

Consolidated Management Comments on the COA 2016 Audit Observations and Recommendations- as of 29 May 2017

Ref	Audit Observations	Audit Recommendations	Management Comments	Auditor's Rejoinder	Auditor's Disposition									
AOM NO. 2017-02 DATED APRIL 20, 2017	The collectability of receivables aggregating P65,324,797 which have been non-moving or dormant for more than 10 to 30 years could not be ascertained due to the absence of sufficient records/documents and/or the debtors no longer exist or could no longer be located, to the detriment of the government. Likewise, no allowance for impairment was provided for accounts receivable amounting to P816,614 aged more than five to eight years contrary to Paragraph 67 of Philippine Public Sector Accounting Standard (PPSAS) 29, thus not reduced to its carrying amount.	We recommend that Management: a. Re-submit the request for write-off duly supported with the documentary requirements for writing-off of dormant accounts pursuant to COA Circular No. 2016-005 dated December 19, 2016; b. Maximize its efforts on the possible collections of the receivables, particularly those arising from disallowances, sales of SRA's lots located at Sugartown Subdivision and claims from various debtors for sugar laboratory and analysis fees; and c. Provide allowance for impairment on Accounts Receivable aged more than five to eight years based on collection of expected loss experiences pursuant to Paragraph 67 of PPSAS 29.	<p>A. ACCOUNT RECEIVABLES – PHP 65,324,797</p> <p>SRA shall maximize its effort to secure and gather all the necessary supporting documents for the writing off of the accounts.</p> <p>1. As an improved strategy from the previous request for writing off, the re-submission shall now be done in the following manner:</p> <p>1.a) the dormant account receivable shall be grouped and categorized by individuals, private corporations and government institutions.</p> <p>1.b) identify the peculiarities of each of the debtor's dormant receivables required supporting documents, papers and data. To illustrate, these are the requirements for the individuals, private corporations and government institutions:</p> <table border="1" data-bbox="1064 966 1736 1323"> <thead> <tr> <th data-bbox="1064 966 1288 1079">Debtors/Account</th> <th data-bbox="1288 966 1512 1079">Amount</th> <th data-bbox="1512 966 1736 1079">Required Supporting Document for the request of writing-off</th> </tr> </thead> <tbody> <tr> <td data-bbox="1064 1079 1288 1209">NASUTRA- Private</td> <td data-bbox="1288 1079 1512 1209">54,249,557</td> <td data-bbox="1512 1079 1736 1209">SEC Certification of Dissolution or its equivalent</td> </tr> <tr> <td data-bbox="1064 1209 1288 1323">OCI Silangan- Private</td> <td data-bbox="1288 1209 1512 1323">6,698,114</td> <td data-bbox="1512 1209 1736 1323">SEC Certification of Dissolution or its equivalent</td> </tr> </tbody> </table>	Debtors/Account	Amount	Required Supporting Document for the request of writing-off	NASUTRA- Private	54,249,557	SEC Certification of Dissolution or its equivalent	OCI Silangan- Private	6,698,114	SEC Certification of Dissolution or its equivalent		
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			PCAARD Government	- 455,000	PCAARD Certification that they did not recognize it in its liability account, or its equivalent		
			CIGI	12,000	SEC Certification of Dissolution, or CIGI's confirmation that they did not recognize it in its liability accounts, or its equivalent.		
			DA- Government	1,250,635	DA's Accountant Certification/confirmation that they did not recognize it in its liability accounts, or its equivalent. Thus, there was no an approved budgetary appropriation from the government.		
			Debtors/Account	Amount	Submit required supporting documents for the writing off of the accounts		
			LES Lots	123,489	Demand letters will be sent to each of the individual. Return to Sender (RTS) demand		

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					letters will be used to support in the request of writing off.		
			Disallowances Charges	496,581			
			Losses of Fixed Assets	207,820			
			Stale Checks	23,750			
			Others Receivables	1,807,851			
			<p>1.c) Each of the debtor's category shall have a separate request to write-off the individual accounts.</p> <p>2. Once the necessary supporting documents are complete, SRA shall re-submit the request for the writing off of the accounts.</p>				
			<p>B. ACCOUNT RECEIVABLE – PHP 816,614 IMPAIRMENT ALLOWANCE</p>				
			<p>3. SRA shall provide for the allowance for impairment for accounts receivable amounting to P816,614 that aged more than five (5) to eight (8) years to conform with Paragraph 67 of Philippine Public Sector Accounting Standard (PPSAS) 29, in order to reduce its carrying amount. Copy of the adjusting entry is hereto attached as Annex A, per Journal Entry Voucher # 17-04-107 dated April 30, 2017.</p>				

