**TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY (TESDA)**

**AGENCY ACTION PLAN AND STATUS OF IMPLEMENTATION**

**Audit Observations and Recommendations**

**For the Calendar Year 2018**

**As of September 30, 2019**

| **Ref** | **Audit Observations** | **Audit Recommendations** | **Agency Action Plan** | | | | **Status of Implementation** | **Reason for Partial/Delay/Non-Implementation, if applicable** | **Actions Taken/Actions to be Taken** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Action Plan** | **Person/Dept. Respon sible** | **Target Implementation Date** | |
| **From** | **To** |
|  | **1. MISSTATEMENTS IN CASH AND CASH EQUIVALENTS** | **We recommended that the Management of the concerned TESDA offices record and effect the necessary adjustments, supported with complete documents, to correct the errors/omissions made in the recording transactions to ensure fair presentation and reliability of the account balances in the financial statements.** |  |  |  |  |  |  |  |
|  | a. Unrecognized funds received from the Central Office and utilization of the PO Apayao - P921,952.21 |  |  |  |  | Fully implemented  Fully implemented |  | The Managements of CAR and its provincial offices and supervised training centers agree to implement the recommendation.  \*PO Apayao recorded the fund received thru JEV attached in the previous report submitted |
|  | b. Cash - Treasury/ Agency Deposit, Regular not closed to Accumulated Surplus/Deficit as at year-end - P(1,308,890.51)  CAR - BCSAT, POs Benguet and Kalinga, and PTC Kalinga |  |  |  |  | Partially implemented  Partially implemented |  | \*PO Benguet revert back to Accounts Payable as reflected in the JEV submitted in the previous report    \* Other concerned offices agreed that they will revert back to Cash account or Accounts Payable before the end of 2019 as recommended by COA-CAR Audit Team |
|  | c. Unreleased commercial checks not reverted back to Cash:  IX – ZCO - P1,412,531.53  Pagadian - P4,478,350.25 |  |  |  |  | Fully Implemented |  | Implemented and adjusted. See Attached JEVs |
|  | d. Staled checks not reverted to cash account:  VI - P6,085.47  X- PO Misamis Oriental - P225,720.00 |  |  |  |  | Fully Implemented  Fully Implemented |  | Region VI  Adjusting entries were prepared to record the cancellation and such was submitted to the COA on April 5, 2019.  Region X  An adjusting journal entry was made by PO Misamis Oriental to revert back to cash the amount of stale checks. JEV#2019-101-01-005A dated January 31, 2019 amounting P264,300.00. |
|  | **2. MISSTATEMENTS IN RECEIVABLES** | **We recommended that the Management of the concerned agencies direct their accountants to correct the errors on the recording of the above transactions and conduct periodic reconciliation of accounts with other government agencies to establish the correct account balances.** |  |  |  |  |  |  |  |
|  | e. Central Office:  Erroneous reclassification for the purpose of writing off the said accounts:  Receivables – Disallowances/Charges - P1,212,569.76  Other Receivables – P(1,212,569.76)  Unrecorded purchases and deliveries and errors in recording:  Due from NGAs – PS - P(17,175,046.18)  Unreconciled balances of inter and intra agency receivables dumped as Other Assets account:  Due from National Government Agencies - P1,498,385.30  Due from Regional Offices - P2,389,800.00  Due from Operating Units - P2,476,381.00 |  |  |  |  | Fully Implemented |  | In compliance with the aforesaid recommendations, Management had adjusted its previous entry and submitted the Journal Entry Voucher to the audit team  The Accounting Division submitted a copy of a reclassification JEV No. 2019-03-000723 dated March 1, 2019 effecting the reversion of the P1,212,569.76 from Other Receivables back to Receivables-Disallowances/Charges representing receivables from TESDA Officials who are either already deceased or no longer connected with the Agency. |
|  | f. CAR – PTC Mountain Province:  Recognition of accounts receivables for training and assessment fees without supporting valid documents:  Accounts Receivables - P(184,300.00) |  |  |  |  | Fully Implemented |  | PTC Mountain Province adjusted their accounts thru JEV |
|  | g. CAR – PTC Kalinga:  De-recognition of receivables without collections made:  Accounts Receivables - P56,400.00 |  |  |  |  | Fully implemented |  | PTC Kalinga adjusted their accounts thru JEV |
|  | h. CAR – PTC Mountain Province and Kalinga:  Non-recognition of uncollected examination and assessment fees from the Pos:  Accounts Receivables - P239,060.00 |  |  |  |  | Fully implemented |  | PTC Mountain Province and PTC Kalinga adjusted their accounts thru JEV |
|  | **3. MISSTATEMENTS IN INVENTORIES** |  |  |  |  |  |  |  |  |
|  | i. Central Office:  Unrecorded deliveries from PS-DBM and double recording of deliveries:  Inventories – P21,015,138.30 |  |  |  |  |  | Partially Implemented |  | The Accounting Division is already taking its action to reconcile with PSD. In our reply to AOM-2019-04, we stated that purchases from the calendar year 2017 and 2018 had been recorded as “Traveling Expenses and or “Trust Liabilities” and some of the deliveries in CY 2017 and 2018 had been recorded and issued. Remaining deliveries were still on process of reconciling with the records of PSD. |
|  | j. CAR:  Accountable forms for Sale - Certificate and Certificate of Competency forms recorded as expenses instead of Merchandise Inventory - P330,010.00  Purchases not yet received recorded as inventories and issuances not derecognized in the books:  Other supplies and Materials inventory - P(419,000.95)  Semi-expendable items issued were recorded as PPE:  Office Equipment - P(15,861.70)  Other Machinery and Equipment - P(42,475.00) |  |  |  |  |  | Fully Implemented |  | CAR Regional Office and PO Benguet adjusted their accounts as reflected in the attached JEV in the previous report  Adjusting entry was effected as reflected in the attached Journal Entry Voucher (JEV) with letter dated March 5, 2019 |
|  | k. Region II:  Unrecorded tool kits received from TESDA-central office:  Other supplies and Materials for distribution - P146,685.00 |  |  |  | May 2019 | June 2019 | For Implementation  Partially implemented | Adjustments have not yet been made due to the succeeding travels of the person responsible to effect the adjustment. | The unrecorded toolkits received from the Central Office will be taken under the Other Supplies and Materials for distribution account on the Financial Report for the period ended June 30, 2019. The Journal Entry Vouchers effecting adjustment will be provided to the Central Office once the adjustment is reflected/made on the June 30, 2019 Financial Reports.  **PO N. VIZCAYA -** According to the management of TESDA Nueva Vizcaya PO, they are exerting effort to locate the trainees for the distribution of the toolkits and has already ask the help of the training providers. The Special Disbursing Officer is constantly contacting the trainees thru mobile phone calls.  The financial analyst has already prepared the Journal Entry Voucher (JEV) for the adjustment of the unrecorded toolkits. |
