



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

# **ANNUAL AUDIT REPORT**

**on the**

# **PHILIPPINE COUNCIL FOR INDUSTRY, ENERGY AND EMERGING TECHNOLOGY RESEARCH AND DEVELOPMENT**

**For the Year Ended December 31, 2021**

## EXECUTIVE SUMMARY

### A. Introduction

The Philippine Council for Industry, Energy, and Emerging Technology Research and Development (PCIEERD) is the consolidation of Philippine Council for Advanced Science and Technology Research and Development (PCASTRD) and Philippine Council for Industry and Energy Research and Development (PCIERD) following the Department of Budget and Management (DBM) approval of its rationalization plan in accordance with the provisions of Executive Order No. 366 dated October 4, 2004. The said approval by the DBM was issued on June 29, 2010 and was published on September 13, 2010. The PCIEERD is one of the sectoral planning councils of Department of Science and Technology (DOST).

The Council is headed by Executive Director Enrico C. Paringit, who is assisted by Deputy Executive Director Niñaliza H. Escorial. It has seven divisions with total personnel of 209, which comprises of 72 permanent employees, 135 contract of service, and 2 job orders. It also has a Governing Council (GC) responsible for policy and broad management decisions. The GC is headed by the DOST Secretary with seven members from other government agencies and two from the private sector.

### B. Operational Highlights

For calendar year (CY) 2021, PCIEERD has a target organizational outcome of increasing the benefits to Filipinos from scientific knowledge and technological innovations for productivity and competitiveness through the implementation of the National Industry, Energy and Emerging Technology Sectors Research and Development (R&D) Program. The Agency's accomplishment vis-à-vis the physical targets is presented as follows:

Output/Outcome Indicator	Physical Target	Physical Accomplishment	Variance
<b>Outcome Indicators</b>			
1. Percentage of priorities in the Harmonized National R&D Agenda (HNRDA) addressed	90%	100%	10%
2. Number of partnerships with local (public and private) and international organizations	50	104	54
<b>Output Indicators</b>			
1. Number of projects funded	110	201	91
2. Number of projects monitored	180	264	84
3. Percentage of projects completed which are published in peer-reviewed journals, presented in national and/or international conferences, or with intellectual property (IP) filed or approved	55%	55%	0%

PCIEERD managed to attain its physical targets for its program for CY 2021 through funding various R&D projects within the HNRDA priority areas such as food and nutrition security, countryside development, competitive industries, delivery of social

services, intelligent transportation solutions, renewable energy and energy storage solutions, and human security. PCIEERD also conducted project monitoring to both DOST and PCIEERD funded projects via evaluation of progress and/or financial reports submitted by the implementing agencies (IA) and field evaluation visit. Moreover, 180 or 55 percent of the 327 completed projects that were assisted and monitored by PCIEERD from CY 2018-2020 were published in peer-reviewed journals, presented in national and/or international conferences, or with IP filed or approved as of CY 2021.

### C. Financial Highlights

The comparative totals of the PCIEERD's assets, liabilities, and equity for CY 2021 and 2020 together with the information on the sources and applications of funds are summarized as follows:

- Financial Position

Particular	2021 (₱)	2020 (Restated) (₱)	Increase/(Decrease) (₱)
Assets	3,212,696,008.94	2,765,671,068.96	447,024,939.98
Liabilities	321,402,234.40	450,604,070.75	(129,201,836.35)
Net Assets/Equity	2,891,293,774.54	2,315,066,998.21	576,226,776.33

- Financial Performance

Particular	2021 (₱)	2020 (Restated) (₱)	Increase/(Decrease) (₱)
Revenue	861,602,332.14	620,669,606.44	240,932,725.70
Expenses	242,915,301.66	321,785,086.19	(78,869,784.53)
Surplus/(Deficit)	618,687,030.48	298,884,520.25	319,802,510.23

- Appropriations/Allotment/Obligations

Particular	2021 (₱)	2019 (₱)	Increase/(Decrease) (₱)
Appropriations	869,769,000.00	731,196,695.41	138,572,304.59
Allotment	869,769,000.00	677,531,086.30	192,237,913.70
Obligations	868,168,886.06	675,097,710.94	193,071,175.12

In addition to regular funds, the PCIEERD received in CY 2021 notice of cash allocation (NCA) from fund transfers of other agencies in the total amount of ₱146,583,025.02.

### D. Scope of Audit

The audit covered the accounts and operations of PCIEERD for the year ended December 31, 2021. The audit was conducted to (a) ascertain the level of assurance that may be placed on management's assertions on the financial statements, (b) recommend agency improvement opportunities, (c) determine the propriety of transactions as well as the extent of compliance with pertinent laws, rules and regulations, and (d) determine the extent of implementation of prior year's audit recommendations.

## **E. Independent Auditor's Report**

A qualified opinion was rendered on the financial statements of the PCIEERD as at December 31, 2021 for the misstatements in the reported total Assets, Liabilities and Net Assets/Equity totaling ₱738,456,997.33, ₱117,624.00, and ₱57,309,560.87, respectively, which represent 22.99 percent, 0.04 percent, and 1.98 percent of its total assets, liabilities and equity, respectively.

## **F. Summary of Significant Observations and Recommendations**

The other significant observations and recommendations, discussed in detail in Part II of the report, are as follows:

### Accounting Deficiencies

1. Unreliable *Due from NGAs*, *Due from NGOs/CSOs*, and *Other Receivables* account balances amounting to ₱2,087,241,935.50, ₱50,713,702.23, and ₱749,927,904.25, respectively, due to: (a) reported discrepancies of book balances with the confirmed balances of ₱54,113,267.18, ₱1,612,859.00, and ₱32,264,397.42 for *Due from NGAs*, *Due from NGOs/CSOs* and *Other Receivables* accounts, respectively; (b) inclusion of completed projects which remained outstanding from one to over 10 years in the *Due from NGAs*, *Due from NGOs/CSOs* and *Other Receivables* accounts in the amount of ₱1,243,342,440.95, ₱41,622,989.86 and ₱241,882,971.82, respectively; (c) inclusion of non-moving subsidiary ledger (SL) balances for one to over 10 years in the *Due from NGAs* account amounting to ₱178,024,696.14; and (d) inadequate documents to support fund transfers and liquidations contrary to Section 4(6) of Presidential Decree (PD) No. 1445, COA Circular No. 2012-001, COA Circular No. 2016-002, and DOST Administrative Order (AO) No. 011, Series of 2020.

### **We recommended and Management agreed to:**

- a. issue a policy on the proper routing of financial reports to ensure proper monitoring and timely recording of liquidations;**
- b. instruct the Accountant to facilitate the recording of the financial reports and unexpended balance returned by the IA to the correct SL; and**
- c. oblige the Accountant and Project Managers to:**
  - i. revisit all completed projects with outstanding balances and coordinate with the IA for the immediate submission of liquidation reports and refund of any unexpended balances in strict compliance with the above provisions of COA and DOST issuances; and**
  - ii. submit report on research outputs for completed projects and certificate of acceptance of the project outputs to ensure that**

**government investments on research projects were translated into deliverables/outputs;**

- iii. conduct strict monitoring of project implementation and regular reconciliation of balances with IAs to ensure timely submission of financial/terminal reports in compliance with the above provisions of COA and DOST issuances;**
- iv. oversee the submission of the lacking documentary requirements identified in the validated grants and liquidation reports of funds transferred to NGA/NGO/CSO/private sectors; and**
- v. ensure strict compliance with the prescribed rules and regulations set forth under COA Circulars and DOST guidelines in the utilization, implementation and liquidations of succeeding grants to NGA/NGO/CSO/private sectors.**

2. The *Due to NGAs* account balance of ₱315,214,512.63 is unreliable due to: (a) reported variance of ₱210,771,128.32 between the books of PCIEERD and the Source Agency (SA); (b) erroneous entries resulted in the existence of negative balances of ₱1,822,116.37 in the SL; and (c) the inclusion of costs of completed projects and non-moving SL balances amounting to ₱149,448,571.48 and ₱1,323,262.57, respectively, which remained outstanding from one to more than 10 years, were not returned to the SA contrary to Section 63 (f) & (g) Chapter 6, Volume I of Government Accounting Manual (GAM). Moreover, disproportionate funds transferred to PCIEERD for projects' monitoring purposes resulted in charging of expenses not attributable to the project and accumulation of long outstanding balances under *Due to NGAs* account.

**We reiterated our prior year's recommendations and Management agreed to:**

- a. coordinate with the SA to consider releasing funds directly to the IAs to ensure proper monitoring of funds utilization for new projects with the possibility of re-transfer by PCIEERD to IAs;**
- b. coordinate with the IAs to ensure timely submission of financial/terminal reports and immediately return any unexpended balance to the SA for ongoing and completed projects with multi-level transfer of funds; and**
- c. direct the Accountant to:**
  - i. analyze the identified variance between PCIEERD and SA book balances and effect the necessary adjustments or submit the necessary reports and documents to the SA;**
  - ii. conduct regular reconciliation of book balances with the SA;**

- iii. review, correct and update the identified SLs with negative balances;
  - iv. conduct a periodical check for negative/abnormal balances in the accounts and adjust accordingly;
  - v. evaluate the non-moving SL balances and facilitate the necessary liquidation/refund of unexpended balance of those projects to the SA;
  - vi. submit to the concerned SA the liquidation reports and return/remit the outstanding balance, for completed projects, if warranted; and
  - vii. stop charging utilities and other related expenses incurred in the normal operations of PCIEERD to the trust fund or indirect cost recognized under the *Due to NGAs* account;
- d. prepare a guideline on the proper procedure of utilization of indirect cost to prevent consolidating indirect cost as a common fund; and
  - e. henceforth, direct the Project Manager to ensure that the line-item budget (LIB) of the indirect costs reflects a detailed breakdown of costs/expenses that are directly attributable to the project monitoring to ensure proper charging of expenses per project;

#### Compliance Audit

3. Payment for Overtime (OT) services for CY 2021 amounting to ₱377,704.50 is non-compliant with Civil Service Commission (CSC); DBM; and COA policies and guidelines on OT services and OT pay due to: (a) absence of proof that employees physically reported to work to render OT; (b) incomplete supporting documents for OT payments; and (c) request to render OT is not properly accomplished, hence, PCIEERD cannot prove the regularity and propriety of the claim of entitlements for the rendered overtime services.

**We recommended and Management agreed to instruct the:**

- a. **Head of the Personnel Section to:**
  - i. provide proof that the identified employees have physically reported to the office to render OT services;
  - ii. refrain from granting OT work, either for Compensatory Time-Off (CTO) or OT pay, to employees who do not physically work in the office in compliance to CSC-DBM Joint Circular (JC) No. 1 dated November 25, 2015 and CSC Memorandum Circular (MC) No. 1 dated October 15, 2020;

iii. consider revising the form on request to render OT particularly the “others” and “payment for honoraria” option in the entitlements; and

iv. ensure that request to render OT is properly accomplished;

b. Accountant to ensure that all OT payments have complete supporting documents in accordance to COA Circular No. 2012-001.

4. Procurement of Information and Communications Technology (ICT) equipment amounting to ₱688,648.00 is non-compliant with Section 6 of the General Provision of the General Appropriations Act (GAA) FY 2021 due to the utilization of fund of completed projects, hence defeats the purpose of the trust funds.

**We recommended and Management agreed to instruct the Accountant to:**

a. charge project funds that are directly attributable to the project monitoring and within the project timeline; and

b. refrain from reporting accounts payable that has no valid claims in the financial reports

The above observations and recommendations were discussed with the concerned officials of the agency through a virtual exit conference conducted on April 11, 2022. Management’s views and comments were considered in the report, where appropriate.

**G. Status of Suspensions, Disallowances and Charges**

The total audit suspensions, disallowances and charges as at December 31, 2021 were as follows:

Particulars	Beginning Balance (As of 12/31/2020) (₱)	This Period January to December 31, 2021 (₱)		Ending Balance As of 12/31/2021) (₱)
		NS/ND/NC	NSSDC	
Notice of Suspension (NS)	-			-
Notice of Disallowance (ND)	11,332,577.84	1,926,145.73	115,576.28	13,143,147.29
Notice of Charge (NC)	-			-
<b>Total</b>	<b>11,332,577.84</b>	<b>1,926,145.73</b>	<b>115,576.28</b>	<b>13,143,147.29</b>

**H. Status of Implementation of Prior Years’ Audit Recommendations**

Of the 76 recommendations embodied in CYs 2015-2020 Annual Audit Reports, 21 were implemented and 55 were not implemented. Moreover, 31 of the 55 not implemented recommendations were reiterated in CY 2021. The details are presented in Part III of this Report.

## TABLE OF CONTENTS

<b>PART</b>	<b>PARTICULARS</b>	<b>PAGE</b>
<b>I</b>	<b>Financial Statements</b>	
	• Independent Auditor's Report	1
	• Statement of Management's Responsibility for Financial Statements	4
	• Condensed Statement of Financial Position	5
	• Condensed Statement of Financial Performance	6
	• Statement of Changes in Net Assets/Equity	7
	• Condensed Statement of Cash Flows	8
	• Statement of Comparison of Budget and Actual Amounts	9
	• Notes to Financial Statements	10
<b>II</b>	<b>Observations and Recommendations</b>	45
<b>III</b>	<b>Status of Implementation of Prior Years' Audit Recommendations</b>	94
<b>IV</b>	<b>Annexes</b>	138



REPUBLIC OF THE PHILIPPINES  
**COMMISSION ON AUDIT**  
Commonwealth Avenue, Quezon City

**NATIONAL GOVERNMENT SECTOR  
OFFICE OF THE CLUSTER DIRECTOR**

**INDEPENDENT AUDITOR'S REPORT**

**The Director**

Philippine Council for Industry Energy and Emerging  
Technology Research and Development  
Bicutan, Taguig City

**Qualified Opinion**

We have audited the financial statements of the **Philippine Council for Industry Energy and Emerging Technology Research and Development**, which comprise the Statement of Financial Position as at December 31, 2021, the Statement of Financial Performance, Statement of Changes in Net Assets/Equity, Statement of Cash Flows, and Statement of Comparison of Budget and Actual Amounts for the year then ended, and Notes to Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects/possible effects of the matters discussed in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the **Philippine Council for Industry Energy and Emerging Technology Research and Development** as at December 31, 2021, and its financial performance, cash flows, changes in net assets/equity and statement of comparison of budget and actual amounts for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS).

**Basis for Opinion**

As discussed in Part II of this report, the asset, liability and equity accounts of Philippine Council for Industry, Energy and Emerging Technology Research and Development had misstatements totaling ₱738,456,997.33, ₱117,624.00, and ₱57,309,560.87, respectively, which represent 22.99 percent, 0.04 percent, and 1.98 percent of its total assets, liabilities and equity, respectively.

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). Our responsibilities under those standards are further described in the

*Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the agency in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Information**

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

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

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

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

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IPSAS, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

## **COMMISSION ON AUDIT**

By:

  
**MARY GRACE S. CALAMBA**  
Audit Team Leader  
DOST-PCIEERD

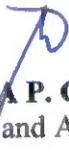
June 7, 2022



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

The management of the **Philippine Council for Industry, Energy and Emerging Technology Research and Development (PCIEERD)** is responsible for all the information and representations contained in the accompanying Statement of Financial Position as of December 31, 2021 and the related Statements of Financial Performance, Statement of Cash Flow, Statement of Comparison of Budget and Actual Amounts, Statement of Changes in Net Assets/Equity and the Notes to Financial Statements for the year then ended. The financial statements have been prepared in conformity with the Philippine Public Sector Accounting Standards and generally accepted state accounting principles and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

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

  
**SONIA P. CABANGON**  
Chief, Finance and Administrative Division

Date Signed: 2/14/2022

  
**DR. ENRICO C. PARINGIT**  
Executive Director

Date Signed: \_\_\_\_\_

**PHILIPPINE COUNCIL FOR INDUSTRY, ENERGY AND EMERGING TECHNOLOGY  
RESEARCH AND DEVELOPMENT  
STATEMENT OF FINANCIAL POSITION  
GENERAL AND TRUST FUNDS  
As at December 31, 2021**

	<u>Note</u>	<u>2021</u>	<u>2020 (RESTATED)</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	6	171,859,465.77	197,588,025.79
Receivables	7	2,859,532,640.53	2,244,963,325.90
Inventories	8	3,022,951.70	1,668,985.99
Other Current Assets	9	5,758,915.43	17,880,118.97
<b>Total Current Assets</b>		<b><u>3,040,173,973.43</u></b>	<b><u>2,462,100,456.65</u></b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	10	171,892,706.70	302,216,313.69
Intangible Assets	11	629,328.81	1,354,298.62
<b>Total Non-Current Assets</b>		<b><u>172,522,035.51</u></b>	<b><u>303,570,612.31</u></b>
<b>Total Assets</b>		<b><u>3,212,696,008.94</u></b>	<b><u>2,765,671,068.96</u></b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Financial Liabilities	12	4,462,963.47	102,464,480.03
Inter-Agency Payables	13	315,376,296.23	346,185,779.25
Trust Liabilities	14	154,000.00	154,000.00
Deferred Credits	15	431,470.07	431,470.07
Other Payables	16	977,504.63	1,368,341.40
<b>Total Current Liabilities</b>		<b><u>321,402,234.40</u></b>	<b><u>450,604,070.75</u></b>
<b>Total Liabilities</b>		<b><u>321,402,234.40</u></b>	<b><u>450,604,070.75</u></b>
<b>Total Assets less Total Liabilities</b>		<b><u>2,891,293,774.54</u></b>	<b><u>2,315,066,998.21</u></b>
<b>NET ASSETS/EQUITY</b>			
<b>Equity</b>			
Government Equity		<u>2,891,293,774.54</u>	<u>2,315,066,998.21</u>
<b>Total Net Assets/Equity</b>		<b><u>2,891,293,774.54</u></b>	<b><u>2,315,066,998.21</u></b>

*This statement should be read in conjunction with the accompanying notes.*

**PHILIPPINE COUNCIL FOR INDUSTRY, ENERGY  
AND EMERGING TECHNOLOGY RESEARCH AND DEVELOPMENT  
STATEMENT OF FINANCIAL PERFORMANCE  
GENERAL AND TRUST FUNDS  
For the year ended December 31, 2021**

	<u>Note</u>	<u>2021</u>	<u>2020 (RESTATED)</u>
<b>Revenue</b>			
<b>Shares, Grants and Donations</b>			
Other Non-Operating Income	17	135,327.00	16,000.00
<b>Total Revenue</b>		<b><u>135,327.00</u></b>	<b><u>16,000.00</u></b>
<b>Less: Current Operating Expenses</b>			
Personnel Services	18	73,395,188.74	66,770,105.61
Maintenance and Other Operating Expenses	19	82,054,390.16	75,197,101.41
Non-cash Expenses	20	80,029,349.57	64,145,036.81
<b>Total Current Operating Expenses</b>		<b><u>235,478,928.47</u></b>	<b><u>206,112,243.83</u></b>
<b>Surplus/(Deficit) from Current Operations</b>		<b>(235,343,601.47)</b>	<b>(206,096,243.83)</b>
Net Financial Assistance/Subsidy	21	854,030,631.95	504,980,764.08
<b>Surplus/(Deficit) for the period</b>		<b><u>618,687,030.48</u></b>	<b><u>298,884,520.25</u></b>

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*This statement should be read in conjunction with the accompanying notes.*

**PHILIPPINE COUNCIL FOR INDUSTRY, ENERGY AND EMERGING TECHNOLOGY RESEARCH AND  
DEVELOPMENT  
STATEMENT OF CHANGES IN NET ASSETS/EQUITY  
GENERAL AND TRUST FUNDS  
For the year ended December 31, 2021**

	<u>Note</u>	<u>2021</u>	<u>2020 (RESTATED)</u>
Balance at January 1		2,435,747,848.12	2,004,208,902.35
<b>Add/(Deduct):</b>			
Prior Year's Adjustments	23	(120,680,769.91)	(251,758,360.65)
Other Adjustments		(80.00)	273,091,588.38
<b>Restated Balance</b>		<u><b>2,315,066,998.21</b></u>	<u><b>2,025,542,130.08</b></u>
<b>Add/(Deduct):</b>			
<b>Changes in Net Assets/Equity for Calendar Year</b>			
Surplus for the period		618,687,030.48	298,884,520.25
Adjustment of net revenue recognized directly in net assets/equity	24	(18,133,064.66)	(9,494,197.70)
Others	24	(24,327,189.49)	134,545.58
<b>Total recognized revenue and expense for the period</b>		<u><b>576,226,776.33</b></u>	<u><b>289,524,868.13</b></u>
<b>Balance at December 31</b>	<b>P</b>	<u><b>2,891,293,774.54</b></u>	<u><b>2,315,066,998.21</b></u>

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*This statement should be read in conjunction with the accompanying notes.*

**PHILIPPINE COUNCIL FOR INDUSTRY, ENERGY  
AND EMERGING TECHNOLOGY RESEARCH AND DEVELOPMENT  
STATEMENT OF CASH FLOW  
GENERAL AND TRUST FUNDS  
For the year ended December 31, 2021**

	<b>2021</b>	<b>2020 (RESTATED)</b>
<b>Cash Flows From Operating Activities</b>		
<b>Cash Inflows</b>		
Receipt of Notice of Cash Allocation (NCA)	874,066,955.32	676,672,610.68
Collection of Receivables	544,520.00	204,336.43
Receipt of Inter-Agency Fund Transfers	46,750,839.80	174,693,241.75
Receipt of Trust Liabilities	62,000.00	10,482,007.66
Other Receipts	20,260,711.59	11,537,502.27
Adjustments	19,859,771.77	12,493,290.96
<b>Total Cash Inflows</b>	<b>961,544,798.48</b>	<b>886,082,989.75</b>
<b>Cash Outflows</b>		
Remittance to National Treasury	-	-
Payment of Expenses	138,685,975.64	83,437,672.85
Purchase of Inventories	1,048,700.31	2,007,871.88
Grant of Cash Advances	1,015,800.00	1,895,859.09
Prepayments	4,562,164.52	2,627,717.08
Payment of Accounts Payables	86,079,407.76	42,343,793.96
Remittance of Personnel Benefit Contributions and Mandatory Deductions	35,166,931.28	29,286,074.42
Grant of Financial Assistance/Subsidy	670,887,047.27	457,060,339.19
Other Disbursements	1,280,626.38	141,740,585.61
Adjustments	43,686,616.77	70,791,224.76
<b>Total Cash Outflows</b>	<b>982,413,269.93</b>	<b>831,191,138.84</b>
<b>Cash Provided by (Used in) Operating Activities</b>	<b>(20,868,471.45)</b>	<b>54,891,850.91</b>
<b>Cash Flows from Investing Activities</b>		
<b>Cash Outflows</b>		
Purchase/Construction of Property, Plant and Equipment	4,860,088.57	3,976,325.00
Purchase of Intangible Assets	-	1,915,570.48
<b>Total Cash Outflows</b>	<b>4,860,088.57</b>	<b>5,891,895.48</b>
<b>Cash Provided by (Used in) Investing Activities</b>	<b>(4,860,088.57)</b>	<b>(5,891,895.48)</b>
<b>Total Cash provided by Operating, Investing &amp; Financing Activities</b>	<b>(25,728,560.02)</b>	<b>48,999,955.43</b>
Add : Cash Balance, Beginning January 1	197,588,025.79	148,588,070.36
<b>Cash and Cash Equivalents, December 31</b>	<b>171,859,465.77</b>	<b>197,588,025.79</b>

*This statement should be read in conjunction with the accompanying notes.*

**PHILIPPINE COUNCIL FOR INDUSTRY, ENERGY  
AND EMERGING TECHNOLOGY RESEARCH AND DEVELOPMENT  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT  
ALL FUNDS**

**For the year ended December 31, 2021**

(in thousand peso)

Particulars	Budgeted Amount*		Actual Amounts on Comparable basis	Difference Final Budget and Actual
	Original	Final		
<b>RECEIPTS</b>				
Tax Revenue				
Services and Business Income				
Assistance and Subsidy***				
Shares, Grants and Donation				
Gains				
Other Non-Operation Income				
Other Non-Operation Receipt				
Loans Proceeds				
Refund of Petty Cas and Advances				
Others				
<b>Total Receipts</b>	-	-	-	-
<b>PAYMENTS</b>				
Personnel Services	69,372.00	71,222.00	67,404.00	3,818.00
Maintance and Other Operating Expenses	798,577.00	796,727.00	794,062.00	2,665.00
Capital Outlay	1,820.00	1,820.00	-	1,820.00
Other Disbursement				
Loan Repayment				
Remittance to National Treasury**			12,600.00	(12,600.00)
Payment of Accounts Payable				
<b>Total Payments</b>	<b>869,769.00</b>	<b>869,769.00</b>	<b>874,066.00</b>	<b>(4,297.00)</b>
<b>NET RECEIPTS/PAYMENTS</b>	<b>(869,769.00)</b>	<b>(869,769.00)</b>	<b>(874,066.00)</b>	<b>4,297.00</b>

**PHILIPPINE COUNCIL FOR INDUSTRY, ENERGY AND  
EMERGING TECHNOLOGY RESEARCH AND DEVELOPMENT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(in Philippine Peso)**

**1. General Information/Agency Profile**

The financial statements of the PCIEERD were authorized for issue on February 14, 2021 as shown in the Statement of Management Responsibility for Financial Statement signed by Dr. Enrico C. Paringit, the Executive Director.

The PCIEERD is an Agency established in CY 2010 by the DBM, by authority from the President of the Philippines. DBM approved the rationalization plan for the consolidation of the PCASTRD and the PCIERD into PCIEERD pursuant to Executive Order No. 366 dated October 4, 2004. The said approval was issued on June 29, 2010 and was published in the Official Gazette on September 13, 2010. Consequently, the books of accounts of the two Councils were consolidated beginning CY 2011.

As one of the sectoral planning councils of the DOST, the PCIEERD is mandated to serve as the central agency in the formulation of policies, plans and program as well as in the implementation of strategies in the industry, energy and emerging technology sectors. The Agency's registered office address is located in Science Heritage Bldg., Science Community Complex, Gen. Santos Ave., Bicutan, Taguig City.

**2. Statement of Compliance and Basis of Financial Statements Presentation**

The financial statements have been prepared in accordance with and comply with the IPSAS issued by the Commission on Audit per COA Resolution No. 2014-003 dated January 24, 2014, and the COA Circular No. 2020-001 dated January 08, 2020, titled Prescribing Volume III-Revised Chart of Accounts (updated 2019) to replace Volume III-The revised Chart of Accounts (Updated 2015) of the Government Accounting Manual for National Government Agencies.

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

The monetary amounts are expressed in Philippine Peso (₱) currency.

**3. Summary of Significant Accounting Policies**

**3.1 Basis of Accounting**

The financial statements are prepared on an accrual basis in accordance with the IPSAS.

## **3.2 Consolidation**

### **Trust under administration**

Trusts administered by PCIEERD are consolidated in the financial statements as they are controlled by PCIEERD.

## **3.3 Financial Instruments**

### **a. Financial Assets**

#### *Initial recognition and measurement*

Financial assets within the scope of IPSAS 29, *Financial Instruments; Recognition and measurement* are classified as financial assets at fair value through receivables. The PCIEERD determines the classification of its financial assets at initial recognition.

Purchases of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognized on the trade date, i.e. the date that PCIEERD commits to purchase the asset.

The PCIEERD's financial assets include cash and treasury deposits, Inter-agency receivables and other receivables.

#### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification.

#### *Receivables*

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

#### *Inter-agency receivables*

Inter-agency receivables are GIA project funds released to national government agencies and state universities for research and development and financial assistance duly approved by the PMT and the PCIEERD Governing Council.

These are liquidated through the submission of the required financial reports and the return of the unexpended balance after the project completion as required in the DOST-GIA Guidelines and as stipulated in the Memorandum of Agreement.

### ***Derecognition***

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

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

### ***Impairment of financial assets***

The PCIEERD assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial asset that can be reliably estimated.

Evidence of impairment may include the following:

- The debtor or a group of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that the debtors will enter bankruptcy or other reorganization
- Observable data indicates a measurable decrease in estimated future cash flows

### ***Financial assets carried at amortized cost***

For financial assets carried at amortized cost, the PCIEERD first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the PCIEERD determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows.

The carrying amount of the asset is reduced using the allowance account and the amount of the loss is recognized in surplus or deficit. The allowance is written off when there is no realistic prospect of future recovery. If, in subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If the future write-off is later recovered, the recovery is credited to finance costs.

## **b. Financial Liabilities**

### *Initial recognition and measurement*

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

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

The Agency's financial liabilities include trade and other payables.

### *Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification.

### **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially of different terms, or the terms of an existing liability are substantially modified, such an exchange or modification, it is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in surplus or deficit.

## **3.4 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and cash in bank. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and treasury cash accounts as define above, net of outstanding bank overdrafts.

### **3.5 Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

After initial recognition, inventory is measured using the weighted average method. This method calls for the re-calculation of the average cost of all items in stock after every purchase.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the PCIEERD.

### **3.6 Property, Plant and Equipment**

#### ***Recognition***

An item is recognized as PPE if it meets the characteristics and recognition criteria as a PPE.

The characteristics of PPE are as follows:

- tangible items;
- are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- are expected to be used during more than one reporting period.
- Acquisition cost of ₱15,000.00 and above

An item of PPE is recognized as an asset if:

- It is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- The cost or fair value of the asset can be measured reliably.

#### ***Measurement and Recognition***

An item recognized as PPE is measured at cost.

A PPE acquired through non-exchange transaction is measured at its fair value as at the date of acquisition.

#### ***Measurement after Recognition***

After recognition, all PPE are stated at cost less accumulated depreciation and impairment losses.

When significant parts of PPE are required to be replaced at intervals, the PCIEERD recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major repair/replacement is done, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized as expense in surplus or deficit as incurred.

***Depreciation***

Each part of an item of PPE with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognized as expense unless it is included in the cost of another asset.

***Initial Recognition of Depreciation***

Depreciation of an asset begins when it is available for use such as when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

***Depreciation Method***

PCIEERD uses the straight-line method of depreciation.

***Estimated Useful Life***

The PCIEERD depreciates its asset over its remaining useful life as follows:

<b>PPE</b>	<b>Estimated Useful Life (in Years)</b>
Other Structures	10
Office Equipment	5
Information and Communication Technology Equipment	5
Communication Equipment	5
Technical and Scientific Equipment	10
Transportation Equipment	7
Furniture and Fixtures	10
Other Property, Plant and Equipment	5

The PCIEERD uses a residual value equivalent to at least five percent (5%) of the cost of the PPE.

### ***Impairment***

An assets' carrying amount is written down immediately to its recoverable amount, or recoverable service amount, if the assets' carrying amount is greater than their estimated recoverable amount or recoverable service amount.

### ***Derecognition***

The PCIEERD derecognizes items of PPE and/or any significant part of the assets upon disposal. Any gain or loss arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in the surplus or deficit when the asset is derecognized.

## **3.7 Intangible Assets**

### ***Recognition and measurement***

Intangible assets are recognized when the items are identifiable non-monetary assets without physical substance; it is probable that the expected future economic benefits or service potential that are attributable to the assets will flow to the entity; and the cost or fair value of the assets can be measured reliably.

Intangible assets acquired separately are initially recognized at cost.

If payment for an intangible asset is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as interest expense over the period of credit unless it is capitalized in accordance with the capitalization treatment permitted in IPSAS 5, *Borrowing Costs*.

### ***Subsequent Measurement***

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with a finite life are amortized over its useful life. Computer Software is amortized over five years with no residual value.

The straight-line method is adopted in the amortization of the expected pattern of consumption of the expected future economic benefits or service potential.

An intangible asset with indefinite useful life is not to be amortized.

## **3.8 Changes in Accounting Policies and Estimates**

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

The PCIEERD recognizes the effects of changes in accounting estimates by including it in surplus or deficit.

The PCIEERD correct material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

- Restating the comparative amounts for prior period(s) presented in which the error occurred; or
- If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

### **3.9 Revenue from Non-Exchange Transactions**

#### ***Recognition and Measurement of Assets from Non-Exchange Transactions***

An inflow of resources from non-exchange transaction, other than services in kind, that meets the definition of an assets were recognized if the following criteria are met:

- It is probable that that the future economic benefits or service potential associated with the asset will flow to the entity; and
- The fair value of the asset can be measured reliably.

An asset acquired through a non-exchange transaction is initially measured at its fair value as at the date of acquisition.

#### ***Recognition Revenue from Non-Exchange Transactions***

An inflow of resources from a non-exchange transaction recognized as an asset is recognized as revenue, except to the extent that a liability is also recognized in respect of the same inflow.

As PCIEERD satisfies a present obligation recognized as a liability in respect of an inflow of resources from a non-exchange transaction recognized as an asset, it reduces the carrying amount of the liability recognized and recognize an amount of revenue equal to that reduction.

#### ***Measurement of Revenue from Non-Exchange Transactions***

Revenue from non-exchange transactions is measured at the amount of the increase in net assets recognized by the entity, unless a corresponding liability is recognized.

### *Donations*

The PCIEERD recognizes assets and revenue from donations when it is probable that the future economic benefits or service potential of the asset will flow to the entity and the fair value of the asset can be measured reliably.

Goods in-kind were recognized as assets when the goods were received, or there is a binding arrangement to receive the good. If goods in-kind were received without conditions attached, revenue is recognized immediately. If conditions were attached, a liability is recognized, which is reduced, and revenue recognized as the conditions were satisfied.

On initial recognition, donations were measured at their fair value as at the date of acquisition, which were ascertained by reference to an active market, or by appraisal. An appraisal of the value of an asset is normally undertaken by a member of the valuation profession who holds a recognized and relevant professional qualification. For many assets, the fair value was ascertained by reference to quoted prices in an active and liquid market.

### *Transfers*

The PCIEERD recognizes an asset in respect to transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset, except those arising from services in-kind.

## **3.10 Budget Information**

The annual budget is on a cash basis as approved per Republic Act no. 11518 or the GAA of 2021 published in the government website.