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<p>AOM NO. 2017-03 DATED APRIL 27, 2017</p>	<p>The 243 unsold lots and 41 roads situated in Sugartowne Homes, Quezon City are not recognized as investment property (IP) contrary to Philippine Public Sector Accounting Standard (PPSAS) 16, thereby understating the balance of IP account as of December 31, 2016. In addition, the unsold lots which include slots intended for house and lot packages are already occupied by informal settlers which resulted in lower selling prices and depriving SRA of funds that would be generated from sale of the lots.</p>	<p>We recommend that Management require the Accounting Division to:</p> <p>a. Prepare the necessary adjustments to record under IP account the unsold residential and commercial lots, and road pending sale/disposal of lots and turn-over of roads to the Homeowners Association of the Sugartowne Homes or LGU of the Quezon City;</p> <p>b. Appraise the fair value of the commercial lot, reconcile and submit explanation on the discrepancy in the land areas, house and lot packages and lots constructed/developed;</p> <p>We recommend that Management:</p> <p>c. Facilitate negotiation with the NGCHDP, NHA for the immediate sale/disposal of the unsold lots occupied by the informal settlers to generate funds for SRA's operations;</p> <p>d. Submit explanation/ justification why the housing project was not completely constructed/developed as well information on the actions taken by SRA against the Developer.</p>	<p>A. 243 unsold lots:</p> <p>1. For clarification, the 243 unsold lots are broken down as follows:</p> <p>1.a 242 residential lots were fully occupied by informal settlers even prior to the start of the Sugartowne Homes Housing Project, covered by NGC-NHDP. The said lots have now been purchased by and awarded to NGC – NHA for its NHDP. See Annex B.</p> <p>1.b There is one (1) SRA commercial lot with an area of 250 square meters, fully occupied by informal settlers, and with an appraised value of PHP 7,056.00 per square meter. At present, the SRA Disposal Committee has received various offers to purchase the lot ranging from P1.7 million to P2 million.</p> <p>2. The 242 unsold lots were areas fully occupied by informal settlers even before the start of the SRA housing program, and were declared as National Government Center (NGC) of the National Housing Authority (NHA) pursuant to Republic Act No. 7279, a housing program for the poor and informal settlers in the urban areas. The informal settlers objected and filed their case against SRA which is currently pending with the regular courts. Hence, the development of the housing project was not pursued.</p> <p>3. Last year, negotiation for the sale of the lots were concluded, and the previous SRA Board had approved the sale of the entire lots to the National</p>		

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			<p>Government Center (NGC)- National Housing Authority (NHA) at PHP 1,000.00 per square meter. Copy of the Secretary's Certificate containing Board Resolution approving the sale of said properties is hereto attached as Annex B.</p> <p>4. In relation to the foregoing, copies of all necessary documents as needed or required by NHA, such as those TCTs and housing plan, were already submitted to the latter for its review and validation. Afterwards, NHA shall pay the SRA the corresponding total value of the 242 lots. Copies of the transmittal letters and the Notice of Award to NHA are hereto attached as Annexes C and D, respectively.</p> <p>5. SRA shall analyze the discrepancy on the land account, and apply the corresponding adjustment to the said account. A report of the reconciliation statement shall immediately be submitted to COA.</p> <p>6. While the payment from NHA has not yet been received by SRA, the 242 lots shall be recorded in the books of SRA at PHP 1,000/square meter. The remaining one (1) commercial lot shall be booked at PHP 7,056/ square meter as its current appraisal value. All these lots shall be treated under the Investment Property account in accordance with the Philippine Public Sector Accounting Standards (PPSAS).</p>		