|  | l.Semi-expendable properties issued to end-users not recorded as expenses:  III - P3,973,922.73  XII - P187,423.40 |  |  |  |  |  | Fully Implemented  On-going |  | Region III  The TESDA Bataan property custodian prepared and issued ICS for some of the semi expendable PPE's while the financial analyst has made adjusting entries for the issued ICS.  Region XII  The management will prepare necessary adjusting entries on the June 2019 financial reports. The management will recognize expense account upon issuance to end-users.  **Cotabato City District Office-Partial Implementation**  As of December 31, 2018, the designated Financial Analyst already recognized expense upon issuance to the end users but the designated Supply Officer did not issue ICS to the end users as required |
|  | m. VIII - Purchase of Toolkits totaling P8,017,139.21 for the Yolanda Rehabilitation and Recovery Program (YRRP) were directly charged to expense rather than treating them Assets under the account Other Supplies and Materials Held for Distribution:  Other supplies and Materials for distribution - P8,017,139.21 |  |  |  |  |  | Fully Implemented |  | Adjustment has already been made by Eastern Samar Provincial Office on the purchase of toolkits for the Yolanda Rehabilitation and Recovery Program (YRRP) per Journal Entry Voucher No. 01-2019-03-086-A dated March 31, 2019 (see attached JEV). |
|  | n. VIII - The receipt and issuance of toolkits aggregating P1,924,220.00 and P1,712,420.00 respectively, involving the CY 2017 STEP remained unrecorded in the books of Calubian National Vocational School – P1,924,220.00 and Regional Training Center – P(1,712,420.00):  Other supplies and Materials for distribution |  |  |  |  |  | Fully Implemented |  | Adjustments has already been made by Calubian National Vocational School and Regional Training Center on the receipt and issuance of CY 2017 STEP Toolkits per Journal Entry Voucher No.GF-2018-12-334 dated December 31, 2018 and GJ-18-12-007 dated December 31, 2018 respectively (see attached JEV). |
|  | o. Procured Supplies, Materials and Semi-Expendable Assets were recorded as outright expense upon receipt of deliveries instead of recording them as assets:  XI - P4,793,705.07  XII – P1,397,183.48 |  |  |  |  |  | Fully Implemented  Fully Implemented |  | Region XI  "a. As agreed in the Exit Conference, no adjustment shall be made in the financial reports.  b. Starting February 2019, purchases of inventories are recorded as debit to appropriate Inventory account and a separate entry is prepared to record the amount of supplies issued during the month based on the RSMI.  c. Office Order No. 03,s. 2019 dated Feb.04, 2019 was issued to Ms. Lilia P. Lim. As Stock Card and Property Card Keeper.  d. The Perpetual Inventory System/Method is observed in the recording of inventory.  e. As agreed in the Exit Conference, no adjustment shall be made in the financial reports."  Region XII  The management of GSNSAT already JEV out the remaining unused inventory with JEV No. 18-12-940 amounting to P211,052.00 submitted to COA last February 8, 2019. |
|  | **4. MISSTATEMENTS IN PROPERTY, PLANT AND EQUIPMENT** | **We recommended that the Management of the concerned offices:**   1. **Prepare adjusting entries for the noted deficiencies and reclassify all PPE items costing below the capitalization threshold of ₱15,000.00 to the appropriate inventory account. For items that had been issued to end-users, debit the appropriate Semi-Expendable Expense account, if issued in the current year, or Accumulated Surplus or Deficit account, if issued in prior years.** 2. **Reclassify the completed projects to its appropriate asset account and compute for the corresponding depreciation and prepare a schedule to monitor the progress of constructions/repairs and anticipate the completion to timely secure a copy of Certificate of Completion and other necessary supporting documents to effect the transfer of Construction in Progress to the appropriate PPE account;** 3. **Establish the accurate accumulated depreciation for all depreciable assets; and henceforth, adjust the recording thereof and regularly compute and provide depreciation therefor; and prepare PPE lapsing schedule and maintain SLs for depreciation expense and accumulated depreciation accounts to facilitate monitoring; and**      1. **Record to the appropriate PPE accounts all acquisitions and disposals of properties.** |  |  |  |  |  |  |  |
|  | p. Unrecorded donated PPE:  CO – ICT Equipment, Office Equipment: P2,619,766.80  V - P26,886,378.51  II - P942,969.00  III - P749,470.28  XII - P2,089,137.40  XIII - P554,777.50 | RO 13-The management has conducted an ongoing reconciliation on this regard and they are aiming to submit the inventory report on or before Mar 29, 2019. |  |  |  | Fully Implemented  Fully Implemented  For Implementation  Partially Implemented  Fully Implemented  Fully Implemented  Fully Implemented | Region II  The Accountant would have to verify first the breakdown of the items included in the P942,969.00 for the reason that due to the numerous travels undertaken by the persons responsible | CO – JEV-2019-06-002545/JEV201906-001303  On the process of verification with PSD  Region V  The Supply Officer will schedule the disposal of the unserviceable property and invite the COA as a member of the disposal committee to be able to redeem the salvage value of the said equipment.  Region II  The adjustments pertaining to the unrecorded donated PPE corresponding ICT Equipment, Office Equipment will be effected once the breakdown of these items are determined. As per individual CAAR as well as the consolidated CAAR of Region 2, there was no findings as to unrecorded ICT Equipment, hence, there is a need for additional time to check for any unrecorded ICT equipment that need adjustment or recording. The JEVs pertaining any adjustment that will be made will be then submitted to the Central Office once made.  **RTC -** Management of TESDA RTC have given Office order to selected staff to establish and maintain of the property, plant and equipment Ledger Cards and Property Cards and to monitor, trace and analyze the additions on PPE and reconcile the variance in the balances between the accounting and property records.  