

**NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY
SUMMARY OF AUDIT OBSERVATIONS AND RECOMMENDATIONS
FOR FY 2012 AND FY 2011**

COA OBSERVATION / RECOMMENDATION	MANAGEMENT COMMENT		STATUS OF IMPLEMENTATION																											
	2012	2011																												
I. Submission of Accounts	AOM No. 2013-04 (2012) dated May 20, 2013		Status as of July 31, 2013:																											
A. The COA recommends that management direct the Acting Accountant and other accountable officers to submit the required accounting and financial reports within the prescribed deadlines; and implement adequate measures that will enable the Authority to meet the deadlines:	1. The Administrative Staff (AdmS) together with the Information Technology Coordination Staff (ITCS), despite the slow processing capability of the current system, the NGAS, are continuously exerting efforts in improving and implementing controls to expedite the process in the preparation of the necessary reports and their timely submission to the COA.	Efforts are being made to ensure timely submission of the required reports to the Commission on Audit (COA). As of date, albeit the number of days delayed in the submission of reports are not eliminated, these delays considerably reduced.	<table><tr><th rowspan="2">Particulars</th><th colspan="3">Ave. No. of Days Delayed</th></tr><tr><th>FY 2013</th><th>FY 2012</th><th>FY 2011</th></tr><tr><td>Trial Balance</td><td>12</td><td>17</td><td>66</td></tr><tr><td>Bank Reconciliation Statement</td><td>20</td><td>64</td><td>Backlog</td></tr><tr><td>Report on Accounts for Accountable Forms</td><td>0</td><td>91</td><td>No Collection</td></tr><tr><td>Report of Collections and Deposits/(RCD)/Official Receipts (O.R.)</td><td>12</td><td>10</td><td>174</td></tr><tr><td>Payrolls</td><td>19</td><td>53</td><td>75</td></tr></table>	Particulars	Ave. No. of Days Delayed			FY 2013	FY 2012	FY 2011	Trial Balance	12	17	66	Bank Reconciliation Statement	20	64	Backlog	Report on Accounts for Accountable Forms	0	91	No Collection	Report of Collections and Deposits/(RCD)/Official Receipts (O.R.)	12	10	174	Payrolls	19	53	75
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1. Trial Balance (TB) - Ten (10) days after the end of the month.	2. Nevertheless, there are also external factors that contributed to the delay in the submission of reports, such as the following:	The Information Technology and Coordination Staff (ITCS) is in the process of reviewing and enhancing the existing NGAS system through a project with due consideration to the adoption of a Revised Chart of Accounts per COA Circular 2013-002 dated January 30, 2013.	1. In January 2013, a new Accountant was hired to focus on the backlog on the Bank Reconciliation Statements (BRS) for FY 2007 to FY 2012, under the Payroll Fund and Trust Fund accounts.																											
2. Bank Reconciliation Statement - Fifteen (15) days after the end of the month.	a. Monthly Bank Reconciliation Statements (BRS) - Although the Land Bank of the Philippines improved its release of bank statements for CY 2013, these are still received on or after the COA prescribed date of submission of the BRS.		2. As a remedy to the slow Financial Management Information System -New Government Accounting System (FMIS-NGAS) operations, the concerned units agreed on the following timetable:																											
3. Receipts and Disbursements - Records with all paid Disbursement Vouchers and supporting documents - Within ten (10) days from receipt	b. Monthly Trial Balances (TB) - ITCS has furnished the Terms of Reference (TOR) for the procurement of an Integrated Administrative Information System (IAIS) to cover computerized systems of financial and administrative transactions.		a. Report of Checks Issued (RCI) - For submission by the Cash Section weekly (every Friday or Monday morning) instead of monthly.																											
	c. Monthly Report of Accountability for Accountable Forms (RAAF) - For CY 2012, as a result of the transfer from FMIS to NGAS, there are still backlogs due to erroneous generation of the date in the system for the Official Receipt (OR). Thus, the RAAF for OR and Checks were prepared manually.		b. Report of Collections and Deposits (RCD) / Official Receipts - For submission by the Cash Section daily instead of monthly																											
	d. Paid Disbursement Vouchers (DVs) - Besides the slow processing in NGAS system, another cause of delay is the payroll of honoraria for non NEDAns. These are usually unclaimed by the payees despite constant follow up by the Cash Section. Thus, payment of honoraria shall be made through checks and/or deposited directly to the payee's account.		c. Paid Disbursement Vouchers (DVs)- For submission immediately to the AD and within one (1) week from receipt, the Accounting Division will transmit the same to COA.																											
			d. Bank Reconciliation Statement- Supporting Documents for FY 2007 to FY 2012, such as withholding/release of salaries, will be submitted to the Accounting Division by the Human Resource and Management Div. (HRMD) on or before October 30, 2013. This will form part of HRMD FY 2013 Work Program.																											
			e. Adjusting Journal Entry Voucher (JEV) - The JEV will be prepared within 15 days by Accounting Division upon receipt of Supporting Documents.																											
			3. Efforts are being done to procure and install an Integrated Administrative Information System (IAIS) to replace the existing FMIS-NGAS and cover the Asset Management Information System (AMIS) as well:																											
			a. As of September 2013, the Terms of Reference (TOR) has been finished by the Information and Communication Technology Staff (ICTS)																											
			b. This will be funded/obligated on or before December 31, 2013																											
			4 As a pre-requisite in the processing of payment of honoraria due to non-NEDAns, the claimant must submit a duly accomplished Taxpayer Information Sheet (TIS) containing his/her the name, address, TIN, together with authority given to the Cashier to deposit the amount to the claimant's ATM/bank account. Besides providing for the information needed in the preparation of the Withholding Tax Certificates, this will also prevent unclaimed/stale checks.																											

