



Republic of the Philippines
COMMISSION ON AUDIT
National Government Sector
Cluster 6 - Health and Science
Commonwealth Ave., Quezon City

August 24, 2020

Mr. RICHARD P. BURGOS

Director

Science and Technology Information Institute (STII)

Bicutan, Taguig City

Dear Director Burgos:

We are pleased to transmit the Annual Audit Report on the **Science and Technology Information Institute** for the Calendar Year 2019 in compliance with Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines.

The attached report consists of the Executive Summary, the Independent Auditor's Report, the audited Financial Statements, the Observations and Recommendations which were discussed with the concerned Management officials and staff, and the Status of Implementation of Prior Years' Audit Recommendations.

We invite your attention to the prior years' audit recommendations that remained unimplemented.

We request that the recommendations be immediately implemented and we will appreciate being informed of the actions taken thereon by accomplishing the attached Agency Action Plan and Status of Implementation (AAPSI) within sixty (60) days from receipt of this report, pursuant to Section 99 of the General Provisions of the General Appropriations Act of 2019 (RA 11260).

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

Very truly yours,


MARTHA ROXANA C. SESE
Director IV



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

ANNUAL AUDIT REPORT

on the

SCIENCE AND TECHNOLOGY INFORMATION INSTITUTE

For the Year Ended December 31, 2019

PART I – FINANCIAL STATEMENTS

PART II – OBSERVATIONS AND RECOMMENDATIONS

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

EXECUTIVE SUMMARY

A. Introduction

The Science and Technology Information Institute (STII) was founded in January 1987 by virtue of Executive Order No. 128 signed by President Corazon C. Aquino. Since then, STII has become the information and marketing arm of the Department of Science and Technology (DOST), and a leading repository of science and technology information in the country.

STII, through the technical divisions such as the Information Resources and Analysis Division (IRAD) and the Communication Resources and Production Division (CRPD) with the support of the Finance and Administrative Division (FAD), has the responsibility to (a) establish a science and technology databank and library; (b) disseminate science and technology information; and (c) undertake training on science and technology information.

STII is headed by Director Richard P. Burgos who is assisted by three (3) Division Chiefs. For CY 2019, the Institute has a personnel complement of 93, of which, 52 are regular employees and 41 are employees under Contract of Service hired to assist the three divisions on projects being implemented by the Agency.

B. Operational Highlights

For CY 2019, the Agency has only one Major Final Output (MFO), Science and Technology Information Program, which was concentrated on providing science and technology information services to its key stakeholders supporting its Organizational Outcome (OO). The Agency's Accomplishments vis-à-vis Physical targets are presented as follows:

OO/MFO/Output Indicator	Physical Targets	Physical Accomplishments	Favorable Variance
OO: Public Science and Technology awareness increased			
MFO: Science and Technology Information Program			
<i>Output Indicators:</i>			
1. Percentage of clients who rate the library services as satisfactory or better	90%	96.75%	6.75%
2. Number of STARBOOKS sites installed	100	102	2
3. Number of promotion services and advocacy activities conducted	1,103	1,106	3

B. Financial Highlights

Presented are the financial highlights of the Institute for CY 2019 with comparative figures for CY 2018:

Financial Condition

Group of Accounts	In Pesos		
	2019	2018	Increase (Decrease)
Assets	₱ 56,797,071.02	₱ 80,947,544.26	₱ (24,150,473.24)
Liabilities	6,777,132.90	46,351,544.95	(39,574,412.05)
Net Assets/Equity	₱ 50,019,938.12	₱ 34,595,999.31	₱ 15,423,938.81

Results of Operation

Group of Accounts	In Pesos		
	2019	2018	Increase (Decrease)
Revenue	₱104,446,548.49	₱100,954,775.66	₱ 3,491,772.83
Expenses	88,648,639.79	89,639,277.46	(990,587.67)
Surplus/(Deficit)	₱ 15,797,908.70	₱ 11,315,548.20	₱ 4,482,360.50

Sources and application of funds

Particulars	In Pesos		
	2019	2018	Increase (Decrease)
Allotments	₱ 98,054,362.00	₱ 103,988,246.00	₱ (5,933,884.00)
Obligations	96,797,438.33	99,976,245.69	(3,178,807.36)
Balances	₱ 1,256,923.67	₱ 4,012,000.31	₱ (2,755,076.64)

C. Scope of Audit

The audit covered the accounts and operations of STII for the year ended December 31, 2019. The audit was conducted to (a) verify the level of assurance that may be placed on management's assertions on the financial statements, (b) recommend agency's 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.

D. Independent Auditor's Report

An Unqualified Opinion was rendered on the financial statements of the STII as of December 31, 2019 for the immaterial misstatements amounting to ₱84,039.21 affecting the *Asset* and *Net Assets/Equity* accounts which constitute 0.14 percent of its total Asset of ₱56.797 million and 0.16 percent of its Net Assets/Equity of ₱50.020 million.

E. Summary of Other Significant Audit Observations and Recommendations

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

1. Various deficiencies were also noted in recording transactions totaling ₱8.385 million, affecting the accuracy, reliability and accountability of the affected FSs accounts as at year-end.

- a. *Existence of negative balances on Cash subsidiary ledgers and discrepancies between Bank Reconciliation Statement (BRS) book balances and general ledger balances – ₱2,528,167.82*

We recommended and Management agreed to direct the Accountant to:

- a. **ensure that balances reflected in the unadjusted book balance in monthly BRSs correspond to the balances in the general ledger, any adjustments should be presented as reconciling item in the monthly BRS; and**
 - b. **conduct an evaluation of the abnormal/negative balances, make necessary adjustments in GL/SL posting and establish proper use of accounts and codes.**

- b. *Long-outstanding year-end balance of Due from NGAs account – ₱4,815,599.80*

We recommended and Management agreed to:

- a. **make representations with the PSHSS and compel its submission of the JEV relative to the remittance of the unutilized balance to the BTr that will serve as a basis in recording the liquidation thereof; and**
 - b. **require the Property Officer and the Accountant to, henceforth:**
 - i. **ensure that all deliveries are properly supported with DRs as basis in recording in the books; and**
 - ii. **ensure that the Institute and the PS-DBM records are regularly reconciled by monitoring the purchases of the Institute in the VS facility to avoid recurring observations.**

- c. *Unserviceable assets remained unreconciled and undisposed – ₱1,040,832.75*

We reiterated our previous years' recommendations and Management agreed to require the Property Officer to:

- a. **provide proper storage for all unserviceable properties awaiting disposal to avoid further deterioration and decrease in disposal value; and**
 - b. **intensify efforts to identify those unserviceable assets and waste materials stockpiled in the storage area, include them in the IIRUP, and facilitate**

evaluation of its reasonable value and immediate disposal of said items, together with already identified unserviceable assets, pursuant to Section 79 of PD No. 1445 and Section V of COA Circular No. 89-296.

2. The Institute maintains a Modified Disbursement System (MDS) Special Account with the Land Bank of the Philippines (LBP) with no movement in the general ledger since 2018 and which was not yet closed, contrary to DBM Circular Letter No. 2018-4 and Treasury Circular No. 01-2013.

We recommended and Management agreed to make the necessary coordination with the LBP for the closing of the MDS, Special Account.

3. Equipment purchased through project funds from calendar years (CYs) 2011 to 2019 amounting to ₱17.191 million were still not transferred to the Institute despite completion of projects; thus, ownership of and proper accountability for the said properties could not be established.

We recommended and Management agreed to require:

a. the Property Officer to:

- i. **prepare all necessary documents for request of property transfer to the Institute of all equipment purchased through GIA funds;**
- ii. **ensure that all items are properly inventoried prior to the request; and**
- iii. **coordinate with the counterpart Property Officer of the funding/source agency for reconciliation and to facilitate the execution of transfer; and**

b. the Accountant to properly record the PPEs once the transfer is made.

4. The Institute failed to comply with existing policies for local and foreign travels, specifically on authorization and restrictions, and granting and liquidation of cash advances; and to observe proper procurement procedures, casting doubt on the validity, regularity and legality of travel claims.
 - i. *Conduct of benchmarking of international libraries in Singapore and Taiwan did not fall under any category authorized for foreign travel.*

We recommended and Management agreed to:

- a. **provide justification on why the foreign travel on international benchmarking was allowed when it did not fall under any of the categories of foreign travels authorized under the EO and why this should not be a subject of audit disallowance; and**

- b. ensure compliance with EO No. 77 on the authorized local and foreign travels, and observe economy and austerity measures in the use of government funds.**
- ii. Sale of airline tickets on credit by travel agencies were not recognized as liability, contrary to Section 2, Chapter 2 of the GAM, Volume 1*

We recommended and Management agreed to require the Accountant to recognize a liability on the sale of airline tickets on credit.

- iii. The Institute failed to award the contract in favor of the supplier with the Lowest Calculated and Responsive Quotation (LCRQ) and billings were dated prior to awarding of contract.*

We recommended and Management agreed to provide justifications on why the following should not be a subject of audit disallowances:

- a. contract was not awarded to the LCRQ of airfare tickets, contrary to procurement policies/procedures; and**
- b. transactions were already billed prior to the conduct of RFQ/canvass and awarding of contract.**
- iv. Disbursements were not supported with complete documentation to establish validity, propriety and reasonableness of the claims.*

We recommended and Management agreed to require the Accountant to ensure that all payments and liquidation reports are sufficiently and properly supported with complete documents and to remind every Institute personnel to comply with the required documents for the liquidation of cash advances for travel pursuant to the provisions of COA Circular No. 2012-001.

- 5. The DOSTv Program and Siyensikat Show advertisement billboards bearing the pictures of the Institute officials is not in keeping with COA Circular No. 2013-004 dated January 30, 2013 on Information and Publicity on Programs/Projects/Activities of Government Agencies.**

We recommended and Management agreed to comply with Sections 2.2.6 to 2.2.7 of COA Circular No. 2013-004 dated January 30, 2013 and to refrain from displaying/affixing the pictures, names and initials of the Institute officials on billboards, signboards and tarpaulins of its programs and official activities undertaken by the Institute.

- 6. Financial reports and other pertinent documents for CY 2019 were not submitted within the prescribed period, contrary to the pertinent provisions of the GAM, and**

COA Circular Nos. 2009-006 and 95-006; thereby, depriving Management of the relevant and timely audited financial information for decision-making.

We recommended and Management agreed to require:

- a. the Property and Supply Officer to submit the remaining POs, and to provide the justification for the delays incurred in the submission of POs and Notice of deliveries to COA within the set deadline;
- b. the Accountant to immediately submit all unsubmitted JEVs, ensuring that the pertinent DVs shall be duly supported with bank-validated ADA while awaiting submission of the related ORs, and to disclose the same in the transmittal of the JEVs for each month; and
- c. all concerned personnel to ensure compliance with the prescribed guidelines on the submission of the reports/documents for audit.

The above findings and recommendations were presented to the concerned officials of STII through the Summary of Audit Observations and Recommendations (SAOR) on July 20, 2020 in lieu of exit conference due to the restrictions brought about by the COVID pandemic. Management's views and comments were considered in the report, where appropriate.

F. Status of Settlement of Suspensions, Disallowances and Charges

The total audit suspensions, disallowances and charges as of 31 December 2019 are as follows:

	Beginning Balance (As of January 1, 2019)	Adjustment in Beg. Balance	This Period, January 1 to December 31, 2019		Ending Balance (As of December 31, 2019)
			NS/ND/NC	NSSDC	
Notice of Suspension	-	-	-	-	-
Notice of Disallowance	₱ 9,074,050.43	-	-	-	₱ 9,074,050.43
Notice of Charge	-	-	-	-	-
Total	₱ 9,074,050.43	-	-	-	₱ 9,074,050.43

G. Status of Implementation of Prior Years' Audit Recommendations

Of the 26 audit recommendations in CY 2018 Annual Audit Report, 20 were implemented, among which 8 were reiterated; and 6 were not implemented, the details of which are shown in Part III of this report.

We enjoin Management to ensure full implementation of all audit recommendations to improve the financial and operational efficiency of the Agency as well as reliability on financial statements.

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Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines
NATIONAL GOVERNMENT SECTOR
CLUSTER 6 – HEALTH AND SCIENCE

INDEPENDENT AUDITOR’S REPORT

The Director

Science and Technology Information Institute
Bicutan, Taguig City

Opinion

We have audited the accompanying financial statements of the **Science and Technology Information Institute**, which comprise the statements of financial position as at December 31, 2019, and the statements of financial performance, statements of changes in net assets/equity, statements of comparison of budget and actual amounts and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of the **Science and Technology Information Institute** as at December 31, 2019 and its financial performance, cash flows, changes in net assets/equity and comparison of budget and actual amounts for the years ended, and notes to the financial statements, including a summary of significant accounting policies in accordance with Philippine Public Sector Accounting Standards (PPSAS).

Basis for opinion

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 Revised Code of Conduct and Ethical Standards for Commission on Audit Officials and Employees (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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 report thereon.

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

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

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 PPSAS, 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.

Those charged with governance are responsible for overseeing its financial reporting process.

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 judgement 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity and its business activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.