A separate Statement of Comparison of Budget and Actual Amounts was prepared since the budget and accounting financial statements were not prepared on comparable basis.

These budget figures were those approved by the DBM both at the beginning and during the year following a period of consultation with the public.

## **3.11 Related Parties**

The PCIEERD regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the agency, or vice versa.

Members of key management are regarded as related parties and comprise the members of the Planning and Management Committee.

### **3.12 Employee Benefits**

The employees of PCIEERD are members of the GSIS and/or SSS which provide life and retirement insurance coverage.

The PCIEERD recognizes the undiscounted amount of short-term employee benefits, like salaries, wages, bonuses, allowance, etc., as expense unless capitalized, and as a liability after deducting the amount paid.

The PCIEERD recognizes expenses for accumulating compensated absences when these were paid (commuted or paid as terminal leave benefits). Unused entitlements that has accumulated at a reporting date were not recognized as expense. Non-accumulating compensated absences, like special leave privileges, were not recognized.

### **3.13 Measurement Uncertainty**

The preparation of the Agency's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates were based on the best information available at the time of preparation of the financial statements and were reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

## **4. Changes in Accounting Policies**

Effective January 1, 2014, the agency adopted the PPSAS which was eventually renamed into IPSAS in compliance with COA Circular No. 2021-004 dated July 21, 2021. Changes in Agency's accounting policies have been made as required, in accordance with the transitional provisions in the respective standards.

The Adoption of these standards did not result in substantial changes to the PCIEERD's accounting policies and had no material effect on the current or prior years' financial statements.

## **5. Prior Period Adjustments**

Fundamental errors of prior years were corrected by using the Accumulated Surplus/(Deficit) account and errors affecting current year's operations are charged to the current year's accounts.

## 6. Cash and Cash Equivalents

This account consists of:

Account	2021	2020 (Restated)
Cash on hand	530,000.00	549,933.87
Cash in Bank- Local Currency, Current Account	79,357.48	79,357.48
Treasury/Agency Cash Accounts	171,250,108.29	196,958,734.44
<b>Total Cash and Cash Equivalents</b>	<b>171,859,465.77</b>	<b>197,588,025.79</b>

**6.1 Cash on Hand** consists of Petty Cash amounting to ₱530,000.00 which are granted to various custodians for the Agency's petty expenses and special activities. The custodians are covered by the Fidelity Insurance Bond with the Bureau of Treasury (BTr) consistent to the amount of their accountability.

**6.2 Cash in Bank – Local Currency, Current Account** represents payments credited back to the payroll account due to incorrect bank account number of the payee. The said amount will be credited to payees once the correct account numbers are received by the cashier.

### 6.3 Treasury/Agency Cash Account

This account consists of:

Account	2021	2020 (Restated)
Cash - Treasury/Agency Deposit, Trust	171,250,108.29	196,958,734.44

*Cash Treasury/Agency Deposit, Trust* consists of various trust receipts/deposits to the BTr for directly implemented projects and indirect costs of monitored R&D projects, reverted to the BTr at the end of the year and for NCA request on the ensuing month. Also included in this account are Performance Security Bonds and cost of bid documents.

Particular	2021	2020 (Restated)
PCAARRD	(657,803.94)	(797,080.11)
Bid Documents	(221,001.00)	(282,501.00)
PCHRD	-	8,800.00
Procurement Service	1,175.64	1,175.64
Far Eastern University	2,231.00	2,231.00
DTI-BOI	3,239.28	3,239.28
National Academy of Science and Technology	7,288.46	7,288.46
PHIVOLCS	8,165.36	8,165.36
UP – Los Baños	10,740.63	10,740.63
Department of Agriculture	20,818.63	20,818.63
DENR-MBCO	22,400.00	65,200.00
APEC	32,800.28	32,800.28
Department of Trade and Industry - Export Marketing Bureau	37,928.42	37,928.42

Particular	2021	2020 (Restated)
Michigan State University	38,348.80	38,348.80
Bid Security	43,836.00	43,836.00
US Environmental Protection Agency	45,570.36	45,570.36
DPWH	50,149.33	50,149.33
Biotechnology Coalition of the Philippines	108,793.50	108,793.50
DOST Region 6	141,668.73	141,668.73
Department of Energy	166,717.95	6,406,147.05
International Advanced Research Centre for Powder Metallurgy and New Materials -INDIA	175,715.57	175,715.57
TAPI	240,061.08	532,975.33
Performance Security Bond	373,999.40	373,999.40
GSIS	450,888.00	423,792.00
ASEAN Secretariat	686,442.77	686,442.77
Ateneo de Manila University	760,286.51	760,286.51
DOST 4A	961,424.09	961,424.09
SEI	1,372,544.18	838,024.18
ITDI	1,405,160.02	1,405,160.02
Department of Trade and Commerce	2,833,766.23	(803,577.74)
Various Projects	3,299,804.47	3,299,804.47
NWRB	4,270,828.12	4,270,828.12
DOST-CO	154,556,120.42	178,080,539.36
<b>Total</b>	<b>171,250,108.29</b>	<b>196,958,734.44</b>

## 7. Receivables

Breakdown of Receivables is as follows:

Account	2021			2020 (Restated)		
	Current	Non-Current	Total	Current	Non-Current	Total
Inter-Agency Receivables	2,087,341,935.50	-	2,087,341,935.50	1,677,622,583.56	-	1,677,622,583.56
Other Receivables	772,190,705.03	-	772,190,705.03	567,340,742.34	-	567,340,742.34
<b>Total</b>	<b>2,859,532,640.53</b>	<b>-</b>	<b>2,859,532,640.53</b>	<b>2,244,963,325.90</b>	<b>-</b>	<b>2,244,963,325.90</b>

Aging of Receivables as of December 31, 2021 is as follows:

Particulars	Total (in Pesos)	Amount Granted (P)					
		Within One (1) Year			More than One (1) Year		
		Less than 30 days	31-90 days	91-365 days	1<>2 Years	2<>3 Years	3< Years
Inter-Agency Receivables	2,087,341,935.50	884,375,114.32	40,498,897.72	271,790,534.09	243,695,196.67	187,377,433.78	459,604,758.92
Other Receivables	772,190,705.03	645,704,735.05	23,287,700.79	31,684,257.75	24,514,208.00	35,757,166.86	11,242,636.58
<b>Total</b>	<b>2,859,532,640.53</b>	<b>1,530,079,849.37</b>	<b>63,786,598.51</b>	<b>303,474,791.84</b>	<b>268,209,404.67</b>	<b>223,134,600.64</b>	<b>470,847,395.50</b>

**7.1 Inter-Agency Receivables** represents *Due from NGAs* and *Due from GOCCs* which consist of grants for R&D implementation given to government agencies and GOCCs charged against PCIEERD.

<b>NGA</b>	<b>2021</b>	<b>2020 (Restated)</b>
Advance Science Technology Institute	68,547,886.82	9,169,658.11
Agusan Del Sur College of Agriculture and Technology	649,500.00	649,500.00
Aklan State University	1,000,000.00	-
Bataan Peninsula State University	10,347,799.86	9,072,082.46
Batangas State University	12,997,335.39	9,584,778.00
Benguet State University	352,770.65	352,770.65
Bicol State College of Applied Science and Technology	1,078,507.51	78,507.51
Bicol University	14,011,787.57	9,309,590.09
Bulacan State University	9,199,653.82	7,103,518.50
Cagayan State University	15,201,568.48	6,726,329.76
Camarines Sur Polytechnic College	6,215,757.60	5,497,658.60
Capiz State University	967,660.00	3,800.00
CARAGA State University	31,718,006.13	27,539,932.13
Cavite State University	8,189,144.95	8,189,144.95
Cebu Technological University (Main)	100,000.00	100,000.00
Central Bicol State University	200,000.00	200,000.00
Central Luzon State University	24,455,093.07	24,455,093.07
Central Mindanao University	15,987,605.97	16,537,372.94
Department of Agriculture	10,084,381.81	10,084,381.81
Division of City Schools-QC	76,000.00	76,000.00
Don Mariano Marcos Memorial State University	2,889,557.52	1,889,757.52
DOST Regional Offices	186,260,052.72	164,158,960.74
Eastern Samar State University	245,360.40	245,360.40
Eastern Visayas State University	1,544,188.71	597,500.00
Food and Nutrition Research Institute	21,022,131.30	17,149,801.09
Forest Products Research and Development Institute	2,662,583.14	1,692,523.02
Iloilo Science and Technology University	11,187,026.27	2,795,800.09
Industrial Technology Development Institute	102,055,568.49	81,034,020.17
Isabela State University	13,118,153.98	6,286,748.70
Mariano Marcos State University	11,703,323.35	8,741,152.97
Marinduque State University	551,912.60	551,912.60
MIRDC	11,824,898.20	9,325,724.60
Mindanao Autonomous College Foundation, Inc.	-	2,892,178.00
Mindanao State University - Iligan Institute of Technology	91,193,644.15	81,517,762.47
Mindanao State University (Gen. Santos City)	5,000,000.00	5,000,000.00
Mindanao State University (Marawi City)	8,460,000.00	8,460,000.00
Mindanao State University (Naawan)	4,032,515.93	-
Mindanao University of Science and Technology	8,300,000.44	8,300,000.44
Mines and Geosciences Bureau	8,931,336.92	6,681,735.12
Ministry of Science and Technology - BARMM	1,515,963.00	-

<b>NGA</b>	<b>2021</b>	<b>2020 (Restated)</b>
National Food Authority	(30,680.20)	609,794.53
National Research Council of the Philippines	4,807,408.46	4,807,408.46
Negros Oriental State University	667,399.00	-
Northern Negros State College of Science and Technology	212,000.00	212,000.00
Northwest Samar State University	5,000,000.00	5,000,000.00
Nueva Vizcaya State University	2,869,314.10	2,557,414.77
Palawan State University	1,509,711.40	948,861.71
Pampanga State Agricultural University	5,000,000.00	5,000,000.00
Pangasinan State University	8,190,825.75	7,211,543.00
Partido State University	4,910,000.00	-
Philippine Atmospheric, Geophysical and Astronomical Services Administration	12,930,642.44	12,930,642.44
Philippine Carabao Center	791,792.75	791,792.75
Philippine Coconut Authority	155,000.00	155,000.00
Philippine Council for Agriculture, Aquatic, Forestry and Natural Resources Research and Development	324.96	324.96
PHIVOLCS	61,626,145.18	50,004,094.17
Philippine Meteorological Society	80,600.00	-
Philippine Nuclear Research Institute	64,501,231.76	43,536,891.95
Philippine Rice Research Institute	2,809,000.00	2,809,000.00
Philippine Science High School System – Central Luzon Campus	1,983,408.79	1,983,408.79
Philippine Technological Council	40,000.00	40,000.00
Philippine Textile Research Institute	16,210,141.41	14,453,488.38
Philippine Center for Postharvest Development and Mechanization	215,185.00	215,185.00
Polytechnic University of the Philippines	13,695,217.00	8,302,248.00
Procurement Service	4,553,026.06	5,174,038.60
Samar State University	6,456,171.00	539,620.44
Science and Technology Information Institute	2,265,282.50	2,265,282.50
SEI	15,408,236.00	15,408,236.00
Silliman State University	-	5,432,543.31
Southern Leyte State University	51,592.00	51,592.00
Sorsogon State College	100,000.00	100,000.00
Southern Luzon State University	103,573.00	103,573.00
Sultan Kudarat State University	2,406,716.06	2,737,749.00
Surigao State College of Technology	22,200.00	22,200.00
Technological University of the Philippines- Manila	5,437,143.85	2,763,464.72
Technological University of the Philippines- Visayas	2,393,517.91	924,265.00
Technology Resource Center	5,111,493.93	5,111,493.93
University of Antique	4,995,000.00	-
University of Caloocan City	917,545.16	1,065,600.00
University of Eastern Philippines	288,470.00	288,470.00
University of Mindanao	20,118,943.00	9,338,856.65
University of Rizal System	3,097,336.00	3,097,336.00

NGA	2021	2020 (Restated)
University of Science and Technology of Southern Philippines	5,914,413.67	2,646,337.00
University of Southeastern Philippines	11,596,694.07	5,465,430.79
University of Southern Mindanao	4,666,341.63	7,018,191.30
University of the Philippines Campuses	1,046,704,881.71	886,607,653.70
Urdaneta City University	1,000,000.00	-
West Visayas State University	5,888,187.74	2,148,668.54
Western Mindanao State University	3,815,087.86	3,815,087.86
Western Philippines University	1,876,737.80	1,876,737.80
<b>Total</b>	<b>2,087,241,935.50</b>	<b>1,677,622,583.56</b>

*Due from NGAs* consists of various releases to government agencies net of liquidation and return of unexpended balance. Part of the changes amounting to ₱(94,446,775.76) pertains to the liquidations that must have been recorded in 2020 but were only recorded in 2021

GOCC	2021	2020 (Restated)
Philippine Institute for Development Studies	100,000.00	-

The *Due from GOCCs* amounting to ₱100,000.00 was previously classified as *Due from NGOs/CSOs*. The adjustment was made as recommended in the COA Audit Observation Memorandum.

## 7.2 Other Receivables

Aging of Other Receivables as of December 31, 2021 is as follows:

Particulars	Total	Amount Granted					
		Within One (1) Year			More than One (1) Year		
		Less than 30 days	31-90 days	91-365 days	1<>2 Years	2<>3 Years	3< Years
Due from Officers and Employees	23,419.03	5,310.55	-	-	-	-	18,108.48
Due from NGOs/CSOs	50,713,702.23	16,372,097.63	1,558,496.36	11,787,487.77	14,766,421.11	4,199,800.00	2,029,399.36
Other Receivables	721,453,583.77	630,054,862.11	21,729,204.43	19,896,769.98	9,398,786.89	31,178,831.62	9,195,128.74
<b>Total</b>	<b>772,190,705.03</b>	<b>646,432,270.29</b>	<b>23,287,700.79</b>	<b>31,684,257.75</b>	<b>24,165,208.00</b>	<b>35,378,631.62</b>	<b>11,242,636.58</b>

**7.2.1** The *Due from Officers and Employees* of ₱23,419.03 is due from employee's overpayment of salaries and various remittances.

**7.2.2** *Due from NGOs/CSOs* consists of grants given to non-government organizations for the implementation of R&D and other Science and Technology projects, as shown in the schedule. Changes in CY 2020 amounting to ₱(29,342,274.14) represent adjustments made to correct the balances of various projects.

<b>NGO/CSO</b>	<b>2021</b>	<b>2020 (Restated)</b>
76th International Higher Education Forum 2019	100,000.00	100,000.00
ACCESSEDU, INC.	-	100,000.00
Adamson Ozanam Educational Institute Inc.	-	5,980,000.00
Adamson University	(60,000.00)	4,694,747.50
Adventist University of the Philippines	-	1,231,535.71
APP LAKBAY, INC	-	100,000.00
Asian Institute of Management	-	4,634,177.46
Ateneo de Davao University	-	125,410.37
Ateneo de Manila University	-	65,800,748.51
Ayala Foundation	352,750.00	352,750.00
Bicol University	1,045,652.97	1,440,898.00
Biology Teacher Association of the Philippines Inc.	81,738.00	81,738.00
Bonifacio Art Foundation, Inc.	2,010,500.00	2,010,500.00
Brainsparks Inc.	-	200,000.00
Cebu Institute of Technology University, Inc.	1,558,496.36	2,176,361.64
Cebu Technological University - Main Campus	312,424.00	312,424.00
Central Philippine University	-	8,195,000.00
Central Visayan Institute Foundation	-	512,600.00
De La Salle Araneta University	-	4,685,047.00
De La Salle University	-	149,980,518.75
De La Salle University Science Foundation, Inc.	784,000.00	-
Don Bosco Technical College Inc.	-	3,337,018.75
East Asia Computer Center Inc.	-	30,000.00
Easybus Ph Inc.	-	491,022.96
Electric Vehicle Association of the Philippines Inc.	4,991,000.00	4,991,000.00
Electronics Industries Ass. Of the Phil.	8,143,108.00	8,143,108.00
Far Eastern University	-	4,219,293.00
Farmwatch Solutions, Inc.	-	1,347,862.99
Father Saturnino Urios University, Inc.	-	2,881,525.00
Feati University	-	6,230,486.18
Futuristic Aviation and Maritime Enterprise, Inc.	-	5,154,424.99
Geological Society of the Philippines Inc.	-	-
Grayscale Marketing Consultancy Inc.	(1,734,463.82)	320,356.66
Holy Angel University	-	4,113,256.79
Ideaspace Foundation	7,159,374.44	7,159,374.44
IEEE Philippine Section Association, Inc.	3,885.64	3,885.64
Institute of Electronics Engineers of the Philippines	50,000.00	50,000.00
Institute of Environmental Science and Meteorology	-	50,000.00
Intellectual Property Professors & Researchers	100,000.00	100,000.00
Kinovett Scientific Solutions Co.	-	2,500,000.00
Lyceum Northwestern University -TES	997,500.00	-
Machibox	(60.00)	2,860,000.00
Malayan Colleges Laguna	-	9,074,589.00
Manila Observatory	9,894,779.07	11,863,644.70
Mapua	-	53,518,252.46
Mapua University (Malayan Colleges, Inc.)	-	192,000.00
Mariners Polytechnic Colleges	-	325,000.00
Mariners Polytechnic Colleges Foundation of Canaman (Cam Sur), Inc.	-	1,056,285.04
Mechatronics and Robotics Society of the Phils. Inc.	100,000.00	100,000.00

<b>NGO/CSO</b>	<b>2021</b>	<b>2020 (Restated)</b>
Microscopy Society of the Philippines Inc.	50,000.00	50,000.00
Miriam College Foundation, Inc.	-	2,983,823.09
Museong Pambata	7,615.65	7,615.65
Mycological Society of the Philippines	25,000.00	25,000.00
Nanotronics Inc.	-	3,686,049.70
National Society for The Promotion of Genetics, Inc.	65,191.43	65,191.43
National University, Inc.	-	95,200.00
Neuronmek Corp.	-	2,724,287.60
Northwestern University	-	764,574.00
OBXS I.T Solutions	2,000,000.00	-
Outstanding Young Scientist, Inc.	50,000.00	50,000.00
Philippine-American Academy of Science & Engineering Philippines	99,800.00	99,800.00
Partnership for Clean Air, Inc.	100,000.00	100,000.00
Philippine Academy of Microbiology	46,000.00	46,000.00
Philippine Biosafety & Biosecurity Association	21,000.00	21,000.00
Philippine Federation of Chemistry Societies, Inc.	50,000.00	50,000.00
Philippine Foundation for Science and Technology	4,659,125.75	3,681,905.00
Philippine Institute for Development Studies	-	100,000.00
Philippine Meteorological Society	68,888.88	68,888.88
Philippine Network of Microbial Culture Collections	50,000.00	50,000.00
Philippine Pili Industry League, Inc.	99,000.00	99,000.00
Philippine Remote Sensing Society	100,000.00	100,000.00
Philippine Society for Biochemistry and Molecular Biology	90,000.00	90,000.00
Philippine Society for Microbiology	100,000.00	100,000.00
Philippine Society for the Advancement of Genetics, Inc.	-	50,000.00
Philippine Society of Youth Science Clubs	30,000.00	30,000.00
Philippine Technological Council, Inc.	94,000.00	94,000.00
Regulus Spacetech Inc.	-	243,935.40
Restograph	-	3,500,000.00
RTL Gate Technologies, Inc.	-	678,861.95
Rurok RRR Industries, Inc.	-	1,980,506.08
Saint Louis University	(480,196.59)	7,038,907.30
Samahang Pisika ng Visayas at Mindanao	346,000.00	346,000.00
San Carlos College	-	1,503,972.00
Semiconductor and Electronics Industries in the Philippines. Foundation, Inc.	1,419,859.00	1,419,859.00
Senti Techlabs, Inc.	-	316,428.58
Siliman University	-	(2,313,106.27)
Smartfox Data Solution, Inc.	-	1,300,556.87
St. Cecilia's College - Cebu, Inc.	-	72,312.40
Technological Institute of the Philippines	-	11,511,228.57
Tekton Geometrix, Inc.	-	7,990,529.40
Toon City Academy	-	2,590,080.00
Transportation Science Society of the Philippines	250,350.00	250,350.00
University of Asia and the Pacific	-	2,025,778.85
University of the Cordilleras	54,000.00	(1,727,849.52)
University of the Immaculate Conception	94,209.05	-

NGO/CSO	2021	2020 (Restated)
University of the Philippines Variates	30,000.00	-
University of San Carlos	4,831,574.40	5,261,057.22
University of San Jose – Recoletos	-	4,900,000.00
University of Santo Tomas	-	11,796,494.16
University of Southeastern Philippines	-	5,816,000.00
University of the Cordilleras	-	6,586,320.38
University of the Immaculate Conception	-	7,484,283.34
UP Engineering Student Council	-	64,000.00
University of the Philippines Variates	-	30,000.00
UP EEEAAI: Electrical and Electronics Engineers Alumni Association, Inc.	100,000.00	100,000.00
UP Industrial Engineering Alumni Association Inc.	110,000.00	110,000.00
UP System IT Foundation	160,000.00	160,000.00
UPLB Chemical Society Alumni Association, Inc.	30,000.00	30,000.00
Vacuum Society of the Phil	50,000.00	50,000.00
WattSmart Philippines Corporation	-	4,673,592.00
Wela Online Corp.	-	1,374,653.56
Western Institute of Technology	-	2,771,008.00
Youth Hack, Inc.	21,600.00	21,600.00
<b>Total</b>	<b>50,713,702.23</b>	<b>488,016,538.16</b>

**7.2.3 Other Receivables** in the amount of ₱749,927,904.25 consists of the following:

Particulars	2021	2020 (Restated)
Defaulting Scholars	34,046,527.88	34,048,527.88
Others	878,971.39	878,971.39
Suppliers	29,108,661.35	31,366,520.55
Entitlements	11,495,587.08	11,505,587.08
Advances	23,354.90	23,354.90
Officers and employees	1,460,659.96	1,460,659.96
PCIEERD-GIA	672,914,141.69	-
<b>Total</b>	<b>749,927,904.25</b>	<b>79,283,621.76</b>

Receivables from defaulting scholars in the amount of ₱34,046,527.88 are from repaying list of defaulting scholars.

Receivables from Suppliers are various procurement of IT equipment.

Receivables from Officers and Employees include the amount of scholarship grants and expenses of PCIEERD Personnel which should be refunded due to non-completion of their studies.

PCIEERD-GIA includes the funds that were reclassified from *Due from NGOs/CSOs* per COA recommendation.

Particulars	Amount
AAP Lkbay, Inc.	100,000.00
ACCESSEDU, INC.	100,000.00

<b>Particulars</b>	<b>Amount</b>
Adamson Ozanam Educational Institute Inc.	6,979,163.00
Adamson University	8,751,810.24
Advance Infnit Technology Solutions,Inc.	2,000,000.00
Adventist University of the Philippines	1,231,535.71
Agrabah Marketplace	2,000,000.00
Angeles University Foundation	351,499.00
Asian Institute of Management	19,832,079.72
Ateneo de Davao University	6,634,297.37
Ateneo De Manila University	92,380,466.52
BizKit Technologies, Inc.	2,000,000.00
Bizooku Philippines, Inc.	2,000,000.00
Brainsparks Inc.	200,000.00
Burket.Ph Incorporated	2,000,000.00
Camarines Sur Polytechnic Colleges	5,000,000.00
Cawil Data Analysis Services	1,409,910.98
Cebu Institute of Technology University, Inc.	5,599,640.86
Central Philippine University	8,195,000.00
Central Visayan Institute Foundation	512,600.00
De La Salle Araneta University	4,685,047.00
De La Salle University	169,004,475.63
Don Bosco Technical College Inc.	3,337,018.75
East Asia Computer Center Inc.	30,000.00
Easybus Ph Inc.	491,022.96
ECFULFILL	1,700,000.00
Electronics Industry Association of the Phils.,Inc.	18,203,744.84
Empath Corporation	1,147,736.00
Far Eastern University	4,219,293.00
Farmwatch Solutions, Inc.	1,347,408.31
Father Saturnino Urios University, Inc.	2,881,525.00
Feati University	7,156,414.18
Futuristic Aviation and Maritime Enterprise, Inc.	5,154,424.99
Grayscale Marketing Consultancy	2,054,820.48
Holy Angel University	14,192,990.53
InsightSCS Corporation	2,000,000.00
IOL Inc.	2,000,000.00
Joypulchra Ofamen Sarabia Ofamen Cacao Farm	974,000.00
Kinovett Scientific Solutions Co.	2,500,000.00
Lesstics, Inc.	2,500,000.00
Machibox Inc.	2,860,000.00
Manila Observatory	1,760,941.72
Mapua Institute of Technology	75,458,118.54
Maranga Software Solutions	2,000,000.00
Mariners Polytechnic Colleges	325,000.00
Mariners Polytechnic Colleges Foundation of Canaman (Cam Sur), Inc.	1,056,285.04
Mindanao Autonomous College Foundation, Inc.	2,306,067.06
Miriam College Foundation, Inc.	7,352,493.81
Nanotronics Inc.	3,686,049.70
National University, Inc.	95,200.00
Neuronmek Corp.	2,724,287.60
Northwestern University	764,574.00
Nutricoach, Inc.	2,000,000.00

<b>Particulars</b>	<b>Amount</b>
OLERN Inc.	2,000,000.00
Philippine Society for the Advancement of Genetics, Inc.	50,000.00
PIRFS Multimedia Distribution Services	2,000,000.00
Platform Technologies Inc.	1,600,000.00
Regulus Spacetech, Inc.	243,935.40
Restograph	3,500,000.00
Robin Machine Manufacturing	2,000,000.00
RTL Gate Technologies, Inc.	678,861.95
Rurok RRK Industries, Inc.	1,910,315.18
Saint Louis University	11,051,794.22
San Carlos College	528,651.87
Senti Techlabs, Inc.	316,428.58
Silliman University	8,111,323.57
Smartfox Data Solution, Inc.	949,545.03
St. Cecilia's College-Cebu, Inc.	72,312.40
Technological Institute of the Philippines	26,564,558.45
TEKTON GEOMETRIX INC.	7,990,529.40
Tinkerhouse, Inc.	2,000,000.00
Toon City Academy	2,590,080.00
University of Asia and the Pacific	2,025,778.85
University of Perpetual Help Rizal, Inc.	4,991,000.00
University of San Carlos	7,541,355.08
University of San Jose - Recoletos	4,900,000.00
University of Santo Tomas	7,953,912.00
University of Southern Philippines	2,260,834.72
University of Sto. Tomas	10,242,392.63
University of the Cordilleras	16,913,620.09
University of the Immaculate Conception	12,484,283.34
Virtualahan Inc.	2,066,450.00
W.V.J.A Foods Product Manufacturing	2,300,000.00
WattSmart Philippines Corporation	3,683,574.83
Wayvent Innovations Inc.	2,000,000.00
Wela Online Corp.	1,374,653.56
Western Institute of Technology	2,771,008.00
<b>Total</b>	<b>672,914,141.69</b>

### 7.3 Allowance for Doubtful Accounts

No Allowance for Doubtful Accounts is set as it is deemed that all receivables can be collected from the concerned grantees, or can be liquidated by the government agencies, non-government or private organizations.

### 7.4 Allowance for Impairment

Allowance for Impairment amounting to ₱28,474,320.48 pertains to receivables from defaulting scholars.

## 8. Inventories

This account consists of the following inventories as of December 31, 2021:

Particulars	2021	2020 (Restated)
<b>Inventory Held for Consumption</b>		
Office Supplies Inventories	985,223.22	103,450.36
Other Office Supplies and Materials Inventories	243,427.68	21,734.83
<b>Semi-Expendable Machinery and Equipment</b>		
Semi-Expendable Machinery	7,000.00	7,000.00
Semi-Expendable Office Equipment	113,726.00	113,726.00
Semi-Expendable Information and Communications Technology Equipment	594,029.00	343,529.00
Semi-Expendable Communications Equipment	324,985.92	324,985.92
Semi-Expendable Technical and Scientific Equipment	52,923.00	52,923.00
<b>Semi-Expendable Furniture, Fixtures and Books</b>		
Semi-Expendable Furniture and Fixtures	701,636.88	701,636.88
<b>Total Inventories</b>	<b>3,022,951.70</b>	<b>1,668,985.99</b>

*Inventory Held for Consumption* is composed of Office Supplies and Other Office Supplies and Materials on hand for issue to requesting employees in which a Report of Supplies Issued will be submitted to accounting for recording of the issuance.

The property and equipment below the threshold of ₱15,000.00 are reclassified as Semi-Expendable Properties.

## 9. Other Current Assets

Other current assets consists of the advances, prepayments, deposits and other assets. The respective balances at the end of 2021 are presented as follows:

Accounts	2021			2020 (Restated)		
	Current	Non-Current	Total	Current	Non-Current	Total
Advances	689,096.29	-	689,096.29	61,156.37	-	61,156.37
Prepayments	4,827,594.14	-	4,827,594.14	17,576,737.60	-	17,576,737.60
Deposits	220,000.00	-	220,000.00	220,000.00	-	220,000.00
Other Assets	22,225.00	-	22,225.00	22,225.00	-	22,225.00
<b>Total</b>	<b>5,758,915.43</b>	<b>-</b>	<b>5,758,915.43</b>	<b>17,880,118.97</b>	<b>-</b>	<b>17,880,118.97</b>

The decrease in the Prepayments resulted from non-renewal of subscriptions during the year.

## 9.1 Advances

*Advances* is composed of various outstanding releases of cash advances to officers and employees for project monitoring activities, various special activities and attendance to foreign R&D related activities.

Aging of the Advances is as follows:

Cash Advances	Total	Amount Due					
		Currently Due			Past Due		
		Less than 30 days	31-90 days	91-365 days	1<>2 Years	2<>3 Years	3< Years
Travel	689,096.29	689,096.29	-	-	-	-	-
<b>Total</b>	<b>689,096.29</b>	<b>689,096.29</b>	-	-	-	-	-

## 9.2 Prepayments

**Prepayments include the following:**

1. Prepaid Insurance consists of the unexpired insurance premiums of vehicles, building fire insurance, group insurance for PCIEERD personnel for CY 2021.
2. Prepaid Subscription consists of the Software Subscription reclassified from the Other Prepayments, as per revised Chart of Accounts.

## 9.3 Deposits

This consists of Guarantee Deposit with PNOG Renewables Corporation for the installed solar power system in the Science Heritage Building.

## 10. Property, Plant and Equipment

PPE consists of:

	Amount								Total
	Other Structures	Office Equipment	ICT Equipment	Communication Equipment	Technical and Scientific Equipment	Transportation Equipment	Furniture and Fixtures	Other Property, Plant and Equipment	
Carrying Amount, January 1, 2021	-	892,358.64	12,590,850.07	140,659.03	117,299.46	5,703,886.23	98,825.68	286,607,314.50	306,151,193.61
Additions/Acquisitions	950,000.00	27,907.00	4,716,978.20	-	-	-	34,599.75	-	5,729,484.95
Adjustment/Reclass PPE	-	-	2,821,401.20	-	544,215.00	1,200,000.00	757,615.00	(225,009,208.70)	(219,685,977.50)
Adjustment/Reclass Accum. Dep.	-	(278,028.91)	(2,641,526.11)	(15,033.87)	(30,158.52)	1,544,564.89	(73,222.83)	134,026,875.04	132,533,469.69
<b>Total</b>	<b>950,000.00</b>	<b>642,236.73</b>	<b>17,487,703.36</b>	<b>125,625.16</b>	<b>631,355.94</b>	<b>8,448,451.12</b>	<b>817,817.60</b>	<b>195,624,980.84</b>	<b>224,728,170.75</b>
Disposals/Donations	-	-	-	-	-	-	-	(2,005,404.77)	(2,005,404.77)
Depreciation (As per Statement of Financial Performance)	-	(232,310.94)	(3,766,739.32)	(50,031.60)	(94,355.40)	(1,321,301.34)	(76,656.96)	(45,288,663.72)	(50,830,059.28)
Impairment Loss	-	-	-	-	-	-	-	-	-
<b>Carrying Amount, December 31, 2021 (As per Statement of Financial Position)</b>	<b>950,000.00</b>	<b>409,925.79</b>	<b>13,720,964.04</b>	<b>75,593.56</b>	<b>537,000.54</b>	<b>7,127,149.78</b>	<b>741,160.64</b>	<b>148,330,912.35</b>	<b>171,892,706.70</b>

	Amount								Total
	Other Structures	Office Equipment	ICT Equipment	Communication Equipment	Technical and Scientific Equipment	Transportation Equipment	Furniture and Fixtures	Other Property, Plant and Equipment	
Gross Cost (Asset Account Balance per Statement of Financial Position)	950,000.00	2,101,698.91	34,635,051.77	1,027,383.28	993,215.00	14,799,704.42	1,993,622.16	513,363,658.90	569,864,334.44
Less: Accumulated Depreciation	-	(1,691,773.12)	(20,914,087.73)	(951,789.72)	(456,214.46)	(7,672,554.64)	(1,252,461.52)	(365,032,746.55)	(397,971,627.74)
Carrying Amount, December 31, 2021 (As per Statement of Financial Position)	950,000.00	409,925.79	13,720,964.04	75,593.56	537,000.54	7,127,149.78	741,160.64	148,330,912.35	171,892,706.70

The adjustments for the *Other Property and Equipment* include the reclassification of the in-bulk accounts to *Due from NGAs/ Due from NGOs/CSOs* and *Other Receivables*. It also includes donations/transfer to ASTI.

## 11. Intangible Assets

Particulars	2021	2020 (Restated)
Carrying Amount, Beginning Balance	1,354,298.62	2,095,446.46
Additions - Internally Developed	-	-
Additions – Purchased	-	-
<b>Total</b>	<b>1,354,298.62</b>	<b>2,095,446.46</b>
<i>Disposals/Donations</i>	-	-
<i>Amortization (As per Statement of Financial Performance)</i>	724,969.81	741,147.84
<i>Impairment Loss (As per Statement of Financial Performance)</i>	-	-
<i>Other Changes</i>	-	-
<b>Carrying Amount, Ending Balance (As per Statement of Financial Position)</b>	<b><u>629,328.81</u></b>	<b><u>1,354,298.62</u></b>
<i>Gross Cost (Asset Account Balance per Statement of Financial Position)</i>	3,705,738.34	3,705,738.34
Less : Accumulated Amortization	(3,076,409.53)	(2,351,439.72)
<b>Carrying Amount, Ending Balance (As per Statement of Financial Position)</b>	<b><u>629,328.81</u></b>	<b><u>1,354,298.62</u></b>

The *Intangible Assets* includes Computer Software purchased by PCIEERD.