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			<p>5. In coordination with COA, conduct a seminar-workshop on the new Standard Government Chart of Accounts (SGCA) as prescribed and for implementation by COA in FY 2014:</p> <p>a. As of March 2013, the budget was prepared by Accounting Division. This will be requested from the Common Pool fund and the corresponding authority will be issued based on availability of the COA resource persons, early part of FY 2014.</p> <p>b. The budget for the NEDA Regional Offices (NRO) accountants/other participants will be sub-allotted to the respective NROs</p> <p>c. On September 02, 2013, the Accounting Division coordinated with and invited the COA resource persons from the Government Accountancy Section (GAS) at the COA -Main Office. However, according to them, the new SGCA will be finalized only in November 2013 and the resource persons will be available early part of FY 2014.</p>																																																														
<p>II. Inter-Agency Fund Transfers (IAFT) remained unliquidated as of year end contrary to COA Circular No. 94-013 dated December 13, 1994.</p> <p>A. The COA recommends that management strengthen the management, monitoring and control</p> <p>1. Collaborating closely with the Implementing Agencies (IAs) to:</p> <p>a. Effectively enforce the liquidation of outstanding balances including the refund of any unspent balance;</p> <p>b. Strengthen the existing IAFT reporting system which shall be articulated clearly in writing in order to effectively impose accountability for the proper administration and liquidation of the program or project funds.</p> <p>2. Initiating the installation of the control that no additional fund is transferred to an IA with an unliquidated fund transfer; and</p> <p>3. In keeping with the IAFT regulations and rules, calibrating the release of fund transfer such that:</p>	<p>AOM No. 2013-05 dated June 4, 2013</p> <p>Follow ups through letters, emails and telephone calls were made to the concerned NGAs, GOCCs, LGUs and NEDA Regional Offices (NROs) on the liquidation of IAFT. Assistance was also sought from the respective COA Auditing units of the concerned NGAs, GOCCs and LGUs. Before the end of September 2013, the Accounting Division will send follow up letters to the concerned offices and to their respective COA Auditing units copy furnished the COA Chairperson, if needed.</p>	<p>Follow-ups through letters, emails and telephone calls were made to the concerned NGAs, GOCCs, LGUs and NEDA Regional Offices (NROs) on the liquidation of IAFT.</p> <p>Constant coordination with the IAs and their respective Auditing Units, have been made by the Administrative Staff and the implementing Staffs to verify the reasons for delayed/non-liquidation, follow-up submission of liquidation and refund of the unused balance. Letters were sent to IAs last July 11, 2012 and emails last Dec. 19, 2012.</p> <p>To facilitate the submission of audited liquidation report and/or refund of the remaining balances, the Admin. Staff will formally seek the assistance of the COA - Main Office and the respective auditing units of the concerned IAs.</p> <p>For the Department of Agrarian Reform (DAR) and the National Wages and Productivity Commission (NWPC), supporting documents such as Memoranda of Agreement and Official Receipt (ORs) were attached to the notices/follow-up letters sent on June 6, 2012 for IAFT amounting to P 50,000.00 and P-617,735.13, respectively.</p>	<p>Comparative Table of Unliquidated IAFT: For CY 2012 and CY 2011 (With figures as of August 31, 2013)</p> <table> <tr> <th rowspan="2">Particulars</th><th colspan="3">As of</th></tr> <tr> <th>Aug. 31, 2013</th><th>Dec. 31, 2012</th><th>Dec. 31, 2011</th></tr> <tr> <td>Fund 101:</td><td>75,311,128.45</td><td>76,457,328.45</td><td>65,904,055.43</td></tr> <tr> <td>Due from NGAs</td><td>39,140,487.46</td><td>39,140,487.46</td><td>23,479,594.39</td></tr> <tr> <td>Due from GOCCs</td><td>31,843,556.64</td><td>31,889,756.64</td><td>37,387,803.65</td></tr> <tr> <td>Due from LGUs</td><td>2,964,584.00</td><td>2,964,584.00</td><td>2,964,584.00</td></tr> <tr> <td>Due from NROs</td><td>1,362,500.35</td><td>2,462,500.35</td><td>2,072,073.39</td></tr> <tr> <td>Fund 171:</td><td>34,344,903.82</td><td>47,652,502.52</td><td>80,601,264.64</td></tr> <tr> <td>Due from NGAs</td><td>19,611,781.85</td><td>32,919,380.55</td><td>65,697,082.67</td></tr> <tr> <td>Due from GOCCs</td><td>5,143,121.97</td><td>5,143,121.97</td><td>5,143,121.97</td></tr> <tr> <td>Due from LGUs</td><td>9,590,000.00</td><td>9,590,000.00</td><td>9,761,060.00</td></tr> <tr> <td>Total</td><td>109,656,032.27</td><td>124,109,830.97</td><td>146,505,320.07</td></tr> </table> <p>Department of Agrarian Reform (DAR):</p> <p>The NEDA - Philippine Council for Sustainable Development (PCSD) transferred P50,000.00 to DAR to cover the expenses for the conduct of orientation workshop on sustainable development on October 13-14 1998.</p> <p>A follow up letter was sent by Accounting Division to DAR last June 6, 2012 requesting proper liquidation based on a photocopy of the Official Receipt No. 8236912 dated October 27, 1998 and the covering Memorandum of Agreement.