



Republic of the Philippines
COMMISSION ON AUDIT
NATIONAL GOVERNMENT SECTOR
Cluster 1 – Executive Offices
Quezon City

September 28, 2020

Secretary CARLITO G. GALVEZ, JR.

Office of the Presidential Adviser on the Peace Process
7th Floor, Agustin I Building, F. Ortigas Jr. Street
Ortigas Center, Pasig City

Dear Secretary Galvez:

We are pleased to transmit the Annual Audit Report (AAR) on the audit Office of the Presidential Adviser on the Peace Process (OPAPP) for the year ended December 31, 2019 in compliance with Section 2, Article IX-D of the Philippine Constitution and Section 43 of the Government Auditing Code of the Philippines (PD No. 1445)

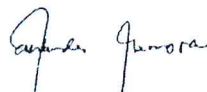
The attached report consists of the Independent Auditor's Report, the Audited Financial Statements, the Observations and the corresponding Recommendations, which were discussed with the concerned Management Officials and Staff, and the Status of Implementation of Prior Year's Audit Recommendations.

The audit was conducted to (a) ascertain the level of assurance that may be placed on management's assertions on the financial statements; (b) determine the propriety of transactions as well as the extent of compliance with applicable laws, rules and regulations; and (c) determine the extent of implementation of prior year's audit recommendations. Moreover, the audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). We believe that our audit provides reasonable basis for our qualified audit opinion.

Pursuant to Section 99 of the General Provision of the General Appropriations Act for FY 2019 (Republic Act No. 11260), we request that a status report on the actions taken on the recommendations be submitted within sixty (60) days from receipt of the report, either in printed form or by way of electronic documents, using the attached Agency Action Plan and Status of Implementation (AAPSI) form as required under COA Memorandum No. 2014-002 dated March 18, 2014.

We express our appreciation for the valuable support and cooperation extended to the Audit Team by the officials and staff of the Agency.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Sofia C. Gemora', written in a cursive style.

SOFIA C. GEMORA
Director IV



**Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Ave., Quezon City**

ANNUAL AUDIT REPORT

on the

OFFICE OF THE PRESIDENTIAL ADVISER ON THE PEACE PROCESS

For the Year Ended December 31, 2019

EXECUTIVE SUMMARY

A. Introduction

The Office of the Presidential Adviser on the Peace Process (OPAPP) was created by virtue of Executive Order (EO) No. 125 dated September 15, 1993 under the immediate control and supervision of the President of the Philippines. It is charged with the task of managing, implementing and supervising all the components of the comprehensive peace process in continuance of the work initiated by the National Unification Commission (NUC).

EO No. 3 dated February 28, 2001 was issued defining the government's policy framework for peace, including the systematic approach and the administrative structure for carrying out the comprehensive peace process.

Administrative Order No. 172 was issued on March 23, 2007, creating the National Committee on Social Integration (NCSI) under the OPAPP to implement the Social Integration Program (SIP) for rebel groups and pursue the government agenda that calls for principled negotiated settlement with all armed rebel groups under the rule of law and in accordance with the constitutional process.

The OPAPP is presently headed by Secretary Carlito G. Galvez, Jr., Presidential Adviser on the Peace Process, assisted by three Undersecretaries and three Assistant Secretaries.

As of December 31, 2019, OPAPP has a total workforce of 588, details as shown below:

Position	No. of Personnel
Co-Terminus (Presidential Appointees)	7
Government Peace Negotiating Panels	-
Contractual (Plantilla)	169
Contract of Service	380
Consultants	32
Total	588

B. Operational Highlights

The reported accomplishments of OPAPP for the Calendar Year (CY) 2019 are shown below:

Organizational Outcomes and Performance Indicators	Physical Targets	Accomplishments	
		Actual	Percentage
PREXC 1: Negotiated political settlement of all internal armed conflicts achieved - Technical Advisory and Support Services on the Comprehensive Peace Process Program			
Output Indicators:			
1. Number of mechanisms reconstituted and operationalized for the implementation of the Comprehensive Agreement on the Bangsamoro	13	17	131
2. Number of mechanisms for the implementation of GPH-MNLF peace agreement established and operationalized	2	2	100
3. Number of policies issued and adopted	2	0	0
4. Number of mechanisms supporting the transition of non-state armed groups (NSAGs) into legitimate political or socio-economic organizations established and/or operational	8	11	138
PREXC 2: Convergent, conflict sensitive and peace promoting (CSPP) delivery of government services in conflict-affected areas improved – PAMANA PROGRAM			
Output Indicators:			
No targets reflected in the FY 2019 GAA	-	-	-

C. Financial Highlights

The financial position, financial performance and sources and utilization of funds of OPAPP for CY 2019, with corresponding figures for CY 2018, are shown below:

Particulars	Amount (₱)	
	2019	2018 As Restated
Financial Position		
Assets	5,595,648,951.57	4,135,823,323.49
Liabilities	407,620,673.43	168,672,576.45
Net Assets/Equity	5,188,028,278.14	3,967,150,747.04
Financial Performance		
Revenue	32,918.53	100,729.00
Current Operating Expenses	583,402,546.36	630,773,010.87
Net Financial Assistance / Subsidy	2,047,973,503.27	155,407,539.04

Particulars	Amount (₱)	
	2019	2018 As Restated
Other Non-Operating Income	32,938.83	349,113.39
Surplus/(Deficit)	1,464,636,814.27	(474,915,629.44)
Sources and Utilization of Funds		
Appropriations	3,120,685,180.37	808,201,497.00
Allotments	3,120,685,180.37	808,201,497.00
Obligations Incurred	2,131,287,065.49	618,339,423.75
Disbursements	2,045,710,451.82	585,860,535.09
Unobligated Allotments	989,398,114.88	189,862,073.25

The Statement of Appropriations, Allotments, Obligations, Disbursements and Balances for CY 2019 is shown in *Annex A*.

D. Scope of Audit

The audit covered the accounts and operations of the OPAPP for CY 2019. It was conducted to (a) ascertain the level of assurance that may be placed on the Management's assertion on the financial statements; (b) determine the propriety of transactions as well as extent of compliance on the applicable laws, rules and regulations; and (c) determine the extent of implementation of prior year's audit recommendations. Moreover, the audit was conducted in accordance International Sector Standards on Auditing (ISSAIs).

E. Auditor's Report on the Financial Statements

The Auditor rendered a qualified opinion on the fairness of presentation of the financial statements of OPAPP as at December 31, 2019 due to the understatement (net) of accounts Financial Assistance to NGAs/LGUs/NGOs/POs, Due to NGAs, and Accumulated Surplus (Deficit) by P990,961,267.05, P116,633,250.00, and P874,688,789.75, respectively; and net overstatement of Accounts Payable by P360,772.70 as a result of various accounting errors/omissions in the recording of liquidations of transferred funds.

F. Summary of Other Significant Observations and Recommendations

The following are the other significant audit observations and corresponding recommendations, which were discussed with Management officials concerned, details of which are contained in the Part II of this report. Management views and comments were incorporated in the report, where appropriate:

1. Of the ₱180,601,622.67 balance of the Cash in Bank-LCCA account as of December 31, 2019, two bank accounts containing ₱118,901,277.36 are being maintained without proper authority, in violation of Executive Order (EO) No. 338 dated May 17, 1996, as implemented under COA-DBM-DOF Joint Circular (JC) No. 1-97 dated January 2, 1997. (Paragraph no. 2)

We reiterated our recommendation and Management agreed to require the Chief of the Finance and Administrative Services (FAS) to make representation with the Permanent Committee for the authority to maintain special accounts, otherwise, their balances should be remitted to the National Treasury for lack of explicit authority to maintain such special accounts.

2. The Advances to Special Disbursing Officer (SDO) account accumulated to an outstanding year-end balance of ₱53,788,969.05 due to non-compliance with the various rules and regulations on the granting, utilization and liquidation of cash advances. Of the year-end balance, ₱44,782,290.40 or 83 percent remained unliquidated for 61 days to over one year. (Paragraph no. 3)

We recommended and Management agreed to:

- a. Send demand letters to all Accountable Officers (AOs) to liquidate/settle their cash advances which had exceeded the allowable period of retaining their accountabilities;
 - b. Require the AOs to refund the excess balance of cash advances immediately or within the prescribed periods after completion/termination of the purpose thereof;
 - c. Ensure that all documentary/procedural requirements are complied with prior to the processing of the cash advance and that no cash advance shall be drawn unless the previous cash advance had been properly liquidated or taken up in the books; and
 - d. Submit to the Audit Team proof of exhaustion of all administrative remedies taken by the Accountant in requiring the liquidation/settlement of cash advances in preparation for the filing of appropriate charges in case the accountable officers failed to comply.
3. Sixty-four percent or ₱3,368,887,041.49 of ₱5,259,762,628.28 fund transfers to implementing agencies (IAs) and non-governmental organizations/people's organizations (NGOs/POs) are aged more than two years to over ten years, which is not in accordance with rules and regulations. On the other hand, unimplemented project for more than two years with a budget of ₱115,109,250.00 is still unreverted/unrefunded to the source agency (SA) and remained recorded under the Due to Other NGAs account. (Paragraph no. 4)

We recommended that Management:

- a. Coordinate with the IAs to ensure the timely submission of reports so that their liquidation of expenses incurred by the IAs are promptly recorded in the books;
 - b. Require the Chief Accountant to institute mechanisms in monitoring the status of the fund transfers to ensure that previous fund transfers are liquidated and recorded in the books prior to the release of subsequent tranches;
 - c. Send demand letters reminding the IAs to promptly submit their liquidation reports with complete supporting documents; and
 - d. Make representation with the source agency whether or not to continue with the project. If to be continued, the Head of the National Program Management Department (NPMD) prepare a plan or program that will facilitate the implementation of the projects under the FY 2016 PAMANA-Department of Agriculture (DA) in conflict-affected areas in the ARMM as programmed in the Memorandum of Agreement (MOA). If not, refund the unutilized balance to the source agency.
4. Transactions pertaining to the disbursement of Petty Cash Fund (PCF) and fund transfers to IAs amounting to ₱125,199.35 and ₱429,564,319.80, respectively, were processed/recorded in the book/released to IAs despite the insufficiency of supporting documents which is not in accordance with Sections 2 and 4 of Presidential Decree (PD) No. 1445 and other pertinent rules and regulations. (Paragraph no. 5)

We recommended and Management agreed to:

- a. Stop the practice of issuing written justifications, and instead properly support/substantiate disbursements with sufficient and relevant documents to promote transparency in the utilization of public funds;
- b. Reduce the amount of PCF to a sufficient amount that would meet the one-month requirement, and instruct the AO to request for replenishment when the disbursements reach at least 75 percent of the PCF to ensure availability of funds when needed;
- c. Refrain from providing meals and snacks during meetings when the attendees are purely OPAPP officials/employees unless are charge to the RA or EME of the concerned OPAPP officials or borne personally by the attendees; and

- d. Strictly conform with the stipulations agreed upon in the MOA by demanding from the IAs all the required documentary requirements prior to the processing of the payment.
5. The validity, accuracy and existence of the Property, Plant and Equipment (PPE) account balance of ₱125,676,197.29 as of December 31, 2019 was doubtful because of the: (a) failure to complete the conduct of the annual physical count, contrary to Section 38, Chapter 10, Volume I of the Government Accounting Manual (GAM) and (b) non-submission for audit of several JEVs, including their supporting documents, related to PPE accounts. (Paragraph no. 6)

We recommended that Management require the:

- a. Head of the Property and Supply Section (PSS) to submit the required annual Report on the Physical Count of PPE (RPCPPE) to the Audit Team not later than January 31 of each year in accordance with Section 38, Chapter 10, Volume I of the GAM; and
 - b. Chief Accountant to submit the Journal Entry Vouchers (JEVs) including all supporting documents, taking up accounts payable for the acquisition of PPE totaling ₱3,112,000.68, in accordance with Paragraph 6.05 of COA Circular No. 95-006.
6. The presence of various accounts and funds which balances remained dormant or non-moving for more than five years as of December 31, 2019, is contrary to COA Circular Nos. 97-001 and 2015-001 dated February 5, 1997 and January 29, 2015, respectively. (Paragraph no. 7)

We recommended that Management require the:

- a. Chief Accountant to conduct thorough analysis of the cash accounts, particularly pertaining to those accounts and funds which are non-moving for more than five years; funds which are dormant and are no longer necessary for the attainment of the purposes for which the funds were established/received and/or the project implementation has been completed, terminated, cancelled or abandoned.
- b. Chief Accountant, upon completion of the analysis and other procedures as stated in the prescribed guidelines of the COA Circular No. 2015-001, to return the unutilized balances to the Source Agency/donors/financing entities in the case of grants or foreign-funded programs/projects wherein the attendant agreements require the return of unused balances or remit the same to the National Treasury; and
- c. Head of the FAS to request an authority from the COA to write-off the receivables, which are dormant or remained outstanding for 10 years or more

following the requirements stated under COA Circular No. 2016-005 dated December 19, 2016.

7. Claims of overtime services rendered amounting to ₱467,119.63 were paid despite the employees' incurrence of tardiness contrary to Civil Service Commission-Department of Budget and Management Joint Circular (CSC-DBM JC) No. 2. Likewise, overtime service costing ₱485,972.44 was not duly supported with the required documents. (Paragraph no. 8)

We recommended that Management:

- a. Require the Head of the FAS to-
 - i. justify the cash payment for overtime services in lieu of the implementation of the CTO; and
 - ii. charge the undertime/tardiness to the concerned employees' vacation leave credits, and require the refund of the overtime pay they received while tardy.
- b. Require the Head of the HRM to-
 - i. develop an internal policy on the rendition of overtime services in conformity with DBM-CSC JC No. 2 dated November 25, 2015; and
 - ii. Stop the grant of grace period, and review the legality/regularity of the agency's policy on Flexible Time Arrangement/Schedule.
- c. Henceforth, institute sound internal control in adherence to the policies and guidelines of the DBM-CSC JC No. 2 and COA Circular 2012-001 to ensure that the render and payment of overtime services are proper and valid.

The above findings and recommendations were communicated with Management officials concerned through the issuance of Audit Observations Memoranda (AOMs). Management views and reactions were considered in the report, where appropriate. The details of the above observations were discussed in Part II of this report.

G. Implementation of Prior Year's Recommendations

Of the 11 audit recommendations contained in CY 2018 Annual Audit Report (AAR), 9 were implemented and 2 were not implemented. The details are presented in Part III of this report.

TABLE OF CONTENTS

PART	PARTICULARS	PAGE
I	Audited Financial Statements	
	Independent Auditor's Report	1
	Statement of Management's Responsibility for Financial Statements	4
	Statement of Financial Position	5
	Statement of Financial Performance	6
	Statement of Changes in Net Assets/Equity	7
	Statement of Cash Flows	8
	Statement of Comparison of Budget and Actual Amounts	9
	Notes to Financial Statements	10
II	Observations and Recommendations	42
III	Status of Implementation of Prior Year's Audit Recommendations	75
IV	Annexes	82

PART I

AUDITED

FINANCIAL STATEMENTS

PART II

OBSERVATIONS AND RECOMMENDATIONS

PART III

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

PART IV

ANNEXES

Annex	Particulars	Page
A	Statement of Appropriations, Allotments, Obligations, Disbursements and Balances	82
B	Report of Revenue and Other Receipts (FAR No. 5)	87



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City
NATIONAL GOVERNMENT SECTOR
Cluster 1 –Executive Offices

INDEPENDENT AUDITOR'S REPORT

The Secretary

Office of the Presidential Adviser on the Peace Process
7th Floor, Agustin I Building, F. Ortigas Jr. Street
Ortigas Center, Pasig City

Opinion

We have audited the accompanying financial statements of the Office of the Presidential Adviser on the Peace Process (OPAPP) which comprise the statement of financial position as at December 31, 2019, the statement of financial performance, statement of cash flows, statement of changes in net assets/equity, statement of comparison of budget and actual amounts for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the OPAPP as at December 31, 2019, and its financial performance, statement of cash flows, statement of changes in net assets/equity, statement of comparison of budget and actual amounts for the year then ended, and notes to the financial statements, including a summary of significant accounting policies in accordance with Philippine Public Sector Accounting Standards (PPSAS).

Basis for Qualified Opinion

Understatement (net) of accounts Financial Assistance to NGAs/LGUs/NGOs/POs, Due to NGAs, and Accumulated Surplus (Deficit) by P990,961,267.05, P116,633,250.00, and P874,688,789.75, respectively; and net overstatement of Accounts Payable by P360,772.70 due to various accounting errors/omissions in the recording of liquidations of transferred funds.

We conducted our audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the agency in accordance with the Revised Code of Conduct and Ethical Standards for Commission on Audit Officials and Employees (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements, and we have

fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is included in the Annual Report of OPAPP but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with PPSASs 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or by error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit observations, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

COMMISSION ON AUDIT

By:



NENITA C. RENDON
Supervising Auditor
July 30, 2020



Office of the President of the Philippines
OFFICE OF THE PRESIDENTIAL ADVISER ON THE PEACE PROCESS

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

The Management of the OFFICE OF THE PRESIDENTIAL ADVISER ON THE PEACE PROCESS is responsible for all information and representations contained in the accompanying Statement of Financial Position as at December 31, 2019 and the related Statement of Financial Performance, Statement of Cash Flows, Statement of Comparison of Budget and Actual Amounts, Statement of Changes in Net Assets/Equity and the Notes to Financial Statements for the year then ended.. The financial statements have been prepared in conformity with the Philippine Public Sector Accounting Standards and generally accepted state accounting principles and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

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


LEILANNIE T. DISOMANGCOP, CPA
PPO - IV/Head, Accounting Division

March 04, 2020
Date Signed


USEC. ARNULFO R. PAJARILLO
Deputy PA/PRU for Finance and Administrative Services

March 04, 2020
Date Signed

OFFICE OF THE PRESIDENTIAL ADVISER ON THE PEACE PROCESS
STATEMENT OF FINANCIAL POSITION
ALL FUNDS
AS AT DECEMBER 31, 2019
(In Philippine Peso)

	<u>Note</u>	<u>2019</u>	<u>2018 As Restated</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	183,350,307.79	225,326,317.48
Receivables	6	5,294,153,833.13	3,813,503,727.84
Inventories	7	3,408,708.44	598,735.55
Other Current Assets	8	72,576,722.61	45,611,876.71
Total Current Assets		5,553,489,571.97	4,085,040,657.58
Non-Current Assets			
Property, Plant and Equipment	9	40,787,665.21	50,149,079.44
Intangible Assets	10	1,371,714.39	633,586.47
Total Non-Current Assets		42,159,379.60	50,782,665.91
Total Assets		5,595,648,951.57	4,135,823,323.49
LIABILITIES			
Current Liabilities			
Financial Liabilities	11	286,929,349.85	48,657,784.23
Inter-Agency Payables	12	120,672,323.58	120,005,792.22
Trust Liabilities	13	19,000.00	9,000.00
Total Current Liabilities		407,620,673.43	168,672,576.45
Total Liabilities		407,620,673.43	168,672,576.45
Total Assets less Total Liabilities		5,188,028,278.14	3,967,150,747.04
NET ASSETS / EQUITY			
Accumulated Surplus/(Deficit)		5,188,028,278.14	3,967,150,747.04
Total Net Assets/Equity		5,188,028,278.14	3,967,150,747.04

**OFFICE OF THE PRESIDENTIAL ADVISER
ON THE PEACE PROCESS
STATEMENT OF FINANCIAL PERFORMANCE
ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**
(In Philippine Peso)

			2018
	Note	2019	(As Restated)
Revenue			
Service and Business Income	14	32,918.53	100,729.00
Total Revenue		32,918.53	100,729.00
Less: Current Operating Expenses			
Personnel Services	15	149,623,613.24	126,315,165.16
Maintenance and Other Operating Expenses	16	420,707,658.30	496,041,257.46
Financial Expenses	17	10,134.71	10,864.11
Non-Cash Expenses	18	13,061,140.11	8,405,724.14
Total Current Operating Expenses		583,402,546.36	630,773,010.87
Surplus/(Deficit) from Current Operations		(583,369,627.83)	(630,672,281.87)
Net Financial Assistance/Subsidy	19	2,047,973,503.27	155,407,539.04
Other Non-Operating Income	20	32,938.83	349,113.39
Surplus/(Deficit) for the Period		1,464,636,814.27	(474,915,629.44)

**OFFICE OF THE PRESIDENTIAL ADVISER
ON THE PEACE PROCESS
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**
(In Philippine Peso)

	Note	<u>2019</u>	2018 <u>(As Restated)</u>
Balance at January 1		4,655,540,262.71	7,632,769,991.18
Prior Year Errors/Adjustments	4	(688,389,515.67)	(3,177,437,073.35)
Restated balance		<u>3,967,150,747.04</u>	<u>4,455,332,917.83</u>
Add/(Deduct):			
Changes in Net Assets/Equity for the Calendar Year			
Surplus/(Deficit) for the period		1,464,636,814.27	(474,915,629.44)
Adjustment of net revenue recognized directly in net assets/equity	21	(243,759,283.17)	(13,266,541.35)
Balance at December 31		<u><u>5,188,028,278.14</u></u>	<u><u>3,967,150,747.04</u></u>

**OFFICE OF THE PRESIDENTIAL ADVISER
ON THE PEACE PROCESS
STATEMENT OF CASH FLOWS
(ALL FUNDS)
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Philippine Peso)**

	<u>Note</u>	<u>2019</u>	<u>2018 As Restated</u>
Cash Flows From Operating Activities			
Cash Inflows			
Receipt of Notice of Cash Allocation	22	2,980,018,760.00	1,662,048,395.00
Collection of Income/Revenues	23	32,918.53	290,269.00
Collection of Receivables	24	2,320,275.14	625,332.03
Receipt of Inter-Agency Fund Transfers	25	-	232,242,500.00
Other Receipts	26	242,915,767.25	14,739,731.86
Adjustments	27	4,933,431.70	190,915,989.12
Total Cash Inflows		3,230,221,152.62	2,100,862,217.01
Cash Outflows			
Remittance to National Treasury	28	243,759,283.17	13,266,541.35
Payment of Expenses	29	376,842,246.28	484,237,660.30
Purchase of Inventories	30	22,428,523.27	18,302,806.20
Grant of Cash Advances	31	131,696,766.65	103,149,522.74
Prepayments	32	718,815.46	1,859,210.37
Payment of Accounts Payable	33	26,397,278.25	37,215,005.91
Remittance of Personnel Benefit			
Contributions and Mandatory Deductions	34	21,337,072.65	18,944,586.28
Grant of Financial Assistance/Subsidy	35	-	21,173,860.00
Release of Inter-Agency Fund Transfers	36	1,507,952,538.55	371,608,823.00
Reversal of Unutilized NCA	19	937,679,066.53	847,058,964.49
Adjustments	37	359,110.37	284,950.63
Total Cash Outflows		3,269,170,701.18	1,917,101,931.27
Net Cash Provided by (Used in)			
Operating Activities		(38,949,548.56)	183,760,285.74
Cash Flows from Investing Activities			
Cash Outflows			
Purchase/Construction of Property, Plant and Equipment and Intangible Assets	38	3,026,461.13	2,198,328.92
Total Cash Outflows		3,026,461.13	2,198,328.92
Net Cash Provided by (Used In)			
Investing Activities		(3,026,461.13)	(2,198,328.92)
Increase (Decrease) in Cash and Cash Equivalents		(41,976,009.69)	181,561,956.82
Cash and Cash Equivalents, January 1		225,326,317.48	43,764,360.66
Cash and Cash Equivalents, December 31		183,350,307.79	225,326,317.48

OFFICE OF THE PRESIDENTIAL ADVISER ON THE PEACE PROCESS
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

ALL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2019

(In Philippine Peso)

Particulars	Note	Budgeted Amount		Actual Amounts on Comparable Basis	Difference Final Budget and Actual
		Original	Final		
RECEIPTS					
Service and Business Income	39	-	32,918.53	32,918.53	-
Other Non-Operating Receipts					
Refund of Petty Cash and Advances	40	-	11,674,596.70	11,674,596.70	-
Other Receipts	41	-	231,241,169.80	231,241,169.80	-
Total Receipts		-	242,948,685.03	242,948,685.03	-
PAYMENTS					
Personnel Services	42	178,192,000.00	180,731,494.00	147,877,087.25	32,854,406.75
Maintenance and Other Operating Expenses	43	631,677,468.68	2,859,350,855.68	1,889,613,695.20	969,737,160.48
Capital Outlay	44	80,602,830.69	80,602,830.69	8,219,669.37	72,383,161.32
Total Payments		890,472,299.37	3,120,685,180.37	2,045,710,451.82	1,074,974,728.55
NET RECEIPTS/ PAYMENTS		(890,472,299.37)	(2,877,736,495.34)	(1,802,761,766.79)	(1,074,974,728.55)

OFFICE OF THE PRESIDENTIAL ADVISER ON THE PEACE PROCESS
Notes to Financial Statements
For the year ended December 31, 2019

1. General Information/Agency Profile

The financial statements of the Office of the Presidential Adviser on the Peace Process (OPAPP) were authorized for issue on February 14, 2020 as shown in the Statement of Management Responsibility for Financial Statements signed by Accountant Leilannie T. Disomangcop and Undersecretary Arnulfo R. Pajarillo.