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:


MA. VICTORIA C. GREGORIO
Supervising Auditor
DOST Audit Group I

August 21, 2020



Republic of the Philippines
DEPARTMENT OF SCIENCE AND TECHNOLOGY
SCIENCE AND TECHNOLOGY INFORMATION INSTITUTE



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **SCIENCE AND TECHNOLOGY INFORMATION INSTITUTE (STII)** is responsible for all information and representations contained in the accompanying Statement of Financial Position as of **31 December 2019** and the related Statement of Financial Performance, Statement of Cash Flows, Statement of Comparison of Budget and Actual Amounts, Statement of Changes in Net Assets/Equity and the Notes to Financial Statements for the period then ended. The financial statements have been prepared in conformity with the Philippine Public Sector Accounting Standards and generally accepted state accounting principles, and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

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


ARLENE E. CENTENO
Chief, Finance and Administrative Division

4 February 2020
Date Signed


RICHARD P. BURGOS
Director

4 February 2020
Date Signed

SCIENCE AND TECHNOLOGY INFORMATION INSTITUTE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Cash Inflows		
Receipt of Notice of Cash Allocation	125,147,132.41	107,219,234.85
Collection of Income / Revenues	240,636.47	295,116.64
Other Receipts	49,125.01	68,970.13
Total Cash Inflows	<u>125,436,893.89</u>	<u>107,583,321.62</u>
Cash Outflows		
Payment of Expenses	122,158,080.12	123,439,489.99
Purchase of Inventories	3,403,283.08	2,369,962.10
Grant of Cash Advances (Unliquidated During the Year)	-	191,891.00
Prepayments	524,583.22	640,197.39
Remittance of Personnel Benefit Contributions and Mandatory Deductions	9,126,804.16	2,884,451.99
Adjustments	12,020,808.29	7,245,774.39
Total Cash Outflows	<u>147,233,558.87</u>	<u>136,771,766.86</u>
Net Cash Provided by (Used in) Operating Activities	<u>(21,796,664.98)</u>	<u>(29,188,445.24)</u>
Cash Flows from Investing Activities		
Cash Inflows		
Receipt of proceeds from sale/disposal of PPE	44,000.00	-
Total Cash Inflows	<u>44,000.00</u>	<u>-</u>
Cash Outflows		
Purchase/Construction of Property, Plant and Equipment/ Intangible Asset	15,606,661.94	7,123,617.44
Total Cash Outflows	<u>15,606,661.94</u>	<u>7,123,617.44</u>
Net Cash Provided by (Used in) Investing Activities	<u>(15,562,661.94)</u>	<u>(7,123,617.44)</u>
Cash and Cash Equivalents, January 1	43,383,001.87	79,695,064.55
Cash and Cash Equivalents, December 31	<u>6,023,674.95</u>	<u>43,383,001.87</u>

SCIENCE AND TECHNOLOGY INFORMATION INSTITUTE
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019
(With Comparative Figures for FY 2018 as Restated)

	<u>Note</u>	Accumulated Surplus/(Deficit) <u>2019</u>	<u>2018</u> (Restated)
Balance at January 1		34,595,999.31	24,584,085.22
Add/(Deduct):			
Changes in accounting policy		-	-
Prior period errors			(1,119,122.82)
Other adjustments			
Restated balance		34,595,999.31	23,464,962.40
Add/(Deduct):			
Changes in Net Assets/Equity for the Calendar Year			
Surplus/(Deficit) for the period (January 1-December 31, 2018 and 2019)	12	15,797,908.70	11,315,548.20
Adjustment of net revenue recognized directly in net assets/equity	12	(351,099.89)	(143,521.67)
Others	4.2	(22,870.00)	(40,989.62)
Balance as of December 31		50,019,938.12	34,595,999.31

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

SCIENCE AND TECHNOLOGY INFORMATION INSTITUTE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED DECEMBER 31, 2019
(With Comparative Figures for FY 2018 as Restated)

	<u>Note</u>	<u>2019</u>	<u>2018</u> (Restated)
Revenue			
Service and Business Income	13	240,636.47	295,116.64
Total Revenue		240,636.47	295,116.64
Less: Current Operating Expenses			
Personnel Services	16	42,206,369.87	40,814,481.39
Maintenance and Other Operating Expenses	17	41,931,462.28	45,335,292.65
Financial Expense	18	600.00	-
Non-Cash Expenses	19	4,510,207.64	3,489,453.42
Total Current Operating Expenses		88,648,639.79	89,639,227.46
Surplus/(Deficit) from Current Operations		(88,408,003.32)	(89,344,110.82)
Net Financial Assistance/Subsidy	14	104,192,982.02	100,659,659.02
Gains	15	12,930.00	-
Surplus/(Deficit) for the period		15,797,908.70	11,315,548.20

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

SCIENCE AND TECHNOLOGY INFORMATION INSTITUTE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019
(With Comparative Figures for FY 2018 as Restated)

	<u>Note</u>	<u>2019</u>	<u>2018</u> (Restated)
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	6,023,674.95	43,383,001.87
Receivables	6	4,855,624.87	1,016,813.57
Inventories	7	1,823,510.26	1,823,510.26
Other Current Assets	10.1	524,583.22	2,249,675.14
Total Current Assets		13,227,393.30	48,473,000.84
Non-Current Assets			
Property, Plant and Equipment	8	41,650,908.78	30,545,776.48
Intangible Assets	9	862,369.19	872,367.19
Other Non-Current Assets	10.2, 10.3	1,056,399.75	1,056,399.75
Total Non-Current Assets		43,569,677.72	32,474,543.42
TOTAL ASSETS		56,797,071.02	80,947,544.26
LIABILITIES			
Current Liabilities			
Payables	11.1	177,299.00	2,281,984.86
Inter-Agency Payables	11.2	6,592,992.71	44,037,839.43
Other Payables	11.3	6,841.19	31,720.66
Total Current Liabilities		6,777,132.90	46,351,544.95
TOTAL LIABILITIES		6,777,132.90	46,351,544.95
Total Total Assets less Total Liabilities		50,019,938.12	34,595,999.31
NET ASSETS/EQUITY			
Accumulated Surplus/(Deficit)	12	50,019,938.12	34,595,999.31
Total Net Assets/Equity		50,019,938.12	34,595,999.31

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

Science and Technology Information Institute
Notes to Financial Statements
For the period ended December 31, 2019

1. General Information/Agency Profile

The financial statements of Science and Technology Information Institute (STII) were authorized for issue on **4 February 2020** as shown in the Statement of Management Responsibility for Financial Statements signed by Richard P. Burgos, the Director.

STII is an Information Institute established on 30 January 1987 by virtue of Executive Order No. 128. The mandate of STII is to establish and develop a science and technology databank and library; disseminate science; and technology information and undertake training on science and technology information. These services are grouped into the following key areas: General Administration and Support Services and Science and Technology Information Services. The Agency's registered office is located in STII Building, DOST Complex, General Santos Avenue, Bicutan, Taguig City.

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

Agency's financial statements have been prepared in accordance with the Philippine Public Sector Accounting Standards (PPSAS) issued by the Commission on Audit per COA Resolution No. 2014-003 dated January 24, 2014 which were harmonized with the International Public Sector Accounting Standards (IPSAS) to enhance the accountability and transparency of the financial reports and ensure comparability of financial information.

The adoption of these standards did not result in substantial changes to the agency's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

The financial statements are presented in Peso (₱), which is the functional and reporting currency of the agency and have been prepared on the basis of historical cost, unless stated otherwise. The cash flows statement is prepared using the direct method. The financial statements are prepared on an accrual basis.

Also, with the issuance of COA Circular No. 2013-002, all financial transactions are recorded in Regular Agency (RA) Books.

3. Summary of Significant Accounting Policies

3.1 Basis of accounting

The financial statements are prepared on an accrual basis in accordance with the Philippine Public Sector Accounting Standards (PPSAS).

3.2 Financial instruments

a. Financial assets

Initial recognition and measurement

Financial assets within the scope of PPSAS 29-Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, held-to-maturity investments, loans and receivables or available-for-sale financial assets, as appropriate. The STII determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the STII commits to purchase or sell the asset.

The STII's financial assets include: cash and short-term deposits; trade and other receivables; loans and other receivables; quoted and unquoted financial instruments; and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Derecognition

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

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

b. Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of PPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The entity 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 STII's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts.

Subsequent measurement

The measurement of financial liabilities depends on their classification.

Financial liabilities at fair value through surplus or deficit.

Financial liabilities at fair value through surplus or deficit include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through surplus or deficit.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PPSAS 29.

Gains or losses on liabilities held for trading are recognized in surplus or deficit.

Derecognition

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

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

3.3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash in bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Petty Cash Fund

Petty Cash Fund (PCF) account is maintained under the Imprest Fund System. All replenishments are directly charged to the expense account.

3.4 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.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

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

Semi-expendable Property

Tangible items below the capitalization threshold of ₱15,000 shall be accounted as semi-expendable property. The following policies apply as follows:

- Semi-expendable property which was recognized as PPE shall be reclassified to the affected accounts.
- These tangible items shall be recognized as expenses upon issue to the end-user.

Inventory Custodian Slip (ICS) shall be issued to end-user of Semi-expendable Property to establish accountability over them. Accountability shall be extinguished upon return of the item to the Property and Supply Division/Unit or in case of loss, upon approval of the relief from property accountability.

3.5 Property, Plant and Equipment

Recognition

An item is recognized as property, plant, and equipment (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.

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Measurement at Recognition

An item recognized as property, plant, and equipment is measured at cost.

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

The cost of the PPE is the cash price equivalent or, for PPE acquired through non-exchange transaction its cost is its fair value as at recognition date.

Cost includes the following:

- Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- expenditure that is directly attributable to the acquisition of the items; and
- initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired, or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Measurement after Recognition

After recognition, all property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

When significant parts of property, plant and equipment are required to be replaced at intervals, STII 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 property, plant, and equipment 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.

For simplicity and to avoid proportionate computation, the depreciation is 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 is for the succeeding month.

Depreciation Method

The straight-line method of depreciation is adopted unless another method is more appropriate for agency operation.

Estimated Useful Life

STII uses the Schedule on the Estimated Useful Life of PPE by classification as per GAM.

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

Impairment

An asset's carrying amount is written down to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable service amount.

Derecognition

STII derecognizes items of property, plant and equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

3.6 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 PPSAS 5, Borrowing Costs.

Subsequent Measurement

The useful life of the intangible assets is assessed as either finite or indefinite.

An intangible asset with a finite life is amortized over its useful life.

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 lives was not be amortized.

Changes in accounting policies and estimates

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

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

STII 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.

3.7 Foreign currency transactions

Transactions in foreign currencies were initially recognized by applying the spot exchange rate between the function currency and the foreign currency at the transaction.

At each reporting date:

- Foreign currency monetary items were translated using the closing rate;
- Nonmonetary items that were measured in terms of historical cost in a foreign currency were translated using the exchange rate at the date of the transaction; and

- Nonmonetary items that were measured at fair value in a foreign currency were translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising (a) on the settlement of monetary items, or (b) on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements, were recognized in surplus or deficit in the period in which they arise, except as those arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation.

3.8 Revenue from non-exchange transactions

Recognition and Measurement of Assets from Non-Exchange Transactions

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

- It is probable 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 STII 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 recognizes 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.

Measurement of Liabilities on Initial Recognition from Non-Exchange Transactions

The amount recognized as a liability in a non-exchange transaction is the best estimate of the amount required to settle the present obligation at the reporting date.

Taxes

Taxes and the related fines and penalties were recognized when collected or when these were measurable and legally collectible. The related refunds, including those that were measurable and legally collectible, were deducted from the recognized tax revenue.

Fees and fines not related to taxes

STII recognizes revenues from fees and fines, except those related to taxes, when earned and the asset recognition criteria were met. Deferred income is recognized instead of revenue if there is a related condition attached that would give rise to a liability to repay the amount.

Other non-exchange revenues were recognized when it is probable 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.

Gifts and Donations

STII recognizes assets and revenue from gifts and donations when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets 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 goods. 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, gifts and donations including goods in-kind 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

STII recognizes an asset in respect of 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.

Services in-Kind

Services in-kind were not recognized as asset and revenue considering the complexity of the determination of and recognition of asset and revenue and the eventual recognition of expenses.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities and the related assets were measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to STII and can be measured reliably.

3.9 Revenue from Exchange transactions

Measurement of Revenue

Revenue was measured at the fair value of the consideration received or receivable.

Rendering of Services

STII recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labor hours incurred to date as a percentage of total estimated labor hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred were recoverable.

Sale of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to STII.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

3.10 Budget Information

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

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

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

3.11 Related Parties

The agency regards 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 Executive Committee of the agency such as the Director, three and (3) Division Chiefs.

3.12 Employee benefits

The employees of STII are member of the Government Service Insurance System (GSIS) which provides life and retirement insurance coverage.

STII 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.

STII recognizes expenses for accumulating compensated absences when these were paid (commuted or paid as terminal leave benefits). Unused entitlements that have accumulated at the 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 financial statements in conformity with PPSAS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of capital assets, estimated employee benefits, rates for amortization and impairment of assets.

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.

3.14 Correction of Fundamental Errors

Fundamental errors of prior years are corrected by using the Accumulated Surplus/(Deficit) account. Errors affecting current year's operation are charged to current year's account while prior year's errors are corrected by restating the FY 2018 financial statements.