</p> <p>Philippine Carabao Center:</p> <p>Full liquidation was made on March 31, 2013.</p> <p>Comparative Figures of IAFT to PITC:</p> <table> <tr> <th rowspan="2">Particulars</th><th colspan="3">As of</th></tr> <tr> <th>July 31, 2013*</th><th>Dec. 31, 2012</th><th>Dec. 31, 2011</th></tr> <tr> <td>Unliquidated Fund</td><td></td><td></td><td></td></tr> <tr> <td>Transfer to PITC</td><td>27,093,544.29</td><td>27,139,744.29</td><td>27,139,744.29</td></tr> </table> <p>* Out of this amount, P22,992,713.20 is already in process, leaving a balance of P4,100,831.09.</p>	Particulars	As of			Aug. 31, 2013	Dec. 31, 2012	Dec. 31, 2011	Fund 101:	75,311,128.45	76,457,328.45	65,904,055.43	Due from NGAs	39,140,487.46	39,140,487.46	23,479,594.39	Due from GOCCs	31,843,556.64	31,889,756.64	37,387,803.65	Due from LGUs	2,964,584.00	2,964,584.00	2,964,584.00	Due from NROs	1,362,500.35	2,462,500.35	2,072,073.39	Fund 171:	34,344,903.82	47,652,502.52	80,601,264.64	Due from NGAs	19,611,781.85	32,919,380.55	65,697,082.67	Due from GOCCs	5,143,121.97	5,143,121.97	5,143,121.97	Due from LGUs	9,590,000.00	9,590,000.00	9,761,060.00	Total	109,656,032.27	124,109,830.97	146,505,320.07	Particulars	As of			July 31, 2013*	Dec. 31, 2012	Dec. 31, 2011	Unliquidated Fund				Transfer to PITC	27,093,544.29	27,139,744.29	27,139,744.29
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a. The maximum amount to be transferred at a given time is sufficient for three-month operation subject to replenishment upon submission by the IA of the Report of Disbursement; and b. Only on the basis of actual implementation as validated by both the Authority and IA.			<p>As part of their performance targets, the concerned Offices / Staffs will be required to execute procurement activities based on the programmed timelines and budget framework in order to minimize, if not entirely avoid negotiated procurement and in order to enhance competition through the conduct of public bidding.</p> <p>The end users are required to prepare the PPMP for their different Programs, Activities and Projects (PAPs).</p> <p>Evaluate fully the economy, efficiency and effectiveness of the procurement through agency-to-agency agreements as bases of implementing measures and imposing contract conditions, in consultation with PITC, that will protect adequately the interest of the agency.</p> <p>The Accounting Division discussed with PITC the proper recognition of the interest earned for reversion to the National Treasury. However, per Memorandum Of Agreement, the interest earned will be returned only at the end of the term of the contract.</p>																							
III. Unliquidated Cash Advances	AOM No. 2013-01 dated February 26, 2013	The Administrative Staff has encouraged support and adherence to the requirements pertaining to Cash Advances (CA) through the following:	Comparative Schedule of Unliquidated Cash Advances																							
A. The COA recommends that management continue its effort in strengthening the operation of controls in the grant, liquidation and monitoring of the cash advances by, among others:	Upon receipt of the subject AOM, the Director-General decided to issue an Office Circular on the observance of a more efficient and effective control over the granting, utilization and liquidation of cash advances. The set of guidelines is prescribed to: (a)promote transparency, accountability and prudence in government spending, (b)support responsible handling of public funds, and (c)ensure adherence to pertinent laws, rules and regulations.	1. Briefing of the new and old AOs conducted by the Accountants on pertinent rules and regulations on CA and consequences of non-compliance;	<table><tr><th rowspan="2">Particulars</th><th colspan="3">As of</th></tr><tr><th>July 31, 2013</th><th>Dec. 31, 2012</th><th>Dec. 31, 2011</th></tr><tr><td>Fund 101</td><td>7,760,757.38</td><td>13,175,003.72</td><td>6,934,987.71</td></tr><tr><td>Fund 102</td><td>40,538.50</td><td>50,538.50</td><td>50,538.50</td></tr><tr><td>Fund 171*</td><td>709,256.99</td><td>3,097,152.38</td><td>3,587,525.94</td></tr><tr><td>Total</td><td>8,510,552.87</td><td>16,322,694.60</td><td>10,573,052.15</td></tr></table>	Particulars	As of			July 31, 2013	Dec. 31, 2012	Dec. 31, 2011	Fund 101	7,760,757.38	13,175,003.72	6,934,987.71	Fund 102	40,538.50	50,538.50	50,538.50	Fund 171*	709,256.99	3,097,152.38	3,587,525.94	Total	8,510,552.87	16,322,694.60	10,573,052.15
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1. Enforcing strictly the liquidation of advances within the prescribed period and validating these liquidations, specially for prior year balances;	Henceforth, the Accountable Officers (AOs) are mandated to liquidate the cash advances and return/refund the full amount of unexpended balance in a single Official Receipt within the prescribed period in accordance with COA Circular No. 97-002 dated February 10, 1997.	2. Issuance of Notices to remind the AOs of the requirements in the issuance, utilization liquidation, prescribed deadlines and consequences of non-compliance per COA Cir. No. 97-002 dated February 10, 1997. The latest Notices were sent to each AO on December 21, 2012.	*Note: The amount is net of liquidations amounting to P1,610,039.39 recorded in August 2013.																							