OPAPP is an office created under EO No. 125, s. 1993, to provide technical and administrative support to the Presidential Adviser on the Peace Process (PAPP) in the discharge of his/her functions for the coordination and implementation of all components of the comprehensive peace process.

Recognizing the growing demand for peace as a vital component in Philippine development and responding to the changing situation of the country, EO No. 3, s. 2001 was signed to amend the previous order which reaffirms the government's commitment in achieving just and lasting peace through a comprehensive peace process spearheaded by OPAPP.

To actualize the guidelines of EO No. 3, s. 2001, and to transform directives on the peace process into actual programs and projects, the National Government dedicated a section for peace on the Philippine Development Plan (PDP) of 2019-2022. Section 1, Chapter 17 of the PDP recognizes the vital role of winning the peace in achieving holistic national development. Specifically, the plan provides concrete directives that the peace process should be geared towards bringing all armed conflict to a permanent and peaceful closure.

The PDP promotes a two-pronged strategy in winning peace, namely:

1. Peace agreements with all internal armed conflict groups successfully negotiated and implemented -

- a. Pursue the meaningful implementation of the agreement with MILF toward healing in the Bangsamoro;
- b. Complete the implementation of the remaining commitments under the GPH-MNLF Peace Agreements;
- c. Accelerate the signing and implementation of the final peace agreement with the CPP-NPANDF; and

- d. Immediately conclude the peace process with the CBA-CPLA and the RPMP-RPA-ABB.
- 2. Communities in conflict-affected and conflict-vulnerable areas protected and developed -**
- a. Implement peace-promoting and catch-up socioeconomic development in conflict areas;
 - b. Empower communities by increasing their capacity to address conflicts and reduce their vulnerabilities; and
 - c. Make government more responsive to peace, conflict, and security issues.

The office of OPAPP is located at 7F Agustin I Bldg., F. Ortigas Jr. Road, Ortigas Center, Pasig City.

2. Statement of Compliance and Basis of Preparation of Financial Statements

The financial statements of OPAPP have been prepared in accordance with and comply with the Philippine Public Sector Accounting Standards (PPSAS) issued by the COA per Resolution No. 2014-003 dated January 24, 2014.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The Statement of Cash Flows is prepared using the direct method.

3. Summary of Significant Accounting Policies and Other information

3.1 Basis of Accounting

The OPAPP uses accrual basis of accounting. All expenses are recognized in the accounting records when incurred and reported in the financial statements in the period to which they relate. Income is on accrual basis except for transactions where accrual basis is impractical or some other methods are required by law.

3.2 Financial Instruments

a. Financial assets

Initial recognition and measurement

Financial assets within the scope of PPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair

value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The OPAPP determines the classification of its financial assets at initial recognition.

The OPAPP's financial assets include: cash on hand and in banks, trade and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

Derecognition

The OPAPP derecognizes a financial asset or, where applicable, a part of a financial asset or part of OPAPP of similar financial assets when:

- The right to receive cash flows from the asset has expired or is waived.
- The OPAPP has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either: a) the OPAPP has transferred substantially all the risks and rewards of the asset; or b) the OPAPP has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The OPAPP assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a group of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization

- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in surplus or deficit. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or transferred to the Agency. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in surplus or deficit.

b. Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of PPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

The OPAPP's financial liabilities include payables to OPAPP employees and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition

of a new liability, and the difference in the respective carrying amounts is recognized in surplus or deficit.

c. Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

3.3 Cash and Cash Equivalents

Cash and Cash Equivalents account comprises cash on hand and cash in bank. This also includes collections remitted to the National Treasury through Authorized Government Depository Banks (AGDBs).

The *Petty Cash* is maintained under the Imprest System and all replenishments are directly charged to the expense account.

3.4 Inventories

Inventories are accounted for under the Perpetual Inventory System. They are initially recognized at cost and subsequently measured using the Weighted Average Method.

Inventories are recorded as current assets. When they are distributed or disposed, their carrying amount is recognized as an expense.

3.5 Property, Plant and Equipment (PPE)

PPE are carried at its cost less any accumulated depreciation and any accumulated impairment losses.

The OPAPP adopts the straight line method of depreciation using the Schedule of Estimated Useful Life of PPE prescribed by COA and applying a residual value equivalent to at least five percent of the cost of the PPE.

Depreciation begins when the PPE is available for use such as when it is in the location and condition necessary for it to be capable of operating as intended. It is computed for one month if the PPE is available for use on or before the 15th of the month. However, if the PPE is available for use after the 15th of the month, depreciation starts in the succeeding month. The depreciation charge for each period is recognized as expense.

The carrying amount of an item of PPE is derecognized on disposal or

when no future economic benefits or service potential is expected from its use or disposal. The gain or loss arising from the derecognition of PPE through disposal by sale is the difference between the net disposal proceeds, if any, and the carrying amount of the item.

3.6 Leases

Operating lease

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Agency.

Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

3.7 Intangible Assets

Intangible assets are measured initially at cost. Where the intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

3.8 Changes in accounting policies and estimates

The OPAPP recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

The OPAPP recognizes the effects of changes in accounting estimates prospectively by including in surplus or deficit.

3.9 Revenue

Revenue/Income is measured at the fair value of the consideration received or receivable.

3.10 Events after the Reporting Date

There are no material non-adjusting events and transactions after the reporting date that would influence the opinion and decision of users taken on the basis of the financial statements.

3.11 Other Information

Notice of Cash Allocation (NCA) is recorded under the Regular Agency Fund.

The Modified Obligation System is used to record allotments received and obligations incurred; separate registries are maintained to control allotments and obligations for each class of allotment.

3.12 Budget Information

The annual budget is prepared on a cash basis and is published in the website of DBM.

A separate Statement of Comparison of Budget and Actual Amounts (SCBAA) was prepared since the budget and the financial statements were not prepared on a comparable basis. The SCBAA was presented showing the original and final budget and the actual amounts on comparable basis to the budget. Explanatory comments are provided in the notes.

3.13 Related Party Transaction

OPAPP is under the supervision and control of the Office of the President as Other Executive Office.

a. Key Management Personnel

There are seven key management personnel in OPAPP also known as the Executive Committee. These are the Secretary, three Undersecretaries and three Assistant Secretaries who are all appointed by the President.

b. Key Management Personnel Remuneration

The aggregate remunerations of the key management personnel determined on a fulltime equivalent basis which also included remunerations of undersecretaries and assistant secretaries during the year but were not in the service anymore as of December 31, 2019, details as follows:

Particulars	Aggregate Remuneration (P)		
	Secretary	Under-Secretaries	Assistant Secretaries
No. of Personnel	1	3	3
Salaries and Wages	3,153,349.00	1,607,598.80	5,033,550.44
Personal Economic Relief Allowance	24,000.00	19,870.97	64,580.65
Representation Allowance	168,000.00	97,000.00	340,000.00
Extraordinary and Miscellaneous Expenses	336,000.00	135,000.00	353,600.00
Clothing Allowance	6,000.00	0.00	18,000.00
Mid-Year End Bonus	257,809.00	0.00	465,090.00

Particulars	Aggregate Remuneration (₱)		
	Secretary	Under-Secretaries	Assistant Secretaries
13 th Month Bonus and Cash Gift	262,809.00	181,184.00	160,030.00
Service Recognition Incentive	10,000.00	14,000.00	30,000.00
Performance Enhancement Incentive	5,000.00	7,000.00	15,000.00
Total	4,222,967.00	2,061,653.77	6,479,851.09

4. Prior Year Errors/Adjustments

The OPAPP has prior year errors/ adjustments that affected the current Accumulated Surplus/(Deficit) account with the following details:

Particulars	Amount (₱)	
	2019	2018
Credits (Additions) to Accumulated Surplus (Deficits)		
Collection/refund and liquidation of fund transfers to NGAs in prior years	1,105,082,478.35	1,430,551,736.44
Collection/refund and liquidation of fund transfers to LGU in prior years	794,048,794.50	330,539,052.42
Refund and liquidation of fund transfers to NGO/POs in prior years	921,656,513.16	875,820,467.17
Collection/refund and liquidation of cash advances in prior years	20,725,659.87	27,010,562.26
Collection/refund and liquidation of petty cash fund in prior years	827,350.02	1,502,540.38
Stale Checks	9,537,160.43	673,771,294.62
Adjustment of Report of Supplies Issued	557,809.65	467,779.24
PPE reclassification	226,807.63	-
Adjustment on disallowance	56,827.00	145,770.31
Adjustment of other payables	-	2,026,304.75
Adjustment of MOOE	-	1,591,729.39
Adjustment of salaries and overtime	-	238,080.29
Collection/overpayment of salaries	-	139,848.43
Adjustment of depreciation on PPE	-	105,312.71
Correcting entries on collection	-	68,148.01
Adjustment of amortization	-	51,735.01
Sub-total	2,852,719,400.61	3,344,030,361.43
Debits (Deductions) to Accumulated Surplus (Deficits)		
Adjustment of liquidations	2,041,747,222.01	494,966.29
Adjustment of MOOE	117,064,200.88	-
Adjustment of accounts payable		166,098,321.79
Adjustment of other payables	5,278,728.03	-
Collection/MOOE	95,669.05	-
Correcting entries on collection	87,271.13	-

Particulars	Amount (P)	
	2019	2018
Adjustment of depreciation on PPE	48,000.00	-
Collection/overpayment of salaries	8,793.84	-
Sub-total	2,164,329,884.94	166,593,288.08
Total	(688,389,515.67)	(3,177,437,073.35)

Supporting Information to the Statement of Financial Position

5. Cash and Cash Equivalents

Particulars	Amount (P)	
	2019	2018 As Restated
Cash on hand	55,311.06	44,149.82
Petty Cash	2,693,374.06	1,800,843.34
Cash in Bank-LCCA	180,601,622.67	223,481,324.32
Total	183,350,307.79	225,326,317.48

Cash on Hand pertains to cash collections for the last working day of the year which were remitted to the National Treasury on the succeeding working day.

Petty Cash represents the amount of cash in the hands of 26 petty cash custodians for the payment of Agency's petty cash expenses consisting of the following:

Particulars	Amount (P)	
	2019	2018 As Restated
MDS Regular	2,693,374.06	1,800,803.79
Community Peace Dividends Fund (OPAPP-CPDF)	-	39.55
Total	2,693,374.06	1,800,843.34

MDS Regular is used to cover the Agency's petty expenses such as office supplies, repairs and maintenance, transportation, fuel, oil and lubricants for day to day transactions.

Cash in Bank-LCCA pertains to the following:

Bank Account Number	Purpose	Amount (P)
0672-1068-85	Implementation of the program projects that will assist alleged political offenders (APO's) who may be release from imprisonment	301,667.99

Bank Account Number	Purpose	Amount (₱)
0672-1088-29	Strengthening the National Peace Infrastructure (SNPI) program	171,257.50
0672-1087-21	MPDLGP	32,494,007.44
0672-1059-94	Peace talks with the MILF to achieve peace in Mindanao and PAMANA-Department of Agriculture (DA)	118,599,609.37
0672-1087-72	Support the Government of the Philippines in its pursuit of security and justice reforms and comprehensive peace as well as addressing the root causes of conflict and impacts in conflict affected and vulnerable areas	3,947,607.56
0672-1097-52	Support the benefits of peace in communities affected by armed conflicts CPDF	25,001,726.58
0672-1077-68	Support the opportunities of the Joint Committee (JIN) and its Joint Secretariat	85,746.23
Total		180,601,622.67

6. Receivables

Account	Amount (₱)	
	2019	2018 As Restated
Due from NGAs	2,809,596,241.39	1,535,290,386.45
Due from LGUs	1,787,835,272.29	1,566,617,421.40
Receivables-Disallowances/Charges	2,924,223.08	3,540,106.03
Due from NGOs/POs	662,331,114.60	702,323,522.25
Other Receivables	31,466,981.77	5,732,291.12
Total	5,294,153,833.13	3,813,503,727.84

Due from NGAs pertains to fund transfers to various NGAs for implementation of projects and advances to DBM-Procurement Services (PS) for purchase of goods/services with an increase of P1,274,305,854.94 due to implementation of new projects for fund transfers to various NGA partners.

Due from LGUs pertains to fund transfers to various LGUs for implementation of projects with an increase of P221,217,850.89 due to implementation of new projects for fund transfers to various LGU partners.

Receivables-Disallowances/Charges pertains to the amount of disallowances in audit due from individuals which have become final and executory.

Due from NGOs/POs pertains to advances granted to various NGOs/POs for implementation of projects with a decrease of P39,992,407.65 due to final completion of projects and refund of funds transferred.

Other Receivables pertains to the unliquidated cash advances of personnel who are no longer connected with the Agency.

The aging of Receivables as of December 31, 2019 is as follows:

Account	Amount (P)					
	Current	Past Due				Total
		1 year	2 years	3 Years	5 Years	
Due from NGAs	1,483,048,988.26	10,996,052.78	1,306,166,995.93	720,000.00	8,664,204.42	2,809,596,241.39
Due from LGUs	44,903,250.00	351,886,589.22	1,384,391,448.64	978,098.33	5,675,886.10	1,787,835,272.29
Receivables-Disallowances/ Charges	-	-	-	-	2,924,223.08	2,924,223.08
Due from NGOs/POs	-	-	647,152,866.20	-	15,178,248.40	662,331,114.60
Other Receivables	-	1,746,735.50	25,073,329.40	3,487,360.17	1,159,556.70	31,466,981.77
Total	1,527,952,238.26	364,629,377.50	3,362,784,640.17	5,185,458.50	33,602,118.70	5,294,153,833.13

7. Inventory

Account	Amount (P)	
	2019	2018 As Restated
Office Supplies Inventory	1,312,793.82	362,859.55
Semi-Expendable Machinery and Equipment	912,925.33	140,476.00
Semi-Expendable Furniture, Fixtures and Books	1,182,989.29	95,400.00
Total	3,408,708.44	598,735.55

The reconciliation of the *Office Supplies Inventory* is as follows:

<u>Particulars</u>	<u>Amount (P)</u>	
	<u>2019</u>	<u>2018 As Restated</u>
Carrying Amount, January 1	988,011.37	719,235.60
Add: Purchases during the year	<u>3,052,199.47</u>	<u>3,134,002.19</u>
Total	4,040,210.84	3,853,237.79
Less: Expenses during the year	<u>2,727,417.02</u>	<u>3,254,502.24</u>
Carrying Amount, December 31	<u>1,312,793.82</u>	<u>598,735.55</u>

8. Other Current Assets

Account	Amount (P)	
	2019	2018 As Restated
Advances	61,647,888.38	35,242,307.84
Advances for Operating Expenses	7,158,929.90	790,345.81
Advances to SDO	53,788,969.05	33,036,622.07
Advances to Officers and Employees	699,989.43	1,405,797.42
Advances for Payroll	-	9,542.54
Prepayments	7,863,427.58	7,538,546.22
Prepaid Rent	7,271,855.34	6,982,471.34
Prepaid Insurance	36,830.82	1,333.46
Other Prepayments	554,741.42	554,741.42
Deposits	3,065,406.65	2,831,022.65
Guaranty Deposits	2,915,406.65	2,681,022.65
Other Deposits	150,000.00	150,000.00
Total	72,576,722.61	45,611,876.71

Advances for Operating Expenses pertains to cash advances granted for the monthly operational expenses of the Agency.

Advances to Special Disbursing Officers (SDOs) pertains to cash granted to Agency's officers relative to the conduct of OPAPP various projects and activities.

Advances to Officers and Employees pertains to advances granted for local and foreign traveling expenses of Agency's officers and employees.

Prepaid Rent pertains to the two months deposits and one month advance of office rentals paid by OPAPP.

Prepaid Insurance pertains to the unexpired insurance policy for the Agency's vehicles and buildings with GSIS.

Other Prepayments represents unexpired portion of Fidelity Bond Premium and over remittance to Pag-IBIG.

Guaranty Deposits pertains to deposit made for services availed of including prior years.

Other Deposits pertains to the guaranty deposit for gasoline withdrawals of the agency in Northern Star Energy Corporation.

The aging of these accounts as of December 31, 2019 is as follows:

Account	Current (P)	Past Due (P)				Total (P)
		1 year	2 years	3 Years	5 Years	
Advances for Operating Expenses	6,818,420.50	-	-	340,509.40	-	7,158,929.90
Advances to SDOs	47,631,615.96	1,019,847.68	77,029.00	5,060,476.41	-	53,788,969.05
Advances to Officers and Employees	597,074.13	81,035.30	21,880.00	-	-	699,989.43
Prepaid Rent	289,384.00	971,698.85	1,627,727.23	589,848.91	3,793,196.35	7,271,855.34
Prepaid Insurance	36,830.82	-	-	-	-	36,830.82
Other Prepayments	-	-	-	-	554,741.42	554,741.42
Guaranty Deposits	234,384.00	27,000.00	-	-	2,654,022.65	2,915,406.65
Other Deposits	-	-	-	-	150,000.00	150,000.00
Total	55,607,709.41	2,099,581.83	1,726,636.23	5,990,834.72	7,151,960.42	72,576,722.61

9. Property, Plant and Equipment

2019						
Particulars	Amount (P)					
	Carrying Amount January 1	Addition	Adjustment	Total	Depreciation	Carrying Amount, December 31
Buildings and Other Structures	-	33,250.00	-	33,250.00	-	33,250.00
Machinery and Equipment	25,427,096.16	8,910,170.52	(4,247,518.77)	30,089,747.91	(8,034,480.56)	22,055,567.35
Transportation Equipment	16,601,208.57	-	(8,418,725.84)	8,182,482.73	5,832,134.66	14,014,617.39
Furniture, Fixtures and Books	7,078,056.40	1,602,170.72	(4,652,007.69)	4,028,219.43	(487,095.95)	3,541,123.48
Leased Assets Improvements	422,426.70	-	-	422,426.70	(78,816.24)	343,610.46
Other PPE	620,291.61	522,550.00	-	1,142,841.61	(343,045.08)	799,796.53
Total	50,149,079.44	11,068,141.24	(17,318,252.30)	43,898,968.38	(3,111,303.17)	40,787,665.21

Buildings and Other Structures pertains to payment of tower tank base for water system in Cotabato office. The amount is subject for adjustment as reclassification to Repairs and Maintenance – Leased Assets Improvements.