4. Adjustments in Accumulated Surplus/Deficit

4.1 Prior Period Adjustments

Particulars	Amount
Amortization of computer software for FY 2017-2018 as per AOM 2019-002(2018)	(₱ 519,319.76)
Adjustment for PPE included in the IIRUP FY 2018 but not recorded in agency books as per AOM No. 2019-006 (2018)	134,500.00
Overstatement of auditing services account for previous years per AOM # 2019-007 (2018)	9,629.95
Reconciliation of Other Assets account as per AOM no. 2019-006 for erroneous recording of issued inventories in prior years.	(59,697.59)
Reconciliation of fully depreciated office equipment and other transportation equipment from 2007-2018.	(242,772.34)
Expired portion of prepaid subscription from previous years	(30,529.67)
Issuance of prior years' Semi-expendable Books Based on Report of Supplies and Materials, RIS and ICS	(410,933.41)
TOTAL	(₱1,119,122.82)

4.2 Other Adjustments during Current Year

Particulars	Amount
Collection from Landbank-Bicutan Branch of returned outstanding check payable to Miguel Mena for the reason: name differs with Managers Check No. 0000010648 dated 11 March 2019	₱ 2,380.00
Receipt of donated Toyota Revo GLX 1800cc with plate no. SEV 965 per invoice receipt of property no. 2019-01 at depreciated value of ₱29,750.00 from National Academy of Science and Technology (NAST)	29,750.00
Payment to VBC Consultancy Services for installation of computer cut frosted sticker with Work Order No. 61-2018 dated 19 December 2018, Billing Invoice No.002.	(55,000.00)
TOTAL	(₱ 22,870.00)

5. Cash and Cash Equivalents

Accounts	December 2019	December 2018
Cash on Hand	₱ 183,061.62	₱ 191,819.00
Cash in Bank-Local Currency, Current Account	355,785.16	549,468.90
Cash-Treasury/Agency Deposit	5,484,828.17	42,641,713.97
TOTAL	₱ 6,023,674.95	₱ 43,383,001.87

5.1 Cash on Hand amounting to ₱183,061.62 composed of *Petty Cash Fund* which are granted to STII Regular Disbursing Officer which are used for payment of petty or miscellaneous and emergency expenses of the agency.

5.2 *Cash in Bank – Local Currency, Current* account is composed of collections from sale of Official Publications of STII. All collections were deposited to the Authorized Government Depository Bank. It also includes all deposits and withdrawals of STII's salaries and allowances through STII ATM Payroll account and taxes withheld for the month of December under Trust fund for remittance and payment on January 2020. Details as follows:

Account No.	Remarks	Amount
1822-1039-59	PJS Income Account	₱ 104,522.34
1822-1029-87	STII-ATM Payroll Account	251,262.82
TOTAL		₱ 355,785.16

5.3 Cash - Treasury/Agency Cash account is composed of *Cash-Treasury/Agency Deposit, Trust Account* which represents the unutilized NCA of various Grants-In-Aid (GIA) projects and deposits of collections from other NGAs as funding requirement of a specific GIA Project with the following details:

Project Title	Fund Source	December 2019	December 2018
Philippine Journal of Science (PJS) Publication	CHED Grant	₱ 71,883.79	₱ 71,883.79
Science Content Transformation &	DOST – GIA	601,406.91	601,406.91

Project Title	Fund Source	December 2019	December 2018
Visualization for Disaster Risk Reduction			
HOMOMICH	PCIEERD	125,737.25	125,737.25
Changing the Mindset: Information, Education, and Communication (IEC) Campaign Initiatives	DOST – GIA	3,882.31	3,882.31
NSTW 2013	DOST – GIA	382.00	382.00
NSTW 2014	DOST – GIA	52,461.60	52,461.60
NSTW 2015	DOST – GIA	355.67	355.67
NSTW 2016	DOST – GIA	18,000.00	18,000.00
NSTW 2017	DOST – GIA	19,845.00	19,845.00
NSTW 2018	DOST – GIA	-	1,236,487.62
NSTW 2019	DOST – GIA	1,939,625.12	-
Science for Safer Communities: Iba Na Ang Panahon (INAP)	DOST – GIA	564,152.55	564,152.55
INAP financial assistance	Region 3 - Tarlac	345.00	345.00
INAP financial assistance	Region 3 – Pampanga	1,110.47	1,110.47
INAP financial assistance	Region 3 - Aurora	36,474.95	36,474.95
Becoming A Science Nation: Demonstrating Results Program (IEC Campaign and ICT Intervention)	DOST – GIA	80,228.61	80,228.61
Strategic Communication Intervention for the National Operational Assessment of Hazards (NOAH)	DOST – GIA	389,327.23	389,327.23
S&T Academic and Research-Based Openly Operated Kiosks (STARBOOKS)	DOST – GIA	276,623.56	276,623.56
Establishing Infrastructure for Contents Development and Digitization Component of the IPeL Project	NLP	-	70,634.32
Development of DOST PCAARRD Innovation and Technology Center(DPITC) e-Library	PCAARRD	239.80	1,790,939.81
SFTP P1: Leveraging the Power of Broadcast and Web Media to Promote Science for the People	DOST – GIA	68,399.57	23,639,150.76
SFTP P2: Content Development for STARBOOKS	DOST – GIA	-	221,625.06
SFTP P3: Doubling the Reach Through Information, Education and Communication (IEC) Campaign	DOST – GIA	44,024.25	9,219,472.91
SFTP P4: Enhanced S&T Experience Using Leading-Edge Learning Additions and Realities (STELLAR) Including INFORSEBILIS	DOST – GIA	17,081.06	2,356,725.53

Project Title	Fund Source	December 2019	December 2018
SFTP P5: Strengthening the Core	DOST – GIA	20,996.81	1,472,274.04
SFTP P6: The DOST Media Awards	DOST – GIA	-	332,272.05
One Expert (IE): A One-Stop Portal for Science and Technology Consultancy and Technical Services	DOST – GIA	-	59,840.50
Establishing the DOST-PCAARRD Knowledge Network of eLibraries (KNeL)	PCAARRD	1,152,170.19	-
Excess NCA		74.47	74.47
TOTAL		₱ 5,484,828.17	₱42,641,713.97

6. Receivables

Account	December 2019	December 2018
Inter-Agency Receivables	₱ 4,815,599.80	₱1,008,623.48
Other Receivables	40,025.07	8,190.09
Total	₱ 4,855,624.87	₱1,016,813.57

Inter-Agency Receivables:

- 6.1** *Due from National Government Agencies* account represents fund transferred to other National Government Agencies and amount due from Procurement Service - DBM, details as follows:

Date	Ref#	Agency Name	Remark	2019	2018
12/1/2009	JEV# 2009-12-1755	PSHSS	Fund release for the project "Modernization of STII Library & Upgrading of PSHSS Libraries"	₱ 217,233.48	₱ 217,233.48
2011 to 2019	GL	PS-DBM	Due from PS-DBM for the goods procured; awaiting for the delivery and/or additional DR from PS not yet submitted to Accounting Section for recording including ICT equipment under MITHI	4,598,366.32	791,390.00
TOTAL				₱4,815,599.80	₱1,008,623.48

Other Receivables:

- 6.2** *Receivables-Disallowances/Charges* account. This account amounting to ₱8,190.09 represents the amount due from officers and employees resulting from audit disallowances/charges.

Other Receivable account amounting to ₱31,834.98 represents amount for refund for the undelivered journals from Litera Trading Inc. and JNJ Educational Enterprises.

7. Inventories

Account	December 2019	December 2018
Office Supplies Inventory	₱ 0.00	₱ 0.00
Semi-Expendable Office Equipment	254,534.60	254,534.60
Semi-Expendable ICT Equipment	413,343.65	413,343.65
Semi-Expendable Communications Equipment	11,884.33	11,884.33
Semi-Expendable Technical and Scientific Equipment	56,149.78	56,149.78
Semi-Expendable Other Machinery and Equipment	45,916.37	45,916.37
Semi-Expendable Furniture and Fixtures	924,165.67	924,165.67
Semi-Expendable Books	117,515.86	117,515.86
Total	₱ 1,823,510.26	₱1,823,510.26

7.1 *Office Supplies and Other Supplies and Materials Inventories* are all issued in 2019.

7.2 *Semi-Expendable Office Equipment, ICT Equipment, Furniture and Fixtures and Books* Accounts are composed of Office Equipment, ICT Equipment, Furniture and Fixtures and Books below the capitalization threshold of ₱15,000.00. These assets are accounted for as semi-expendable properties and shall be recognized as expenses upon issuance of Inventory Custodian Slip to the end-user (Section 10, Chapter 8, GAM for NGAs).

Starting 2017, PPE purchased from previous years' that falls below the capitalization threshold of ₱15,000.00 were reclassified in its proper semi-expendable inventory account.

Semi expendable items recorded in previous years with issued Requisition and Issue Slip and Inventory Custodian Slip this year are charged to Accumulated Surplus/ Deficit for the period.

8. Property, Plant and Equipment

8.1 Purchased PPE for FY 2019 was reported as additions. Adjustments in PPE/Accumulated Depreciation pertain to depreciation of fully depreciated PPE. PPE purchased under Grants-in-Aid projects are also recorded as PPE in the Agency books per GAM.

Detailed breakdown of PPE as of December 31, 2019 is as follows:

Particulars	Building	Office Equipment	ICT Equipment	Communication Equipment	Printing Equipment	Technical and Scientific Equipment
Carrying Amount, January 1, 2019	17,996,411.48	409,063.75	8,886,831.96	367,531.57	8,500.00	676,830.31
Additions/ Acquisitions	10,933,382.78	1,221,600.00	1,625,390.00	250,485.00	176,805.00	0.00
Adjustment/ Reclass PPE						
Adjustment/ Reclass Accum. Dep.						
Total	28,929,794.26	1,630,663.75	10,512,221.96	618,016.57	185,305.00	676,830.31
<i>Disposals</i>						
<i>Depreciation (As per Statement of Financial Performance)</i>	1,234,529.58	209,028.67	2,193,217.66	89,583.58	16,796.52	103,214.44
<i>Impairment Loss (As per Statement of Financial Performance)</i>						
Carrying Amount, December 31, 2019 (As per Statement of Financial Position)	<u>27,695,264.68</u>	<u>1,421,635.08</u>	<u>8,319,004.30</u>	<u>528,432.99</u>	<u>168,508.48</u>	<u>573,615.87</u>
Gross Cost (Asset Account Balance per Statement of Financial Position)	38,944,418.40	2,733,115.40	18,915,167.10	725,367.52	346,805.00	3,064,627.13
Less : Accumulated Depreciation as of December 31, 2019	11,249,153.72	1,311,480.32	10,596,162.80	196,934.53	178,296.52	2,491,011.26
Carrying Amount, December 31, 2019 (As per Statement of Financial Position)	<u>27,695,264.68</u>	<u>1,421,635.08</u>	<u>8,319,004.30</u>	<u>528,432.99</u>	<u>168,508.48</u>	<u>573,615.87</u>

Particulars	Motor Vehicles	Other Transportation Equipment	Furniture and Fixtures	Books	Other Property, Plant and Equipment	TOTAL
Carrying Amount, January 1, 2019	926,051.55	30,259.82	1,222,510.11	20,123.93	1,662.00	30,545,776.48
Additions/ Acquisitions	29,750.00	0.00	1,398,999.16	0.00	0.00	15,636,411.94
Adjustment/ Reclass PPE						
Adjustment/ Reclass Accum. Dep.						
Total	955,801.55	30,259.82	2,621,509.27	20,123.93	1,662.00	46,182,188.42
<i>Disposals</i>	31,070.00	0.00	0.00	0.00	0.00	31,070.00
<i>Depreciation (As per Statement of Financial Performance)</i>	318,182.14	9,703.57	325,953.48	0.00	0.00	4,500,209.64
<i>Impairment Loss (As per Statement of Financial Performance)</i>						
Carrying Amount, December 31, 2019 (As per Statement of Financial Position)	<u>606,549.41</u>	<u>20,556.25</u>	<u>2,295,555.79</u>	<u>20,123.93</u>	<u>1,662.00</u>	<u>41,650,908.78</u>
Gross Cost (Asset Account Balance per Statement of Financial Position)	3,374,250.00	71,500.00	2,927,064.80	402,478.61	33,240.00	71,538,033.96
Less : Accumulated	2,767,700.59	50,943.75	631,509.01	382,354.68	31,578.00	29,887,125.18

Particulars	Motor Vehicles	Other Transportation Equipment	Furniture and Fixtures	Books	Other Property, Plant and Equipment	TOTAL
Depreciation as of December 31, 2019						
Carrying Amount, December 31, 2019 (As per Statement of Financial Position)	<u>606,549.41</u>	<u>20,556.25</u>	<u>2,295,555.79</u>	<u>20,123.93</u>	<u>1,662.00</u>	<u>41,650,908.78</u>

Upon liquidation of the project, PPE purchased under grants-in-aids are derecognized in STII books. Properties will be recognized as PPE upon transfer or donation from source agency (Annex M, GAM Vol. I, item no. 30).

9. Intangible Assets

Particulars	December 31, 2019		
	Computer Software	Other Intangible Assets	Total
Carrying Amount , January 1, 2019	₱ 36,659.33	₱ 835,707.86	₱ 872,367.19
Additions- Purchased/Acquired through exchange or non - exchange transactions	0.00	0.00	0.00
Adjustments	0.00	0.00	0.00
Amortization for 2019	(9,998.00)	0.00	(9,998.00)
Impairment Loss	0.00	0.00	0.00
Carrying Amount as of December 31, 2019	₱ 26,661.33	₱ 835,707.86	₱ 862,369.19

Other Intangible assets amounting to ₱835,707.86 were assessed to have indefinite useful life but are reviewed periodically for possible impairment.