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			<p>B. 41 ROAD LOTS:</p> <p>1. For clarification, the breakdown of the 41 road lots and green areas are as follows:</p> <p>1.a Fourteen (14) road lots and green areas were included and located in the awarded areas for the NGC- NHDP to be paid by NHA. Breakdown of road lots and green areas is hereto attached as Annex E.</p> <p>1.b Twenty-seven (27) road lots, chapel/church area, sports area and green/park areas were included and located at the developed/completed Sugartowne Homes Subdivision areas and allotted commercial lots as per subdivision plan.</p> <p>1.b.1 Previous Sugar Board had approved in principle that out of these 27 road lots, fourteen (14) shall be turned over to the Quezon City Local Government Office subject to the requirements provided by law. Copy of the Board Resolution is hereto attached as Annex F. All documentary requirements were already submitted and provided by SRA to the Quezon City Government. Once road lots are turned over to the Quezon City Government, the latter shall then turn over the road lots to the Sugartowne Homeowners Association, Incorporated.</p> <p>1.b.2 While there has been no turn-over yet of the said road lots, the 27 road lots areas shall be booked and recorded in the books of accounts of SRA under PPE- Land Account with a value equivalent to the total land development cost of Sugartowne Housing Project which is PHP</p>		

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			<p>1,650/square meter, while the 14 road lots for the NGC-NHDP shall be valued at PHP 1,000/square meter.</p> <p>1.b.2 The SRA shall closely monitor the turnover of these areas to the local government. The concurrence and approval of the SRA Board shall be sought.</p>		
<p>SRA HO-AOM No. 2017-05</p> <p>SRA Visayas ML AO No. 6</p>	<p>The existence, accuracy and reliability of the balance of Property, Plant and Equipment (PPE) aggregating P466.796 million could not be ascertained due to: a) discrepancies of the general ledger (GL) balance against inventory count and subsidiary ledger (SL) balances amounting P14.275 million and P0.729 million, respectively; b) derecognition of communication equipment amounting P3.460 million without supporting documents; and c) non-submission of complete inventory report in SRA Visayas. Also, unserviceable property totaling P20.459 million have no complete Inventory and Inspection Report of Unserviceable PPE (IIRUPPE) and have not been disposed contrary to Section 79 of Presidential Decree (PD) No. 1445, thereby exposing the condition of the property to further deterioration.</p> <p>The accuracy and reliability of the balance of Land account totaling P16.113 million are doubtful due to unaccounted discrepancy and unrecorded parcels of land situated in the Provinces of Pampanga and Negros Occidental of undetermined fair value. Likewise, the residential lot situated in Quezon City is occupied by Civil Service Commission (CSC) without written tenancy agreement while the two parcels of land located in Negros Occidental have no Special Patent, posing risk that SRA</p>	<p>We recommended that Management instruct the Accounting Division and Property Section of SRA HO and Visayas to:</p> <p>a. Prepare reconciliation report, exert best efforts to analyze the unaccounted differences/ discrepancies in the accounting records and inventory count, locate records/documents/reports and investigate the cause of the communication equipment not found in the station;</p> <p>b. Submit complete RPCPPE to the Audit Team to ascertain the existence, correctness and completeness of the accounting records and property records;</p> <p>c. Prepare IIRUPPE for all unserviceable property containing the required information;</p> <p>We also recommended that Management create a Disposal Committee to facilitate the disposal of the unserviceable property.</p>	<p>A. The management shall:</p> <ol style="list-style-type: none"> 1. Prepare reconciliation report, analyze the unaccounted discrepancies in the accounting records and inventory count, and locate pertinent records of the communication equipment allegedly not found in the station. 2. Prepare IIRUPPE for all unserviceable property containing the required information. Of the PHP 20 Million worth of unserviceable property in the 2016 PPE Physical Inventory Report, PHP 5 million of which already had the corresponding IIRUPPE, and was submitted to COA two (2) years ago. With respect to PHP 15 Million balance, an IIRUPPE shall be prepared and be submitted to the COA on or before 15 August 2017. 3. The SRA Visayas Property Unit is instructed to submit completed copies of RPCPPE to the Office of the Auditor not later than January 31 of each year to ascertain the existence and reliability of such account presented in the financial statements. <p>B. SRA already established an Asset Management and Disposal Committee (AMDC). The inspection and inventory reports of the unserviceable properties for disposal are still within the custody of the SRA- Office of the Commission on Audit for its verification and signature. Thus, the SRA-AMDC cannot proceed with the disposal of the unserviceable properties as contained in the said IIRUPPE. Copy of the Special Order (SO) is hereto attached as Annex G.</p>		