2. Disallowing consistently the grant of additional cash advances to an officer or employee with unliquidated cash advance; and	The Accounting Division shall conduct an annual briefing on CA.	3. Regular close monitoring of cash advance balances of each Accountable Officers done by the Accounting Services.	To address the recurring observations of COA, the following have been implemented:																							
3. Imposing in the proper case, the sanctions and penal provisions specified in COA Circular No. 97-002.	Moreover, the newly appointed or designated AO shall be briefed by the Accounting Division and the representative of the COA Auditing Unit on the use of the cash book, proper recording of the transactions and other matters related to his/her work. The AO and the Accounting Division shall reconcile their books of accounts at least quarterly.	4. Immediate refund of unused balance through issuance of Official Receipt.	1. Conduct annual briefing on CA to discuss the laws, rules and regulations on the issuance, utilization and liquidation of CA. For FY 2013, two (2) briefing sessions were conducted by the Accounting Division (AD) on June 18 and 19, 2013.																							
4. Suspending the salary of the Accountable Officer still employed in NEDA who failed to liquidate their outstanding CA.		5. More efforts to improve compliance for FY 2013. Henceforth, no CA shall be issued unless the previous ones have been liquidated/ properly accounted for.	2. Issued memorandum on June 04, 2013 to serve as guide on the following: a. Prescribed periods in the liquidation of different types of CA and consequences of late/ non-liquidation b. Procedures to be observed by the Accounting Division in sending Notices to SDOs for the liquidation of CA and demand for settlement for those that are already due.																							
			3. On April 01, 2013, an Accountant was assigned to attend to the following: a. Handle the maintenance of CA Subsidiary Ledgers (SL) and analysis of each account starting April 2013. b. Identify and trace items for adjustment from the source documents to formulate necessary entries and/or pursue action to drop these from the bookss. This is expected to be done by FY 2014 due to difficulty in locating the source documents.																							

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<div>5. Issuing Order of Payment for any outstanding CA the day after its liquidation has been due and enforce such payment instead of deducting the same from the payrolls.</div> <div>6. Having the Accontant analyze and resolve the over-/under- applied liquidations and formulate the adjustments to correct the double recording/errors.</div>	<div>In compliance with COA Circular No. 2012-001 dated June 1, 2012, a cash advance shall be issued only upon certification from the Accounting Division that the previous cash advances have been liquidated and accounted for in the books.</div> <div>The following controls were implemented to facilitate the proper liquidation of cash advance:<div><div>1. Assign an accountant to handle the CA Subsidiary Ledgers, and analysis of each account. Trace the transactions from the source documents, if needed.</div><div>2. Trace and identify items for adjustments in the CA schedule to formulate necessary adjustments and/or pursue action to drop these from the books.</div><div>3. Age the outstanding CA balances to determine the long outstanding / overdue accounts.</div><div>4. Create teams of Accountants to assist SDOs for the proper liquidation of CA within the prescribed period.</div><div>5. Send Notices / Reminders / Demand Letters to SDOs for their outstanding CA including a list of lacking documents / deficiencies to guide the SDO and facilitate submission of liquidation papers.</div></div></div>	<div>c. Age the outstanding CA balances to determine the long outstanding/overdue accounts starting June 2013. The said accountant developed an Excel formula that provides automatic aging of the CA.</div> <div>4. In December 2012, the Accounting Division created teams of Accountants to assist the SDOs of Offices/Staffs assigned to them to facilitate liquidation within the prescribed period and ensure eligibility to Performance-Based Bonus (PBB) for FY 2013 and thereafter.</div> <div>5. Effective 2nd Quarter of FY 2013, a clearance is issued by the Accounting Division before processing a new CA. No clearance is issued unless the previous CAs have been liquidated/properly accounted for.</div> <div>6. Sent the following Notices / Reminders/ Demand Letters to SDOs pertaining to unliquidated CA starting June 2013:<div><div>a. First Notice - Upon approval of DV by the concerned Accountants</div><div>b. Second Notice - At least ten (10) days before due date of the CA</div><div>c. Third Notice - A list of deficiencies/lacking documents for compliance/submission to facilitate recording of the liquidation</div><div>d. Fourth Notice - Demand letter when the CA becomes due for liquidation or when there is no movement for a period of two (2) months</div></div></div>																																				