10. Other Assets

Current and Non-Current Other Assets

Particulars	As of December 31, 2019		
	Current	Non-Current	Total
Pre-payments	₱ 524,583.22	₱ 0.00	₱ 524,583.22
Guaranty Deposits	0.00	15,567.00	15,567.00
Other Assets	0.00	1,040,832.75	1,040,832.75
TOTAL	₱524,583.22	₱ 1,056,399.75	₱1,580,982.97

10.1 Prepayments

Prepaid Registration account amounting to ₱1,701.79 consists of unexpired portion of registration of vehicles to LTO.

Prepaid Insurance account amounting to ₱60,442.46 consists of unexpired portion of insurance premium of STII vehicles and building to GSIS and Bond Premiums of Accountable Disbursing Officers.

Other Prepayments account amounting to ₱462,438.97 consists of subscriptions to various science journals, magazines, and newspapers.

10.2 Guaranty Deposits

This account is composed of deposits to UBIX Corp. for the three (3) photocopying machines located at STII FAD and IRAD amounting ₱10,567.00 and deposit to SMX for the venue rental during the NSTW Celebrations amounting to ₱5,000.00.

10.3 Other Assets

This account consists of unserviceable assets amounting to ₱1,040,832.75 waiting for final disposition adjusted as per submitted RPCPPE and IRRUP 2019. These assets are not subject to depreciation. Other assets are not reclassified back to PPE for easier reconciliation with the IIRUP upon disposal. This amount was adjusted by (₱59,697.59) for erroneous recording of issued inventories per AOM no. 2019-006 and ₱134,500.00 for PPE included in the IIRUP FY 2018 but not recorded in agency books per AOM no. 2019-006(2018).

11. Financial Liabilities

Financial liabilities are contractual obligations to other entities which consist of:

11.1 Accounts Payable are due and demandable expenses obligated as of December 31, 2019.

Accounts Payable of GIA projects due for payment also included in this account. Upon payment, due to NGAs account will be credited for liquidated projects.

Accounts Payable – Regular Fund	Amount
Performance Enhancement Incentive of A. Carandang	₱ 5,000.00
Communication Expenses – Globe Telecom	2,499.00
Media Monitoring Services – Media Meter	45,000.00
Airing Cost - Philippine Broadcasting Service-Bureau of Broadcast Services	44,800.00
TOTAL	₱ 97,299.00

Accounts Payable – Trust Fund	Amount
DOSTv webpage development and advertisement – Bentacos	₱ 80,000.00
TOTAL	₱ 80,000.00

Not yet due and demandable obligations amounting to ₱5,945,672.18 for regular fund and ₱1,125,740.76 for trust fund are not yet recorded as accounts payable until final delivery and acceptance of goods/services are made.

11.2 Inter-Agency Payables

11.2.1 **Due to BIR** Account amounting to ₱781,226.46 consists of taxes withheld from officers/employees and suppliers to be remitted to BIR on January 2020.

11.2.2 **Due to NGAs** Account amounting to ₱5,811,766.25 consists of receipt of funds as authorized by law and fund transfers from NGAs for the implementation of specific programs/ projects and other inter-agency transactions.

Project Title	Amount
Becoming a Science Nation: Demonstrating Results Program	₱ 80,228.60
Changing the Mindset: IEC Campaign	3,882.31
CHED Grant for Philippine Journal of Science (PJS)	71,883.79
DPITC e-Library	51,029.86
Financial Assistance INAP : Aurora	36,474.95
Financial Assistance INAP: Pampanga	1,110.47
Financial Assistance INAP:Tarlac	345.00
Guaranty Deposits – NSTW	5,000.00
HOMOMICH	125,737.25
Iba na ang Panahon: Science for Safer Communities	564,152.55
Establishing DOST-PCAARRD Knowledge Network of e-Libraries (KNeL)	1,152,170.19
Modernization of PSHS Library	217,233.48
NSTW 2017	19,845.00
NSTW 2019	1,954,953.01
Science Content Transformation and Visualization for DRR	601,406.91
SFTP-Project 1:DOSTv Broadcast and Webmedia	68,399.57
SFTP-Project 3:Doubling the Reach (IEC) Campaign	1,960.23
SFTP-Project 5:Score	175,981.47
STARBOOKS (DOST-GIA)	276,623.56
Strategic Communication Intervention for NOAH Program	389,327.23
Cash Reverted to National Treasury (adjusted)	14,020.82
TOTAL	₱ 5,811,766.25

Reconciliation for these unliquidated projects was already submitted to funding agency last October 3 and 24, 2019. Due to NGAs amount will be adjusted accordingly after upon confirmation of balances with funding agency.

11.3 Other payables refer to deductions from employee's salary for remittance to various payees ₱6,841.19.

12. Accumulated Surplus / (Deficit)

Accumulated Surplus/(Deficit) Account with a balance of ₱50,019,938.12 consist of the cumulative results of normal and continuous operations of the agency as of December 31, 2019 amounting to ₱50,393,908.01, net of adjustments recognized directly in net assets/equity for the calendar year amounting to ₱373,969.89.

13. Service and Business Income

Service income from regular operations is attributed to photocopying services to researchers/readers, sale of bid documents, and sale of valueless records and old newspapers.

Business income comes from sale of Philippine Journal of Science (PJS) and canteen and facilities rental. The proceeds from sale of PJS is deposited in a government depository bank under a separate current account and such income is used to defray cost of preparing, printing, and disseminating these journals and any excess is remitted to the Bureau of Treasury. (Sec. 13 General Provisions of RA 11260, GAA FY 2019). Income from facilities rental is deposited in STII BTr account.

Particulars	December 2019	December 2018
Service Income		
<i>Fines and Penalties</i>	₱ 48,908.68	₱ 80,896.52
<i>Library Services (Photocopying fee)</i>	4,434.00	1,885.00
<i>Canteen Rental</i>	0.00	40,000.00
<i>Sale of Bidding Documents</i>	26,300.00	79,260.00
<i>Miscellaneous Income</i>	9,871.45	3,407.44
<i>Sub-total Service Income</i>	89,514.13	205,448.96
Business Income		
<i>Income from Printing and Publication</i>	105,089.59	89,597.99
<i>Rent/Lease Income</i>	46,000.00	0.00
<i>Interest Income</i>	32.75	69.69
<i>Sub-total Business Income</i>	151,122.34	89,667.68
Total Service and Business Income	₱ 240,636.47	₱ 295,116.64

14. Subsidy from National Government

Notice of Cash Allocations (NCAs) received from the Department of Budget and Management (DBM) for payment of expenses for operational requirements, Terminal Leave Benefits, and other liabilities are as follows:

Particulars	Amount
NCA (MDS-Regular Fund)	₱108,811,757.00
Tax Remittance Advice to BIR	6,038,888.41
Less: Reverted/unutilized FY 2019 NCA	(10,706,788.40)
Add: Refund of CAs	49,125.01
Subsidy from National Government as of December 31, 2019	₱104,192,982.02

15. Gain on Sale of Property, Plant and Equipment amounting to ₱12,930.00 refers to gain on disposal of Mitsubishi Adventure GLX with Serial/Chassis No. PAEVB5XZLXB-001332.

16. Personnel Services

These are expenses incurred for payment of services rendered by STII employees occupying regular plantilla positions.

16.1 Salaries and Wages - Regular

The salaries and wages for regular employees amounted to ₱22,935,973.78 and ₱20,909,938.02 for the period ended December 31, 2019 and December 31, 2018 respectively.

16.2 Other Compensation

Particulars	December 2019	December 2018
Personal Economic Relief Allowance (PERA)	₱ 1,263,679.54	₱ 1,220,636.34
Representation Allowance (RA)	284,250.00	255,500.00
Transportation Allowance (TA)	176,250.00	147,500.00
Clothing/Uniform Allowance	312,000.00	288,000.00
Subsistence Allowance	1,537,875.00	1,532,975.00
Laundry Allowance	298,346.49	288,341.79
Honoraria	82,750.00	93,250.00
Hazard Pay	3,414,997.15	3,104,651.74
Longevity Pay	1,304,680.68	1,198,153.74
Overtime and Night Pay	43,371.35	42,041.50
Year End Bonus	1,912,252.60	1,696,574.10
Cash Gift	264,000.00	280,765.00
Other Bonuses and Allowances (includes Mid-year Bonus)	3,477,067.00	4,116,942.30
Total Other Compensation	₱ 14,371,519.81	₱ 14,265,331.51

These are allowances, benefits, incentives, and bonuses granted to officials and employees of STII who are expressly authorized by law to receive such compensation.

In addition, Hazard Pay, Longevity Pay, Subsistence Allowance, and Laundry Allowance are Magna Carta Benefits for S&T Personnel pursuant to DBM-DOST Joint Circular No. 001 dated June 25, 2013 Series of 2013.

16.3 Personnel Benefit Contribution

These are the agency's share in premium contributions to the GSIS, HDMF, and PhilHealth.

Particulars	December 2019	December 2018
Retirement and Life Insurance Premiums	₱ 2,699,061.24	₱ 2,513,326.39
Pag-IBIG Contributions	84,170.82	81,885.37
Philhealth Contributions	241,483.69	227,940.23
Employee Compensation Insurance Premiums	63,200.00	61,300.00
Total Personnel Benefit Contributions	₱ 3,087,915.75	₱ 2,884,451.99

16.4 Other Personnel Benefits

Include Terminal Leave Benefits, monetization of leave credits, loyalty pay and other incentives of STII employees.

Particulars	December 2019	December 2018
Terminal Leave Benefits (monetization)	₱ 1,314,019.89	₱ 2,719,759.87
Other Personnel Benefits	496,940.64	35,000.00
Total Other Personnel Benefits	₱ 1,810,960.53	₱ 2,754,759.87

17. Maintenance and Other Operating Expenses

Total MOOE recorded in the books of accounts are the cost frequently incurred by the agency such as Training, Traveling, Supplies and Materials, Utilities, Communication, Professional Services, General Services, Repairs and Maintenance, Taxes, Insurance Premiums and Other Fees, Labor and Wages, Advertising, Printing and Binding, Representation, Transportation and Delivery, Rent/Lease, Subscription, and others.

17.1 Traveling Expenses

Particular	December 2019	December 2018
Traveling Expenses – Local	₱ 2,869,936.32	₱ 2,651,815.76
Traveling Expenses – Foreign	322,602.68	0.00
Total Traveling Expenses	₱ 3,192,539.00	₱ 2,651,815.76

17.2 Training and Scholarship Expenses

The total training expenses of the agency amounted to ₱315,240.00 and ₱409,950.27 for the period ended December 31, 2019 and December 31, 2018 respectively.

17.3 Supplies and Materials Expenses

Particulars	December 2019	December 2018
Office Supplies Expenses	₱ 628,856.82	₱ 930,588.37
Accountable Forms Expenses	6,700.00	800.00
Fuel, Oil and Lubricants Expenses	294,289.55	405,757.10
Other Supplies and Materials Expenses	2,305,614.78	2,311,064.29
Total Supplies and Materials Expenses	₱ 3,235,461.15	₱ 3,648,209.76

17.4 Semi-Expendable Expenses

Particulars	December 2019	December 2018
Semi-Expendable Machinery and Equipment Expenses	₱ 50,560.28	₱ 628,595.91
Semi-Expendable Furniture, Fixtures and Books Expenses	411,551.20	568,313.43
Total Semi-Expendable Expenses	₱ 462,111.48	₱ 1,196,909.34

17.5 Utility Expenses

Particular	December 2019	December 2018
Water Expenses	₱ 40,901.45	₱ 19,637.51
Electricity Expenses	2,619,659.18	2,351,406.07
Total Utility Expenses	₱ 2,660,560.63	₱ 2,371,043.58

17.6 Communication Expenses

Particular	December 2019	December 2018
Postage and Courier Services	₱ 236,113.44	₱ 38,343.20
Telephone Expenses	207,120.40	160,897.11
Internet Subscription Expenses	129,223.49	109,404.24
Cable, Satellite, Telegraph and Radio Expenses	46,259.54	52,390.00
Total Communication Expenses	₱ 618,716.87	₱ 361,034.55

17.7 Awards/ Rewards Expenses amounting to ₱40,000.00 and ₱40,000.00 was paid to STII PRAISE award winners last FY 2019 and 2018.

17.8 Confidential, Intelligence and Extraordinary Expenses

The total extraordinary and miscellaneous expenses paid amounted to ₱117,600.00 and ₱117,600.00 for the period ended December 31, 2019 and December 31, 2018 respectively.

17.9 Professional Services

Particular	December 2019	December 2018
Legal Services	₱ 282,000.00	₱ 265,500.00
Auditing Services*	0.00	0.00
Other Professional Services	2,904,200.17	7,863,878.93
Total Professional Services	₱ 3,186,200.17	₱ 8,129,378.93

**Wages of contract of service staff assigned to COA charged to Labor and Wages account.*

17.10 General Services

Particular	December 2019	December 2018
Janitorial Services	₱ 1,199,203.59	₱ 1,201,843.86
Security Services	1,530,337.52	1,172,419.18
Total General Services	₱ 2,729,541.11	₱ 2,374,263.04

17.11 Repairs and Maintenance

Particular	December 2019	December 2018
Repairs and Maintenance – Building and Other Structures	₱ 924,756.56	₱ 637,746.39
Repairs and Maintenance – Machinery and Equipment	19,000.00	17,000.00
Repairs and Maintenance – Transportation Equipment	271,600.85	221,073.18
Total Repairs and Maintenance	₱ 1,215,357.41	₱ 875,819.57

17.12 Taxes, Insurance Premiums and Other Fees

Particular	December 2019	December 2018
Taxes, Duties and Licenses	₱ 11,227.59	₱ 10,164.60
Fidelity Bond Premiums	69,444.68	68,970.01
Insurance Expenses	73,793.00	66,965.37
Total Taxes, Insurance Premiums and Other Fees	₱ 154,465.27	₱ 146,099.98

17.13 Labor and Wages

The total labor and wages paid to individuals hired under contract of services amounted to ₱8,825,958.24 and ₱6,960,177.96 for the period ended December 31, 2019 and December 31, 2018 respectively.