## 12. Financial Liabilities

### 12.1 Payables

The breakdown of financial liabilities as of December 31, 2021 is shown below.

Particulars	2021			2020 (Restated)		
	Current	Non-Current	Total	Current	Non-Current	Total
Accounts Payable	4,040,750.06	-	4,040,750.06	101,483,300.61	-	101,483,300.61
Due to Officers and Employees	422,213.41	-	422,213.41	981,179.42	-	981,179.42
<b>Total</b>	<b>4,462,963.47</b>	<b>-</b>	<b>4,462,963.47</b>	<b>102,464,480.03</b>	<b>-</b>	<b>102,464,480.03</b>

The Accounts Payable consists of various payables for goods delivered and services rendered. Its huge decrease is due to the exclusion of the obligated request for payment of GIA releases as such are not yet due and demandable.

Aging of the Payables is as follows:

Particulars	Total	Amount Due					
		Currently Due			Past Due		
		< 30 days	< 90 days	91-365 days	Over 1 year	Over 2 years	Over 3 years
Accounts Payable	4,040,750.06	4,040,750.06	-	-	-	-	-
Due to Officers and Employees	422,213.41	312,579.84	-	50,175.77	36,396.30	23,061.50	-
<b>Total</b>	<b>4,462,963.47</b>	<b>4,353,329.90</b>	<b>-</b>	<b>50,175.77</b>	<b>36,396.30</b>	<b>23,061.50</b>	<b>-</b>

*Accounts Payable* is composed of authorized obligations in current and prior years for regular operations.

*Due to Officers and Employees* in the amount of ₱422,213.41 represents various payable set up for reimbursements, petty cash replenishment, salary adjustment, monetization of various employees and various remittances.

### 13. Inter-Agency Payables consists of the following:

Accounts	2021			2020 (Restated)		
	Current	Non-Current	Total	Current	Non-Current	Total
Due to BIR	(268,880.56)	-	(268,880.56)	(564,921.73)	-	(564,921.73)
Due to GSIS	309,382.99	-	309,382.99	216,978.29	-	216,978.29
Due to Pag-IBIG	105,795.81	-	105,795.81	66,632.35	-	66,632.35
Due to PhilHealth	15,485.36	-	15,485.36	7,946.86	-	7,946.86
Due to NGAs	315,214,512.63	-	315,214,512.63	346,459,143.48	-	346,459,143.48
<b>Total</b>	<b>315,376,296.23</b>	<b>-</b>	<b>315,376,296.23</b>	<b>346,185,779.25</b>	<b>-</b>	<b>346,185,779.25</b>

The Aging of Inter-Agency Payables as of December 31, 2021 is as follows:

Particulars	Total	Amount Due					
		Currently Due			Past Due		
		Less than 30 days	31-90 days	91-365 days	1<>2 Years	2<>3 Years	3< Years
Due to BIR	(268,880.56)	102,128.87	7,143.89	231,427.63	6,528.10	46,341.67	(662,450.72)
Due to GSIS	309,382.99	(43,301.83)	85,683.56	200,713.15	36,842.87	22,267.08	7,178.16
Due to Pag-IBIG	105,795.81	43,819.94	13,748.95	39,737.29	4,848.88	1,824.41	1,816.34
Due to PhilHealth	15,485.36	(6,246.43)	1,911.90	2,382.39	-	-	17,437.50
Due to NGAs	315,214,512.63	25,108,421.18	-	31,746,100.25	-	138,472,064.04	119,887,927.16
<b>Total</b>	<b>315,376,296.23</b>	<b>25,204,821.73</b>	<b>108,488.30</b>	<b>32,220,360.71</b>	<b>48,219.85</b>	<b>138,542,497.20</b>	<b>119,251,908.44</b>

*Due to BIR* as of December 31, 2021 represents the remitted taxes withheld from personnel, suppliers and renderers of service which are for further reconciliation and analysis.

*Due to GSIS* represents contributions of PCIEERD employees which are for further reconciliation and analysis.

*Due to PAG-IBIG* is composed of various contributions and loans of PCIEERD employees as of December 31, 2021.

*Due to PhilHealth* is composed of various contributions of PCIEERD employees as of December 31, 2021.

*Due to NGAs* represents project fund balances received from DOST and other national government agencies/institutions for the implementation and monitoring of various projects and activities subject to liquidation and return of the unexpended balance, if any, once completed. They are received by PCIEERD as indirect costs of various projects.

Agency	Amount
PCIERD	897,421.65
PAGASA	31,928.85
SEI	6,891,351.14
Department of Health	0.08
Department of Agriculture	4,983.19
DOST Central Office	248,072,104.17
PCAARRD	85,658.57
TAPI	479,416.54
MIRDC	44,312.00
ITDI	359,411.71
UP - Los Baños	266,579.00
PHIVOLCS	28,642.92
DOTC	22,619,147.65
Congressman Yu	148,000.00
ASTI	1,092,850.05
NWRB	8,794,663.09
DTI-BOI	1,423,098.28
Asia-Pacific Economic Cooperation	32,800.28
DOST Region 6	140,228.73
PNOG Exploration Corporation	2,778,827.39
Export Marketing Bureau of the Department of Trade and Industry	37,928.42
DPWH	527,994.82
Department of Energy	16,954,729.10
ASEAN	618,035.00
DENR-MBCO	2,884,400.00
<b>Total</b>	<b>315,214,512.63</b>

**14. Trust Liabilities** consists of:

Accounts	2021			2020 (Restated)		
	Current	Non-Current	Total	Current	Non-Current	Total
Guaranty/Security Deposits Payable	154,000.00	-	154,000.00	154,000.00	-	154,000.00
<b>Totals</b>	<b>154,000.00</b>	<b>-</b>	<b>154,000.00</b>	<b>154,000.00</b>	<b>-</b>	<b>154,000.00</b>

**15. Deferred Credits** account consists mainly of receivables to be collected from Scholars who were not able to comply with the requirements of their scholarship agreement, classified as current.

Accounts	2021			2020 (Restated)		
	Current	Non-Current	Total	Current	Non-Current	Total
Other Deferred Credits	431,470.07	-	431,470.07	431,470.07	-	431,470.07
<b>Totals</b>	<b>431,470.07</b>	<b>-</b>	<b>431,470.07</b>	<b>431,470.07</b>	<b>-</b>	<b>431,470.07</b>

This account includes scholarship grants and the computed interest thereon.

**16. Other Payables** represents mainly over/under remittances to various government and non-government agencies and balances of foreign and locally funded projects as of December 31, 2021.

Accounts	2021			2020 (Restated)		
	Current	Non-Current	Total	Current	Non-Current	Total
Other Payables	977,504.63	-	977,504.63	1,368,341.40	-	1,368,341.40
<b>Total</b>	<b>977,504.63</b>	<b>-</b>	<b>977,504.63</b>	<b>1,368,341.40</b>	<b>-</b>	<b>1,368,341.40</b>

The Aging of Other Payables as of December 31, 2021 is as follows:

Particulars	Total (P)	Amount Due					
		Currently Due			Past Due		
		Less than 30 days	31-90 days	91-365 days	1<>2 Years	2<>3 Years	3< Years
Regular Fund	944,093.93	526,136.03	12,212.00	42,926.52	55,229.46	51,755.00	255,834.92
Trust Fund	33,410.70	(94,113.94)	10,566.00	7,951.00	13,894.61	40,716.51	54,396.52
<b>Total</b>	<b>977,504.63</b>	<b>432,022.09</b>	<b>22,778.00</b>	<b>50,877.52</b>	<b>69,124.07</b>	<b>92,471.51</b>	<b>310,231.44</b>

**17. Non-Operating Income**

This account consists of:

Particulars	2021	2020 (Restated)
Proceeds from Insurance/Indemnities	69,862.50	-
Miscellaneous Income	65,464.50	16,000.00
<b>Total</b>	<b>135,327.00</b>	<b>16,000.00</b>

*Proceeds from Insurance/Indemnities* includes the collection of insurance coverage for the office vehicle while *Miscellaneous Income* includes collection from payment of bidding documents.

## 18. Personnel Services

### 18.1 Salaries and Wages

Particulars	2021	2020 (Restated)
Salaries and Wages - Regular	40,472,105.65	38,391,753.87
<b>Total Salaries and Wages</b>	<b>40,472,105.65</b>	<b>38,391,753.87</b>

### 18.2 Other Compensation

Particulars	2021	2020 (Restated)
Personnel Economic Relief Allowance	1,743,545.45	1,625,818.18
Representation Allowance	632,493.91	687,076.00
Transportation Allowance	416,988.63	482,500.00
Clothing/Uniform Allowance	502,000.00	305,000.00
Subsistence Allowance	2,047,600.00	2,207,450.00
Laundry Allowance	413,068.18	371,636.38
Productivity Incentive Allowance	355,000.00	339,000.00
Honoraria	358,700.00	274,850.00
Hazard Pay	2,241,774.17	3,062,503.84
Longevity Pay	3,562,805.80	3,582,478.72
Overtime and Night Pay	549,498.48	255,579.76
Year End Bonus	3,342,417.25	3,126,196.00
Cash Gift	361,250.00	337,000.00
Mid-Year Bonus	3,367,888.00	3,168,320.60
Other Bonuses and Allowances	1,792,708.34	1,687,770.84
<b>Total Other Compensation</b>	<b>21,687,738.21</b>	<b>21,513,180.32</b>

The increase in the *Overtime and Night Pay* is due to the payment of approved overtime services rendered by the drivers in ferrying the employees to and from office and all other FAD personnel performing work in the office to cope with all submission of both physical and online filing/reports deadlines.

The decrease in all other compensation items is due to the mandatory and early retirement of some permanent employees and the WFH arrangement of the employees resulting to decrease in Hazard Pay.

### 18.3 Personnel Benefits and Contributions

Particulars	2021	2020 (Restated)
Retirement and Life Insurance Premiums	4,750,792.75	2,967,218.28
PAG-IBIG Contributions	86,700.00	80,300.00
PhilHealth Contributions	524,146.62	504,479.49
Employee Compensation Insurance Premiums	85,600.00	79,400.00
<b>Total Personnel Benefits and Contributions</b>	<b>5,447,239.37</b>	<b>3,631,397.77</b>

## 18.4 Other Personnel Benefits

Particulars	2021	2020 (Restated)
Terminal Leave Benefits	1,648,589.47	268,353.53
Other Personnel Benefits	4,139,516.04	2,965,420.12
<b>Total Other Personnel Benefits</b>	<b>5,788,105.51</b>	<b>3,233,773.65</b>

The increase in *Terminal Leave Benefits* is due to the retirement of PCIEERD high-ranking employees.

## 19. Maintenance and Other Operating Expenses

### 19.1 Travelling Expenses

Particulars	2021	2020 (Restated)
Travelling Expenses – Local	39,595.00	1,712,151.71
Travelling Expenses – Foreign	4,816,381.28	164,319.24
<b>Total Travelling Expenses</b>	<b>4,855,976.28</b>	<b>1,876,470.95</b>

Decrease in Travel Expenses-Local resulted from the ongoing COVID-19 pandemic, which limited the access to travels within the country.

Traveling Expenses-Foreign includes various Balik Scientist Program grantees' expenses per R.A. No. 11035, Balik Scientist Act.

### 19.2 Training and Scholarship Expenses

Particulars	2021	2020 (Restated)
Training Expenses	372,176.10	208,100.00
Scholarship Grants/Expenses	3,322,025.03	7,562,285.28
<b>Total Training and Scholarship Expenses</b>	<b>3,694,201.13</b>	<b>7,770,385.28</b>

*Training Expenses* includes local and foreign trainings, seminar, convention, short courses registration fees and other related expenses, and various Human Resource Development Program entitlements to qualified applicants/recipients.

The decrease in *Scholarship Grants/Expenses* is due to the limited application received because of pandemic.

### 19.3 Supplies and Materials Expenses

Particulars	2021	2020 (Restated)
Office Supplies Expenses	130,556.81	2,533,561.32
Fuel, Oil and Lubricants Expenses	19,153.01	149,009.32
Semi-Expendable Machinery and Equipment Expenses	58,835.50	-
Semi-Expendable Furniture, Fixtures and Books	55,000.00	-
Other Supplies and Materials Expenses	700,892.42	361,602.39
<b>Total Supplies and Materials Expenses</b>	<b>964,437.74</b>	<b>3,044,173.03</b>

The decrease in *Office Supplies Expenses* is due to the availability of the indirect cost on this account for monitoring expenses.

#### 19.4 Utility Expenses

Utility Expenses (Electricity and Water) are charged under the Trust Fund.

#### 19.5 Communication Expenses

Particulars	2021	2020 (Restated)
Postage and Courier Services	335,812.00	3,742.00
Telephone Expenses	437,377.53	281,138.37
Internet Subscription Expenses	-	106,666.00
<b>Total Communication Expenses</b>	<b>773,189.53</b>	<b>391,546.37</b>

**19.5.1** The *Internet Subscription Expenses* for the year 2021 are charged under Trust Fund

#### 19.6 Award/Rewards and Prizes

Particulars	2021	2020 (Restated)
Awards/Rewards Expenses	168,000.00	135,000.00
<b>Total Awards/Rewards and Prizes</b>	<b>168,000.00</b>	<b>135,000.00</b>

#### 19.7 Survey, Research, Exploration and Development Expenses

Particulars	2021	2020 (Restated)
Research, Exploration and Development Expenses	350,652.00	482,183.00
<b>Total Survey, Research, Exploration and Development Expenses</b>	<b>350,652.00</b>	<b>482,183.00</b>

#### 19.8 Confidential, Intelligence and Extraordinary Expenses

Particulars	2021	2020 (Restated)
Extraordinary and Miscellaneous Expenses	242,832.83	258,999.52
<b>Total Confidential, Intelligence and Extraordinary Expenses</b>	<b>242,832.83</b>	<b>258,999.52</b>

#### 19.9 Professional Services

Particulars	2021	2020 (Restated)
Legal Services	540,000.00	-
Consultancy Services	2,845,400.00	950,000.00
Other Professional Services	35,262,917.37	24,717,379.22
<b>Total Professional Services</b>	<b>38,648,317.37</b>	<b>25,667,379.22</b>

**19.9.1** *Legal Services* includes the payment for the rendered services of the lawyers under the Office of the Solicitor General.

**19.9.2** *Consultancy Services* represents payment for the services on the development of responses to COVID-19 pandemic, PCIEERD Competency Framework and Annual Report.

**19.9.3** *Other Professional Services* includes salaries and overtime pay of contractual employees, system enhancements services and various in-house trainings services. The increase resulted from the increase in numbers of contractual employees hired during the year.

### 19.10 General services

Particulars	2021	2020 (Restated)
Janitorial Services	498,046.18	621,678.90
Security Services	1,057,288.83	770,688.48
Other General Services	21,976.80	-
<b>Total General Services</b>	<b>1,577,311.81</b>	<b>1,392,367.38</b>

### 19.11 Repairs and Maintenance

Particulars	2021	2020 (Restated)
Repairs and Maintenance-Transportation Equipment	398,078.26	853,011.75
<b>Total Repairs and Maintenance Expenses</b>	<b>398,078.26</b>	<b>853,011.75</b>

### 19.12 Assistance

Particulars	2021	2020 (Restated)
Assistance to Other National Government Agencies	7,436,373.19	67,318,752.40
Assistance to NGOs/CSOs	-	48,354,089.96
<b>Total Financial Assistance</b>	<b>7,436,373.19</b>	<b>115,672,842.36</b>

Financial assistance is the grants given to universities/organizations for the conduct of science forum, projects implementation expenses and related events/activities, and support to people for paper and research presentation during the year.

The decrease in the accounts was due to the inability of the NGA/universities/organizations and other implementing entities to submit current reports due to the ongoing pandemic.

### 19.13 Taxes, Insurance Premiums and Other Fees

Particulars	2021	2020 (Restated)
Taxes, Duties and Licenses	35,783.82	22,755.12
Fidelity Bond Premiums	441,973.46	503,062.50
Insurance Expenses	318,521.31	325,226.01
<b>Total Taxes, Insurance Premiums and Other Fees</b>	<b>796,278.59</b>	<b>851,043.63</b>

## 19.14 Other Maintenance and Operating Expenses

Particulars	2021	2020 (Restated)
Advertising Expenses	24,689.28	-
Printing and Publication Expenses	29,888.00	633,200.00
Representation Expenses	1,004,617.62	2,444,067.26
Rent/Lease Expenses	456,000.00	126,180.00
Subscriptions Expenses	18,623,907.20	18,888,031.24
Donations	3,302,215.49	7,804,167.96
Other Maintenance & Operating Expenses	6,143,797.03	2,578,894.82
<b>Total Other Maintenance and Operating Expenses</b>	<b>29,585,114.62</b>	<b>32,474,541.28</b>

## 20. Non-Cash Expenses

### 20.1 Depreciation

Particulars	2021	2020 (Restated)
Depreciation - Office Equipment	232,310.94	128,234.76
Depreciation - ICT Equipment	3,766,739.32	3,775,736.05
Depreciation - Communication Equipment	50,031.60	70,971.54
Depreciation - Technical and Scientific Equipment	94,355.40	42,364.84
Depreciation - Motor Vehicles	1,321,301.34	1,321,301.31
Depreciation - Furniture and Fixtures	76,656.96	98,264.39
Depreciation - Other Property, Plant & Equipment	45,288,663.72	57,967,016.08
<b>Total Depreciation</b>	<b>50,830,059.28</b>	<b>63,403,888.97</b>

### 20.2 Amortization

Particulars	2021	2020 (Restated)
Amortization-Intangible Assets	724,969.81	741,147.84
<b>Total Amortization</b>	<b>724,969.81</b>	<b>741,147.84</b>

The amortization amount is for Computer Software's one year amortization out of 5-year life span with no residual value.

### 20.3 Impairment Loss

Particulars	2021	2020 (Restated)
Impairment Loss - Other Receivables	28,474,320.48	-
<b>Total Impairment Losses</b>	<b>28,474,320.48</b>	<b>-</b>

The impairment loss amount is for the receivables from defaulting scholars.

## 21. Net Financial Assistance/Subsidy

Particulars	2021	2020 (Restated)
NCA for regular operating requirements	865,177,000.00	668,159,354.00
Tax Remittance Advice Issued	8,889,955.32	8,513,256.68
Reversion of Unutilized NCA (including cancelled checks)	(12,599,955.02)	(56,018,899.44)

Particulars	2021	2020 (Restated)
Unrecorded reversion to treasury	4.84	(104.80)
Overpayment of expenses (already refunded)	-	-
<b>Total Financial Assistance/Subsidy from National Government</b>	<b>861,467,005.14</b>	<b>620,653,606.44</b>
Less: Financial Assistance to NGAs & NGOs/CSOs	(7,436,373.19)	(115,672,842.36)
<b>Net Financial Assistance/Subsidy Income</b>	<b>854,030,631.95</b>	<b>504,980,764.08</b>

## 22. Reversal of Unutilized NCA

Unutilized NCAs reverted to the National Treasury at the end of the year are detailed below.

Description	NCA	Obligations Paid	Unutilized	Reversion to NT
Fund 01	865,177,000.00	852,577,044.98	12,599,955.02	12,599,955.02
Fund 07	146,583,025.02	81,004,916.93	65,578,108.09	65,578,108.09
<b>Total</b>	<b>1,011,760,025.02</b>	<b>933,581,961.91</b>	<b>78,178,063.11</b>	<b>78,178,063.11</b>

## 23. Prior Year's Adjustment

Particulars	2021	2020 (Restated)
Various adjustments/reclassifications/correction of errors	(120,680,769.91)	(251,758,360.65)
<b>Total</b>	<b>(120,680,769.91)</b>	<b>(251,758,360.65)</b>

The prior year's adjustment is composed of:

Name of Accounts Affected	Particulars	Amount	Net Effect Accumulated Surplus/(Deficit)
Due to NGAs/ Accumulated Surplus (Deficit)	Adjustment of balances of projects under Trust fund such as liquidation of indirect cost of various projects for CY 2020 and prior years, and adjusting entries for over-recording of liquidations	886,362.57	(886,362.57)
Due from National Government Agencies/ Accumulated Surplus (Deficit)	Adjustment for the undelivered items from Procurement Service	460,519.12	460,519.12
Cash - Treasury/Agency Deposit, Trust / Accumulated Surplus (Deficit)	Adjustment to various negative SL balances under Cash, TAD, Trust account	9,481,579.11	9,481,579.11
Accumulated Depreciation - Furniture & Fixtures/ Accumulated Depreciation - Motor Vehicles/ Accumulated Depreciation - Other Property/ Plant and Equipment/ Accumulated Depreciation - ICT Equipment/ Accumulated Depreciation - Office	Adjustment of depreciation of PPE	6,527,094.21	(6,527,094.21)

<b>Name of Accounts Affected</b>	<b>Particulars</b>	<b>Amount</b>	<b>Net Effect Accumulated Surplus/(Deficit)</b>
Equipment/ Accumulated Depreciation - Communication Equipment/ Accumulated Surplus (Deficit)			
Due from National Government Agencies/ Due from Non-Government Organization/Civil Society Organizations/ Other Property, Plant and Equipment/ Accumulated Surplus (Deficit)	Adjustment of liquidation of financial assistance	485,310.00	(485,310.00)
Accounts Payable/ Other Payables/ Due to Officers and Employees/ Accumulated Surplus (Deficit)	Adjustment of payables	760,867.61	(760,867.61)
Other Receivables/ Accumulated Surplus (Deficit)	Collection of Excess Payments to Suppliers	47,631.84	47,631.84
Other Receivables/ Accumulated Surplus (Deficit)	Collection of Unexpended Grant	10,000.00	10,000.00
Due from Officers and Employees/ Accumulated Surplus (Deficit)	Disallowances	14,059.28	14,059.28
Other Property, Plant and Equipment/ Accumulated Depreciation - Other Property, Plant and Equipment/ Accumulated Surplus (Deficit)	Donation/ Transfer of Equipment	7,804,167.96	(7,804,167.96)
Advances to Officers and Employees/ Accumulated Surplus (Deficit)	Liquidation of Cash Advance	162,019.40	(162,019.40)
Advances to Special Disbursing Officer/ Accumulated Surplus (Deficit)	Liquidation of Cash Advance as Special Disbursing Officer	483,188.46	(483,188.46)
Due to NGAs/ Accumulated Surplus (Deficit)	Liquidation of projects under Trust fund	4,027.08	4,027.08
Due from National Government Agencies/ Accumulated Surplus (Deficit)	Liquidation of financial assistance provided to National Government Agencies	83,406,846.70	(83,406,846.70)
Due from Non-Government Organizations/Civil Society Organizations/ Accumulated Surplus (Deficit)	Liquidation of financial assistance provided to NGOs/CSOs	31,352,774.14	(31,352,774.14)
Petty Cash/ Accumulated Surplus (Deficit)	Liquidation of Petty Cash Fund	54,250.10	(54,250.10)
Due from Officers and Employees/ Accumulated Surplus (Deficit)	Overpayment of Salaries and Benefits	3,800.00	3,800.00
Furniture and Fixtures/ Accumulated Depreciation - Furniture and Fixtures/	Recognition of Property, Plant and Equipment	1,353,444.07	1,353,444.07

Name of Accounts Affected	Particulars	Amount	Net Effect Accumulated Surplus/(Deficit)
Technical and Scientific Equipment/ Accumulated Depreciation - Technical and Scientific Equipment/ Motor Vehicles/ Accumulated Depreciation - Motor Vehicles/ Accumulated Surplus (Deficit)			
Accounts Payable/ Accumulated Surplus (Deficit)	Reversion of Unclaimed Payables	8,680.00	8,680.00
Due from Officers and Employees/ Accumulated Surplus (Deficit)	Replenishment of Petty Cash	141,629.26	(141,629.26)
<b>Total</b>		<b>143,448,250.91</b>	<b>(120,680,769.91)</b>

#### 24. Adjustment of Net Revenue Recognized Directly in Net Assets/Equity

Particulars	2021	2020 (Restated)
Cash-Treasury/Agency regular account	(18,133,064.66)	(9,494,197.70)
Others	(24,327,189.49)	134,545.58
<b>Totals</b>	<b>(42,460,254.15)</b>	<b>(9,359,652.12)</b>

The *Cash-Treasury/ Agency Regular Account* includes the closing of Cash Tax Remittance Advice Accounts.

Below is the breakdown for Others:

Particulars	2021	2020 (Restated)
Closing of Accounts Payable	-	134,545.58
Current Year Adjustments	(24,327,189.49)	
<b>Total Other Adjustments</b>	<b>(24,327,189.49)</b>	<b>134,545.58</b>

Current Year Adjustments entries were inadvertently made to *Accumulated Surplus/ (Deficit)* account. These would be included in the restated balance for the next period.

#### 25. Allotments, Obligations and Balances as of December 31, 2021

Sources of Funds	Allotment	Obligation Incurred	Unobligated Balance
<b>Current Year's Appropriation</b>			
Personnel Services	66,717,026.00	66,711,838.37	5,187.63
Maintenance and Other Operating Expenses	796,437,974.00	795,749,454.90	688,519.10
Capital Outlay	1,820,000.00	956,800.00	863,200.00
<b>Total Current Year's Appropriation</b>	<b>864,975,000.00</b>	<b>863,418,093.27</b>	<b>1,556,906.73</b>
<b>Other Funds</b>			

Sources of Funds	Allotment	Obligation Incurred	Unobligated Balance
Automatic Appropriations	4,794,000.00	4,750,792.79	43,207.21
Special Purpose Fund	-	-	-
<b>Total Other Funds</b>	<b>4,794,000.00</b>	<b>4,750,792.79</b>	<b>43,207.21</b>
<b>Continuing</b>			
Maintenance and Other Operating Expenses	744,745.19	734,575.86	10,169.33
Capital Outlay	15,480.00	-	15,480.00
<b>Total Continuing</b>	<b>760,225.19</b>	<b>734,575.86</b>	<b>25,649.33</b>
<b>Grand Total</b>	<b>870,529,225.19</b>	<b>868,903,461.92</b>	<b>1,625,763.27</b>

## 26. Related Party Transactions

These financial statements do not include the financial statements of the DOST-Central Office Department and its regional offices.

## 27. Key Management Personnel

The key management personnel of the PCIEERD are the Secretary of the Department of Science and Technology, the members of the governing body, and the members of the senior management group. The governing body consists of members appointed by the DOST Secretary/Appointing Authority. The senior management group consists of the agency Executive Director, the Deputy Executive Director and the Division Chiefs.

## 28. Key Management Personnel Compensation

The aggregate remuneration of member of the governing body and the number of members determined on a full-time equivalent basis receiving remuneration within this category, are given honoraria payment of ₱8,300.00 per meeting. The Secretary of the Department which has supervision over the PCIEERD is not remunerated by the agency.

## OBSERVATIONS AND RECOMMENDATIONS

### A. Financial and Compliance Audit

#### *Accounting Errors/Omissions*

1. **Various accounts of the PCIEERD have misstatements resulting in aggregate errors on the reported total Assets, Liabilities and Net Assets/Equity by ₱738,456,997.33, ₱117,624.00, and ₱57,309,560.87, which represent 22.99 percent, 0.04 percent, and 1.98 percent of its total Assets, Liabilities and Net Assets/Equity, respectively. Moreover, due to the significant impact of such misstatements on the reported balances of the affected accounts, management's assertions as to the accuracy, existence, classification, rights and obligations, and valuation of the said accounts could not be relied upon.**

2. Paragraph 15 of the IPSAS 1, Presentation of FS, describes financial statements as structured representation of the financial position and financial performance of an entity. The standard further states that the objectives of general purpose financial statements are to provide information about the financial position, financial performance, and cash flows of an entity that is useful to a wide range of users in making and evaluating decisions about the allocation of resources. Specifically, the objectives of general purpose financial reporting in the public sector should be to provide information useful for decision making, and to demonstrate the accountability of the entity for the resources entrusted to it.

3. Paragraph 27 thereof provides that financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events, and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue, and expenses set out in IPSAS. The application of IPSAS, with additional disclosures when necessary, is presumed to result in financial statements that achieve a fair presentation.

4. Management requires information to make effective decisions. However, information alone is not enough; it must be the right information, in an understandable format, which is timely enough to be useful. The prompt recording and proper classification of transactions and events are preconditions for reliable and relevant information.

5. The GAM provides the accounting standards, policies and guidelines in accounting for government funds and property and the list of accounts for use of national government agencies as well as the description for each account.

6. Our audit revealed several accounting errors/omissions resulting in misstatements in account balances reported in the FS of the PCIEERD, as summarized in Table I:

**Table I: Summary of Misstatements**

Errors/ Omissions	Effect (Over)/ Understatement (₱)					
	Assets				Liabilities	Net Assets/ Equity
	Cash	Inventory	Receivables	PPE		
a) Existence of negative SL balances due to erroneous recording of liquidation	(84,909.67)		810,044.26	(326,500.00)	117,624.00	281,010.59
b) Non-recognition of an appropriate expense account for semi-expendable property already issued to the end-users		(1,601,800.80)				(1,601,800.80)
c) Erroneous provision of depreciation				(55,988,770.66)		(55,988,770.66)
d) Recognition of PPE purchased by other government agencies from PCIEERD GIA funds			339,223,515.43	(339,223,515.43)		
<b>NET MISSTATEMENTS</b>	<b>(84,909.67)</b>	<b>(1,601,800.80)</b>	<b>340,033,559.69</b>	<b>(395,538,786.09)</b>	<b>117,624.00</b>	<b>(57,309,560.87)</b>
<b>A - L = E</b>	<b>(57,191,936.87)</b>				<b>117,624.00</b>	<b>(57,309,560.87)</b>
<b>TOTAL ACCOUNTING ERRORS/OMISSIONS PER ACCOUNT TITLE IN ABSOLUTE AMOUNT (See Annex A for computation) (a)</b>	<b>84,909.67</b>	<b>1,601,800.80</b>	<b>341,231,500.77</b>	<b>395,538,786.09</b>	<b>117,624.00</b>	<b>57,309,560.87</b>
<b>FINANCIAL STATEMENT BALANCES (b)</b>	<b>3,212,696,008.94</b>				<b>321,402,234.40</b>	<b>2,891,293,774.54</b>
<b>PERCENTAGE OF ERRORS/ OMISSIONS (c) = (a/b)</b>	<b>22.99%</b>				<b>0.04%</b>	<b>1.98%</b>

\*Single amount of misstatement carried in absolute for the reclassification error classified as material and with financial impact under Reporting Phase - Item 4.3, COA Resolution No. 2019-016 dated June 25, 2019, re: "Determining and Using Materiality Thresholds in Financial Audit"

a) Erroneous recording of transactions resulted in the existence of negative SL balance of ₱810,044.26 and ₱1,241,097.80 in the Due from NGAs and Other Receivables accounts, respectively.

7. Analysis of the accounts and verification with the available financial reports disclosed erroneous posting of transactions in the *Due from NGAs and Other Receivables* accounts that resulted in a negative SL balances amounting to ₱810,044.26 and ₱1,241,097.80, respectively, as shown in Table II:

**Table II: List of negative SL balances under *Due from NGAs and Other Receivables* account**

Project Name	Implementing Agency (IA)	Balance as of December 31, 2021 (₱)	Remarks
<i>Due from NGAs account</i>			
Agency Procurement Service No. NTD18-012927	PS-DBM	(117,624.00)	The amount pertains to the delivered three units of desktop computer from PS-DBM. There was an erroneous recording of liquidation of project under the trust fund where the <i>Due from NGAs</i> account were credited by ₱117,624.00 under JEV-2019-10-000997 dated October 31, 2019.  Adjusted under JEV-2022-02-000092 dated February 15, 2022 where the said amount was reverted back to <i>Due from NGAs</i> and <i>Due to NGAs</i> accounts.
Prevalence of Heavy Metals and Pesticide Residues in Milled White Rice and White Corn Grits in the Philippines	National Food Authority	(40,000.00)	Transcription error in the amount in JEV-2020-11-001123 wherein ₱6,995,034.64 should be ₱6,955,034.64 based on the FR.
Development of a Physarum Polycephalum-Powered Microfluidic Mixer Project 2: Development of a Hybrid Physarum Polycephalum Controlled Micro-valve	MSU – IIT	(326,500.00)	Purchase of equipment amounting to ₱326,500.00 included in the financial report and reported as liquidated but was not found during the physical count of the Property Unit. The cost was therefore included in the return of unexpended balance. Hence, overstatement of <i>Other PPE</i> account and understatement of <i>Due from NGAs</i> account by ₱326,500.00
Fabrication of a Solid-State Rechargeable Lithium-Ion Battery using Li7La3Zr2O12 as solid electrolyte for Energy Storage Applications	UP - Diliman	(25,671.38)	Liquidation was based on the annual financial report; however, there was a mismatch of the reflected expenditure in the terminal financial report and the recorded liquidations amounting to ₱11,946,111.07 and ₱11,971,852.45, respectively, resulting in a variance of ₱25,741.38. Further, there was a variance of ₱70.00 between the recorded release of funds and terminal financial report amounting to ₱11,999,904.00 and ₱11,999,834.00, respectively.

