942
RETAINED EARNINGS	20		
Balance, beginning of the year, as restated		68,495,945	65,843,478
Net income		4,111,483	2,652,467
Balance, end of the year, as restated		72,607,428	68,495,945
EQUITY		282,005,370	277,893,887

The notes on pages 8 to 22 form part of these financial statements.

DEVELOPMENT ACADEMY OF THE PHILIPPINES
CASH FLOW STATEMENT
For the Year Ended December 31, 2013
 (With corresponding figures for 2012)
 (In Philippine Peso)

	Notes	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		855,587,526	768,770,231
Cash paid to suppliers and employees		(808,436,420)	(664,617,312)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		47,151,106	104,152,919
CASH FLOWS FROM INVESTING ACTIVITIES			
Net proceeds from investments maturities		135,019,554	2,464,317
Placements in short-term investments	4.5/10	(156,539,140)	(87,659,488)
Acquisition of property, plant and equipment	11	(39,353,774)	(40,293,302)
Interest income		6,747,701	14,197,788
NET CASH USED IN INVESTING ACTIVITIES		(54,125,659)	(111,290,685)
UNREALIZED FOREIGN EXCHANGE GAIN (LOSS)	4.2	333,223	633,480
NET DECREASE IN CASH AND CASH EQUIVALENTS		(6,641,330)	(7,771,246)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		27,884,753	35,655,999
CASH AND CASH EQUIVALENTS, END OF YEAR	5	21,243,423	27,884,753

The notes on pages 8 to 22 form part of these financial statements.

DEVELOPMENT ACADEMY OF THE PHILIPPINES
NOTES TO FINANCIAL STATEMENTS
 (All amounts in Philippine Peso unless otherwise stated)

1. CORPORATE CORPORATION

The Development Academy of the Philippines (DAP) was created by virtue of Presidential Decree 205 dated June 7, 1973, amended by Presidential Decree 1061 on December 9, 1976 and Executive Order No. 288 signed on July 25, 1987. The purposes of the Academy are:

- a. to foster and support the developmental forces at work in the nation's economy through selective human resource development programs, research, data-collection, and information services, to the end that optimization of wealth may be achieved in a manner congruent with the maximization of public security and welfare;
- b. in line with the foregoing objective, to promote, carry on and conduct scientific, interdisciplinary, and policy-oriented research, education, training, consultancy, and publication in the broad fields of economics, public administration, and the political and social sciences generally, involving the study, determination, interpretation and publication of economic, political and social facts and principles bearing upon development problems of local, national or international significance;
- c. to discharge a regional role in initiating and catalyzing exchange of ideas and expertise on development activities in the region of Asia and the Far East.

The Chairman of the Board of Trustees of the Academy is from the Office of the President of the Philippines.

As at December 31, 2013, the Academy had the following number of employees:

	<u>2013</u> ✓
Regular	46
Co-Terminous	197
	<hr style="width: 50%; margin: 0 auto;"/> 243

The registered office address of the Academy is DAP Building, San Miguel Avenue, Pasig City, Philippines. The academy's businesses include technical assistance, research and training. These are being performed mainly by the various operating centers that hold offices in Pasig. Likewise, a center with similar activities is in operation in Davao City. The academy also has a conference center in Tagaytay City that is being used as a seminar and training venue. It also offers lodging and dining facilities.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The academy's financial statements are prepared in accordance with State accounting principles. The agency uses the chart of accounts prescribed under the

New Government Accounting System (NGAS) for Government-Owned and Controlled Corporations (GOCCs) with minor modifications to suit the needs of the agency.

3. FINANCIAL STATEMENTS

The Balance Sheet and Statement of Income and Expenses include the overall resources and results of operations of the academy's core business, convention center in Tagaytay City, DAP sa Mindanao, and facilities operation in Pasig City.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Revenue and Expense Recognition

The Academy uses the accrual basis of accounting wherein income and expenses are recognized and recorded in the books of accounts at the time they are earned and incurred.

The operating revenues of the academy are sourced from providing technical assistance, research and training, use of conference facilities, cafeteria services and office/facilities rental. The different income generating units of the agency recognize income in the following manner:

Technical Assistance, Research, Training

Income from technical assistance, research and training is recognized when billed and accrued based on the terms of the contract.

Use of Conference Facilities

Income from conference facilities arises mainly from room accommodation, use of cottages and food served. Income from cash customers is recognized upon receipt of payment, while income from non-cash customers is recognized upon billing.

Cafeteria Services

Income is recognized when orders are served for walk-in clients and upon billing for institutional reservations or functions.

Office/Facilities Rental

Revenue is recognized as earned based on the terms of the lease contracts.

4.2 Cash and Cash Equivalentents

This account includes peso and dollar savings and peso current deposit accounts in PNB, LBP and UCPB. Bank accounts in dollars are converted to pesos using the Bangko Sentral ng Pilipinas (BSP) reference rate at year end.

Trust funds received from projects are deposited in a separate account with the academy's depository bank.

4.3 Accounts Receivables

Accounts receivables are stated at face value less trade discounts granted, if any. The academy periodically evaluates collectibility of receivables and provides allowance for probable losses. Probable losses on trade receivables are debited as losses and charged against the results of operations and credited to allowance for doubtful accounts. The basis of computing allowance for doubtful accounts is as follows:

<u>Age</u>	<u>Rate (in percent)</u>
1-60 days	1
61-180 days	2
181 days-1 year	3
More than 1 year	5

Accounts determined as uncollectible/worthless were endorsed to the Commission on Audit (COA) for approval of the writing off the accounts.

4.4 Inventories

Inventories consist of office supplies, medicines, food and beverages stored in Pasig/Tagaytay City cafeterias. The agency uses the perpetual inventory system in accounting for these items and records inventories at cost less discounts taken. Free items are also debited to the inventory account and credited to income.

Perishable items such as meat and vegetables are charged directly to expense and recorded upon preparation of vouchers.

The academy adopts the first-in first-out method of costing the issuance and usage of all kinds of supplies.

In the event of obsolescence or impairment, the cost of inventories is written down to its net realizable value by recognizing impairment losses and allowance for obsolescence.

4.5 Investments

Investments consist of investment in stocks and Special Deposit Accounts (SDAs) which are recorded at face value.

SDAs, which normally have a term of 14-31 days, are classified as current assets while treasury bonds, with terms ranging from two to three years, are classified as non-current assets.

4.6 Property and Equipment

Land and land improvements are stated at cost. The title and ownership over these properties were originally in the name of the agency. However, in 1982, the Corporate Financial Institutions (CFIs) comprising majority of the DAP Board of

Trustees incorporated the DAP Building Incorporated (DBI) and transferred the ownership from DAP to DBI. Its conveyance from DBI back to DAP, the real owner, is now in process in accordance with Government Service Insurance System (GSIS) Board Resolution No. 194 dated May 29, 1992 and Office of Government Corporate Counsel (OGCC) Opinion No. 247 dated March 25, 2005.

Property and equipment are carried at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the item according to the capitalization benchmark prescribed by the Commission on Audit. Depreciation is computed using the straight-line method and assets are depreciated over the following estimated useful lives:

<u>Fixed Assets</u>	<u>Estimated Life (in years)</u>
Building and Structures	
DAP – Pasig	30
DAPCC – Tagaytay	30
Furniture, Fixtures and Equipment	
Audio-visual equipment	5
Air-conditioning equipment	10
Dormitory furniture and fixtures	10
Cafeteria furniture and equipment	10
Office furniture and fixtures	10
Carpets, rugs and curtains	5
IT equipment – computers	5
Library books	5
Motor vehicles	7
Machineries and equipment	
Communications and power	10
Medical and dental	10
Other tools and equipment	5

5. CASH AND CASH EQUIVALENTS

This account is composed of cash in bank and cash in the hands of officers and employees broken down as follows:

Particulars	2013	2012
Cash in Bank		
Savings Account	3,695,819	10,603,678
Current Account	7,914,761	6,500,559
Peso Time Deposit	614,791	611,487
Dollar Account	7,568,964	8,948,360
Total	<u>19,794,335</u>	<u>26,664,084</u>
Cash with Officers and Employees		
Collecting Officer	7,700	7,700
Disturbing Officer	692,435	397,404
Revolving Fund- Advances	748,953	815,565
	<u>1,449,088</u>	<u>1,220,669</u>
Total Cash and Cash Equivalents	<u>21,243,423</u>	<u>27,884,753</u>

The amount also includes funds for the repairs and rehabilitation of DAP facilities and Department of Agrarian Reform (DAR) - K Agrinet, Department of Agriculture (DA) – Aurora E-Village, and Graduate School of Public and Development Management (GSPDM).

6. TRADE AND OTHER RECEIVABLES-NET

Particulars	2013	2012 (As Restated)
Account Receivable	199,124,983	176,786,178
Due from Officers and Employees	199,642	1,120,511
Other Receivables	1,220,220	816,879
	<u>200,544,845</u>	<u>178,723,568</u>
Allowance for Doubtful Accounts	<u>(27,938,529)</u>	<u>(27,133,418)</u>
Trade and Other Receivables – Net	<u>172,606,316</u>	<u>151,590,150</u>

Accounts receivable pertains to trade receivables from various government agencies and private entities arising from fees for technical, research and training services rendered by the agency and from the use of conference facilities in Tagaytay City.

The amount of ₱18.616 million, representing 9.3 per cent of the account balance had very low collection probability, hence, write-off of these accounts already endorsed to COA for approval.

7. INVENTORIES – NET

Particulars	2013	2012
Office Supplies Inventory	2,662,146	3,379,228
Food Supplies Inventory	620,245	633,659
Other Supplies Inventory	234,317	413,658
Total Inventories – Net	<u>3,516,708</u>	<u>4,426,545</u>

8. PREPAID EXPENSES

Particulars	2013	2012
Prepaid Expenses	580,673	678,762
Advances to Contractors	6,502,879	5,182,475
Deferred Charges	29,984,755	21,668,405
Other Prepaid Expenses	259,489	97,226
Total Prepaid Expenses	<u>37,327,796</u>	<u>27,626,868</u>

This account represents prepayments made by the Academy for subscriptions to newspapers and magazines. It also includes payment for insurance premiums to GSIS, which are amortized, based on the insurance term.

Advances to contractors include 15 per cent mobilization fees for the one lot physical repair and rehabilitation of facilities in Pasig and Tagaytay City. The advance payment will be deducted from periodic progress payments to the contractor.

Deferred charges account consists of Input Vat, Tax withheld for Corporate Income Tax and Tax withheld for Output Tax.

Other prepaid expenses account pertains to annual membership fees paid to various organizations.