17.14 Other Maintenance and Operating Expenses

Particular	December 2019	December 2018
Advertising Expenses	₱ 6,137,024.00	₱ 5,712,000.00
Printing and Publication Expenses	2,602,400.00	2,229,384.00
Representation Expenses	4,824,505.52	6,371,918.13
Transportation and Delivery Expenses	2,400.00	0.00
Rent/Lease Expenses	702,713.28	918,809.11
Subscription Expenses	152,512.24	189,124.24
Other Maintenance and Operating Expenses	756,155.91	631,754.43
Total Other MOOE	₱15,177,710.95	₱ 16,052,989.91

18. Financial Expenses

Bank Charges amounting to ₱600.00 was charged to PJS account.

19. Non-Cash Expenses

19.1 Depreciation

Particular	December 2019	December 2018
Depreciation – Building and Other Structures	₱ 1,234,529.58	₱ 788,830.49

Particular	December 2019	December 2018
Depreciation – Machinery and Equipment	2,611,840.87	2,208,136.00
Depreciation – Transportation Equipment	327,885.71	350,484.87
Depreciation – Furniture, Fixtures and Books	325,953.48	142,002.06
Total Depreciation	₱ 4,500,209.64	₱ 3,489,453.42

Depreciation expenses for 2019 pertains to depreciation of PPE acquired as of December 31, 2019.

19.2 Amortization

Particular	December 2019	December 2018
Amortization - Intangible Asset	₱ 9,998.00	₱ 0.00

Amortization – Intangible Asset account pertains to current year amortization of computer software. Amortization of computer software for prior years not recorded in 2017-2018 was charged to accumulated surplus/deficit account.

20. Related Party Transactions

20.1 Key Management Personnel

The key management personnel of the Science and Technology Information Institute are the members of the executive committee. The executive committee consists of the agency's Division Chiefs and the Head of the Agency.

20.2 Key Management Personnel Compensation

The aggregate remuneration of members of the executive committee and the number of members determined on a fulltime equivalent basis receiving remuneration within this category, are:

Particulars	No. of personnel receiving remuneration	Aggregate Remuneration As of December 31, 2019
Salaries and Wages	4	₱ 4,334,955.00
Allowances and Other Benefits	4	2,617,957.10
Discretionary Allowance and/or Extra ordinary and Misc. Expenses	1	117,600.00
Total Compensation and Benefits		₱ 7,070,512.10

21. Budget Information

Movement in Budget as of December 31, 2019:

Appropriation	PS	MOOE	CO	TOTAL
Agency Specific Budget	39,143,308.63	47,772,849.00	6,789,000.00	93,705,157.63
Automatic Appropriations	2,701,219.00	0.00	0.00	2,701,219.00

Appropriation	PS	MOOE	CO	TOTAL
Special Purpose Fund	375,842.37	0.00	0.00	375,842.37
Total Appropriation	42,220,370.00	47,772,849.00	6,789,000.00	96,782,219.00

Continuing Appropriations	PS	MOOE	CO	TOTAL
Agency Specific Budget	0.00	1,210,943.00	61,200.00	1,272,143.00
Automatic Appropriations	0.00	0.00	0.00	0.00
Special Purpose Fund	0.00	0.00	0.00	0.00
Total Cont. Appropriations	0.00	1,210,943.00	61,200.00	1,272,143.00

22. Adoption of Enhanced Electronic National Government Accounting System (eNGAS) Version 2.1.0

The agency adopted the Enhanced eNGAS version 2.0.0 last June 2015. Accumulated balances as of May 31, 2015 were used as the beginning balances during the setting-up of accounts. Starting 2017, the agency already adopted the eNGAS version 2.1.0.

SCIENCE AND TECHNOLOGY INFORMATION INSTITUTE
Statement of Comparison of Budget and Actual Amount
General Fund
For the Period Ended December 31, 2019

Particulars	Budgeted Amount		Actual Amounts on Comparable Basis (as of December 31, 2019)	Difference Final Budget and Actual
	Original	Final		
RECEIPTS				
Tax Revenue				
Service and Business Income	69,000.00	69,000.00	240,636.47	(171,636.47)
Assistance and Subsidy				
Share, Grants and Donations				
Gains	-		12,930.00	(12,930.00)
Other Non-Operating Income				
Other Non-Operating Receipts				
Loan Proceeds				
Refund of Petty Cash and Advances				-
Others				
Total Receipts	69,000.00	69,000.00	253,566.47	(184,566.47)
PAYMENTS				
Personnel Services	39,731,000.00	42,220,370.00	42,206,369.87	14,000.13
Maintenance and Other Operating Expens	51,077,943.00	48,983,792.00	42,428,532.36	6,555,259.64
Capital Outlay	6,850,200.00	6,850,200.00	6,124,564.92	725,635.08
Financial Expenses				-
Other Disbursement				-
Loan Repayment				-
Remittance to National Treasury			10,706,788.40	(10,706,788.40)
Others				-
Total Payments	97,659,143.00	98,054,362.00	101,466,255.55	(3,411,893.55)
NET RECEIPTS/(PAYMENTS)	(97,590,143.00)	(97,985,362.00)	(101,212,689.08)	(3,227,327.08)

Certified Correct:



BENILA B. BUEMLA
OIC Budget Section / Admin. Officer IV

Certified Correct:



CECILLE ROSE R. SUNGA
Accountant III

PART II – OBSERVATIONS AND RECOMMENDATIONS

Financial Audit

Accounting Errors and Omissions

1. Various accounts of the Science and Technology Information Institute (STII) have misstatements overstating its total Assets and Net Assets/Equity by **₱84,039.21**, which represent **0.14 percent** and **0.16 percent** of its total Assets and Net Assets/Equity, respectively.

2. Section 27 of the Philippine Public Sector Accounting Standards (PPSAS) 1 and Section 15 of the Government Accounting Manual (GAM), Volume I, states that *“The FSs shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful presentation 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 PPSAS.”*

3. Moreover, Sections 111 and 112 of Presidential Decree (PD) No. 1445 requires agencies to keep the accounts in such detail as necessary to meet the needs of the agency and at the same time be adequate to furnish the information needed by fiscal or control agencies of the government; and that the highest standard of honesty, objectivity and consistency shall be observed in the keeping of accounts to safeguard against inaccurate and misleading information. Each government agency shall record its financial transactions and operations conformably with PPSAS and in accordance with pertinent laws and regulations.

4. Verification of the journal entry vouchers, disbursement vouchers, liquidation reports, inventory and property records of the STII disclosed accounting errors and omissions affecting Management’s assertions that all transactions and events: should be recorded and have been recorded (Completeness), were recorded without error (Accuracy), and in the proper accounts (Classification) as shown in *Table 1*.

Table 1. Summary of Accounting Errors and Omissions per Audit

	ERRORS/OMISSIONS	Amount in PhP			STANDARDS
		Assets		Net Assets/Equity (including Income and Expenses)	
		Receivables	Property, Plant and Equipment (PPE)		
a	Unrecorded delivery of PS-DBM in FY 2019 overstating <i>Due from NGAs</i> and understating <i>Inventory Expense</i>	84,039.21		84,039.21	Section 15, Chapter 8, GAM Vol. I
b	Misclassification of PPE accounts		No effect		Section 42, Chapter 10, GAM Vol. I
	TOTAL MISSTATEMENTS	84,039.21		84,039.21	
	A = L + E	84,039.21		84,039.21	
	FINANCIAL STATEMENTS BALANCES	56,797,071.02		50,019,938.12	
	PERCENTAGE OF ERRORS/ OMISSIONS	0.14%		0.16%	

a. Unrecorded delivery of Procurement Service – ₱84,039.21

5. Section 15, Chapter 8 of the GAM, Volume I enumerates the procedures in the receipt, inspection, acceptance and recording of deliveries of inventory items.

6. Taking into account the previous years' audit observations, there were deliveries in 2017 and 2018 totaling ₱272,809.44, which were posted in the PS-DBM ledger but were not recorded in the Institute's books. Added to that list was the delivery in 2019 amounting to ₱84,039.21 for APR No. 2019-05-0004, which was also not taken up in the books. The Delivery Receipt (DR) dated August 5, 2019 was found attached to the Journal Entry Voucher (JEV) of the related prepayment. On the other hand, the Accountant prepared adjusting entries for the previously noted unrecorded deliveries in CY 2017 totaling ₱87,069.08 based on the DRs submitted by the Property Officer, leaving the following unrecorded and unreconciled balances totaling ₱269,827.33:

Table 2. Unrecorded deliveries

Date of Delivery	DR No.	Reference APR	Amount
2/1/17	CSE17-000000864	PS17-00636	10,649.76
3/2/17	CSE17-000002185	PS17-01487	24,967.39
5/9/17	CSE17-000004345	PS17-01487	1,460.16
5/9/17	CSE17-000005129	PS17-01485	11,887.20
6/28/17	CSE17-000008077	PS17-01487	1,168.52
8/4/17	CSE17-000009995	PS17-01487	653.97
9/16/17	CSE17-000012999	PS17-07114	139.80
9/14/17	CSE17-000013000	PS17-07117	23,396.42
9/14/17	CSE17-000013004	PS17-07115	3,031.60
9/14/17	CSE17-0003486-R	PS17-03091-R	73.04
9/14/17	CSE17-0003488-R	PS17-03092-R	272.24
12/11/17	CSE17-000017163	PS17-01486	348.90
Sub-total – 2017			78,049.00
2/19/18	M18-001070	-	55,368.63
2/27/18	M18-001071	-	560.95
11/28/18	M18-017301	NTD-18-016425	51,809.54
Sub-total – 2018			107,739.12
8/5/19	M19-013030-CSE	NTD19-012623	84,039.21
Sub-total – 2019			84,039.21
Grand Total			269,827.33

7. The unrecorded delivery in 2019 resulted in the overstatement of *Due from NGAs* account and understatement of the related *Inventory Expense* account by ₱84,039.21. Due to lack of documents to validate the variances in the reports, the unrecorded deliveries in 2017 and 2018 are still subject to reconciliation with the PS-DBM.

8. **We recommended and Management agreed to require the Property Officer and the Accountant to intensify efforts in tracing all the prior years' unrecorded deliveries and effect the necessary adjustments.**

9. The Property Officer and the Accountant already traced the unrecorded deliveries and prepared the necessary adjusting entry in July 2020.

10. Moreover, the Accountant and the Property Officer have set a quarterly reconciliation of PPE records beginning on the 3rd Quarter of CY 2020 and will effect immediate corrective actions and adjustments prior to submission to COA.

b. Misclassification of PPE accounts

11. Section 42, Chapter 10 of the GAM, Volume I, requires an entity to conduct a periodic physical count of PPE annually and present the results in the Report on the Physical Count of Property, Plant and Equipment (RPCPPE) as at December 31 of each year, to be submitted to the Auditor concerned not later than January 31 of the following year with disclosure on equipment found at station and losses discovered during the physical count which should be reported to the Accounting Division/Unit for proper accounting/recording or adjustment.

12. Comparison between the RPCPPE and subsidiary ledgers revealed variances in the *Information and Communications Technology (ICT) Equipment*, *Communication Equipment* and *Printing Equipment* accounts due to misclassification of the items as recorded by the Accountant in the books, the details of which are shown in *Table 3*.

Table 3. Reconciling items between accounting and property records

PPE Account Title and No.	Amount		Reasons for Variance			
	Per Books	RPCPPE	Variance in absolute figures	Description	Amount	Remarks
ICT Equipment/ 10605030	18,915,167.10	19,342,457.10	427,290.00	Communication Equipment	250,485.00	Misclassified items
				Printing Equipment	176,805.00	
Communication Equipment/ 10605070	725,367.52	474,882.52	250,485.00	3 units of managed switch acquired in 2019 amounting to ₱83,495.00 each	250,485.00	Should be recorded as ICT Equipment
Printing Equipment/ 10605120	346,805.00	170,000.00	176,805.00	9 EPSON L805 Inkjet acquired in 2019 amounting to ₱19,645.00 each	176,805.00	

13. These variances reflect a lack of thoroughness in reconciliation between the Accounting and Property Units as they have overlooked these accounts, which in effect understated the *ICT Equipment* by ₱427,290.00 and overstated *Communication Equipment* and *Printing Equipment* by ₱250,485.00 and ₱176,805.00, respectively.

14. We recommended and Management agreed to require the Accountant and the Property Officer to regularly reconcile PPE records, and effect the necessary adjustments on the errors and/or omissions in the recording of transactions as well as on the misclassification of accounts to correct the reported balances of the affected accounts in the Accounting books and Property records.

15. Moreover, we recommended and Management agreed to observe the highest degree of objectivity and consistency in the keeping of the accounts to safeguard against inaccurate and misleading information.