<div>IV. Property, Plant and Equipment (PPE)</div> <div>A. A look into the tracking and management of Property and Equipment reveals the following:<div><div>1. Physical count of PPE not reconciled with the recorded accountabilities</div><div>2. Delay in the conduct and reporting of the physical count of PPE</div><div>3. Non-maintenance of Property, Plant and Equipment Ledger Card</div><div>4. Incomplete updating of Property Cards</div><div>5. NEDA-CO needs improvement in the design and enforcement of controls over PPE tracking and management.</div></div></div>	<div>AOM No. 2013-06-101 (2012) dated June 7,2013</div> <div>The COA recommendations are considered for implementation:<div><div>1. Pursue the procurement of the Integrated Administrative Information System (IAIS).</div><div>2. In accordance with COA rules and regulations, write off Dormant PPE account balances due to absence of records/supporting documents, after analysis / review.</div><div>3. Determine which among the 35 motor vehicles may still be repaired economically or which should be disposed</div><div>4. Dispose defective assets and motor vehicles already tagged for disposal, that are beyond economical repair or are no longer needed in operation.</div><div>5. Refill empty but serviceable fire extinguishers to ensure that they will provide the intended protection for agency personnel and assets.</div></div></div>	<div>Discrepancy in Property, Plant and Equipment per Accounting Records and Physical Inventory As of July 31, 2013:</div> <table><tr><th>Classification</th><th>Per Accounting Records*</th><th>Per Physical Inventory</th></tr><tr><td>Office Equipment (OE)</td><td>18,554,942.22</td><td>17,630,842.60</td></tr><tr><td>Furniture and Fixtures (FF)</td><td>8,323,482.41</td><td>9,195,202.32</td></tr><tr><td>IT Equipment and Software (IT)</td><td>132,210,802.79</td><td>123,129,067.58</td></tr><tr><td>Library Books (LB)</td><td>467,296.26</td><td>734,859.06</td></tr><tr><td>Comm. Equipment (CE)</td><td>3,432,463.08</td><td>3,405,464.08</td></tr><tr><td>Fire Fighting Equipment (FFE)</td><td>350,980.00</td><td>350,980.00</td></tr><tr><td>Medical, Dental, Equipment (MDE)</td><td>335,687.18</td><td>335,687.18</td></tr><tr><td>Military Equipment (ME)</td><td>12,901.00</td><td>12,900.00</td></tr><tr><td>Motor Vehicles (MV)</td><td>47,453,170.29</td><td>44,359,165.83</td></tr><tr><td>Other PPE (OPPE)</td><td>10,568,416.29</td><td>11,836,767.39</td></tr><tr><td>Total</td><td>221,710,141.52</td><td>210,990,936.04</td></tr></table>	Classification	Per Accounting Records*	Per Physical Inventory	Office Equipment (OE)	18,554,942.22	17,630,842.60	Furniture and Fixtures (FF)	8,323,482.41	9,195,202.32	IT Equipment and Software (IT)	132,210,802.79	123,129,067.58	Library Books (LB)	467,296.26	734,859.06	Comm. Equipment (CE)	3,432,463.08	3,405,464.08	Fire Fighting Equipment (FFE)	350,980.00	350,980.00	Medical, Dental, Equipment (MDE)	335,687.18	335,687.18	Military Equipment (ME)	12,901.00	12,900.00	Motor Vehicles (MV)	47,453,170.29	44,359,165.83	Other PPE (OPPE)	10,568,416.29	11,836,767.39	Total	221,710,141.52	210,990,936.04
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Military Equipment (ME)	12,901.00	12,900.00																																				
Motor Vehicles (MV)	47,453,170.29	44,359,165.83																																				
Other PPE (OPPE)	10,568,416.29	11,836,767.39																																				
Total	221,710,141.52	210,990,936.04																																				

COA OBSERVATION / RECOMMENDATION	MANGEMENT COMMENT		STATUS OF IMPLEMENTATION																																																						
	2012	2011																																																							
B. The design deficiency and ineffective operations of these controls cast doubt on the PPE account balances; unnecessarily expose the agency to risk of loss or misuse of PPE not accurately and timely tracked; and bear on the attitude of management towards sound internal controls.	6. As recommended by COA, purge RPCPPE for assets that are defective and perform the following: <div><div>a. Tag defective assets and motor vehicles for disposal and those identified as beyond economical repair. Report these to the Accounting Division using the IRRUP for proper accounting;</div><div>b. Report to the Accounting Division, small tangible items considered as inventories as basis of recording.</div><div>c. Identify the following:<ul style="list-style-type: none">● Items that form part of the equipment package acquired but listed individually therein;● Motor vehicles that are merely loaned by projects/other government agencies to NEDA personnel and, as such, not owned by the Authority;● Motor vehicles that were already sold or disposed of by the Authority; and● Other erroneous and inaccurate information discussed in this AOM;</div></div> 7. Identify serviceable PPE but are no longer used in operation and report them to the Accounting Division, to facilitate JEV reclassification in the NEDA books of accounts. 8. Maintain and update the Plant, Property and Equipment Ledger Cards (PPELC). 9. Timely reconciliation of PPELC and RPCPPE to ensure reconciliation of current PPE transactions.		<table><tr><th rowspan="2">Classification</th><th colspan="3">Discrepancy</th></tr><tr><th>2013</th><th>2012</th><th>2011</th></tr><tr><td>OE</td><td>924,099.62</td><td>924,099.62</td><td>(79,004.07)</td></tr><tr><td>FF</td><td>(871,719.91)</td><td>(871,719.91)</td><td>(869,297.95)</td></tr><tr><td>IT</td><td>9,081,735.21</td><td>9,081,735.21</td><td>22,323,756.17</td></tr><tr><td>LB</td><td>(267,562.80)</td><td>(267,562.80)</td><td>(249,890.90)</td></tr><tr><td>CE</td><td>26,999.00</td><td>26,999.00</td><td>833,126.68</td></tr><tr><td>FFE</td><td>-</td><td>-</td><td>-</td></tr><tr><td>MDE</td><td>-</td><td>-</td><td>-</td></tr><tr><td>ME</td><td>1.00</td><td>1.00</td><td>1.00</td></tr><tr><td>MV</td><td>3,094,004.46</td><td>3,094,004.46</td><td>3,094,004.46</td></tr><tr><td>OPPE</td><td>(1,268,351.10)</td><td>(1,268,351.10)</td><td>(1,268,351.10)</td></tr><tr><td>TOTAL</td><td>10,719,205.48</td><td>10,719,205.48</td><td>23,784,344.29</td></tr></table>				Classification	Discrepancy			2013	2012	2011	OE	924,099.62	924,099.62	(79,004.07)	FF	(871,719.91)	(871,719.91)	(869,297.95)	IT	9,081,735.21	9,081,735.21	22,323,756.17	LB	(267,562.80)	(267,562.80)	(249,890.90)	CE	26,999.00	26,999.00	833,126.68	FFE	-	-	-	MDE	-	-	-	ME	1.00	1.00	1.00	MV	3,094,004.46	3,094,004.46	3,094,004.46	OPPE	(1,268,351.10)	(1,268,351.10)	(1,268,351.10)	TOTAL	10,719,205.48	10,719,205.48	23,784,344.29