9. OTHER CURRENT ASSETS

This account pertains to Guaranty Deposits made by the Academy for the issuance of bidders' performance bonds.

10. INVESTMENTS

Current investments totaling ₱61 million are investments in Development Bank of the Philippines (DBP) Special Savings Account and Land Bank of the Philippines (LBP) High Yielding Savings Account with terms ranging from 14-31 days.

11. PROPERTY, PLANT AND EQUIPMENT – NET

Details of the account are as follows:

	Land and Building/ Construction in Progress	Arts, Archeological & Others	PPE Held in-trust	Office, IT and Communication Equipment	Other Equipment	Motor Vehicles	Total
Cost							
Balance, January 1, 2013	163,943,079	1,453,360	-	44,815,671	32,360,584	18,417,790	260,990,484
Restatement	-	-	-	-	-	-	-
Bal. Jan. 1, 2012, as restated	163,943,079	1,453,360	-	44,815,671	32,360,584	18,417,790	260,990,484
Additions	24,449,050	-	33,835	5,336,974	2,366,864	-	32,186,723
Disposals	-	-	-	(117,517)	(125,173)	-	(242,690)
Adjustments	1,696,228	-	-	769,473	336,872	(47,954)	2,754,619
Balance, December 31, 2013	180,088,357	1,453,360	33,835	50,804,601	34,939,147	18,369,836	295,689,136
Less: Accumulated Depreciation							

	Land and Building/ Construction in Progress	Arts, Archeological & Others	PPE Held In-trust	Office, IT and Communication Equipment	Other Equipment	Motor Vehicles	Total
Balance, January 1, 2013	55,806,598	-	-	17,629,324	10,222,750	9,116,071	92,774,743
Restatement	-	-	-	-	-	-	-
Bal. Jan. 1, 2012, as restated	55,806,598	-	-	17,629,324	10,222,750	9,116,071	92,774,743
Additional	10,556,704	-	-	4,641,381	2,567,895	1,617,075	19,383,055
Disposals	-	-	-	(105,765)	(115,331)	-	(221,096)
Adjustments	1,696,228	-	-	766,794	326,669	(30,287)	2,759,404
Balance, December 31, 2013	68,059,530	-	-	22,931,734	13,001,983	10,702,859	114,696,106
Net Book Value							
December 31, 2013	122,028,827	1,453,360	33,835	27,872,867	21,937,164	7,668,977	180,993,030
December 31, 2012	108,136,481	1,453,360	-	27,188,347	22,137,834	9,301,719	168,215,741

12. OTHER NON-CURRENT ASSETS

The carrying amount of property, plant and equipment that have become unserviceable are reclassified to other assets account. When these assets are disposed, the carrying amount lodged in the other assets account is derecognized and a gain or loss from disposed assets is recognized.

13. PAYABLES

This account consists of the following:

Particulars	2013	2012 (As restated)
Accounts Payable	104,883,039	80,973,357
Due to Officers and Employees	2,083,843	2,367,626
Total Payables	106,966,882	83,340,983

Accounts Payables account pertains to obligations to suppliers arising from trade. Accounts payable has been restated by ₱2,871,117 due to Prior Years' adjustment

Due to Officers and Employees account includes unclaimed salaries and other benefits of separated and existing DAP employees.

14. INTER-AGENCY PAYABLES

Particulars	2013	2012
Due to GSIS	1,865,875	(17,017)
Due to Pag-ibig	157,636	(2,592)
Due to Philhealth	174,420	16,820
Due to BIR	6,097,182	4,270,930
Due to Other NGA's	1,537,313	5,131,189
Total Inter-agency Payables	9,832,426	9,399,330

Due to GOCCs account consists mainly of withholding taxes and premiums deducted from employees and employer's share for remittance to GSIS, Philhealth and Pag-IBIG.

Due to Other NGAs account is made up of K-Agrinet and Aurora E-Village Project funds under the temporary custodianship of the Academy. These funds will be eventually transferred to partners.

15. OTHER PAYABLES

This account consists of the following:

Particulars	2013	2012
Guaranty Deposits Payable	2,716,978	10,175,391
Performance Bonds / Bidders Bond	5,283,240	1,771,828
Other Payables	36,375,585	36,284,583
Total Other Payables	44,375,803	48,231,802

Guaranty Deposits Payables consist of 10 per cent retention fee due to contractors which are currently retained by the agency and rental deposits for DAP's leasing operations.

Other Payables refer to the peso amount of accumulated leave credits of resigned and retired employees totaling P4.5 million which is expected to be paid within the next 12 months and miscellaneous trust liabilities in the custody of the agency for specific projects like GSPDM and Asian Productivity Organization (APO).

16. DEFERRED CREDITS

Particulars	2013	2012
Deferred Credits- 15 percent Breakages	2,924,466	2,942,894
Deferred Credits to Income	123,401,623	95,296,623
Provision for Output Tax- Year 2003 onwards	15,579,782	15,782,569
Provision for Output Tax- Year 2002 below	14,740,320	14,740,320
Total Deferred Credits	156,646,191	128,762,406

Provision for output tax for year 2003 onwards consists mainly of 12 per cent output value added tax (VAT) provided on trade receivables based on bills sent to clients for consultancy services, use of conference facilities, cafeteria and lease operations of the Academy. The remittance of these items to BIR is withheld pending collection of such receivables.

Provision for output tax for CY 2002 and below pertains to accounts receivables that have been considered either as worthless or doubtful of collection. The agency has the intention of writing-off these accounts once the write-off for the corresponding receivables is approved.

17. OTHER LONG-TERM LIABILITIES

The account balance represents the peso equivalent of accumulated leave credits of regular employees of the Academy computed by multiplying the total accumulated leave credits by the current rate. This account is adjusted annually in order to present the current value.

18. GOVERNMENT EQUITY

This account consists of contributions by the founding institutions of the Academy to the endowment fund which was created by virtue of Presidential Decree No. 205 dated December 9, 1976 for the purpose of attaining self-support capability for the Academy and to be administered as a trust with the board of trustees of the Academy as trustee. These institutions are the Land Bank of the Philippines, the Government Service Insurance System, the then Central Bank of the Philippines (now Bangko Sentral ng Pilipinas), the Philippine National Bank and the Social Security System, with the following contribution:

<u>Institution</u>	<u>Contribution</u>
Bangko Sentral ng Pilipinas	9,500,000
Land Bank of the Philippines	9,500,000
Government Service Insurance System	9,500,000
Philippine National Bank	9,500,000
Social Security System	9,500,000
Total Government Equity	47,500,00

19. DONATED CAPITAL

This account includes donations from the National Government through the Office of the President (OP). The said amount is to remain unimpaired and shall be returned to the contributor/donor in the event of the dissolution of the Academy. Part of the amount, or P10 million, is earmarked for the rehabilitation of DAP facilities for the Graduate School of Public and Development Management (GSPDM).

Additional amount totaling P115 million was granted to the Academy by the National Government pursuant to the General Appropriations Act for calendar years (CYs) 2005 to 2009.

It also consists of donations from the Development Bank of the Philippines in 1974 of land, buildings and equipment that make up the DAP Conference Center in Tagaytay City; the transfer of the assets and liabilities of the Center for Conference Model Development (CCMD), an instrumentality of the Fund for Assistance to Private Education (FAPE), to the Academy by virtue of Letter of instruction No. 1457 dated April 25, 1985; and amounts from other donors, summarized as follows:

<u>Particulars</u>	<u>2013</u>	<u>2012</u>
Donations from the National Government		
Office of the President	20,000,000	20,000,000
General Appropriations Act CY 2005	50,000,000	50,000,000
General Appropriations Act CY 2006	35,000,000	35,000,000
General Appropriations Act CY 2007	10,000,000	10,000,000
General Appropriations Act CY 2008	10,000,000	10,000,000
General Appropriations Act CY 2009	10,000,000	10,000,000
Development Bank of the Philippines	16,788,579	16,788,579
CCMD/FAPE	8,700,000	8,700,000
Various Donors	1,409,363	1,409,363
Total Donated Capital	<u>161,897,942</u>	<u>161,897,942</u>

20. RETAINED EARNINGS

In accordance with Philippine Accounting Standard (PAS) No. 8, Accounting Policies, Changes in Accounting Estimates and Errors, the Retained earnings beginning balance of calendar year 2012 was restated as reported in the Annual Audit Report 2012 in the amount of P68,714,595 as follows:

Retained Earnings, January 1, 2012, unrestated	68,714,595
Adjustments:	
Room Accommodation and meal charges for the CeC Management Training	(317,117)
2012 Performance-based bonus of DAP regular employees	(2,554,000)
Retained earnings, January 1, 2012, as restated	<u>65,843,478</u>

21. PERSONAL SERVICES

The following schedule shows the breakdown of Personal Services expense.

Particulars	2013	2012
Salaries and Wages		
Salaries and Wages – co-terminous	56,602,051	44,449,277
Salaries and wages – regular	24,458,975	22,446,053
Total	<u>81,061,026</u>	<u>66,895,330</u>
Other Compensation		
Year-end bonus	7,079,881	5,725,942 ✓
Personnel economic relief allowance	5,680,455	4,933,182 ✓
Honoraria	2,372,870	3,022,498
Representation allowance	3,382,375	2,745,832
Transportation allowance	2,065,738	1,717,614
Cash gift	1,234,875	1,020,375
Overtime and night pay	706,867	990,000
Clothing and uniform allowance	1,040,000	763,344
Longevity pay	140,000	394,000
Productivity incentive allowance	490,000	155,000
Total	<u>24,193,061</u>	<u>21,467,787</u>
Personnel Benefits Contribution		
Life and retirement insurance contributions	9,849,295	8,178,545
PhilHealth contributions	927,982	684,736
Pag-IBIG contributions	284,300	246,700
ECC contribution	-	39,910
Total	<u>11,061,577</u>	<u>9,149,891</u>
Other Personnel Benefits		
Terminal leave benefits	9,619,117	8,149,838
Other personnel benefits	7,992,362	4,982,787
Total	<u>17,611,479</u>	<u>13,132,625</u>
Total Personal Services	<u>133,927,143</u>	<u>110,645,625</u>

22. MAINTENANCE AND OTHER OPERATING EXPENSES (MOOE)

The following schedule shows the breakdown of the MOOE:

Particulars	2013	2012
Professional Services		
Consultancy services	92,863,425	66,314,885
Security services	5,169,946	4,962,290
Auditing services	3,425,688	5,213,035
Other professional services	246,667	7,455,848
Environment/sanitary services	164,405	164,405
Total	<u>101,870,131</u>	<u>84,110,463</u>
Supplies and Materials expenses		
Food supplies expenses	25,363,157	25,472,264
Office supplies expense	9,524,315	9,670,827
Maintenance, materials and supplies	1,089,808	3,700,093
Fuel, oil and lubricants expenses	3,584,092	3,368,272
Drugs and medicines expenses	78,445	84,096
Other supplies expenses	952,679	902,171
Total	<u>40,592,496</u>	<u>43,197,723</u>
Utility expenses		
Electricity expenses	17,743,045	17,435,446
Water expenses	1,162,633	1,216,669
Cooking gas expenses	1,096,144	1,177,867
Total	<u>20,001,822</u>	<u>19,829,982</u>
Training and Scholarship expenses		
Training expenses	53,391,406	42,833,432
Scholarship expenses	356,765	2,182,822
Total	<u>53,748,171</u>	<u>45,016,254</u>
Non-cash expenses		
Bad debts expenses	805,111	204,509
Depreciation – office building	10,556,704	11,025,772
Depreciation- office/IT/Medical and dental equipment	5,027,899	4,288,600
Depreciation – furniture and fixtures	2,052,903	1,996,582
Depreciation – motor vehicles	1,617,075	1,030,931
Depreciation – library books	125,044	77,300
Total	<u>20,184,736</u>	<u>18,623,694</u>
Traveling expenses	22,186,089	14,746,318
Repairs and Maintenance expenses		
Office building	3,287,494	3,079,844
Motor vehicles	1,237,827	834,142
Office equipment	347,950	86,593
Furniture and fixtures	1,611,821	3,239,162
Total	<u>6,485,092</u>	<u>7,239,741</u>

Communication expenses		
Telephone expense – landline	2,619,823	2,621,073
Telephone expense – mobile	1,519,895	1,352,121
Internet expenses	920,301	698,961
Cable, satellite, telegraph & radio expenses- TTC	196,635	235,437
Postage and deliveries	188,664	185,346
Membership dues and contributions to organization	54,319	52,364
Total	<u>5,499,637</u>	<u>5,145,302</u>
Rent expenses	4,214,160	4,297,486
Advertising expenses		
Advertising expenses	341,146	719,041
Printing, binding and reproduction expenses	518,827	1,001,387
Subscription expenses	86,564	133,183
Transportation and delivery expenses	32,509	7,039
Promotion and marketing expenses	857,218	119,602
Total	<u>1,836,264</u>	<u>1,980,525</u>
Taxes, Insurance premiums and Other fees		
Insurance expenses	1,015,892	887,484
Taxes, duties and licenses	187,530	140,273
Fidelity bond premiums	44,926	63,857
Total	<u>1,248,348</u>	<u>1,091,614</u>
Extraordinary and Miscellaneous expenses	469,486	307,006
Other MOOE	14,319,892	12,340,264
Total MOOE	<u>292,658,324</u>	<u>257,926,099</u>

23. SUBSIDY FROM THE NATIONAL GOVERNMENT

This account pertains to the following:

Particulars	2013	2012
Authorize under the General/ Appropriations Act Support to the Productivity Development Center- Cash received from the Department of Foreign Affairs representing allotment Fund for the support of Academy's Productivity Development Center implementing projects approved by the Asian Productivity Organization.	9,300,000	9,300,000
Support for DAP operations and repairs/ rehabilitation of DAP facilities.	<u>88,275,176</u>	<u>44,967,548</u>
Totals	<u>97,575,176</u>	<u>54,267,548</u>

24. REPORT ON THE SUPPLEMENTARY INFORMATION REQUIRED BY THE BIR UNDER REVENUE REGULATION NO. 15-2010

On the November 25, 2010, the BIR issued Revenue Regulations (RR) No. 15-2010 prescribing the manner of compliance in connection with the preparation and submission of financial statement accompanying the tax returns. Under the said RR, it is required that, in addition to the disclosures mandated under the Philippine Financial Reporting Standards, and such other standards and/or conventions as may be adopted, the Notes shall include information on taxes, duties and license fees paid or accrued during the taxable year.

In compliance with the requirements set forth by RR 15-2010, the information on taxes, duties and licenses paid or accrued during the taxable year as follows:

24.1 Value Added Tax (VAT)

	<u>2013</u>	<u>2012</u>
Vatable Sales/Receipts of Services - Private	27,081,889	39,615,121
Sale to Government	109,805,724	128,436,015
Zero to Government		-
Exempt Sales/Receipts		-
Total Sales/Receipts (Total Vatable Gross Receipts)	136,887,613	168,051,136
Multiply by: Tax rate	12%	12%
Total Output VAT for the year	<u>16,426,514</u>	<u>20,166,136</u>
Allowable Input Tax	20,691,495	2,549,518
Input Tax Carried Over from Previous Period	20,368,152	2,204,030
Input Tax Deferred on Capital Goods Exceeding P1Million from Previous Quarter	323,343	345,488
Current Year's Domestic Purchases of:	14,551,776	14,773,022
Goods Other than Capital Goods	3,742,401	4,139,373
Services	10,809,375	10,633,649
Total Available Input Tax	<u>35,243,271</u>	<u>17,322,539</u>
Tax Credits/Payments		
Monthly VAT Payments – previous two months		1,899,491
Creditable Value-Added Tax Withheld	4,871,434	5,458,156
Total Tax Credits/Payments	<u>4,871,434</u>	<u>7,357,647</u>
Total Output VAT for the year	16,426,514	20,166,136
Total Available Input Tax	35,243,271	17,322,539
Total Tax Credits/Payments	4,871,434	7,357,647
Monthly VAT Payments – 1st Quarter		1,400,524

Monthly VAT Payments – 2 nd Quarter		1,145,078
Prior Quarter Credit Forwarded – 1 st Quarter	(4,289,050)	-
Prior Quarter Credit Forwarded – 2 nd Quarter	(5,558,886)	-
Prior Quarter Credit Forwarded – 3 rd Quarter	(5,664,594)	(2,204,030)
Total Amount Payable (Overpayment) For The Year	<u>(8,175,662)</u>	<u>(4,855,623)</u>

24.2 Excise Taxes

There are no transactions subject to excise taxes for the years ended December 31, 2012 and 2013.

24.3 Other taxes, local and national

This accounts consists of taxes and licenses paid for the years ended December 31, 2013 and 2012 as follows:

	<u>2013</u>	<u>2012</u>
Under Taxes, Insurance Premiums and other Fees:		
20% Final tax on Interest Income on Investment and bank deposit	1,826,747	4,405,130
Insurance Premium on Property Plant and Eqpt.	1,015,892	887,484
Taxes on Property	119,573	9,745
Premiums on bonds	44,926	63,857
Business Permits and Licenses	53,100	68,000
Totals	<u>3,060,238</u>	<u>5,434,216</u>

24.4 Withholding Taxes

The Company's withholding taxes for the years ended December 31, 2013 and 2012 are as follows:

I. Withholding tax on compensations

	<u>2013</u>	<u>2012</u>
Total withheld tax for the year	13,198,876	10,496,273
Less: Payments made from January to November	12,130,626	9,655,979
Withholding Tax still due and payable	<u>1,068,251</u>	<u>840,295</u>

II. Expanded withholding tax

	<u>2013</u>	<u>2012</u>
Total withheld tax for the year	12,450,641	9,959,561
Less: Payments made from January to November	10,828,102	9,012,723
Withholding Tax still due and payable	<u>1,622,539</u>	<u>946,838</u>

III. Final tax withheld (G.M.P.)

	<u>2013</u>	<u>2012</u>
Total withheld tax for the year	6,803,794	6,830,611
Less: Payments made from January to November	5,899,339	6,185,516
Withholding Tax still due and payable	<u>904,454</u>	<u>645,095</u>

Part II

AUDIT OBSERVATIONS AND RECOMMENDATIONS

AUDIT OBSERVATIONS AND RECOMMENDATIONS

1. Our audit of the Disbursement Acceleration Program (DAP) Fund disclosed the following deficiencies:

1.1 The intention of the DAP to fast track public spending and push economic growth had not been completely realized by the Academy because as of December 31, 2013, out of the ₱165 million DAP fund, ₱34.503 million or 20.91 per cent was unutilized and remained in the custody of the Academy.

1.1.1 The Academy was a recipient of ₱165 million taken from DAP. The Special Allotment Release Order (SARO) stated that the fund was for the implementation of the Executive Development Program – Training of State Universities and Colleges, President/Executive Training of SUCs Officials to be jointly implemented by the Development Academy of the Philippines and the Commission on Higher Education.

1.1.2 In view of this, the Academy entered into a Memorandum of Agreement (MOA) with the Commission on Higher Education (CHED). Among others, the MOA recognized the need to enhance the capability of the public higher education institution to strengthen the key leadership and management capabilities of senior executives and middle managers of state universities and colleges (SUCs) all over the country. Consequently, the Executive Development Program for State Universities and Colleges (EDPSUCs) came into being. Aside from the date of the notarization of January 2, 2012, no other date was specified in the MOA. Since the project was jointly implemented by the Academy and CHED, a Steering Committee was created consisting of the following:

- a. President of the Academy
- b. Chairperson of CHED
- c. Three Representatives from Philippine Association of State Universities and Colleges (PASUC)

1.1.3 A Work and Financial Plan (WFP) for a one-year activity commencing in January 2012 was prepared but the first tranche of ₱93,689,500 was released on June 29, 2012 and the remaining ₱71,310,500 was released on May 30, 2013.

1.1.4 As of December 31, 2013, out of ₱165 million DAP funds, ₱34.503 million was still in the possession of the Academy indicating there were activities of the program awaiting completion. The Academy reported that the

amount of ₱130.496 million comprising 79.09 per cent of the fund was utilized as follows:

Particulars	Amount	%
Training Expense (Workshop and Conference)-OPC	₱ 58,214,088.64	44.61
Management Fee	24,750,000.00	18.97
Consultants and Specialists Fees	20,457,617.52	15.68
Traveling Expense	17,790,005.99	13.63
Others	9,284,955.98	7.11
Total	₱ 130,496,668.13	100.00

- 1.1.5 Section VII. Program/Program Outputs/Deliverables and Timeliness of the CHED Memorandum No. 9, series of 2012 states that all programs and project funds for the DAP shall be disbursed within the period provided for each Program component, such that expected outputs and deliverables in the program components shall be completed, submitted and reported to the Steering Committee within the timelines set by concerned entities of the government in accordance with the usual accounting and audit regulations.
- 1.1.6 Following the WFP, the activities of the program should have been completed over a period of one year, i.e., January to December 2012. Considering that the fund was partially released on June 29, 2012 and the program started in July 2012; and considering further that the remaining ₱71,310,500 was released on May 30, 2013, it was not possible to comply with the timeline set by the WFP. Nonetheless, after one year and seven months after the release of the last tranche, all the activities related thereto should have been concluded by December 31, 2013. However, as of the end of 2013 or two years after the EDPSUC was created, ₱34,503,331.87 of the fund remained unutilized.
- 1.1.7 The unfinished activities and the unutilized fund as of the end of 2013 were indications that the EDPSUCs project to support the DAP objective of fast track spending and push economic growth was not totally attained. Among the activities that are not yet completed as of December 31, 2013 included the following: Higher Education Development and Leadership Institute (HEDLI), PASUC Convention, Workshop Asset Management, Workshop on SUCs Indicators, Career System and Project Administration.