2018 As Restated						
Particulars	Amount (P)					
	Carrying Amount January 1	Addition	Adjustments	Total	Depreciation	Carrying Amount December 31
Infrastructure Assets	816,973.80	-	(816,973.80)	-	-	-
Buildings and Other Structures	33,127.82	-	(33,127.82)	-	-	-

2018 As Restated						
Particulars	Amount (₹)					
	Carrying Amount January 1	Addition	Adjustments	Total	Depreciation	Carrying Amount December 31
Machinery and Equipment	20,064,779.28	2,276,432.00	6,560,543.48	28,901,754.76	(3,474,658.60)	25,427,096.16
Transportation Equipment	18,680,604.52	-	(178,807.63)	18,501,796.89	(1,900,588.32)	16,601,208.57
Furniture, Fixtures and Books	2,700,293.00	16,000.00	4,807,936.26	7,524,229.26	(446,172.86)	7,078,056.40
Leased Assets Improvements	501,242.94	-	-	501,242.94	(78,816.24)	422,426.70
Other PPE	772,291.65	-	-	772,291.65	(152,000.04)	620,291.61
Total	43,569,313.01	2,292,432.00	10,339,570.49	56,201,315.50	(6,052,236.06)	50,149,079.44

2019			
Particulars	Amount (₹)		
	Cost	Accumulated Depreciation	Carrying Amount
Buildings and Other Structures	33,250.00	-	33,250.00
Machinery and Equipment	72,576,869.16	50,521,601.81	22,055,267.35
Transportation Equipment	43,184,511.25	29,169,893.86	14,014,617.39
Furniture, Fixtures and Books	7,729,372.94	4,188,249.46	3,541,123.48
Leased Assets Improvements	829,643.94	486,033.48	343,610.46
Other PPE	1,322,550.00	522,753.47	799,796.53
Total	125,676,197.29	84,888,532.08	40,787,665.21

2018 As Restated			
Particulars	Amount (₹)		
	Cost	Accumulated Depreciation	Carrying Amount
Machinery and Equipment	67,914,217.41	42,487,121.25	25,427,096.16
Transportation Equipment	51,555,237.09	34,954,028.52	16,601,208.57
Furniture, Fixtures and Books	10,779,209.91	3,701,153.51	7,078,056.40
Leased Assets Improvements	829,643.94	407,217.24	422,426.70
Other PPE	800,000.00	179,708.39	620,291.61
Total	131,878,308.35	81,729,228.91	50,149,079.44

10. Intangible Assets

This account is composed of computer software which was assessed to have a useful life of three years.

Account	Amount (P)	
	2019	2018
Gross Cost	4,534,083.74	1,758,050.00
Accumulated Amortization	3,162,369.35	1,124,463.53
Total	1,371,714.39	633,586.47

The analysis of the account is as follows:

Particulars	Amount (P)	
	2019	2018
Carrying Amount, January 1	633,586.47	1,512,738.07
Add: Purchases during the year	1,970,733.74	-
Adjustment	<u>805,300.00</u>	<u>245,311.93</u>
Total	3,409,620.21	1,758,050.00
Less: Amortization	<u>2,037,905.82</u>	<u>634,751.64</u>
Carrying Amount, December 31	<u>1,371,714.39</u>	<u>633,586.47</u>

11. Financial Liabilities

Account	Amount (P)	
	2019	2018 As Restated
Accounts Payable	286,929,349.85	48,657,784.23

Accounts Payable account consists of the following:

Account	Amount (P)	
	2019	2018
Prior Years Obligations	91,092,724.45	41,762,191.94
Stale Checks	193,028,797.60	6,516,167.53
Unclaimed Checks	2,708,500.00	363,835.37
Check subsequently cancelled	99,327.80	15,589.39
Total	286,929,349.85	48,657,784.23

The aging of this account as of December 31, 2019 is as follows:

Account	Current (P)	Past Due (P)		Total (P)
		1 year	2 years	
Accounts Payable	276,258,162.16	5,524,358.37	5,146,829.32	286,929,349.85

12. Inter-Agency Payables

Account	Amount (P)	
	2019	2018 As Restated
Due to BIR	3,537,899.23	3,178,255.80
Due to GSIS	308,862.74	(2,757.24)
Due to Pag-IBIG	(74,473.43)	(90,016.82)
Due to PhilHealth	257,424.68	277,700.12
Due to Other NGAs	116,642,610.36	116,642,610.36
Total	120,672,323.58	120,005,792.22

Due to BIR pertains to the unremitted withholding taxes for salaries and other compensations and for the procurement of goods and services which were remitted in 2020.

Due to GSIS pertains to the unremitted GSIS premiums as of year-end.

Due to Pag-IBIG pertains to the over remittance of Pag-IBIG premiums as of year-end.

Due to PhilHealth pertains to the unremitted PhilHealth premiums as of year-end.

Due to Other NGAs pertains to downloading of funds from various NGAs to OPAPP-Current Account and Re-Integration account.

The aging of the accounts as of December 31, 2019 is as follows:

Account	Current	Amount (P)			
		1 year	2 years	5 years	Total
Due to BIR	3,537,899.23	-	-	-	3,537,899.23
Due to GSIS	308,862.74	-	-	-	308,862.74
Due to Pag-IBIG	(74,473.43)	-	-	-	(74,473.43)
Due to PhilHealth	-	55,519.97	74,575.00	127,329.71	257,424.68
Due to NGAs	-	115,109,250.00	-	1,533,360.36	116,642,610.36
Total	3,772,288.54	115,164,769.97	74,575.00	1,660,690.07	120,672,323.58

13. Trust Liabilities

Guaranty/Security Deposits Payable amounting to P19,000.00 in 2019 and P9,000.00 in 2018 pertains to receipt of bidding fee from the bidders of OPAPP procurements.

Supporting Information to the Statement of Financial Performance

14. Service and Business Income

Interest Income amounting to ₱32,918.53 and ₱100,729.00 in 2019 and 2018 as restated, respectively, pertains to bank interest income earned quarterly on local currency deposit, current account.

15. Personnel Services

Account	Amount (₱)	
	2019	2018 As Restated
Salaries and Wages (15.1)	97,565,476.48	82,863,310.28
Other Compensation (15.2)	32,803,921.59	31,092,332.10
Personnel Benefit Contributions (15.3)	13,073,457.35	10,307,459.24
Other Personnel Benefits (15.4)	6,180,757.82	2,052,063.54
Total	149,623,613.24	126,315,165.16

15.1 Salaries and Wages

This account pertains to salaries and wages of regular employees of OPAPP.

15.2 Other Compensations

Account	Amount (₱)	
	2019	2018 As Restated
Personal Economic Relief Allowance (PERA)	3,985,355.91	3,439,924.72
Representation Allowance (RA)	3,016,125.00	3,326,750.00
Transportation Allowance (TA)	886,500.00	1,068,000.00
Clothing/Uniform Allowance	708,000.00	852,000.00
Honoraria	1,470,706.25	1,743,548.56
Overtime and Night Pay	4,352,260.73	3,705,647.97
Year End Bonus	14,932,223.70	14,158,960.95
Cash Gift	865,750.00	739,250.00
Other Bonuses and Allowances	2,587,000.00	2,058,249.90
Total	32,803,921.59	31,092,332.10

Other Bonuses and Allowances pertains to the Service Recognition Incentives (SRI) Service and Performance Enhancement Incentive (PEI) given to employees.

15.3 Personnel Benefit Contributions

Account	Amount (P)	
	2019	2018
Retirement and Life Insurance Premiums	11,732,746.41	9,274,549.50
Pag-IBIG Contributions	200,500.00	166,700.00
PhilHealth Contributions	941,410.94	699,509.74
Employees Compensation Insurance Premiums	198,800.00	166,700.00
Total	13,073,457.35	10,307,459.24

15.4 Other Personnel Benefits

Account	Amount (P)	
	2019	2018
Terminal Leave Benefits	5,057,781.88	874,237.19
Other Personnel Benefits	1,122,975.94	1,177,826.35
Total	6,180,757.82	2,052,063.54

Other Personnel Benefits pertains to the monetization of personnel leave credits.

Retrospective Restatement of Adjustments/Errors:

Personnel Services of P461,972.05 was adjusted from the financial statements of 2018. The financial statements of 2018 have been restated to correct this error. The effect of the restatement on those financial statements is summarized below. There is no effect in 2019 Statement of Financial Performance.

Effect on 2018 Statement of Financial Performance

Particulars	Amount (P)
Increase in Personnel Services	461,972.05
Increase in Salaries and Wages-Casual/Contractual	425,423.28
Increase in PERA	18,000.00
Increase in Honoraria	18,548.77

Effect on 2019 Statement of Financial Position

Particulars	Amount (P)
Decrease in Other Current Asset	461,972.05
Decrease in Net Asset/Equity	461,972.05

16. Maintenance and Other Operating Expenses (MOOE)

Account	Amount (P)	
	2019	2018 As Restated
Traveling Expenses (16.1)	55,346,068.85	79,941,397.36
Training and Scholarship Expenses (16.2)	14,948,420.22	19,266,586.81
Supplies and Materials Expenses (16.3)	18,920,112.86	25,949,088.63
Utility Expenses (16.4)	12,985,351.61	12,906,295.73
Communication Expenses (16.5)	6,905,778.46	8,374,957.27
Confidential, Intelligence and Extraordinary Expenses (16.6)	57,362,200.00	62,989,600.00
Professional Services (16.7)	108,467,933.38	129,654,485.52
General Services (16.8)	8,421,582.86	10,451,705.34
Repairs and Maintenance (16.9)	6,098,618.91	5,732,064.13
Taxes, Insurance Premiums and Other Fees (16.10)	16,296,287.69	604,219.89
Other MOOE (16.11)	114,955,303.46	140,170,856.78
Total	420,707,658.30	496,041,257.46

16.1 Traveling Expenses

Account	Amount (P)	
	2019	2018 As Restated
Traveling Expenses-Local	52,399,525.63	69,501,771.18
Traveling Expenses-Foreign	2,946,543.22	10,439,626.18
Total	55,346,068.85	79,941,397.36

16.2 Training and Scholarship Expenses

This account pertains to trainings conducted by OPAPP amounting to P14,948,420.22 and P19,266,586.81 in CYs 2019 and 2018 as restated, respectively.

16.3 Supplies and Materials Expenses

Account	Amount (P)	
	2019	2018 As Restated
Office Supplies Expenses	11,175,803.10	15,669,191.81
Drugs and Medicines Expenses	114,854.94	156,522.46
Medical, Dental and Laboratory Supplies Expenses	-	42,331.28

Account	Amount (P)	
	2019	2018 As Restated
Fuel, Oil and Lubricants Expenses	7,233,177.46	8,821,144.46
Chemical and Filtering Supplies Expenses	-	7,200.00
Semi-Expendable Machinery and Equipment Expenses	141,745.75	710,751.22
Semi-Expendable Furniture, Fixtures and Books Expenses	250,773.30	541,947.40
Other Supplies and Materials Expenses	3,758.31	-
Total	18,920,112.86	25,949,088.63

16.4 Utility Expenses

Account	Amount (P)	
	2019	2018 As Restated
Water Expenses	1,406,504.34	1,427,052.86
Electricity Expenses	11,512,626.27	11,379,137.87
Other Utility Expenses	66,221.00	100,105.00
Total	12,985,351.61	12,906,295.73

16.5 Communication Expenses

Account	Amount (P)	
	2019	2018 As Restated
Postage and Courier Services	196,980.80	373,125.27
Telephone Expenses	4,640,196.91	5,847,722.61
Internet Subscription Expenses	1,938,849.16	2,006,069.98
Cable, Satellite, Telegraph and Radio Expenses	129,751.59	148,039.41
Total	6,905,778.46	8,374,957.27

16.6 Confidential, Intelligence and Extraordinary Expenses

Account	Amount (P)	
	2019	2018
Confidential Expenses	55,000,000.00	60,000,000.00
Extraordinary and Miscellaneous Expenses	2,362,200.00	2,989,600.00
Total	57,362,200.00	62,989,600.00

16.7 Professional Services

Account	Amount (P)	
	2019	2018 As Restated
Consultancy Services	12,118,508.86	20,439,506.55
Other Professional Services	96,349,424.52	109,214,978.97
Total	108,467,933.38	129,654,485.52

Consultancy Services pertains to the salary paid to consultants contracted by OPAPP.

Other Professional Services pertains to the salary paid to Agency's personnel under the Contract of Service.

16.8 General Services

This account pertains to security services provided amounting to P8,421,582.86 and P10,451,705.34 in 2019 and 2018, respectively.

16.9 Repairs and Maintenance

Account	Amount (P)	
	2019	2018 As Restated
Buildings and Other Structures	460.00	-
Machinery and Equipment	515,228.55	483,753.50
Transportation Equipment	1,474,133.60	2,288,356.01
Furniture and Fixtures	111,400.00	57,956.68
Leased Assets Improvements	3,997,396.76	2,901,997.94
Total	6,098,618.91	5,732,064.13

The increase in amount of *Leased Assets Improvements* was due to the following:

1. Recognition on the payment for the repair of flooring and renovation of toilets of the office at the 7th floor.
2. Recognition on the payment for the additional transformer and materials for the power supply and water system.

16.10 Taxes, Insurance Premiums and Other Fees

Account	Amount (P)	
	2019	2018 As Restated
Taxes, Duties and Licenses	14,713,634.03	90,853.75
Fidelity Bond Premiums	885,275.57	392,625.00
Insurance Expenses	697,378.09	120,741.14
Total	16,296,287.69	604,219.89

16.11 Other Maintenance and Operating Expenses

Account	Amount (P)	
	2019	2018 As Restated
Advertising Expenses	535,677.25	1,014,349.55
Printing and Publication Expenses	1,902,881.77	5,889,446.62
Representation Expenses	65,896,750.65	44,679,536.41
Transportation and Delivery Expenses	12,200.00	-
Rent/Lease Expenses	43,441,383.07	84,555,313.65
Subscription Expenses	2,088,296.71	373,598.00
Donations	550,627.86	1,111,093.48
Other MOOE	527,486.15	2,547,519.07
Total	114,955,303.46	140,170,856.78

The increase in amount of *Subscription Expenses* was due to the payment of one-year subscription of Microsoft Office 365 and Exchange Email Software package amounting P1,380,000.00.

Retrospective Restatement of Adjustments:

Maintenance and Other Operating Expenses of P24,316,572.51 was adjusted from the financial statements of 2018. The financial statements of 2018 have been restated to correct this error. The effect of the restatement on those financial statements is summarized below. There is no effect in 2019 Statement of Financial Performance.

Effect on 2018 Statement of Financial Performance

Particulars	Amount (P)
Increase in Maintenance and Other Operating Expenses	24,316,572.51
Increase in Traveling Expenses	4,866,808.28

Particulars	Amount (₱)
Increase in Training and Scholarship Expenses	216,037.43
Increase in Supplies and Materials Expenses	7,191,818.51
Increase in Utility Expenses	56,993.16
Increase in Communication Expenses	212,462.21
Increase in Professional Services	1,049,138.58
Increase in Repairs and Maintenance	117,717.25
Increase in Taxes, Insurance Premiums and Other Fees	25,046.90
Increase in Other MOOE	10,580,550.19

Effect on 2019 Statement of Financial Position

Particulars	Amount (₱)
Decrease in Other Current Assets	24,316,572.51
Decrease in Net Asset/Equity	24,316,572.51

17. Financial Expenses

Account	Amount (₱)	
	2019	2018 As Restated
Bank Charges	10,134.71	10,864.11
Total	10,134.71	10,864.11

Retrospective Restatement of Adjustments:

Financial Expenses of ₱1,150.00 was adjusted from the financial statements of 2018. The financial statements of 2018 have been restated to correct this error. The effect of the restatement on those financial statements is summarized below. There is no effect in 2019 Statement of Financial Performance.

Effect on 2018 Statement of Financial Performance

Particulars	Amount (₱)
Increase in Financial Expenses - Bank Charges	1,150.00

Effect on 2019 Statement of Financial Position

Particulars	Amount (₱)
Decrease in Other Current Asset	1,150.00
Decrease in Net Asset/Equity	1,150.00

18. Non-Cash Expenses

Account	Amount (P)	
	2019	2018 As Restated
Depreciation-Electrification, Power and Energy Structures	-	6,361.65
Depreciation-Other Structures	-	1,361.68
Depreciation-Machinery and Equipment	8,504,438.76	5,263,006.76
Depreciation-Transportation Equipment	2,035,963.32	1,852,588.32
Depreciation-Furniture, Fixtures and Books	487,095.95	446,172.86
Depreciation-Leased Assets Improvements	78,816.24	78,816.24
Depreciation-Other Property Plant and Equipment	343,045.08	152,000.04
Amortization-Intangible Assets	1,611,780.76	605,416.59
Total	13,061,140.11	8,405,724.14

Retrospective Restatement of Adjustments:

Non-Cash Expenses of (P48,000.00) was adjusted from the financial statements of 2018. The financial statements of 2018 have been restated to correct this error. The effect of the restatement on these financial statements is summarized below. There is no effect in 2019 Statement of Financial Performance.

Effect on 2018 Statement of Financial Performance

Particulars	Amount (P)
Decrease in Non-Cash Expenses	(48,000.00)

Effect on 2019 Statement of Financial Position

Particulars	Amount (P)
Increase in Other Current Assets	48,000.00
Increase in Net Assets/Equity	48,000.00

19. Net Financial Assistance Subsidy

Account	Amount (P)	
	2019	2018 As Restated
Subsidy from National Government (SNG):		
Receipt of Notice of Cash Allocation	2,980,018,760.00	1,662,048,395.00
Tax Remittance Advice (TRA)	24,935,425.26	31,036,789.64
Reversal of Unutilized NCA	(937,679,066.53)	(847,058,964.49)

Account	Amount (P)	
	2019	2018 As Restated
Total SNG	2,067,275,118.73	846,026,220.15
Less: Financial Assistance to NGAs	-	12,591,691.55
Financial Assistance to LGUs	17,774,895.46	653,001,291.95
Subsidies - Others	1,526,720.00	25,025,697.61
Total Financial Assistance/Subsidy	19,301,615.46	690,618,681.11
Net Financial Assistance/Subsidy	2,047,973,503.27	155,407,539.04

Retrospective Restatement of Adjustments:

Net Financial Assistance/Subsidy of (P663,657,821.11) was adjusted from the financial statements of 2018. The financial statements of 2018 have been restated to correct this error. The effect of the restatement on those financial statements is summarized below. There is no effect in 2019 Statement of Financial Performance.

Effect on 2018 Statement of Financial Performance

Particulars	Amount (P)
Decrease in Net Financial Assistance Subsidy	<u>(663,657,821.11)</u>
Increase in Financial Assistance to NGAs	12,591,691.55
Increase in Financial Assistance to LGUs	626,201,291.95
Increase in Subsidies-Others	24,864,837.61

Effect on 2019 Statement of Financial Position

Particulars	Amount (P)
Decrease in Receivables	(663,657,821.11)
Decrease in Net Assets/Equity	(663,657,821.11)

20. Other Non-Operating Income

Account	Amount	
	2019	2018
Sale of Assets (20.1)	25,000.00	-
Miscellaneous Income (20.2)	7,938.83	349,113.39
Total	32,938.83	349,113.39

20.1 Sale of Assets

Particulars	Amount (P)	
	2019	2018
Sale of Unserviceable Property	25,000.00	-

Total	25,000.00	-
--------------	------------------	----------

20.2 Miscellaneous Income

Particulars	Amount (₱)	
	2019	2018
Proceeds from Insurance/Indemnities	-	189,540.00
Miscellaneous Income	7,938.83	159,573.39
Total	7,938.83	349,113.39

Supporting Information to the Statement of Changes in Net Assets/Equity

21. Adjustment of net revenue recognized directly in net assets/equity

The direct adjustment to Net Assets/Equity pertains to the closing of the Cash-Treasury/Agency Deposit, Regular account to the Accumulated Surplus/Deficit) account amounting ₱243,759,283.17 and ₱13,266,541.35 in 2019 and 2018, respectively.

Supporting Information to the Statement of Cash Flows

22. Receipt of NCA

Accounts	Amount (₱)	
	2019	2018
Receipt of NCA	2,980,018,760.00	1,638,164,563.00
Receipt of Working Fund for Foreign-Assisted Projects	-	23,883,832.00
Total	2,980,018,760.00	1,662,048,395.00

The NCA issued for the years 2019 and 2018 are as follows:

2019		
Particulars	Date	Amount (₱)
NCA - BMB-D-19-0000146	01/03/2019	104,944,000.00
NCA - BMB-D-19-0001747	02/2/2019	42,750,000.00
NCA - BMB-D-19-0002877	03/01/2019	30,976,646.00
NCA - BMB-D-19-0005278	04/01/2019	161,814,000.00
NCA - BMB-D-19-0010361	07/01/2019	397,186,000.00
NCA - BMB-D-19-0012984	07/01/2019	851,736.00
NCA - BMB-D-19-0015373	08/01/2019	2,024,000,000.00
NCA - BMB-D-19-0016983	09/01/2019	199,939,958.00

2019		
Particulars	Date	Amount (P)
NCA - BMB-D-19-0018052	09/01/2019	15,868,662.00
NCA - BMB-D-19-0018471	10/01/2019	466,958.00
NCA - BMB-D-19-0026713	12/01/2019	1,220,800.00
Total		2,980,018,760.00

2018		
Particulars	Date	Amount (P)
NCA-BM-B-D-18-0000673	01/08/2018	720,456,000.00
NCA-BM-B-D-18-0003760	03/01/2018	232,596,446.00
NCA-BM-B-D-18-0005475	03/16/2018	23,883,832.00
NCA-BM-B-D-18-0011942	06/08/2018	93,635.00
NCA-BM-B-D-18-0014117	07/09/2018	537,286.00
NCA-BM-B-D-18-0016540	08/09/2018	23,702,510.00
NCA-BM-B-D-18-0020191	09/27/2018	100,481.00
NCA-BM-B-D-18-0020398	10/01/2018	26,673.00
NCA-BM-B-D-18-0025808	11/22/2018	660,651,532.00
Total		1,662,048,395.00

23. Collection of Income/Revenues

Account	Amount (P)	
	2019	2018
Collection of service and business income	32,918.53	100,729.00
Proceeds from insurance/indemnities	-	189,540.00
Total	32,918.53	290,269.00

24. Collection of Receivables

Account	Amount (P)	
	2019	2018
Collection of receivables from audit disallowances	1,292,014.78	440,487.33
Collection of Other receivables	1,028,260.36	184,844.70
Total	2,320,275.14	625,332.03

25. Receipt of Inter-Agency Fund Transfers

Account	Amount (P)	
	2019	2018
Department of Agriculture (DA)	-	231,742,500.00
Province of Davao Oriental	-	500,000.00
Total	-	232,242,500.00

26. Other Receipts

Account	Amount (P)	
	2019	2018
Receipt of refund of fund transfers	231,040,219.33	6,500,007.21
Unused PCF	532,118.94	133,602.98
Refund of overpayment of Personnel Services	8,280.21	8,266.63
Refund of overpayment of MOOE	127,670.26	1,071,707.41
Receipt of refund of cash advances	11,142,478.51	6,123,018.55
Other miscellaneous receipts	65,000.00	903,129.08
Total	242,915,767.25	14,739,731.86

The receipt of refund of fund transfers was due to refunds made by LGUs, NGAs and NGOs/POs downloaded in previous years.