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C. Management should strengthen the 1. Manifesting commitment in protecting the assets of the Authority by obtaining title in the name of the Authority over the land on which its building stands within a reasonable timeframe and monitoring closely this activity. 2. Disclosing in ;the Notes to Financial Statements the absence of such land title 3. Directing the Property Officer to : a. Prepare and submit for audit the RPCPPE on all PPE not later than Jan. 31 of each year;		The Administrative Staff is working on the transfer of land title to NEDA. This is subject to the availability of funds for the payment of the required taxes.	The Accounting Division (AD) and Asset Management Division (AMD) will continue to coordinate/discuss to reconcile the differences in the PPE accounts. If the unreconciled balance can no longer be identified/traced from the source documents, this will be requested for write off in compliance with the Commission on Audit rules and regulation/procedures.																																																						
			The AMD will prepare the Vehicle Repair Program, Vehicle Disposal Program and Inventory and Inspection Report of Unserviceable Properties (IIRUP) before the end of FY 2013.																																																						
			On September 5, 2013, the transfer tax was paid.																																																						
			On September 16, 2013, the said registration fees amounting to P 4.71 million will be paid by AMD after securing LRA Circular No. 01-2012 dated January 02, 2012 on September 10, 2013.																																																						
			By October 2013, the AMD will obtain new tax declaration of the land from the Registry of Deeds, Pasig City.																																																						
		This will be disclosed in the notes to financial statements for FY 2012.	The RPCPPE was submitted on February 1, 2013. Henceforth, annually, the Admin. Staff will ensure submission on or before January 31.																																																						
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COA OBSERVATION / RECOMMENDATION	MANGEMENT COMMENT		STATUS OF IMPLEMENTATION																															
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b. Maintain the PC for PPE indicating therein the critical information necessary for effective managment, tracking and accounting; c. Coordinate closely with Accounting Division and the Property unit in reconciling the RPCPPE with the accountability recorded in PC;		<p>At present, a Subsidiary Ledger of all PPE items is maintained. The Accounting Division will ensure that current year transactions will be reconciled with the property records and prior reconciling items will be verified and reduced.</p> <p>The AS and the PPTS have been meeting/coordinating regularly to reconcile their records. With the help of the ITCS, there is a plan to procure an Asset Management Informatin System (AMIS) to address these concerns. The reconciliation of RPCPPE and AS books of accounts for additions and disposals for CY 2012 is still on going.</p>																																
V. Undocumented Account Balances A. We recommend that management strengthen control over assets and liabilities of the Authority by: <ol style="list-style-type: none"> 1. Implementing an effective time-bounded programmed of ridding its accounts of inadequately documented balances in accordance with state accounting and auditing policies and procedures; 2. Exerting effort in locating or producing the documents to support the legitimacy of the inadequately documented account balances; 3. In case of balances that could no longer be adequately documented and accountability thereof could no longer be established, pursuing action to drop the balances from the books of accounts in accordance with, among others, COA Circular No. 97-001; 4. Installing a system that will prevent effectively the control breakdown on documentation which shall include regular review of the operation of such control; and 5. Requiring the Accounting Division to disclose in the notes to the financial statements the inadequately documented balances included in the asset and liability accounts. 		<p>There are accounts reflecting beginning balances due to the transition from the Old Government Accounting System (OGAS) to the New Government Accounting System (NGAS) and the nature of these accounts cannot be properly established, as shown below:</p> <p>For CY 2013, a time-bounded program will be prepared to get rid of these accounts. Efforts will be exerted to locate/trace the source documents and if needed, pursue action to drop these accounts form the books.</p> <p>The recommendations of the Commission on Audit have been duly noted and the Accounting Division will disclose the above accounts in the notes to the financial statements. Moreover, the AD will prevent occurence of the same and henceforth, will ensure that all transactions are adequately documented.