1.2 The Academy recognized a 15 per cent Management Fee (MF) from the EDPSUCs' P165 million projects even if the activities related therein were not completed.

1.2.1 It was noted that the Academy charged the full amount of Management Fee (MF) in the amount of P24,750,000 to DAP funds which was equivalent to 15 per cent of P165 million, despite the expected output and deliverables of the EDPSUCs project were not completed. Recognition of the MF should be on the basis of completed activities and not on the total released fund of P165 million.

1.2.2 The MF for the remaining P34.503 million or P5.175 million (15 per cent of P34.503) should have not been recognized as income. It was more appropriate to accrue the MF if the income was expected to be realized within the next accounting period, i.e., within 2014.

1.3 Expenses for foreign travels in the amount of P6.256 million were incorrectly recorded in the account Training Expense (Workshop and Conference) – Out-of-Pocket Cost (OPC).

1.3.1 COA Circular 2013-002 dated states that:

"Traveling Expenses-Foreign account is used to record costs incurred in the movement/transport of government officers and employees outside the country. This includes transportation, travel per diems, passports and visa processing and other related expenses."

1.3.2 In the review of disbursements related to the project EDPSUCs, it was observed that several expenses for foreign travels were incorrectly recorded as Training Expense – OPC. The foreign travels are summarized below and in the next page:

JEV Reference	Payee/Nature of expense	Destination	Period of travel	Amount
13-05-0282	EI Exito Travel and Tours – airfare	Singapore and Thailand	4/14 to 20/2013	P 259,856.00
13-06-0006	Tripmart Travel Agency- airfare	Australia	5/8 to 25/2013	447,155.10
13-06-0883	EI Exito Travel and Tours – airfare	New Zealand	6/3 to 8/2013	1,277,550.00
13-06-1572	L. Cortes – per diems (23 pax)	New Zealand	6/2 to 8/2013	1,198,211.25

13-10-1270	El Exito Travel and Tours – Air fare and hotel accommodation		9/22 to 28, 2013	1,258,193.00
13-11-1557	El Exito Travel and Tours – Air fare and hotel accommodation (13 pax)		11-10 to 16/2013	1,090,675.43
13-12-2583	El Exito Travel and Tours – Air fare and hotel accommodation		9/21 to 28/2013	724,015.00
	Total			₱ 6,255,655.78

1.3.3 Although Traveling and Training are both expense accounts, the use of the correct classification of account was necessary for proper evaluation and appreciation of the stakeholders. In the instant case, had the accounts been correctly adjusted, the expenses for Foreign Travels would almost equal to Management Fee in terms of fund utilization. The adjusted fund utilization would be as follows:

Particulars	Amount	%
Training Expense (Workshop and Conference)- OPC	₱ 51,958,432.86	39.81
Management Fee	24,750,000.00	18.97
Travelling Expense	24,045,611.77	18.43
Consultants and Specialists Fees	20,457,617.52	15.68
Others	9,284,955.98	7.11
Total	₱ 130,496,618.13	100.00

1.4 Presidents of various SUCs and some officers of the Academy who travelled to New Zealand from June 3 to 8, 2013 were granted traveling allowance in excess of the allowable rate as provided under EO 298.

1.4.1 On May 16, 2013, the President of the Academy issued travel authority to each of the three officers of the Academy and each President of the 20 SUCs for an academic foreign travel to New Zealand from June 3 to 8, 2013. The 23 offices had similar itinerary of travel and each of them received travel allowance of \$1,227.60 computed as follows:

Date	Places to be visited	Time		Means of Transportation	Traveling Allowance
		Departure	Arrival		
June 3	DAP to Manila Airport	8:20 PM	8:20 PM	DAP car	\$ 148.80
June 3	NAIA I – Incheon, Korea	12:30 AM	5:10 AM	Plane	188.00
	Incheon Korea – New Zealand	4:50 PM	7:10 AM	Plane	188.00
June 4-7	New Zealand				569.00
June 8	New Zealand – Incheon, Korea – Manila	8:45 AM	11:00 PM	Plane	148.80
	Total				\$ 1,227.60

1.4.2 Pertinent sections of Executive Order (EO) No. 298 dated March 23, 2004 further amending EO 248 states the following:

SEC. 8. - The first (1st) paragraph of Section 12 of the EO is hereby amended to read as follows:

"Section 12. Allowable Travel Expenses. Government personnel who travel abroad shall be entitled to the Daily Subsistence Allowance (DSA) as provided under the United National Development Program (UNDP) Index, which can be secured from the Department of Foreign Affairs. The DSA shall be apportioned as follows unless otherwise stated in the UNDP Index: (a) fifty percent (50%) for hotel/lodging; (b) thirty percent (30%) for meals; and (c) twenty percent (20%) for incidental expenses. When the country of destination is not listed in the said Index, the DSA for the nearest country shall be adopted."

SEC. 10 - The fourth (4th) paragraph of Section 12 of the EO is hereby amended to read as follows:

"Entitlement to DSA shall start only upon arrival at the country of destination and shall cease upon departure therefrom at the following percentage:

Particular	%	To Cover
Arrival not later than 12:00 noon	100	Hotel/lodging (50%); meals (30%) and incidental expenses (20%)
Arrival after 12:00 noon	80	Hotel/lodging (50%); dinner (10%) and incidental expenses (20%)
Departure before 12:00 noon	30	Breakfast (10%) and incidental expenses (20%)
Departure at 12:00 noon and later	40	Breakfast (10%), lunch (10%) and incidental expenses (20%)

1.4.3 Audit disclosed that only 50 per cent of the travelling allowance, which was 30 per cent for meals and 20 per cent for incidental expenses, was granted to the officers; the other 50 per cent earmarked for hotel/lodging accommodation was consigned to a travel agency. However, it was noted that the UNDP rate used for this travel was not in accordance with the rate specified in the DSA Circular Report applicable for June 2013. The DSA Circular showed that the rate for Auckland, New Zealand was \$358 but the Academy applied \$372 in the computation of the travelling allowance.

1.4.4 Further, the itinerary of travel showed that the officers left Manila on June 3, 2013 at 12:30 AM. Despite the amended provision of Section 10, stating that DSA shall only start upon arrival at the country of destination, prior to their departure (June 2), each of the 23 officers was granted \$148.80 or 40 per cent of \$372 even if they were still in Manila.

1.4.5 On June 8, the team left New Zealand at 8:45 AM. The EO provided that departure from the country of destination before 12:00 noon, only 30 per cent (breakfast 10 per cent and incidental expenses of 20 per cent) of the authorized DSA shall be granted. The participants, however, received 40 per cent of the \$372 when the correct amount should have been 30 per cent of \$358.

1.4.6 The afore-cited circumstances showed that the traveling allowances received by the 20 SUC Presidents and the three officers of the Academy were in excess of the allowable rates prescribed by EO 298. The excess travel allowance received by each of the 23 officers is computed as follows:

Date	Particulars	Actual DSA Received - \$372	Should be DSA - \$358	Excess DSA
June 2	40% of \$ 372	\$ 148.80	\$ -	\$ 148.80
June 3 - 7	50% DSA - 5 days	930.00	895.00	35.00
June 8	40% of \$ 372	148.80	107.40	41.40
	Total	\$ 1,227.60	\$ 1,002.40	\$ 225.20

1.4.7 The excess travelling allowance received by the 23 officers amounted to \$5,179.60 (\$225.20 x 23). At the time of liquidation, the exchange rate used was ₱42.44 to a \$1, hence, the amount in peso was equivalent to ₱219,822.22. This amount should be returned to the DAP fund in the custody of the Academy.

1.5 In view of the foregoing, we recommended that Management undertake the following:

- a. Ensure the adherence of the program implementers to the specific timelines of deliverables in accordance with the log frames drawn up for the Program components, otherwise, consider returning the unspent money to the BTr;
- b. Recognize the 15 per cent Management Fee (MF) in accordance with the completed project. Adjust the books accordingly by reducing MF by ₱5.175 million and record the amount under Deferred Credits;

- c. Adjust the accounts Training Expenses and Traveling –Foreign. Take up the ₱6,255,655.78 as Traveling Expenses – Foreign instead of Training Expenses – OPC; and
- d. Require the respective SUC Presidents and officers of the Academy to refund the excess traveling allowance they received.

1.6 Management response and action on the foregoing observations and recommendations are as follows:

- a. A Steering Committee composed of officers from CHED, DAP and PASUC was created for the proper and efficient managing of the Work and Financial Plan (WFP) developed for the program. Several revisions and new activities were added to the WFP. Due to the lengthened discussion on the curriculum and curriculum changes, three EDPS Programs were only completed in 2013 while for two other courses, the completion date of these courses was pushed to 2014.

The Academy had been closely coordinating with CHED on how to fast track the program implementation. Decisions affecting the program contents/substance were referred either to the Steering or Management Committee to ensure that the program funds are adequately and reasonably spent to meet the stated ends of the EDPS.

- b. The recommendation has been fully noted and would be implemented.
- c. The 2013 books will no longer be adjusted since the accounts involved were both expense accounts, however, in the preparation of the report on the actual utilization of EDPS funds. It was also stated in the reply that hotel accommodations were expenses directly associated in implementing an activity directly linked to a project and therefore should not be treated as "Traveling Expense". Thus, the Academy will only adjust the total amount of ₱1.922 million from Training Expenses (Workshop and Conferences) to Traveling Expenses.

Rejoinder: The hotel accommodations were incurred by virtue of issued travel authorities where the granting of per diem or daily subsistence allowance (DSA) is allowed. Per diem/DSA consists of meals, lodging (hotel accommodation) and other incidental expenses related to the travel. In the instant case, the hotel accommodation corresponded to the lodging component of the DSA, hence, should be treated as traveling expense. The amount that could be treated as training expense would be the amount spent for seminar or conference fee.