The receipt of refund of cash advances was generally due to refunds for unliquidated cash advances in current and prior years.

27. Adjustments

Account	Amount (P)	
	2019	2018
Restoration of cash for cancelled/ lost/ stale checks/ ADA	2,224,931.70	190,552,153.11
Restoration of cash for unreleased checks	2,708,500.00	363,835.37
Other adjustments	-	0.64
Total	4,933,431.70	190,915,989.12

Other adjustments pertain to adjustments in prior years' collections and deposits for the Regular and Domestic Funds.

28. Remittance to National Treasury

Account	Amount (P)	
	2019	2018
Petty Cash	528,451.57	258,602.98
Cash Advances	10,934,587.31	6,954,262.83
Due from NGAs	192,111,121.43	180,425.00
Due from LGUs	457,027.81	5,314,650.13
Advances for Payroll	-	36,367.28
Other miscellaneous receipts	73,174.69	-
Due from NGOs	38,597,177.27	-
Other Receivables	1,021,581.34	184,844.70

Account	Amount (P)	
	2019	2018
Receivables-Disallowances/Charges	-	8,000.00
Overpayment of salaries	36,161.75	139,848.43
Proceeds from Insurance/Indemnities	-	189,540.00
Total	243,759,283.17	13,266,541.35

29. Payment of Expenses

Account	Amount (P)	
	2019	2018 As Restated
Payment of personnel services	117,811,433.34	106,669,373.89
Payment of maintenance and other operating expenses	241,079,667.36	355,913,880.24
Payment of financial expenses	10,134.71	7,926.11
Replenishment of Petty Cash	9,220,275.73	2,235,571.19
Liquidation of cash advances granted during the year	8,720,735.14	1,392,936.85
Liquidation of prior year's cash advances	-	18,017,972.02
Total	376,842,246.28	484,237,660.30

30. Purchase of Inventories

Account	Amount (P)	
	2019	2018
Purchase of inventory held for distributions	314,882.27	665,779.97
Purchase of inventory held for consumption	22,113,641.00	17,637,026.23
Total	22,428,523.27	18,302,806.20

31. Grant of Cash Advances

Account	Amount (P)	
	2019	2018
Advances for operating expenses	8,888,300.00	3,445,933.62
Advances for payroll	13,287,096.53	1,949,149.69
Advances to special disbursing officers	103,723,603.79	91,884,165.78
Advances to officers and employees	5,797,766.33	5,870,273.65
Total	131,696,766.65	103,149,522.74

32. Prepayments

Account	Amount (P)	
	2019	2018

Prepaid Rent	289,384.00	1,761,120.00
Prepaid Insurance	195,047.46	74,090.37
Other Prepayments	234,384.00	24,000.00
Total	718,815.46	1,859,210.37

33. Payment of Accounts Payable

This pertains to prior year obligations paid in the current year amounting to P26,397,278.25 in 2019 and P37,215,005.91 in 2018.

34. Remittance of Personnel Benefit Contributions and Mandatory Deductions

Particulars	Amount (P)	
	2019	2018
Remittance of taxes withheld not covered by Tax Remittance Advice	1,516,875.71	3,299,274.77
Remittance to GSIS / Pag-IBIG / Philhealth	19,820,196.94	15,645,311.51
Total	21,337,072.65	18,944,586.28

35. Grant of Financial Assistance/Subsidy

Particulars	Amount (P)	
	2019	2018
Grant of Financial Assistance to NGOs/POs	-	21,000,000.00
Grant of Other Subsidies	-	173,860.00
Total	-	21,173,860.00

36. Release of Inter-Agency Fund Transfers

This pertains to release of funds to NGAs/LGUs for the implementation of projects totaling P1,507,952,538.55 and P371,608,823.00 in 2019 and 2018, respectively.

37. Adjustments

Particulars	Amount (P)	
	2019	2018
Reversing entry for unreleased checks in previous year	359,110.37	-
Other adjustments-Outflows	-	284,950.63
Total	359,110.37	284,950.63

38. Purchase/Construction of PPE and Intangible Assets

Particulars	Amount (P)	
	2019	2018
Purchase of machinery and equipment	961,084.54	2,183,186.07
Purchase of furniture, fixtures and books	94,642.85	15,142.85
Purchase of computer software	1,970,733.74	-
Total	3,026,461.13	2,198,328.92

Supporting Information to the SCBAA

39. Service and Business Income

Total actual collections of service and business income amounted to P32,918.53 in 2019 and P100,729.00 in 2018.

40. Refund of Petty Cash and Advances

Refund of Petty Cash and Advances pertains to repayments of advances made by employees in the Regular, Foreign-Assisted grants and Trust Receipts amounting to P11,674,596.70 in 2019 and P6,256,621.53 in 2018.

41. Other Receipts

Account	Amount (P)	
	2019	2018
Receipt of refund of fund transfers	231,040,219.33	6,500,007.21
Refund of overpayment of Personnel Services	8,280.21	8,266.63
Refund of overpayment of MOOE	127,670.26	1,071,707.41
Other miscellaneous receipts	65,000.00	903,129.08
Total	231,241,169.80	8,483,110.33

42. Personnel Services

Account	Amount (P)	
	2019	2018
General Administration and Support	46,539,000.00	40,377,000.00
Operations	131,653,000.00	118,238,000.00
Special Purpose Fund	2,539,494.00	758,075.00
Total	180,731,494.00	159,373,075.00

43. Maintenance and Other Operating Expenses

Account	Amount (P)	
	2019	2018
General Administration and Support	156,237,000.00	153,912,000.00
Operations	354,230,000.00	349,478,000.00
Special Purpose Fund	2,227,673,387.00	24,950,010.00
Automatic Appropriation - Foreign Assisted/ Foreign Grants Fund	25,160,143.00	27,378,142.00
Prior Year's Appropriations - Continuing Appropriation	96,050,325.68	-
Total	2,859,350,855.68	555,718,152.00

44. Capital Outlay

Account	Amount (P)	
	2019	2018
Operations	-	15,000,000.00
Locally Funded projects	-	78,102,270.00
Prior Year's Appropriations- Continuing Appropriation	80,602,830.69	-
Total	80,602,830.69	93,102,270.00

- 45.** The difference between the Final Budget and Actual Amounts of ₱1,074,974,728.55 represents the unobligated allotments and unpaid obligations, as shown in the Financial Accountability Report in compliance with the DBM and COA Joint Circular No. 2014-1 dated July 2, 2014. Details are shown below:

Particulars	Unobligated Allotments (P)	Unpaid Obligations (P)	Total (P)
Personnel Services	29,150,077.59	3,704,329.16	32,854,406.75
MOOE	893,179,389.05	76,557,771.43	969,737,160.48
Capital Outlay	67,068,648.24	5,314,513.08	72,383,161.32
Total	989,398,114.88	85,576,613.67	1,074,974,728.55

OBSERVATIONS AND RECOMMENDATIONS

A. Financial Audit

1. Various accounting errors/omissions were noted in the recording of liquidations of transferred funds which resulted in net understatement of accounts Financial Assistance to NGAs/LGUs/NGOs/POs, Due to NGAs, and Accumulated Surplus (Deficit) by ₱990,961,267.05, ₱116,633,250.00, and ₱874,688,789.75 respectively; and net overstatement of Accounts Payable by ₱360,772.70.

Section 27 of the Philippine Public Sector Accounting Standards (PPSAS) No. 1 and Section 15, Chapter 2, Volume I of the GAM provide that “The Financial Statements shall present fairly the financial position, financial performance and cash flow of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events, and conditions in accordance with definitions and recognition criteria for assets, liabilities, revenue, and expenses set out in PPSAS.”

In CY 2019, OPAPP recorded a total of ₱4,870,301,940.26 liquidations of fund transferred submitted by the IAs, which details are presented below:

IAs	Amount (₱)
NGAs	2,400,877,911.31
LGUs	610,846,131.75
NGOs/POs	1,858,577,897.20
Total	4,870,301,940.26

The accounts showed various accounting errors/omissions totaling ₱1,126,931,167.49 and accounting deficiencies, which affected the fair presentation of the reported total Assets, Liabilities and Expenses and Government Equity as discussed in the succeeding paragraphs. The ₱1,126,931,167.49 is broken down as follows:

No.	Particulars	Amount (₱)
a.	Current year expenses erroneously debited to Accumulated Surplus/(Deficit), resulting in its overstatement and the understatement by the same amount of the appropriate expense accounts.	1,000,449,205.92
b.	Liquidations of prior year expenses recorded as Financial Assistance to LGUs instead of Accumulated Surplus (Deficit) account.	9,487,938.87
c.	Outstanding payables for over two years remained unreverted to Unappropriated Surplus.	360,772.70
d.	Recording of liquidations of funds received without supporting liquidation/financial reports attached under Due to NGAs account.	116,633,250.00
	Total	1,126,931,167.49

The accounting policies for inter-agency fund transfers and fund transfers to NGOs/POs that were disregarded by the Agency are the following:

- i. COA Circular No. 94-013 dated December 13, 1994, which states that “Fund transfers should be properly taken up in the books of both agencies, used only for the intended purpose, and proper accounting and reporting is made of the utilization of the funds”; and
- ii. Section 2(a), Chapter 2, Volume I of the GAM, which defines the accrual basis of accounting, and states that transactions should be recognized in the financial statements of the periods to which they relate. The accrual basis means a basis of accounting under which transactions and other events are recognized when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions and events are recognized in the accounting records and recognized in the financial statements of the periods to which they relate. The elements recognized under accrual accounting are assets, liabilities, net assets/equity, revenue, and expenses.

Accounting errors

- a. Recorded liquidations of fund transfers for current year expenses and for prior year expenses were not in accordance with the accrual basis of accounting – ₱1,009,937,144.79

Validation of selected JEVs and supporting documents revealed that liquidations of the IAs comprising of CY 2019 expenses and prior year expenses were all directly debited to Accumulated Surplus/(Deficit) account without regard to the year these expenses were actually incurred. This practice of lump-sum recording and non-segregation of the PY and CY expenses do not conform to the accrual basis of accounting.

Based from the supporting documents, it was noted that most of the liquidation reports submitted by the IAs are limited to only the Statement of Receipts and Disbursement (SORD), Report of Disbursement (RD) and/or Report of Checks Issued (RCI). These reports do not specifically state the nature of the expenses incurred; hence, there is difficulty in ascertaining/determining the nature and the year to which the reported expenses are actually incurred. As a result, the Accountant is constrained to debit the total amount to Accumulated Surplus/(Deficit) account due to the struggle in determining the proper account classification and matching of expenses to the period to which they relate.

In the perusal of the submitted liquidation reports, the audit team were able to identify current year expenses amounting to ₱1,000,449,205.92 that were erroneously debited to Accumulated Surplus/(Deficit), resulting in its overstatement and the

understatement by the same amount of the appropriate expense accounts that should have been debited instead.

There are also instances wherein the total liquidation is debited to a particular expense account regardless of the year these expenses are actually incurred. Example is the liquidations of OPAPP-Current Account special fund wherein the reported liquidations of the IAs composed of ₱9,487,938.87 prior year expenses and ₱4,633,197.51 current year expenses were recorded as follows:

<i>Dr.</i>	<i>Financial Assistance to LGUs</i>	<i>₱14,121,136.38</i>
<i>Cr.</i>	<i>Due from LGUs.</i>	<i>₱14,121,136.38</i>

- instead of:

<i>Dr.</i>	<i>Appropriate Expense Account.</i>	<i>₱4,633,197.51</i>
	<i>Accumulated Surplus/Deficit</i>	<i>₱9,487,938.87</i>
<i>Cr.</i>	<i>Due from LGUs</i>	<i>₱14,121,16.38</i>

- b. Outstanding payables for over two years remained unreverted to Unappropriated Surplus - ₱360,772.70

Section 98 of PD No. 1445 states that:

The Commission, upon notice to the head of agency concerned, may revert to the unappropriated surplus of the general fund of the national government, any unliquidated balance of accounts payable in the books of the national government, which has been outstanding for two years or more and against which no actual claim, administrative or judicial, has been filed or which is not covered by perfected contracts on record. This section shall not apply to unliquidated balances of accounts payable in trust funds as long as the purposes for which the funds were created have not been accomplished.

Verification of the balance of the Accounts Payable under the Special Funds disclosed that a total of ₱360,772.70 remained outstanding for over two years and the purposes for which the implementation of the programs/projects have already been completed/accomplished as of December 31, 2016. These accounts remained unreverted to the unappropriated surplus, in violation of PD No. 1445. Details are shown below.

Fund	Particulars	Payee	Date Started	Amount (₱)
OPAPP-CA	Staled checks since 2013 and 2015	Various creditors	2013/ 2015	190,110.20

Fund	Particulars	Payee	Date Started	Amount (₱)
UNDP-SNPI	Staled check since December 2016	Made'M Printing Services	2016	165,937.50
RNG	Staled check since September 2016	Solid Asian Marketing Corp.-Linmarr Apartelle	2016	4,725.00
		Total		360,772.70

Management replied that its responsible Units/Departments have already been coordinated to facilitate the payments in order to complete as well as close the dormant accounts, such as but not limited to the UNDP-SNPI and the RNG accounts.

c. Liquidation of fund transfers (Due to Other NGAs account) - ₱116,633,250.00

As previously stated, COA Circular No. 94-013 was issued to ensure that fund transfers are properly taken up in the books of both agencies, SA and IA, used only for the purpose intended and properly accounted and reported.

On the other hand, Section 3.1.3 of COA Circular No. 2012-001 dated June 14, 2012 enumerates the following documents required to support the liquidation of OPAPP as IA for the fund transferred by the DA as SA:

- i. Necessary supporting documents depending on the nature of transactions;
- ii. Copy of MOA/Trust Agreement;
- iii. Copy of OR upon receipt of funds transferred; and
- iv. Copy of OR issued by the SA evidencing refund of unexpended/unutilized balance of fund transfer.

Review of the recorded liquidation of the OPAPP for the fund transferred by the DA for the FY 2016 PAMANA Agricultural Productivity Support Projects in the Autonomous Region in Muslim Mindanao (ARMM) disclosed a recorded liquidation of ₱116,633,250.00. However, included in the liquidation were funds transferred to LGUs with balances totaling ₱102,662,113.74 that were still outstanding as of December 31, 2019.

The liquidation of the said ₱102,662,113.74 is irregular since there is no assurance yet that the funded projects had already been implemented.

Management explained that the Finance Department has made adjustments on the recorded liquidation of ₱116,633,250.00 in April 2020 and has coordinated with the PAMANA-NPMD.

d. Subsidiary Ledgers (SLs) for Accounts Payable not prepared/maintained

Section 114 of PD No. 1445 states that “The government accounting system shall be on a double entry basis with a general ledger in which all financial transactions are recorded.” and that “Subsidiary records shall be kept where necessary.”

This provision is emphasized in Section 12, Chapter 2, Volume I of the GAM, which requires that the books of accounts and registries of the national government entities shall consists of the SL, which will show the detail for each control account in the General Ledger (GL), which in turn is maintained per account and fund cluster by the Accounting Division/Unit. The totals of the SL balances shall be reconciled with the corresponding GL controlling account.

In the review of account, the Audit Team requested the Accounting Unit for the schedule of the Accounts Payable balances totaling P286,929,349.85 as of December 31, 2019 under the different funds. The Audit Team particularly requested for the Regular Fund, however, as of audit date, except for the Special Accounts, no such schedule was submitted.

Contrary to the above-stated COA regulations, it was learned that no SL for Accounts Payable is being prepared/maintained; hence, our request for the schedule could not be provided.

We recommended and Management agreed to require the Chief Accountant to:

- a. effect the necessary adjustments/corrections in the books of accounts. Ensure that the liquidation of expenses incurred are properly classified and correctly recorded in the books of accounts.**
- b. revert to the Unappropriated Surplus of the General Fund those payables, which remained outstanding for two years or more, and for which the implementation of the programs/projects has already been accomplished.**
- c. effect the necessary adjustments/corrections in the books of accounts for the recorded liquidations that were still outstanding as of December 31, 2019.**
- d. monitor the utilization and liquidation thereafter of the transferred funds to the concerned LGUs.**
- e. prepare and maintain SLs for Accounts Payable under the different funds of the agency in accordance with Section 12, Chapter 2, Volume I of the GAM.**

Management commented that the Accounting Division has already started to maintain SLs for its Accounts Payable. Also, it stated that this action will be easier to

maintain upon OPAPP's full adoption of the Budget and Treasury Management System (BTMS) as recommended by DBM.

B. Compliance Audit

Maintenance of bank accounts without authority

2. Of the ₱180,601,622.67 balance of the Cash in Bank-LCCA account as of December 31, 2019, two bank accounts containing ₱118,901,277.36 are being maintained without proper authority, in violation of EO No. 338 dated May 17, 1996, as implemented under COA-DBM-DOF JC No. 1-97 dated January 2, 1997.

The composition of the Cash in Bank - LCCA of OPAPP as of December 31, 2019 is presented below.

Fund Cluster	Fund	Bank Account Number	Balance (₱)
Special Accounts- Locally Funded /Domestic Grants Fund	OPAPP-Current Account (CA)	0672-1059-94	118,599,609.37
	Re-Integration Program	0672-1068-85	301,667.99
Special Accounts- Foreign Assisted/Foreign Grants Fund	Royal Norwegian Government (RNG) - Financial for GRP-NDFP Talks	0672-1077-68	85,746.23
	UNDP-Strengthening National Peace Infrastructure (SNPI) Program	0672-1088-29	171,257.50
	AusAID Program for Technical Assistance Facility (TAF) in support of the Government of the Philippines Security, Peace and Development Agenda	0672-1087-72	3,947,607.56
	Mainstreaming Peace and Development in Local Governance in the Philippines (MPDLGP) Project	0672-1087-21	32,494,007.44
	Community Peace Dividend Funds (CPDF)	0672-1097-52	25,001,726.58
Total			180,601,622.67

Of the seven bank accounts, two are being maintained without authority. Volume III of the GAM states that the Cash in Bank-LCCA “is used to recognize deposits with AGDBs of income received for which the agency has authority to use; trust receipts authorized under specific contracts and agreements; Revolving Fund under specific laws; and credit advices/memos received from the AGDBs”.

EO No. 338, as implemented under COA-DBM-DOF JC No. 1-97 provides that “all existing balances of trust receipts deposited with authorized government depository banks or any forthcoming trust receipt which are intended to be deposited with authorized government depository banks are hereby required to be deposited with the National Treasury.”

Section 2.2 of Permanent Committee JC No. 4-2012 states that “receipts of agencies authorized by law to be recorded as a Special Account in the General Fund, Fiduciary or Trust Fund or a fund other than the General Fund shall be separately recorded and disbursed in accordance with such rules and regulations as may be determined by a Permanent Committee composed of the Secretary of the Department of Finance as Chairman, and the Secretary of the Department of Budget and Management and the Chairman of the Commission of Audit (COA), as members.”

In CY 2018, we made an observation regarding the Agency’s maintenance of substantial cash balance under the Cash in Bank – LCCA account without the required authority. However, in CY 2019, the same condition existed; hence, this reiteration.

Details of the balance of such account totaling ₱118,901,277.36 are presented below.

- 1) OPAPP-CA – Maintained for domestic funds and serves as trust account of OPAPP. This was originally used for Moro Islamic Liberation Front (MILF) Funds transferred from the Office of the President (OP) for the talks between the Government and the MILF. At present, several program funds were being maintained in this account, as follows:

Program/Project	Particulars	Balance (₱)
a. Project for Peace and Social Integration Program (SIP)	<ul style="list-style-type: none"> Started in 2010 The fund was transferred from the Regular Funds to this trust fund account to tap Civil Society Organizations as partners in promoting a comprehensive peace program down to the community level to attain a lasting and genuine peace, security and development for the country. 	530,836.27
b. Asia Foundation	<ul style="list-style-type: none"> Started in 2013 For the conduct of confidential survey of OPAPP through Social Weather Station to assess the sentiments and attitudes of the community in Mindanao towards the talks between the GPNP-MILF. Waiting for some requirements to process the return of funds to the OP. 	232,023.10

Program/Project	Particulars	Balance (₱)
c. PAMANA - Department of Agriculture (DA)	In January 2018, the DA transferred funds for the implementation of FY 2016 PAMANA Agricultural Productivity Support Projects in ARMM.	117,817,750.00
d. Honoraria/Bond of Bids and Awards Committee (BAC)	Bidding fee from the bidders of OPAPP procurements where for the honoraria of the members and Secretariat of the BAC is being charged for successful bidding.	19,000.00
Total		118,599,609.37

2) Re-Integration Program Fund – ₱301,667.99

- a. Total funds deposited since the start of project in 2003 is ₱10,000.000.00;
- b. Sourced from the President's Social Funds (PSF) under the Presidential Management Staff (PMS) to support the re-integration to mainstream society and other development undertakings of Alleged Political Offenders (APOs) who were former Rebolusyonaryong Partido ng Manggagawa-Pilipinas/ Revolutionary Proletarian Army/Alex Boncayao Brigade (RPM-P/RPA/ABB).

Analysis of the foregoing accounts revealed that these balances were accumulated from prior years to CY 2019 as a result of Management's non-remittance of deposits to the National Treasury, which is contrary with EO No. 338, as implemented under COA-DBM-DOF JC No. 1-97.