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	<p>may lose control or possession over the said property. Moreover, real property taxes for the lands were not paid, thus SRA would incur penalties for non-payment of the same.</p>		<p>C. The following actions have been taken by SRA Visayas:</p> <ol style="list-style-type: none"> 1. The Accounting Division/Unit and Property Section have conducted analysis and reconciliation of Property. 2. The Accounting Department has made the necessary adjustments in the books for fair presentation in the financial statements. 3. Submitted complete RPCPPE last March 2017. See Annex H. 		
<p>SRA HO AOM No. 2017-01</p> <p>SRA Visayas ML AO No. 7</p>	<p>The accuracy and reliability of the balance of Land account totaling P16.113 million are doubtful due to unaccounted discrepancy and unrecorded parcels of land situated in the Provinces of Pampanga and Negros Occidental of undetermined fair value. Likewise, the residential lot situated in Quezon City is occupied by Civil Service Commission (CSC) without written tenancy agreement while the two parcels of land located in Negros Occidental have no Special Patent, posing risk that SRA may lose control or possession over the said property. Moreover, real property taxes for the lands were not paid, thus SRA would incur penalties for non-payment of the same.</p>	<p>We recommended that Management:</p> <ol style="list-style-type: none"> a. Instruct the Accounting and Property Divisions to: <ol style="list-style-type: none"> a.1. Conduct inventory and survey of all SRA's lands to determine its fair value, update the List of PPE, and prepare necessary adjustments in the books to ensure correct carrying amount of the Land account; a.2. Secure copies of TDs of all lands from the Office of the Assessor, Floridablanca, Pampanga to ensure that SRA has proof of ownership on its properties; a.3. Pay the real property taxes on all lands on timely manner to avoid penalties. b. Require the Legal Department to coordinate with concerned CSC officials to come up with an agreement by specifying the terms and conditions concerning on 	<p>A. The SRA will hire an independent land surveyor and appraiser to conduct the technical surveys and appraisals of all SRA lots located in Quezon City, Pampanga, Bacolod City and La Granja, Negros Occidental.</p> <p>B. 12 LOTS:</p> <ol style="list-style-type: none"> 1. The General Administrative Division and the Legal Department have started their preliminary validation of the SRA lots, and in coordination with the Land Assessor and Registration Office in the Pampanga area. 2. Conduct a thorough analysis, verification and review of all TCTs and TDs of all SRA lots. Verify whether all these TCTs and TDs of the 12 lots as mentioned in the AOM are accurate. Photocopies of the TCTs are hereto attached as Annex I. 		

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		<p>their use and occupancy of lot.</p> <p>c. Direct SRA Visayas to request from DENR for issuance of Special Patent to ensure proof of ownership over the two parcels of land situated in the Municipality of La Carlota, Negros Occidental; and</p> <p>d. Cause the appraisal of the land by an Independent Appraiser.</p>	<p>3. Secure copies of TDs of all lots from the Office of the Assessor, Floridablanca, Pampanga.</p> <p>4. Reconcile all TCTs and the corresponding TDs. Secure TDs for lots that have not yet been issued TDs.</p> <p>5. Account those unaccounted land and record the same in the SRA books of accounts at fair market value in consonance with the Philippine Public Sector Accounting Standards (PPSAS).</p> <p>C. LAND IN QUEZON CITY OCCUPIED BY THE CIVIL SERVICE COMMISSION – HEAD OFFICE: Facts and legal documents were gathered, and based on our initial review, we found out that:</p> <p>1. There was no lease agreement between SRA and CSC with respect to the use of the subject SRA lot located at Constitution Hills, Quezon City.</p> <p>2. Based on records, the basis of the CSC in the construction of its office building on the SRA lot was the Proclamation No. 1826, series of 1979 by President Ferdinand E. Marcos, the pertinent portion of said Proclamation states as follows:</p> <p>xxx reserve a national government to be known as the National Government Center a parcel of land situated in the Constitution Hills, Quezon City, Metro Manila, subject to private rights if any there be, which parcel of land has been surveyed and duly approved by the Bureau of Lands under SWO-04-000494 and which is more particularly described as follows:</p>		