It is targeted that by the end of the year, the accounting and supply records will already be reconciled.  Region III  As recommended, the Provincial Director instructed the Property Officer to include the 3 units transferred motor vehicles from (BCDA) Bases Conversion and Development Authority in the Report of Physical Count of Plant, Property and Equipment (RPCPPE) for the book up of records of inventories of accounts by the Financial Analyst. TESDA Bataan requested the management of BCDA for the delisting of the remaining 3 units of motor vehicles in the Invoice Receipt of Property to remove the responsibility and accountability of the agency’s Accountable Officer and still waiting for their response. The former Supply and Property Officer already submitted a written explanation to COA for her act of acknowledging receipt without receiving the total of 6 donated motor vehicles.  Region XII  The management of Region XII has prepared JEV No. 2019-01-22 dated January 31, 2019 amounting to P2,089,137.40 to set-up unrecorded Building for the year 2018.  Region XIII  The Supply Officer designate have already coordinated with the POs for the conduct of Physical Count of Inventory of PPE. After the said inventory, accounting and supply with adjust their records to reconcile and prepare necessary documents to support the adjustments.  SLC and PPELC are being updated.  The following Physical Count of Inventory and PPE have been conducted:  RO- April 1-5, 2019  A Dn- May 23-24 & 27,2019  ADS – May 9-10,2019  SDN- April 22-23, 2019  PTC-SDN- April 24-26, 2019  PTC-AND- May 28-31, 2019.  Adjusting Entries have already prepared and recorded on the Financial Statement for the month of May 2019.  Records has been reconciled  Adjustment has been made in the entries of understatement/overstatement of the accounts affected. |
|  | q. NCR - Unrecorded inter-agency transfers of PPE:  ICT Equipment - P(2,717,280.00)  Accumulated Depreciation – ICT Equipment - P(2,445,552.00) |  |  |  |  | Fully implemented |  | The ROPOTI has conducted a PPE reconciliation with COA last May 29-30, 2019, as per agreement the District offices and TTIs should submit the following reports on June 17, 2019  a) Updated Property Cards with complete details  b) Updated PPE Ledger Card  c) Status of reconciliation for Fund 101, Fund 161 and Fund 102  The Regional Office issued JEV No. 01-2019-07-0632 to 01-2019-07-0638 dated July 10, 2019 for the PPE already transfer to the district office.  The Financial Analyst prepares JEV no. 01-2019-07-0062 to reflect the adjusting entry pertaining to the transferred equipment from regional Office |
|  | r. CAR - Disposed unserviceable PPE items were still carried in the books  ICT Equipment - P(64,582.00) |  |  |  |  | Fully implemented |  | PO Mountain Province – An Journal Entry Voucher is prepared to adjust the said account |
|  | s. Erroneous classification of semi-expendable properties as PPE of Regions I and III - P(547,366.25) | to recogrnize adjustments | RO1-PO Ilocos Sur and La Union and other Ous | Jan-01 | Dec 31 | Partially Implemented  Fully implemented |  | Region I  Attached is the JEV from Pos Ilocos Sur and La Union on PPE adjustments, others are still to draw JEV on the adjustments  Region III  TESDA Bataan will ensure that the designated Property Custodian and FA will immediately record the adjusting Journal Entries to affect the issuance of Semi-Expendable PPEs in prior years and to Strictly comply with the provision of Section 10, chapter 8, vol. 1 of the GAM. |
|  | t. PPE items erroneously recognized as expenses in Regions CAR, II, VI,, X, XIII - P13,108,957.19 | RO 13 -The management has conducted an ongoing reconciliation on this regard. |  |  |  | Fully implemented  Fully Implemented  Partially Implemented  Fully Implemented  Fully Implemented  Fully Implemented |  | CAR  An adjusting entry is prepared to adjust the said account  Region II  The amounts related to the cost in bringing up the generator transferred by PHIC to TESDA Regional Office No. 2 to its intended use, as well as the, cost incurred in setting up the CCTV System of Regional Office No. 2 were already recorded and capitalized in the Financial Reports ended April 30, 2019. The Journal Entry Vouchers corresponding the adjustments made for these items mentioned will be provided to the Central Office when the Accountant report back to the Regional Office from TESDA Central Office.  Region VI - Aklan  The Provincial Director told the PTC Officials to maintain the Inventory Custodian Slip (ICS) and Property Acknowledgment Report (PAR) for semi-expendables and PPE items, respectively, to ensure proper accountability. The Financial Analyst also affirmed to coordinate and reconcile the unbooked PPE items with the designated PTC Supply Officer, and to take up in the books of accounts the necessary adjusting entries.  Region VI – DVTS  Journal Entries were submitted to the COA on April 30, 2019.  Region X  The amount of Training Expenses at our PTC-Valencia was already capitalized to the PPE account. JEV#2018-12-001 dated December 13, 2018 was issued to correct the error. The entry is as follows:  Dr. Dormtory Building P 5,000,000.00  Cr. Construction in Progress P 2,909,205.58  Cr. Training Expenses 2,090,794.42  Region XIII  Adjusting Entries have already prepared and recorded on the Financial Statement for the month of May 2019. |
|  | u. II - Unrecorded buildings constructed via training cum production:  Buildings and Other Structures – P2,000,000.00 |  |  |  |  | Fully Implemented |  | The amount of P1,000,000.00 corresponding the Construction in Progress of the Lasam Institute of Technology has already been included in the Report on the Physical Count of Inventory and will be reclassified and capitalized to the appropriate PPE account upon completion. As for the remaining P1,000,000.00, there is a need for additional time to verify as to what unit the finding is attributable, since, it cannot be readily identifiable from the individual CAAR of each unit.  **TESDA LIT –** The Property Officer have already included in the Report of Physical Count of Property Plant and Equipment (RPCPPE) the CIP amounting to P1,000,000.00. |
|  | v. X - Cost incurred for construction of building not capitalized:  Construction In Progress – Buildings - P2,090,794.42 |  |  |  |  | Fully Implemented |  | After the exit conference at our PTC Valencia, an adjusting journal entry was immediately prepared to correct the findings. JEV#2018-12-001 dated December 13, 2018 amounting P5,000.000.00, hence the correction took effect already in the FY2018 Consolidated Financial Statements. The entry is as follows:  Dr. Dormtory Building P 5,000,000.00  Cr. Construction in Progress P 2,909,205.58  Cr. Training Expenses 2,090,794.42 |