16. In summary, the total misstatements amounting to ₱84,039.21 represent 0.14 percent of the total assets and 0.16 percent of the net assets/equity of the Institute. However, due to the insignificant impact of the misstatements on the financial statements, we rendered an Unqualified Opinion on the financial statements of the Institute as at year-end.

Accounting Deficiencies

17. Various deficiencies were also noted in recording transactions totaling ₱8.385 million, affecting the accuracy, reliability and accountability of the affected FSs accounts as at year-end.

a. Existence of negative balances in Cash subsidiary ledgers and discrepancies between Bank Reconciliation Statement (BRS) book balances and general ledger balances – ₱2,528,167.82

18. Section 74 of Presidential Decree (PD) No. 1445 provides that “At the close of each month, depositories shall report to the agency head, in such form as he may direct, the condition of the agency account standing on their books. The head of the agency shall see to it that a reconciliation is made between the balance shown in the reports and the balance found in the books of the agency.”

19. The Institute has submitted BRS as of December 31, 2019 for its accounts with the Land Bank of the Philippines (LBP), disclosing book and bank balances and corresponding reconciling items as presented in *Table 4*:

Table 4. Details of Bank Reconciliation

Account Number	Account Description	Book Balance	Bank Balance	Variance (Reconciling Items)	Amount (in PhP)
2182-9000-71	Regular Fund	0.00	2,409,929.21	Lapsed NCA	30,135.79
				Outstanding Checks	2,350,025.92
				Cancelled/ Staled Checks	29,767.50
2182-9006-32	Trust Fund	2,176,211.85	2,917,774.35	Outstanding Checks	741,562.50
2182-9004-62	Special	0.00	0.00	N/A	N/A

Account Number	Account Description	Book Balance	Bank Balance	Variance (Reconciling Items)	Amount (in PhP)
	Account				
1822-1039-59	PJS Income Account	104,522.34	104,522.34	N/A	N/A
1822-1029-87	ATM Payroll Account	247,433.63	251,262.82	salaries/wages held to be reverted to book balance	3,829.19

20. As can be gleaned from the table, the difference between the book and bank balances represents reconciling items such as outstanding checks, lapsed Notice of Cash Allocation (NCA), cancelled checks and other adjustments to book balance.

21. The unutilized NCA under the Regular Fund amounting to ₱30,135.79 was already reverted per JEV No. 2019-12-001449, same with the balance of Trust Fund which represents unutilized project funds amounting to ₱2,176,211.85 was also reverted per JEV No. 2019-12-000572.

22. However, scrutiny of transactions revealed the following deficiencies:

- i. *The unadjusted book balances presented in the monthly BRSs differed from the balances in the general ledgers which affected the accuracy and reliability of accounting reports.*

Table 5. Variances between BRS book balance and GL balance

Month	Fund	Unadjusted book balance (per BRS)	GL balance	Difference
May 2019	MDS Trust Fund	24,128,395.66	25,985,579.66	1,857,184.00
September 2019	MDS Regular Fund	8,578,510.75	0.00	8,578,510.75
December 2019	ATM Payroll Account	247,433.63	251,262.82	3,829.19

23. Management explained that the difference of ₱1,857,184.00 in MDS Trust Fund was due to the error in recording the receipt of NCA with JEV-2019-05-000190 amounting to ₱2,058,215.00 as the bank credited only ₱201,031.00 as monthly allocation for May 2019. Adjustments were made in June 2019 with JEV-2019-06-000246. With regard to the difference of ₱8,578,510.75 in MDS Regular Fund, the amount pertains to unutilized NCA reverted per JEV No. 2019-09-000945. Lastly, the difference of ₱3,829.19 was due to a tax refund reverted to book balance.

24. Supposed adjustments in the following months were either deducted or added in the unadjusted book balance, instead of presenting the same as reconciling item in the monthly BRS.

25. **We recommended and Management agreed to require the Accountant to ensure that balances reflected in the unadjusted book balance in monthly BRSs correspond to the balances in the general ledger, and any adjustment should be presented as a reconciling item in the monthly BRS.**

- ii. *Subsidiary ledgers of cash accounts have negative balances due to erroneous posting or improper categorization of funds in the SLs.*

Table 6. Negative SL balances in Cash accounts

GL/Fund	SL	Balance as at December 31, 2019
Cash-MDS, Regular	PJS Income	(5,137.65)
Cash-LCCA, Regular	ATM Payroll	(1,214,368.57)
Cash-MDS, Regular/Pension and Gratuity Fund	MDS Regular Account	(1,827,041.16)
Cash-MDS, Regular/Miscellaneous Personnel Benefits Fund	MDS Regular Account	(1,859,909.06)

26. The Fund Category Code identifies specific funds maintained by the agency for accounting purposes as well as for recording and reporting financial transactions. Erroneous recording or improper fund classification/categorization of transactions defeats the purpose of the Unified Accounts Code Structure (UACS) for a timely and accurate reporting of actual revenue collections and expenditures against the budgeted programmed revenues and expenditures.

27. **We recommended and Management agreed to conduct an evaluation of the abnormal/negative balances, make necessary adjustments in the GL/SL postings, and establish the proper use of accounts and codes.**

28. Management has already conducted its evaluation of abnormal/negative balances. Necessary adjustments in the GL/SL could not be done since the system would not allow adjustments from one fund to another, but they will make sure that proper use of accounts and codes will be observed to avoid erroneous postings in the future.

b. Long-outstanding year-end balance of Due from NGAs account – ₱4,815,599.80

29. Volume III of the GAM defines *Due from NGAs* as the account used to recognize advances for purchase of goods/services as authorized by law, fund transfers to the NGAs for implementation of projects and other receivables from NGAs. Credit this account upon receipt of goods/services, and liquidation of fund transfers/receivables

30. As at December 31, 2019, the *Due from NGAs* has a balance of ₱4,815,599.80 consisting of the unliquidated balance of the Philippine Science High School System (PSHSS) and advance payments to the PS-DBM for purchases of goods/services, aging from less than 1 to 9 years as shown in *Table 7*.

Table 7. Aging of Due from NGAs

NGA	Total	< 1 year	1-3 years	> 3 years
PSHSS	217,233.48	0.00	0.00	217,233.48
PS-DBM	4,598,366.32	3,894,045.40	338,868.31	365,452.61
Total	4,815,599.80	3,894,045.40	338,868.31	582,686.09

31. Paragraph 4.6 of COA Circular No. 94-013 requires that “*Within ten days after the end of each month or the end of the agreed period for the project, the Implementing Agency (IA) shall submit the Report of Checks Issued (RCI) and the Report of Disbursement (RD) to report the utilization of funds, after which the Source Agency (SA) shall draw a Journal Entry Voucher to take up the reports.*” Further, Paragraph 4.9 requires the IA to return to the SA any unused balance upon completion of the project.

32. The balance of PSHSS was outstanding for almost 10 years. It pertains to the unutilized fund for the project *Modernization of STII Library & Upgrading of PSHSS Libraries* which was completed on September 30, 2010. The PSHSS was able to submit a Terminal Financial Report; however, the unutilized balance was not refunded to the Institute but directly remitted to the Bureau of the Treasury (BTr). No document was provided by the PSHSS to support the said remittance, resulting in non-moving and long outstanding balance. Management continuously issues demand letters for the return of the unexpended balance, the latest of which was in July 2019; however, no response was received from the PSHSS. We also sent a confirmation letter and a follow-up email in 2019 and similarly got no response from the PSHSS.

33. On the other hand, the accumulated balance of the PS-DBM consists of unutilized prepayments due to undelivered items and price variances from 2012 to 2019, and as raised in the previous years’ audit reports, the balance has been long outstanding and unreconciled over the years.

34. Inquiry with the Property Officer disclosed that persistent requests for reconciliation were made but to no avail as there was still no response from the PS-DBM. Further, the Institute was advised to use the Virtual Store (VS) facility in the PhilGEPS website, which allowed them to procure through the website without the need to submit an Agency Procurement Request (APR) since the basis was the Annual Procurement Plan – Common Use Supplies and Equipment (APP-CSE) that would be uploaded in the website. Payments were made through an e-Wallet. As of this report, the Institute has an e-Wallet balance of ₱2,764,888.35 including balances from previous years’ prepayments.

35. It is worth mentioning that the Institute already observed the proper treatment of the prepayments to the PS-DBM by debiting *Due from NGAs* account instead of recording them outright as *Inventory* as previously observed. Likewise, payments to the PS-DBM charged to trust fund were already debited to *Due from NGAs* instead of *Due to NGAs*.

36. Non-reconciliation of records with the PS-DBM and the PSHSS resulted in a long outstanding balance of *Due from NGAs* account in the Institute’s books. The use of the VS facility for the procurement with the PS-DBM will enable the Institute to efficiently monitor their purchases, payments and deliveries; therefore, reconciliation will be made easier provided that deliveries are properly accounted for.

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

- a. **make representations with the PSHSS and compel its submission of the JEV relative to the remittance of the unutilized balance to the BTr that will serve as a basis in recording the liquidation thereof; and**
- b. **require the Property Officer and the Accountant to, henceforth:**
 - i. **ensure that all deliveries are properly supported with DRs as basis in recording in the books; and**
 - ii. **ensure that the Institute and the PS-DBM records are regularly reconciled by monitoring the purchases of the Institute in the VS facility to avoid recurring observations.**

c. ***Unserviceable assets remained unreconciled and undisposed – ₱1,040,832.75***

38. Section 79 of PD No. 1445 provides that when a government property becomes unserviceable or is no longer needed, it shall be inspected by the head of the agency or his duly authorized representative in the presence of the auditor concerned upon application of the officer accountable and if found to be valueless or unsalable, it may be destroyed in their presence; otherwise, it may be sold through a public auction to the highest bidder under the supervision of the proper committee on award or similar body in the presence of the auditor concerned or other duly authorized representative of the Commission on Audit.

39. The *Other Assets* account with a balance of ₱1,040,832.75 as at December 31, 2019, consisted of various unserviceable office and ICT equipment, furniture and fixtures, supplies and materials as well as some serviceable but fully depreciated PPEs that were reclassified to the account, pursuant to previous accounting circulars.

40. As previously observed, the Accountant reclassified unserviceable assets to *Other Assets* account based on previous accounting standards, which is an outdated practice. No addition to the account was made in CY 2019 aside from the adjustment for two (2) unrecorded unserviceable properties not yet disposed amounting to ₱134,500.00. On the other hand, the account balance was also reduced by the adjustment made on the erroneous recording of inventories issued in prior years amounting to ₱59,697.59 which were appropriately documented by RSMIs during the year. Both adjustments were made in compliance with previous audit recommendations.

41. It can be recalled that several unserviceable assets reported in the Inventory and Inspection Report of Unserviceable Property (IIRUP) included PPEs which were acquired as early as in the 1960s while the latest was in 2016, and PPEs acquired through project funds that were not yet transferred to the agency. As of this report, those items remained undisposed. The Property Officer is still in the process of reconciliation as it was previously declared that these included various undocumented returned

unserviceable items which would be very tedious to identify considering that some serial numbers and other proofs of identity cannot be visibly identified due to the passage of time. It was also uncertain which of these items were reported in the IIRUP or *Other Assets* account.

42. Further, ocular inspection revealed that unserviceable properties and waste materials remained in the storage with the same condition as previously observed, exposing them to elements which lead to further deterioration.

43. The prolonged non-disposal of unserviceable properties, and allowing the assets to be stored and left to deteriorate or further depreciate for a long period, deprived the government of additional income had these been sold through public auction at the time that these were still in better condition to command a better price.

44. Moreover, while the Property Officer is currently observing proper handling and monitoring of unserviceable properties, difficulty in the identification/reconciliation process and accumulation of useless assets in the books of accounts are encountered due to insufficient internal controls since the previous Property Officer; thus, affecting the existence and accuracy of the PPE account at year-end.

45. **We reiterated our previous years' recommendations and Management agreed to require the Property Officer to:**

- a. provide a proper storage for all unserviceable properties awaiting disposal to avoid further deterioration and decrease in disposal value; and**
- b. intensify efforts to identify those unserviceable assets and waste materials stockpiled in the storage area, include them in the IIRUP, and facilitate evaluation of their reasonable value and immediate disposal of said items, together with already identified unserviceable assets, pursuant to Section 79 of PD No. 1445 and Section V of COA Circular No. 89-296.**

46. Management commented that the Property Officer will facilitate the repair of the area to make it a safe storage place for unserviceable assets and to avoid their further deterioration. Moreover, the Property Officer committed to dispose at least 25% of the unserviceable assets until December 2020.

Compliance Audit

Non-closure of MDS Special Account

47. **The Institute maintains a Modified Disbursement System (MDS) Special Account with the Land Bank of the Philippines (LBP) with no movement in the**

general ledger since 2018 and which was not yet closed, contrary to DBM Circular Letter No. 2018-4 and Treasury Circular No. 01-2013.

48. Treasury Circular No. 01-2013 dated January 23, 2013 provides the guidelines for the: (a) validation of the legal basis in opening/maintaining Deposit Account/s; (b) monitoring of the compliance of National Government Agencies (NGAs) with DOF-DBM Joint Letter Policy dated December 12, 2012 instructing NGAs to close Dormant Account/s and transfer their balance to the National Treasury, pursuant to Executive Order No. 431 dated May 30, 2005; and (c) closure of unauthorized account/s.