- d. The Academy would inform the concerned individuals to refund certain amounts in accordance with the provisions of EO 298. Journal Entry Voucher No. 14-07-0319 was prepared establishing the receivables from the concerned officers/employees and various SUC Presidents.

2. The reported balance of the Land and Land Improvement account in the amount of P4,941,419.21 was not fairly presented because it included the value of parcels of land, the legal ownership of which was not in the name of the Academy.

2.1 The Land and Land Improvement account of DAP as of December 31, 2013 showed the following details;

Location/Particular	Amount
Pasig	₱ 3,090,000.00
Tagaytay	820,600.00
Cebu	5,380.00
Land improvement	1,025,439.21
Total	₱ 4,941,419.21

2.2 In the audit of assets, the ownership of the assets should be ascertained and the agreement to the records should be determined. This is stated in Section 58 of PD. 1445, to wit:

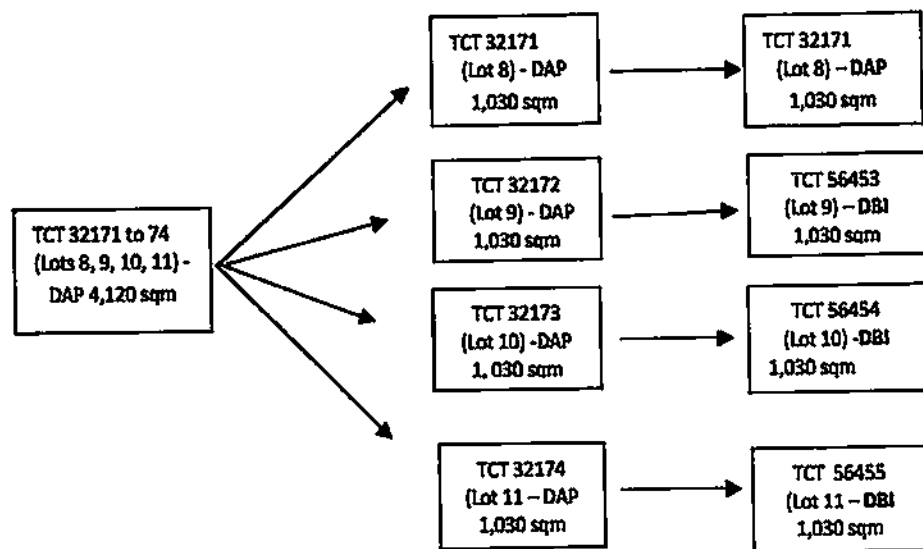
“Audit of Assets. The examination and audit of assets shall be performed with a view to ascertaining their existing ownership, valuation and encumbrances as well as the propriety of items composing the respective asset accounts, determining their agreement with records, proving the accuracy of such record; ascertaining if the assets were utilized economically, efficiently and effectively; and evaluating the adequacy of controls over the accounts.”

2.3 The purchase price of the land, in which the DAP Building stands was sourced from the equity fund set up by the following founding institutions, namely, Central Bank of the Philippines, the National Economic And Development Authority, Development Bank of the Philippines, the Government Service Insurance System, the Social Security System, and Philippine National Bank. These institutions entered into a Memorandum of Agreement (MOA) dated May 11, 1973 to initially finance the operations of the Academy.

2.4 From the equity, the Academy purchased a parcel of land consisting of four adjoining lots from Ortigas & Company, Limited Partnership (OCLP). Upon

completion of the sale, the four lots described as lots 8, 9, 10 & 11 were all titled in the name of the DAP. Each lot has an area of 1,030 sqm and had separate transfer certificates of title (TCT); TCT Nos. 32171, 32172, 32173 and 32174, respectively.

- 2.5 Further review of the documents disclosed that in 1982, the Corporate Financial Institution (CFIs) comprising majority of the DAP Board of Trustees, incorporated the DAP Building Incorporated (DBI) with the purpose of consolidating the ownership of the property of DAP. The organization was registered with the Securities and Exchange Commission (SEC) and thereafter became non-operational. Currently, only TCT No. 32171 for lot 8 is in the name of DAP; it is where the Academy's basketball court is located. The diagram below shows the flow of ownership of the four lots:



- 2.6 The three lots with a combined area of 3,090 sqm, more or less, were titled individually in the name of DBI. i.e., TCT numbers 56453, 56454 and 56455. Unfortunately, these are the lots where the DAP building stands and this puts DAP in a disadvantageous position. Audit observations on the ownership of the DAP property were already raised as early as 1987, but to this date, the audit recommendation relative thereto remained unimplemented.

- 2.7 The annual real estate tax for the lots including the DAP Building that stands thereon was not paid for the last 31 years, hence, the risk of garnishment in lieu of the unpaid taxes exists.

2.7.1 It was also verified that DAP has not been paying the annual real estate tax because of tax exemption provided in Section 12 of Presidential Decree No. 205 which states that:

"....The Academy, its assets, acquisitions, income, and its operations and transactions shall be exempt from any and all taxes, charges, imposts, license and assessments, direct or indirect, impost by the Republic of the Philippines or any of its agencies or instrumentalities, as the Board of Trustee may determine."

2.7.2 This situation appeared to compound the existing problem on ownership of the lots. If DAP is exempted from paying taxes, it does not follow that DBI is also exempted, because DAP is a different entity from DBI. There is a strong possibility that DBI, since its incorporation in 1982, had been delinquent in the payment of real estate tax. Considering the location of the property, after 31 years, the real estate tax assessment could run into millions of pesos. With the goal of increasing its tax collection, there is always the likelihood that the demand for the uncollected tax is sent to DBI, or worse, garnishes the property in lieu of the unpaid real estate taxes.

2.8 Management needs to protect the assets of the agency and at the same time maintain financial records in accordance with accounting and auditing rules and regulations. In compliance thereof, the following measures or courses of actions were recommended:

- a. **Adjust the amount of the land so that only the lot in the name of the Academy is reflected in the books. Until the issue on ownership of the lots is resolved in favor of the Academy, it is appropriate that the value of the three lots be deleted from the books; and**
- b. **Avail of all legal remedies to resolve the ownership of the other three lots where the DAP building is located to avoid possible problem with the unpaid real estate tax and at the same time, protect the assets of the Academy.**

2.9 According to Management, the ownership of the DAP assets cited herein was transferred via Deeds of Conveyance to the newly-formed DBI which was registered with the SEC with DAP not being included in the DBI. Such conveyance of ownership of DAP properties to DBI violated the Academy's Charter, PD 205 and therefore, can be considered *void ab initio*. It was also stated that the DBI has never been operational and its board never convened since its establishment. DBI has been effectively dormant all these years, to this end, DAP has sent a letter to the DOJ Secretary seeking legal opinion to a singular query: "Did the Development Academy of the Philippines validly convey its land properties covered by TCT Nos. 32172, 32173 and 32174 located at San Antonio Village, Pasig City in favor of DAP Building Inc.?"

It was further stated in the Management reply that DAP has to emphatically and consistently assert that it owns these properties and shall continue to reflect such in its books of accounts. Deleting them from their accounting books could be construed as relinquishing the DAP's ownership rights, an injudicious move that will be contrary to the interest of the Academy.

3. The Academy approved the granting of additional benefits to its regular officers and employees in the form of CY 2011 Financial Performance Award (FPA) in the total amount of ₱5,197,573.25 without legal basis. The benefit was released in December 2012.

3.1 With the issuance of RA 6758 or the Compensation and Position Classification Act of 1989, all government institutions including government-owned or controlled corporations and financial institutions are prohibited from granting additional benefits and allowances to its officers and employees without the approval of the Department of Budget and Management (DBM). This is explicitly provided in Section 12 of the mentioned law, excerpts follows:

"Consolidation of Allowances and Compensation. - All allowances, except for representation and transportation allowances; clothing and laundry allowances; subsistence allowance of marine officers and crew on board government vessels and hospital personnel; hazard pay; allowances of foreign service personnel stationed abroad; and such other additional compensation not otherwise specified herein as may be determined by the DBM, shall be deemed included in the standardized salary rates herein prescribed. (underscoring supplied)

3.2 JEV No. 12-12-2463 dated December 28, 2012 recorded the payment of the CY 2011 FPA to 189 permanent personnel of the Academy in the amount of ₱5,197,573.25. Aside from the payroll print-out from the Landbank of the Philippines, no other supporting document was attached to the JEV.

3.3 Examination of the documents on file pertaining to the FPA disclosed that there was a disallowance on the CY 2004 FPA granted to the Academy's officers and employees in the amount of ₱4,862,845.71. The then Corporate Auditor, citing deficiencies in the payments thereof, issued AOM No. 05-003 dated March 3, 2005. Based on the AOM, the Legal and Adjudication Office (LAO) disallowed the full payment of the FPA and issued Notice of Disallowance (ND) No. DAP-08-001(04) dated June 27, 2006, for lack of legal basis and non-compliance with RA 6758 or the Salary Standardization Law.

3.4 DAP appealed the disallowance but the Commission Proper, through Decision No. 2012-119 dated July 17, 2012 denied the appeal, until A Notice of Finality of Decision (NFD) dated December 14, 2012 was issued making the disallowance final and executory. The NFD directed all the persons liable named in the Notice of Disallowance to pay immediately to the cashier the amount disallowed or withhold payment of salary and other money due the persons liable.

3.5 DAP, through the Office of the Government Corporate Counsel, went to Supreme Court (SC) to prevent the implementation of the NFD. The SC en banc, in its resolution dated February 26, 2013 resolved to:

- a. Grant the prayer to issuance of a TRO;
- b. Issue a Temporary Restraining Order, effective immediately and until further orders from the Court, enjoining the Commission On Audit from enforcing Notice of Disallowance No. DAP-06-110(04) dated June 27, 2006; and
- c. Require the petitioner to file a REPLY to the comment on petition within ten (10) days from notice hereof.

3.6 The Temporary Restraining Order (TRO) temporarily prevented the enforcement of the NFD, i.e., return of the disallowed amount received from the granted CY 2004 FPA. It should be noted that the TRO did not invalidate the Notice of Disallowance No. DAP No. 06-110-(04). Thus, the basis for which the 2004 FPA in the amount of ₱4,862,845.71 was granted was still invalid and merited the disallowance issued.

3.7 The foregoing circumstances showed that the despite the issuance of TRO on the NFD for the CY 2004 FPA, Management had not submitted any document showing that the granted FPA had authority from the DBM as required by RA 6758. In view thereof, the total amount of ₱5,197,573.25 shall be disallowed in audit.