Management commented that they will prioritize the submission of the request for authority from the Permanent Committee on the maintenance of special accounts.

Further, Management informed the Audit Team of the actions that it will take on the balances of the cash accounts of the special funds, summarized as follows:

Program/Project	Balance (₱)	Actions/Remarks
Project for Peace and SIP	530,836.27	To close these projects and return the funds to the National Treasury upon reconciliation of the accounts.
Asia Foundation	232,023.10	
PAMANA - DA	117,817,750.00	<ul style="list-style-type: none"> • Account is still active and activities are on-going. • All related expenses for the implementation of projects are being charged to this account. • Schedule for transfer of funds and implementation of project through the Provincial Government of Sulu.

Program/Project	Balance (₱)	Actions/Remarks
Honoraria/Bond of BAC	19,000.00	The honoraria of the members of BAC is being charged to this account.
Re-Integration Program	301,667.99	The Finance Department will facilitate the return of this fund to the National Treasury.

Also, Management stated that the Finance Department would coordinate with the LBP for the closing of the mentioned special accounts that OPAPP will no longer maintain.

We reiterated our recommendation and Management agreed to require the Chief of FAS to make representation with the Permanent Committee for the authority to maintain special accounts pursuant to DOF-DBM-COA JC No. 4-12, otherwise, their balances should be remitted to the National Treasury for lack of explicit authority to maintain such special accounts.

Non-liquidation of cash advances within the reglementary period

3. **The Advances to SDOs account accumulated to an outstanding year-end balance of ₱53,788,969.05 due to non-compliance with the rules and regulations on the granting, utilization and liquidation of cash advances. Of the year-end balance, ₱44,782,290.40 or 83 percent remained unliquidated for 61 days to over one year.**

The granting, utilization and liquidation of cash advances are regulated under the following rules and regulations:

- i. COA Circular No. 97-002

When a cash advance is no longer needed or has not been used for a period of two (2) months, it must be returned to or refunded immediately to the Collecting Officer.

All cash advances shall be fully liquidated at the end of each year. Except for petty cash fund, the AO shall refund any unexpended balance to the Cashier/Collecting Officer who will issue the necessary official receipt.

- ii. Section 14, Chapter 6, Volume I of the GAM

The cash advances may be granted to the cashiers/disbursing officers/officials and employees to cover the following: salaries and wages, travels, special time-bound undertakings and petty operating expenses.

The cash advance shall be used solely for specific legal purpose for which it was granted.

The Advances to SDOs account showed a balance of ₱53,788,969.05 as of December 31, 2019, summarized as follows:

Particulars	Amount (₱)		
	Regular Fund	OPAPP-CA Fund	Total
Balance, January 1, 2019	51,190,247.01	500,000.00	51,690,247.01
Add: Cash Advances granted	126,229,889.88	-	126,229,889.88
Sub-total	177,420,136.89	500,000.00	177,920,136.89
Less: Liquidations:			
Prior Years	45,532,893.92	-	45,532,893.92
Current Year	78,598,273.92	-	78,598,273.92
Sub-total	124,131,167.84	-	124,131,167.84
Balance, December 31, 2019	53,288,969.05	500,000.00	53,788,969.05

The aging schedule showed that ₱44,782,290.40 or 83 percent of the ₱53,788,969.05 were 61 days to over one year, as shown below.

Age	Amount (₱)		
	Regular Fund	OPAPP-CA Fund	Total
1-30 days	6,758,816.04	-	6,758,816.04
31-60 days	2,247,862.61	-	2,247,862.61
61 days to over one year	44,282,290.40	500,000.00	44,782,290.40
Total	53,288,969.05	500,000.00	53,788,969.05

Analysis of the account showed the following reasons for the accumulation of unliquidated balances:

- 1) A total of 123 special cash advances aggregating ₱40,837,744.40 were granted to 52 AOs in CY 2019 despite the non-liquidation of their previous cash advances. Of this amount, the purpose of the ₱14,100,980.64 or 46 percent had already been served and completed as of year-end.
- 2) Cash advances granted in CY 2019 totaling ₱10,000,000.00 were not time-bounded and were not supported with documents, such as the program/schedule of activities to indicate the specific purpose of the cash advances. Also, these cash advances were granted to AOs with outstanding previous cash advances, and had already remained unliquidated for more than 61 days, as follows:

Check No.	Date	Particulars	Amount (₱)
1397877	01/29/2019	Cash advance for expenses of the Bangsamoro Commission (BTC), Moro Islamic Liberation Front	5,000,000.00

Check No.	Date	Particulars	Amount (₱)
		(MILF), Moro National Liberation Front (MNLF) and OPAPP Peace Assemblies in support of the ratification of the Bangsamoro Organic Law (BOL).	
1397918	02/06/2019	Cash advance for expenses of the Bangsamoro Commission (BTC), Moro Islamic Liberation Front (MILF), Moro National Liberation Front (MNLF) and OPAPP Peace Assemblies in support of the ratification of the Bangsamoro Organic Law (BOL).	5,000,000.00
Total			10,000,000.00

Non-compliance with the rules and regulations on cash advances are considered weakness in the control of government resources. The longer the unutilized funds in the hands of the AOs, the higher probability of exposing such funds to possible misuse or misapplication or loss.

We recommended and Management agreed to:

- a. Send demand letters to all AOs to liquidate/settle their cash advances, which had exceeded the allowable period of retaining their accountabilities;
- b. Require the AOs to refund the excess balance of cash advance immediately or within the prescribed periods after completion/termination of the purpose thereof;
- c. Ensure that all documentary/procedural requirements are complied with prior to the processing of the cash advance and that no cash advance shall be drawn unless the previous cash advance had been properly liquidated or taken up in the books; and
- d. Submit to the Audit Team proof of exhaustion of all administrative remedies taken by the Accountant in requiring the liquidation/settlement of cash advances in preparation for the filing of appropriate charges in case the accountable officers failed to comply.

Fund transfers to IAs and from SA aged two to more than 10 years

4. Sixty-four percent or ₱3,368,887,041.49 out of ₱5,259,762,628.28 fund transfers to IAs and NGOs/POs are aged more than two years to over ten years, which is not in accordance with rules and regulations. On the other hand, unimplemented project for more than two years with a budget of ₱115,109,250.00 is still

unreverted/unrefunded to the SA and remained recorded under the Due to Other NGAs account.

COA Circular 94-013 provides that “within ten (10) days after the end of each month/end of the agreed period for the Project, the IA shall submit the Report of Checks Issued (RCI) and the Report of Disbursement (RD) to report the utilization of the funds.”

COA Circular No. 2007-001 dated October 25, 2007 provides that “within sixty (60) days after the completion of the project, the NGO/PO shall submit the final Fund Utilization Report certified by its Accountant and approved by its President/ Chairman to the Government Office (GO), together with the inspection report and certificate of project completion rendered/issued by the GO authorized representative, list of beneficiaries with their acceptance/acknowledgement of the project/funds/goods/services received.”

- a. Fund transfers to IAs aged more than two years to over ten years - ₱3,368,887,041.49

The Inter-Agency Receivables account representing funds transferred to various NGAs, LGUs and NGOs/POs showed a balance of ₱5,259,762,628.28, as shown in the next page:

Particulars	Due from NGAs	Due from LGUs	Due from NGOs/POs	Total
Balance, 01/01/2019	1,529,048,275.12	2,367,813,097.46	727,051,059.02	4,623,912,431.60
Releases CY 2019	1,485,162,929.55	230,802,250.00	-	1,715,965,179.55
Total	3,014,211,204.67	2,598,615,347.46	727,051,059.02	6,339,877,611.15
Liquidations	204,614,963.28	810,780,075.17	64,719,944.42	1,080,114,982.87
Balance, 12/31/2019	2,809,596,241.39	1,787,835,272.29	662,331,114.60	5,259,762,628.28

Aging of these receivables showed that ₱3,368,887,041.49 are outstanding from two to more than 10 years. Details are presented below.

Age	Amount			
	NGA	LGU	NGOs/POs	Total
Over 10 years (for reconciliation)	1,661,105.26	0.00	447,201.16	2,108,306.42
10 years above	402,629.40	2,699,357.00	1,832,732.75	4,934,719.15
Over 5 years	6,600,469.76	2,976,529.10	12,898,314.49	22,475,313.35
Over 2 years	1,306,886,995.93	1,385,328,840.44	647,152,866.20	3,339,368,702.57
Sub-total	1,315,551,200.35	1,391,004,726.54	662,331,114.60	3,368,887,041.49
Over 1 year	10,996,052.78	166,028,295.75	0.00	177,024,348.53
181-365 days	(300.29)	0.00	0.00	(300.29)

Age	Amount			
	NGA	LGU	NGOs/POs	Total
0-180 days	1,483,049,288.55	230,802,250.00	0.00	1,713,851,538.55
Balance	2,809,596,241.39	1,787,835,272.29	662,331,114.60	5,259,762,628.28

The reasons for the non-liquidation of the two or more years' receivables account were due to the following:

- 1) Slow implementation of the projects by the IAs under the PAMANA Program released in CY 2017 that results in the partial liquidation of their balances.
- 2) Replies received from Confirmation Letters sent to these IAs revealed that only few IAs has completed the projects, and the liquidation reports were not submitted on a timely basis.
- 3) In exceptional cases, there were IAs who had suspended the implementation of project due to termination of the contract between the IA and its contractor as a result of the right of way issues for road projects.
- 4) There were IAs who had not started the project; thus, no utilizations of the funds were made yet.

Receivables account outstanding for 10 years and above remained dormant because some of these agencies had been dissolved or that their location/whereabouts were already unknown to OPAPP.

- b. Unimplemented project for more than two years unreverted/unrefunded to SA - ₱115,109,250.00

The Due to Other NGAs account as of December 31, 2019 consisted of the following:

Fund	Balance (₱)
OPAPP-CA	116,340,742.64
Re-Integration Program	301,867.72
Total	116,642,610.36

The DA transferred funds totaling ₱231,742,500.00 to OPAPP under a MOA in March 2017, which was entered into by and among the DA, OPAPP and Office of the Regional Governor - ARMM for the implementation of a total of 103 FY 2016 PAMANA-DA projects in ARMM. These projects should be implemented from March 2017 to December 31, 2017.

As of December 31, 2019, the fund balance from DA still amounted to ₱115,109,250.00, with details shown below.

Particulars	Amount (₱)
Total funds received in January 2018	231,742,500.00

Particulars	Amount (₱)	
Less: Downloaded/transferred to LGUs		
CY 2018	71,730,000.00	
CY 2019	44,903,250.00	
Sub-total		116,633,250.00
Balance		115,109,250.00

The table above showed that the PAMANA-DA projects in ARMM for the FY 2016 still had an undownloaded ₱115,109,250.00 equivalent to 49.67 percent of the total funds received, as of December 31, 2019.

The new administration has just started in November 2018. In 2019, Management conducted mid-year assessment and monitoring of these project, and only at the last quarter of the CY 2019, specifically in November 2019, that the transfer of funds to the LGUs were initiated. Currently, Management is still waiting/following-up from the LGUs-IAs the liquidations on these 1st tranches of transferred funds before the transfer of the second/last tranches of the funds.

We, however, have not seen a document nor instruction from the SA whether the projects are to be continued, amended or stopped. Considering the time lapsed and the present priorities of the government, the objective of the PAMANA may have been overtaken; thus, if to be continued, the benefits that could be derived from the project may already be of minimum effect on the lives of the intended beneficiaries. On the other hand, the unused fund remained idle in the bank instead of being utilized for more pressing needs.

We recommended that Management:

- a. **Coordinate with the IAs to ensure the timely submission of reports so that their liquidation of expenses are promptly recorded in the books;**
- b. **Require the Chief Accountant to institute mechanisms in monitoring the status of the fund transfers to ensure that previous fund transfers are liquidated and recorded in the books prior to the release of subsequent tranches;**
- c. **Send demand letters reminding the IAs to promptly submit their liquidation reports with complete supporting documents; and**
- d. **Make representation with the SA whether or not to continue with the project. If to be continued, the Head of the NPMD prepare a plan or program that will facilitate the implementation of the projects under the FY 2016 PAMANA-DA in conflict-affected areas in the ARMM as programmed in the MOA. If not, refund the unutilized balance to the source agency.**

Management stated that it concurs to the recommendations of the Commission particularly on the processing of payments, recognition of liquidation reports submitted by the peace partners and on the monitoring of status of fund transfers.

Management also presented the following actions taken by the Finance Department:

- 1) Sent out demand letters to the IAs requesting them to submit their liquidation reports with complete supporting documents.
- 2) Set-up monitoring system/dashboard to monitor the status of fund transfers.
- 3) Recording of liquidation reports submitted by the IAs, including those from the DSWD for the Clarificatory Implementing Document (CID) and for the implementation of Socio-economic Programs for Normalization on the Bangsamoro.
- 4) Fund balance from DA amounting to P115,109,250.00 for the FY 2016 PAMANA-DA was reprogrammed for implementation this CY 2020. Unfortunately, following the declaration of National State of Public Health Emergency due to Corona Virus 2019 (COVID-19), all programs were put on hold or for later implementation. A MOA between OPAPP and the LGUs of the Bangsamoro Autonomous in Muslim Mindanao (BARMM), formerly ARMM, has already been signed to implement the remaining funds.

Disbursement of funds and recording of transactions in the books not completely supported with required documents

- 5. Transactions pertaining to the disbursements of PCF and fund transfers to IAs amounting to P125,199.35 and P429,564,319.80, respectively, were processed/recorded in the books/released to IAs despite the insufficiency of supporting documents, which is not in accordance with Sections 2 and 4 of PD No. 1445 and other pertinent rules and regulations.**

Section 2 of PD No. 1445 enunciates that “all resources of the government shall be managed, expended or utilized in accordance with law and regulations, and safeguarded against loss or wastage through illegal or improper disposition, with a view to ensuring efficiency, economy and effectiveness in the operations of government.”

Further, Section 4 (6) of PD No. 1445 provides that “claims against government funds shall be supported with complete documentation”, and COA Circular 2012-001 prescribes the documentary requirements for common government transactions that are “sufficient and relevant documents establishing the validity of the claim prior to payment/disbursement.”

a) Insufficient supporting documents for PCF disbursement - ₱125,199.35

Section 3.1 of COA Circular No. 2012-003 dated October 29, 2012 defines irregular expenditure as “an expenditure incurred without adhering to established rules, regulations, procedural guidelines, policies, principles or practices that have gained recognition in laws. Irregular expenditures are incurred if funds are disbursed without conforming with prescribed usages and rules of discipline. xxx. A transaction which fails to follow or violates appropriate rules of procedure is, likewise, irregular”.

In CY 2019, the Audit Team examined the cash and accounts of two PCF Custodians under the offices of Situation Room and Communications and Public Affairs Unit (CPAU) with accountability of ₱50,000.00 each and noted the following:

1) Situation Room

Audit of the disbursement vouchers (DVs) relative to the replenishment of the PCF showed that all of the transactions representing the expenses incurred for the meals and snacks during meetings totaling ₱125,199.35 were not supported with minutes of the meeting, and most of the submitted attendance sheets lack the signatures of the attendees and/or were signed on their behalf; thus, were considered irregular in accordance with COA Circular No. 2012-003.

In addition to insufficient supporting documents, the amount of ₱55,571.34 out of the ₱125,199.35 were incurred for internal meetings involving OPAPP officials and/or employees only. Reference to the purpose of these meetings indicated that said meetings were part of the regular and official duties/functions; thus must be either charged to the representation allowance (RA) or extraordinary and miscellaneous expenses (EME) of the concerned OPAPP officials or be personally borne by the attendees, otherwise, it is tantamount to charging twice to the government coffers.

Other deficiencies include attaching written justifications in lieu of the required supporting documents stating that these transactions were confidential in nature. Accordingly, the same should have been charged to the Confidential Funds; otherwise, the required documentary requirements for regular funds be complied with. Also, expenses were supported only with official receipts; hence, the validity, necessity and legality of the transaction cannot be determined.

2) CPAU

Section 35, Chapter 6, Volume I of the GAM provides that “the cash advance for petty operating expenses, or the PCF, shall be sufficient for the recurring petty operating expenses of the agency for one month. All replenishments shall be directly charged to the expense account and at all times, the PCF shall be equal to the total cash on hand and the unreplenished expenses. The PCF shall be replenished as soon as disbursements reach at least 75% or as needed.”

On May 16, 2019, the AO was granted a cash advance of P50,000.00 for the PCF to defray expenses for the office of CPAU.

Examination of records revealed that the fund was never replenished since its establishment, and had a total disbursement of only P32,110.50 for a five-month period. This showed that the average monthly disbursement amounted to only P6,426.10 or 12.85 percent of the total PCF of P50,000.00. Given this spending scenario, it would appear that there is a substantial amount of idle funds in the hands of the AO, which was exposed to the possibility of misuse or misapplication or loss.

Reducing the amount of PCF that would suffice for one-month requirement would definitely give the agency an opportunity to utilize the excess funds for other purposes.

We recommended and Management agreed to:

- a. Stop the practice of issuing written justifications, and instead properly support/substantiate disbursements with sufficient and relevant documents to promote transparency in the utilization of public funds;**
 - b. Reduce the amount of PCF to a sufficient amount that would meet the one-month requirement, and instruct the AO to request for replenishment when the disbursements reach at least 75 percent of the PCF to ensure availability of funds when needed; and**
 - c. Refrain from providing meals and snacks during meetings when the attendees are purely OPAPP officials/employees, unless the same are charge to the RA or EME of the concerned OPAPP officials or borne personally by the attendees.**
- b) Insufficient supporting documents for fund transfers to IAs - P429,564,319.80,

In CY 2019, OPAPP received additional budget amounting to P2,024,000,000.00 for the implementation of the Normalization Program. Thereupon, OPAPP made agreements with various government agencies for the immediate implementation of the programs to which the funds were intended.

Perusal of the DVs relative to the release of funds to various implementing NGAs revealed insufficient documentary requirements as enumerated in the executed MOA. The details are presented below.

Date/Check No.	Payee/Purpose	Amount (₱)	Documentary Deficiency
1/6/2019/ 1410923	DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT (DSWD) Payment of Socio-Economic Program for the KAPATIRAN as embodied in the CID – 100% fund transfer (FT)	63,710,681.00	<ul style="list-style-type: none"> • Signed Implementing Guidelines; • Work and Financial Plan; and • EO on the designation of Focal Person
9/27/2019/ 1410980	NATIONAL HOUSING AUTHORITY (NHA) Land acquisition of initial payment for the congregated settlement areas in Januiay, Iloilo, EB Magalona, Negros Occidental and Bago City, Negros Occidental and 24 housing units – 100% FT	23,929,806.00	<ul style="list-style-type: none"> • Signed Implementing Guidelines; • Certified Copy of the EO on the designation of the Focal Person; • Approved Project Proposal • Approved Program of Works; and • Certification on the identified Trust Account
9/30/2019/ 1411010	PHILIPPINE ARMY (PA) Full payment for 111 housing units for the RPM-P/RPA/ ABB-TPG/ Kapatiran members	25,060,000.00	Approved Program of Works
10/3/2019/ 1411025	PA Full payment for One Hundred Eleven 111 housing units for the RPM-P/ RPA/ ABB-TPG/ Kapatiran members	25,490,000.00	Approved Program of Works
10/3/2019/ 1411018	DEVELOPMENT ACADEMY OF THE PHILIPPINES (DAP) Payment for the service provider for the project "TECHNICAL ASSISTANCE TO THE BTA ADHOC COMMITTEE ON THE CREATION OF OFFICES"	5,140,000.00	Estimated Expenses indicating the project objective and expected output
11/12/2019/ 1413815	PHILIPPINE NATIONAL POLICE (PNP) Payment for the implementation of JPST activities – 90% FT	34,233,832.80	<ul style="list-style-type: none"> • Approved Project Proposal with social preparation, operations and maintenance, and sustainability plans; • Program of Works; and • Detailed Engineering Design
Total		177,564,319.80	

The inclusions of these documentary requirements prior to the release of funds are safeguards to ensure that the projects are implementation-ready and that the project

funds are efficiently utilized in accordance with the approved work and financial plan. Thus, the absence of these documentary requirements negated the purpose for which they are incorporated in the MOA. Had these documents been complied with, Management could have been reasonably assured of the projects' readiness and easy monitoring of their implementation.

Moreover, Check No. 1413962 dated December 12, 2019 amounting to P252,000,000.00 was subsequently released to DSWD for the 2nd tranche fund transfer in the implementation of the Socio-Economic Program. The said program is in the form of financial assistance totaling P100,000.00 comprised of (1) Bangsamoro Transitory Family Support Program (BTFSP) of P80,000.00 and (2) Livelihood Settlement Grant (LSG) of P20,000.00 to be granted to 12,000 Decommissioned Combatants and five percent operational cost.

However, per records, the previous fund transfer (1st tranche) to DSWD was not yet liquidated. Thus, the payment of the 2nd tranche was made without regard to the condition stated in Article V of the MOA, which requires that upon liquidation of 60 percent of the 1st tranche, DSWD shall submit to OPAPP its liquidation report duly signed and certified by the Accountant and with proof of receipt by COA-DSWD before releasing the 2nd tranche. Hence, the purpose of the condition in safeguarding the proper, efficient and effective utilization of project funds is defeated.

We recommended that Management strictly conform with the stipulations agreed upon in the MOA by demanding from the IAs all the required documentary requirements prior to the processing of the payment.

Management did not make any comment to the audit recommendations at hand.