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			<p style="text-align: center;">Technical Description National Government Center</p> <p>A parcel of land, situated in the Constitution Hill, Quezon City, Metro Manila. Bounded on the E., along lines 23-24-25-26-27-28-29-30-31-32-33-34-35-36-37-38-39 by Philippine Sugar Commission (Philsucom) xxx. Copy of the Proclamation No. 1826, series of 1979 is hereto attached as Annex J.</p> <p>3. Based on the TD of Real Property pertaining to the land occupied by the CSC, the actual area of the land is 37,874 square meters with an assessed value of PHP 1,514,960.00. SRA is exempted from the payment of real property tax for the subject lot being occupied by the CSC because the beneficial use thereof is with CSC, a government agency. Copy of the Tax Declaration of Real Property is hereto attached as Annex K.</p> <p>4. In the year 1997 and year 2000, SRA had sent various letters to CSC which required the latter to settle and pay the equivalent value of the occupied land. Copies of said letters are hereto attached as Annexes L and M. The CSC vehemently invoked the provision of the Presidential Proclamation No. 1826, series of 1979, and referred SRA to the Department of Public Works and Highways (DPWH) which authorized CSC to construct its office building on the said SRA lot. Copy of the letter is hereto attached as Annex N.</p>		

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			<p>5. In view of the foregoing, the SRA shall coordinate, hold a meeting with CSC, and negotiate, with the latter for the payment to SRA of the fair amount (at the prevailing market value of the lot) representing the consideration for the CSC's beneficial use of SRA's property. Alternatively, the SRA shall negotiate with CSC on the execution of a lease agreement, and consequently pay SRA the monthly rent for the lease of the property it is currently occupying.</p> <p>6. The SRA shall intensify its collection efforts, and assert its legal right to claim the property occupied by the CSC, or be paid for the beneficial use thereof.</p> <p>7. It is worthy to cite the case of the adjacent portion of the land which was occupied by informal settlers for more than 30-40 years already, the NGC-National Housing Development Program (NHDP) purchased the lot, and will pay SRA the amount of PHP 1,000.00 per square meter. The lot with a total area of 31,054 square meters will be used by NHA-NHDP for its urban poor housing project pursuant to Republic Act (RA) No. 7279, copy of the said law is hereto attached as Annex O.</p> <p>8. While the CSC has not paid SRA any amount for its beneficial use of the property, it shall be recorded and/or booked in the SRA books of accounts to update the PPEs inventory account in accordance with the provisions of the Philippine Public Sector Accounting Standards (PPSAS).</p>		