4. **Despite the issuance of Notice of Disallowance on the CY 2004 Financial Performance Award (FPA), the Academy obligated a liability of ₱7.277 million for the payment of the CY 2013 (FPA) to the officers and employees of the Academy without legal basis, thereby overstating both the liability and expense accounts by the same amount.**

4.1 In the review of the liabilities of the Academy as of December 31, 2013, an obligated liability in the amount of ₱7,277,108 was noted. Journal Entry Voucher (JEV) No. 13-12-2893 shows the following entry:

<u>Account & Explanation</u>	<u>Code</u>	<u>Debit</u>	<u>Credit</u>
Other Maintenance and Operating Expenses (MWE) – OPC	889-400	7,277,108.00	
Accounts Payable	401-100		7,277,108.00

4.2 The JEV and the corresponding Budget Utilization Slip (BUS) indicated that the entry was to take up the 2013 Financial Performance Award (FPA). Aside from

the JEV and BUS, no other document was submitted to support the journal entry. As of the end of CY 2013, the pertinent accounts, Other Maintenance and Operating Expenses (MWE) – OPC and Accounts Payable had balances of P12,366,986.68 and P104,266,093.05, respectively.

- 4.3 The obligated FPA significantly affected the 2013 Statement of Income and Expenses of the Academy. For CY 2013, the Academy reported a Net Income, after Government subsidy, of P4,111,483. If the FPA was not obligated, the Net Income, after Government subsidy, for CY 2013 would amount to P11,388,591, computed as follows:

Reported net income	P 4,111,483
Add back: Obligated FPA	<u>7,277,108</u>
Should be net income	<u>P11,388,591</u>

- 4.4 Since the TRO was not sufficient to warrant the granting of 2013 FPA, the obligated amount of P7,277,108 was still without legal basis.

- 4.5 We recommended that payment of the CY 2013 FPA to the Academy's regular officers and employees be not pursued and the affected accounts be adjusted accordingly by the following proposed adjusting entry:

<u>Account & Explanation</u>	<u>Code</u>	<u>Debit</u>	<u>Credit</u>
Accounts Payable	401-100	7,277,108.00	
Other Maintenance and Operating Expenses (MWE) – OPC	889-400		7,277,108.00

- 4.6 DAP response: "DAP respectfully submits that the 2013 FPA has, in fact, a legal basis and that is, the Program on Awards and Incentives of "PRAISE", which was duly approved by the Civil Service Commission (CSC) on 19 February 2009."

- 4.7 Rejoinder: The FPA, as previously granted, was given to all DAP officials and employees without distinction, different from the award contemplated in PRAISE where the awardee/s from among a group of nominees is/are chosen as a result of a selection process.

5. The assets of the Academy were inadequately insured for the period November 2, 2013 to November 2, 2014 as building renovations, equipment and other assets in the amount of at least P93.565 million were not included in the insurance coverage secured from the Government Service Insurance System (GSIS).

5.1 Excerpt from Section 5, RA 656 states the following:

"Every government, except a municipal government below first class, is hereby required to insure its properties, with the Fund against any insurable risk herein provided and pay the premiums thereon, which, however, shall not exceed the premiums charged by private insurance companies..."

5.2 The Academy had been religiously securing insurance policies from the GSIS for its buildings and facilities situated in Pasig City and Tagaytay City. The annual period of insurance coverage was from November 2 of the current year to November 2 of the ensuing year. The pertinent insurance policies showed that the Academy's assets were covered against fire and lightning, full earthquake and typhoon flood. The total amount insured was ₱177,346,131.02 as shown in the following page:

Location	Property	Amount Insured
DAP - Pasig City	Building	₱ 93,963,000.00
	Furniture, fixtures and equipment	25,896,531.02
	Sub - total	119,859,531.02
DAP - Tagaytay City	Building	48,819,005.33
	Furniture, fixtures and equipment	8,667,594.67
	Sub - total	57,486,600.00
	Grand total	₱ 177,346,131.02

5.3 It was noted that the sum insured remained the same for the following three consecutive insurance periods:

- a. November 2, 2011 to November 2, 2012
- b. November 2, 2012 to November 2, 2013
- c. November 2, 2013 to November 2, 2014

5.4 It was unlikely that the total sum insured remained the same for the mentioned insurance periods because the assets of the Academy is continuously increasing due to major renovation of the buildings in Pasig City and Tagaytay City in previous and current years. In addition, the Academy had procured furniture and equipment for the last three years.

5.5 It was determined that the amount of net assets with inadequate insurance coverage amounted to at least ₱93,565,272. The amount was based from the annual increase in several categories of the Property, Plant and Equipment and deducted thereon was the corresponding annual disposal of assets. The computation of the net increase in assets is shown in the next page:

Particulars	Annual Increase			
	2011	2012	2013	Total
Building	₱ 30,238,503	₱18,923,355	₱ 24,449,050	₱ 73,610,908
Arts, archeological & others	472,500			472,500
Equipment (Office, IT and communication)	3,328,571	18,153,556	7,703,838	29,185,965
Total	34,039,574	37,076,911	32,152,888	103,269,373
Disposal	(7,779,991)	(1,681,420)	(242,690)	(9,704,101)
Net increase	₱ 26,259,583	₱35,395,491	₱ 31,910,198	₱ 93,565,272

5.6 Management had to consider that the under insurance of assets in the amount of ₱93.565 million, exposed said assets to risks. Adequate insurance coverage serves as the cushion of Management that in the event the risks occur, the effect of losses in assets would be greatly reduced. Considering the prevailing changes in the environment/climate, there is always the probability of the occurrence of fortuitous events that would cause damage to the property.

5.7 In compliance with RA 656 and reduce losses in the event of the occurrence of the risks, it was recommended that Management secure adequate insurance coverage for the Academy's property. Coordinate with the authorized personnel of the GSIS for the revaluation of the renovations of the DAP buildings for insurance purposes. Submit the latest physical inventory of the contents of the account Property, Plant and Equipment to update the insurance coverage thereof.

5.8 Excerpts of the response of DAP Management is quoted hereunder:

"Management respectfully notes that the amount ₱93.565 million is an overstatement of the amount to be insured. For the period representing CY 2013-14, based on accounting book values, it is estimated that the total amount of insurable DAP properties and assets should be ₱86,855,728.98; or about ₱6.709M (7.1%) lower than the AOM-figure of ₱93,565 million.

Cognizant of the risks and externalities that may happen to DAP Properties, instructions to the concerned offices were made to facilitate reasonable insurance coverage subject to the terms and conditions acceptable to the non-life insurance policies of GSIS...."

5.9 Rejoinder: The increase of ₱93.565 million was determined using the figures as presented in the audited financial statements of the Academy for the years 2011, 2012 and 2013. The computation was presented in the table following paragraph 5.5.

6. The uncollected rent and other dues from various lessees of the DAP amounted to at least P1.294 million as of CY 2013. The details are discussed below:

6.1 For the inability to implement the provisions of the Contract of Lease, there were delays in the payment of rent of P819,249.47 and the interest accruing thereon in the amount of P183,792.21 was not billed and collected from the lessees.

6.1.1 The Academy had been leasing about 1,700 square meters of its Pasig building to both public and private entities. The rental rate ranges from P392 to P492 per square meter (sqm) exclusive of auxiliary payment for common services of P50 per sqm, proportionate share in electricity consumption and use of air-conditioning system.

6.1.2 The Contract of Lease provides, among others, the following:

- a. Upon renewal of the lease, the rent shall be automatically increased by 10 per cent
- b. The lessee shall pay the lessor in advance the monthly rentals within the first five days of every calendar month
- c. In case of default in the payment of rent, the lessee shall pay interest at the rate of 1.4% per day until the outstanding obligation or arrearages shall have been fully paid.

6.1.3 Review of the Contracts of Lease and the rent paid by the lessees showed that the above-cited provisions were not implemented resulting to under collections of P183,792.21; details are shown below and in the following page:

Lessee	No. of Days/Mos. Default	Interest in Default	Underpayment Due to Delayed Contract Renewal	Remarks
ACF Consultancy & Training Service	882 days	P 73,449.97	P 1,114.02	Contract for CY 2013 signed on June 27, 2013; no renewal for 2014.
Philippine Business For the Environment, Inc.	452 days	82,004.50	7,055.66	Contract for CY 2013 signed in August 2013; no renewal of contract for 2014.
Makati Paladian Association, Inc	443 days	22,336.21	2,610.00	Contract for CY 2013 signed in September 2013; no renewal of contract for 2014.
Robles, Salo, Dulnuan Law	28.39			Original Contract was done last August 12, 2011; no

Office	months	6,002.03	366,105.84	renewal of contract for 2013 and 2014.
Philippine Health Insurance Corporation	844 days	-	442,363.95	Term of Contract: August 16, 2010 to August 15, 2012; No term for default of payment and still no renewal of contract for 2013 and 2014.
Total		₱183,792.71	₱ 819,249.47	

6.1.4 It was noted that lessees were billed only for the updated rental rate upon the renewal of the lease contracts, and since the execution of the current year contracts were delayed by at least six months, payment for current rental rates were also delayed. As provided in the lease contracts, in case of default in the payment of rent, the lessee shall pay interest at the rate of 1.4 per cent per day until the outstanding obligation or arrearages shall have been fully paid.

6.1.5 The delayed rental payment for CY 2013 amounted to ₱819,249.47. Following the contract provision of 1.4 per cent interest on default payment, the interest accruing thereon totaled ₱183,792.21.

6.2 The Philippine Center for Environmental Protection and Sustainable Development, Inc., (PCEPSDI) had not been paying rent to the Academy since 2011. The unpaid rent from CYs 2011 to 2013 amounted to ₱804,696.00.

6.2.1 Section 35 of PD. 1445 states that;

"Collection of indebtedness due the government. The Commission shall, through proper channels, assist in the collection and enforcement of all debts and claims and the restitution of all funds or replacement or payment at a reasonable price of property, found to be due to the Government, or any subdivision, agencies or instrumentalities, or any to be due to the government, owned or controlled corporation ..., in the settlement and adjustment of its accounts..."

6.2.2 The unpaid rent and use of electricity of the PCEPSDI had already been the subject of an audit observation fully discussed in the 2011 Annual Audit Report of the Academy. The reply to the observation was contained in a letter dated June 28, 2013 signed by the Academy's President.