Doubtful balance of PPE accounts

6. **The validity, accuracy and existence of the PPE account balance of P125,676,197.29 as of December 31, 2019 was doubtful because of the: (a) failure to complete the conduct of the annual physical count, contrary to Section 38, Chapter 10, Volume I of the GAM and (b) non-submission for audit of several JEVs, including their supporting documents, related to PPE accounts.**

The following are the balances of the PPE accounts as of December 31, 2019:

Account	Balance (P)
Buildings and Other Structures	33,250.00
Machinery	286,000.00
Office Equipment	24,104,490.45
Information and Communications Technology Equipment	42,866,157.65
Communication Equipment	5,320,221.06
Motor Vehicles	43,184,511.25
Furniture and Fixtures	7,729,372.94

Account	Balance (₱)
Leased Assets Improvements, Building	829,643.94
Other Property, Plant and Equipment	1,322,550.00
Total	125,676,197.29

Section 38, Chapter 10, Volume I of the GAM states that “the entity shall have a periodic physical count of PPE, which shall be done annually and presented on the RPCPPE as at December 31 of each year. This report shall be submitted to the Auditor concerned not later than January 31 of the following year.”

Inquiry with the Property Section revealed that physical count of PPE was conducted during the year, however, the preparation of the report was not completed yet as of audit date; thus, the corresponding RPCPPE could not be submitted to the Audit Team.

Without the RPCPPE, the actual existence, condition and accuracy of the reported properties could not be validated and any possible unreported loss of asset could not also be determined.

Also, the JEVs of 10 transactions, including their supporting documents, aggregating ₱3,112,000.68 for the CY 2019 PPE transactions have not been submitted to the Audit Team, contrary to Par. 6.05 of COA Circular No. 95-006 dated May 18, 1995, which states that “the official involved in the daily recording of transactions in the books of accounts shall turn over the receipts and the disbursement records with all paid vouchers and documents evidencing the transactions to the Auditor within ten (10) days from date of receipt of said documents.”

The details of the ₱3,112,000.68 follow:

Date	JEV No.	Particulars	Amount (₱)
12/31/2019	19-12-5767	Accounts Payable (AP) to TECHNOLOGY LINKS INT’L CORP for Barcode Printer with complete accessories and license software.	31,000.00
12/31/2019	19-12-6002	AP to RYAN DAVE C. JUNGCO for his reimbursement relative to its operational activities on January 15, 2019.	18,999.75
12/31/2019	19-12-6040	AP to JANICE M. CURAYAG for her reimbursement for the purchase of fire-resistant vault.	45,351.93
12/31/2019	19-12-5523	AP to EPARTNERS SOLUTIONS, INC. for the supply and delivery of 1 Network Attached Storage (NAS), and 6 units of Hard Drives	98,299.00
12/31/2019	19-12-5772	AP to IMAGINET INT’L INC. for 2 units of Enterprise UPS	400,000.00
12/31/2019	19-12-03081	AP to PLATFORM STUDIOS PH INC. for 10 units of Multi-Layer Network switches to upgrade exiting entry level legacy switches of OPAPP	1,088,000.00

Date	JEV No.	Particulars	Amount (₱)
12/31/2019	19-12-03082	AP to AMERICAN TECHNOLOGIES INC. for Hyper Converged Server for migration and centralization of the Agency's existing legacy stand-alone server	783,350.00
12/31/2019	19-12-5518	AP to BLUE CHIP MARKETING for 25 pcs of Tents for OPAPP Socio-Econ Unit Task Force - Decommissioned Combatant.	588,000.00
12/31/2019	19-12-5695	AP to DESIGN AND FUNCTION INC. for Furniture for the use of OPAPP Office of the Chief of Staff.	30,000.00
12/31/2019	19-12-6014	AP to NINA SHIELA JICKAIN for reimbursement for the purchase of equipment for PAPRU's Office.	29,000.00
Total			3,112,000.68

We recommended that Management require the:

- a. Head of the PSS to submit the required annual RPCPPE to the Audit Team not later than January 31 of each year in accordance with Section 38, Chapter 10, Volume I of the GAM; and**
- b. Chief Accountant to submit the JEVs, including all supporting documents, taking up accounts payable for the acquisition of PPE totaling ₱3,112,000.68, in accordance with Par. 6.05 of COA Circular No. 95-006.**

Management informed the Audit Team that the Finance and the Administrative Departments have implemented and taken the following actions:

- 1) The Administrative Department conducted an annual physical inventory of PPEs last May until August 2019 to all OPAPP various Units/Departments, including Mindanao Field Offices. However, the preparation of the report was not completed due to discrepancies in the entries of some of the PPEs against the Property Acknowledgement Receipts (PAR) issued. This was brought about by lack of proper turnover of records from the previous PSS. Also, the finalization of the RPCPPE for CY 2019, which is targeted to be submitted on the first week of September 2020 was affected following the declaration of the National Public Health State of Emergency and Enhanced Community Quarantine (ECQ) throughout Luzon.
- 2) JEVs and their related supporting document are for transmittal to the Office of the Resident Auditor.

Further, Management stated that the said Departments will be conducting a regular physical counting of the PPEs and develop a mechanism to ensure that regardless of change of management in OPAPP, records on PPEs remain intact.

Existence of Dormant Accounts

7. The presence of various accounts and funds, which balances remained dormant or non-moving for more than five years as of December 31, 2019, is contrary to COA Circular Nos. 97-001 and 2015-001 dated February 5, 1997 and January 29, 2015, respectively.

Under COA Circular No. 97-001, the following terms shall be construed to mean as follows:

- i. Dormant Accounts - refer to individual or group of accounts, which balances remained non-moving for more than five years.
- ii. Dormant Funds - refer to funds with their own assets, liabilities and residual equity created for specific projects/programs, the implementation of which have been completed and the account balances remained non-moving for more than five years.

COA Circular No. 2015-001 prescribes the guidelines and procedures in the reversion to the General Fund of all dormant cash balances, unauthorized accounts and unnecessary special and trust funds by national government agencies (NGAs) with depository banks. The said guidelines and procedures are in conformity with the Permanent Committee JC No. 4-2012 dated September 11, 2012, implementing EO No. 431 dated May 30, 2005.

As at December 31, 2019, the balance of dormant accounts totaled ₱77,253,692.20, with details shown below.

Account	Amount	Years Dormant	Reason	Action Taken by ATL	Action Taken by Management
Cash					
Cash in Bank - LCCA	37,763,146.09	5 – 16	Programs/Projects has already been completed/terminated	issued AOM	
Sub-total	37,763,146.09				
Receivables					
Due from NGAs	8,664,204.42	5 – 12	Abolished offices/ units DBM-PS procurement	sent confirmation letters	sent demand letters
Due from LGUs	5,675,886.10	5 – 10	Mostly last tranches on releases of fund transfers	sent confirmation letters	sent demand letters
Due from NGOs/POs	15,178,248.40	5 – 15	Mostly programs for project for peace	sent confirmation letters	sent demand letters

Account	Amount	Years Dormant	Reason	Action Taken by ATL	Action Taken by Management
Other Receivables	1,159,556.70	5 – 10	Unliquidated cash advances of separated employees	sent confirmation letters	sent demand letters
Sub-total	30,677,895.62				
Advances/ Prepayments					
Prepaid Rent	3,793,196.35	5	Advances on house rental	for verification	for reconciliation
Other Prepayments	554,741.42	5	Various prepayments	for verification	for reconciliation
Guaranty Deposits	2,654,022.65	5	Building deposits	for verification	for reconciliation
Other Deposits	150,000.00	5	Gasoline withdrawals	for verification	for reconciliation
Sub-total	7,151,960.42				
Payables					
Due to PhilHealth	127,329.71	5	Under-remittance of premiums	for verification	for reconciliation
Due to NGAs	1,533,360.36	5 – 16	Programs/Projects has already been completed/terminated	issued AOM	
Sub-total	1,660,690.07				
Grand Total	77,253,692.20				

With regard to the cash accounts totaling P37,763,146.09, following is the breakdown:

- 1) Dormant and/or unnecessary special and trust funds consisted mainly of funds granted by foreign donors, as presented below.

Grant	Fund	Date Started	Balance (₱)
Foreign	RNG	2007	85,746.23
	UNDP-SNPI	2012	171,257.50
	AusAID-TAF	2012	3,947,607.56
	MPDLGP	2011	32,494,007.44
Sub-total			36,698,618.73
Domestic/Local	Re-Integration	2003	301,667.99
Grand Total			37,000,286.72

- 2) Dormant OPAPP-CA, as follows:

Project	Date Started	Balance (₱)
1. Project for Peace and Social Integration Program (SIP)	2010	530,836.27
2. Asia Foundation	2013	232,023.10
Total		762,859.37

Per confirmation with Government Servicing Banks (GSBs) particularly with the Land Bank of the Philippines, the balances of the respective bank accounts are

already dormant as of December 31, 2019; thus, instead of earning interests, these are incurring dormancy fees.

Likewise, verification of the aforesaid accounts and funds disclosed that the implementation of the projects/programs has already been completed/implemented and/or terminated.

We recommended that Management require the:

- a. **Chief Accountant to conduct thorough analysis of the cash accounts, particularly pertaining to those accounts and funds, which are non-moving for more than five years; funds which are dormant and are no longer necessary for the attainment of the purposes for which the funds were established/received and/or the project implementation has been completed, terminated, cancelled or abandoned.**
- b. **Chief Accountant, upon completion of the analysis and other procedures as stated in the prescribed guidelines of the COA Circular No. 2015-001, to return the unutilized balances to the Source Agency/donors/financing entities in the case of grants or foreign-funded programs/projects wherein the attendant agreements require the return of unused balances or remit the same to the National Treasury; and**
- c. **Head of the FAS to request an authority from COA to write-off the receivables, which are dormant or remained outstanding for 10 years or more following the requirements stated under COA Circular No. 2016-005 dated December 19, 2016.**

Management informed the Audit Team of the actions that they will make on the balances of the cash accounts of the special funds, summarized as follows:

Program/Project	Balance (₱)	Actions/Remarks
RNG	85,746.23	The Finance Department will facilitate the return of fund to the RNG.
UNDP-SNPI	171,257.50	Communicated to OPAPP-NAPWPS Section to process the payment of ₱165,937.50 obligated to a supplier, while the balance of ₱5,320.00 will be returned to UNDP to close the account.
AusAID Program	3,947,607.56	To return the remaining funds to the DFAT Australia. An accomplishment form was submitted to DFAT Australia in May 2018 to start the facilitation of closing and return of unused funds.
MPDLGP	32,494,007.44	All remaining balance will be returned to the AECID and will be transferred to the CPDF as an addition to the continuation of the implementation of the CPDF projects in 2020.

Further, Management stated that for the dormant/non-moving accounts under Asia and OP-Presidential Management Services with a total amount of ₱533,890.82, the closing of these accounts under Due to NGAs are on process.

Overtime services were paid despite incurrence of tardiness

- 8. Claims of overtime services rendered amounting to ₱467,119.63 were paid despite the employees' incurrence of tardiness contrary to CSC-DBM JC No. 2. Likewise, overtime service costing ₱485,972.44 was not duly supported with the required documents.**

Overtime payments are audited in accordance with the following rules and regulations:

- i. CSC-DBM JC No. 2 s. of 2004, which defines CTO as the number of hours or days an employee is excused from reporting for work with full pay and benefits. It is a non-monetary benefit provided to an employee in lieu of overtime pay pursuant to the adoption of austerity measure in the government;
- ii. CSC-DBM JC No. 2 dated November 25, 2015, which lays down the policies and guidelines on overtime services and overtime pay of government employees, as follows:
 - 10.1 Only employees who arrive on or before the start of the workday shall be allowed to render overtime work with pay, provided that at least 2 hours of overtime services are rendered.
 - 10.4 The period of overtime services shall not be used to off-set undertime.
 - 11.1 For national government agencies, including SUCs, the Overtime Pay shall be charged against the following sources:
 - The amount specifically appropriated in the agency budget for Overtime Pay, if any.
 - Available agency savings, subject to existing rules and regulations on the use of savings.
 - Other fund sources authorized under existing laws, rules and regulations; and
- iii. COA Circulars 2017-002 and 2016-002 dated May 31, 2017 and May 31, 2016, respectively, updating COA Circular 2012-001 dated June 14, 2012, which prescribes the revised documentary requirements for common government transactions.

In CY 2019, the OPAPP paid its employees P4,352,260.73 for overtime services rendered instead of implementing the CTO prescribed by CSC-DBM JC No. 2 s. of 2004. Of this amount, only P3,866,288.29 were with supporting documents attached to the Disbursement Vouchers (DVs).

Audit of the Overtime Pay account showed that some of the employees arriving/reporting late in the office were allowed to render and claim overtime services totaling P467,119.63 for the months from January to November 2019, contrary to Item 10.1 of CSC-DBM JC No. 2, computed as follows:

Name	Claimed Overtime Pay			Claimed OT even if Tardy/Disallowed in Audit		
	No. of Days	Hours	Amount (P)	No. of Tardinesses	Hours	Amount (P)
Marisa Salazar	75	227.87	21,469.51	1	3.25	305.01
Karisse Macalanda	93	322.97	100,880.65	43	122.12	35,093.36
Edwin Jose	81	284.73	28,871.39	1	2.60	244.01
Christopher Roxas	169	735.42	71,839.91	2	7.30	668.61
Hauvre Somova	37	124.37	28,920.26	9	25.73	5,580.00
Leilannie Disomangcop	152	532.80	241,852.32	41	129.75	55,195.99
Danica Pamong	103	355.98	117,998.58	3	10.02	3,639.22
Arien Krizelle Lopez	102	338.02	68,225.99	14	37.33	7,286.89
Carissa Cruz	33	120.85	41,138.94	3	9.37	3,011.50
Susima Cretencio	133	498.97	155,590.62	30	78.30	22,301.04
Ma. Corazon Almario	151	440.35	128,995.35	7	20.83	5,958.44
Melanie Manaloto	125	302.20	82,741.90	83	185.52	52,512.80
Ligaya Mora	110	326.95	71,697.49	24	68.07	14,631.89
Phillip Paclean	165	588.62	75,403.55	81	195.87	23,087.38
Eduardo Sison	172	677.30	63,185.75	1	3.00	281.55
Cesar Clement Dalisay	118	455.73	92,332.29	75	224.60	43,922.43
Ronald Ignacio	61	230.57	74,581.41	16	39.50	11,181.89
Sheryl Burawes	24	75.27	17,332.41	17	45.47	9,851.66
Maria Josela Clemente	87	325.33	51,551.23	24	74.13	10,927.30
Romeo Meriales, Jr.	164	536.38	67,682.29	5	14.98	1,783.31
Dale Diane Lanuza	82	360.28	80,011.38	10	37.92	7,827.26
Mary Grace Mendoza	70	294.47	60,241.03	16	48.77	9,400.76
Eugenio Bernales	14	75.58	8,296.91	1	3.20	300.32
Ma. Leonor Sevilla	22	107.03	32,895.04	6	12.53	3,288.40
Alicia Lazo	35	94.32	28,952.32	29	67.33	19,433.40
Jose Mariano Javier	71	297.72	29,174.16	1	5.08	477.07
George Maggay	172	667.07	69,900.38	1	4.25	398.86
Kriselle Marie Aquino	4	11.78	3,400.89	3	8.58	2,477.30
Rowena Lopez	18	49.43	20,615.14	1	3.52	1,466.53
Mary Veron Gay Asis	59	187.42	37,631.92	1	3.00	429.95
Antonio Alaurin	162	759.42	72,321.92	1	2.97	278.42
Vanessa Estrano	24	68.65	19,553.16	12	35.03	9,900.33

Name	Claimed Overtime Pay			Claimed OT even if Tardy/Disallowed in Audit		
	No. of Days	Hours	Amount (₱)	No. of Tardines	Hours	Amount (₱)
Joana Marie Cabusao	151	536.10	110,642.27	75	231.03	45,045.51
Jay Nuarin	7	21.85	10,136.23	3	8.25	3,827.28
Ramon Acal	21	133.82	21,207.93	1	3.00	409.79
Noel Sta. Clara	167	767.78	76,798.24	2	10.03	941.62
Rene Maygay	136	388.80	36,855.35	55	166.78	15,354.72
Marife Infante	64	211.35	34,496.22	1	3.00	442.20
Sarah Jane Trajano	2	6.43	1,394.90	2	6.43	1,394.90
Prisci Val Bulanhagui	21	67.13	31,217.09	11	29.77	12,719.93
Rea Etang	7	15.33	2,885.20	1	3.00	564.50
Arnes Velasco	109	581.13	58,814.37	1	4.10	384.78
John Michael Ojano	6	17.23	7,994.83	3	8.23	3,819.55
Ericson Anthony Esporas	5	21.68	5,208.87	1	2.18	449.85
Agnes Aguirre	27	77.37	15,383.59	17	44.22	8,570.61
Mary Francis Rivera	10	32.38	10,149.55	1	2.27	654.19
Benjie Jacutan	26	98.38	22,271.69	12	25.92	4,876.68
Jorito Ancheta	9	28.22	3,473.45	4	13.08	1,512.95
Olivia Ramos	33	102.83	9,256.01	2	5.55	499.58
Alaisah Pendatun	23	97.28	18,840.75	4	12.73	2,508.11
Total						467,119.63

Inquiry with management disclosed that OPAPP has no internal policy with regard to the rendition of overtime services but merely adopts the Joint Circular of CSC and DBM. Also, OPAPP observes flexible time schedule/arrangement, which allows OPAPP employees to choose any one between the three fixed working schedules, to wit: (1) 7 am to 4 pm shift; (2) 8 am to 5 pm shift; or (3) 9 am to 6 pm shift. Further, employees were given a thirty-minute grace period before they are considered late/tardy.

Verification of the supporting documents indeed showed that there were employees who arrived late but within the grace period allowed by management; thus, accordingly, they were considered to have arrived on time, entitling them to render overtime service with pay provided they are authorized and have rendered at least two hours beyond the eight-hour regular work schedule.

However, as defined by the CSC, tardiness is simply the failure to arrive at a time set; lack of punctuality or not arriving on time. In answer to the appeal of Ms. Emelita V. Mercado in CSC Resolution No. 01-0236 dated January 24, 2001, the CSC held that CSC Memorandum Circular (MC) No. 5, series of 1997 would readily show that the authority conferred to heads of agencies is to promulgate a more strict rule on tardiness and absences, which would require their employees to incur less absences and tardiness than that provided for under existing Civil Service Law and Rules. Heads of agencies are not authorized to promulgate rules, which would be more lenient than that provided under the rules. Hence, unless an office is allowed flexible working hours by the Commission, the head of office cannot adopt a policy that would give its

employees a fifteen (15) minute grace period reckoned from the start of the working day before they are considered as tardy. (Underscoring supplied)

Hence, employees who arrived beyond their elected flexi-time schedule should be marked tardy; thus, the payment of their overtime pay may be considered irregular expenditure as defined in COA Circular No. 2012-003 dated October 29, 2012, which states that “Irregular Expenditure is an expenditure incurred without adhering to established rules, regulations, procedural guidelines, policies, principles or practices that have gained recognition in law”, and contrary to the policies and guidelines laid down in DBM-CSC JC No. 2.

In addition, among the documentary requirements laid down in COA Circular 2012-001, the Overtime Work Program was lacking, which could have been used in the evaluation of the employee’s accomplishments report. Further, it was noted that that the Authority to render overtime services did not support the necessity/urgency to render overtime.

We recommended that Management:

a. Require the Head of the FAS to-

- i. justify the cash payment for overtime services in lieu of the implementation of the CTO; and**
- ii. charge the undertime/tardiness to the concerned employees’ vacation leave credits, and require the refund of the overtime pay they received while tardy.**

b. Require the Head of the HRM to-

- i. develop an internal policy on the rendition of overtime services in conformity with DBM-CSC JC No. 2 dated November 25, 2015; and**
- ii. Stop the grant of grace period, and review the legality/regularity of the agency’s policy on Flexible Time Arrangement/Schedule.**

c. Henceforth, institute sound internal control in adherence to the policies and guidelines of the DBM-CSC JC No. 2 and COA Circular 2012-001 to ensure that the render and payment of overtime services are proper and valid.

Management replied that OPAPP shall update its internal policy and guidelines on overtime services and overtime pay. Further, the agency shall provide a copy of the updated policy on office hours to the CSC for record purposes.

Likewise, Management said that payments of overtime were done in good faith following the practice of the office for so many years on the policy of merit for the

grace period, however, the office shall immediately cease the implementation of the said policy.

9. *Utilization of Yolanda Funds*

The receipt of fund transfer from the Presidential Management Staff (PMS) amounting to ₱460,000.00 under Check No. 337099 dated April 14, 2015 for the payment of financial assistance to the agency's employees whose houses were partially/totally/heavily damaged by Typhoon Yolanda and the 7.2 Magnitude earthquake in Bohol was already fully utilized and liquidated in September 2015.

There was no other transaction related to the utilization of Yolanda Funds that was incurred for the CY 2019.

10. *Utilization of Marawi Funds*

On July 25, 2018, the DBM released funds from the FY 2018 GAA under the National Disaster Risk Reduction and Management Fund (Calamity Fund) totaling ₱24,950,010.00 to support the project/program focused on social healing and peace building of OPAPP for Marawi.

Of the allotment released from 2018 continuing appropriations totaling ₱20,824,030.06, the amount of ₱5,824,547.74 or 28 percent was obligated during the year, leaving a balance of ₱14,999,482.32 as of December 31, 2019.

A total of ₱5,619,434.29 or 96 percent of the total obligations of ₱5,824,547.74 was disbursed/used out in 2019 for Marawi's social healing and peace building, with the remaining ₱205,113.45 as unpaid obligation at year-end.

C. Others

Gender and Development (GAD) Plan and Budget

- 11. For CY 2019, OPAPP allocated ₱17,104,800.00 or 2.48 percent of its total budget of ₱688,659,000.00 for the implementation of various GAD related activities, utilizing a total of ₱9,144,282.27, which is only 53.46 percent of the allocated budget and only 1.33 percent of its regular appropriations.**

Section 32 of the General Provisions (GP) of the General Appropriations Act (GAA) Fiscal Year (FY) 2019 (RA No. 11260) provides, among others, that all agencies of the government shall formulate a GAD Plan designed to address gender issues within their concerned sectors or mandate and implement the applicable provisions under RA 9710 or the Magna Carta of Women. The GAD Plan shall be

integrated in the regular activities of the agencies, which shall be at least five percent of their budgets.