</p>	<p>Undocumented Accounts:</p> <table> <tr> <th rowspan="2">Particulars</th><th colspan="3">As of</th></tr> <tr> <th>July 31, 2013</th><th>Dec. 31, 2012</th><th>Dec. 31, 2011</th></tr> <tr> <td>Adv. to Contactors</td><td>206,991.50</td><td>206,991.50</td><td>206,991.50</td></tr> <tr> <td>Guaranty Deposits</td><td>227,417.65</td><td>227,417.65</td><td>227,417.65</td></tr> <tr> <td>Investment in Stocks</td><td>44,680.00</td><td>44,680.00</td><td>44,680.00</td></tr> <tr> <td>Other Investments</td><td>188,440.00</td><td>188,440.00</td><td>188,440.00</td></tr> <tr> <td>Due to LGUs</td><td>(614,675.35)</td><td>(614,675.35)</td><td>(614,675.35)</td></tr> <tr> <td>Due to NROs</td><td>(12,569,015.25)</td><td>(13,824,015.25)</td><td>(13,824,015.25)</td></tr> </table> <p>The Accounting Division will exert effort to trace and identify these from source documents. However, in case the documents are no longer available, these accounts will be dropped from NEDA books subject to prescribed COA procedures/rules and regulations.</p> <p>As traced from the FMIS-NGAS, these represent beginning balances and the nature of these accounts cannot be determined since the system can generate balances only from the date of its adoption.</p>	Particulars	As of			July 31, 2013	Dec. 31, 2012	Dec. 31, 2011	Adv. to Contactors	206,991.50	206,991.50	206,991.50	Guaranty Deposits	227,417.65	227,417.65	227,417.65	Investment in Stocks	44,680.00	44,680.00	44,680.00	Other Investments	188,440.00	188,440.00	188,440.00	Due to LGUs	(614,675.35)	(614,675.35)	(614,675.35)	Due to NROs	(12,569,015.25)	(13,824,015.25)	(13,824,015.25)
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COA OBSERVATION / RECOMMENDATION	MANGEMENT COMMENT		STATUS OF IMPLEMENTATION																				
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VI. Balance of Cash in Bank-Local Currency Current Account totalling ₱3,276,709.07 were not remitted to the National Treasury contrary to Sec. 2 of EO 338 and Sec. 4 of the general provisions of General Appropriations Act (GAA) of 2010. A. We recommended that management remit the dormant amounts to the National Treasury pursuant to Sec. 2 of EO No. 338 and Sec. 4 of the general provisions of GAA of 2010.	No Findings in FY 2012	NEDA will comply with the recommendations of COA.	<p>The following dormant accounts amounting to ₱ 3,276,709.07 were reverted to the National Treasury:</p> <table> <tr> <th>Bank</th><th>Account</th><th>Amount</th><th>Date of Reversion</th></tr> <tr> <td>LBP-Greenhills</td><td>Fund102 - Trust</td><td>78,223.55</td><td>June 6, 2011</td></tr> <tr> <td>LBP-Greenhills</td><td>NINP</td><td>2,397,602.56</td><td>March 28, 2012</td></tr> <tr> <td>PNB-Shaw</td><td>Trust Fund</td><td>800,882.96</td><td>July 26, 2011</td></tr> <tr> <td>Total</td><td></td><td>3,276,709.07</td><td></td></tr> </table>	Bank	Account	Amount	Date of Reversion	LBP-Greenhills	Fund102 - Trust	78,223.55	June 6, 2011	LBP-Greenhills	NINP	2,397,602.56	March 28, 2012	PNB-Shaw	Trust Fund	800,882.96	July 26, 2011	Total		3,276,709.07	
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Total		3,276,709.07																					
VII. The validity of the balances of Land and Building accounts totalling ₱471,058,088.00 and ₱30,579,031.56, respectively, is unreliable due to the absence of the documents that will show NEDA's ownership of these assets. A. We recommended that management submit the following: <ol style="list-style-type: none"> Copy of the Transfer of Certificate of Titles (TCTs) of the account to establish the ownership over the Land as well as documents to show ownership of the Building, as this may also be included in the accounts of the CBP and may result in the overstatement of the assets of the government. Schedule of the accounts showing how the balances of Land and Building were arrived at. 	NEDA will comply with the COA recommendations.	<p>A copy of the TCT will be submitted as soon as it is obtained. Meanwhile, the Admin. Staff will continue to exert effort to transfer the title in the name of NEDA, possibly in CY 2013. A detailed program of activities for the titling/transfer of Pasig property from Central Bank to NEDA with specific dates and responsible unit/staff is being prepared.</p> <p>This task will be attended to this year as part of the program on undocumented accounts.</p>	<p>Ownership is vested on NEDA by virtue of deed of conveyance executed by the Central Bank in favour of NEDA. Certified true copies of the land title and deed of conveyance are submitted to the COA Auditing unit for their reference.</p> <p>As of September 05, 2013, the transfer tax was paid.</p> <p>On September 16, 2013, the said registration fees will be paid by AMD after securing LRA Circular No. 01-2012 dated January 02, 2012 on September 10, 2013.</p> <p>By October 2013, the AMD will obtain new tax declaration of the land from the Registry of Deeds, Pasig City.</p>																				
VIII The grant of Cost Economy Measure Award (CEMA) incentive is irregular, unauthorized and null and void. A. COA recommended that management: <ol style="list-style-type: none"> Enforce the refund of the CEMA payment to NEDA personnel for FY 2010 to FY 2012 and, as warranted, consider imposing the applicable sanctions against the erring officials and employees; and 	<p>AOM No. 2013-002 (2010-2012) dated April 12, 2013 Notice of Disallowance (ND) No. 2013-01-101 (2010-2012) dated May 7, 2013</p> <p>NEDA to direct employees to refund the FY 2012 CEMA.</p> <p>Sign the office clearance only after the CEMA was refunded or the Undertaking/Authority to Deduct the ND has been submitted.</p> <p>Submit the appeal for FY 2011 and FY 2011 CEMA</p>		<p>The amount is applicable for FY 2010 to FY 2012.</p> <p>Office Memorandum No. 01-2013 dated May 30, 2013 has been issued directing the employees to refund FY 2012 CEMA.</p> <p>Effective June 2013, processing/signing office clearance will only be made upon refund of CEMA or submission of Undertaking/Authority to Deduct (Affidavit form).</p> <p>By August 2013, the Human Resource Management Division determined the schemes/options available for the employees to refund the amount.</p>																				