Project Name	Implementing Agency (IA)	Balance as of December 31, 2021 (₱)	Remarks
FASTRAC: MAPX: Manage Assets and Properties and Map for Visualization	Caraga State University	(191,000.00)	Excessive recording of liquidation wherein the recorded total was ₱10,926,152.22 but the terminal FR has a total expenditure of ₱10,735,152.22, hence a variance of ₱191,000.00
Intensified Promotion of FPRDI-Developed Technologies and Services	FPRDI	(109,248.88)	Excessive recording of liquidation wherein the recorded total was ₱3,098,724.00 but the FR reported a total expenditure of ₱2,989,475.12, thus a variance of ₱109,248.88
<b>Total</b>		<b>(810,044.26)</b>	
<b>Other Receivables account</b>			
Multitemporal and Extremes Analysis of Modeled Climatology over the Philippines	Manila Observatory	(389,315.13)	Erroneous entry of collection from refund of unexpended balance of the project  The collection was erroneously credited to <i>Other Receivable</i> account instead of <i>Due from NGOs/CSOs</i> account
Detecting Tropical Cyclones in a Downscaled Regional Climate Model		(600,702.04)	
Analysis of the Influence of Sea Surface Temperature in Downscaled Regional		(207,923.91)	
Trust fund - Climate Resilience Infrastructure Initiative Program: Automated Real-Time Monitoring System for Ambuklao, Binga and San Roque Dams	Mapua Institute of Technology	(43,156.72)	Collection from refund of unexpended balance of the project: Automated Real-Time Monitoring System for Ambuklao, Binga and San Roque Dams. - Mapua University amounting to ₱84,909.67 should be recorded under Regular Fund (SL Code - 10399030-00-03-06-002)
<b>Total</b>		<b>(1,241,097.80)</b>	

8. The causes of the existence of the SL negative balance in *Due from NGAs* and *Other Receivables* account are: (a) excessive recording of liquidation due to variance between the annual financial report and terminal report; (b) double recording of receipt of delivered goods from PS-DBM; (c) transcription error; (d) recorded/liquidated equipment not found during the physical count, hence, the cost was included in the return of unexpended balance; and (e) erroneous SL posting.

9. The existence of negative balance in the SL, irrespective of the amount, is indicative that errors were made in the recording of transactions that remained undetected and unadjusted. It demonstrates the need to strengthen the monitoring of the projects and their SLs as well as the comprehensive review of journal entries and supporting documents prior to posting.

10. In summary, there is an understatement/overstatement of the following accounts:

Account Name	Understatement/ (Overstatement) (₱)
Cash, Treasury and Agency Deposits, Trust	(84,909.67)
Due from NGAs	810,044.26
Due from NGOs/CSOs	(1,197,941.08)
Other Receivables	1,197,941.08
Accumulated Surplus/(Deficit)	281,010.59
Other PPE	(326,500.00)
Due to NGAs	117,624.00

11. We recommended and Management agreed to instruct the Accountant to:

- a. prepare the necessary adjusting entries to correct the identified negative balances amounting to ₱810,044.26 and ₱1,241,097.80 in the *Due from NGAs* and *Other Receivables* account, respectively; and
- b. thereafter ensure that the SLs and JEVs are reviewed thoroughly prior to posting/recording in the SL to avoid accumulation of negative balances in the future transactions.

12. The Management commented that adjusting entries were prepared to correct the affected SL balances.

13. The Audit Team validated the related adjusting entries and found it in order. However, the erroneous entry under JEV-2019-11-001231 dated November 30, 2019 that resulted in a negative SL balance for the project titled *Trust fund - Climate Resilience Infrastructure Initiative Program: Automated Real-Time Monitoring System for Ambuklao, Binga and San Roque Dams* was not fully addressed. It can be noted that *Accumulated Surplus/(Deficit)* account was credited rather than *Cash - TAD, Trust* account for the adjusting entry made under JEV-2022-03-000094 dated March 8, 2022

- b) *Non-recognition of an appropriate expense account for semi-expendable property already issued to the end-users, thus overstating the Semi-Expendable Properties and Accumulated Surplus/(Deficit) by ₱1,601,800.80.*

14. Section 7, Chapter 8 of GAM Volume I for NGAs provides that “When inventories are sold, exchanged, or distributed, their carrying amount shall be recognized as an expense in the period in which the related revenue is recognized. If there is no related revenue, the expense is recognized when the goods are distributed or the related service is rendered.”

15. Validation of *Semi-Expendable Property* account showed that it comprises of *Semi-Expendable ICT Equipment* and *Semi-Expendable Furniture and Fixtures* amounting to ₱256,739.00 and ₱37,434.88, respectively, which were purchased from CYs 2019-2020. Inquiry with the Property Section revealed that the said semi-expendable properties were already issued to the end-users in which some ICS were presented to the Audit Team as

proof. In addition, it was noted that some ICS were not forwarded to the Accounting Section. Details are shown in Table IV below:

**Table IV: List of Issued Semi-Expendable Property**

Account Name	Particulars	Quantity	Acquisition Date	Amount (₱)	Remarks
Semi-Expendable ICT Equipment	Voice Recorder	3	2/20/2020	22,140.00	
	Prepaid Wifi Globe at Home	1	6/17/2020	999.00	Replenishment of Petty Cash Fund
	uninterruptible power supply	41	3/13/2020	188,600.00	
	External Hardrive	12	8/20/2019	45,000.00	
	<b>Sub-total</b>				<b>256,739.00</b>
Semi-Expendable Furniture and Fixtures	Table, Monobloc White 889 x 889mm, square, four seater	4	11/4/2019	5,345.60	ICS No. SE-19-00104 dated December 9, 2019
	Electric Fan, Wall Type, Plastic Blade	2	2/26/2020	1,349.92	ICS No. SE-20-00444 dated February 28, 2020
	Electric Fan, Orbit Type, Ceiling, Metal Blade	2	2/26/2020	2,739.36	
	Storage Cabinet, 88W X 400 X 176H cm	2	2/8/2019	28,000.00	ICS No. 19-03-00679 dated March 4, 2019
	<b>Sub-total</b>				<b>37,434.88</b>
<b>Total</b>				<b>294,173.88</b>	

16. Moreover, it was observed that *Semi-Expendable* accounts comprise of properties purchased by the IA out of the PCIEERD GIA funds amounting to ₱1,307,626.92. The said semi-expendable items should be recognized by the SA as an expense upon submission of liquidation report by the IA in accordance with the illustrative entries provided in Annex M of GAM Volume I. Hence, the *Semi-Expendable* accounts and *Accumulated Surplus/(Deficit)* account were overstated by the same amount of ₱1,307,626.92.

17. Consequently, the following accounts are overstated/understated:

Account Name	Understated/ (Overstated) (₱)
Accumulated Surplus/(Deficit)	(1,601,800.80)
Semi-Expendable Machinery	(7,000.00)
Semi-Expendable Office Equipment	(113,726.00)
Semi-Expendable ICT Equipment	(401,529.00)
Semi-Expendable Communications Equipment	(324,985.92)
Semi-Expendable Technical and Scientific Equipment	(52,923.00)
Semi-Expendable Furniture and Fixtures	(701,636.88)

18. **We recommended and Management agreed to require the:**
- a. **Property Officer to provide the Accounting Section a copy of the ICS for the issued semi-expendable properties; and**
  - b. **Accountant to: (i) prepare necessary adjusting entries for the issued semi-expendable properties in compliance with Section 7, Chapter 8 of GAM Volume I; and (ii) ensure that the recording of liquidation of IAs are in accordance with the illustrative entries provided in Annex M of GAM Volume I.**
19. Management commented that the Property Section had partially transmitted the identified ICS to the Accounting Section on March 31, 2022.
- c) *Erroneous provision of depreciation due to non-compliance with Section 27 Chapter 10 of the GAM for NGA Volume I, thus Accumulated Depreciation account is understated by ₱55,988,770.66*
20. Chapter 10, Section 27 of the GAM provides the rules on depreciation, which is the allocated cost of the PPE over its useful life.
21. Paragraph (c) of the same section states that “Depreciation of an asset begins when it is available for use such as when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. For simplicity and to avoid proportionate computation, depreciation shall be for one month if the PPE is available for use on or before the 15th of the month. However, if the PPE is available for use after the 15th of the month, depreciation shall be for the succeeding month.”
22. Examination showed that provisions of depreciations for various PPE did not comply with the above rules resulting to inaccurate *Accumulated Depreciation* account balance.
23. The reasons for the inaccuracy include: (a) depreciation not recorded on the month of purchase for PPE purchased on or before the 15<sup>th</sup> day of the month, (b) depreciation recorded on the month of purchase for PPE purchased after the 15<sup>th</sup> day of the month, (c) non-provision of depreciation, (d) incorrect amount in the journal entry for the recognition or adjustment of PPE purchased in the prior periods, (e) possible failure in classifying the SL as for depreciation in the e-NGAS; and (f) depreciation of PPE with zero balance in cost and accumulated depreciation since the beginning of CY 2020.
24. The e-NGAS provides the monthly depreciation based on the information input from SL and JEV. In creating the SL for the PPE, the useful life and acquisition date are inputs, as well as whether the SL is subject to depreciation computation. The subsequent JEV provides the acquisition cost of the PPE, and the accumulated depreciation if it is purchased in the prior period.

25. Inquiry with Accounting Personnel revealed that the creation of SL in the e-NGAS does not require review, hence any error therein may not be detected.

26. As per Table VI, the summary of the discrepancy between the *Accumulated Depreciation* account balance, as of December 31, 2021, and the recomputed amount showed an understatement of the *Accumulated Depreciation* account by ₱55,988,770.66.

**Table VI: Summary of the discrepancy in the depreciation of PPE as of December 31, 2021**

PPE	Acquisition Cost (₱)	Accumulated Depreciation (₱)		
		Book	Audit	Discrepancy
Communication Equipment	444,083.28	397,654.72	417,709.81	20,055.09
Furniture and Fixtures	841,514.75	157,959.68	280,138.44	122,178.76
ICT Equipment	21,338,086.86	11,765,989.86	13,075,628.77	1,309,638.91
Motor Vehicles	10,935,904.42	4,001,944.64	5,589,415.58	1,587,470.94
Office Equipment	131,800.00	115,479.22	117,565.67	2,086.45
Other PPE	172,117,585.27	69,340,806.67	122,288,147.19	52,947,340.52
<b>TOTAL</b>	<b>205,808,974.58</b>	<b>85,779,834.79</b>	<b>141,768,605.45</b>	<b>55,988,770.66</b>

27. It must be noted that the error in the provision continually impacts the accuracy and reliability of the balance of the *Accumulated Depreciation* account throughout the useful life of the PPE unless the errors are corrected.

28. **We recommended and Management agreed to instruct the Accountant to:**

- a. **prepare a comprehensive review of the PPE with erroneous depreciation and effect the necessary adjustments so that the depreciation of the PPE strictly comply with Section 27 of Chapter 10, GAM Volume 1; and**
- b. **conduct a periodical review of the *Accumulated Depreciation* account to detect and correct possible error in the SLs.**

29. Management commented that one of the reasons for the non-provision of depreciation is due to the previous practice of in-bulk recording of PPE purchased by the IAs out of the GIA funds transferred by PCIEERD. The said in-bulk recorded PPE is subject for reclassification with its appropriate Receivable account as it should be recognized in the books of the IAs.

30. The Audit Team rejoined that PPE purchased by the IAs out of GIA funds and in the custody of the IAs should be recognized in the books of the IAs in compliance with the illustrative entries provided in Annex M of GAM Volume I.

*d) Recognition of PPE purchased by other government agencies from PCIEERD GIA funds resulting in overstatement of Other PPE account by ₱339,223,515.43*

31. PCIEERD, in partnership with other government and private institutions, provides financial assistance through its GIA Program to support research and development program/projects that will contribute significantly to national economic and industrial development of the country. The project is covered with MOA/U, which embodies the

terms and conditions between PCIEERD as the SA/FA and MA, and other government agencies; NGO; CSO; and private institutions as IA. The IA may utilized the said GIA funds in personal services, maintenance and other operating expenses, and equipment outlay in accordance to the approved LIB.

32. Chapter 10, Section 17 of the GAM Volume I prescribes the policies for the proper monitoring and accountability on the acquisition of PPE through fund transfer to other government agencies or CSO. It states that:

Paragraph A.1: The SA/entity shall record and monitor the PPE purchased out of transferred funds to CSO when the PPE meets the recognition criteria and the MOA/U provides that the PPE will be returned to the SA/entity.

Paragraph A.2: The SA/entity shall monitor the PPE purchased out of transferred funds to other government agencies but shall not record the PPE until it is returned by the IA.

Paragraph b.2: The IA/entity shall record and monitor the PPE purchased out of inter-agency transferred funds when the PPE meets the recognition criteria.

33. In summary, (a) PPE purchased out of transferred fund to NGO/CSO/private entities shall be recorded and monitored by the SA, and (b) PPE purchased out of transferred fund to other government agencies or inter-agency transferred funds shall be recorded and monitored by the NGA while the same shall be monitored by the SA and recorded only once returned to them. Annex M of the same manual provides illustration on the accounting entries.

34. Examination of the PPE accounts, related reports and supporting documents showed that equipment outlay reported in the liquidation reports were purchased by the NGA out of the PCIEERD GIA funds.

35. The same have been observed in the audit of CY 2020 accounts and transactions, wherein equipment outlays reported in the submitted financial reports and at the custody of the NGA were recorded in bulk in the *Other PPE* account. Further examination with the RPCPPE, supporting documents of JEV and inquiry with the Property Section personnel revealed that in addition to the bulk recognition of equipment outlays, the other properties recorded in *Other PPE* account are purchases of the IA from fund transfers.

36. The said practice of recognition of equipment purchased out of GIA funds transferred to IA and in custody of the IA is not compliant with the prescribed guidelines under Chapter 10, Section 17 of the GAM Volume I and illustrative entries presented in Annex M of GAM Volume I wherein it should be recorded in the books of the IA. Further, the practice of in bulk recording of equipment during liquidation of GIA funds resulted in the non-provision of depreciation in the books of PCIEERD.

37. The *Other PPE* account is overstated due to the inclusion of properties purchased out of GIA funds transferred to other government agencies and located at the premises of the IAs amounting to ₱339,223,515.43 or 66 percent of the total book balance of ₱513,363,658.90. It was noted that the said properties were recognized in the books of PCIEERD since it is still owned by the SA as indicated in the MOA/U.

38. The said overstatement has a corresponding understatement in the *Due from NGAs* account. The recognition of the properties purchased by other government agencies in *Other PPE* account in the books of PCIEERD is not in accordance with the policies set forth in the Chapter 10, Section 17 of the GAM Volume I.

39. Furthermore, since the NGA holds the information pertaining to the properties and only submit the same to PCIEERD quarterly, at most, the depreciation expense on these PPE are not timely adjusted. This is evident in the examination of the provision for depreciation wherein the majority of the items found to have no depreciation or with erroneous depreciation under the *Other PPE* account.

**40. We recommended and Management agreed to instruct the Accountant to determine the assets recorded under PPE that are purchased from inter-agency fund transfer and still in the custody of the NGA; and, effect the necessary adjustments to derecognize the same.**

41. In summary, the total misstatements amounted to ₱738,456,997.33, ₱117,624.00, and ₱57,309,560.87 which represent 22.99 percent, 0.04 percent, and 1.98 percent of PCIEERD total assets, liabilities and equity, respectively. Due to the significant impact of the misstatements on the financial statements of PCIEERD, we rendered a Qualified Opinion on the financial statements of the agency as at year-end.

#### *Accounting Deficiencies*

42. We also noted accounting deficiencies that affected the reported balances of the accounts in the financial statements, as follows:

*a) Doubtful Cash–TAD, Trust account*

**43. The *Cash-TAD, Trust* account balance of ₱171,250,108.29 could not be relied upon due to the inclusion of: (a) unnecessary project funds ₱100,755,375.26 which has been inactive for one to seven years, the purposes for which the funds were established have been attained but the fund was not returned to the SA; and (b) negative SL balances amounting to ₱14,608,550.36 caused by erroneous entries.**

- a) Inactive Cash-TAD, Trust account of ₱100,755,375.26 is unreconciled with Due to NGAs account

44. Section 4.9 of COA Circular 94-013 dated December 13, 1994 provides that the IA shall return to the SA any unused balance/ unexpended budget upon completion of the project.

45. Analysis of SL balances from CYs 2014-2021 showed 207 SL balances amounting to ₱100,755,375.26 with no changes or movement in the balances for one to seven years.

**Table VII: Aging of Non-Moving SL Balances as of December 31, 2021**

<b>Aging of Non-Moving SL Balances</b>	<b>No. of SL</b>	<b>Amount (₱)</b>
One to three years	101	90,334,052.22
Over three years but less than five years	50	4,709,823.77
Over five years but less than 10 years	56	5,711,499.27
<b>Total</b>	<b>207</b>	<b>100,755,375.26</b>

46. Moreover, 197 out of 207 or ₱100,642,404.22 of the total non-moving SL balances pertain to funds transferred to PCIEERD for the implementation of various projects/events. Also, 146 non-moving SL balances amounting to ₱88,140,736.55 pertains to fund transfers from DOST Central Office.

47. Validation of project status on a sampling basis showed that 72 projects were already completed for several years. Further, comparison between *Cash TAD, Trust* and *Due to NGAs* account with a balance of ₱77,615,301.11 and ₱71,057,824.42, respectively revealed a variance of ₱6,557,476.69 for the said 72 completed projects. Hence, there is a risk that funds transferred to PCIEERD are not fully utilized during the project implementation and not yet returned to the SA. Also, it is worth mentioning that the *Cash TAD, Trust* account should be equal to the *Due to NGAs* account balance where it should comprise of accounts payable and any unexpended balance of the funds transferred.

48. It can be noted that the Accounting Section does not closely monitor the *Cash TAD, Trust* account as evident in the non-moving SL balances for one to seven years. Hence, a regular monitoring and reconciliation between *Cash TAD, Trust* and *Due to NGAs* account should be conducted along with the preparation of the projects' financial reports to avoid the chance of errors and accumulation of projects' unexpended funds in the *Cash TAD, Trust* account. Further, any unexpended funds of completed projects should be returned to the SA as it can be used to finance other priority projects of the government.

49. **We recommended and Management agreed to oblige the Accountant to:**

- a. **revisit all non-moving SL balances and refund any unexpended balances of completed projects to the source agency in strict compliance with COA Circular No. 94-013 dated December 13, 1994; and**

- b. conduct a regular monitoring and reconciliation of balances between *Cash TAD, Trust and Due to NGAs* account to ensure alignment with the projects' financial reports.**

50. Management commented that a certification from the Treasury shall be requested for completed projects with reverted unutilized funds to the BTr. The said certification per project will be submitted to the SA as a proof that the unexpended balance was reverted to the BTr.

- b) *Existence of negative SL balances amounting to ₱14,608,550.36*

51. Validation of SL balances of *Cash-TAD, Trust* account revealed an existence of negative balances amounting to ₱14,608,550.36 as of December 31, 2021, as shown below:

**Table VIII: List of negative SL balance under the *Cash-TAD, Trust* account as of December 31, 2021**

SA	Project Title	Amount (₱)
DOST	TECHNICOM	(288,013.40)
	Support for the Commercialization of 500 DOST Generated Technologies Phase 2. Strengthening the Intellectual Property and Technology Portfolios	(58,402.80)
	Establishment of a Niche Center on Environmental Informatics in Central Visayas	(201,529.60)
	Providing High Resolution (5KM) Climate Change Projections in the Philippines. using Weather Research and Forecasting Model.	(9,968.00)
	Intelect: Intelligent Electric Transportation Network: Proj. 2. EMOcIon: Electric Mobility and Charging Infrastructure Operating as Network.	(0.15)
	PISOLAR: Payment Innovation for SHS Ownership by Law Away Routine under the CRADLE Program.	(0.10)
	Development of Chicken Egg White Powder and Granules from Low Value Edible Shell Eggs under CRADLE Program	(0.29)
	TBI 4.0: Co-Incubation Program between CDO B.I.T.E.S and Spring Valley	(33,850.00)
	TBI 4.0: DOST Philippine TBI Network Portal and Marketing Strategy for the DOST TBI Portal and Program	(5,652.00)
	TBI 4.0: DOST-S.I.B.O.L. Labs: A Collaboration between UC Berkeley Sutardja Center for Entrepreneurship and Technology and UP Los Baños Technology	(600.00)
	TBI 4.0: Technology Business Incubator 4.0 for Region 4	(164,159.93)
	Project 4- Ground Receiving Archiving, Science Product Development and Distribution for the STAMINA4Space Program	(106,841.57)
	MALAY AKLAN -Project 1. Support to the Rehabilitation of Boracay Island	(28,100.00)
	IM4MANILABAY Project 2. Development of Integrated Mapping, Monitoring and Analytical Network	(0.08)
	CRADLE- Reworking of Processed Meat Using a Combined Acidification-Heat Treatment Process	(45,000.00)
	STRAP	(12,170,038.81)
	CAMCET Project 2. Fabrication of Nanostructured Silica-based Nanocomposite Membranes for Proton	(193,288.00)
	Development of Innovative Nanobiodevices Based on Hybrid Materials by Combination of Endemic	(64,563.15)

SA	Project Title	Amount (₱)
	Diversification of Philippine Textiles Through Non-Woven Innovations- Project 2	(82,600.00)
PCAARRD	Capacity Building of Technology Transfer Offices & Business Development Units of Selected DOST Agencies on Practical Approach on Transfer	(802,687.94)
TAPI	Enhancement of the Micab Cab Hailing Engine thru Big Data Analytics	(9,254.54)
SyCip Gorres Velayo & Co.	Collection of performance bond	(344,000.00)
<b>Total</b>		<b>(14,608,550.36)</b>

52. To summarize, the causes of negative SL balance are as follows:

- a) Recorded unutilized NCA at the end of the year do not match with the financial report's reported accounts payable and the unexpended balances. Thus, some recorded unutilized NCA at year-end was below the recognized receipt of NCA the following year resulting in a negative SL balance;
- b) Creation of SLs with same project name; and
- c) Erroneous SL posting of unutilized NCA and collections of indirect cost.

53. Existence of negative SL balances is a red flag that errors were made in recording transactions. Hence, the Accounting Section should immediately verify the cause and effect the necessary adjustments in the books to prevent accumulation of accounting errors.

54. **We recommended and Management agreed to instruct the Accountant to:**

- a. **revisit the identified negative SL balance and prepare the necessary adjusting entries to reflect the correct balances of the identified SL; and**
- b. **hencefort, to ensure that the SLs and JEV be reviewed thoroughly prior to posting of transactions to avoid accumulation of negative SL balances.**

*b) Unreliable Due from NGAs, Due from NGOs/CSOs, and Other Receivables account balance of IA*

55. *Unreliable Due from NGAs, Due from NGOs/CSOs, and Other Receivables account balances amounting to ₱2,087,241,935.50, ₱50,713,702.23, and ₱749,927,904.25, respectively, due to: (a) reported discrepancies of book balances with the confirmed balances of ₱54,113,267.18, ₱1,612,859.00, and ₱32,264,397.42 for Due from NGAs, Due from NGOs/CSOs and Other Receivables account, respectively; (b) inclusion of completed projects remained outstanding from one to over 10 years in the Due from NGAs, Due from NGOs/CSOs and Other Receivables accounts in the amount of ₱1,243,342,440.95, ₱41,622,989.86 and ₱241,882,971.82, respectively; (c) inclusion of non-moving SL balances for one to over 10 years in the Due from NGAs*

amounting to ₱178,024,696.14; and (d) inadequate documents to support fund transfers and liquidations to Section 4(6) of PD No. 1445, COA Circular No. 2012-001, COA Circular No. 2016-002, and DOST AO No. 011, Series of 2020.

56. PCIEERD, in partnership with other government and private institutions, provide financial assistance through its GIA Program to support research and development program/projects that will contribute significantly to national economic and industrial development of the country. The project shall be covered with MOA which embodies the terms and conditions between PCIEERD as the SA/ FA and MA and other government agencies; NGO/CSO; and private institutions as IA. Technical/progress report, FR and TA/R shall be submitted in order to account the utilization of the grant. As MA, PCIEERD shall be in-charge in the evaluation, monitoring and assessment of the projects. All funds transferred to various IAs for project implementation are recorded under the account *Due from NGAs; Due from NGOs/CSOs; and Other Receivables* account.

a) *Discrepancies between the book balances of PCIEERD and IA*

57. COA Circular No. 2016-015 dated December 19, 2016 provides that “All government entities shall conduct regular monitoring and analysis of receivable accounts to ensure that these are collected when these become due and demandable and that cash advance and fund transfers are liquidated within the prescribed period depending upon their nature and purpose.” Moreover, Section 7 of COA Circular No. 2016-015 provides that the Accountant shall (a) conduct a regular verification and analysis of the existence of fund transfers; and (b) reconcile any unliquidated fund transfers between the source and IAs.

58. Confirmation letters were sent to IAs such as NGA; NGO/CSO; and private entities to establish the accuracy, completeness and existence of the balance of PCIEERD *Due from NGAs; Due from NGOs/CSOs; and Other Receivables* account.

59. Comparison of balances between PCIEERD and 17 NGAs amounting to ₱91,354,783.10 and ₱37,241,515.92, respectively, showed a variance of ₱54,113,267.18, as of September 30, 2021.

60. Moreover, differences were noted amounting to ₱1,612,859.00 and ₱32,264,397.42 for *Due from NGOs/CSOs* and *Other Receivables* account, correspondingly, as a result of comparison between PCIEERD and NGO/CSO and private entities book balances as of December 31, 2021, as shown in Table IX:

**Table IX: Result of confirmation of balances between PCIEERD and IA**

Account Name	No. of IA	Balance (₱)			As of
		PCIEERD	IA	Variance	
Due From NGAs	17	91,354,783.10	37,241,515.92	54,113,267.18	Sept 30, 2021
Due from NGOs/CSOs	3	1,612,859.00	-	1,612,859.00	Dec 31, 2021
Other Receivables	12	39,804,013.27	7,539,615.85	32,264,397.42	

61. Examination of the results of confirmation and the audited FR submitted by the NGA/NGO/CSO/private institutions, showed that the discrepancies are due to the following:

- a) Financial reports were not yet submitted by the IA to PCIEERD, but liquidations were already recorded in the IA books of account;
- b) Financial reports were submitted by the IA but not yet recorded in the books due to incomplete documentation;
- c) Completed projects have zero balances in the books of the IA, whereas PCIEERD still have outstanding balances;
- d) Refund of unexpended balance was recorded in the wrong SL; and
- e) SA outstanding balance pertains to equipment outlay of a completed project.

62. Moreover, inquiry with the FAD revealed that copy of some financial reports were not furnished to the Accounting Section for recording as reports were directly forwarded to the concerned Project Manager. Hence, liquidations were not recorded in the books of PCIEERD despite submission of the financial reports by the IA. The lack of specific guidelines/policy on the proper routing of financial reports from the Record Section to the concerned Project Manager and Accounting Section may result in further accumulation of unliquidated balances of *Due from NGOs/CSOs* and *Other Receivables* account.

63. A regular monitoring and reconciliation of receivable balances with the IAs must be employed in order to ensure timely submission of financial/terminal reports and immediate detection and correction of any noted discrepancies in accordance with COA and DOST guidelines.

64. **We recommended and Management agreed to:**

- a. issue a policy on the proper routing of financial reports to ensure proper monitoring and timely recording of liquidations;**
- b. oblige the Accountant and Project Managers to conduct strict monitoring of project implementation and regular reconciliation of balances with IAs to ensure timely submission of financial/terminal reports in compliance with the above provisions of COA and DOST issuances; and**
- c. instruct the Accountant to facilitate the recording of the financial reports and unexpended balance returned by the IA to the correct SL.**

65. The Management commented that re-orientation by the Accounting Section and Project Managers to the IA regarding the pertinent documents required for the liquidation and as well as the consequences due to non-submission of requirements. Tentative schedule – 2nd week of April 2022

66. In addition, the Management commented that some financial reports submitted by the IA failed to pass the requirements of PCIEERD, hence, subjected for revision and was

not recorded in the books of PCIEERD. However, on the part of the IA, the financial reports were already considered as liquidated. Moreover, one of the reasons for the variance between the books of PCIEERD and IA is the equipment outlay of the project wherein it is already liquidated on the part of the IA. However, the said equipment outlay remains to be included in the *Receivables* account of PCIEERD.

67. The Audit Team rejoined that PCIEERD should officially inform the IA on the noted deficiencies on the submitted financial reports to make certain that the IA is fully aware of non-recognition of the liquidation by PCIEERD. Likewise, the IA should also be officially informed on the recognition of the liquidation in the books of PCIEERD through providing the IA a copy of the JEV.

b) *Inclusion of completed projects amounting to ₱1,243,342,440.95, ₱41,622,989.86, and ₱241,882,971.82 in the Due from NGAs, Due from NGOs/CSOs, and Other Receivables accounts, respectively, and non-moving SL balances amounting to ₱178,024,696.14 in the Due from NGAs account which remained outstanding from one to over 10 years*

68. Section 63, Chapter 6, GAM Volume I sets forth the accounting policies for the transfer of funds, including:

Paragraph f: Within 10 days after the end of each month/end of the agreed period for the Project the, the IA shall submit the RCI and the RD to report the utilization of the funds. Only actual project expenses shall be reported. The reports shall be approved by the Head of the IA.

Paragraph g: The IA shall return to the SA any unused balance upon completion of the project, if stipulated in the MOA.

69. Section VIII Item 3 of DOST AO No. 009, series of 2017 dated November 9, 2017 provides that:

d. Unexpended Balance, Savings, Interest and Income

(i) The UB, savings and income and interest of a program/ project, if any, shall be reported and included in the annual FR/AFR submitted to the Funding/Monitoring Agency.

(v) Upon project completion/termination, all balances/ savings and income/ interests earned shall be reported and reverted to FA within three months after end of the project period.

70. Aging of the completed projects from its completion date revealed that some projects have been outstanding from less than a year to over 10 years under the receivable accounts, as shown in Table X:

**Table X: Aging of Completed Projects as of December 31, 2021**

Age*	Due from NGAs		Due from NGOs/CSOs		Other Receivables	
	No. of Projects	Amount (₱)	No. of Projects	Amount (₱)	No. of Projects	Amount (₱)
Less than one year	48	211,331,924.18	6	22,374,904.82	21	58,167,491.29
One to three years	145	530,106,128.76	16	3,671,612.88	65	146,556,372.45
Over three years but less than five years	84	276,875,264.16	12	14,505,886.52	23	30,907,669.07
Over five years but less than 10 years	170	202,536,911.06	14	1,070,585.64	14	5,623,610.37
10 years and above	31	22,492,212.79	0	0	3	627,828.64
<b>Total</b>	<b>478</b>	<b>1,243,342,440.95</b>	<b>48</b>	<b>41,622,989.86</b>	<b>126</b>	<b>241,882,971.82</b>

\*From completion date to December 31, 2021

71. Analysis of the outstanding balance of *Due from NGAs* account disclosed that ₱1,243,342,440.95 or 60 percent of the account balance of ₱2,087,241,935.50 which pertains to SL balances from completed projects. Likewise, *Due from NGOs/CSOs* and *Other Receivables* account balances consist of completed projects amounting to ₱41,622,989.86 and ₱241,882,971.82, respectively. The said completed projects represent 82.07 percent and 32.25 percent of the account outstanding balances of *Due from NGOs/CSOs* and *Other Receivables* account amounting to ₱50,713,702.23 and ₱749,927,904.25, respectively.

72. In addition, validation of recorded releases and liquidations of completed projects in the PCIEERD books of accounts showed that some projects have unliquidated balances ranging from 1 percent to 100 percent of the total released funds. It is a red flag that some projects have no recorded liquidation. It can be noted that those projects were tagged as “Completed” or “Completed (Awaiting Terminal Report)” in the PCIEERD PMIS.

73. In addition, the *Due from NGAs* account has 90 SLs with non-moving balances amounting to ₱178,024,696.14, comprising fund transfer for on-going or terminated projects, fund transfers to PS-DBM, financial assistance for events/trainings conferences, and fund transfers to projects that have been non-moving or stagnant for one to five years and since the initial booking in the transition to current e-NGAS dated December 31, 2014.

74. The continuous inclusion of the outstanding balances of completed projects in the books showed the laxity of Management in monitoring project implementation, in the absence of liquidations/technical reports and/or remittance of any remaining funds by the IA upon the completion of the project. Hence, it could not be ascertained whether the subject fund transfers were already utilized and the objectives of the projects were attained or not. Further, any unexpended funds may be used to finance other priority projects of the government.

75. Inquiry with the personnel of Accounting Section revealed that they are coordinating with the accountant of the IA to reconcile their records and effect the return of the unexpended balances

76. **We reiterated our recommendation and Management agreed to oblige the Accountant and Project Managers to:**

- a. revisit all completed projects with outstanding balances and coordinate with the IA for the immediate submission of liquidation reports and refund of any unexpended balances in strict compliance with the above provisions of COA and DOST issuances; and**
- b. submit report on research outputs for completed projects and certificate of acceptance of the project outputs to ensure that government investments on research projects were translated into deliverables/outputs.**

77. The Management commented that most of the outstanding balances pertains to completed projects aged from one to three years in which it includes the cost of equipment outlay of the project that was reclassified to the *Receivables* account. The said equipment outlay was reclassified due to the prior year's observation on the in-bulk recognition of properties at the custody of the IA upon the submission of the financial report.

78. The Audit Team rejoined that PCIEERD should revisit the MOA with the IA to determine whether the equipment is for donation to the IA after the project completion or not.

- c) *Grants/liquidations of fund transfers to NGA/NGO/CSO/private entities not adequately supported*

79. Section 39 of PD No. 1445 provides that "The Commission shall have the power, for purposes of inspection, to require the submission of the original of any order, deed, contract, or other document under which any collection of, or payment from, government funds may be made, together with any certificate, receipt, or other evidence in connection therewith. If an authenticated copy is needed for record purposes, the copy shall upon demand be furnished."

80. Section 4, Item 6 of PD No. 1445 also provides the fundamental principles governing financial transactions and operations, and states that "claims against government funds shall be supported with complete documentation."

81. COA Circular No. 2016-002 dated May 31, 2016 amending Item 3.1.1 of COA Circular No. 2012-001 requires a "Certification by the Accountant that funds previously transferred to the IA has been liquidated and accounted for in the books."

82. Subsections B and C in Section X of DOST AO No. 011, Series of 2020, dated September 2, 2020 further provide the guidelines in the submission of the technical and financial reports, respectively, for GIA funded projects.