The GAD Plan and Budget (GPB) showed that OPAPP allocated ₱17,104,800.00 or 2.48 percent of its regular appropriation of ₱688,659,000.00 for the implementation of several GAD-related activities for CY 2019. The actual expenditures reported in the 2019 Annual GAD Accomplishment Report submitted to the Philippine Commission on Women totaled to ₱9,144,282.27 or 53.46 percent of the GPB and 1.33 percent of its regular appropriations.

We recommended that Management comply with the required allocated budget for GAD Projects/Activities; hence, more GAD plans would be implemented for the benefit of its personnel.

12. *No Programs and Projects formulated for Senior Citizens and Persons With Disability (PWDs)*

Section 33 of the GP of GAA FY 2019 (RA No. 11260) directs all government agencies to formulate plans, programs and projects intended to address the concerns of senior citizens and persons with disability, insofar as it relates to their mandated functions, and integrate the same in their regular activities.

Management, however, was not able to formulate plans/projects related to the concerns of senior citizens and persons with disability in the Agency for CY 2019, thus, no related expenses were incurred during the year.

We recommended that Management formulate programs and projects intended to address the concerns of Senior Citizens and PWDs.

13. *Disaster Risk Reduction and Management (DRRM)*

For CY 2019, the OPAPP attended lectures related to DRRM and conducted earthquake/fire drills to raise awareness and develop security and safety practices in line with the goal of the government on DRRM.

14. *Compliance with Tax laws*

Management remitted monthly to the Bureau of Internal Revenue (BIR) the Value Added Tax (VAT) and other percentage taxes withheld on goods and services, creditable income taxes and on compensation of personnel through the Tax Remittance Advice (TRA), in compliance with the Department of Finance (DOF) and DBM Joint Circular No. 1-2000A dated July 31, 2001.

Joint Circular No. 1-2000A requires all NGAs to prepare and file the TRAs to cover remittance of taxes withheld supported by applicable Withholding Tax Returns with the concerned BIR-Revenue District Office on or before the 10th day of the following month after the taxes is withheld.

Verification of the summary of withholding tax showed that the balance of the Due to BIR account amounted to ₱3,537,899.23 as at December 31, 2019, with details shown below.

Particulars	Amount (₱)		
	Withheld	Remitted	Balance
Compensation	15,100,665.19	13,856,835.35	1,243,829.84
Goods/Services	14,930,719.51	12,636,650.12	2,294,069.39
Total	30,031,384.70	26,493,485.47	3,537,899.23

The balance of ₱3,537,899.23 was remitted in January 2020.

15. Compliance with the GSIS Premium Deductions and Remittances

The Due to GSIS account had a negative beginning balance of ₱2,757.24 with total premium deductions of ₱16,080,161.62 and total remittances of ₱15,768,541.64, leaving a balance of ₱308,862.74 as of December 31, 2019 which was remitted in January 2020.

16. Compliance with the Pag-IBIG Fund Law

The Due to Pag-IBIG account had a negative beginning balance of ₱90,016.82 with total premium deductions of ₱2,309,660.22 and total remittances of ₱2,294,116.83, leaving a negative balance of ₱74,473.43 as of December 31, 2019 which pertains to over-remittance of deductions subject to adjustment/reconciliation in the following year.

17. Compliance with the PhilHealth Deductions and Remittances

The Due to PhilHealth account had a beginning balance of ₱277,700.12 with total premium deductions of ₱1,499,188.03 and total remittances of ₱1,519,463.47, leaving a balance of ₱257,424.68 as of December 31, 2019 which was remitted in January 2020.

18. Compliance with the Property Insurance Law

The OPAPP insured its insurable properties with the GSIS in compliance with COA Circular No. 92-390 dated November 17, 1992 on the Inventory of Physical Assets, Insurance and Bonding of Risks with the General Insurance Fund (GIF) of the GSIS as required under RA No. 656, Property Insurance Law, as amended by PD No. 245 dated July 13, 1973. The amount of insurance premiums paid with the GSIS for the CY 2019 totaled to ₱689,719.97.

Status of Audit Suspensions and Disallowances

- 19. For CY 2019, there were no audit suspensions and disallowances issued to the agency. Audit suspensions and disallowances totaling ₱1,831,174,625.53 issued in prior years were partially settled/paid in the total amount of ₱1,481,958,869.25 leaving an unsettled balance of ₱349,215,756.28 as of December 31, 2019.**

Section 7.1.1 of the 2009 Rules and Regulations on the Settlement of Accounts (RRSA) circularized under COA Circular No. 2009-006 dated September 15, 2009 provides, among others, that the agency head, who is primarily responsible for all government funds and property pertaining to his agency, shall ensure that the settlement of disallowances and charges is made within the prescribed period and the requirements of transactions suspended in audit are complied with.

The summary of the audit suspensions, disallowances and charges issued and settled during the year is shown below.

Particulars	Balance as of 12/31/2018 (₱)	Issued CY 2019 (₱)		Balance as of 12/31/2019 (₱)
		NS/ND	NSSDC	
Notice of Suspension	1,794,505,789.13	-	1,481,376,675.98	313,129,113.15
Notice of Disallowance	30,160,000.00	-	-	30,160,000.00
	6,508,836.40		582,193.27	5,926,643.13
Notice of Charges	-	-	-	-
Total	1,831,174,625.53	-	1,481,958,869.25	349,215,756.28

Audit suspension totaling ₱1,794,505,789.13 was issued due to non-submission of several vouchers and supporting documents for the years 2016 to 2018, where a total of ₱1,481,376,675.98 was settled during the year leaving a balance of ₱313,129,113.15.

The audit disallowances totaling ₱30,160,000.00, with pending appeal memorandum filed in COA for the lifting of the disallowance, were previously issued as audit suspensions in 2017 but graduated into disallowances in CY 2018.

The ₱6,508,836.40 prior years audit disallowances was partially settled/paid through installment during the year amounting to ₱582,193.27, leaving an unsettled balance of ₱5,926,643.13 as of December 31, 2019.

We recommended that Management strictly enforce the settlement of the audit suspensions and disallowances particularly those with Notice of Finality of Decisions (NFDs) issued pursuant to the provisions of COA Circular No. 2009-006.

STATUS OF IMPLEMENTATION OF PRIOR YEAR'S AUDIT RECOMMENDATIONS

Of the 11 audit recommendations contained in the prior year's AAR, 9 were implemented and 2 were not implemented. Those which have significant impact on the financial statements were restated in Part II of this report.

Observations and Recommendations	Ref. 2018 AAR (Page No.)	Action Taken by Management	Results of Auditor's Validation
<p>1. OPAPP maintains special bank accounts recorded as Cash-LCCA without authority from the Permanent Committee contrary to EO No. 338 dated May 17, 1996 and Joint Circular No. 4-2012 dated September 11, 2012 implementing EO No. 431 dated May 30, 2005.</p> <p>We recommended that Management require the Director of FAS to assess the necessity of maintaining these accounts basing on existing obligations, commitments and purpose, and as necessary make proper representation with the Permanent Committee to secure authority for the maintenance of special accounts pursuant to DOF-DBM-COA JC No. 4-2012. Funds with no established purpose should already be remitted to the National Treasury.</p>	44	<p>Management assured that full coordination with the Unit Heads of each office, Department of Budget and Management and the National Treasury is in place to meet the requirements of the said Joint Circular of DOF-DBM-COA. Relative to OPAPP-Current Account, several adjustments were already made particularly the PAMANA DA committed projects and other balances subject to review and refund to the Office of the President and the Bureau of Treasury.</p>	<p>Not Implemented</p> <p>A draft was already made to request authority with the Permanent Committee on the maintenance of special accounts.</p>

Observations and Recommendations	Ref. 2018 AAR (Page No.)	Action Taken by Management	Results of Auditor's Validation
<p>2. Reconciling items totaling ₱8,812,602.47 that require adjustments and corrections in the cash accounts of the Regular and Special Funds were not recognized in the books of accounts as of December 31, 2018 contrary to Section 6, Chapter 21 of the GAM, Volume I, thus, resulting in the misstatement of cash accounts and other appropriate accounts.</p> <p>We recommended and Management agreed to require the Chief Accountant to effect the necessary adjustments/corrections in the books of accounts. Henceforth, strictly comply with the provisions of Section 6, Chapter 21 of the GAM, Volume I.</p>	46	<p>Accounting Section has already prepared the adjustments. It has been discussed with the designated officer of the Accounting Section to coordinate with Cashier and ensure the timely submission of the Bank Reconciliation Statements thus, to prepare immediately the correcting/adjusting entries for any discrepancies or other reconciling item</p> <p>Adjustments were already posted in the books of accounts for validation particularly the stale checks. These documents were also transmitted to the office of the Auditor.</p>	<p>Implemented</p> <p>Verified the adjustments made per Journal Entry Voucher (JEV) in the total amount of ₱8,812,602.47, as follows:</p> <p><u>JEV Nos. / Date</u></p> <p>a) 19-05-0017CP dated May 29, 2019 b) 19-03-0002S dated March 31, 2019 c) 19-05-00924 19-05-00925 dated May 30, 2019 d) 19-05-00950B to 19-05-00950N dated May 31, 2019</p>

Observations and Recommendations	Ref. 2018 AAR (Page No.)	Action Taken by Management	Results of Auditor's Validation
<p>3. Payment of financial assistance in connection with the Agricultural Productivity Support for FY 2017 was not supported with any documentary requirements contrary to Section 4 (6) of PD No. 1445 and Section 5 (f) of the GAM, thus, the propriety of the payment could not be readily determined.</p> <p>We recommended and Management agreed to instruct the concerned personnel to comply with the noted deficiencies to determine the legality and validity of the said claim. Henceforth, strictly comply with the provisions of Section 4 of PD No. 1445 and Section 5, Chapter 2 of the GAM, Volume I particularly on the submission of the above stated requirements/ documents.</p>	47	<p>Management reviewed all payments for financial assistance in collaboration with the Legal office of OPAPP.</p> <p>Documentations were prepared for discussion with the Secretary.</p> <p>On February 11, 2020, the Province of Benguet had reverted the amount of Php 50M to the Bureau of Treasury. However, we have requested the office for the copy of official receipt for our file and reference for adjustment.</p>	<p>Not Implemented</p> <p>On January 23, 2020, the Undersecretary for FAS wrote a letter to the Governor of the Provincial Government of Benguet requesting the return of ₱50,000,000.00 fund transferred to PLGU-Benguet account for reversion to the Bureau of Treasury.</p> <p>The PLGU-Benguet sent a copy of issued check amounting to ₱50,000,000.00 under the payee name of the Bureau of the Treasury together with a copy of Oncoll Payment Slip. However, the said payment was not deposited to the account of Bureau of the Treasury but instead, it was under the account name of the Provincial Government of Benguet. Management assured that this will be subject for further verification.</p>

Observations and Recommendations	Ref. 2018 AAR (Page No.)	Action Taken by Management	Results of Auditor's Validation									
<p>4. The RPCPPE was not reconciled with the PPELC, PC and control accounts contrary to the rules of the GAM.</p> <p>We recommended and Management agreed to require the Head of the PSS to:</p> <p>a. Adjust the RPCPPE to reflect historical cost of MV instead of the salvage value to adjust the difference of ₱34,272,615.42 between the books and the report;</p> <p>b. Verify/reconcile with Accounting Section as regards the ₱9,877,865.53 worth of PPE reflected in the books but not included in the RPCPPE;</p> <p>c. Submit the required annual RPCPPE to the Audit Team not later than January 31 of each year duly reconciled with the PC and PPELC maintained by the Property and Accounting Sections, respectively;</p> <p>d. Inform the Audit Team of the conduct of physical count of PPE for the purpose of witnessing the count and verifying the corresponding report; and</p>	48	<p>Management instructed both the PSS and the Accounting Section to reconcile the balances of PPE accounts per books and the Report on Physical Count of PPE regularly and update the Property Cards and PPE Ledger Cards in accordance of the Government Accounting Manual (GAM).</p> <p>The Accounting Section and the Property and Supply Section (PSS) conducted the inventory of each PPE accounts. They have also performed the reconciliation, as well. Thus, several adjustments covered with JEV nos. were already posted with details as follows:</p> <table><tr><td>JEV</td><td>No.</td><td>19-05-00933</td></tr><tr><td>JEV</td><td>No.</td><td>19-05-00934</td></tr><tr><td>JEV</td><td>No.</td><td>19-05-00936</td></tr></table> <p>Control mechanisms on acquisitions and disposals of PPEs have been reviewed, improved and reinforced particularly in Mindanao offices.</p>	JEV	No.	19-05-00933	JEV	No.	19-05-00934	JEV	No.	19-05-00936	<p>Implemented</p> <p>a. Verified the amount of adjustment made in the RPCPPE to reflect historical cost of MV instead of the salvage value.</p> <p>Implemented</p> <p>b. Verified the adjustments made per JEV Nos. 19-05-00933, 19-05-00934 and 19-05-00936 all dated May 5, 2019.</p> <p>Implemented</p> <p>c. The RPCPPE as of September 2019 was submitted to the Audit Team last October 2019.</p> <p>Implemented</p> <p>d. In November 2019, the Audit Team was informed and requested to witness the physical count of PPE in Cotabato City.</p>
JEV	No.	19-05-00933										
JEV	No.	19-05-00934										
JEV	No.	19-05-00936										

Observations and Recommendations	Ref. 2018 AAR (Page No.)	Action Taken by Management	Results of Auditor's Validation
e. Coordinate regularly with the Accounting Section in the reconciliation of the PPELC and PC for check and balance to ascertain the integrity of both records.			Implemented e. Property and accounting sections are in constant coordination and adjustment and reconciliation for proper and correct amount of inventory record.
<p>5. Obligations incurred in prior years totaling ₱4,208,506.64 were recognized as accounts payable in CY 2018 contrary to Section 119 of PD No. 1445.</p> <p>We recommended and Management agreed to require the Chief Accountant to ensure that all obligations incurred during the year are booked in that year, otherwise, these will be categorized as unbooked obligations, and shall be processed or paid as money claims as provided under Rule VIII of the 2009 Revised Rules of Procedures of the COA.</p>	50	<p>The Accounting Section had already coordinated with the concerned units relative to the settlement of prior years' unbooked obligations mostly payments for hotel accommodations, meal expenses, tickets and other expenses. It had also reiterated that these obligations were already considered as money claims.</p> <p>Several coordination meetings with management, creditors and concerned units were conducted to comply all the necessary requirements and supporting documents for settlement.</p>	<p>Implemented</p> <p>No unbooked obligations pertaining in the prior years were taken up during the current year.</p>

Observations and Recommendations	Ref. 2018 AAR (Page No.)	Action Taken by Management	Results of Auditor's Validation
<p>6. Of the total allotments of ₱808,201,497.00, only ₱618,339,423.75 and ₱585,860,535.09 were obligated and disbursed, respectively, equivalent to 76.51 percent obligation-based utilization rate for the year.</p> <p>We recommended and Management agreed to implement its projects as planned/ programmed in its BEDs and conduct regular monitoring and evaluation of activities to ensure that projects are implemented on time and in case of delays/interruptions, catch-up plans are immediately carried out.</p>	52	<p>Management intended to intensify and strengthen its Monitoring and Evaluation (M&E) efforts including joint site inspections and regular conduct of assessments to move forward the projects. Further, Management created a body called Program and Budget Advisory Committee (PBAC) to have a systematic process in planning, organizing and budgeting and to monitor the implementation of its projects and activities based on unit's Work and Financial Plan.</p>	<p>Implemented</p> <p>Checked/reviewed the submitted Office Order No. 126 series of 2019 establishing the creation of the PBAC.</p>
<p>7. The Soft Landing Policy which allowed a flexible work arrangement for parent employees, regardless of status of appointment, be it a solo parent or a married person after the mandatory maternity leave of absence is completed is not in conformity with the rules on the prescribed office hours of all the officers and employees of the government issued by the CSC.</p> <p>We recommended and Management agreed to stop immediately the implementation of the Soft-Landing Policy and follow the existing regulations on the rendition of service in government offices and the implementation of the maternity leave law.</p>	53	<p>Management has already stopped the implementation of the Soft-Landing Policy since December 2018. Management ensures for future implementation of</p>	<p>Implemented</p> <p>Management had already stopped the implementation of the Soft-Landing Policy as of audit date.</p>

Observations and Recommendations	Ref.2018 AAR (Page No.)	Action Taken by Management	Results of Auditor's Validation
		any schemes for the purpose of the benefit of the employees, the agency shall observe its implementation in accordance to the rules and regulations prescribed by the Civil Service Commission.	

STATEMENT OF APPROPRIATIONS, ALLOTMENTS, OBLIGATIONS, DISBURSEMENTS AND BALANCES

For the year ended December 31, 2019

CURRENT YEAR APPROPRIATIONS - 77,219,000.00
 SUPPLEMENTAL APPROPRIATIONS
 CONTINUING APPROPRIATIONS

Department : Other Executive Office (OCO)
 Agency : Office of the Presidential Adviser on the Peace Process (OPAPP)
 Operating Unit : 136026.0000000
 Organization Code (UACS) : 136026.0000000
 Funding Source Code (ex-Cluster) : All Source

PARTICULARS	UACS CODE	APPROPRIATIONS				ALLOTMENTS				CURRENT YEAR OBLIGATIONS										CURRENT YEAR DISBURSEMENTS										BALANCES			
		AUTHORISED APPROPRIATION	ADJUSTMENT TO/FROM REVISIONS	ADJUSTED APPROPRIATIONS	AUTHORISED APPROPRIATION	ADJUSTIVE MTS (WITHIN FISCAL YEAR)	TRANS FEE FROM	ADJUSTED TOTAL ALLOTMENTS	1ST QTR ENDING MARCH 31, 2019	2ND QTR ENDING JUNE 30, 2019	3RD QTR ENDING SEP 30, 2019	4TH QTR ENDING DEC 31, 2019	TOTAL	1ST QTR ENDING MARCH 31, 2019	2ND QTR ENDING JUNE 30, 2019	3RD QTR ENDING SEP 30, 2019	4TH QTR ENDING DEC 31, 2019	TOTAL	UNENCUMBERED APPROPRIATIONS	UNENCUMBERED ALLOTMENT	UNPAID OBLIGATIONS (15-20) =												
																					DUE AND BRANDABLE	NOT YET DUE AND BRANDABLE											
1	2	3	4	5 = 3+4	6	7	8	9	10 = [(6)+(7)+(8)+(9)]	11	12	13	14	15 = [(11)+(12)+(13)+(14)]	16	17	18	19	20 = [(16)+(17)+(18)+(19)]	21 = (4-10)	22 = (10-15)	23	24										
1.AGENCY SPECIFIC BUDGET																																	
General Administration and Sup		201,776,000.00	-	202,776,000.00	201,776,000.00	-	-	-	202,776,000.00	33,747,170.27	72,205,322.59	30,551,755.19	28,566,951.99	178,264,200.35	33,809,649.60	50,482,939.43	39,627,140.93	30,661,256.73	153,435,986.67	-	24,511,799.65	14,438,213.88	-										
PAP																																	
PS	50100000.00	46,539,000.00	-	46,539,000.00	46,539,000.00	-	-	-	46,539,000.00	11,931,414.56	23,066,593.21	10,514,098.22	-	46,539,000.00	11,674,736.76	22,389,955.47	11,237,572.17	636,738.65	46,539,000.00	-	-	-	-										
MOCE	50100000.00	156,231,000.00	-	156,231,000.00	156,231,000.00	-	-	-	156,231,000.00	21,809,795.71	55,331,735.64	20,052,766.97	28,566,951.99	131,775,700.35	22,134,912.64	27,102,036.95	27,459,564.81	39,023,518.06	116,895,696.47	-	24,511,799.65	14,018,213.88	-										
CO	50000000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
Operation		384,521,000.00	-	384,522,000.00	384,522,000.00	-	-	-	384,522,000.00	47,135,595.60	82,600,002.91	60,076,600.10	95,538,417.12	285,708,615.73	30,497,963.75	38,449,733.66	55,318,599.38	96,871,470.01	250,564,107.74	-	82,831,664.37	35,144,327.99	-										
MFO 1 : Technical Advisory and Support Services on the Comprehensive Peace Process																																	
PAP																																	
PS	50100000.00	115,231,000.00	-	115,231,000.00	115,231,000.00	-	-	-	115,231,000.00	7,656,233.76	16,415,681.37	18,093,235.19	44,445,777.40	86,600,223.72	7,648,739.76	15,105,092.20	17,207,915.07	42,478,360.03	83,031,167.06	-	29,136,776.28	3,507,056.66	-										
MOCE	50100000.00	252,785,000.00	-	252,785,000.00	252,785,000.00	-	-	-	252,785,000.00	39,638,815.84	65,746,311.54	42,657,644.92	51,013,839.72	199,106,612.01	32,357,227.99	42,734,641.40	37,915,564.31	54,400,109.98	167,531,540.68	-	53,076,387.59	31,577,071.37	-										
CO	50000000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
Locally Funded Project - NORMANIZATION		117,361,000.00	-	117,361,000.00	117,361,000.00	-	-	-	117,361,000.00	16,579,238.96	34,830,332.19	21,209,718.25	16,693,321.08	91,297,702.48	13,019,658.80	22,899,901.67	18,631,472.06	30,051,539.97	84,612,772.50	-	25,706,220.92	6,979,997.98	-										
PAP																																	
PS	50100000.00	15,916,000.00	-	15,916,000.00	15,916,000.00	-	-	-	15,916,000.00	1,976,246.52	5,641,421.69	3,597,911.59	4,679,739.40	15,916,000.00	1,974,716.80	5,185,055.32	3,588,238.21	5,097,663.87	15,779,777.50	-	-	116,272.56	-										
MOCE	50100000.00	101,445,000.00	-	101,445,000.00	101,445,000.00	-	-	-	101,445,000.00	16,602,232.44	28,197,090.59	17,206,696.76	12,175,581.78	75,676,770.48	11,045,112.02	17,214,841.15	15,045,193.75	25,007,876.10	68,813,045.00	-	25,706,220.92	6,861,715.48	-										
CO	50000000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
Locally Funded Project - PAMANA PROJECTS		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
PAP																																	
PS	50100000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
MOCE	50100000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
CO	50000000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
Sub-TOTAL AGENCY SPECIFIC BUDGET		684,659,000.00	-	684,659,000.00	684,659,000.00	-	-	-	684,659,000.00	105,662,104.43	156,289,678.06	112,653,331.54	146,990,630.19	555,546,206.56	86,427,470.55	132,112,597.10	110,659,152.37	166,604,264.69	498,609,466.71	-	133,099,139.44	56,942,339.55	-										
PS	50100000.00	178,197,000.00	-	178,197,000.00	178,197,000.00	-	-	-	178,197,000.00	21,561,103.44	46,021,670.28	32,726,165.40	42,184,117.20	149,095,221.72	21,205,263.32	41,281,103.19	37,618,935.50	48,166,762.55	145,371,834.56	-	20,136,776.28	3,603,320.16	-										
MOCE	50100000.00	510,467,000.00	-	510,467,000.00	510,467,000.00	-	-	-	510,467,000.00	84,101,003.99	150,268,007.72	80,307,198.14	91,776,772.99	406,510,428.84	65,312,207.63	88,831,477.51	80,040,396.87	118,431,504.14	353,231,572.15	-	10,956,427.65	52,729,010.69	-										
CO	50000000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
II. CONTINUING FUND - NORMANIZATION		2,024,000,000.00	-	2,024,000,000.00	2,024,000,000.00	-	-	-	2,024,000,000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
PS	50100000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
MOCE	50100000.00	2,024,000,000.00	-	2,024,000,000.00	2,024,000,000.00	-	-	-	2,024,000,000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
Sub-TOTAL CONTINUING FUND		2,024,000,000.00	-	2,024,000,000.00	2,024,000,000.00	-	-	-	2,024,000,000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-										