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			<p>D. LATE PAYMENT OF REAL PROPERTY TAX IN FLORIDA, PAMPANGA broken down as follows:</p> <table data-bbox="1070 440 1704 591"> <tr> <td>December 4, 2014: 1996 to 2014- Principal Amount</td> <td>P 129,724.00</td> </tr> <tr> <td>Penalties</td> <td>88,076.00</td> </tr> <tr> <td>Total</td> <td>P 217,800.00</td> </tr> <tr> <td colspan="2">=====</td> </tr> </table> <p>1. Records show that the SRA Office in Floridablanca, Pampanga paid the real property taxes on December 2014 upon receipt of the billing statement or the real property tax assessment covering the years 1996 – 2014 from the Office of the LGU of Floridablanca, Pampanga.</p> <p>2. Notably, those bills were sent to SRA 18 years thereafter.</p> <p>3. SRA shall engage the LGU to explain the legal basis of the penalties, and thereafter, request for a waiver thereof.</p> <p>E. PAYMENTS OF REAL PROPERTY TAXES FOR THE YEARS 2015 AND 2016, FLORIDABLANCA, PAMPANGA:</p> <p>Records show that the real property taxes for years 2015 and 2016 were paid</p>	December 4, 2014: 1996 to 2014- Principal Amount	P 129,724.00	Penalties	88,076.00	Total	P 217,800.00	=====			
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			<p>some time in March 2017. Copies of the Official Receipts evidencing payments are hereto attached as Annexes P and Q.</p> <p>F. LAND IN SRA-VISAYAS</p> <p>1. Instruct the Property and Legal Department/ Unit of SRA Visayas to check and ascertain the right of SRA to all lots pertained in the Audit Observation.</p> <p>2. The Accounting Unit is instructed to evaluate and make proper adjustment/record, if any, in the books of accounts of SRA-Visayas in accordance with Philippine Public Sector Accounting Standards (PPSAS).</p>		
SRA Visayas ML AO Nos. 8 & 9	Fund transfers to five Mill District Development Councils (MDDCs) or Foundations were contrary to COA Circular No. 2007-001 and Memorandum of Agreement (MOA) since funds were released without Work and Financial Plan (WFP), additional funds were granted even their initial fund releases still have unsettled balances, thus fund transfers could not be accounted if utilized for the intended purpose and status of the project could be appraised; while the late liquidations and non-submission of Fund Utilizations Reports resulted in the overstatement of the balance of Receivables-Due from Other Non-Government Organizations (NGOs)/People Organizations (POs) account totaling P1.177 million as at December 31, 2016.	<p>We recommended that Management direct the SRA Visayas to:</p> <p>a. Comply strictly the provisions of COA Circular No. 2007-001 and terms and conditions set forth in the MOA, specifically on the submission of WFP and that the no additional funds are released to MDDCs unless the previous ones are fully liquidated; and</p> <p>b. Demand from MDDCs the immediate liquidation of their fund transfers and submission of Fund Utilization Reports, and henceforth require them the submission of the liquidations duly supported with the Progress/Final and Fund Utilization Report on timely manner, otherwise consider instituting legal action against erring MDDCs, if warranted.</p>	<p>The management shall:</p> <p>1. Direct the Accountant to review and monitor cash advances of the SDOs to ensure that no additional cash advances are given unless previous ones are fully liquidated; and strictly implement the provisions of COA Circular No. 97-002 dated February 10, 1997. A copy of the Memorandum is attached hereto as Annex R.</p> <p>2. Issue a memorandum to MDO in charge of the project, Accounting Division/Unit and Budget Division/Unit shall closely monitor and inspect the project implementation and verification of financial records and reports of the NGO/PO, and shall ensure compliance with the provisions of the MOA.</p> <p>3. Ensure strict adherence to the terms and conditions set forth in the MOA specifically on the granting of cash advances to NGOs.</p> <p>4. Through the issuance of a Memorandum, SDOs, in particular, the Mill District Officers (MDOs), shall be instructed to strictly observe the provisions of COA Circular No. 97-002 in the preparation of their Work and Financial Plan (WFP) for their projects. WFP must be responsive and compliant to the COA Circular No. 97-002 particularly the proper timing of liquidation of their</p>		

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			<p>cash advances for the implementation of their respective projects.</p> <p>5. Comply strictly to the provisions of COA Circular No. 2007-001 and COA Circular No. 2012-001 and terms and conditions set forth in the MOA.</p> <p>6. We have issued a letter to the MDO to demand from MDDCs the immediate liquidation of their fund transfers and submission of Fund Utilization Reports, and henceforth require them the submission of the liquidations duly supported with the Progress/Final and Fund Utilization Report in a timely manner.</p>		
<p>SRA HO AOM No. 2017-04</p> <p>SRA Visayas ML AO Nos. 10 and 12</p>	<p>Granting of additional cash advances to accountable officers even their previous cash advances are still unsettled, transferring of cash advances from one accountable officer to another employee who performed the disbursing functions, granting of cash advances for travel without certification from the Accountant that the employees have no outstanding cash advances and liquidations thereof have been late are contrary to COA Circular Nos. 97-002 and 2012-001 dated February 10, 1997 and June 14, 2012, 1996, respectively, thus signify that control over cash advances is inefficient and ineffective, thereby exposing the funds for possible misuse and loss.</p>	<p>We recommended that Management direct the:</p> <p>a. Accountant of SRA HO and Visayas to review and monitor cash advances to ensure that no additional cash advances are given unless previous ones are fully and timely liquidated;</p> <p>b. Accountant of SRA Visayas to issue certification that the previous cash advance of the employee have already been liquidated and recorded in the books; and</p> <p>a. Concerned SDO to stop the practice of transferring her cash advances to other employees and perform the disbursing functions herself;</p>	<p>The following actions shall be enforced:</p> <p>1. Direct the Accountant to review and monitor cash advances of the SDOs to ensure that no additional cash advances are given unless previous ones are fully liquidated; and strictly implement the provisions of COA Circular No. 97-002 dated February 10, 1997.</p> <p>1. Through the issuance of a Memorandum, direct the SDO to stop the practice of transferring her cash advances to other employees and perform the disbursing functions herself, and to liquidate their cash advances on time prior to the release of the next cash advances. Copy of the Memorandum is hereto attached as Annex S.</p> <p>2. SRA shall designate additional number of bonded Special Disbursing Officers (SDOs) to ensure that transfers of cash advances to other non-SDOs will be prevented and stopped.</p>		