83. Verification of the release of fund to IAs and liquidation thereof revealed that the JEV are not supported with complete documentation as required by the guidelines above.

Majority of the liquidations are supported only by quarter/semi-annual-annual Financial Report certified correct by the agency accountant and approved by the head of IA, with some reports lacking the necessary signatures.

84. Further, it can be noted that some new projects failed to comply with the minimum counterpart funding requirement of Section 2.1 of COA Circular No. 2012-001 and Section 4.5.4 of COA Circular No. 2007-001 which instruct that the NGO shall have an equity equivalent to 20 percent of the total project cost which shall be in the form of labor, land for the project site, facilities, equipment, and the like, to be used in the project.

85. It is worth mentioning the importance of required counterpart funding from the recipient NGO/privately-owned institution to increase their level of commitment to make an effective and impactful project. Hence, PCIEERD must be strict in assuring the compliance on the required counterpart funding set forth under COA and DOST guidelines.

86. Also, vouchers relative to the liquidation of NGO/CSO and private entities for ongoing and completed projects revealed deficiencies in the required documents such as invoices, official receipts, progress report, summary of expenses and/or other documents as stipulated in COA and DOST guidelines.

87. Since there are no assigned COA Audit Team in the NGO/CSO/private entities to validate the economy, efficiency and effectiveness of the fund utilization, it is just proper for the NGO/CSO/private entities to submit all original supporting documents such as invoices, official receipts and/or other relevant documents to the SA.

88. Hence, the deficiencies on the above requirements cast doubt on the propriety of the NGA/NGO/CSO/private entities' entitlement to the government fund as well as the validity or authority of the recorded disbursements of the projects in the book of accounts.

89. **We reiterated our prior year's recommendations and Management agreed to instruct the Accountant and Project Managers to:**

- a. **oversee the submission of the lacking documentary requirements identified in the validated grants and liquidation reports of funds transferred to NGA/NGO/CSO/private sectors; and**
- b. **ensure strict compliance with the prescribed rules and regulations set forth under COA Circulars and DOST guidelines in the utilization, implementation and liquidations of succeeding grants to NGA/NGO/CSO/private sectors.**

90. The Management committed to submit the lacking documentary requirements on or before April 30, 2022.

91. The Management commented that the Accounting Section is now ensuring that the list of JEV relating to the liquidation of IA is included as an attachment to the subsequent release of funds. The said practice ensure that all financial reports submitted to PCIEERD

are all accounted in the book of accounts. Further, the Management inquired the Audit Team on whether the requirement for the submission of report of disbursement/ fund utilization report as an attachment to the financial report may be done prospectively or not. The Management mentioned that the IAs could not provide the report of disbursement/ fund utilization report particularly for projects that were completed for several years due to difficulty in retrieving the relating transactions. Hence, the Management is having a difficulty to recognize the submitted financial reports due to the lack of report of disbursement/ fund utilization report.

92. The Audit Team emphasized the importance of the submission of report of disbursement/ fund utilization report especially for NGO/CSO/private entities where no COA Audit Team was assigned to validate the propriety and regularity of utilization of funds transferred to the IA. Hence, the IA should exert effort to provide the report of disbursement/ fund utilization report to support the financial report submitted to PCIEERD.

**c) Unreliable Inventories account balance**

93. **Inventories account balance of ₱3,022,951.70 was unreliable due to the reported variance of ₱93,372.84 between the books and the RPCI. Moreover, delayed submission of RPCI for trust funded supplies and other materials is contrary to Appendix 66 of the GAM Volume II.**

94. Section 17 (i), Chapter 8 of the GAM, Volume I states that “RPCI shall be used to report the physical count of supplies by type of inventory as at a given date. It shows the balance of inventory items per card and per count and shortage/overage, if any. These include the semi-expendable property wherein the issue is covered by ICS.”

95. Section E, Appendix 66 of the GAM Volume II prescribes that “RPCI shall be submitted to the COA not later than July 31 and January 31 of each year for the first and second semesters, respectively.”

96. Comparison of balances of *Office Supplies Inventory* and *Other Supplies and Materials Inventory* account under the regular fund as against with the RPCI as of December 31, 2021 revealed a variance of ₱93,372.84 as shown in Table XI:

**Table XI: Variance between RPCI and books for Office Supplies and Other Supplies and Materials**

	Description	Unit Cost (₱)	RPCI		Books		Variance	
			Qty	Amount (₱)	Qty	Amount (₱)	Qty	Amount (₱)
1	CLEARBOOK, 20 transparent pockets, A4	39.78	-	-	3	119.34	3	<b>119.34</b>
2	Customized Data File Folder, 9' x 14 3/4", Red	122.45	-	-	4	489.80	4	<b>489.80</b>
3	PAPER (Paper, Carbon Long size 80 gsm)	194.23	-	-	1	194.23	1	<b>194.23</b>
4	Cutter Knife	33.43	53	1,771.79	72	2,406.96	19	<b>635.17</b>

	Description	Unit Cost (₱)	RPCI		Books		Variance	
			Qty	Amount (₱)	Qty	Amount (₱)	Qty	Amount (₱)
5	INK, HP CF287A Toner Cartridge	10000	5	50,000.00	6	60,000.00	1	<b>10,000.00</b>
6	INK, Cartridge HP955XL Black	1900	4	7,600.00	10	19,000.00	6	<b>11,400.00</b>
7	INK, Cartridge HP955XL Yellow	1480	4	5,920.00	10	14,800.00	6	<b>8,880.00</b>
8	INK, Cartridge HP955XL Magenta	1480	4	5,920.00	5	7,400.00	1	<b>1,480.00</b>
9	INK, Cartridge HP955XL Cyan	1480	4	5,920.00	7	10,360.00	3	<b>4,440.00</b>
10	CLEANER, Zim Cleanser 350g Floral Scent	40	125	5,000.00	144	5,760.00	19	<b>760.00</b>
11	CLEANER, Penguin Toilet and Urinal Bowl Cleaner 500ml	60	65	3,900.00	79	4,740.00	14	<b>840.00</b>
12	DISINFECTANT SPRAY, Lysol Aerosol Spray 510g Blue Crisp Scent	548	-	-	98	53,704.00	98	<b>53,704.00</b>
13	DISINFECTANT SPRAY, Air Freshener, aerosol type, spray mist	86.06	24	2,065.44	29	2,495.74	5	<b>430.30</b>
<b>Total</b>				<b>88,097.23</b>		<b>181,470.07</b>		<b>93,372.84</b>

97. Inquiry with the Property Officer revealed that there is an ongoing reconciliation for the noted variance as there may be some issued supplies without RIS or unposted RIS.

98. Due to the prolonged reconciliation between the records and physical count, RPCI for trust funded supplies and other related materials were not submitted to the Audit Team on or before January 31, 2022. The said report was submitted to the Audit Team on May 5, 2022.

99. **We recommended and Management agreed to require the Property Officer to:**

- a. **reconcile the identified variance in the *Inventory* account and prepare the necessary RIS;**
- b. **provide the Accounting Section the appropriate RSMI for the issued office supplies and other materials; and**
- c. **submit RPCI to the Audit Team within the prescribed period in accordance with Appendix 66 of the GAM Volume II.**

*d) Unreliable PPE account balance*

100. **The balance of *PPE* account of ₱569,864,334.44 as at December 31, 2021 was not reliable due to: (a) the reported net discrepancy of ₱38,827,563.07 between the**

books and the submitted RPCPPE as of December 31, 2021 for various *PPE* account, which resulted from: (i) recorded *PPE* not found in the RPCPPE; (ii) *PPE* in the RPCPPE not recorded in the books of accounts; (iii) duplicate entries in the RPCPPE; and (iv) *PPE* with different amounts recorded in the books and the RPCPPE; and (b) recorded *PPE* with total cost of ₱1,889,930.00, were not found during the physical count.

101. Section 42, Chapter 10, of the GAM, Volume I provides that “The Chief Accountant shall maintain the PPELC for each category of PPE including work and other animals, livestock etc. The PPELC shall be kept to record promptly the acquisition, description, custody, estimated useful life, depreciation, impairment loss, disposal and other information about the asset. For check and balance, the Property and Supply Office/Unit shall likewise maintain PC for *PPE* in their custody to account for the receipt and disposition of the same. The balance per PC shall be reconciled with PPELC maintained by the Accounting Division/Unit. They shall be reconciled with other property records like PAR.”

102. Comparison of the balances between the Accounting and Property records as of December 31, 2021, showed a net discrepancy of ₱38,827,563.07, as shown in Table XII:

**Table XII: Discrepancy between RPCPPE and Book Balances as of December 31, 2021**

PPE Account	Book (₱)	RPCPPE (₱)	Variance (₱)
Other Structures	950,000.00	-	950,000.00
Office Equipment	2,101,698.91	2,347,320.71	(245,621.80)
ICT Equipment	34,635,051.77	74,882,311.19	(40,247,259.42)
Communication Equipment	1,027,383.28	1,248,244.88	(220,861.60)
Technical and Scientific Equipment	993,215.00	811,810.00	181,405.00
Motor Vehicles	14,799,704.42	14,799,704.42	-
Furniture and Fixtures	1,993,622.16	1,238,847.41	754,774.75
<b>TOTAL</b>	<b>56,500,675.54</b>	<b>95,328,238.61</b>	<b>(38,827,563.07)</b>

103. The causes for the said discrepancy are: (a) recorded *PPE* not reported in RPCPPE; (b) *PPE* in RPCPPE not recorded in the book; (c) *PPE* were recorded with different amount in the books and RPCPPE; and (d) duplicate entries in RPCPPE. Details of the discrepancy are summarized in Table XIII:

**Table XIII: Breakdown of Noted Discrepancies**

Detail	PPE Account Affected	Amount (₱)
Recorded <i>PPE</i> not reported in RPCPPE	Other Structures	950,000.00
	ICT Equipment	3,443,339.60
	Technical and Scientific Equipment	181,405.00
	Furniture and Fixtures	792,214.75
	<b>Sub-Total</b>	<b>5,366,959.35</b>
<i>PPE</i> in RPCPPE not recorded in the book	Office Equipment	(328,499.80)
	ICT Equipment	(43,392,756.52)

Detail	PPE Account Affected	Amount (₱)
	Communication Equipment	(192,954.60)
	Furniture and Fixtures	(37,440.00)
	<b>Sub-Total</b>	<b>(43,951,650.92)</b>
<i>PPE</i> recorded with different amount in the books and RPCPPE	Office Equipment	54,971.00
	ICT Equipment	(88,242.50)
	<b>Sub-Total</b>	<b>(33,271.50)</b>
Duplicate entries in RPCPPE	ICT Equipment	(209,600.00)
<b>Total</b>		<b>(38,827,563.07)</b>

104. As per inquiry with the Property Officer, the recorded PPE not reported in RPCPPE is due to: (a) some PPE were included in the RPCPPE but tagged as “donated” in the report; (b) some purchased PPE not included in the RPCPPE as the PAR was prepared in CY 2022; and (c) PPE that were already donated to IA but not yet recorded in the books since related documents were not yet forwarded to PCIEERD by the donee.

105. Also, the non-submission and/or delayed submission of PAR to the Accounting Section is the reason for unrecorded PPE wherein the Property Officer disclosed that there was already a partial transmittal of PAR to the Accounting Section. As per the Property Officer, the PPE with different amount recorded in the books and RPCPPE is still subject for validation, while the duplicate entries was already been corrected.

106. In addition to the discrepancy, *PPE* with a total cost of ₱1,889,930.00, recorded in both accounting and property records, were not found during the physical count. Inquiry with the Property Officer disclosed that possibly some of the noted PPE were already been donated to the IA, hence checking of pertinent documents will be conducted to determine whether the said equipment was donated or not. In addition, some of the noted PPE was already been classified as for disposal resulting in non-inclusion in the physical count. Moreover, the Property Officer informed the Audit Team that necessary procedure shall be made to locate the missing *PPE* by requiring the last accountable officers, per record, to submit any proof that the said equipment was returned to the Property Section.

107. Comparison of the related findings between CY 2021 and CY 2020 on the *PPE* accounts above showed that the recorded PPE not found in RPCPPE had increased by ₱3,338,365.39 or 165 percent from CY 2020, the unrecorded PPE found in the RPCPPE increased by ₱35,415,513.82 or 415 percent, and the PPE not found increased by ₱1,135,645.00 or 151 percent as shown in Table XIV:

**Table XIV: Comparison of Noted Variances between CY 2021 and CY 2020**

Detail	PPE Account Affected	Amount (₱)		Increase/ (Decrease)	
		CY 2021	CY 2020	Amount (₱)	%
Recorded PPE not reported in RPCPPE	Other Structures	950,000.00	-	950,000.00	100
	ICT Equipment	3,443,339.60	1,459,004.00	1,984,335.60	136
	Technical and Scientific Equipment	181,405.00	-	181,405.00	100

Detail	PPE Account Affected	Amount (₱)		Increase/ (Decrease)	
		CY 2021	CY 2020	Amount (₱)	%
	Furniture and Fixtures	792,214.75	-	792,214.75	100
	Office Equipment	-	283,839.96	(283,839.96)	(100)
	Communication Equipment	-	285,750.00	(285,750.00)	(100)
	<b>Sub-Total</b>	5,366,959.35	2,028,593.96	3,338,365.39	165
PPE in RPCPPE recorded the book not in	Office Equipment	(328,499.80)	-	(328,499.80)	100
	ICT Equipment	(43,392,756.52)	(8,511,371.40)	(34,881,385.12)	410
	Communication Equipment	(192,954.60)	(24,765.70)	(168,188.90)	679
	Furniture and Fixtures	(37,440.00)	-	(37,440.00)	100
	<b>Sub-Total</b>	(43,951,650.92)	(8,536,137.10)	(35,415,513.82)	415
PPE not found/counted	Office Equipment	243,089.00	-	243,089.00	100
	ICT Equipment	1,343,591.00	754,285.00	589,306.00	78
	Communication Equipment	285,750.00		285,750.00	100
	Furniture and Fixtures	17,500.00		17,500.00	100
	<b>Sub-Total</b>	1,889,930.00	754,285.00	1,135,645.00	151

108. The issues found cast doubt on the existence and reliability of the *PPE* account balance, as well as to the related accumulated depreciation and depreciation expense. Consequently, there is an understatement of the following accounts due to the unrecorded PPE but included in the RPCPPE:

**Table XV: Understatement/ (Overstatement) on PPE account**

PPE Account	Understatement/(Overstatement) (₱)
Office Equipment	328,499.80
ICT Equipment	43,392,756.52
Communication Equipment	192,954.60
Furniture and Fixtures	37,440.00
<b>Total</b>	43,951,650.92

109. We recommended and Management agreed to:

- a. instruct the Property Officer to submit to the Chief Accountant documents required for recording in the books for the serviceable PPEs included in the RPCPPE but not recorded in the books;
- b. require the concerned personnel to present the PPE for verification as to existence and condition and propose inclusion in the RPCPPE for PPE recorded in the books but not included in the RPCPPE or not found; and

- c. require the Accounting and Property Divisions to periodically reconcile their records to settle the existing and avoid additional discrepancies.

e) *Unreliable balance of Due to NGAs*

110. The *Due to NGAs* account balance of ₱315,214,512.63 is unreliable due to: (a) reported variance of ₱210,771,128.32 between the books of PCIEERD and the SA; (b) erroneous entries resulted in the existence of negative balances of ₱1,822,116.37 in the SL; and (c) the inclusion of costs of completed projects and non-moving SL balances amounting to ₱149,448,571.48 and ₱1,323,262.57, respectively, which remained outstanding from one to more than 10 years, not returned to the SA contrary to Section 63 (f) & (g) Chapter 6, Volume I of GAM. Moreover, disproportionate funds transferred to PCIEERD for projects' monitoring purposes resulted in charging of expenses not attributable to the project and accumulation of long outstanding balances under *Due to NGAs* account.

111. The accuracy of the balance of the *Due to NGAs* account as at December 31, 2021, was unreliable due to the following deficiencies:

a) Variance of ₱210,771,128.32 between the book balances of PCIEERD and SA

112. Section 7.2 of COA Circular No. 2016-005 dated December 19, 2016 states that the Accountant shall "Reconcile the unliquidated fund transfers between the source and implementing government entities, prepare the adjusting for the reconciling items noted, and require liquidation of the balances;"

113. As per the received confirmation reply, comparison on the book balances between PCIEERD and five SA amounting to ₱297,092,218.13 and 479,626,060.80, respectively, resulting in a net variance of ₱182,533,842.67.

**Table XVI: Result of Confirmation of Balances with Source Agencies as of December 31, 2021**

SA	PCIEERD Record		Per Confirmation		Variance	
	No. of Projects	Book Balance (₱)	No. of Projects	Book Balance (₱)	No. of Projects	Book Balance (₱)
DOST - CO	411	248,072,104.17	534	458,270,904.88	123	210,198,800.71
TAPI	13	479,416.54	27	3,245,906.87	14	2,766,490.33
PAGASA	1	31,928.85	1	(176,218.41)	0	(208,147.26)
DOTC	2	22,619,147.65	0	-	(2)	(22,619,147.65)
DOE	6	16,954,729.10	6	4,299,429.10	0	(12,655,300.00)
DOST VI	1	140,228.73	0	-	(1)	(140,228.73)
NWRB	5	8,794,663.09	4	13,986,038.36	(1)	5,191,375.27
<b>Total</b>	<b>439</b>	<b>297,092,218.13</b>	<b>566</b>	<b>479,626,060.80</b>	<b>127</b>	<b>182,533,842.67</b>

114. The reasons for the noted variance are the following:

- a) Unrecorded projects in the books of PCIEERD which may be due to submission of liquidation reports not reflected in the books of the SA;
- b) Liquidations and return of unexpended balance are only reflected in the book of PCIEERD;
- c) PCIEERD reported a project that was not reflected in the records of the SA;
- d) Erroneous SL posting;
- e) The practice of multi-level transfer of funds to IA, submitted financial reports by the IA was not reflected in the records of PCIEERD but was reported in the SA records. Likewise, there is a possibility that liquidations were reflected in the records of PCIEERD but was not reported in the SA records.

115. The bulk of projects and funds transfers from SA to PCIEERD poses challenges in the monitoring, recording, and maintenance of the books and reports, considering the limited manpower of three accounting personnel assigned to prioritize the recording of liquidations of trust fund expenses in the books. The preparation of the liquidation reports and its submission to the SA are prepared subsequently, hence may cause variances on the recorded balances between the SA and PCIEERD.

116. **We reiterated our prior year's recommendations and Management agreed to:**

- a. coordinate with the SA to consider releasing funds directly to the IAs to ensure proper monitoring of funds utilization for new projects with the possibility of re-transfer by PCIEERD to IAs;**
- b. coordinate with the IAs to ensure timely submission of financial/terminal reports and an immediate return of any unexpended balance to the source agency for ongoing and completed projects with multi-level transfer of funds; and**
- c. direct the Accountant to: (i) analyze the identified variance between PCIEERD and SA book balances and effect the necessary adjustments or submit the necessary reports and documents to the SA; and (ii) conduct a regular reconciliation of book balance with the SA.**

117. Management commented that the STRAP program, DOST funded program, will be the last DOST multi-level transfer of funds to PCIEERD, as DOST is drafting a policy where funds will be directly downloaded to the IAs. Moreover, the funds relative to the STRAP program was transferred to PCIEERD instead to the respective IA due to the urgency to implement projects that could respond to COVID-19 pandemic situation.

118. Moreover, the Management commented that PCIEERD is mandated to allocate other external funds for research and development in industry, energy and emerging technologies. Hence, other agencies are transferring funds to PCIEERD for allocation of funds, evaluation of proposal, and monitoring of project implementation of IA.

119. The Audit Team rejoined that PCIEERD can still perform its mandate to evaluate proposal and monitor project implementation, however, funds should directly be transferred to the IA to prevent multi-level transfer of funds. Also, the accountability of the IA to the SA will not be loss in the process.

b) Negative balances in the SL with a total amount of ₱1,718,012.80

120. The existence of negative balance in the SL, irrespective of the amount, is indicative that errors were made in the recording of transactions, and that they remain undetected and unadjusted.

121. Analysis of the SL balances as of December 31, 2021 showed negative balances on 16 SLs, as follows:

**Table XVII: List of Negative SL Balances under *Due to NGAs* account as of December 31, 2021**

SA	Project Name	Balance (₱)
DOST	MECO-TECO: Project 2. Heavy Rain Monitoring and Forecasting in the Mountainous Area and Early Warning Lan	(0.08)
	Project 1. Leveraging the Power of Broadcast and Web Media to Promote Science for the People under the program: Communications Towards a Strategic	(0.40)
	Center for Astronomy Research and Development: Astronomical Near-Earth Observation Light Pollution Program	(6,774.51)
	Understanding Lightning and Thunderstorms for Extreme Weather Monitoring and Information Sharing	(42,706.78)
	Assessing the Contribution of Food Banking Systems in Addressing Food Security	(0.02)
	Establishment of Metals and Engineering Innovation Centers in CAR, Region I, II, III, and X" under the "Science, Technology and Innovation	(173,340.00)
	Valorization of Coconut Water through Beverage Development	(26,626.72)
	Development of Innovative Nanobiodevices Based on Hybrid Materials by Combination of Endemic South Asian Biomolecules and Nanocarbons	(64,563.15)
	Design of a Module Stator Segmented Rotor Switched Reluctance Motor	(87,810.64)
	Project 1. Colorimetric and Performance Standardization of NatDyes Produced in Various NatDyes Hubs in the Philippines	(65,930.40)
	CLIMUP Project 1- Development of High-Resolution Observation-based Gridded Sub-daily Climate Data for the Philippines	(43,836.96)
	MECO-TECO VOTE: Landslide Investigations on Geohazards for Timely Advisories in the Philippines	(301,453.71)
	Key Technological Research of Philippines and China on Portable Power Generation Based on Gasification of the Municipal Solid Wastes	(17,736.80)
	SMART TuRF Project 1. Drainage Crawler/Probe Development for Drainage Inspection	(8,764.70)
	Project 4. Heterojunction of Graphene-based Composites for Membrane Applications in Covid-19	(26,080.81)
PCAARRD	Capacity Building of Technology Transfer Offices and Business Development Units of Select DOST Agencies on Practical Approach on Transfer	(852,387.12)

SA	Project Name	Balance (₱)
<b>Total</b>		<b>(1,718,012.80)</b>

122. Further examination revealed that the causes include: (a) erroneous entries such as SL posting, consolidation of two SL for one project, etc, and (b) excessive liquidation as against the available balance due to possible lapses in monitoring of trust fund.

123. **We reiterated our prior year’s recommendation and Management agreed to require the Accountant to: (a) review, correct and update the identified SLs with negative balances; and (b) conduct a periodical check for negative/abnormal balances in the accounts and adjust accordingly.**

c) Costs of completed/terminated projects and non-moving SL balances amounting to ₱149,448,571.48 and ₱1,323,262.57, respectively, remained outstanding from one to more than 10 years in the account balance and not returned to the SA

124. Section 63 of Chapter 6, Volume I of GAM provides the accounting policies for Disbursement for IATF. It states that:

Paragraph f: within 10 days after the end of each month/end of the agreed period for the Project, the IA shall submit the RCI and the RCDIsb to report the utilization of the funds. Only actual project expenses shall be reported. The reports shall be approved by the Head of the IA.

Paragraph g: The IA shall return to the SA any unused balance upon completion of the project, if stipulated in the MOA.

125. Section 6 of the General Provisions of the GAA provides that “Trust receipts shall be disbursed in accordance with the purpose for which it is created, subject to the applicable special provisions and accounting and auditing rules and regulations”. Likewise, the Special Provisions of PCIEERD and DOST GAA FY 2021 under Section 3 and Section XXI of Volume I-B, respectively, states that “Appropriations for Activities or Projects. The amounts appropriated herein shall be used specifically for the following activities and projects, in the indicated amounts and conditions”.

126. Analysis of the SL revealed that 288 completed or terminated projects have been outstanding from less than one year to more than 10 years, as shown below:

**Table XVIII: Aging of Completed Projects under Due to NGAs account**

Age	No. of Projects	Amount (₱)
Less than 1 year	39	9,043,144.84
One to three years	68	98,852,066.40
Over three years but less than five years	75	28,488,757.31
Over five years but less than 10 years	93	7,372,328.78
10 years and above	13	5,692,274.15
<b>Total</b>	<b>288</b>	<b>149,448,571.48</b>

127. In addition, there were 19 projects' SL balances amounting to ₱1,323,262.57 that were not moving for six years and pertain to forwarded balances from the old e-NGAS.

**Table XIX: Non-Moving SL Balances under *Due to NGAs* account**

Source Agency	No. of Projects	Amount (₱)
DOST	9	976,568.80
Department of Agriculture	1	4,983.19
Department of Health	1	0.08
Metals Industry Research and Development Center	1	22,312.00
PAGASA	1	31,928.85
PCAARRD	2	85,658.57
PCIERD	1	19,038.51
Science Education Institute	2	163,414.00
TAPI	1	19,358.57
<b>Total</b>	<b>19</b>	<b>1,323,262.57</b>

128. Moreover, outstanding SL balances include forwarded balances of ₱897,421.65 from the merger of PCIERD and PCASTRD, following the DBM's approval of its rationalization plan, in accordance to the provisions of Executive Order No. 366 dated October 4, 2004. The said outstanding liability to PCIERD add up to the unreliability of the *Due to NGAs* account balances.

129. Per inquiry with the accountant, once the reconciliation of the balances between PCIEERD and the SA is complete, the remaining long outstanding balances will be evaluated.

130. **We reiterated our prior year's recommendation and Management agreed to direct the Accountant to:**

- a. **evaluate the non-moving SL balances and facilitate the necessary liquidation/refund of unexpended balance of those projects to the SA; and**
- b. **submit to the concerned SA the liquidation reports and return/remit the outstanding balance, for completed projects, if warranted.**
- d) *Disproportionate funds transferred to PCIEERD for projects' monitoring purposes resulted in charging of expenses not attributable to the project and accumulation of long outstanding balances under Due to NGAs account.*

131. Section 6 of the General Provision of the GAA provides that "Trust receipts shall be disbursed in accordance with the purpose for which it is created, subject to the applicable special provisions and accounting and auditing rules and regulations". Likewise, the Special Provisions No. 2 and 3 of Sub-Sections L. PCIEERD and A DOST in Section XXI of Volume I-B of the GAA FY 2021 states that "Appropriations for Activities or Projects. The amounts appropriated herein shall be used specifically for the following activities and projects, in the indicated amounts and conditions".

132. The purpose of the fund transfers from the DOST - CO is to cover the indirect cost or overhead expenses of the monitoring agency in evaluating and monitoring of a program/project. The said indirect cost can be broken down according to specific item under PS; MOOE; and CO as defined in Paragraph 2.c. of Section IX Sub-Section B of DOST Administrative Order No. 011 series of 2020 dated September 2, 2020. Moreover, it was stated in DOST AO No. 11 that MOOE of the indirect cost may comprise of supplies and materials, communication services, transportation and delivery expenses, travelling expenses, utilities, representation expenses, etc. PCIEERD receives an indirect cost of at most 7.5 percent of the total PS and MOOE of every program/project.

133. It must be noted that PCIEERD has an appropriation to execute its functions, which includes monitoring of programs/projects; hence receiving additional fund resulted in the use of the amount transferred on the payment of utilities instead of charging it in its own appropriations.

134. The handling of voluminous fund transfer/indirect cost above the capacity of the agency may have caused the accumulation of long outstanding fund transfers due to the limited manpower of three personnel assigned to manage and monitor disbursements under the trust fund and absence of proper procedure of charging of expenses to a certain project under trust fund.

135. The lack of guideline in attributing administrative and general expense to the project trust fund may have cause the accumulation of long outstanding balances since it is the practice of PCIEERD to consolidate the indirect cost into a common fund. Inquiry with the Accounting Section revealed that the process of disbursement entail checking whether trust funds may cover the expense in the LIB of the projects. If the trust fund for the project can accommodate the cost, regardless of whether it is attributable to the project or not, it will be charged against the trust fund of the said project. These costs include utilities and internet subscription, among others. Examination of the financial statements as of December 31, 2021 further revealed that PCIEERD has no utilities expenses reported, particularly electricity, water, and internet subscription expenses, as the entire cost of ₱2,315,459.26, ₱48,904.36, and ₱548,924.42, respectively, were charged against the trust funds.

136. The LIB of indirect costs has no detailed procurement activities to be undertaken by the monitoring agency during the project duration similar with the Annual Procurement Plan being prepared by a procuring entity. The inclusion of the breakdown of specific expenditures in the project's LIB is to ensure that charging of expenses are really attributable to the project, considering the materiality of the amount of indirect costs received.

137. The use of the project funds with lack of basis to attribute the expenses to the specific projects is contrary to the special provisions in the GAA, as mentioned above.

138. Failure of the Management to immediately make an accounting of the amount received and remit any remaining unutilized funds upon completion of the project will

further accumulate long outstanding balances and deprive the government of funds that could have been used for other beneficial projects. Moreover, the absence of adequate procurement plan and procedure in attributing expenses to the project cost relative to indirect costs received from DOST - CO, may pose a risk of utilizing funds without taking in consideration its purpose.

139. **We reiterated our prior year’s recommendation and Management agreed to:**

- a. instruct the Accountant to stop charging utilities and other related expenses incurred in the normal operations of PCIEERD to the trust fund or indirect cost recognized under the *Due to NGAs* account;**
- b. prepare a guideline on the proper procedure of utilization of indirect cost to prevent consolidating indirect cost as a common fund; and**
- c. henceforth, direct the Project Manager to ensure that the LIB of the indirect costs reflect a detailed breakdown of costs/expenses that are directly attributable to the project monitoring to ensure proper charging of expenses per project.**

140. Management commented that PCIEERD has the practice of consolidating indirect cost or considering it as a common fund since the start of having externally funded projects. The said practice charges the disbursements to the fund after obtaining approval from the Project Managers on the request of authority to use of indirect cost based on the projects’ LIB.

141. The Audit Team rejoined that received indirect costs should not be considered as a common fund since each project have a specific LIB and purpose. Hence, utilization should be directly attributable to the project in compliance with Section 6 of the General Provision of the GAA which provides that *Trust receipts shall be disbursed in accordance with the purpose for which it is created*. Further, the Audit Team recommended that PCIEERD coordinate with DOST for the LIB relating to utilities that can be shouldered by the MA/IA.

## **B. Compliance Audit**

### ***Delayed Submission of Financial Reports and Other Pertinent Documents***

142. **Financial reports and other pertinent documents for CY 2021 were not submitted within the prescribed period contrary to the pertinent provisions of GAM and COA Circular Nos. 2009-006/95-006, thereby, prevented the Management in proving the regularity and propriety of various transactions for CY 2021.**

143. Pursuant to Section 122 of PD No. 1445, “Whenever deemed necessary in the exigencies of the service, the Commission may under regulations issued by it require the agency heads, chief accountants, xxx to submit trial balances, xxx such other reports as may be necessary for the exercise of its functions.”

144. Also, Section 7.2.1 of COA Circular No. 2009-006 dated September 15, 2009 mentioned that “the Chief Accountant, Bookkeeper or other authorized officials performing accounting and/or bookkeeping functions of the audited agency shall ensure that the reports and supporting documents submitted by the accountable officers are immediately recorded in the books of accounts and submitted to the Auditor within the first 10 days of the ensuing month.”

145. Assessment conducted on Management compliance with the above regulations showed delays ranging from 3 to 241 days on the submission of financial reports and contracts/PO/WO, as shown below:

**Table XX: Delayed Submission of Financial Reports and Other Pertinent Documents**

Report	Criteria	Timeline	No. of Days Delayed	Latest Report Submitted	Remarks
Contracts/PO/WO	COA Circular No. 2009-001 dated Feb. 12, 2009	Five working days from perfection	1-223 days		
JEV	Section 7.2.1 of 2009 Revised Rules and Regulations on Settlement of Accounts	20 days after the end of each month	66-196 days	December 2021	10 DV remains to be unsubmitted.
DV			66-211 days		
OR			88-196 days		
LR			119-241 days		
BRS	Section 7 Chapter 21 of GAM Volume 1	20 days after receipt of the monthly bank statements	8-81 days		
Monthly TBs and its supporting documents	Section 60 Chapter 19 of GAM Volume 1	10 days after the end of the month	88-196 Days	December 2021	
FAR No. 1; & 5	Section 4.3 of COA-DBM JC No. 2019-1 dated January 1, 2019	Within 30 days after the end of each quarter	18-298 days		
FAR No. 3		On or before 30th day following the end of the year	23 days	As of December 31, 2021	
FAR No. 4		On or before the 10th day of the month following the last month of the covered reporting period	3-42 days	December 2021	

146. It can be noted that the submitted PO/contracts perfected through public bidding lacked the documentary requirements set forth in Paragraph 3.1.2 of COA Circular No. 2009-001 dated February 12, 2009. It is the practice of the Management to submit the original PO and its supporting documents as an attachment to the DVs. Further, inquiry

with the Procurement Section disclosed that the submission of the PO and its supporting documents to the Audit Team within the prescribed five working day was overlooked by the concerned personnel.

147. Moreover, the delayed submission of financial reports such as JEV, DV, OR, etc can be attributed to the lack of personnel assigned to the Accounting Section wherein there is an ongoing hiring of personnel. The delay can also be attributed to delays in the submission of supporting documents and longer time in obtaining the signature from approving officials due to the skeletal workforce arrangement of PCIEERD during the pandemic.

148. Due to the revision of BRS starting November 2020 as it was not properly prepared by the assigned personnel, there is a delay in the preparation and submission of CY 2021 BRS within the prescribed period which may result in discrepancies/errors or other reconciling items not promptly corrected/adjusted which could affect the correctness of the balances of the cash account.

149. The non-submission of DVs precluded PCIEERD to prove the validity and reliability of the transactions, and the propriety of accounting entries made. The said transactions and their corresponding accounting treatments, if found improper, may affect the fairness of presentation of the assets, liabilities and expenses presented in the Financial Statements.