49. Records showed that the MDS-Special Account No. 2182-9004-62 has zero (0.00) balance in both the Institute's and the bank's records. The account was established for the payment of retirement gratuity and terminal leave (RG/TL) benefits. The last transaction made for this account was in March 2018, pursuant to the revised guidelines issued by the DBM under Circular Letter No. 2018-4 dated January 24, 2018, requiring the use of Regular MDS-Sub Accounts for payment of RG/TL benefits effective February 1, 2018 to reduce the number of existing MDS sub-accounts, and the closing of the Special MDS Sub-Account. As of this report, however, the Institute has failed to close the said account, contrary to DBM Circular Letter No. 2018-4 dated January 24, 2018 and Treasury Circular No. 01-2013 dated January 23, 2013.

50. We recommended and Management agreed to make the necessary coordination with the LBP for the closing of the MDS, Special Account.

Equipment purchased through project funds were still not transferred to the Institute despite completion of projects

51. Equipment purchased through project funds from calendar years (CYs) 2011 to 2019 amounting to ₱17.191 million were still not transferred to the Institute despite completion of projects; thus, ownership of and proper accountability for the said properties could not be established.

52. The Institute acquired equipment amounting to ₱17,191,137.44 in the course of implementation of Grants-in-Aid (GIA) projects from CY 2011-2019 and kept custody thereof even after the completion of the projects, the details of which are presented in *Table 8*.

53. It is explicitly expressed in the Memorandum of Agreement (MOA) of every GIA project and as stated in Article X of DOST Administrative Order No. 009 s. 2017 and as amended by DOST AO No. 017 s. 2018, that the Funding Agency shall initially own all equipment purchased through grant funds until such are transferred to other projects or implementing institution. The Funding Agency reserves the right to transfer the ownership through Invoice Receipt/s for Property (IRP)/ Property Transfer Report (PTR) or execution of Deed/s of Donation after submission of an inventory of equipment purchased, Property Acknowledgement Receipt (PAR), and Audited Terminal Financial Report, subject to existing government accounting and auditing rules and regulations.

54. Further, the Property Officer of the Funding Agency shall establish a complete and centralized file of records of all equipment procured based on PARs submitted by the Implementing Agency (IA). The IA shall likewise record the equipment purchased out of the project funds in accordance with the provisions in Chapter 10 of the GAM, Volume I, in relation to PPSAS 17 as to the recognition, measurement and disclosure of PPE.

Table 8. Equipment acquired for GIA projects

Project	Year Acquired	Total Amount
2011-2017		
Changing the Mind set: A Program on Building a Culture of Science and Advancing S&T Agenda for National Development (IEC)	2011-2012	1,661,236.84
Changing the Mind set: A Program on Building a Culture of Science and Advancing S&T Agenda for National Development (science.ph)	2011-2013	727,672.64
National Science and Technology Week (NSTW) 2012	2012	70,795.00
Strategic Communication Intervention for the Nationwide Operational Assessment of Hazards (NOAH) Program	2012-2013	312,884.00
Science and Technology And Research-Based Openly-Operated Kiosks (STARBOOKS)	2012-2013	910,632.00
NSTW 2013	2013	129,777.76
NSTW 2014	2013-2015	115,336.76
Science Content Transformation and Visualization for Disaster Risk Reduction	2014	193,720.00
Iba Na ang Panahon: Science for Safer Communities	2014-2015	268,325.00
Becoming a Science Nation: Demonstrating Results (Information, Education and Communication (IEC) Campaign)	2016	229,800.00
Becoming a Science Nation: Demonstrating Results (Information and Communication Intervention)	2016	403,020.00
Providing Operational Support for DOSTv, the Filipino Weather Channel	2016	1,947,273.12
Expanding Audience Reach Through the DOSTv Weather Channel and S&T Broadcast Program	2016	465,744.32
NSTW 2016	2016-2017	1,717,824.00
NSTW 2017	2017	586,815.52
Sub-total		9,740,856.96
2018-2019		
Science For The People (SFTP) – Doubling the Reach through Information, Education and Communication (IEC) Campaign	2018	415,495.00
SFTP-Enhanced S&T Learning Using Leading-Edge Learning Additions and Realities (STELLAR)	2018	1,828,255.84
SFTP-Content Development for STARBOOKS	2018	88,615.00
SFTP-Media Awards	2018	136,895.00
NSTW 2019	2019	90,153.00
SFTP-DOSTv	2018-2019	4,890,866.64
Sub-total		7,450,280.48
Grand Total		17,191,137.44

55. The Institute records all equipment purchased through project funds in the books while maintaining DOST Form No. 6 (List of Equipment Purchased) to be submitted to the Funding Agency along with the PARs. The recorded equipment were eventually derecognized from the books upon completion of project and liquidation of project funds.

56. The Property Officer already made a request from the DOST for the transfer of equipment acquired in CY 2018-2019 except for the NSTW 2019 project and for equipment acquired in 2011-2017. It was explained that the Property Officer is still in the process of retrieving the related and necessary documents for the transfer since no proper turnover was made upon her designation in 2017. Nonetheless, the Property Officer already coordinated with the counterpart Property Officer of the funding agencies in CY 2020 for the retrieval of documents and reconciliation to facilitate the preparation of the request for transfer of all inventoried equipment.

57. Considering that the accountability, custodianship and operation of these equipment were placed in the hands of the Institute, it is rightful to execute immediate transfer of property to the Institute to avoid any responsibility issue for loss and damage that may occur; provided, that the Institute will comply with all the requirements for property transfer. In that case, these equipment will then be recognized in the Institute's books so that existence, accountability and control will be appropriately justified.

58. **We recommended and Management agreed to require:**

a. the Property Officer to:

- i. prepare all necessary documents for request of property transfer to the Institute of all equipment purchased through GIA funds;**
- ii. ensure that all items are properly inventoried prior to the request; and**
- iii. coordinate with the counterpart Property Officer of the funding/source agency for reconciliation and to facilitate the execution of transfer; and**

b. the Accountant to properly record the PPEs once the transfer is made.

Non-compliance with the provisions governing local and foreign travels including RA No. 9184

59. **The Institute failed to comply with existing policies for local and foreign travels, specifically on authorization and restrictions, and granting and liquidation of cash advances; and to observe proper procurement procedures, casting doubt on the validity, regularity and legality of travel claims.**

60. COA Circular No. 2012-003 provides updated guidelines for the prevention and disallowance of irregular, unnecessary, excessive, extravagant and unconscionable expenditures.

61. Audit of travel expenses disclosed the following:

- i. *Conduct of benchmarking of international libraries in Singapore and Taiwan did not fall under any category authorized for foreign travel.*

62. Section 3(a) of Executive Order (EO) No. 77 dated March 15, 2019 states that *“Official local or foreign travels and assignments under this Order shall cover only those which meet the following criteria: (i) it is essential to the effective performance of an official or employee’s mandates or functions; (ii) it is required to meet the needs of the department, agency, bureau or office, or there is substantial benefit to be derived by the State; (iii) the presence of the official or employee is critical to the outcome of the meeting, conference, seminar, consultation or any official activity to be attended; and (iv) the projected expenses are not excessive or involve minimum expenditure.”*

63. Further, Section 9 of the same EO emphasized that foreign travels authorized under the aforementioned provision shall refer only to those under the following categories:

- a. International conferences or meeting to which the Philippine Government has commitments, or to undertake official missions/assignments which cannot be assigned to government officials posted abroad;
- b. Scholarships, fellowships, trainings, and studies abroad which are grant-funded or undertaken at minimal cost to NGAs, including SUCs, GOCCs, GFIs, and LGUs; and
- c. Invitations for speaking engagements or receiving awards from foreign governments/institutions or international agencies/organizations as defined under international law, whether fully or partially funded by the government, upon the endorsement of the DFA.

64. In CY 2019, the Institute conducted a benchmarking activity with international libraries recognized for their excellent services, processes, and strategies. Originally, as stated in the Work Plan, three Asian countries with modern libraries were identified as benchmark comparators, viz., Singapore, China and Taiwan. The proposed budget for this activity was ₱749,580.00 and all expenses were charged against the Institute’s funds.

65. As at December 31, 2019, the Institute has incurred traveling expenses amounting to ₱303,560.88 relative to the benchmarking activity, consisting of airfares, pre-departure expenses and daily subsistence allowances (DSA).

Table 9. Breakdown of Benchmarking of International Libraries

Date of travel	Country visited	No. of personnel travelled	Expenses incurred	Amount in Php
April 29 – May 2, 2019	Singapore	2	Airfare	40,800.00
			Pre-departure expenses	1,900.00
			DSA	140,494.60
Nov. 25-28, 2019	Taiwan	2	Airfare	62,152.00

Date of travel	Country visited	No. of personnel travelled	Expenses incurred	Amount in Php
			Pre-departure expenses	2,400.00
			DSA	55,814.28
Total				303,560.88

66. While this benchmarking activity serves as a tool for quality management, aiming to improve the STII Library services in consideration of its mandate, mission and vision, it did not fall under any of the categories of foreign travels authorized under the EO. Moreover, no travel report was submitted for the trip to Singapore that could provide evidence of the validity and necessity of the travel.

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

- a. **provide justification on why the foreign travel on international benchmarking was allowed when it did not fall under any of the categories of foreign travels authorized under the EO and why this should not be a subject of audit disallowance; and**
- b. **ensure compliance with EO No. 77 on the authorized local and foreign travels and observe economy and austerity measures in the use of government funds.**

68. Management commented that the International Benchmarking Activities conducted were strictly in accordance with the General Appropriations Act (GAA) of Fiscal Year (FY) 2019 where it was proposed under Budget Proposal 2018 – Tier 2 with project entitled: Science and Technology Academic and Research Based Openly Operated Kiosks (STARBOOKS) recommended by the DBM. Even though indirectly stated in Section 9 of EO No. 77, the project is classified as a *market study*. The Budget Proposal, justifications, Travel Orders, and Official Travel Reports were submitted to COA for reference.

- ii. *Sale of airline tickets on credit by travel agencies were not recognized as liability, contrary to Section 2, Chapter 2 of the GAM, Volume 1*

69. The Institute paid airline tickets to travel agencies in CY 2019 amounting to ₱1,545,030.00. Supporting documents disclosed that payments were made after the travel has been completed. It showed that the travel agencies allowed the sale of airline tickets to the Institute personnel without payment yet, thus these were deemed sold on credit.

70. Section 2 (i), Chapter 2 of the GAM, Volume I, defines liabilities as “firm obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential.”

71. Following the definition in the GAM, since the payment was made directly to the travel agencies after the travel was completed, the travel agencies are deemed as a creditor of the Institute. In this context, it can properly be classified as valid obligations for which goods/services have been delivered/rendered/completed and accepted; however, the Institute failed to recognize liability upon receipt of the billing statement from travel agencies, contrary to the accrual method of accounting.

72. We recommended and Management agreed to require the Accountant to recognize a liability on the sale of airline tickets on credit.

73. The Accountant recognizes payment for travel expenses upon receipt of the Billing Invoices/SOAs which were sent by the travel agencies several months after the completion of travel; therefore, the recognition of accrued expense upon sale of airline ticket is impractical. Yet, the Accountant assured us that proper recognition of transactions will be observed in the future.

iii. The Institute failed to award the contract in favor of the supplier with the Lowest Calculated and Responsive Quotation (LCRQ) and billings were dated prior to awarding of contract.

74. Section 52 of Republic Act (RA) No. 9184 and its Implementing Rules and Regulations (IRR) provide that the Bids and Awards Committee (BAC) shall send Requests for Quotation (RFQ) to at least three (3) suppliers of known qualifications and at least three (3) price quotations must be obtained. Upon receipt of quotations within the prescribed deadline, the BAC shall prepare an Abstract of Quotations setting forth the names of those who responded to the RFQ, their corresponding price quotations submitted. The BAC shall then validate the technical, legal and financial capability of the supplier and upon confirmation and ascertainment thereof, the BAC shall recommend to the Head of the Procuring Entity (HoPE) the award of contract in favor of the supplier with LCRQ. In case of approval, the HoPE shall immediately enter into contract with the said supplier.

75. The Institute requests airfare quotations from three (3) travel agencies for local and foreign travels pursuant to the aforementioned provision; however, review of the disbursement vouchers and its supporting documents revealed that in two transactions, the Institute failed to choose the travel agency with the lowest price quotation.

Table 10. Transactions with failed to award the LCRQ

Payee	JEV No.	Amount in PhP	Remarks
Seven Wings Travel Unlimited, Inc.	JEV-2019-07-000654	11,543.00	Attached 2 quotes from Seven Wings with different amounts, ₱9,630.00 and ₱11,543.00; favoring Seven Wings with ₱11,543.00 instead of Golden Sky with ₱10,578.00
Creativelinks Travel and Tours, Inc.	JEV-2019-10-000999	51,548.00	Budget Travel and Tours has the lowest price quotation of ₱51,585.00; same flight and inclusions with Creativelinks but still awarded to Creativelinks with price quotation of ₱51,600.00

76. No justification or result of evaluation was provided that will support the decision of awarding the contract to the abovementioned suppliers. Further scrutiny of documents showed that the Statement of Account for JEV No. 2019-10-000999 was dated August 7, 2019 prior to the receipt of price quotations and the evaluation thereof on September 24, 2019. Also, the price indicated in the SOA differed from the price quoted as per Abstract of Quotations. It can be presumed that the Institute already transacted with Creativelinks Travel and Tours, Inc. beforehand, and just sent the RFQ to two other travel agencies to formalize the procurement. Similar incident was found in JEV No. 2019-12-001328 where the SOA was dated October 22, 2019, a month ahead of the receipt of price quotations on November 21, 2019 with the same payee and payment amounting to ₱62,138.00.