- 6.2.3 The letter mentioned that the National Eco-labeling Program-Green Choice Philippines (NELP-GCP), as stated in the Memorandum of Agreement (MOA) with the Academy, is a quasi-government entity that aims to protect the environment.
- 6.2.4 DAP and NELP-GCP entered into a MOA for the Environment Protection and Sustainable Development. To carry-out the purposes thereof and due to limited resources of NELP-GCP, DAP shall extend assistance by providing office space gratuitously to the former's secretariat which is the PCEPSDI. However, utilities such as electricity, water, telephone and other means of communication were for the account of the NELP-GCP Secretariat.
- 6.2.5 Evaluation of the MOA between the named parties and the surrounding circumstances, showed that neither NELP-GCP nor PCEPSDI is a government entity. Although NELP-GCP has a noble purpose, i.e., protection of the environment; and even if it entered into an agreement with DAP, its attributes and personality remain a private entity. The same is true with PCEPSDI.
- 6.2.6 Section 4(2) of PD 1445 states, "Government funds or property shall be spent or used solely for public purposes." The office space gratuitously granted to PCEPSDI was contrary to this provision; hence, Section 35 of the same PD, (earlier quoted herein) shall be enforced.
- 6.2.7 DAP charges its lessees rental rates ranging from ₱542 to ₱392 per sqm/month. For purposes of conservatism, the lowest rental rate of ₱392/sqm was used to determine the amount of unpaid rent of PCEPSDI from 2011 to 2013. Computation showed the rent due amounted to ₱804,696.00 as shown in the following page:

Year	Rent	Remarks
2011	₱ 291,960.00	Referred from the 2011 DAP Annual Audit Report
2012	282,240.00	₱ 392 per 60 sqm.
2013	230,496.00	₱ 392 per 49 sqm.
Total	₱ 804,696.00	

- 6.3 A lessee was granted accommodations not enjoyed by other lessees resulting to further reduction in rental income in the amount of ₱276,124.80 and unpaid auxiliary services of ₱35,220 for CY 2013.
- 6.3.1 The latest Contract of Lease for Salo Robles Dulnuan Law Office (SRDLO) on file covered the period August 1, 2011 to December 31, 2012. The

lease covered 73 sqm., more or less, of the 2nd floor lower level of the DAP Building. It should be noted that *lease term was for one year and five months* while the lease term for other lessees were for one year.

6.3.2 For default payment in rent, the lease contract of all lessees provided for the following:

"... In case of default payment in rent, the LESSEE shall pay interest at the rate of one point four percent (1.4%) *per day* until the outstanding obligation or arrearages shall have been fully paid." In the case of the Contract of Lease of SRDLO, the penalty for default rent was *1.4% per month*, not per day.

6.3.3 In 2013, the law office transferred to a bigger office space at the 5th floor of the same building with an area of approximately 131.7 sqm. However, the monthly rent being paid by the SRDLO for CY 2013 was still ₱28,616, based on the 73 sqm of space it formerly occupied.

6.3.4 At the rental rate of ₱392/sqm., SRDLO should have paid the Academy an additional monthly rent of ₱22,010.04 or ₱276,124.80 [(131.7 sqm -73 sqm) x ₱392 x12] for CY 2013. Further, the lessee had not been paying the auxiliary rate of ₱50/sqm based on the new space it is occupying. For CY 2013, the unpaid auxiliary amounted to ₱35,220.00 [(131.7 sqm -73 sqm) x ₱50 x12]. Renewal of the lease contact based on the current area occupied was being pursued by the unit in-charge, a copy was already provided to the lessee for comment and signature but to date the contract remained with the lessee.

6.4 In view of the foregoing, it is recommended that Management:

- a. evaluate existing lease contracts; and
- b. collect the amount of ₱1,293,831.48 from the following lessees:

Lessee	Amount
The Philippine Center for Environmental Protection and Sustainable Development, Inc	₱ 804,696.00
ACF Consulting and Training Service	73,449.97
Philippine Business For the Environment, Inc.	82,004.50
Makati Paladdian Association, Inc.	22,336.21
Robles Salo Dulnuan Law Office	311,344.80
Total	₱ 1,293,831.48

6.5 DAP considered the recommendation. The Center for Office and Conference Facilities (COCF) shall institute the necessary procedures to prepare the ensuing Lease Contracts as soon as possible before the expiration of said contracts. Management has directed the COCF to:

- Critically examine each contract terms such that arrangements stipulated in the contract will not unduly disadvantage the Academy;
- Consider increasing the duration of the contract per tenant on a much longer period of coverage such that hassle of renewal is minimized; and
- Except for contracts that have already been approved and signed, preparation of the ensuing contract (as necessary) shall start at least a month or two before expiry-date.

6.6 As to the observation on the RSDLO, Management stated it was DAP that required the tenant to transfer from the 2nd floor to the 4th floor because DAP's repair and rehabilitation plan had a timetable to follow. It would be more costly for DAP to postpone the repair of the 2nd floor. DAP gave an assurance to the law office that their monthly rental would not unjustly change.

6.7 Management provided a specific and lengthy discussion on the circumstances surrounding the creation of PCEPSDI. Briefly stated, it was stated that in view of the termination of the corporate existence of the Clean and Green Foundation (CGF) in 2010, its property and the National Eco-Labeling Program (NELP) Secretariat was transferred to PCEPSDI.

The NELP came into being because of the idea initiated by the Academy, i.e., labeling eco-friendly products which use environment friendly ingredients that are not or less hazardous to nature and the environment. The NELP, implemented through PCEPSDI, is doing a public purpose or a public business because it promotes environmental protection and sustainability through the labeling of eco-friendly products, thus encouraging manufacturers to use eco-friendly ingredients, as well as encouraging the public to patronize eco-friendly products.

6.8 However, Management further stated the following, "Cognizant of the legal point that PCEPSDI is technically not a government entity, DAP has no longer made PCEPSDI a party to any contract concerning the office it presently occupies...Moreover DAP, is now negotiating with DENR if it can now be the one to provide said office space in its offices in DENR, inasmuch as DAP will be needing additional space for its programs and projects."

7. **Expenses related to Gender and Development (GAD) incurred by DAP for CY 2013 was below the five percent budget required by 2013 General Appropriation Act.**

7.1 In compliance with the Philippines' commitment to the International Conventions on Gender and Development (GAD), Executive Order No. 273 dated September 8, 1995 and Joint Circular No. 2004-1 dated April 5, 2004 of the Department of Budget and Management, National Economic and Development Authority and National Commission on the Role of Filipino Women [now Philippine Commission on Women (PCW)] was issued. The Joint Circular provides for the following:

"Section 2.2. In accordance with Executive Order (EO) No. 273 - Approving and Adopting the Philippine Plan for Gender-Responsiveness Development, 1995-2025), agencies are mandated to institutionalize Gender and Development (GAD) in government by incorporating the GAD concerns spelled out in the PPGD in their planning, programming and budgeting process. EO 273 also mandates agencies to incorporate and reflect GAD concerns in their agency performance commitment contracts, annual budget proposals and work and financial plan."

7.2 To ensure compliance with the above provision, the National Government incorporates to the General Provisions of the General Appropriations Act (GAA) the following:

"Programs and Projects Related to Gender and Development. All agencies of the government shall formulate a Gender and Development (GAD) Plan designed to address gender issues within their concerned sectors or mandate and implement applicable provision under R.A. No. 9710 or the Magna Carta of Women, Convention on the Elimination of All Forms of Discrimination Against Women, the Beijing Platform for Action, the Millennium development Goals (2000-2015), the Philippine Plan for Gender-Responsive Development (1995-2025), and the Philippine Development Plan (2011-2013)."

7.3 The GAD Plan shall be integrated in the regular activities of the agencies, which shall be at least five percent (5%) of their budgets. For this purpose, activities currently being undertaken, by agencies which relate to GAD or those that contribute to poverty alleviation, economic empowerment especially of marginalized women, protection, promotion, and fulfillment of women's human rights, and practice of gender responsive governance are consider sufficient compliance with said requirement. Utilization of GAD shall be evaluated based on the GAD budget and GAD performance indicators.

7.4 Compliance of the Academy with the aforementioned provisions of the Joint Circular and GAA were evaluated and the Breakdown of Activities and Cost of GAD 2013 under staff Development is shown in the following page:

Activity	Particulars	Dates	Amount
Skin Care Services	Free Facial/Hand Spa	July 26, 2013	₱ - 0 -
Training	Seminar/Workshop on Protocol	August 13-15, 2013	100,460
	Round Table Discussion on Gender and Politics	September 3, 2013	
Wellness	Philhealth Fun Run 2013	February 7, 2013	22,270
	CSC Fun Run	September 7, 2013	8,400
	Aerobic/Zumba Activity	March 2013	22,250
	Women's Volleyball tournament relative with the One-DAP 40 th Anniversary Celebration		25,000
Advocacy	Tarpaulin in support for Women's Month and International Women's Day	March 8, 2013	3,000
Others	One-DAP 40 th Anniversary Socio-Cultural/Recreation Events (Court of New Faces and 40 th Anniversary Socials)	June 2013	133,620
	Total		₱ 315,000*

*5% of staff Development Budget

- 7.5 The Corporate Operating Budget of DAP for CY 2013 approved by the DBM amounted to ₱556.924 million. Following the GAA provisions, five per cent thereof should amount to ₱27.846 million. However, the actual expenses allotted by the Academy to GAD related activities amounted to ₱315,000. This amount was considered an insignificant portion of ₱27.850 million, an indication that the Academy had been giving less priority to support the commitment of the National Government to the Gender-Responsiveness Development envisioned by DBM, NEDA and PCW.
- 7.6 It was recommended that Management appropriate five per cent of its operating budget to Gender and Development activities that would support the commitment of the Philippines on the International Convention on Gender and Development and other related issuances.
- 7.7 Management reply to the observation is quoted hereunder:
- "In order to increase expenses of DAP to more acceptable levels, GAD projects have been incorporated in various units of the DAP, using a GAD Focal Point System (GFPS) created for the purpose. Moreover, in accordance with #36 of JMC 2012-01, the Academy's regular programs, whether as part of revenue-

generating activities or/and internal administration, shall be assessed the "Harmonized GAD Guidelines for Attribution to the GAD-related Concerns."

A.2 Status of Unsettled Audit Disallowances, Charges and Suspensions

Below is the summary of the unsettled audit disallowances, charges and suspensions as of December 31, 2013. The details are presented in Annex A.