150. It is worth mentioning that Section 122 of PD No. 1445 provides that the unjustified failure on the part of the official or employee concerned to submit the documents and reports mentioned herein shall be considered a ground for automatic suspension of payment of his salary until he shall have complied with the aforesaid requirements, without prejudice to any disciplinary action may be instituted against him.

151. **We recommended and Management agreed to instruct the concerned personnel to:**

- a. immediately submit the unsubmitted financial reports, contracts/ PO/WO together with pertinent supporting documents; and**
- b. henceforth, ensure that all financial reports and other pertinent documents be transmitted to the Audit Team within the prescribed period in compliance with existing rules and regulations.**

152. The Management committed to submit the unsubmitted financial reports and other pertinent documents on or before April 22, 2022.

*Payment for overtime services is non-compliant with CSC, DBM, and COA guidelines*

153. **Payment for OT services for CY 2021 amounting to ₱377,704.50 is non-compliant with CSC; DBM; and COA policies and guidelines on OT services and**

**overtime pay due to: (a) absence of proof that employees physically reported to work to render overtime; (b) incomplete supporting documents for OT payments; and (c) request to render OT is not properly accomplished, hence, PCIEERD cannot prove the regularity and propriety of the claim of entitlements for the rendered overtime services.**

154. CSC-DBM JC No. 1 dated November 25, 2015, series of 2015, was issued to prescribe policies and guidelines on overtime services and the corresponding remuneration, either through CTO or overtime pay for government employees in which Section 10. 1 provides that “Only employees who arrive on or before the start of the workday shall be allowed to render overtime work with pay, provided that at least 2 hours of overtime services are rendered.”

155. Likewise, CSC MC No. 18 dated October 15, 2020, series of 2020, was issued to provide guidelines for alternative work arrangements and support mechanisms for workers in the government during the period of state of public health emergency due to COVID-19 pandemic. Section 3.1 of CSC MC No. 18 states that “employees under work-from-home are not entitled to compensatory overtime/overtime pay.”

156. Section 5.10 of COA Circular No. 2012-001 dated provides a list of documentary requirements for payments of overtime.

157. Review of payments for overtime services amounting to ₱377,704.50 and request to render overtime for CYs 2020-2021 revealed the following deficiencies:

a) *Absence of proof that employees physically reported to work to render OT*

158. Inquiry on the Personnel Section’s procedure in the preparation of request for payment of rendered overtime services revealed that the signed DTR; approved request to render OT; and accomplishments are reviewed prior to submission to the Accounting Section for payment. However, it can be noted that the DTR is an online generated report where personnel can log in/out whether they are in the office or not. The practice of logging in/out online was implemented when the pandemic started in CY 2020. Aside from the online log in/out, employees are required to log/sign in the attendance sheet located at the guard station to monitor the physical reporting of employees to the office. In addition, the said practice of logging in/out via online and signing in the guard’s attendance sheet were stopped upon the implementation of the Alert Level 1 by the IATF-EID on March 2022. The employees presently use the biometric as the mode of logging in/out in the office

159. Validation of payments for rendered OT from CYs 2020-2021 revealed that 79 days or 929.77 hours amounting to ₱151,600.02 have no evidence that the said employees physically reported to the office due to absence of log/sign in the attendance sheet at the guard station. Inquiry with some of the identified personnel disclosed that they have physically reported to the office to render overtime but forgot to log/sign in the attendance sheet. However, the lack of documents such as signed attendance sheet, cannot support the claim of physically reporting to the office to render OT. In addition, the lack of comparison

between the DTR and the attendance sheet during the review of documents precludes the Management in verifying the correctness of the DTR whether the employees reported physically to work or not.

160. Inquiry with the Personnel Section disclosed that rendering OT in a WFH setup was allowed during the pandemic from CY 2020-2021. However, PCIEERD stopped allowing the practice of rendering OT in a WFH setup since September 2021 when CSC reiterated the prohibition of entitling employees with CTO or OT payment for overtime services rendered in a WFH setup.

161. However, examination of request to render overtime services for CTO on a sampling basis, showed that there were still rendered OT by employees working from home from October 2021 – December 2021 as evidenced in the checked WFH option in the form. It can be noted that the form of request to render overtime services has two options where the OT will be rendered which is office or WFH. Comparison between the approved request to render overtime services and guard's logbook showed no proof that the said employees physically reported to the office due to absence of log/sign in the attendance sheet.

162. The practice of allowing employees to render overtime services in a WFH setup is non-compliant with CSC-DBM JC No. 1 dated November 25, 2015 that only employees who arrive on or before the start of the workday is allowed to render overtime services. It is worth mentioning that the said joint circular was issued prior to the alternative work arrangements in government to address the COVID-19 pandemic. Hence, only employees who arrive physically for work and render OT services are allowed to claim CTO or payment.

163. It is also non-compliant with CSC MC No. 18 dated October 15, 2020 which clearly prohibits the entitlements of CTO or payments for employees that rendered overtime services under a WFH setup.

b) *Incomplete supporting documents for OT payments contrary to COA Circular No. 2012-001 dated June 14, 2012 and request to render OT not properly accomplished*

164. Verification of the supporting documents for payments of rendered overtime services amounting to ₱57,358.49 revealed that no supporting documents of some employees such as DTR; approved request to render OT; accomplishment reports; and work program were not attached to the disbursement vouchers. Hence, the Management cannot prove the regularity and propriety of the payments of rendered overtime services.

165. Moreover, the Audit Team noted that the approval of the employee's request to render OT has options on the kind of entitlements to be claimed by the requesting employee such as for CTO; payment of OT; payment of honoraria; and others. Inquiry with the Personnel Section disclosed that the "others" in the option signifies the offsetting purposes which will be revised as it is similar with CTO. Moreover, the "payment of honoraria" is not being used as there are no claims of honoraria payments for rendered OT services. Further verification of the approved request showed that some requests have a check mark

for all options, while some requests do not have any check mark in any options. Due to the unclear entitlements to be claimed in the form, the Management cannot prove the correctness and reliability of the claim of entitlements for rendered OT.

166. **We recommended and Management agreed to instruct the:**

**a. Head of the Personnel Section to:**

- i. provide proof that the identified employees have physically reported to the office to render overtime services;**
- ii. refrain from granting overtime work, either for CTO or overtime pay, to employees who do not physically work in the office in compliance to CSC-DBM JC No. 1 dated November 25, 2015 and CSC MC No. 1 dated October 15, 2020;**
- iii. consider revising the form on request to render OT particularly the “others” and “payment for honoraria” option in the entitlements; and**
- iv. ensure that request to render OT is properly accomplished;**

**b. Accountant to ensure that all OT payments have complete supporting documents in accordance to COA Circular No. 2012-001.**

167. The Management submitted the the supporting documents for payments of rendered overtime services amounting to ₱57,358.49 to the Audit Team on May 18, 2022.

***Tailor-fitting of technical specifications***

168. **Technical specifications for the procurement of ICT equipment worth ₱2,349,076.00 had reference to brand names tailor-fitting the description of goods to a specific brand or product, contrary to Section 18 of 2016 revised IRR of RA No. 9184, hence, defeating competition on the procurement process and resulting in acquiring high-end or expensive models/brands.**

169. Section 18 of 2016 Revised IRR of RA No. 9184 requires that specifications for the procurement of goods shall be based on relevant characteristics, functionality and/or performance requirements. Reference to brand names shall not be allowed except for items or parts that are compatible with the existing fleet or equipment of the same make and brand, and to maintain the performance, functionality and useful life of the equipment.

170. Section 1 of AO No. 6 dated September 9, 2017 provided that: “Notwithstanding the repeal of AO No. 103, existing laws, rules, and regulations mandating the judicious and prudent use of government funds shall remain in full force and effect, and all agencies and instrumentalities shall continue to ensure that no irregular, unnecessary, extravagant, excessive and unconscionable expenses shall be incurred by the Government.”

171. Review of the disbursement vouchers and corresponding supporting documents for the procurement of assorted ICT equipment amounting to ₱2,349,076.00 revealed that technical specifications written in the purchase request were tailor-fitted to a particular product or brand name.

172. It can be noted that the technical specifications indicated in the PR for the procurement of laptop and tablet include “iOS”; “retina display”; “face time”; “wide color (P3)”; “Apple M1 chip”; “MacOS Big Sur”; etc which exclusively pertains to the products of the Apple brand which may be considered as relatively an expensive brand in comparison to other brands available in the market for normal office use. The procurement of these apple products cast doubts as to necessity of the said technical specifications as non-expensive brands may suffice in the performance of duties and responsibilities. Inquiry with one of the end-users disclosed that an Apple Macbook Pro 13 was issued after requesting for a laptop upgrade since the replaced laptop was already responding slow. However, the said Apple Macbook Pro 13 was transferred to other personnel due to its incompatibility to the software being used by the requesting personnel.

173. Further, some procured laptops have technical specifications of “TrueLife Display” which is one of the features offered by the Dell brand.

174. Section 18 of RA No. 9184 and its 2016 revised IRR, mandate that reference to brand names shall not be allowed and thus, specifications for the procurement of goods shall be based on relevant characteristics and/or performance requirements. This mandate cannot be circumvented by setting specifications that point out to only one brand of goods or items, though without mentioning the name of the brand. What is prohibited directly is prohibited indirectly.<sup>1</sup>

175. As per general guidelines, the technical specifications must be generic and flexible, clear and unambiguous, updated where technology is taken into account, and fits the actual requirement of the end-user.

176. Although the end-users were responsible for the tailor-fitted technical specifications, the Procurement Section is still responsible to ensure that the technical specifications provided in the PR are in compliance with the procurement law, and other related issuances.

177. The inclusion in the procurement documents of such detailed design and technical descriptions that leave the Procuring Entity no other option but to procure from a particular brand or supplier defeats the very essence and purpose of competitive bidding since it limits the bidders who may would want to join and prevent others who are legally, technically and financially capable suppliers, contractors and consultants from participating in government biddings.

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<sup>1</sup> Government Procurement Policy Board Non-Policy Matter (GPPB NPM) No. 126-2017 dated 29 December 2017

178. Further, the COA adheres to the policy that government funds and property should be fully protected and conserved, and that IUEEU expenditures or uses of such funds and property should be prevented.<sup>2</sup> The procurement of high-end or expensive models/brands of electronic gadgets with no regard to adoption of austerity measure were considered unnecessary and may be disallowed in audit unless justified by circumstances.

179. **We recommended and Management agreed to require the:**

- a. **Head of the Procurement Section to submit written explanation why procurement of equipment with the reference to brand name was allowed; and**
- b. **end-users to: (i) refrain from writing technical specifications tailor-fitting to a particular brand/product pursuant to Section 18 of CY 2016 revised IRR of RA No. 9184; and (ii) adopt austerity measures through obtaining less expensive products but with good quality and durability in compliance with Presidential AO No. 6 dated September 9, 2017.**

180. The Management commented that the quality and durability of the Apple iPad Air/Apple brand was considered where it can withstand long meetings unlike other previously purchased brands.

181. The Audit Team rejoined that Management should adopt austerity measures in the utilization of government funds wherein there are less expensive products but with good quality and durability that can be considered in the procurement process.

#### *Utilization of trust funds of completed projects*

182. **Procurement of ICT equipment amounting to ₱688,648.00 is non-compliant with Section 6 of the General Provision of the GAA FY 2021 due to the utilization of fund of completed projects, hence defeats the purpose of the trust funds.**

183. Section 6 of the General Provision of the GAA FY 2021<sup>3</sup> provides that “Trust receipts shall be disbursed in accordance with the purpose for which it is created, subject to the applicable special provisions and accounting and auditing rules and regulations”. Likewise, the Special Provisions of PCIEERD and DOST’s GAA FY 2021 under Section 3 and Section XXI of Volume I-B, respectively, states that “Appropriations for Activities or Projects. The amounts appropriated herein shall be used specifically for the following activities and projects, in the indicated amounts and conditions”.

184. Volume III of the GAM or the RCA which contains the list and description of accounts to be used in recording transactions, among others, provides that: “*Accounts Payable*– This account is credited to recognize receipt of goods or services on account in

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<sup>2</sup> COA Circular No. 2012-003 dated October 29, 2012

<sup>3</sup> RA No. 11518

the normal course of trade and business operation. This account is debited for payment/settlement of liabilities, and/or adjustments.”

185. Section 5.1 of DBM Circular Letter No. 2013-16 dated December 23, 2013 defined *Accounts Payable* - refer to valid and legal obligations of NGAs/OU, for which, goods/services/projects have been delivered/rendered/completed and accepted, regardless of the year when these obligations were incurred.

186. Validation of the funding source of the procured ICT equipment for CY 2021 showed that most of the procurement were charged to the PCIEERD trust fund or the indirect cost or overhead expenses transferred to PCIEERD to be used for evaluating and monitoring of a program/project. However, it was noted that delivered ICT equipment for CY 2021 amounting to ₱688,648.00 was charged to projects that are already completed for 82-179 days, as shown in Table XXI:

**Table XXI: List of Procured ICT Equipment Charged to Funds of Completed Projects**

Product	Project Name	Amount Charged (₱)	Project Completion Date	Date Delivered	PO Date	No. of Days Delivered from the Project's Completion Date
8 units of Apple iPad Air	DOE: Project 3. E-TRIKE Deployment and Utilization Study	377,000.00	12/31/2020	3/23/2021	3/11/2021	(82)
1 unit of Laptop - Acer Aspire 5	DOST: Establishment of the PTRI Perfect Fit Textile Development Center	69,998.00	12/31/2020	4/19/2021	3/16/2021	(109)
1 unit of Laptop - Dell Inspiron 3881	Establishment of PTRI Perfect Fit Textile Product Development Center (Old Title: Establishment of PTRI as the Central Institute for Textile Product Development)	66,850.00	12/31/2020	4/21/2021	3/25/2021	(111)
1 unit of Apple Notebook MacBook Pro 13-inch	TBI 4.0: DOST Philippine TBI Network Portal and Marketing Strategy for the DOST TBI Portal and Program	85,000.00	12/31/2020	5/17/2021	4/21/2021	(137)

Product	Project Name	Amount Charged (₱)	Project Completion Date	Date Delivered	PO Date	No. of Days Delivered from the Project's Completion Date
1 unit of MacBook Air	PROJ. 1 : Support to the Rehabilitation of Boracay Island Through the Upgrading of Material Recovery Facilities: Solid Waste Management Project	89,800.00	12/31/2020	6/28/2021	4/27/2021	(179)
<b>Total</b>		<b>688,648.00</b>				

187. Inquiry with the Accounting Section and further validation of FRs revealed that the said ICT equipment was reported as an *accounts payable* in the FR for CY 2020 due to the practice of PCIEERD of charging expenses that are not directly attributable to the project.

188. The said ICT equipment were delivered 82-179 days from the completion date. Hence, the practice of recognition of payables in the FR is not in accordance with definition of GAM and DBM Circular Letter No. 2013-16 dated December 23, 2013 where goods/services should be delivered/rendered in order to be recognized as an *accounts payable*.

189. In addition, the procurement of ICT equipment after the project's completion date defeats the purpose of the indirect cost wherein it should be used for monitoring and evaluation of the related project. As a result, the FR submitted to the source agency is unreliable due to inclusion of accounts payable that have no valid claims and utilization of fund beyond its purpose. Further, the said procurement cast doubt as to the actual necessity of the procurement for the implementation of the said projects.

190. **We recommended and Management agreed to instruct the Accountant to:**

- a. charge project funds that are directly attributable to the project monitoring and within the project timeline; and**
- b. refrain from reporting accounts payable that have no valid claims in the financial reports.**

191. Management commented that the procured ICT equipment was still used for monitoring of projects even though it was not directly used to the intended project.

192. The Audit Team rejoined that PCIEERD should comply with PD No. 1445 and Section 6 of the General Provision of the GAA FY 2021 where funds should be utilized for the intended purpose/ project.

## C. Other Compliance Issues

### a. Gender and Development

193. PCIEERD has partially complied with the pertinent laws and issuances on GAD and the Audit Team noted the following non-compliance: (a) non-preparation of GAD Agenda, contrary to advise/encouragement of PCW Memorandum Circular 2018-04; (b) non-inclusion of attributed programs in the GPB, thereby preventing the proper documentation, assessment, and recognition of its efforts towards Gender Mainstreaming or GAD; (c) establishment of rules and regulations on sexual harassment resulting in non-compliance with the Section 4 of RA No. 7877 and Rule XII of CSC Resolution 01-0940; (d) implementation of the GPB, as indicated by the partial achievement of indicators/targets therein; and the (e) GPB was not approved by the head of agency, contrary to Section 1.2.5.3 of PCW Memorandum Circular 2020-05.

a) *Non-preparation of GAD Agenda, contrary to PCW Memorandum Circular 2018-04*

194. PCW Memorandum Circular 2018-04 dated September 19, 2018 provides that “The GAD agenda shall be the basis for the annual formulation of PAP to be included in the GPB of the agencies. It will provide agencies with direction in setting and monitoring their GAD activities towards the achievement of the GEWE goals.”

195. Observed in the previous audit was the failure of PCIEERD to institutionalize its GAD Agenda. The agency had therefore included in its GPB the participation and conduct of workshop on the formulation of GAD agenda, as well as on gender responsiveness planning and budgeting; however, it has failed to conduct nor participate in these workshops as there were limited participants on trainings provided by PCW. Consequently, its GAD Agenda was not established/institutionalized.

196. The steps in the formulation of the GAD agenda, as provided in Section 5 of PCW Memorandum Circular No. 2018-04, include the conduct of the gender analysis to come up with a summary list of gender issues. Included therein is the analysis of sex-aggregated data and/or relevant information, however, the agency has yet to establish a database for sex-aggregated data.

197. Inquiry with the GAD TWG disclosed that a proposal was drafted for the creation of the database, as well as the GAD vision, mission, and goals. However, there was a delay in the preparation of GAD agenda due to the existence of new members in the GAD TWG that needs training prior to the creation of the said agenda.

198. **We reiterated our prior year’s recommendation and Management and GFPS agreed to:**

**a. establish the database for sex aggregated data; and**

**b. prioritize conduct or participation of the TWG and GFPS in the relevant training for the creation of GAD Agenda.**

- b) PCIEERD has failed to include the attributed programs in the GBP, thereby preventing the proper documentation, assessment, and recognition of its efforts towards Gender Mainstreaming or GAD

199. Section 1.2.2.2 of PCW Memorandum Circular 2020-05 dated September 11, 2020 provides the guideline for budget attribution of programs and projects to GAD using the HGDG. It provides that:

Paragraph 1.2.2.2.1: Aside from implementing direct GAD PAP to address organization- or client-focused gender issues or GAD mandates, agencies may attribute a portion or the whole budget of the agency's major program/s or project/s to the GAD budget using the HGDG tool. Assessing major program/project using the HGDG tool enables the agency to identify strengths and areas for improvement to gradually increase the gender-responsiveness of the program/project. Major programs/projects subjected to the HGDG assessment shall be reflected under the GPB section on "Attributed Programs."

200. Paragraph 1.5 of PCW Memorandum Circular No. 2021-06 dated December 10, 2021 provides that to attribute the expenditure of the major agency program/project to GAD in the FY 2021 GAD AR, the agency shall accomplish the HGDG PIMME checklist [HGDG boxes 16 and 17]. Further, the memorandum provides that:

Paragraph 1.5.1: In accomplishing the HGDG PIMME or FIMME checklist, agencies shall fill-out the Remarks column of the HGDG checklist for items in which the agency answered "yes" or "partly yes," and indicate the relevant MOV to facilitate the validation of the HGDG score.

Paragraph 1.6. Agencies shall ensure the completeness of submitted documents especially the means of verifications for the HGDG assessment score.

201. Documents submitted to the Audit Team included the HGDG PIMME checklist for its seven major programs/projects with total fund release of ₱171,802,957.55. The attribution percentage achieved based on the answer to the PIMME checklist ranges from 48 to 77 percent for these programs/projects, resulting to GAD attributable amount of ₱105,602,998.95. However, these programs/projects were not incorporated in the GPB submitted to PCW for endorsement. The failure to report these precluded its proper assessment that would have enabled the agency to identify the strengths and areas for improvement to gradually increase the gender responsiveness of its programs/projects. Further, it precluded the possible positive acknowledgement of the agency's efforts towards gender mainstreaming or GAD.

202. Also, HGDG PIMME checklist lacks the remarks on the relevant MOV to facilitate the validation of the HGDG score

203. The HGDG checklist submitted to the Audit Team for its major projects lacks the relevant MOV on items answered affirmatively, contrary to the provision discussed above. Inquiry revealed that this is due to the lack of awareness of the preparers that such disclosure is required. The failure to provide the MOV precludes the Management to verify or validate of the HGDG score which may thereby prevent the attribution of the projects/programs expenditure to GAD.

204. **We recommended and Management agreed to require the GFPS to:**

- a. ensure that the attributed programs are incorporated in the GAD Plan and Budget; and**
- b. ensure that HGDG PIMME include the relevant MOV to facilitate the validation of the projects’ HGDG score and its cost attributable to GAD through informing the preparers on the importance of its disclosure in the HGDG checklist.**
- c) PCIEERD has partially implemented the GPB, as indicated by the partial achievement of indicators/targets therein. Further, the GPB submitted to the Audit Team lacks the signature of the head of agency, contrary to Section 1.2.5.3 of PCW Memorandum Circular 2020-05*

205. Section 1.2.5.3. of PCW Memorandum Circular 2020-05 dated September 11, 2020 states that “PCW-endorsed GPBs shall be authenticated by the GMMS with a QR code. Agencies shall print the PCW-endorsed GPB for signature of their agency head, and disseminate the signed copy to their concerned units. Agencies shall also furnish their respective COA Audit Team a copy of their signed GPB within 5 working days from its endorsement.”

206. Examination of the submitted GPB and GAD AR revealed partial implementation of the GAD plan. The GPB comprise GAD activities that are either client-focused or organization-focused. Two client-focused activities and three organization activities were implemented above the targets by PCIEERD in CY 2021. However, three organization-focused activities were not implemented, as listed in Table XXII:

**Table XXII: List of Unimplemented GAD activities for CY 2021**

GAD Activity	Line Item No.	Performance Indicators/Targets
Conduct training on application/use of HGDG to all PCIEERD women and men project managers and researchers. (batch 1)	6	No. of training conducted and participated of PCIEERD women and men project managers/researchers on the application/use of HGDG: <ul style="list-style-type: none"> <li>• No. of participants: 100.</li> <li>• No. of training conducted : at least one</li> </ul>

GAD Activity	Line Item No.	Performance Indicators/Targets
Participate in the training/workshop for gender responsive planning and budgeting.	7	Number of PCIEERD GAD TWG participants: 14 GAD TWG
Conduct Planning Workshop for the formulation GAD Agenda	8	No. of Planning Workshop Conducted: <ul style="list-style-type: none"> <li>No. of GAD Agenda develop – one planning workshop and one GAD agenda develop</li> </ul>

207. Inquiry revealed that the failure to implement these trainings/workshops was due to the difficulty in finding resource speakers and limited participants capacity on training provided by PCW.

208. Further, the submitted GPB to the Audit Team lacks the signature of the head of the agency.

209. The TWG personnel had committed that more attention shall be provided on GAD related activities in CY 2022.

210. **We reiterated our recommendation and Management agreed to ensure:**

- a. proper and full implementation of the GAD Plan and Budget through preparation of an action plan to every GAD related activities/trainings/workshops; and**
- b. compliance with the guidelines provided in the PCW Memorandum Circular to print the GMMS authenticated GPB and GAD AR for signature of the agency head and submit signed copies to PCW and COA within five (5) working days from endorsement.**

211. PCIEERD had submitted the signed GMMS authenticated GAD AR to the Audit Team on March 25, 2022 which was further evaluated.

*d) PCIEERD has not established the rules and regulations on sexual harassment resulting in non-compliance with the Section 4 of RA No. 7877 and Rule XII of CSC Resolution 01-0940*

212. Section 4 of RA No. 7877 states that it is duty of the Head of Office in a work-related environment “to prevent or deter the commission of acts of sexual harassment and to provide the procedures for the resolution, settlement or prosecution of acts of sexual harassment.” Towards this end, the head of office shall:

Paragraph (a): Promulgate appropriate rules and regulations in consultation with and jointly approved by the employees or students or trainees, through their duly designated representatives, prescribing the procedure for the investigation of sexual harassment cases and the administrative sanctions therefor.

213. Rule XII of CSC Resolution 01-0940 dated May 21, 2001 states the duty of the agencies of the government. Its provisions includes:

Section 59: All agencies of the government shall submit an authenticated copy of their rules and regulations on sexual harassment to the Commission for approval within one month from the date of their promulgation. They shall likewise submit to the Commission a list of the members of their Committee on Decorum and investigation immediately after its composition.

Section 61: The head of office who after six months from the effectivity of this Resolution, fails to cause the promulgation or modification of the agency's rules and regulations on sexual harassment in conformity with these Rules, shall be charged with Neglect of Duty.

214. Inquiry and examination of the related documents revealed that PCIEERD is yet to promulgate the rules and regulations on sexual harassment.

**215. We reiterated our recommendation and Management agreed to prioritize the creation of the rules and regulations on sexual harassment to ensure compliance with the provisions of RA No. 7877 and CSC Resolution No. 01-0940.**

216. Management commented that PCIEERD follows the Civil Service regulations and DOST policies on sexual harassment, hence the Management do not intend to create its own rules and regulations. However, PCIEERD will issue a memorandum directing the strict observance to the rules and regulations on sexual harassment in compliance to Section 4 of No. 7877 and Rule XII of CSC Resolution 01-0940. In addition, the CODI was reconstituted through PCIEERD Special Order No. 2021-014 dated February 24, 2021.

#### **b. Senior Citizens and Differently-abled Persons**

**217. PCIEERD has failed to provide sufficient accessibility features for differently-abled persons and to allocate at least one percent of its agency funds and formulate plans, programs and projects which aims to address the concerns of senior citizens and differently-abled persons, contrary to Section 33 of RA No. 11518.**

218. Section 33 of RA No. 11518 or the General Appropriations Act FY 2021 states that “all agencies of the government shall formulate plans, programs and projects intended to address the concerns of senior citizens and persons with disability, insofar as it relates to their mandated functions, and integrate the same in their regular activities. Moreover, all government infrastructures and facilities shall provide architectural or structural features, designs or facilities that will reasonably enhance the mobility, safety and welfare of persons with disability pursuant to Batas Pambansa Bilang No. 344 and RA No. 7277, as amended.”

219. Further, Section 4.2 of the Joint DBM and DSWD Circular No. 2003-01 dated April 28, 2003 provides that: “All government agencies, departments, bureaus, offices, commissions and state universities and colleges shall allocate at least one percent of their

respective budget for the implementation of plans, programs, projects, activities and services for older persons and persons with disabilities.”

220. The building where PCIEERD is located has the necessary devices installed to meet the need of those with disability such as rail, ramp, toilet and bath for differently abled persons. However, further inspection of the toilet and bath revealed that it is being used as storage and therefore is not accessible for use. Inquiry with the personnel responsible with the building maintenance revealed that the said toilet and bath was not frequently being utilized and it is subject for repair, hence, it was used as a storage area.

221. The project disclosed by PCIEERD intended to address the concerns of senior citizens and persons with disability is *Development of Data Analytics and Information System: Support on Social Welfare Services for Senior Citizens of Butuan City*, with which is being implemented by Father Saturnino Urios University, a private Roman Catholic coeducational basic and higher education institution run by the Diocese of Butuan in Butuan City, Philippines. It aims to develop a dynamic information system that will provide data models and data visualization of senior citizens in Butuan City to aid advance decision making. The project has a two-year implementation commencing on the release of fund on December 16, 2020. The total grant for the project is ₱4,999,050 of which ₱2,881,525 had been released.

222. The fund released, and even the entire project cost, is less than one percent of the FY 2020 nor FY 2021 appropriations, contrary to the provision of Section 4.2 of the Joint DBM and DSWD Circular No. 2003-01 dated April 28, 2003.

223. Inquiry revealed that the failure to provide additional projects and fund for senior citizens and differently-abled persons was partly due to the community quarantine related to the COVID-19 pandemic which restricted the movement of the people, especially for senior citizens.

**224. We reiterated our recommendation and Management agreed to provide sufficient budget that would address the concern of senior citizens and differently-abled persons. Further, we recommended and Management agreed that the toilet and bath designed for differently abled persons be made accessible for their use or be used in accordance to its purpose.**

225. The Management commented that the toilet and bath for senior citizens and differently abled persons located at the 5th floor of PCIEERD office was already been cleaned and subject for repair.

### **c. Compliance with Other Mandatory Accounts**

**226. The Due to BIR, GSIS, Pag-IBIG, and PhilHealth accounts representing contributions/taxes withheld from employees, suppliers and contractors with an account balance as at December 31, 2021, of ₱268,880.56, ₱309,382.99, ₱105,795.81 and ₱15,485.36, respectively, included unreconciled/unremitted contributions aged**

less than one to over three years, thus, depriving the government on the immediate use of funds and member beneficiaries on the availment of privileges and benefits due to them. Moreover, the said accounts reflected a negative SL balances of ₱2,489,092.44, ₱368,405.88, ₱25,453.20, and ₱13,265.10, respectively, which may be due to non-recording of withheld contributions, over remittances or posting error of remittances thus, affecting the reliability of the reported payable accounts in the Financial Statements.

227. For CY 2021, the status of compliance by the Agency on the withholding and remittances of taxes and premiums as well as the government share on various contributions within the prescribed period to the concerned institutions or agencies is shown in Table XXIII:

**Table XIII: Summary Status of Remittances to Concerned Institutions**

Area	Account Affected	Status
Compliance with Tax Laws	<i>Due to BIR</i>	<p>It can be noted that the <i>Due to BIR</i> account reported a negative beginning balance of ₱(564,921.73). For CY 2021, total taxes withheld and remitted amounted to ₱11,660,245.09 and ₱11,355,506.84, respectively. Hence, an ending balance of ₱(268,880.56) after tax refunds and adjustments amounting to ₱10,124.12 and ₱1,427.04.</p> <p>Further, negative SL balance and outstanding balances for over one (1) year amounting to ₱2,489,092.44 and ₱(609,580.95), respectively, still exist as at December 31, 2021.</p>
Deduction and Remittance of GSIS premiums	<i>Due to GSIS</i>	<p>For CY 2021, the Management withheld a total amount of ₱6,839,747.69 from the salaries of officers and employees and loan payments, in addition to the beginning balance of ₱216,978.29 or a total of ₱7,056,725.98. Out of this amount, remittance, refund, and adjustments of ₱6,734,260.16, ₱12,714.19 and ₱(368.64), respectively, were made in the same year pertaining to current and prior years' withheld contributions that resulted in an ending balance of ₱309,382.99.</p> <p>Further, negative SL balance and outstanding balances for over one year amounting to ₱368,405.88 and ₱66,288.11, respectively, still exist as at December 31, 2021.</p>
Deduction and Remittance of PhilHealth premiums	<i>Due to PhilHealth</i>	<p>Management withheld a total amount of ₱531,681.25 from salaries of officers and employees in addition to the beginning balance of ₱7,946.86 or a total of ₱539,628.11. Out of this amount, ₱524,142.75 was remitted in the same year pertaining to current and prior years' withheld contributions, leaving a balance of ₱15,485.36</p> <p>Further, negative SL balance and outstanding balances for over one year amounting to ₱13,265.10 and ₱17,437.50, respectively, still exist as at December 31, 2021.</p>
Deduction and Remittance of Pag-ibig premiums	<i>Due to Pag-ibig</i>	<p>A total amount of ₱2,373,377.78 for premiums and loan amortizations were withheld in CY 2021 from the salaries of officers and employees in addition to the beginning balance of ₱66,632.35 or a total of ₱2,440,010.13. Out of this amount, there is a remittance and refund of ₱2,315,852.40 and ₱18,361.92, respectively, leaving a balance of ₱105,795.81. It can be noted that some withheld amounts in CY 2021 were remitted on February 9, 2022 under Check No. 846776 and 851343.</p>

Area	Account Affected	Status
		Further, negative SL balance and outstanding balances for over one year amounting to ₱25,453.20 and ₱10,439.63, respectively, still exist as at December 31, 2021.

228. Analysis of SL balances showed that the causes of negative balances are erroneous SL posting of accounts; over remittance; no withheld amounts for remittances made; etc. Inquiry with the Accounting Section that there is an ongoing reconciliation in the balances particularly the *Due to BIR* account.

229. Failure to have a timely remittance of employees' contributions to GOCC may affect the availment of benefits provided by the concerned agencies to the detriment of the concerned employees and the penalties and surcharges that may be imposed to the Agency. Moreover, any unremitted tax collections may deprive the government on the use of funds for the economic growth and improvement of the lives of the people.

230. **We reiterated our previous year's recommendation and Management agreed to require the concerned personnel to:**

- a. **immediately remit in full to concerned government agencies the unremitted amounts withheld as of CY 2021 based on the aging of balances; and**
- b. **facilitate the review and analysis of transactions recorded in the identified negative SL balance and prepare necessary adjustments to reflect the correct balances of the affected SLs.**

231. The Management commented that there is an ongoing reconciliation in the balances of *Due to BIR*, *GSIS*, *Pag-IBIG*, and *PhilHealth* accounts with a target completion date of on or before the end of the 2<sup>nd</sup> quarter of CY 2022.