|  | w. Unrecorded donated PPE – ICT Equipment:  NCR – P44,251.00  III - P329,640.40 |  |  |  |  | Fully Implemented  Fully Implemented |  | NCR  The ROPOTI has conducted a PPE reconciliation with COA last May 29-30, 2019, as per agreement the District offices and TTIs should submit the following reports on June 17, 2019  a) Updated Property Cards with complete details  b) Updated PPE Ledger Card  c) Status of reconciliation for Fund 101, Fund 161 and Fund 102  TESDA CAMANAVA:  The Financial Analyst prepares JEV no. 01-2019-07-0061 for the adjustment made for ICT equipment account.  Region III  As recommended, the Provincial Director instructed the Property Officer to include the 3 units transferred motor vehicles from (BCDA) Bases Conversion and Development Authority in the Report of Physical Count of Plant, Property and Equipment (RPCPPE) for the book up of records of inventories of accounts by the Financial Analyst. TESDA Bataan requested the management of BCDA for the delisting of the remaining 3 units of motor vehicles in the Invoice Receipt of Property to remove the responsibility and accountability of the agency’s Accountable Officer and still waiting for their response. The former Supply and Property Officer already submitted a written explanation to COA for her act of acknowledging receipt without receiving the total of 6 donated motor vehicles. |
|  | x. CO - Unserviceable/ Serviceable PPE reclassified as Other Assets - P692,370,604.55 |  |  |  |  | On going  Partially Implemented |  | On the process of verification with PSD  The Accounting Division is on the process of reconciliation with Procurement Division. Once these assets have already been properly tagged and transferred to ultimate assignee, the same shall be recorded in the books of accounts. With regard to Motor Vehicles, the accounting division will coordinate with PSD and will ask for their final list or records to support with our JEV preparation. |
|  | y. Unserviceable and fully depreciated PPE not reverted back to PPE account:  CO – Motor Vehicles: P7,032,578.00  II – various PPE: P530,929.21 |  |  |  |  | Fully Implemented  Partially Implemented | Region II  The finding was not yet implemented for the reason that the accountant of API has just recently been appointed. He is still in the process of addressing the audit observations and recommendations made by COA | CO – JEV-2019-06-002994  The Accounting Division is on the process of reconciliation with Procurement Division. Once these assets have already been properly tagged and transferred to ultimate assignee, the same shall be recorded in the books of accounts. With regard to Motor Vehicles, the accounting division will coordinate with PSD and will ask for their final list or records to support with our JEV preparation.  Region II  Management of the Aparri Polytechnic Institute have already required the Supply Officer to prepare the IIRUP for the remaining unserviceable properties recorded in the Other Assets account. Once the IIRUP is submitted to the accountant, the corresponding JEV will be prepared and copy of which will be submitted to the Central Office.  **API -** Management of TESDA API ensured to check on the unserviceable and fully depreciated properties within the school. The audit team will be informed of the updates pertaining to disposal of unserviceable properties. To date, the Supply Office have already made disposal of unserviceable property. However, the supply officer have not yet furnished accounting office a report of the sale. Moreover, IIRUP have not yet been prepared since the supply officer have just been newly appointed. |
|  | z. IV - B - Serviceable PPE erroneously transferred to Other Assets - P255,996.68 |  | Accountant |  |  | Fully Implemented |  | To submit adjusting entry on the fully depreciated but serviceable property from Other Asset to appropriate PPE. |
|  | aa. X - PPE erroneously dropped/written-off from the book of accounts without proper supporting documents:  Other Property, Plant and Equipment - P654,448.39 |  |  |  |  | Fully Implemented |  | This erroneous dropping or write off of PPE without proper documentation happened in PO Lanao. However, the total amount they have dropped/written of amounted to P475,607.09, which they have already re-instated by issuing JEVs dated June 4, 2019.  The difference according the Financial Analyst was previously removed from the PPE account as these were transferred to Semi Expendable Inventory. |
|  | bb. CO - Serviceable PPE erroneously dropped/ written-off from the books:  Motor Vehicles, Accumulated - P4,680,526.00  Accumulated Depreciation – Motor Vehicles - P4,446,499.70 |  |  |  |  | Fully Implemented |  | The Accounting Division is on the process of reconciliation with Procurement Division. Once these assets have already been properly tagged and transferred to ultimate assignee, the same shall be recorded in the books of accounts. With regard to Motor Vehicles, the accounting division will coordinate with PSD and will ask for their final list or records to support with our JEV preparation.  JEV-2019-06-002995 |
|  | cc. CAR, IV-A - Erroneous over-recognition of depreciation - P(48,398.30) |  |  |  |  | Fully implemented  Fully Implemented |  | CAR  An Adjusting entry was prepared to adjust the said account  IV-A – RTC BATANGAS -Over recognition of depreciation were already adjusted per JEV# 12-2018-471 amounting to P11,678.30. Revised Financial Statements for CY2018 were submitted to COA Audit Team. |
|  | dd. NCR, X, VIII: Unrecognized depreciation - P2,069,429.16 |  |  |  |  | Partially Implemented  Fully Implemented  Fully Implemented |  | NCR  The ROPOTI has conducted a PPE reconciliation with COA last May 29-30, 2019, as per agreement the District offices and TTIs should submit the following reports on June 17, 2019  a) Updated Property Cards with complete details  b) Updated PPE Ledger Card  c) Status of reconciliation for Fund 101, Fund 161 and Fund 102  For preparation of Journal Entry Vouchers to reflect the adjusting entries.  Region X  The Financial Analyst of OAIS have submitted the computed Accumulated Depreciation for two years to COA and they promised to continue computing for depreciation on their PPE.  The Financial Analyst designate have already prepared the journal entry voucher and classifying the newly renovated building as property plant and equipment and already started applying the depreciation scheme for the building.  Region VIII  Adjustments has already been made by Arteche National Agricultural School on the taking up of 2018 depreciation under 01 and Fund 05 per JEV No. 01-2019-02-0045 and 05-2019-02-078 respectively, both dated February 28, 2019 (see attached JEV) |