COA OBSERVATION / RECOMMENDATION	MANGEMENT COMMENT		STATUS OF IMPLEMENTATION
	2012	2011	
2. Ensure that future grant of monetary incentives conforms to the criteria, guidelines and authorization, funding and other requirements provided under the General Appropriations Act (GAA), Senate and House of Representatives Joint Resolution (JR) No. 04 and Executive Order (EO) No. 80 and its implementing rules and regulations.			<p>NEDA asserts the validity of the FY 2010 and FY 2011 CEMA and the appeal must be submitted to the Commission on Audit on or before November 09, 2013.</p> <p><i>Note : The appeal must be filed six (6) months from receipt of the Notice of Disallowance.</i></p>
<p>IX. Properly document the basis in the granting of Collective Negotiation Agreement Incentives (CNAI); Needs improvement in terms of identifying clearly in the CNA; the specific cost-cutting, austerity and systems improvement measures which should generate savings that will fund the CNAI; establishing clearly and document adequately the causality between savings realized and cost-cutting, austerity or systems improvement measures; supporting the computation of savings for each austerity, cost-cutting or systems improvement measure; and complying with reportorial requirement for CNAI payment.</p> <p>A. Having in mind that NEDA is the premier government agency with the mandate to, among others: programme and evaluate public investments, and monitor and evaluate plans, programs and projects, we recommended that NEDA-CO endeavor resolutely to control soundly and rationalize reasonably the payment of CNAI by:</p>	<p>AOM No. 203-003 (2010-2012) dated May 6, 2013</p> <ol style="list-style-type: none"> 1. As regards the first recommendation, we submit that the NEDA CO has submitted its reply to the AOM maintaining that the grant of the benefit was valid and made in accordance with existing laws and issuances. 2. Under Section 4(H)(ii)(aa) of Congress Joint Resolution No.4, CNAI may be granted to both management and rank-and-file employees of agencies with approved and successfully implemented CNA's in recognition of their efforts in accomplishing performance targets at lesser cost, and in attaining more efficient and viable operations through cost-cutting measures and systems improvement. 3. NEDA CO has an approved, successfully implemented and subsisting CNA with the ONE. Said CNA provides that a yearly cash incentive shall be given to all ONE members who contributed to the achievement of all planned targets, programs and services approved in the budget of the agency at lesser cost. 4. As certified by the ONE-NEDA Management Council on the 2nd CNA, from FY 2010 - FY 2012, NEDA CO consistently generated savings which were the results of conscious efforts of the ONE members and NEDA officials to observe prudence in the use of its financial resources. 	<p>No Findings in FY 2011</p>	<p>The amount is applicable for FY 2010 to FY 2012. NEDA submitted reply to the COA AOM on May 07, 2013 maintaining that the grant of CEMA for the period was made pursuant to valid and subsisting laws and issuances duly supported with the following:</p> <ol style="list-style-type: none"> 1.) Resolutions between Organization of NEDA Employees (ONE) and NEDA 2.) Write up on Major Final Outputs 3.) Computation of savings to be distributed as CNA

COA OBSERVATION / RECOMMENDATION	MANGEMENT COMMENT		STATUS OF IMPLEMENTATION
	2012	2011	
<p>1. Improving the Authority's performance measurement system in order that it will provide sufficient bases for the grant of incentives as rewards for exceeding agency financial and operational performance targets and attaining higher productivity. The system should, among others, facilitate sound deliberation on the grant of CNAI and enable the agency to:</p> <p>a. Establish clearly and document adequately the causality between savings realized and cost-cutting, austerity or systems improvement measures; and</p> <p>b. Support the computation of savings for each austerity, cost-cutting or systems improvement measure;</p> <p>2. Working closely with the Organization of NEDA Employees (ONE) to identify clearly in the CNA the specific cost-cutting, austerity and systems improvement measures which should generate savings that will fund the CNAI;</p>	<p>5. NEDA CO officials and employees faithfully observe the austerity and cost-cutting measures provided under Office Circular Nos. 09-2201, 01-2005, 01-A-2005 and 01-2006 by maximizing the use of resources and minimizing expenditures on electricity, fuel, water, communications, travels, supplies and materials without sacrificing the quality of the agency's outputs and services. These measures translated into savings, which were used to pay for the CNAI in accordance with the applicable laws and issuances.</p> <p>6. On the second recommendation, NEDA has issued the above Office Circulars, all providing for specific cost-cutting measures. These measures have been continuously observed by both the ONE and the management. Nonetheless, the said recommendation will be considered in future negotiations for a new CNA.</p> <p>7. As regards the third and fourth recommendations, the COA has been furnished computations of savings used to fund the CNAI. Henceforth, CNAI payment shall be recorded under the account code "Personal Services - Other Bonuses".</p>		