**d. Enforcement of Settlement of Disallowance, Charges and Suspensions**

232. The total audit suspensions, disallowances and charges found in the audit of various transactions as at December 31, 2021, based on the NS/ND/NC/NSSDC issued by the COA, is summarized in Table XXIV:

**Table XXIV: Disallowances, Charges and Suspensions for CY 2021**

Particular	Beginning Balance, December 31, 2020 (₱)	This Period		Ending Balance, December 31, 2021 (₱)
		January to December 31, 2021 (₱)		
		NS/ND/NC	NSSDC	
NS	-			-
ND	11,332,577.84	1,926,145.73	115,576.28	13,143,147.29
NC	-			-
<b>Total</b>	<b>11,332,577.84</b>	<b>1,926,145.73</b>	<b>115,576.28</b>	<b>13,143,147.29</b>

233. Details of Suspensions, Disallowances and Charges are as follows:

**Table XXV: Breakdown of Disallowances, Charges, Suspensions and Settlements for CY 2021**

NS/ND/NC/NSSDC		Reasons	Amount (₱)			
Date	No.		Issuances and Settlements during CY 2021			
			Disallowed	Charged	Suspended	Settled
2/17/2021	2021-001 (2019)	Partial settlement for ND No. 2019-02-101-184 (2018)				3,800.00
2/18/2021	2021-001 (2019)					17,187.00
6/30/2021	2021-001-101 (2020)	Excessive LP in CY 2020	1,306,359.89			
6/30/2021	2021-002-101-184 (2020)	Purchased of chairs and tables for WFH purposes without legal basis	21,054.28			
9/24/2021	2021-003 (2020)	Partial settlement for ND No. 2021-002-101-184 (2020)				14,059.28
11/8/2021	2021-004 (2019)	Settlement for ND No. 2019-02-101-184 (2018)				80,530.00
11/15/2021	2021-003-101 (2020)	Payment of Hazard Allowance to WFH employees during ECQ and MECQ	598,731.56			
<b>Total</b>			<b>1,926,145.73</b>	<b>-</b>	<b>-</b>	<b>115,576.28</b>

234. In addition, an appeal from ND No. 2021-001-101 (2020) dated June 30, 2021, relative to the disallowance for LP payment for CY 2020 amounting to ₱1,306,359.89 was submitted to the COA NGS Cluster 6 - Office of the Cluster Director on November 29, 2021.

## Status of Implementation of Prior Years' Audit Recommendations

We have followed-up the actions taken by the PCIEERD to implement the prior years' audit recommendation and noted the following:

Status of Implementation	No. of Recommendations
Implemented	21
Not Implemented	55
<b>Total</b>	<b>76</b>

The details are as follows:

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p>1. Erroneous classification of fund transfers to private entities and HEI; GOCC; and SUC totaling to ₱19,924,412.68 and ₱475,313,779.56 as at December 31, 2020, under the <i>Due from NGAs</i> and <i>Due from NGOs/CSOs</i> account, respectively.</p> <p><b>We recommended and Management agreed to require the Accountant to prepare the necessary adjusting entries debiting Other Receivables and Due from GOCC account in the amount of ₱489,208,192.24 and ₱100,000.00, respectively, and crediting Due from NGAs and Due from NGOs/CSOs account by ₱13,994,412.68 and ₱475,313,779.56, respectively</b></p>	<p>2020 AAR</p> <p>Paragraph 4-7, Pages 46-47</p>	<p>Adjustments were made, as follows:</p> <p>JEV-2021-06-000572                      JEV-2021-06-001290                      JEV-2021-06-001293                      JEV-2021-06-001373                      JEV-2021-06-001374                      JEV-2021-06-001375                      JEV-2021-06-001376                      JEV-2021-06-001377                      JEV-2021-06-001389                      JEV-2021-06-001390                      JEV-2021-10-002179                      JEV-2021-10-001075                      JEV-2021-10-002147                      JEV-2022-01-000354                      JEV-2022-01-000367</p>	Implemented	<p>Verified the adjusting entries and found in order.</p>
<p>2. Duplicate recording of liquidation amounting to ₱804,053.58 under the <i>Due from NGAs</i> account</p>	<p>2020 AAR</p> <p>Paragraph 8-10, Pages 47-48</p>			

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p><b>We recommended and Management agreed to require the Accountant to prepare the necessary adjusting entries debiting Due from NGAs account and crediting Accumulated Surplus/(Deficit) account by ₱804,053.58.</b></p>		<p>Adjusted per JEV No. 2021-04-001203</p>	<p>Implemented</p>	<p>Verified adjusting entry made under JEV No. 2021-04-001203 dated April 1, 2021 and found in order.</p>
<p>3. Erroneous recognition of undelivered inventory items of ₱163,235.40 as outright expense</p> <p><b>We recommended and Management agreed to require the Accountant to prepare the necessary adjusting entries for the undelivered items amounting to ₱163,235.40.</b></p>	<p>2020 AAR Paragraph 11-14, Pages 48</p>	<p>Adjusted per JEV-2021-06-000540</p>	<p>Implemented</p>	<p>Validated the adjusting entry under JEV-2021-06-000540 dated June 30, 2021 and found in order.</p>
<p>4. Erroneous recognition of materials purchased for the fabrication of six thermal scanners overstated the Other Professional Services and Other Supplies and Materials Expenses by ₱363,375.00 and ₱180,840.00, respectively, and the accounts Other PPE and Accumulated Depreciation were understated by ₱544,215.00 and ₱51,700.43, respectively</p> <p><b>We recommended and Management agreed to require the Accountant to effect the necessary adjusting entries reclassifying the cost of</b></p>	<p>2020 AAR Paragraph 15-20, Pages 48-50</p>	<p>Property Section to submit revised PAR of the six thermal scanners</p>	<p>Implemented</p>	<p>Validated adjusting entry under JEV-2021-09-002078 dated September</p>

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p><b>the six thermal scanners into its appropriate PPE account and accordingly recognizing the corresponding depreciation amounting to ₱544,215.00 and ₱51,700.43, respectively</b></p>				<p>30, 2021 and found in order.</p>
<p>5. Failure to recognize semi-expendable items upon delivery resulted in negative balance for Semi-Expendable ICT Equipment account under Trust Fund amounting to ₱58,000.00</p> <p><b>We recommended and Management agreed to require the Accountant to effect the necessary adjusting entries debiting Semi-Expendable ICT Equipment and crediting Other Receivables account, both by ₱58,000.00.</b></p>	<p>2020 AAR Paragraph 21-27, Pages 50-51</p>	<p>Already Adjusted: JEV-2021-02-000189</p>	<p>Implemented</p>	<p>Validated the adjusting entries JEV-2021-02-000189 dated Feb 1, 2021 and JEV-2021-08-000843 dated Aug 1, 2021 and found in order.</p>
<p>6. Non-reclassification of Other PPE of ₱52,040.00 which are below the capitalization threshold of ₱15,000.00 to semi-expendable property</p> <p><b>We recommended and Management agreed to require the Accountant to reclassify the PPE below the capital threshold of ₱15,000.00 by debiting Accumulated Depreciation-Other PPE and Accumulated Surplus/(Deficit) account in the amount of ₱609.56 and ₱51,430.44,</b></p>	<p>2020 AAR Paragraph 28-32, Pages 51-52</p>	<p>Adjustment was effected</p>	<p>Not Implemented</p>	<p>No adjusting entry was found and the semi-expendable properties are still recorded in Other PPE.</p>

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p>respectively, and crediting Other PPE account in the amount of <b>₱52,040.00</b> in accordance with Section 10, Chapter 8 the GAM, Volume I.</p>				
<p>7. Non-provision of depreciation for ICT Equipment and Other PPE accounts amounting to <b>₱651,733.25</b> and <b>₱61,536,924.37</b>, respectively.</p> <p><b>We recommended and Management agreed to require the Accountant to:</b></p> <p><b>(a) refrain the aggregate recording of equipment outlay during the liquidation of the implementing agencies; and</b></p> <p><b>(b) effect the necessary adjustments and henceforth, ensure the provision of depreciation</b></p>	<p>2020 AAR</p> <p>Paragraph 33-39, Pages 52-53</p>	<p>CY 2021 is cleared with the aggregate recording of equipment outlay in liquidating the implementing agencies' advances/project funds releases. The previously recorded equipment outlay was not yet itemized and no provision of depreciation was provided as of this writing.</p> <p>Various adjustments have been taken reversing the inbulk PPE recording.</p> <p>Continuous reviewing for reversal entries to</p>	<p>Not Implemented</p> <p>Not Implemented</p>	<p>No further aggregate recording of equipment outlay since the recommendation . However, the previous entries are not yet adjusted.</p> <p><i>Reiterated with updated information and/or recommendation found in Paragraph No. 20-30, Pages 51-52, Part II of this report.</i></p> <p>PPE without provision for depreciation were still noted in CY 2021</p>

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p><b>on all PPE being used in the operation.</b></p>		<p>zero out in bulk PPE entries entered in prior years.</p>		<p><i>Reiterated with updated information and/or recommendation found in Paragraph No. 20-30, Pages 51-52, Part II of this report.</i></p>
<p>8. Erroneous provision for depreciation amounting to ₱1,223,340.90 resulting in carrying amount not equal to zero or residual value at the end of estimated useful life of PPE</p> <p><b>We recommended and Management agreed to require the Accountant to strictly comply with Section 27, Chapter 10 of the GAM, Volume I on the provision for depreciation of PPE.</b></p>	<p>2020 AAR Paragraph 40-46, Pages 53-54</p>	<p>The accountant concerned is strictly complying with the GAM on the provision of depreciation.</p>	<p>Not Implemented</p>	<p>Erroneous provisions were still found in CY 2021</p> <p><i>Reiterated with updated information and/or recommendation found in Paragraph No. 20-30, Pages 51-52, Part II of this report.</i></p>
<p>9. Inconsistency in the application of estimated useful life for various PPE accounts amounting to ₱11,767,695.94 resulting in overstatement of the related Accumulated Depreciation and Depreciation Expense account by ₱800,634.64</p>	<p>2020 AAR Paragraph 47-50, Pages 54-55</p>			

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p>and ₱450,951.36, respectively, and understatement of Accumulated Surplus/(Deficit) account by ₱349,683.28</p> <p><b>We recommended and Management agreed to require the Accountant to:</b></p> <p><b>(a) to effect the necessary adjusting entries through debiting the related Accumulated Depreciation account and crediting Accumulated Surplus/ (Deficit) account, both by ₱800,634.64;</b></p>		Adjusted already	Not Implemented	<p>The following adjusting entries were found: JEV-2021-07-001779, JEV-2021-07-001780, JEV-2021-07-001781, JEV-2021-07-001782.</p> <p>However, discrepancies in the adjusted amount and the recommendation were noted. The discrepancy was included in the recommendation in CY 2021.</p> <p><i>Reiterated with updated information and/or recommendation found in Paragraph No. 20-30, Pages 51-52, Part II of this report.</i></p>

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p><b>(b) ensure consistency in the assignment/application of estimated useful life for PPE in accordance with the agency's policy as disclosed in the Notes to Financial Statements; and</b></p> <p><b>(c) ensure that the Accounting personnel-in-charge has an updated list of PPE classification and its useful life.</b></p>		<p>Adjusted already</p> <p>The concerned accounting personnel-in-charge was given/informed of the updated list of PPE classification and its useful life</p>	<p>Implemented</p> <p>Implemented</p>	<p>Verification of the estimated useful life of the noted PPE in the eNGAs showed that inconsistencies in the application of estimated useful were resolved.</p> <p>Inquiry with the concerned personnel revealed that updated list of PPE classification and its useful life was provided to him.</p>
<p>10. Failure to derecognize accumulated depreciation of ₱51,018.34 for transferred PPE</p> <p><b>We recommended and Management agreed to require the Accountant to:</b></p> <p><b>(a) ensure that the related Accumulated Depreciation account is appropriately derecognized with the PPE account; and</b></p>	<p>2020 AAR Paragraph 51-55, Pages 55-56</p>	<p>All related Accumulated Depreciation account will be derecognized with the PPE account appropriately;</p>	<p>Not Implemented</p>	<p>Verification showed that here is a depreciation of PPE with zero balance in cost and accumulated depreciation since the beginning of cy 2020</p> <p><i>Reiterated with updated information and/or</i></p>

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p><b>(b) effect the necessary adjustments by debiting Accumulated Depreciation-Other PPE account and crediting Accumulated Surplus/(Deficit) account in the amount of ₱51,018.34.</b></p>		<p>Adjusted as per JEV No. 2021-02-000523</p>	<p>Implemented</p>	<p><i>recommendation found in Paragraph No. 20-30, Pages 51-52, Part II of this report.</i></p> <p>Validated JEV No. 2021-02-000523 dated February 16, 2021 and found in order.</p>
<p>11. Recognition of equipment/Other PPE acquisition by IAs amounting to ₱164,523,138.78</p> <p><b>We recommended that Management require the Accountant to record the liquidation of inter-agency transfer fund in strict compliance with the illustrative accounting entries shown in Annex M of the GAM, Volume I.</b></p>	<p>2020 AAR Paragraph 56-62, Pages 56</p>	<p>Liquidation entries per GAM is strictly followed except for Other Receivables.</p>	<p>Not Implemented</p>	<p>Validation of PPE accounts revealed that recognition of PPE purchased by other government agencies from PCIEERD GIA funds resulting in overstatement of Other PPE account by ₱339,223,515.43 still exist</p> <p><i>Reiterated with updated information and/or recommendation found in Paragraph No. 31-40, Pages 52-</i></p>

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
				54, Part II of this report.
<p>12. Recognition of not yet due and demandable obligations amounting to ₱72,940,299.76</p> <p><b>We reiterated our prior year's recommendations and Management agreed to require the Accountant to:</b></p> <p><b>a. stop the practice of recording of payables for NYDDO; and</b></p> <p><b>b. prepare necessary adjusting entries for the outstanding receivables amounting to ₱26,679,187.13.</b></p>	<p>2020 AAR Paragraph 63-75, Pages 56-59</p>	<p>The accounting unit ensured that starting CY 2021, there will be no more recording of payables which are not yet due</p>	<p>Implemented</p> <p>Not Implemented</p>	<p>Verification found that the balance set up in CY 2020 are all paid or adjusted. Also, per checking with the list of entries made at year-end, no set-up for goods and services not yet delivered nor rendered.</p> <p>Verification of Other Receivables account as of April 2022 showed no adjustments made.</p>
<p>13. Erroneous recording of liquidation and reversion of unexpended balances to the SAs resulted in the understatement of the Due to NGAs account by ₱2,135,235.94 and existence of negative balances amounting to ₱(3,045,317.96)</p>	<p>2020 AAR Paragraph 76-80, Pages 59-61</p>			

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p><b>We recommended and Management agreed to require the Accountant to review/correct/update the project individual SL and ensure that the balances appearing in the SL are properly supported by information traceable to original documents to avoid accumulation of negative SL balances.</b></p>		<p>Adjusting entries under JEV-2021-02-000192 dated February 28, 2014 and JEV 2021-06-000523 to JEV-2021-06-000527 dated June 30, 2021 and found in order.</p>	<p>Implemented</p>	<p>Validated the adjusting entries under JEV-2021-02-000192 dated February 28, 2014 and JEV-2021-06-000523 to JEV-2021-06-000527 dated June 30, 2021 and found in order.</p>
<p>14. Unreliable Due from NGAs and Due from NGOs/CSOs account balances amounting to ₱1,772,069,359.32 and ₱517,358,812.30, respectively, due to: (a) reported discrepancies of book balances with the confirmed balances of ₱143,744,940.89 and ₱3,279,603.56 of several NGAs and NGOs/CSOs/private entities, correspondingly; (b) unexpended balances of completed projects in the amount of ₱1,016,310,225.36 and ₱189,413,183.79, which are outstanding from one (1) year to over 10 years in the accounts; and (c) occurrence of negative SL balances amounting to ₱(2,935,900.70) for Due from NGAs account as well as for Due from NGOs/CSOs account amounting to ₱(69,578.18).</p>	<p>2020 AAR Paragraph 83-91, Pages 61-66</p>			

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p><b>We reiterated our prior year's recommendations and Management agreed to require:</b></p> <p><b>a. The Project Managers and the Accountant to:</b></p> <p><b>i. perform periodic reconciliation with the Accountants and Project Leaders of the IAs for the immediate submission of the complete documents to PCIEERD for review and recording, in strict compliance with COA and DOST guidelines;</b></p> <p><b>ii. revisit all completed projects with outstanding balances and coordinate with the IAs for the immediate submission of LRs, and refund of any unexpended balances;</b></p>		<p>Meetings and Group discussions with accountants from IAs and PCIEERD accountant were conducted to facilitate reconciliation of the agency book balance with the IAs outstanding balance and request for the immediate return of UB/savings, if any.</p> <p>Emails and letters were sent to the IAs for the liquidation of funds. No new funds will be release to IAs with pending obligations with PCIEERD.</p> <p>Demand letters to implementing agencies are prepared to submit required documents need and return of UB, if any. Aside from meetings and Group discussions with accountants from IAs and PCIEERD accountant were conducted to facilitate reconciliation of the agency book balance with the IAs outstanding balance and request for the immediate return of UB/savings, if any.</p>	<p>Not Implemented</p> <p>Not Implemented</p>	<p>Outstanding balances for completed projects as well as negative SL balances still exist as of December 31, 2021.</p> <p><i>Reiterated with updated information and/or recommendation found in Paragraph No. 55-92, Pages 57-64, Part II of this report.</i></p> <p>Outstanding balances for completed projects as well as negative SL balances still exist as of December 31, 2021.</p> <p><i>Reiterated with updated information and/or recommendation found in Paragraph No.</i></p>

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p><b>iii. submit status report on research outputs for completed projects to ensure that funds transferred to IAs were translated into project deliverables; and</b></p> <p><b>b. The Accountant to:</b></p> <p><b>i. return the unexpended balance of Malayan Colleges Laguna amounting to ₱26,421.46 to DOST;</b></p>		<p>Emails and letters were sent to the IAs for the liquidation of funds. No pending obligations with PCIEERD. New funds will be released to IAs with pending obligation with PCIEERD.6.30.21</p> <p>Project reports and research outputs for completed are inputted/uploaded by the concerned project managers in the PCIEERD PMIS.</p> <p>SLs used are reviewed thoroughly before approving.</p>	<p>Not Implemented</p> <p>Implemented</p>	<p><i>55-92, Pages 57-64, Part II of this report.</i></p> <p>Sampling of projects posted in the PMIS showed that the latest upload/update of project related documents such as letters and financial reports for some ongoing projects ranged from CY 2018-2021.</p> <p><i>Reiterated with updated information and/or recommendation found in Paragraph No. 55-92, Pages 57-64, Part II of this report.</i></p> <p>Verified that the balance was transmitted to BTr in the Certification from BTr.</p>



Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p>the trust fund and semi-expendable property were not reported/included in the submitted RPCI.</p> <p><b>We recommended and Management agreed to require:</b></p> <p><b>a. The Property personnel to submit RPCI for all inventory accounts under the regular and trust funds duly reconciled with the Accounting records; and</b></p> <p><b>b. The Accountant to implement the Perpetual Inventory Method for supplies and other related materials under the trust fund in accordance with Section 9, Chapter 8 of the GAM, Volume I by recording the remaining unissued supplies to its appropriate Inventory account.</b></p>		<p>The eNGAS is automatically using the perpetual Inventory Method.</p>	<p>Not Implemented</p> <p>Not Implemented</p>	<p>RPCI for trust funded supplies and other materials were not submitted.</p> <p><i>Reiterated with updated information and/or recommendation found in Paragraph No. 93-99, Pages 64-65, Part II of this report.</i></p> <p>Verification of some entries relative to purchase of supplies showed that perpetual inventory method was implemented for supplies under Regular Fund such as JEV-2021-06-001212 dated June 9, 2021 and JEV-2021-06-001213 dated Aug 5, 2021; and under Trust Fund such as JEV-2021-04-</p>

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
				<p>000544 dated April 1, 2021 and JEV-2021-04-000529 dated April 22, 2021.</p> <p>However, verification of the corresponding expense accounts of the inventories showed purchase orders directly debited to the account.</p>
<p>16. The balance of PPE account of ₱798,979,035.31 as at December 31, 2020 was not reliable due to a net discrepancy between the balances in the books and the RPCPPE amounting to ₱16,584,874.99, which resulted from: (a) recorded PPE not found in the RPCPPE; (b) PPE listed in the RPCPPE but not found/counted; (c) PPE in the RPCPPE not recorded in the books of accounts; (d) duplicate entries in the RPCPPE; and (e) PPE with different amounts recorded in the books and the RPCPPE.</p> <p><b>We recommended and Management agreed:</b></p> <p><b>a. for serviceable PPE included in the RPCPPE but not recorded in the books, to require the Property</b></p>	<p>2020 AAR Paragraph 107-113, Pages 69-71</p>	<p>On April 27, 2021, the Property Section transmitted Property Acknowledgement Receipt (PAR) to the</p>	<p>Not Implemented</p>	<p>Property Section had transmitted 75 PARs of unserviceable PPE that was</p>

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p><b>Officer to submit to the Chief Accountant the documents required for recording in the books; and</b></p> <p><b>b. for PPE recorded in the books but not included in the RPCPPE, to require the concerned personnel to present the PPE for verification as to existence and condition and propose inclusion in the RPCPPE.</b></p>		<p>Accounting Section amounting to P4,786,055.70 to support the taking up of serviceable PPE included in the RPCPPE but not recorded in the books.</p>	<p>Not Implemented</p>	<p>included in the CY 2020 RPCPPE but not recorded in the books to the Accounting Section on April 27, 2021. However, unrecorded PPE were still found in the RPCPPE as of December 31, 2021.</p> <p><i>Reiterated with updated information and/or recommendation found in Paragraph No. 100-109, Pages 66-69, Part II of this report.</i></p> <p>Recorded PPE that are not found in the RPCPPE still exist as of December 31, 2021.</p> <p><i>Reiterated with updated information and/or recommendation found in Paragraph No. 100-109, Pages 66-69, Part II of this report.</i></p>
<p>17. The accuracy of the Due to NGAs account balance of</p>	<p>2020 AAR</p>			

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p>₱347,411,978.41 was unreliable due to: (a) inclusion of completed projects and non-moving SL balances amounting to ₱132,328,000.64 and ₱1,323,262.57, respectively, remained outstanding from one (1) year to more than 10 years in the account balances and not returned to the SAs, which is inconsistent with Section 63 (f) &amp; (g) of Chapter 6, Volume I of the GAM,; (b) variance of ₱171,472,208.29 per confirmation with SAs; and (c) unreconciled balances of ₱878,383.14 from the merger of PCIERD and PCASTRD to PCIEERD in 2010.</p> <p><b>We reiterated our prior year's recommendations and Management agreed to require:</b></p> <p><b>a. The Project Managers to:</b></p> <p><b>i. regularly monitor the projects' status/implementation;</b></p>	<p>Paragraph 114-119, Pages 71-73</p>	<p>Emails and demand letters were sent to IAs for the liquidation of project funds. It is the policy of the management and stipulated in the DOST guidelines that no new funds will be released to IAs with pending obligations to the Funding Agency. During pandemic, virtual project monitoring is an alternative approach to</p>	<p>Not Implemented</p>	<p>Costs of completed/terminated projects and non-moving SL balances amounting to ₱149,448,571.48 and ₱1,323,262.57, respectively, remain outstanding from one (1) to more than ten (10) years in the</p>

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p>ii. ensure timely submission of financial reports with the return of unexpended balances for completed projects; and</p>		<p>check the progress of the project implementation. For new projects, the project leaders are enjoined to input the financial details (receipt of project funds and disbursements) in the Project Financial Monitoring Information System</p> <p>Account Trust Funds project personnel are diligently submitting liquidation reports to funds sources. As of this date, 254 completed projects have an outstanding balance</p>	<p>Not Implemented</p>	<p>account balance and not returned to the SAs as of December 31, 2021</p> <p><i>Reiterated with updated information and/or recommendation found in Paragraph No. 110-141, Pages 69-75, Part II of this report.</i></p> <p>Variance of ₱210,771,128.32 between the book balances of PCIEERD and source agency as of December 31, 2021</p> <p><i>Reiterated with updated information and/or recommendation found in Paragraph No. 110-141, Pages 69-75, Part II of this report.</i></p>
<p>iii. ensure the attainment of the project objectives/deliverables; and</p>		<p>Status of project implementation is being uploaded in the PMIS; follow-up on the report from the project leader is done through e-mails and virtual project monitoring.</p>	<p>Not Implemented</p>	<p>Due to the practice of multi-level transfer of funds to IA, timely submission of progress/terminal/financial reports by the IA was not reflected</p>

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p><b>b. The Accountant to:</b></p> <p><b>i. submit the liquidation reports and return/remit the outstanding balance to the concerned SAs upon completion of the project;</b></p>		<p>Constant follow-up (thru e-mail) with the concerned project managers is being done by the Accounting personnel for the submission of liquidation reports to determine the non-moving SL balances and will facilitate liquidation of those projects.</p>	<p>Not Implemented</p>	<p>in the records of PCIEERD but was reported in the SA's records. Likewise, there is a possibility that liquidations were reflected in the records of PCIEERD but was not reported in the SA's records</p> <p><i>Reiterated with updated information and/or recommendation found in Paragraph No. 110-141, Pages 69-75, Part II of this report.</i></p> <p>Variance of ₱210,771,128.32 between the book balances of PCIEERD and source agency (SA) as of December 31, 2021</p> <p><i>Reiterated with updated information and/or recommendation found in Paragraph No. 110-141, Pages</i></p>

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p><b>ii. evaluate the non-moving SL balances and facilitate the necessary liquidation of those projects;</b></p>		<p>The PCIEERD Accounting personnel is in close coordination with the SA accounting personnel (through group chat and online platform) to address any adjustments as necessary.</p>	<p>Not Implemented</p>	<p><i>69-75, Part II of this report.</i></p> <p>Variance of ₱210,771,128.32 between the book balances of PCIEERD and source agency (SA) as of December 31, 2021</p> <p><i>Reiterated with updated information and/or recommendation found in Paragraph No. 110-141, Pages 69-75, Part II of this report.</i></p>
<p><b>iii. ensure regular reconciliation with the SAs and analyze project SLs and effect the necessary adjustments; and</b></p>		<p>The Accounting personnel has ongoing reconciliation of Due to NGAs and Cash-TAD account.</p>	<p>Not Implemented</p>	<p>The outstanding SL balances still include forwarded balances of ₱897,421.65 from the merger of PCIERD and PCASTRD</p> <p><i>Reiterated with updated information and/or recommendation found in Paragraph No. 110-141, Pages 69-75, Part II of this report.</i></p>

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
iv. analyze the Due to NGAs and Cash-TAD, Trust accounts of PCIERD in order to revert the remaining funds to the BTr and effect the necessary adjustments.			Not Implemented	
<p>18. Payment of Hazard Pay, Subsistence Allowance, and Laundry Allowance to employees WFH resulted in overpayments amounting to ₱658,467.56; ₱1,356,099.81; and ₱232,840.88, respectively, contrary to the provisions of DBM-DOST JC No. 1, dated 25 June 2013</p> <p><b>We recommended and Management agreed to submit a valid explanation why the overpayments of Hazard Allowance, Subsistence Allowance, and Laundry Allowance should not be refunded by concerned employees, otherwise, a Notice of Disallowance will be issued.</b></p>	<p>2020 AAR Paragraph 120-130 Pages 73-76</p>	<p>A letter dated Sept. 22, 2021 relative to the Audit Team's rejoinder on the Management's response to the observation was sent.</p> <p>In response to COA's observation, the management submitted an explanation why the overpayment of Hazard Allowance, Laundry Allowance should not be refunded by concerned employees.</p>	Implemented	<p>Issued Notice of Disallowance No. 2021-003-101 (2020) dated Nov 15, 2021</p>
19. Documentary and procedural requirements as set forth in PD No. 1445, and COA Circular Nos. 2007-001, 2012-001 and 2016-002 were not complied with by the PCIEERD in the grant and liquidation of research funds to various NGAs,	<p>2020 AAR Paragraph 131-146 Pages 76-79</p>			

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p>NGOs/CSOs and private entities, and in the transfer/donation of assets to IAs.</p> <p><b>We recommended and Management agreed to:</b></p> <p><b>a. ensure strict compliance with the documentary and counterpart funding requirements set forth under DOST and COA guidelines in the approval of project proposals, the grants and liquidations of financial assistance, and the transfers/donations of assets to IAs; and</b></p>		<p>The Budget Officer ensured that the Grant-In-Aid Line Item Budget should reflect the required counterpart of the grants as set forth in PD 1445, COA Circulars 2007-001, 2012-001 and 2016-002 and DOST guidelines 011, including the liquidation requirements attaching the Report of Disbursement, Report of Checks Issued among others and the transfer/donation of assets to IAs.</p>	<p>Not Implemented</p>	<p>Validation of releases of funds to new projects showed that some projects did not comply with the counterpart funding requirements such as:</p> <ul style="list-style-type: none"> <li>- Imahé Labs: An Educational Game for Chemistry in the Senior High School and Junior High School Sectors of Baguio City;</li> <li>- Establishment of Mindanao Natural (MinNa) Language Processing (LProc) Research and Development Laboratory; and</li> <li>- IMPACT: Establishment of the SU-KTTO at Silliman University, Dumaguete City, Negros Oriental.</li> </ul>

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p><b>b. oblige the Accountant to exercise due diligence in certifying that funds/cash advances previously transferred/granted to IAs have been liquidated and properly taken up in the books.</b></p>		<p>The Accountant exercised due diligence in certifying that funds cash advances previously transferred/granted to IAs have liquidation submitted and taken up in books.</p> <p>Further, the Management have discussed that the certification is not assessed per IA but per department or project leader.</p>	Not Implemented	<p><i>Reiterated with updated information and/or recommendation found in Paragraph No. 55-92, Pages 57-64, Part II of this report.</i></p> <p>Sampling validation of releases to some projects showed that release of funds were made to institutions with unliquidated fund transfers.</p> <p>The certification being assessed per project leader or department was not verified.</p>
<p>20. The Agency's non-compliance with RA No. 656 and COA Circular No. 2018-002 dated May 31, 2018 on the timely preparation and submission of the PIF resulted in the lack of insurance coverage for Technical and Scientific Equipment, Other PPE, and ICT Equipment amounting to ₱449,000.00, ₱683,921,298.66, and ₱224,938.40, thus, denying adequate protection against any damage or loss of its properties.</p>	<p>2020 AAR Paragraph 147-158, Pages 79-82</p>			

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p>We recommended and Management agreed to require the responsible officials to:</p> <p>a. ensure the timely preparation and submission of the PIF to the Audit Team in compliance with COA Circular No. 2018-002 dated May 31, 2018; and</p> <p>b. ensure that all insurable properties, particularly those properties under the custody of the IAs, are appraised; insured against all insurable risks with the GIF of the GSIS, or if not acceptable to the GIF, with a private insurance company included in the PIF; and disclosed in the PIF; and</p> <p>c. refrain from recording properties that are still at the custody of the implementing agencies in strict compliance with the illustrative accounting entries shown in Annex M, GAM Volume I.</p>		<p>The Property Inventory Form for CY 2021 was submitted to the GSIS and COA on April 27, 2021.</p> <p>Application of insurance for project's equipment is being discussed during pre-implementation meeting with the proponent. They are being encouraged to secure applicable insurance to safeguard government properties. The budget for insurance premiums should be included in the LIB if possible.</p> <p>Starting CY 2021, the Accounting refrained from recording properties that are still in the custody of the implementing agencies in strict compliance with GAM Vol. 1. As of 6.30.21</p>	<p>Implemented</p> <p>Not Implemented</p> <p>Not Implemented</p>	<p>PIF as of Dec. 30, 2020 was submitted to the Audit Team on April 27, 2021</p> <p>No evidence was provided to support that the insurable properties in the custody of the IAs were insured. Further, the availment for insurance were only encouraged but not strictly required. Further, per DOST AO No. 011 Series 2020 dated September 2, 2020 provides that insurance must be in the expense of the IAs.</p> <p>Validation of PPE accounts revealed that recognition of PPE purchased by other government agencies from PCIEERD GIA funds resulting</p>

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
				<p>in overstatement of Other PPE account by ₱339,223,515.43 still exist</p> <p><i>Reiterated with updated information and/or recommendation found in Paragraph No. 31-40, Pages 52-54, Part II of this report.</i></p>
<p>21. Unnecessary purchases of tables and chairs amounting to P21,054.28 were made WFH purposes, contrary to Office of the President AO No. 6 dated September 19, 2017, and COA Circular No. 2012-003 dated October 29, 2012</p> <p><b>We recommended and Management agreed to require the concerned personnel to submit their authority for the purchase of tables and chairs intended to be used for WFH purposes. Otherwise, a ND will be issued for the concerned personnel to refund the disbursed amount of ₱21,054.28.</b></p>	<p>2020 AAR Paragraph 159-166 Pages 82-83</p>		<p>Implemented</p>	<p>Issued Notice of Disallowance No. 2021-002-101-184 (2020) dated June 30, 2021. In addition, a total of ₱14,059.28 was refunded under OR No. 7392762 – 7392764 dated September 7, 2021.</p>
<p>22. Deficiencies noted in the implementation of COVID-19-related projects included:</p>	<p>2020 AAR Paragraph 170-182 Pages 85-90</p>			

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p>a. Equipment deployed have inadequate accessories and were not working as intended for the Swab Testing Stations and AI Thermal Scanner, respectively.</p> <p>b. Failure to provide recipients of the necessary documents such as PTR and/or Deed of Donation that show information on the cost, technical specification, etc. of the swab testing station resulted in difficulty of the recipients in recording the donated equipment in their books. Moreover, no available documents to validate the actual deployment of disinfecting chamber system to recipient</p> <p><b>We recommended and Management agreed to require the responsible personnel to:</b></p> <p><b>a. furnish a justification for the undelivered accessories;</b></p> <p><b>b. provide documents that proves the deployment of the swab testing station and</b></p>		<p>Initial meeting with FAME Inc, was conducted on April 27, 2021. It was mentioned in the meeting that FAME Inc. Should submit proof of deliveries and checklist which account the completeness of the accessories per swab testing station.</p> <p>The Resident Auditor was also furnished with the submitted documents of FAME Inc. regarding</p>	<p>Not Implemented</p> <p>Not Implemented</p>	<p>No document was submitted to the Audit Team for verification.</p> <p>The furnished documents to the Audit Team pertain to</p>