|  | ee. Misclassified PPE items:  I – P522,690.00  VI – P1,725,943.00  X – P27,335,232.10 |  |  | July 2019 | July 2019 | Partially Implemented  Not Yet Implemented |  | Region I  attached is the JEV from Pos Ilocos Sur and La Union on PPE adjustments, others are still to draw JEV on the adjustments  Region VI  Corresponding adjusting entries shall be prepared to effect the reclassification of accounts as recommended. |
|  | **5. MISSTATEMENTS IN BIOLOGICAL ASSETS** | **We recommended that the Management:**   1. **contain the balances and the changes in fair value of all the biological assets due to physical/ price changes and submit the same to the Audit team;** 2. **effect appropriate adjustments of Accumulated Surplus/ Deficit; and**   **Instruct the Accountant and the Biological Asset’s Caretaker/Officer in charge or Property Custodian to reconcile monthly their records to provide updated reports.** |  |  |  |  |  |  | Region XI  The Management commented that the previous accountant did not establish a system process flow for Biological Assets and for the recognition of gain/loss on physical/price change and the disclosure on the financial statements. The new accountant is having a hard time figuring out to come up with solutions in order to fully implement a system with efficient and effective processes to properly record, recognize, and disclose the said Biological Assets. They will carefully examine and implement the recommendations and will create a system process flow for Biological Assets and aims to fully implement the recommendations within the 2nd and 3rd week of March 2019.  The persons/departments responsible conducted a meeting last February 11, 2019, discussing the actions to be taken regarding this matter. The management aims to come up with a process flow that is compliant with the current existing guidelines and regulations within the month of April to June 2019. |
|  | ff. XI – WNAS: Non-recording of biological assets and non-recognition of gain/loss due to physical/price changes  Biological Assets - P758,000.00  Gain/Loss from Changes in fair value less costs to sell of biological assets due to Physical/Price change – not indicated |  |  |  |  | Partially Implemented  On-going |  |
|  | **6. MISSTATEMENTS IN OTHER ASSETS** | **We recommended that the Management of the concerned offices:**   1. **Identify the accounts affected, correct, reconcile and effect the adjustments made as prescribed in the abovementioned provisions of the GAM for NGAs;** 2. **submit Journal Entry Vouchers together with the necessary documents to support the propriety of all recorded adjustments/reclassification made on the Other Assets/the related accounts and for all future non-cash transactions/ adjustments; and** 3. **always ensure that all transactions recorded on the accounts are accurate and proper in accordance with the abovementioned provisions of the GAM for the fair presentation of the Financial Statements.** |  |  |  |  |  |  | On the process of verification with PSD  CAR-adjusted together with the adjustments made on PPE Account  Region VI – PO Iloilo  Adjusting journal entries were prepared and submitted to the COA on April 5, 2019.  Management commented that an Office Order No. 9, Series of 2019, dated March 14, 2019 was issued by the Provincial Director and also directed to identify all liquidations which were not recorded at year-end and to prepare the adjusting entry as suggested to correct the errors.  Region XI – RTC  They will instruct the Regional Accountant to take-up the necessary journal entries to correct the account balances relative to Guaranty and Other Deposits.  The refund on deposit which accrued to the account of the Regional Office in CY2018 can no longer be deposited to the National Treasury since it was directly offset to account no. 7886661935 as part of lapsed Agency funds.  The Regional Training Center, however, will directly deposit the refund to the National Treasury and was, already, instructed to provide the Regional Accountant the deposit slip and other supporting documents to properly record the remittance of refund received from the Davao Light and Power Co., Inc.  1. The Accountant already created a monitoring report of all accounts recorded under Guaranty Deposits and Other Deposits account and will be updated whenever necessary.  2. The Accountant has taken up the unrecorded Bill Deposits on the books of account in February 2019 under account nos. 5753612222 & 3558833111 amounting to P12,739.06 & P32,769.45, respectively per JEV No. 01-2019-02-0053 dated 2/28/2019  3. The management already sent a request letter addresed to DLPC on the computation of interest on Bill Deposit on March 5, 2019  4. The Accountant will further disclose the details of the Guaranty Deposits and Other Deposits account in the Notes to Financial Statements starting CY 2019 and onwards.  5. The RTC Financial Analyst has taken up the adjustment upon remittance of the refund on deposit amounting to P244,450.04 to the National Treasury on February 28, 2019.  6. The Accountant has taken up the suggested adjusting entries under Fund 101 in the February 2019 financial reports per JEV Nos. 01-2019-02-0051, 01-2019-02-0052, 01-2019-02-0053 and 01-2019-02-0054 dated 2/28/2019 and in March 2019 financial reports per JEV No. 01-2019-03-0088 dated 3/29/2019 except for:  F. the refund on Special Deposits amounting to P239,025.25 since the amount was directly offset against the electric bills of the Regional Office and the Provincial Training Center-Davao in CY 2018. Copies of the offset bills were submitted to the Office of the Resident Auditors on February 28, 2019.  7. The management already sent a request letter addresed to DLPC on the refund of special deposits under account nos. 1629212222 and 7856515156 totalling P496,766.86 on March 15, 2019.  8. The amount of P239,025.25 could no longer be remitted the National Treasury since the full amount were requested and directly offset against the electric bills of the Regional Office and the Provincial Training Center - Davao in CY 2018. Copies of the offset bills were submitted to the Office of the Resident Auditors on February 28, 2019. |
|  | gg. CO - Various reclassifications of PPE, Semi-expendable assets, Intra and Inter-agency receivables and transactions subject for reconciliation that were dumped into the Other Assets account - P(669,604,970.09) |  |  |  |  | Partially Implemented |  |