Action taken	Beginning Balance January 1, 2013	Issued	Settled	Ending Balance December 31, 2013
Suspensions	₱ 38,000.00*	₱ 147,933.54	₱ 74,381.02	₱ 111,552.52
Disallowances	2,930,115.98*		-	2,930,115.98
Charges	-	-	-	
Total	₱ 3,044,049.98	₱ 147,933.54	₱ 74,381.02	₱ 3,041,668.50

*Amounts adjusted in the in the 3rd quarter of CY 2013

Part III

**STATUS OF IMPLEMENTATION OF PRIOR YEAR'S
AUDIT RECOMMENDATION**

B. STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

Of the 24 audit recommendations in last year's annual audit report, 13 were implemented, four were partially implemented and seven were not implemented as indicated below:

Comments and Observations	Recommendations	Actions Taken/ Comments
<p>1. The grant of Representation and Transportation Allowance (RATA) to some of the officers of the Development Academy of the Philippines (DAP) was not in accordance with the Department Budget and Management's (DBM) identified positions authorized to receive the allowance.</p>	a. Discontinue the granting of RATA to officials not entitled to receive the allowances;	Not implemented. Now being addressed since the Board instructed DAP Management to retrofit its current structure.
	b. Adopt the RATA provided by the DBM in harmony with the rates prescribed in the 2012 GAA;	
	c. Obtain DBM approval on the current DAP organizational structure, align qualified personnel positions thereafter;	Awating DBM's action on the presentation for the recognition/legitimization of the Academy's 2002 structure.
	d. Require the refund of P2,405,723.22	
	e. Submit the basis of deduction made from the TA of the concerned officers/employees for the determination of the appropriate refund of the TA they received; and	Deductions made for CY 2012 and 2013.
	f. Compute all the incidental cost incurred in the use of agency vehicles by the two officers concerned, bill them separately and require immediate payment.	

Comments and Observations	Recommendations	Actions Taken/ Comments
<p>✓ 2. The Academy incurred consultancy services amounting to ₱33.246 million consisting of Consultancy Services, GM ₱5.494 million and Consultancy Services, OPC ₱27.752 million without sufficient documentation and contrary to RA 9184</p>	<p>a. Comply with the provision of RA 9184 in hiring consultants for transparency purposes and provide the Academy opportunity to choose the best professionals for the consultancy services in requires. Likewise, implement the sanctions expressly provided for non compliance of the law;</p>	Partially implemented.
	<p>b. Adopt written policy/guidelines (PPG) in hiring consultants. The written PPG will address the deficiencies noted in the necessity, vagueness and overlapping responsibilities as discussed in the observation;</p>	<p>Implemented. On 17 February 2014, HRMDO presented highlights of the proposed Memorandum Circular on the hiring of consultants and the accreditation system to the DAO Mancom for deliberation.</p>
	<p>c. Evaluate and streamline the current roster of consultants. Discontinue renewing consultants with redundant responsibilities;</p>	
	<p>d. Establish the extent of the legal services needed and determine whether to retain the services of the OGCC or a legal consultant.</p>	<p>Implemented. DAP maintained the need for a separate internal legal unit due to the volume of business.</p>
<p>3. Toll fees at least ₱238,350 incurred by some of the officials of the Academy en route from DAP to their residences and back to DAP Offices which were personal in nature were paid out of Academy's fund.</p>	<p>a. Immediately stop paying the toll fees relative to the travel of the Academy's officials en route from DAP to their residences and back to their respective work stations;</p>	<p>Implemented. The excess toll fees were deducted from the salaries of the respective personnel and the toll fees are now being shouldered by the concerned DAP officials and employees.</p>
	<p>b. Cause the full and immediate refund of the</p>	

Comments and Observations**Recommendations****Actions Taken/
Comments**

toll fees which were deemed to be personal expense

4. In CY 2012, the Academy advanced the insurance premiums of its official and employees amounting to ₱1.790 million to a health maintenance organization (HMO) through DAP Pasig Multi-purpose Cooperative contrary to Section 4(2) of PD 1445

a. Discontinue the practice of advancing the payment of quarterly health insurance premiums to Medocare thru the Cooperative in compliance with the provision of Section 4(2) of PD 1445;

Implemented

b. Deduct immediately from the salary or any other benefits due to the employees, the full amount of advances made by the Academy in relation to the payments made to Medocare; and

Implemented.

c. Henceforth, require the DAP Pasig Multi-purpose Cooperative to shoulder the advance premium payments to Medocare.

Implemented.

5. The conferences and seminars relative to the Executive Development Program for State Universities and Collages (EDPSSUCs) were held in luxury establishments, with the DAP spending at least ₱23.60 million for the purpose. This contrary to austerity measures embodied in AO 103, DBM Circular 486 and COA Circular 2013-003 dated August 31, 2004, March 26, 2003 and October 29, 2012, respectively.

a. Discontinue the conduct of seminars and conferences in luxury hotels and restaurants;

Implemented.

b. For seminars, conferences and trainings within Metro Manila, consider conducting them in-house as the Academy has facilities in Pasig and Tagaytay; and

The use of the facilities in DAPCC, Tagaytay could not be totally implemented for project-based activities because there were activities that involved a large number of participants and could not be accommodated by the facilities. In addition, DAPCC is almost fully booked for the Public Management Development Program (PMDP) which is fully funded by the

c. Exercise in the disbursement of government funds.

Comments and Observations**Recommendations****Actions Taken/
Comments**

Government.

- ✓ 6. The Academy had not been remitting in full the cost of the audit services since 1990 contrary to the provisions of the Commission on Audit (COA) and Department of Budget and Management (DBM) Joint Circular No. 88-1 dated July 29, 1988. The outstanding balance due to the Commission amounted to ₱34.85 million as of CY 2012.
- a. Settle the latest assessment received; Partially implemented. DAP paid the amount of over ₱2 million to partially cover the cost of audit services due the Academy.
- b. Reconcile the Summary of Assessments, Remittances and Balances transmitted by the Commission with the Academy's records. It was possible that there were payments not considered in the records of the Commission; communicate to the latter any discrepancy noted;
- c. Develop a payment scheme to settle the unpaid balance. Inform the Commission of the planned settlement scheme and strictly abide by it. DAP will include settlement of unpaid balance in the Fund Monitoring System that will be implemented sometime in April 2014.
7. The Academy was unable to formulate a Gender and Development (GAD) Plan, contrary to the provisions of DBM-NEDA-NCRFW JC No. 2004-1
- a. Formulate a GAD Plan that will address the gender issue of its female employees; Not implemented. For CY 2013 DAP reported the amount of ₱315,000 spent for GAD related activities, very insignificant compared to the ₱27.850 million required by the GAA.
- b. Set aside at least five percent of the COB to implement the GAD Plan;
- c. Appoint a GAD Focal Point who will coordinate, guide and monitor the development and implementation of the agency's GAD Plan. Mr. Eric Abogado of HRMDO is the GAD Focal Point of person of DAP.

Part IV

ANNEX

Annex A

NS/ND/NC/NSSDC		PAYEE/PAYOR	A M O U N T			
Date	No.		Disallowed	Charged	Suspended	Settled
10/25/2011	ND 11-003-400-11	Alan S. Cajés	18,481.50			
10/25/2011	ND 11-004-400-11	Gloria J. Mercado	24,842.00			
12/7/2011	ND 11-001-100-10	Various officials	227,019.10			
12/8/2011	ND 11-010-400-11	Roberto C. Julian	64,685.25			
12/8/2011	ND 11-009-400-11	Guia Tan	92,407.50			
12/8/2011	ND 11-008-400-11	Eufemia C. Yap	46,203.75			
12/8/2011	ND 11-007-400-11	Kenneth Hatigan-Go	83,166.75			
12/8/2011	ND 11-006-400-11	Elena Herrera	258,741.00			
12/8/2011	ND 11006-400-11	Various employees	150,741.00			
2/29/2012	ND 12-002-837-11	Magdalena L. Mendoza	15,440.95			
6/11/2012	ND 12-014-100-11	42 various payees	90,081.69			
6/11/2012	ND 12-015-816-11	Monica D. Sallendres	2,212.00			
6/11/2012	ND 11-020-751-11	Bonnie Andrew Mendoza	188.00			
6/11/2012	ND 12-021-771-11	Rosandro G. Bertis	912.27			
6/11/2012	ND 12-022-771-11	Ergels del Rosario	960.00			
8/31/2012	ND 12-024-837-11	Magdalena L. Mendoza	34,181.49			
8/21/2012	ND 12-023-837-11	Bernardo Dizon	38,000.00			
10/10/2012	ND 12-026-400-11	Criselda Abesamis	23,625.00			
10/10/2012	ND 12-027-400-11	Kenneth G. Ronquillo	172,125.00			
10/10/2012	ND 12-028-400-11	Lilibeth C. David	263,250.00			
10/10/2010	ND 12-028A-400-11	Mario Villaverde	50,625.00			
10/10/2012	ND 12-030-400-11	Liezel P. Lagrada	64,125.00			
10/10/2012	ND 12-031-400-11	Ruben John A. Basa	70,875.00			
10/10/2012	ND 12-032-400-11	Benjamin E. Diokno	54,000.00			

Annex A

NS/ND/NC/NSSDC		PAYEE/PAYOR	A M O U N T			
Date	No.		Disallowed	Charged	Suspended	Settled
10/10/2012	ND 12-033-400-11	Eduardo P. Banzon	533,250.00			
10/17/2012	ND 12-034-400-11	Olga Virtusio	40,500.00			
10/17/2012	ND 12-035-400-11	Tomas B. Lopez	54,000.00			
10/17/2012	ND 12-036-400-11	Alberto Romuladez, Jr.	67,500.00			
10/17/2012	ND 12-037-400-11	Carlo Irwin A. Pabelo	70,875.00			
10/17/2012	ND 12-038-400-11	Alberto G. Herrera	36,963.00			
10/17/2012	ND 12-039-400-11	Grace Gorospe-Jamon	47,250.00			
10/17/2012	ND 12-040-400-11	Jocelyn E. Gomez	30,750.00			
11/9/2012	ND 12-041-400-11	Jesus C. Anunciacion	12,934.25			
11/9/2012	ND 12-042-400-11	Marlon Romulo U. Domingo	4,052.50			
11/9/2012	ND 12-043-400-11	Rosalie Joan Sotelo	3,388.40			
11/9/2011	ND 12-044-400-11	Genevive Almonares	7,043.53			
11/9/2012	ND 12-045-400-11	Allan G. Bacudo	3,094.56			
11/9/2012	ND 12-046-400-11	Artemio P. Habitan	4,373.10			
11/9/2012	ND 12-047-400-11	Maximo G. Marques	6,854.64			
11/9/2012	ND 12-048-400-11	Crizaldo G. Santos	869.76			
10/29/2012	NS 12-007-837-11	Gloria J. Mercado			38,000.00	
10/4/2012	ND 12-025-100-11	47 various payees	159,717.99			
6/6/2013	NS 12-002-12	Pillipinas Shell Corp			1,552.52	
10/1/2013	ND 2013-003(12)	B. Nito			72,000.00	
			2,930,115.98		111,552.52	