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p><b>disinfecting chamber to EAMC and PGH, respectively;</b></p>		<p>deployment of swab testing stations for their reference on July 14, 2021. The submitted documents include Bill of Materials for the swab testing station. The Property Section will still be needing LEP and PAR for the conduct of virtual inventory.</p>		<p>documents relating to deployment of swab testing booth wherein it consists of photocopied official receipts issued by LE COQ Global Ventures Corp for the deployment of swab booths to beneficiaries. It can be noted that OR No. 0000528 refers to the deployment of two (2) swab booths to EAMC. However, the result of our confirmation with EAMC showed that they did not receive any Swab Testing Station from PCIEERD as per the EAMC Material Management Section. Hence, a PAR duly received by EAMC may prove the deployment of the swab testing station.</p> <p>Moreover, no documents submitted to prove the</p>

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p>c. provide the lacking accessories and documents such as PTR and/or deed of donation to the respective recipients; and</p> <p>d. ensure that the deployed equipment is operational as intended.</p>		<p>The Swab Testing Stations, one unit Disinfecting Chamber System is still for inventory before we can process the donation to various hospitals. Two units of Thermal Scanner were already donated to the DOST-ITDI ADMATEL and Municipality of Pasig. We are awaiting for the submission of signed PTR and JEV from the two (2) recipients.</p>	<p>Not Implemented</p> <p>Not Implemented</p>	<p>deployment of disinfecting chamber to PGH.</p> <p>No document was submitted to the Audit Team for verification</p> <p>No document was submitted to the Audit Team for verification</p>
<p>(c) receivables from FAME Inc. amounting to ₱9,990,000.00 remained outstanding due to the non-submission of liquidation reports or terminal accomplishment report with supporting documents within two months after project completion on the deployment of swab testing stations; and;</p> <p><b>We recommended and Management agreed to direct the Project Manager and Accountant to facilitate the liquidation of FAME Inc. outstanding receivables</b></p>	<p>2020 AAR</p> <p>Paragraph 183-189</p> <p>Pages 90-91</p>	<p>Partial liquidation with JEV#2021-05-011-029</p>	<p>Not Implemented</p>	<p>The documents attached to JEV No. 2021-011-029 dated May 30, 2021 are the list of equipment purchased, and</p>

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p>and ensure that liquidation reports be submitted with complete and original supporting documents such as official receipts , delivery receipts and the covering research projects deliverables/output or terminal report duly acknowledged and accepted by the RITTD.</p>				<p>the terminal of audited financial report. However, report of disbursements; official receipts other than the photocopied official receipts issued by LE COQ Global Ventures Corp; and other required documents was not attached.</p>
<p>(d) net overpayment of salary of Job Order amounting to ₱3,150.00 due to possible laxity in the payment process</p> <p><b>We recommended and Management agreed to require the concerned personnel to refund the overpayment of ₱3,150.00.</b></p>	<p>2020 AAR Paragraph 190-194 Pages 91-92</p>	<p>A JEV was prepared to record the overpayment. A letter to require the concerned personnel to refund the overpayment.</p>	<p>Not Implemented</p>	<p>No document was submitted to the Audit Team for verification</p>
<p>23. Gender and Development</p> <p>a) Partial compliance with the guidelines in the preparation of the Annual GPB and GAD AR</p> <p><b>We reiterated our prior year's recommendation and Management and GFPS agreed to ensure compliance with the guidelines provided in the PCW Memorandum Circular to print the GMMS authenticated GPB and GAD AR for signature of the agency</b></p>	<p>2020 AAR Paragraph 195-212 Pages 92-97</p>	<p>The Annual accomplishment report for 2020 was already submitted and in fact PCW already provided their comments on the matter. The GDPB is already submitted as well.</p>	<p>Not Implemented</p>	<p>The GAD AR was submitted without the approval/sign of the head of agency,</p> <p><i>Reiterated with updated information and/or</i></p>

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p><b>head and submit signed copies to PCW and COA within five (5) working days from endorsement.</b></p>		<p>The management has reconstituted the composition of the GFPS to ensure compliance with the guidelines provided in the PCW Memorandum Circular.6.30.21</p>		<p><i>recommendation found in Paragraph No. 193-216, Pages 85-89, Part II of this report.</i></p>
<p>b) Partially implemented GPB as indicated by the partial achievement of the performance indicators/targets indicated therein</p> <p><b>We recommended and Management agreed to require:</b></p> <p><b>a. The GFPS to ensure proper and full implementation of the GAD plans; and</b></p> <p><b>b. The CODI to prioritize the creation of the rules and regulations on sexual harassment to ensure compliance with the RA No. 7877 and CSC Resolution 01-0940.</b></p>		<p>Ensured full implementation of the GAD's plans and programs.</p> <p>The CODI has been reconstituted per PCIEERD Special Order No. 2021-0010 along with its rules and regulations in compliance with the RA 7877 and CSC resolution 01-0940</p>	<p>Not Implemented</p> <p>Not Implemented</p>	<p>Three targets were not met in CY 2021 GPB.</p> <p><i>Reiterated with updated information and/or recommendation found in Paragraph No. 193-216, Pages 85-89, Part II of this report.</i></p> <p>Verification of the PCIEERD Special Order No. 2021-0014 revealed that it does not establish the rules and regulation on sexual harassment but states that the</p>

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
				<p>CODI functions include its creation.</p> <p><i>Reiterated with updated information and/or recommendation found in Paragraph No. 193-216, Pages 85-89, Part II of this report.</i></p>
<p>24. Failure to allocate at least one percent of its agency funds and to formulate plans, programs and projects which aim to address the concerns of senior citizens and differently-abled persons are contrary to Section 31 of RA No. 10964.</p> <p><b>We reiterated our previous year's recommendation and Management agreed to provide sufficient budget that would address the concern of senior citizens and differently-abled persons.</b></p>	<p>2020 AAR Paragraph 213-219, Pages 97-98</p>	<p>The GAD plan includes programs and projects for senior citizens as well as participation of senior leaders and experts in the research and development activities, which are compensated thru payment of honoraria.</p>	<p>Not Implemented</p>	<p>Verification on the GAD plan showed no programs nor projects for senior citizens and differently-abled persons.</p> <p><i>Reiterated with updated information and/or recommendation found in Paragraph No. 217-225, Pages 89-90, Part II of this report.</i></p>
<p>25. For CY 2020, the status of compliance by the</p>	<p>2020 AAR</p>			

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p>Agency on the withholding and remittances of taxes and premiums as well as the government share on various contributions within the prescribed period to the concerned institutions or agencies</p> <p><b>We reiterated our previous year's recommendation and Management agreed to require the responsible personnel to facilitate the reconciliation of the prior years' balances and remit immediately the amount due to BIR/GOCCs, and strictly comply with the stipulated timeline of remittances, as necessary.</b></p>	<p>Paragraph 220-221 Pages 98</p>	<p>Accounting section is in the process of hiring a personnel to assist the Accountant in correcting/reconciling these accounts.</p>	<p>Not Implemented</p>	<p>The <i>Due to BIR, GSIS, Pag-IBIG, and PhilHealth</i> account include unreconciled/unremitted contributions aged for less than one (1) to over three (3) years. Moreover, the said accounts reflected a negative SL balances of ₱(2,489,092.44), ₱(368,405.88), ₱(25,453.20), and ₱(13,265.10), respectively</p> <p><i>Reiterated with updated information and/or recommendation found in Paragraph No. 226-231, Pages 90-92, Part II of this report.</i></p>
<p>26. Unrecorded deliveries and recognition of undelivered items amounting to ₱30,525.56 and ₱55,964.81, respectively.</p>	<p>2019 AAR Paragraph 4 - 11, Pages 46-47</p>			

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p>Management agreed to require:</p> <p>a. the Accountant to:</p> <p>i. prepare an adjusting entry by debiting the Office Supplies Inventory and Due from NGAs account by ₱30,525.56 and ₱25,439.25, respectively, and crediting Other Prepayment account by ₱55,964.81;</p>		Adjusted as per JEV-2021-12-002463	Not Implemented	Validated JEV-2021-12-002463 dated December 31, 2021 and found in order. However, there is no adjusting entry for the unrecorded deliveries amounting to ₱30,525.56 under JEV 2019-02-000822 dated February 28, 2019.
<p>27. Erroneous recording of project liquidations totaling to ₱1,309,019.92</p> <p>Management agreed to require:</p> <p>b. the Accountant to:</p> <p>i. prepare and effect the necessary adjusting entry; and</p>	2019 AAR Paragraph 12 - 19, Pages 47-49	Adjusted	Not Implemented	No related adjustment was found.
<p>28. Derecognition of vehicle before disposal – ₱1,200,000.00</p> <p>Management agreed to require the Accountant to:</p> <p>a. effect the necessary adjusting</p>	2019 AAR Paragraph 29 - 34, Pages 50-51	Adjusted	Implemented	Validation showed that the

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p>entries through debiting Motor Vehicles account by ₱1,200,000.00 and crediting Accumulated Depreciation – Motor Vehicles and Accumulated Surplus/ (Deficit) account by ₱751,410.57 and ₱448,589.43, respectively; and</p> <p><b>b. refrain from the derecognition of assets unless there is an actual disposal, in accordance with Section 39 (d), Chapter 10 of the GAM, Volume I.</b></p>		<p>Vehicle is recorded back to PPE</p>	<p>Implemented</p>	<p>said Motor Vehicle amounting to ₱1,200,000.00 was recorded back to the Motor Vehicles account under JEV-2021-07-001804 dated July 1, 2021</p> <p>Verification revealed no additional derecognition without or before actual disposal.</p>
<p>29. Inaccurate Cash and Cash Equivalents account due to: (a) existence of negative SL balances of Cash - Treasury/Agency Deposit, Trust account amounting to ₱13,601,292.16; and (b) unreconciled Cash in Bank, Local Currency, Current Account account with the bank balance amounting to ₱1,062.18</p> <p><b>Management agreed to require:</b></p> <p><b>b. the Accountant to:</b></p> <p><b>i. reconcile and record those unaccounted transactions and unsettled prior year variance;</b></p>	<p>2019 AAR Paragraph 58-67, Pages 56-59</p>	<p>Adjustments were already made. JEV-2021-11-001160, JEV-2021-11-001161</p>	<p>Not Implemented</p>	<p>Validation of BRS as of June 2021 showed various unrecorded credit and debit memo</p>

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p><b>ii. analyze SLs with negative balances and prepare necessary adjustments to reflect correct balances of the affected SL, as necessary; and</b></p> <p><b>iii. conduct a regular monitoring/analysis of SL balances for any red flags such as existence of negative balances to prevent accumulation of accounting errors.</b></p>		<p>Regular monitoring is every end of the quarter</p>	<p>Not Implemented</p> <p>Not Implemented</p>	<p>amounting to ₱26,795.20 and ₱56,177.20, respectively.</p> <p>Negative balances still exist as of December 31, 2021.</p> <p><i>Reiterated with updated information and/or recommendation found in Paragraph No. 43-54, Pages 54-57, Part II of this report.</i></p> <p>Negative balances still exist as of December 31, 2021.</p> <p><i>Reiterated with updated information and/or recommendation found in Paragraph No. 43-54, Pages 54-57, Part II of this report.</i></p>
<p>30. Unreliable Due from NGAs (PS-DBM) account balance of ₱4,238,916.28 due to: (a) unreconciled difference between the books and SOA balances; (b) non-moving SL balances for two (2) to five (5) years;</p>	<p>2019 AAR Paragraph 74-81, Pages 64-66</p>			

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p>and (c) the non-submission of official receipts (ORs) as an acknowledgement of payments by PS-DBM</p> <p><b>Management agreed to require the Accountant to:</b></p> <p><b>a. trace all deliveries/billed air fares on the Monthly Report of Deliveries submitted by the Property Officer and effect the necessary adjustments particularly the current transactions;</b></p> <p><b>b. reconcile the beginning balances using the Notice of Deliveries/Inspection and Acceptance Reports/air fares sales invoices submitted for prior years transactions;</b></p>		<p>Partial receipt of travel documents - but still for review and classification if under general or trust funds.</p> <p>PCIEERD submitted to PS-DBM six GFA Fund Replenishment Forms with the total amount of Php 1,063,190.00. An equivalent amount under six (6) Official Receipts were issued by the PS-DBM.as of 6.30.21</p> <p>The Property and Accounting Sections will reconcile the Office Supplies Inventory Account, Notice of Delivery received and the issued RSMI previously.</p>	<p>Not Implemented</p> <p>Not Implemented</p>	<p>The official receipts was submitted on CY 2021.</p> <p>As of CY 2021, non-moving SL balances for five years or more still exist amounting to ₱3,057,134.28.</p> <p>As of CY 2021, non-moving SL balances for five years or more still exist amounting to ₱3,057,134.28.</p>
<p>31. Circuitous transfers of trust funds to various IAs amounting to ₱109,759,150.50</p> <p><b>Management agreed to ensure compliance with the provisions of COA Circular No. 94-013 that funds for the implementation of the projects be released by the Source Agencies directly to the</b></p>	<p>2019 AAR</p> <p>Paragraph 106-114, Pages 73-75</p>	<p>The Management drafted a letter to the funding source on this AOM received on circuitous transfer as this also implicates liquidation of said circuitous transfer.</p>	<p>Not Implemented</p>	<p>In CY 2021, circuitous fund transfer still exists wherein DOST transferred ₱58,755,988.80 to PCIEERD for the</p>

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p><b>Implementing Agencies, to avoid the circuitous transfer of trust funds, confusion in the implementation of the provisions of the agreement, and prompt the implementation of the project.</b></p>				<p>implementation of STRAP Program where PCIEERD and NRCP being the IA and MA, respectively. However, the said fund was eventually transferred to various IAs for implementation of projects under the STRAP program.</p>
<p>32. Laxity in the approval of overtime pay and non-submission of complete supporting documents</p> <p><b>Management agreed to:</b></p> <p><b>b. require approval of authorized official prior to payment for overtime/extra services to ensure that:</b></p> <p><b>i. the request to render OT services was filed and approved;</b></p> <p><b>iii. complete supporting documents such as approved request to render OT services, overtime work program, and accomplishment</b></p>	<p>2019 AAR Paragraph 115-130, Pages 75-79</p>	<p>Overtime/extra services payment are duly supported by the approved authority to render overtime by the authorized official</p> <p>Approved Authority to OT is required prior the rendering of OT services.</p> <p>The Human Resources and Accounting Units are diligently working to complete the supporting documents needed prior to payment of overtime services rendered-</p>	<p>Implemented</p> <p>Implemented</p>	<p>Validation showed that Approved Authority to OT was required prior the rendering of OT services.</p> <p>Validation of vouchers relating OT payment showed that approved request to render OR services,</p>

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p>reports were properly attached;</p> <p>c. submit to the DBM and the CSC the "Report on Overtime Services With Pay" using the template provided in CSC-DBM JC on or before March 31 of every year to determine priority activities for which an OT pay was authorized, and to determine the total expenditures and fund sources; and</p> <p>d. require the submission of the complete supporting documents on the application of overtime pay, in compliance with COA Circular No. 2012-001.</p>		<p>Approved request to Render overtime, overtime work program, and accomplishment Reports are properly attached.</p> <p>Reports were already submitted to DBM (see attached) Report on Overtime Services with Pay for FY 2019 and 2020 was submitted to DBM on May 24 2021.as of 6.30.21</p> <p>Supporting documents were already transmitted to COA</p>	<p>Implemented</p> <p>Implemented</p>	<p>DTR, and accomplishment reports were attached.</p> <p>Verification showed that Report on Overtime Services with Pay for FY 2019 and 2020 was submitted to DBM on May 24, 2021.</p> <p>Supporting documents such as request to render OT services on the payment of extra services was submitted to the Audit Team on November 29, 2021.</p>
<p>33. Non-submission of financial reports and other pertinent documents as required.</p> <p>Management agreed to require the concerned personnel to immediately submit the unsubmitted financial reports in compliance with existing regulations, and ensure that all are submitted to</p>	<p>2019 AAR</p> <p>Paragraph 131-138, Pages 79-80</p>	<p>Submitted</p>	<p>Not Implemented</p>	<p>Prior year financial transactions were submitted to the Audit Team. However, there is still a delay in the</p>

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p><b>COA within the prescribed period; otherwise, the provisions of Section 122 of PD1445 on the automatic suspension of the salary and other emoluments of the concerned officials/personnel shall be imposed;</b></p>				<p>submission of CY 2021 financial reports.</p> <p><i>Reiterated with updated information and/or recommendation found in Paragraph No. 142-152, Pages 75-77, Part II of this report.</i></p>
<p>34. Non-provision of allowance for impairment loss for Other Receivables account - ₱32,853,915.59</p> <p><b>Management agreed to exhaust all possible remedies to collect all receivables and assess the financial assets of the agency and if evidence of impairment exists and consequently provide provision of allowance for impairment loss for inactive receivables as provided in Paragraphs 67 and 72 of PPSAS No. 29.</b></p>	<p>2018 AAR Paragraph 49-55, Pages 57-59</p>	<p>Allowance for Impairment Loss has been prepared</p>	<p>Not Implemented</p>	<p>Allowance for Impairment Loss amounting to ₱28,474,320.48 was recognized. However, not all delinquent scholars have allowance for impairment loss. Further, evidence for actions made to exhaust all possible remedies to collect all receivables was not provided to the Audit Team.</p>
<p>35. Failure to renew PARs every three (3) years and update the PIS</p> <p><b>Management agreed to direct the created Inventory Team or</b></p>	<p>2018 AAR Paragraph 70-81, Pages 61-63</p>			

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p><b>current Property Officers to:</b></p> <p><b>b. renew the PAR of all PPE every three (3) years or every time there is a change in custodianship/user of the property; and</b></p> <p><b>c. frequently update the PIS database.</b></p>		<p>The Special Order for the Inventory Committee was already prepared on August 5, 2021 and routed to authorized signatories for their signatures. The PAR is being updated every time there is a change in the custodianship/user.</p> <p>The Property Management System was already installed in one of the servers of PCIEERD and the workshop and orientation on how to use the system has already been coordinated.</p>	<p>Not Implemented</p> <p>Not Implemented</p>	<p>Inquiry with the Property Officer revealed that renewal of PAR is done when necessary or every time there is a change in the custodianship</p> <p>Installed PIS is for coordination with Information Technology Management Unit .</p>
<p>36. Accounting errors due to: (a) incorrect recording of deposits of collections of bid documents, refund of scholarship grant, fund transfer and adjustments; and (b) erroneous entry made in setting-up receivables from defaulting scholars</p> <p><b>Management agreed to direct the Chief Accountant to effect the necessary adjustments in the books of accounts to correct all accounting errors noted</b></p>	<p>2017 AAR</p> <p>Paragraph 1-15, Pages 42-46</p>	<p>Accounting Unit has pending request to hire for an accountant to assist in addressing this concern as one of the functions.</p>	<p>Not Implemented</p>	<p>No related adjusting entries were found.</p>
<p>37. BCDA Fund utilization not in accordance with the provisions of R.A. No. 7917</p>	<p>2017 AAR</p> <p>Paragraph 77-103,</p>			

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
<p><b>Management agreed to:</b></p> <p><b>b. require the Accountant to re-compute the DSA upon arrival and departure;</b></p> <p><b>c. demand from the grantees refund of excessive payment of DSA and living allowances, if any;</b></p>	<p>Pages 59-66</p>	<p>Re-computation is submitted.</p> <p>Finance and Administrative Division prepared a letter to Human Resource and Institutional Development Division to send demand letters to grantees for return of excess payment.</p>	<p>Implemented</p> <p>Not Implemented</p>	<p>Submitted schedule on July 16, 2020 about the recomputed DSA. Further, revised computation was submitted on December 13, 2021.</p> <p>No letter was provided to the Audit Team as proof.</p>
<p>38. CY 2016 expenditures totaling ₱307.321 million incurred out of fund transfers for the implementation and monitoring of GIA projects were directly charged to the Due to NGAs instead of recognizing the appropriate asset and expense accounts,</p> <p><b>Management agreed to:</b></p> <p><b>a) Coordinate with the Property Officer and record in the books of accounts the PPE procured in CYs 2015 and 2016 amounting to P6,024,483.00 out of IATFs</b></p>	<p>2016 AAR Observation #3, Paragraph 45-47</p>	<p>Waiting for the equipment outlay documents from Property Section as basis of recording in the books.</p> <p>The Accounting and Property Sections agreed to conduct reconciliation</p>	<p>Not Implemented</p>	<p>No related adjustment was found.</p>

Observations and Recommendations	Reference	Management Action	Status of Implementation	Auditor's Validation
		of the identified projects and prepare the necessary adjusting entries if applicable.		
<p>39. Erroneous computation of longevity pay</p> <p><b>Management agreed to require the Accountant to recompute the amount of monthly LP for each employee in accordance with the pertinent provisions of JC No. 1, s. 2013, computed at 5 percent of the monthly basic salary at the end of the 5th year, 10th year, 15th year, 20th year, and so on.</b></p>	<p>2015 AAR Observation #5,</p> <p>Pages 51 to 54</p>	<p>With the issuance of the DBM-DOST Joint Circular No. 1, s of 2013, the PCIEERD is implementing the provision of the circular, contrary to the observation of the COA, The Council adheres to the principle of no diminution of salaries and benefits of the employees, hence implementation of the circular commenced upon its effectivity. Appeal Memorandum and Petition for Review were already filed with the COA proper.</p>	<p>Not Implemented</p>	<p>Issued Notice of Disallowance for CY 2015-2020 erroneous computation of LP.</p>

**Summary of Reiterated Observations:**

Reference of Observation and Recommendation as presented above	Reference	Reiteration found in Part II
7.a	2020 AAR	Reiterated with updated information and/or recommendation found in Paragraph No. 20-30, Pages 51-52, Part II of this report.
7.b	Paragraph 33-39 Pages 52-53	
8	2020 AAR Paragraph 40-46 Pages 53-54	
9.a	2020 AAR Paragraph 47-50 Pages 54-55	
10.a	2020 AAR Paragraph 51-55, Pages 55-56	
11	2020 AAR Paragraph 56-62 Pages 56	Reiterated with updated information and/or recommendation found in Paragraph No. 31-40, Pages 52-54, Part II of this report.
14.a.i	2020 AAR Paragraph 83-91 Pages 61-66	Reiterated with updated information and/or recommendation found in Paragraph No. 55-92, Pages 57-64, Part II of this report.
14.a.ii		
14.a.iii		
14.b.ii		
14.b.iii		
15.a	2020 AAR Paragraph 92-106 Pages 66-68	Reiterated with updated information and/or recommendation found in Paragraph No. 93-99, Pages 64-65, Part II of this report.
16.a	2020 AAR	Reiterated with updated information and/or recommendation found in Paragraph No. 100-109, Pages 66-69, Part II of this report.
16.b	Paragraph 107-113 Pages 69-71	
17.a.i	2020 AAR Paragraph 114-119 Pages 71-73	Reiterated with updated information and/or recommendation found in Paragraph No. 110-141, Pages 69-75, Part II of this report.
17.a.ii		
17.a.iii		
17.b.i		
17.b.ii		
17.b.iii		
17.b.iv		
19.a	2020 AAR Paragraph 131-146 Pages 76-79	Reiterated with updated information and/or recommendation found in Paragraph No. 55-92, Pages 57-64, Part II of this report.
20.c	2020 AAR Paragraph 147-158 Pages 79-82	Reiterated with updated information and/or recommendation found in Paragraph No. 31-40, Pages 52-54, Part II of this report.
23.a	2020 AAR	

Reference of Observation and Recommendation as presented above	Reference	Reiteration found in Part II
23.b.i	Paragraph 195-212 Pages 92-97	Reiterated with updated information and/or recommendation found in Paragraph No. 193-216, Pages 85-89, Part II of this report.
23.b.ii		
24	2020 AAR Paragraph 213-219 Pages 97-98	Reiterated with updated information and/or recommendation found in Paragraph No. 217-225, Pages 89-90, Part II of this report.
25	2020 AAR Paragraph 220-221 Pages 98	Reiterated with updated information and/or recommendation found in Paragraph No. 226-231, Pages 90-92, Part II of this report.
29.b.ii	2019 AAR Paragraph 58-67, Pages 56- 59	Reiterated with updated information and/or recommendation found in Paragraph No. 43-54, Pages 54-57, Part II of this report.
29.b.iii		
33	2019 AAR Paragraph 131-138, Pages 79-80	Reiterated with updated information and/or recommendation found in Paragraph No. 142-152, Pages 75-77, Part II of this report.

**SUMMARY OF ACCOUNTING ERRORS PER ACCOUNT TITLE**  
(in absolute amount)

Major Account Title	Account Title	Errors/ Findings	Amount of (Over)/ Understatement	Net of Misstatements per Account affected (absolute amount)
<b>ASSETS</b>				
Cash	Cash TADs, Trust	a	(84,909.67)	84,909.67
<b>Total Misstatements for Cash accounts</b>				<b>84,909.67</b>
Receivables	Due from NGAs	a	810,044.26	340,033,559.69
		d	339,223,515.43	
	Due from NGOs/CSOs Other Receivables	a*	(1,197,941.08)	1,197,941.08
			1,197,941.08	
<b>Total Misstatements for Receivables accounts</b>				<b>341,231,500.77</b>
	Semi-Expendable Machinery	b	(7,000.00)	7,000.00
	Semi-Expendable Office Equipment	b	(113,726.00)	113,726.00
	Semi-Expendable Information and Communications Technology Equipment	b	(401,529.00)	401,529.00
	Semi-Expendable Communications Equipment	b	(324,985.92)	324,985.92
	Semi-Expendable Technical and Scientific Equipment	b	(52,923.00)	52,923.00
	Semi-Expendable Furniture and Fixtures	b	(701,636.88)	701,636.88
<b>Total Misstatements for Inventory accounts</b>				<b>1,601,800.80</b>
PPE	Other PPE	a	(326,500.00)	339,550,015.43
		d	(339,223,515.43)	
	Accumulated Depreciation – Office Equipment	c	2,086.45	2,086.45
	Accumulated Depreciation – ICT Equipment	c	1,309,638.91	1,309,638.91
	Accumulated Depreciation – Communication Equipment	c	20,055.09	20,055.09
	Accumulated Depreciation – Furniture and Fixtures	c	122,178.76	122,178.76
	Accumulated Depreciation – Other PPE	c	52,947,340.52	52,947,340.52
	Accumulated Depreciation – Motor Vehicles	c	1,587,470.94	1,587,470.94
<b>Total Misstatements for PPE accounts</b>				<b>395,538,786.09</b>
<b>TOTAL MISSTATEMENTS FOR ASSET ACCOUNTS</b>				<b>738,456,997.33</b>
<b>LIABILITIES</b>				
Liabilities	Due to NGAs	a	117,624.00	117,624.00
<b>TOTAL MISSTATEMENTS FOR LIABILITIES ACCOUNTS</b>				<b>117,624.00</b>
<b>NET ASSETS/ EQUITY</b>				
Accumulated Surplus/(Deficit)	Accumulated Surplus/(Deficit)	a	281,010.59	57,309,560.87
		b	(1,601,800.80)	
		c	(55,988,770.66)	
<b>TOTAL MISSTATEMENTS FOR EQUITY ACCOUNTS</b>				<b>57,309,560.87</b>

\*Single amount of misstatement carried in absolute for the reclassification error classified as material and with financial impact under Reporting Phase - Item 4.3, COA Resolution No. 2019-016 dated 25 June 2019

**PART I – AUDITED FINANCIAL  
STATEMENTS**

## **PART II – OBSERVATIONS AND RECOMMENDATIONS**

**PART III – STATUS OF  
IMPLEMENTATION OF PRIOR YEARS’  
AUDIT RECOMMENDATIONS**

**PART III – STATUS OF  
IMPLEMENTATION OF PRIOR YEAR’S  
AUDIT RECOMMENDATIONS**

## **PART IV – ANNEX**

## List of Acronyms

Acronym	Definition
AAR	Annual Audit Report
ADMATEL	Advanced Device and Materials Testing Laboratory
AFR	Audited Financial Report
AO	Administrative Order
AOM	Audit Observation Memorandum
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ASTI	Advanced Science and Technology Institute
B.I.T.E.S	Business Incubation Technology Entrepreneurship and Startups
BARMM	Bangsamoro Autonomous Region in Muslim Mindanao
BCDA	Bases Conversion and Development Act
BIR	Bureau of Internal Revenue
BRS	Bank Reconciliation Statements
BTr	Bureau of Treasury
CAR	Cordillera Administrative Region
CLIMUP	Scaling Up Climate Information Services for Societal Benefits
CO	Capital Outlay
COA	Commission on Audit
CODI	Committee on Decorum and Investigation
CRADLE	Collaborative Research and Development to Leverage Philippine Economy
CSC	Civil Service Commission
CSO	Civil Society Organizations
CTO	Compensatory Time-Off
CY	Calendar Year
DBM	Department of Budget and Management
DENR-MBCO	Department of Environment and Natural Resources - Manila Bay Coordinating Office
DOE	Department of Energy
DOST	Department of Science and Technology
DOST - CO	Department of Science and Technology – Central Office
DOTC	Department of Transportation and Communications
DPWH	Department of Public Works and Highways
DSA	Daily Subsistence Allowance
DSWD	Department of Social Welfare and Development
DTI-BOI	Department of Trade and Industry - Board of Investments
DTR	Daily Time Record
DV	Disbursement Vouchers
EAMC	East Avenue Medical Center

Acronym	Definition
ECQ	Enhanced Community Quarantine
e-NGAS	Electronic New Government Accounting System
FA	Funding Agency
FAD	Finance and Administrative Division
FAME	Futuristic Aviation and Maritime Enterprise
FAR	Financial Accountability Reports
FPRDI	Forest Products Research and Development Institute
FR	Financial Report
FS	Financial Statements
FY	Fiscal Year
GAA	General Appropriations Act
GAD	Gender and Development
GAD AR	Gender and Development Accomplishment Report
GAM	Government Accounting Manual
GC	Governing Council
GEWE	Gender Equality and Women Empowerment
GFA	Government Fares Agreement
GFPS	GAD Focal Point System
GIA	Grant-In-Aid
GIF	General Insurance Fund
GMMS	Gender Mainstreaming Monitoring System
GOCC	Government-Owned or Controlled Corporations
GPB	GAD Plan and Budget
GSIS	Government Service Insurance System
HGDG	Harmonized Gender and Development Guidelines
HNRDA	Harmonized National R&D Agenda
IA	Implementing Agency
IATF	Inter-Agency Transferred Funds
IATF-EID	Inter-Agency Task Force for the Management of Emerging Infectious Diseases
ICS	Inventory Custodian Slip
ICT	Information and Communications Technology
IEEE	Institute of Electrical and Electronics Engineers
IM4MANILABAY	Integrated Mapping, Monitoring, Modelling, and Management System for Manila Bay and Linked Environments
IP	Intellectual Property
IPSAS	International Public Sector Accounting Standards
IRR	Implementing Rules and Regulations
ISSAI	International Standards of Supreme Audit Institutions
ITDI	Industrial Technology Development Institute
IUEEU	Irregular, Unnecessary, Excessive, Extravagant and Unconscionable Expenditures
JC	Joint Circular
JEV	Journal Entry Vouchers

Acronym	Definition
LIB	Line-Item Budget
LP	Longevity Pay
LR	Liquidation Reports
MA	Monitoring Agency
MBCO	The Manila Bay Coordinating Office
MC	Memorandum Circular
MECO-TECO	Manila Economic and Cultural Office - Taipei Economic and Cultural Office
MECQ	Modified Enhanced Community Quarantine
MIRDC	Metal Industry and Research Development Center
MOA/U	Memorandum of Agreement/ Understanding
MOOE	Maintenance and Other Operating Expenses
MOV	Means of Verification
MSU-IIT	Mindanao State University – Iligan Institute of Technology
NC	Notice of Charge
NCA	Notice of Cash Allocation
ND	Notice of Disallowance
NGA	National Government Agency
NGO	Non-Government Organizations
NGS	National Government Sector
NRCP	National Research Council of the Philippines
NS	Notice of Suspension
NSSDC	Notice of Settlement of Suspension/Disallowance/Charge
NT	National Treasury
NWRB	National Water Resources Board
NYYDO	Not Yet Due and Demandable Obligations
OR	Official Receipts
OT	Overtime
OU	Operating Unit
PAP	Programs/Projects/Activities
PAR	Property Acknowledgment Receipt
PAGASA	Philippine Atmospheric, Geophysical and Astronomical Services Administration
PC	Property Card
PCAARRD	Philippine Council for Agriculture, Aquatic and Natural Resources Research and Development
PCASTRD	Philippine Council for Advanced Science and Technology Research and Development
PCHRD	Philippine Council for Health Research and Development
PCIERD	Philippine Council for Industry and Energy Research and Development
PCIEERD	Philippine Council for Industry, Energy, and Emerging Technology Research and Development
PCW	Philippine Commission on Women

Acronym	Definition
PD	Presidential Decree
PGH	Philippine General Hospital
PHIVOLCS	Philippine Institute of Volcanology and Seismology
PIF	Property Inventory Form
PIMME	Project Implementation and Management, and Monitoring and Evaluation
PIS	Procurement and Inventory System
PMIS	Project Management Information System
PMT	Project Management Team
PNOC	Philippine National Oil Company
PO	Purchase Order
POs	People's Organizations
PPE	Property, Plant and Equipment
PPELC	PPE Ledger Card
PPSAS	Philippine Public Sector Accounting Standards
PS	Personal Services
PS-DBM	Procurement Service - Department of Budget and Management
PTR	Property Transfer Report
PTRI	Philippine Textile Research Institute
RA	Republic Act
R&D	Research and Development
RITTD	Research Information and Technology Transfer Division
RPCI	Report on the Physical Count of Inventories
RPCPPE	Report on the Physical Count of PPE
SA	Source Agency
SEI	Science Education Institute
SL	Subsidiary Ledger
SSS	Social Security System
STAMINA4Space	Space Technology and Applications Mastery, Innovation and Advancement
STRAP	S&T for a Resilient Community Against the Pandemic
TAD	Treasury/Agency Deposit
TAFR	Terminal Audited Financial Report
TAPI	Technology Application and Promotion Institute
TB	Trial Balance
TBI	Technology Business Incubation
TECHNICOM	Technology Innovation for Commercialization
TWG	Technical Working Group
UB	Unexpended balance
WFH	Working-from-Home/ Work-from-home
WO	Work Order