|  | hh. CAR – RTC: Erroneous transfer of fully depreciated and obsolete PPE to Other Assets in CYs 2017-2018 by crediting Accumulated Surplus/deficit - P(3,191,370.79) |  |  |  |  | Fully Implemented |  |
|  | ii. VI – PO Iloilo: Liquidation of training allowances for CY 2018 not recorded:  Advances to SDO - P(438,969.52) |  |  |  |  | Fully Implemented |  |
|  | jj. XI – RTC: Improper use of refund from special deposits, misclassification of account, erroneous credit to Guaranty Deposits account and unrecorded Bill Deposits:  Guaranty Deposits - P(669,123.15)  Other Deposits - P496,766.86 |  |  |  |  | Fully Implemented  Fully Implemented  Fully Implemented  Not Implemented  Fully Implemented  Fully Implemented  Fully Implemented  Fully Implemented  Not Implemented |  |
|  | **7. MISSTATEMENTS IN LIABILITIES** | **We recommended that the Management to require the Accounting Division to:**   1. **Prepare adjusting entries to correct the balances of the accounts; and** 2. **exercise due care in the recording of financial transactions to avoid errors and ensure fair presentation of the financial statements.** |  |  |  |  |  |  |  |
|  | kk. CO - Errors in classification of Due to NGAs and GOCCs:  Due to GSIS - P16,387.88  Due to Pag-IBIG - P1,912.83  Due to Philhealth – P2,625.00  Due to GOCCs (NHMFC) - P2,499.16  Other Payables - P(23,424.87) |  |  |  |  | Partially Implemented |  | The trust liabilities due to government owned and controlled corporations (GOCCs) in the Other Payables account amounting to ₱23,424.87 represents contributions due to the government agencies and other authorized agencies already deducted from agency personnel payroll but which details, like policy number or updated basic salary, as a consequence of appointment, promotion or step increment, is not yet reflected in the remittance system, therefore prohibiting the agency from remitting the same. |
|  | ll. CAR – PO Apayao: Errors in recording of settlement of payables:  Accounts Payable - P(273,700.00) |  |  |  |  | Fully implemented |  | Adjusted the said account thru JEV |
|  | mm. CAR – PO Apayao: Unrecognized funds received from the Central Office and utilization of the PO Apayao:  Due to Central Office - P921,952.21 |  |  |  |  | Fully Implemented |  | CAR – An adjusting Journal Entry Nos. 009 & 010 dated March 5, 2019 was effected to recognized such funds received. |
|  | nn. CAR: Purchases not yet received recorded as inventories:  Accounts Payable - P176,833.00 |  |  |  |  | Fully implemented |  | CAR- Adjusted the said account thru JEV |
|  | oo. CAR,VI, IX, X: Unreleased and stale checks not reverted to cash and payable:  Accounts Payable - P6,122,687.25 |  |  |  |  | Fully implemented  Fully Implemented  Fully Implemented  Fully Implemented |  | CAR-adjusted together with the adjustments made on Cash Account  Region VI  Adjusting entries were prepared to record the cancellation and such was submitted to the COA on April 5, 2019.  Region IX  Implemented and adjusted. See Attached JEVs  Region X  JEV#2019-101-01-005A was issued by PO Misamis Oriental to revert back to Cash In Bank the amount of stale checks. |
|  | **8. MISSTATEMENTS IN ACCUMULATED SURPLUS/(DEFICIT)** |  |  |  |  |  |  |  |  |
|  | pp. CAR - BCSAT, POs Benguet and Kalinga, and PTC Kalinga: Cash - Treasury/ Agency Deposit, Regular not closed to Accumulated Surplus/deficit as at year-end - P(1,308,890.51) |  |  |  |  | Fully Implemented |  | CAR-adjusted together with the adjustments made on Cash Account  CAR- Adjusted the said account thru JEV |
|  | qq. CAR – PTC Mountain Province: Recognition of accounts receivables for training and assessment fees without supporting valid documents - P(184,300.00) |  |  |  |  | Fully implemented |  | CAR-adjusted together with the adjustments made on Accounts Receivable Account |
|  | rr. CAR – PTC Mountain Province and Kalinga: Non-recognition of uncollected examination and assessment fees from the Pos – P239,060.00 |  |  |  |  | Fully implemented |  | CAR-adjusted together with the adjustments made on Accounts Receivable Account |
|  | ss. CAR: Accountable forms for Sale - Certificate and Certificate of Competency forms recorded as expenses instead of Merchandise Inventory - P(330,010.00)  Issuances not derecognized in the books - P(242,167.95)  Semi-expendable items issued were recorded as PPE - P(58,336.70) |  |  |  |  | Fully implemented |  | CAR-adjusted together with the adjustments made on Inventory Account |
|  | tt. II: Unrecorded subsidy from central office for tool kits received from TESDA Central Office - P146,685.00 |  |  | May 2019 | June 2019 | Partially Implemented | Adjustments have not yet been made due to the succeeding travels of the person responsible to effect the adjustment. | The unrecorded toolkits received from the Central Office will be taken under the Subsidy from Central Office/Accumulated Surplus/(Deficit) account on the Financial Report for the period ended June 30, 2019. The Journal Entry Vouchers effecting adjustment will be provided to the Central Office once the adjustment is reflected/made on the June 30, 2019 Financial Reports.  **PO N. VIZCAYA -** According to the management of TESDA Nueva Vizcaya PO, they are exerting effort to locate the trainees for the distribution of the toolkits and has already ask the help of the training providers. The Special Disbursing Officer is constantly contacting the trainees thru mobile phone calls.  10.13. The financial analyst has already prepared the Journal Entry Voucher (JEV) for the adjustment of the unrecorded toolkits. |
|  | uu. Semi-expendable properties issued to end-users not recorded as expenses:  III – P(3,973,922.73)  XII – P(187,423.40) |  |  |  |  | Fully Implemented  Fully Implemented |  | Region III  TESDA Bataan FA prepared the adjusting Journal Entries to affect the issuance of Semi-Expendable PPEs in prior years and Strictly comply with the provision of Section 10, chapter 8, vol. 1 of the GAM.  The TESDA Bataan property custodian prepared and issued ICS for some of the semi expendable PPE's while the financial analyst has made adjusting entries for the issued ICS. GPSAT started physical count of inventories  Region XII  The management will prepare necessary adjusting entries on the June 2019 financial reports. The management will recognize expense account upon issuance to end-users. |
|  | vv. VIII: Purchase of Toolkits totaling P8,017,139.21 for the Yolanda Rehabilitation and Recovery Program (YRRP) were directly charged to expense rather than treating them Assets under the account Other Supplies and Materials Held for Distribution – P8,017,139.21 |  |  |  |  | Fully Implemented |  | Adjustment has already been made by Eastern Samar Provincial Office on the purchase of toolkits for the Yolanda Rehabilitation and Recovery Program (YRRP) per Journal Entry Voucher No. 01-2019-03-086-A dated March 31, 2019 (see attached JEV). |