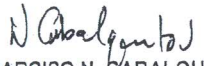
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			that all previous cash advances has been liquidated; and strictly implement Circular Nos. 2012-001 and 97-002 dated June 14, 2012 and February 10, 1997 will be observed.		
SRA Visayas ML AO No. 11	Payments of Consulting Services amounting to P140, 000 were not supported with complete documents contrary to Section 4 (6) of Presidential Decree (PD) No. 1445 and Items 9.2 and 9.1.2 of COA Circular No. 2012-001 dated June 14, 2012, thus validity of such claims could not be properly ascertained.	We recommended that Management direct Accounting Division, SRA Visayas to immediately submit the required documents to avoid suspension or disallowance in audit of the payments.	Management has directed the Visayas Accounting Unit to submit the necessary documents.		
SRA Visayas ML AO No. 13	Provisions of start-up capital for 20 Block Farms (BFs) and soil rehabilitation of 300 hectares of land thru the use of bio-organic fertilizer with budgets amounting to P3.761 million and P38.924 million, respectively, or a total of P42.685 million have not been implemented as at December 31, 2016 due to late approval of the guidelines and BFs have not yet accredited by the Department of Social Services and Development (DSWD), thus depriving the beneficiaries of the services and benefits that may be derived therefrom.	We recommended that Management direct SRA Visayas to facilitate the accreditation of the BFs from DSWD to hasten the implementation of the BFP to ensure that the beneficiaries can fully avail the services and benefits derived therefrom.	<p>To justify:</p> <ol style="list-style-type: none"> 1. Budget for 2016 was downloaded only in October 2016. 2. Considering that the validation of Block Farm beneficiaries were done early in the year, it was imperative for the SRA Extension Division to revalidate the Block Farm beneficiary's qualification to ensure current compliance with the requirements for entitlement to the grant. In fact, after the revalidation done by SRA extension division, it was discovered that some Block Farm members were found to have leased out their farms thereby disqualifying them or their Block Farm to be beneficiaries, 3. DSWD requirement of accreditation has also hindered the implementation of the program. As a solution, the SRA was constrained to procure all the agricultural inputs instead of handing over the money to the Block Farms because the latter are not DSWD accredited. This is to ensure that the SRA is able to carry out its mandate under SIDA. <p>The management will ensure strict implementation of block farm programs and activities with the time frame specified in the work plan submitted to DBM.</p>		

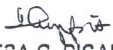
Ref	Audit Observations	Audit Recommendations	Management Comments	Auditor's Rejoinder	Auditor's Disposition
SRA HO AOM No. 2017-06 SRA Visayas ML AO No. 16	Gender and Development Accomplishment Report (GAD AR) for fiscal year (FY) 2016 has not been submitted to the Philippine Commission on Women (PCW) due to late preparation contrary to Section 10.1 of the Joint Circular (JC) No. 2012-01 of the PCW, National Economic Development Authority (NEDA) and Department of Budget and Management (DBM), thereby precluding timely assessment on gender-responsiveness of the GAD programs/ activities. The gender-issues also were not fully addressed since GAD planned activities and budget were not fully accomplished and utilized. Moreover, the total expenses per GAD AR of P1.101 million did not tally with accounting records of P0.782 million, or a difference of P0.391 million.	We recommend that Management direct the GAD Focal Point of SRA HO and Visayas to: a. Prepare and submit the GAD AR to PCW on timely manner pursuant to Section 10.1 of the JC No. 2012-01 of the PCW, NEDA and DBM; b. Implement all GAD planned activities for the year and use the budgeted amount to fully address gender issues; and c. Reconcile their records with the accounting records to ensure that the total GAD expenses reported are accurate.	The GAD Focal Point shall: 1. Observe and implement the timely submission of the GAD AR to PCW pursuant to Section 10.1 of the JC No. 2012-01 of the PCW, NEDA and DBM. 2. Ensure and monitor the implementation of all GAD planned activities for the year and use the budgeted amount to fully address gender issues; and 3. Reconcile their records with the accounting records to ensure that the total GAD expenses reported are accurate.		

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