PARTICULARS	USCS CODE	APPROPRIATIONS				ALLOTMENTS				CURRENT YEAR OBLIGATIONS							CURRENT YEAR DISBURSEMENTS							BALANCES			
		AUTORIZED APPROPRIATION	ADJUSTMENT 5 TRANSFER TO/FROM REALLOCATIONS	ADJUSTED APPROPRIATIONS	AUTORIZED APPROPRIATION	ADJUSTMENT 6 TRANSFER FROM REALLOCATIONS	TRANSFERS FROM	ADJUSTED TOTAL ALLOTMENTS	1ST QTR ENDING MARCH 31, 2019	2ND QTR ENDING JUNE 30, 2019	3RD QTR ENDING SEPT 30, 2019	4TH QTR ENDING DEC 31, 2019	TOTAL	1ST QTR ENDING MARCH 31, 2019	2ND QTR ENDING JUNE 30, 2019	3RD QTR ENDING SEPT 30, 2019	4TH QTR ENDING DEC 31, 2019	TOTAL	UNRECEIVED APPROPRIATIONS	UNRECEIVED ALLOTMENT	UNPAID OBLIGATIONS (15-20) =						
																					DUE AND OBLIGATIONS	NOT YET DUE AND OBLIGATIONS					
II. CONTINGENT FUND - VARIOUS IMPLEMENTATION PAYS		203,673,187.00	-	203,673,187.00	203,673,187.00	-	-	203,673,187.00	-	-	138,744,987.00	5,342,014.37	144,087,001.37	-	-	113,197,487.00	28,593,141.86	141,790,128.86	-	59,586,385.63	2,296,172.51	-	-				
MOOE	50200000.00	203,673,187.00	-	203,673,187.00	203,673,187.00	-	-	203,673,187.00	-	-	138,744,987.00	5,342,014.37	144,087,001.37	-	-	113,197,487.00	28,593,141.86	141,790,128.86	-	59,586,385.63	2,296,172.51	-	-				
CO	56000000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
SUB-TOTALS, CONTINGENT FUND		203,673,187.00	-	203,673,187.00	203,673,187.00	-	-	203,673,187.00	-	-	138,744,987.00	5,342,014.37	144,087,001.37	-	-	113,197,487.00	28,593,141.86	141,790,128.86	-	59,586,385.63	2,296,172.51	-	-				
IV. AUTOMATIC APPROPRIATION - TO COVER THE OPERATING REQUIREMENTS FOR THE IMPLEMENTATION OF INCLUSIVE GROWTH FOR ALL: CONSOLIDATING THE BENEFITS OF PEACE IN COMMUNITIES AFFECTED BY ARMED CONFLICT IN THE PHILIPPINES - COMMUNITY PEACE DIVIDENDS PROJECT (CPDP-04021-171) (A60, NO. 846-0-19-0002172) DATED MARCH 13, 2019		25,160,143.00	-	25,160,143.00	25,160,143.00	-	-	25,160,143.00	136,119.89	-	-	-	136,119.89	136,119.89	-	-	-	136,119.89	-	25,034,003.11	-	-	-				
MOOE	50200000.00	25,160,143.00	-	25,160,143.00	25,160,143.00	-	-	25,160,143.00	136,119.89	-	-	-	136,119.89	136,119.89	-	-	-	136,119.89	-	25,034,003.11	-	-	-				
SUB-TOTAL, AUTOMATIC APPROPRIATION		25,160,143.00	-	25,160,143.00	25,160,143.00	-	-	25,160,143.00	136,119.89	-	-	-	136,119.89	136,119.89	-	-	-	136,119.89	-	25,034,003.11	-	-	-				
V. MPFB - TO COVER THE FUNDING REQUIREMENTS FOR THE PAYMENT OF SERVICE TO OUTPOST PERSONNEL (A80, NO. 846-0-19-0002170) DATED DEC 18, 2019		1,220,800.00	-	1,220,800.00	1,220,800.00	-	-	1,220,800.00	-	-	-	1,207,500.00	1,207,500.00	-	-	-	1,185,500.00	1,185,500.00	-	13,100.00	21,000.00	-	-				
PS	50100000.00	1,220,800.00	-	1,220,800.00	1,220,800.00	-	-	1,220,800.00	-	-	-	1,207,500.00	1,207,500.00	-	-	-	1,185,500.00	1,185,500.00	-	13,100.00	21,000.00	-	-				
SUB-TOTAL, MPFB		1,220,800.00	-	1,220,800.00	1,220,800.00	-	-	1,220,800.00	-	-	-	1,207,500.00	1,207,500.00	-	-	-	1,185,500.00	1,185,500.00	-	13,100.00	21,000.00	-	-				
VI. PENSION AND GRATUITY - TO COVER THE TERMINAL LEAVE BENEFITS OF FOUR (4) CIVILIAN PERSONNEL (A40, NO. 846-0-19-0001155) DATED JULY 12, 2019		851,716.00	-	851,716.00	851,716.00	-	-	851,716.00	-	-	851,735.55	851,735.55	851,735.55	-	-	851,735.55	-	851,735.55	-	0.45	-	-	-				
PS	50100000.00	851,716.00	-	851,716.00	851,716.00	-	-	851,716.00	-	-	851,735.55	851,735.55	851,735.55	-	-	851,735.55	-	851,735.55	-	0.45	-	-	-				
SUB-TOTAL, PENSION AND GRATUITY		851,716.00	-	851,716.00	851,716.00	-	-	851,716.00	-	-	851,735.55	851,735.55	851,735.55	-	-	851,735.55	-	851,735.55	-	0.45	-	-	-				
VII. PENSION AND GRATUITY - TO COVER THE TERMINAL LEAVE BENEFITS OF A CIVILIAN PERSONNEL (A40, NO. 846-0-19-0013443) DATED SEPT 26, 2019		466,938.00	-	466,938.00	466,938.00	-	-	466,938.00	-	-	-	466,957.14	466,957.14	-	-	-	466,957.14	466,957.14	-	0.55	-	-	-				
PS	50100000.00	466,938.00	-	466,938.00	466,938.00	-	-	466,938.00	-	-	-	466,957.14	466,957.14	-	-	-	466,957.14	466,957.14	-	0.55	-	-	-				
SUB-TOTAL, PENSION AND GRATUITY		466,938.00	-	466,938.00	466,938.00	-	-	466,938.00	-	-	-	466,957.14	466,957.14	-	-	-	466,957.14	466,957.14	-	0.55	-	-	-				

PARTICULARS		UNCS CODE	APPROPRIATIONS			ALLOTMENTS			CURRENT YEAR OBLIGATIONS					CURRENT YEAR DISBURSEMENTS					BALANCES					
			AUTHORIZED APPROPRIATION	ADJUSTMENT SUBSIDIZED REALIGNMENT	ADJUSTED APPROPRIATIONS	AUTHORIZED APPROPRIATION	ADJUSTIVE RTS (WITHINDA W/ REALIGNMENT)	TRANSFERS FROM	ADJUSTED TOTAL ALLOTMENTS	1ST QTR ENDING MARCH 31, 2019	2ND QTR ENDING JUNE 30, 2019	3RD QTR ENDING SEPT 30, 2019	4TH QTR ENDING DEC 31, 2019	TOTAL	1ST QTR ENDING MARCH 31, 2019	2ND QTR ENDING JUNE 30, 2019	3RD QTR ENDING SEPT 30, 2019	4TH QTR ENDING DEC 31, 2019	TOTAL	UNRELEASED APPROPRIATIONS	UNOBLIGATED ALLOTMENT	UNPAID OBLIGATIONS (11-20) * (21+22)	NOT YET DUE AND DEMANDABLE	
VII. CONTINUING APPROPRIATIONS - RA 10954																								
General Administration and Supp			-		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PAP																								
PS		50100000 00	-		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MODE		50200000 00	-		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operations		53785,104.00	-		5,785,104.00		5,785,104.00	-	-	5,785,104.00	27,995.00	520,000.00	2,899,200.00	1,470,850.08	5,085,145.08	-	615,595.00	2,000,800.83	(1,506,601.83)	1,115,995.00	681,584.32	3,970,350.68	-	
MFO 1 - Technical Agency and Support Services on the Comprehensive Peace Process																								
PAP																								
MODE		50200000 00	-		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CO		50600000 00	5,785,104.00	-	5,785,104.00		5,785,104.00	-	-	5,785,104.00	27,995.00	534,000.00	2,799,200.00	1,470,850.08	5,085,145.08	-	615,595.00	2,000,800.83	(1,506,601.83)	1,115,995.00	696,758.12	3,970,350.68	-	
Locally Funded Project - NORMALIZATION		30,226,395.21	-		30,226,395.21		30,226,395.21	-	-	30,226,395.21	150,262.78	548,410.31	13,659,581.99	10,701,144.71	25,085,606.79	34,759.78	644,410.31	1,735,746.50	14,505,282.03	16,074,729.82	5,160,688.42	8,130,916.97	-	
PAP																								
MODE		50200000 00	30,226,395.21	-	30,226,395.21		30,226,395.21	-	-	30,226,395.21	150,262.78	548,410.31	13,659,581.99	10,701,144.71	25,085,606.79	34,759.78	644,410.31	1,735,746.50	14,505,282.03	16,074,729.82	5,160,688.42	8,130,916.97	-	
Locally Funded Project - PHARMIA PROJECTS		74,817,726.69	-		74,817,726.69		74,817,726.69	-	-	74,817,726.69	1,620.00	691,370.00	932,370.00	6,832,036.77	8,481,536.77	1,020.00	880,640.00	237,668.50	6,174,745.87	7,103,874.37	66,399,889.92	1,344,162.40	-	
PAP																								
MODE		50200000 00	-		-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CO		50600000 00	74,817,726.69	-	74,817,726.69		74,817,726.69	-	-	74,817,726.69	1,620.00	691,370.00	932,370.00	6,832,036.77	8,481,536.77	1,020.00	880,640.00	237,668.50	6,174,745.87	7,103,874.37	66,399,889.92	1,344,162.40	-	
SUB-TOTAL AGENCY SPECIFIC BUDGET		110,829,125.90	-		110,829,125.90		110,829,125.90	-	-	110,829,125.90	179,884.78	1,837,870.31	17,588,001.99	15,000,232.16	33,599,789.24	35,889.78	1,070,045.11	3,975,038.03	19,073,422.17	25,154,399.19	72,229,335.68	19,445,100.05	-	
MODE		50200000 00	30,226,395.21	-	30,226,395.21		30,226,395.21	-	-	30,226,395.21	150,262.78	548,410.31	13,659,581.99	10,701,144.71	25,085,606.79	34,759.78	644,410.31	1,735,746.50	14,505,282.03	16,074,729.82	5,160,688.42	8,130,916.97	-	
CO		50600000 00	80,602,138.69	-	80,602,138.69		80,602,138.69	-	-	80,602,138.69	29,619.00	1,279,370.00	3,928,420.00	8,298,887.45	11,514,182.45	1,020.00	1,105,615.60	2,244,372.13	4,608,142.23	8,219,669.37	67,068,448.24	5,315,513.08	-	
IX. CATALANITY FUND - NATIONAL DISASTER RISK REDUCTION - RELEASE OF FUNDS TO SUPPORT THE PROJECT / PROGRAM FOCUSED ON SOCIAL HEATING AND PEACE BUILDING FOR WARAFIN OF GRAP - SARO NO. DND-D-18-0016193																								
MODE		50200000 00	20,824,010.06	-	20,824,010.06		20,824,010.06	-	-	20,824,010.06	-	2,242,110.00	1,382,026.00	2,200,187.74	5,834,547.74	-	2,242,110.00	1,355,750.00	2,021,574.29	5,619,434.29	14,599,483.22	205,113.45	-	

PARTICULARS	UNSC CODE	APPROPRIATIONS				ALLOTMENTS				CURRENT YEAR OBLIGATIONS							CURRENT YEAR DISBURSEMENTS							BALANCES		
		AUTHORISED APPROPRIATION	ADJUSTMENT TO/FROM RAJAMH ⁷⁾	ADJUSTED APPROPRIATIONS	AUTHORISED APPROPRIATION	ADJUSTMENT (WITHIN A YEAR TO RAJAMH ⁸⁾)	TRANS FERS TO	TRANS FERS FROM	ADJUSTED TOTAL ALLOTMENTS	1ST QTR ENDING MARCH 31, 2019	2ND QTR ENDING JUNE 30, 2019	3RD QTR ENDING SEPT 30, 2019	4TH QTR ENDING DEC 31, 2019	TOTAL	1ST QTR ENDING MARCH 31, 2019	2ND QTR ENDING JUNE 30, 2019	3RD QTR ENDING SEPT 30, 2019	4TH QTR ENDING DEC 31, 2019	TOTAL	UNRELEASED APPROPRIATIONS	UNDISBURGATED ALLOTMENT	UNPAID OBLIGATIONS (15-19) - (23-24)				
																						REQ AND DEMANDABLE	NOT YET REQ AND DEMANDABLE			
CONTINUING APPROPRIATION - CONTINGENT FUND - BANGSAMORO TRANSITION COMMISSION (BTC) MISC. MNTS. (BUDGET NO. 88B-D-13-00000315 AND CREDIT APPROPRIATION OF THE BANGSAMORO ORGANIC LAW, SMO NO. 88B-D-13-00000315 DATED JAN 23, 2019		45,000,000.00	-	45,000,000.00	45,000,000.00	-	-	-	45,000,000.00	24,484,504.96	5,295,923.84	(1,582,433.47)	-	28,197,975.33	24,163,740.05	4,230,363.55	(202,135.18)	-	28,197,975.33	-	16,482,024.67	-	-			
MODE	50200000.00	45,000,000.00	-	45,000,000.00	45,000,000.00	-	-	-	45,000,000.00	24,484,504.96	5,295,923.84	(1,582,433.47)	-	28,197,975.33	24,163,740.05	4,230,363.55	(202,135.18)	-	28,197,975.33	-	16,482,024.67	-	-			
CO	50000000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
RESIDUAL AMOUNT P16,703,854.59 OUT OF THE P45,000,000.00 ALLOTMENT RELATED TO THE CYP APPR PER SMO NO. 88B-D-13-00000315 DATED JAN 23, 2019, REFERENCED IN SMO NO. 88B-D-13-00000315 DATED SEP 18, 2019		(16,703,854.59)	-	(16,703,854.59)	(16,703,854.59)	-	-	-	(16,703,854.59)	-	-	-	-	-	-	-	-	-	-	-	(16,703,854.59)	-	-			
MODE	50200000.00	(16,703,854.59)	-	(16,703,854.59)	(16,703,854.59)	-	-	-	(16,703,854.59)	-	-	-	-	-	-	-	-	-	-	-	(16,703,854.59)	-	-			
CO	50000000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
CONTINUING APPROPRIATION - CONTINGENT FUND TO COVER THE FUNDING REQUIREMENTS FOR THE CONTINUING TECHNICAL ADVISORY AND SUPPORT SERVICES IN THE DRAFTING OF PRIORITY LEGISLATIONS FOR THE BANGSAMORO TRANSITION AUTHORITY AND THE BANGSAMORO AUTONOMOUS REGION IN MUSLIM MINDANAO, SMO NO. 88B-D-13-0011821 DATED SEP 18, 2019		16,703,855.00	-	16,703,855.00	16,703,855.00	-	-	-	16,703,855.00	-	-	-	8,590,034.61	8,590,034.61	-	-	-	-	2,712,250.00	2,712,250.00	6,153,770.39	5,837,881.61	-			
MODE	50100000.00	16,703,855.00	-	16,703,855.00	16,703,855.00	-	-	-	16,703,855.00	-	-	-	8,590,034.61	8,590,034.61	-	-	-	-	2,712,250.00	2,712,250.00	6,153,770.39	5,837,881.61	-			
CO	50000000.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
GRAND TOTAL		3,120,685,180.37	-	3,120,685,180.37	3,120,685,180.37	-	-	-	3,120,685,180.37	190,682,634.48	208,655,382.15	1,566,883,993.69	228,347,678.19	2,131,287,065.49	111,169,241.58	140,555,101.56	1,276,239,687.75	517,692,410.03	2,045,370,651.82	-	983,392,114.88	85,576,513.67	-			
FS	50100000.00	160,731,494.00	-	160,731,494.00	160,731,494.00	-	-	-	160,731,494.00	21,551,000.84	46,013,670.28	331,337,870.95	50,858,776.14	351,581,416.41	21,295,203.32	43,881,101.10	33,460,561.05	49,887,210.69	147,887,687.25	-	20,150,077.59	1,704,393.16	-			
MOEF	50200000.00	2,859,350,855.08	-	2,859,350,855.08	2,859,350,855.08	-	-	-	2,859,350,855.08	108,871,218.62	159,357,431.87	1,529,755,720.74	107,191,413.40	1,766,471,466.68	89,872,418.26	95,668,861.37	1,140,518,866.57	461,304,619.00	1,889,631,695.20	-	981,179,239.05	16,559,771.43	-			
CO	50000000.00	80,602,810.09	-	80,602,810.09	80,602,810.09	-	-	-	80,602,810.09	79,615.00	1,270,710.00	3,703,310.00	8,296,387.15	1,155,181.25	1,483.00	1,356,693.00	2,214,271.13	4,468,142.24	8,219,669.37	-	67,066,454.24	5,316,513.08	-			
RECAPITULATION BY MODE		3,120,685,180.37	-	3,120,685,180.37	3,120,685,180.37	-	-	-	3,120,685,180.37	190,682,634.48	208,655,382.15	1,566,883,993.69	228,347,678.19	2,131,287,065.49	111,169,241.58	140,555,101.56	1,276,239,687.75	517,692,410.03	2,045,370,651.82	-	983,392,114.88	85,576,513.67	-			
MOI 1	-	3,120,685,180.37	-	3,120,685,180.37	3,120,685,180.37	-	-	-	3,120,685,180.37	190,682,634.48	208,655,382.15	1,566,883,993.69	228,347,678.19	2,131,287,065.49	111,169,241.58	140,555,101.56	1,276,239,687.75	517,692,410.03	2,045,370,651.82	-	983,392,114.88	85,576,513.67	-			

QUARTERLY REPORT OF REVENUE AND OTHER RECEIPTS
As of the Quarter Ending December 31, 2019

COA-OPAR
RECEIVED
Date: _____
By: _____
Appendix 24
FAR No. 5

Department: Other Executive Offices
Entity Name: Office of the Presidential Adviser on the Peace Process
Operating Unit: N/A
Organization Code (UACS): 260260000000

CLASSIFICATION / SOURCES OF REVENUE AND OTHER RECEIPTS	UACS Code	REVENUE TARGET (Annual)	ACTUAL REVENUE AND OTHER RECEIPTS/COLLECTIONS					CUMULATIVE REMITTANCE/DEPOSITS TO DATE		VARIANCE		Remarks	
			1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	TOTAL	Remittance to BIR	Deposited with ACDB	Total	Amount		%
A. General Fund (formerly Fund 101)	2	3	4	5	6	7	8=(4+5+6+7)	9	10	11=(9+10)	12=(8-3)	13=(12/3)	14
- Tax Documentary Stamp Tax	40104010 00												
- Non-Tax Permit Fees Import	40201010 01												
F. Special Account in the General Fund (formerly Fund 105, 183, 401, 151, 159)													
- Tax													
- Non-Tax													
- Income from Grants and Donations in Cash	404 02 01 0												
- Interest Income	4 02 02 21 0		8,110.82	8,204.75	8,300.63	8,302.33	32,918.53		24,616.20	24,616.20	32,918.53		MINDLCP Act.
C. Off-Budget Accounts (formerly Fund 161 to 164, etc.)													
D. Custodial Funds (formerly Fund 101, 184, 187)													
TOTAL			8,110.82	8,204.75	8,300.63	8,302.33	32,918.53		24,616.20	24,616.20	32,918.53		

Certified Correct:

LEILANIE T. DISOYANGCO, CPA

PPD/V

Approved by:

SEC. CARLITO G. OLLIVERA, JR.

Agency Head/Department Secretary/
Authorized Representative

Date:

January 23, 2020

Certified Correct:
LEILANNE T. DISOYANCO, CPA
PRO/ N

Approved by:
SEC. CARLITO G. GAYEZ JR.
Agency Head/Department Secretary/
Authorized Representative
Date: January 23, 2020