|  | ww. VIII: The issuance of toolkits aggregating P1,712,420.00 involving the CY 2017 STEP remained unrecorded in the books of Calubian National Vocational School and Regional Training Center - P (1,712,420.00) |  |  |  |  | Fully Implemented |  | Adjustments has already been made by Calubian National Vocational School and Regional Training Center on the receipt and issuance of CY 2017 STEP Toolkits per Journal Entry Voucher No.GF-2018-12-334 dated December 31, 2018 and GJ-18-12-007 dated December 31, 2018 respectively (see attached JEV). |
|  | xx. Procured Supplies, Materials and Semi-Expendable Assets were recorded as outright expense upon receipt of deliveries instead of recording them as assets:  XI – P4,793,705.07  XII - P1,397,183.48 |  |  |  |  | Fully Implemented  Fully Implemented |  | Region XI  "a. As agreed in the Exit Conference, no adjustment shall be made in the financial reports.  b. Starting February 2019, purchases of inventories are recorded as debit to appropriate Inventory account and a separate entry is prepared to record the amount of supplies issued during the month based on the RSMI.  c. Office Order No. 03,s. 2019 dated Feb.04, 2019 was issued to Ms. Lilia P. Lim. As Stock Card and Property Card Keeper.  d. The Perpetual Inventory System/Method is observed in the recording of inventory.  e. As agreed in the Exit Conference, no adjustment shall be made in the financial reports."  Region XII  The management of GSNSAT already JEV out the remaining unused inventory with JEV No. 18-12-940 amounting to P211,052.00 submitted to COA last February 8, 2019. |
|  | yy. II: Unrecorded buildings constructed via training cum production – P2,000,000.00 |  |  |  |  | Fully Implemented |  | The amount of P1,000,000.00 corresponding the Construction in Progress of the Lasam Institute of Technology has already been included in the Report on the Physical Count of Inventory and will be reclassified and capitalized to the appropriate PPE account upon completion. As for the remaining P1,000,000.00, there is a need for additional time to verify as to what unit the finding is attributable, since, it cannot be readily identifiable from the individual CAAR of each unit.  **TESDA LIT –** The Property Officer have already included in the Report of Physical Count of Property Plant and Equipment (RPCPPE) the CIP amounting to P1,000,000.00. |
|  | zz. X: Cost incurred for construction of building not capitalized - P2,090,794.42 |  |  |  |  | Fully Implemented |  | Region X  After the exit conference at our PTC Valencia, an adjusting journal entry was immediately prepared to correct the findings. JEV#2018-12-001 dated December 13, 2018 amounting P5,000.000.00, hence the correction took effect already in the FY2018 Consolidated Financial Statements. The entry is as follows:  Dr. Dormitory Building P 5,000,000.00  Cr. Construction in Progress P2,909,205.58  Cr. Training Expenses 2,090,794.42 |
|  | aaa. CO, II, V, XII, XIII: Unrecorded properties/donations (net of depreciation - P33,226,805.85 | RO 13 - The management has conducted an ongoing reconciliation on this regard. |  |  |  | Partially Implemented  For Implementation  Fully Implemented  Fully Implemented  Fully Implemented | Region II  The Accountant would have to verify first the breakdown of the items included in the P942,969.00 for the reason that due to the numerous travels undertaken by the persons responsible | CO  On the process of verification with PSD  Region II  The adjustments pertaining to the unrecorded donated PPE corresponding ICT Equipment, Office Equipment will be effected once the breakdown of these items are determined. As per individual CAAR as well as the consolidated CAAR of Region 2, there was no findings as to unrecorded ICT Equipment, hence, there is a need for additional time to check for any unrecorded ICT equipment that need adjustment or recording. The JEVs pertaining any adjustment that will be made will be then submitted to the Central Office once made.  Region V  The deed of donation is within the custody of PTC Labo. The certificate of transfer of title is on process due to difficulty in locating the donor of the said land/property. The recording of the acquisition of the PPE accounts is with the Regional Office through the liquidation documents submitted i.e. the Cash in Bank Register. However difficulty in obtaining the PAR/ICS of each Operating Unit caused the unrecording of the PPE accounts. To this effect, the Accountant and Supply Officer will conduct a Reconciliation within the 3rd quarter of 2019 to reconcile the RPCPPE with the books of account.  Region XII  The management of Region XII has prepared JEV No. 2019-01-22 dated January 31, 2019 amounting to P2,089,137.40 to set-up unrecorded Building for the year 2018.  Region XIII  Adjusting Entries have already prepared and recorded on the Financial Statement for the month of May 2019. |
|  | bbb. CAR, II, VI, X, XI: PPE items erroneously recognized as expenses - P13,108,957.19 |  |  |  |  | Fully implemented  Fully Implemented  Fully Implemented  Fully Implemented  On-going |  | CAR-adjusted together with the adjustments made on PPE Account  Region II  The amounts related to the cost in bringing up the generator transferred by PHIC to TESDA Regional Office No. 2 to its intended use, as well as the, cost incurred in setting up the CCTV System of Regional Office No. 2 were already recorded and capitalized in the Financial Reports ended April 30, 2019. The Journal Entry Vouchers corresponding the adjustments made for these items mentioned will be provided to the Central Office when the Accountant report back to the Regional Office from TESDA Central Office.  Region VI  In a letter reply dated February 8, 2019, Management commented that an Office Memorandum was already issued to the concerned personnel/s to comply/resolve and or prepare adjusting entries for the concerned transactions as enumerated to correct the financial statements.  Accordingly, no adjusting entries were prepared because such transaction were all directly debited to EXPENSES (which were closed at year-end). Thus, succeeding recording of transactions will be strictly followed using the provisions of the Government Accounting Manual.  Region X  The amount of Training Expenses at our PTC-Valencia was already capitalized to the PPE account. JEV#2018-12-001 dated December 13, 2018 was issued to correct the error. The entry is as follows:  Dr. Dormtory Building P 5,000,000.00  Cr. Construction in Progress P2,909,205.58  Cr. Training Expenses P2,090,794.42  Region XI  The Accountant will make the adjustments recommended by COA to observe proper treatment, recognition and measurement of PPE. |
|  | ccc. CO, CAR, II, X: Serviceable assets written-off/ Unserviceable/undisposed Assets derecognized/disposed assets still in the books - P1,580,243.41 |  |  |  |  | Partially Implemented  Fully implemented  Partially Implemented  Partially Implemented  Fully Implemented | Region II  The finding was not yet implemented for the reason that the accountant of API has just recently been appointed. He is still in the process of addressing the audit observations and recommendations made by COA | CO  On the process of verification with PSD  CAR-adjusted together with the adjustments made on PPE Account  Region II  Management of the Aparri Polytechnic Institute have already required the Supply Officer to prepare the IIRUP for the remaining unserviceable properties recorded in the Other Assets account. Once the IIRUP is submitted to the accountant, the corresponding JEV will be prepared and copy of which will be submitted to the Central Office.  **API -** Management of TESDA API ensured to check on the unserviceable and fully depreciated properties within the school. The audit team will be informed of the updates pertaining to disposal of unserviceable properties. To date, the Supply Office have already made disposal of unserviceable property. However, the supply officer have not yet furnished accounting office a report of the sale. Moreover, IIRUP have not yet been prepared since the supply officer have just been newly appointed.  For TESDA PO Isabela, the Property Officer will prepare and submit the accomplished Inventory and Inspection Report of Unserviceable Properties (IIRUP) once the financial analyst have made an adjustment on the estimated useful lives of the fully depreciated PPEs.  The unserviceable motor vehicle costing P33,500.00 will be transferred to the Isabela School of Arts and Trades (ISAT) to be used for training purposes.  **PO ISABELA -** The Provincial Directorof TESDA-Isabela PO commented that the motor vehicle will be transferred without cost to TESDA-Isabela School of Arts and Trades to be used by the latter in the training for automotive.  Region X  This erroneous dropping or write off of PPE without proper documentation happened in PO Lanao. However, the total amount they have dropped/written of amounted to P475,607.09, which they have already re-instated by issuing JEVs dated June 4, 2019.  The difference according the Financial Analyst was previously removed from the PPE account as these were transferred to Semi Expendable Inventory |
|  | ddd. NCR, CAR, IV-A, VIII, X: Errors in recognizing depreciation - P(2,021,030.86) |  |  |  |  | Partially Implemented  Fully implemented  Fully Implemented  Fully Implemented  Partially Implemented |  | NCR  The ROPOTI has conducted a PPE reconciliation with COA last May 29-30, 2019, as per agreement the District offices and TTIs should submit the following reports on June 17, 2019  a) Updated Property Cards with complete details  b) Updated PPE Ledger Card  c) Status of reconciliation for Fund 101, Fund 161 and Fund 102  CAR-adjusted together with the adjustments made on PPE Account  Region IVA -RTC Batangas  Adjusted and revised FS and Notes to FS were prepared and submitted to COA Auditor.  Region VIII  Adjustments has already been made by Arteche National Agricultural School on the taking up of 2018 depreciation under 01 and Fund 05 per JEV No. 01-2019-02-0045 and 05-2019-02-078 respectively, both dated February 28, 2019 (see attached JEV)  Region X  The Financial Analyst of OAIS have submitted the computed Accumulated Depreciation for two years to COA and they promised to continue computing for depreciation on their PPE. |
|  | eee. I, III: Issued Semi-expendable properties classified as PPE - P(547,366.25) |  |  |  |  | Partially Implemented  Fully Implemented |  | Region I  Attached is the JEV from POs Ilocos Sur and La Union on PPE adjustments, others are still to draw JEV on the adjustments  Region III  TESDA Bataan FA prepared the adjusting Journal Entries to affect the issuance of Semi-Expendable PPEs in prior years and Strictly comply with the provision of Section 10, chapter 8, vol. 1 of the GAM. |
|  | fff. NCR: Unrecorded transfer to LGU - P(271,728.00) |  |  |  |  | Partially Implemented |  | NCR  The ROPOTI has conducted a PPE reconciliation with COA last May 29-30, 2019, as per agreement the District offices and TTIs should submit the following reports on June 17, 2019  a) Updated Property Cards with complete details  b) Updated PPE Ledger Card  c) Status of reconciliation for Fund 101, Fund 161 and Fund 102 |
|  | ggg. XI – WNAS: Non-recording of biological assets and non-recognition of gain/loss due to physical/price changes – P758,000.00 |  |  |  |  | Partially Implemented  On-going |  | Region XI  The Management commented that the previous accountant did not establish a system process flow for Biological Assets and for the recognition of gain/loss on physical/price change and the disclosure on the financial statements. The new accountant is having a hard time figuring out to come up with solutions in order to fully implement a system with efficient and effective processes to properly record, recognize, and disclose the said Biological Assets. They will carefully examine and implement the recommendations and will create a system process flow for Biological Assets and aims to fully implement the recommendations within the 2nd and 3rd week of March 2019.  The persons/departments responsible conducted a meeting last February 11, 2019, discussing the actions to be taken regarding this matter. The management aims to come up with a process flow that is compliant with the current existing guidelines and regulations within the month of April to June 2019. |
|  | hhh. CO: Issued Semi-expendable properties reclassified under Other Assets - P1,619,957.30 |  |  |  |  | Fully implemented |  | On the process of verification with PSD  JEV-2019-06-002543 |
|  | iii. CAR – PO Apayao: Errors in recording of settlement of payables – P(273,700.00) |  |  |  |  | Fully implemented |  | CAR-adjusted together with the adjustments made on Accounts Payable (Liabilities) Account |

Prepared by: Certified by:

**JOEY G. BAYLON RICHMOND RYAN D. ALCAZAREN** Administrative Officer IV Accountant IV, OIC-Chief Accountant

Name and Position of Agency Officer Name and Position of Agency Officer

Note: Status of Implementation may either be (a) Fully Implemented, (b) Ongoing, (c) Not Implemented, (d) Partially, or (e) delay