77. Failure to award the contract in favor of the supplier with LCRQ and pre-contract transactions not only deprived the government of the most advantageous price but indicated irregularities in the procurement process that were in violation of the rules and regulations of the procurement law; thus, the legality of the expenditure is uncertain.

78. We recommended and Management agreed to provide justifications on why the following should not be a subject of audit disallowances:

- a. contract was not awarded to the LCRQ of airfare tickets, contrary to procurement policies/procedures; and**
- b. transactions were already billed prior to the conduct of RFQ/canvass and awarding of contract.**

79. The awarding of contract not favorable to LCRQ was explained as follows:

- a. During the procurement process, Seven Wings Travel Unlimited, Inc. had the initial lowest bid. Unfortunately, two (2) days prior to the flight, the travel order was not yet signed by the Secretary and the fares from quotations had changed. Upon release of the signed Travel Order, the request for revised quotation from other travel agencies was not yet received. Due to urgency, Seven Wings Travel Unlimited, Inc.'s quotation of ₱11,543.00 was chosen.
- b. The LCRQ, Budget Travel and Tours, did not accept send bill arrangement as mode of payment during that time; hence, the end-user selected Creativelinks Travel & Tours, Inc. as it was the second lowest responsive bidder and offer send billing option for the payment arrangement. As to the issue on the date of billings, the Manager of Creativelinks provided a letter of explanation that the SOA was only erroneously dated.

iv. *Disbursements were not supported with complete documentation to establish validity, propriety and reasonableness of the claims.*

80. Section 4 (6) of PD No. 1445 provides that claims against government funds shall be supported with complete documentation.

81. COA Circular No. 2012-001 dated June 14, 2012 prescribed the documentary requirements for common government transactions including the granting and liquidation of cash advances for local and foreign travel.

82. It was observed that some disbursement vouchers relative to local and foreign travels were not supported with complete documentation.

Table 11. Travels with incomplete supporting documents

Deficiency	JEV No.	Amount in PhP
Official receipts	JEV-2019-10-000999	51,548.00
	JEV-2019-10-001041	15,758.00
	JEV-2019-12-001376	140,700.00
	JEV-2019-12-001328	62,152.00
	Sub-Total	270,158.00
Boarding pass	JEV-2019-07-000654	11,543.00
Travel report	JEV-2019-06-000591	71,197.30
	JEV-2019-06-000592	71,197.30
	Sub-Total	142,394.60
Certificate of Appearance	JEV-2019-06-000591	71,197.30
	JEV-2019-06-000592	71,197.30
	JEV-2019-12-001461	29,501.96
	JEV-2019-12-001462	29,501.96
	Sub-Total	201,398.52

83. The validity and propriety of claims for local and foreign travels under the above-listed JEVs could not be ascertained due to incomplete documentation.

84. **We recommended and Management agreed to require the Accountant to ensure that all payments and liquidation reports are sufficiently and properly supported with complete documents and to remind every Institute personnel to comply with the required documents for the liquidation of cash advances for travel pursuant to the provisions of COA Circular No. 2012-001.**

85. The Accountant committed to submit the required supporting documents to COA. Meanwhile, Management justified that Pass Slips duly signed by the librarian of each library visited abroad be submitted in lieu of the Certificate of Appearance.

Auditor's rejoinder:

86. We acknowledged the reasons/justifications provided by Management as these were supported with valid and complete documents, but compliance with EO No. 77 and RA No. 9184 should still be observed for future transactions. Such incidents should

always be accompanied with justifications to establish validity and to avoid disallowance. The erroneous input of the date on the SOA and other deficiencies in the supporting documents could have been prevented or immediately corrected if these were further scrutinized by the Accountant prior to recording and filing.

Unnecessary features of billboard advertisements

87. The DOSTv Program and Siyensikat Show advertisement billboards bearing the pictures of the Institute officials is not in keeping with COA Circular No. 2013-004 dated January 30, 2013 on Information and Publicity on Programs/Projects/Activities of Government Agencies.

88. COA Circular No. 2013-004 dated January 30, 2013 provides the following guidelines on Information and Publicity on Programs/Projects/Activities (PPAs) of Government Agencies:

2.2 Notification to the public and other forms of announcement and/or publicity for or otherwise relating to the PPA shall be made at the least possible cost, taking into account that the nature of and purposes of such notification, announcement and/or publicity, is to inform the public of the essential features/elements of the PPA. Accordingly,

2.2.1 All government agencies, or implementing unit, office or division as the case may be, shall notify the public of their PPA through the posting of relevant information detailed in Item 2.1 above on signboards, blackboards, whiteboards, posters, tarpaulins, streamers, electronic boards or similar materials (collectively, "Signboards") not exceeding 3 feet by 2 feet, in conspicuous places within the agency premises, and in the venue where the PPA is located or carried out. This requirement applies to all government PPAs, regardless of amount or source of funds.

xxx

2.2.4 For non-infrastructure PPAs, Xxx, a tarpaulin signboard may be displayed at the project site but not to exceed 3 ft. by 4 ft. Xxx

2.2.6 The display and/or affixture of the picture, image, motto, logo, color, motif, initials or other symbols or graphic representation associated with the top leadership of the project proponent or implementing agency/unit/office, on signboards, is considered unnecessary. Xxx

2.2.7 The display and/or affixture of the items mentioned in Item 2.2.6 above on equipment and facilities; vehicles of all type, whether engine, manpower or animal driven, wrappers, containers and

similar items; tokens, souvenir items, calendars, ball pens, T-shirts or other apparel and other publicity materials relating to any PPA, is also considered unnecessary.

89. In its campaign for DOSTv Program and Siyensikat Show, the Institute outsourced the services of an advertising company to provide and install LED and static billboard advertisements of the said programs in strategic and prime locations amounting to ₱2,757,552.00.

90. As per contract, the LED Billboards shall be placed and aired on EDSA Magallanes and GA Tower from July 15 - August 15, 2019. The static billboards have the following specifications and shall also be installed from July 15 - August 15, 2019:

- | | |
|--|--|
| a. NLEX Malinta Southbound
Type: Regular Tarpaulin
Size: 40'H x 50'W
Illumination: 6pm to 10pm | d. SLEX Bicutan Northbound
Type: Regular Tarpaulin Printing
Size: 8' x 40'W
Illumination: 6pm to 10pm |
| b. SLEX Alabang Muntinlupa
Type: Regular Tarpaulin Printing
Size: 60'H x 62.5'W
Illumination: 6pm to 10pm | e. SLEX Bicutan Southbound
Type: Regular Tarpaulin Printing
Size: 8' x 40'W
Illumination: 6pm to 10pm |
| c. SLEX C5 Entry
Type: Regular Tarpaulin Printing
Size: 10' x 110'W
Illumination: 6pm to 10pm | |

91. We have observed, however, that the billboard advertisement, particularly sighted and still installed along SLEX C5 as of this report, not only showed information regarding the programs but also displayed the pictures and images of some officials of the DOST and STII, which is not in keeping with COA Circular No. 2013-004.

92. It bears stressing that the above-mentioned Circular strictly requires government agencies to notify the public of its PPAs at the least possible cost and the nature of announcement is to inform the public of the essential features of the projects. Hence, the display and/or affixture of the picture, image, motto, logo, color motif, initials or other symbol or graphic representation associated with the top leadership of the project proponent or implementing agency/unit/office, on signboards, is considered unnecessary.

93. **We recommended and Management agreed to comply with Sections 2.2.6 to 2.2.7 of COA Circular No. 2013-004 dated January 30, 2013 and to refrain from displaying/affixing the pictures, names and initials of the Institute officials on billboards, signboards and tarpaulins of its programs and official activities undertaken by the Institute.**

94. Management commented that the reason why DOST-STII ventured on promoting DOSTv through a digital and traditional out-of-home advertising is to boost its marketing strategies to garner higher viewership and patronage among its stakeholders.

95. In total, the DOSTv LED and Static Billboard can be seen by an estimated 1.3 million vehicles traversing daily on the average in EDSA based on 2017 estimates of the Metro Manila Development Authority. Given the data analytics, the Institute was able to reach those commuters/passengers traversing EDSA daily and to utilize it to promote S&T through placement of DOSTv campaign materials in strategic areas.

96. With the requirements of COA Circular No. 2013-004, DOST has, for the longest time, been putting up these tarpaulins, streamers, and posters, etc. of various PPAs in conspicuous places within its premises. Yet despite all the efforts of the agencies and regional offices, DOST has earned only 6% S&T awareness in the Philippines for 2017. The prescribed dimensions of 3 feet by 2 feet within the agency premises, and in the venue where the PPA is located and carried out was proven ineffective as it can only be seen by smaller number of people.

97. Management further argued that as stated in COA Circular No. 2016-003, an amendment to COA Circular No. 2013-004, a 4ft by 12ft tarpaulin signboard will be allowed if the activity has fifty (50) or more members or participants. The goal of DOSTv is to reach the widest viewer/audience as possible. There was no deliberate intention not to comply with the aforementioned COA Circulars. The inclusion of pictures and images of DOST and STII officials are related to the project as they are the main host and anchors of the broadcast programs of DOST.

98. Nevertheless, Management assured us that the audit recommendation will be duly considered in future advertising campaigns of the DOST-STII.

Auditor's rejoinder:

99. While we acknowledge the reasons provided by Management on why they ventured on such kind of promotion/advertisement, we urge Management to consider other modes of advertising the agency's PPAs, such as but not limited to social media platforms, which have more Filipino users. Billboard advertisements are not prohibited provided that these are compliant with the above rules and regulations under COA Circular No. 2013-004 dated January 30, 2013.

Delayed and non-submission of financial reports and other pertinent documents

100. Financial reports and other pertinent documents for CY 2019 were not submitted within the prescribed period, contrary to the pertinent provisions of the GAM, and COA Circular Nos. 2009-006 and 95-006; thereby, depriving Management of the relevant and timely audited financial information for decision-making.

101. 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 as other reports as may be necessary for the exercise of its functions.*”

102. Assessment conducted based on our records showed delays ranging from 1 day to 180 days in the submission of various reports, as shown below:

Table 12. Delays in the submission of financial reports

Reports	Criteria	Timeline	No. of Days Delayed	Remarks
Purchase Orders (POs)/ Work Orders (WO)	COA Circular No. 2009-001 dated February 12, 2009	Five days from date of issuance	2-180 days	Unsubmitted: 11 POs 22 WOs
Notification of Delivery	COA Circular No. 95-006 dated May 18, 1995	Within 24 hours upon acceptance of items	1-50 days	Unsubmitted: 28 POs/WOs without ND 15 POs/WOs without ND but with IAR
JEVs/DVs/ORs/ Liquidation Reports (LRs)	Section 7.2.1 of 2009 Revise Rules and Regulations on Settlement of Accounts	10 days after the end of each month	13-51 days	Various JEVs from January-December 2019 remained unsubmitted
BRS	Section 7, Chapter 21 of GAM, Volume I	20 days after receipt of the monthly bank statements	4-51 days	Delays were observed in January – November 2019 reports; BRS for December 2019 was submitted within the timeline
Monthly TBs and its supporting documents	Section 60, Chapter 19 of GAM, Volume I	10 days after the end of the month	13-51 days	Delays were observed in the monthly reports, except for the month of May which was submitted within the timeline
Quarterly FS	Section 60, Chapter 19 of GAM, Volume I	10 days after the end of the quarter	20-100 days	1 st Qtr: July 19, 2019 2 nd Qtr: August 30, 2019 3 rd Qtr: October 30, 2019 4 th Qtr: February 5, 2020

103. In addition to the unsubmitted POs/WOs, three (3) Agency Procurement Requests (with Control Nos. 2019-03-0001, 2019-05-0003 and 2019-11-0008) have yet to be submitted to this Office as of this report.

104. Management should take cognizance that the delayed/non-submission of perfected POs and request/notice of delivery of items procured for inspection within the prescribed period is contrary to pertinent provisions of the GAM and COA Circular Nos. 2009-006 and 2009-001 as detailed in *Table 12* above; thus, affecting the timely evaluation and the early detection of deficiencies and reporting of audit results to Management and stakeholders.

105. Moreover, the continuing delayed/non-submission of Journal Entry Vouchers (JEVs)/Disbursement Vouchers (DVs) precluded this Office from evaluating the validity

of the transactions and the propriety of the accounting entries made. The said transactions and their corresponding accounting treatment, if found improper, may affect the fairness of presentation of assets, liabilities and expenses presented in the Institute's FSs.

106. We were informed that the unsubmitted JEVs pertained to DVs paid through (LDDAP) with no ORs from suppliers. In this case, the Accountant shall attach the list of bank-validated (ADA) to the DV as proof of payment, as prescribed under Section 3.8 of DBM Circular No. 2018-14 dated December 28, 2018, quoted to wit:

3.8 Consistent with accounting and auditing rules and regulations, the NGAs are reminded to require their creditors to issue Official Receipts (ORs) or Sales Invoice as evidence of receipt of payment through LDDAP-ADA and SLIIE or MDS Check. However, in instances where supply of goods are ON CREDIT and the required Sales Invoice are issued upon delivery of goods, supplementary/secondary receipts such as Acknowledgement Receipt or Collection Receipt are issued upon collection of account following Revenue Regulations No. 18-2012.

3.8.1 In case the supplier/contractor failed to submit OR or sales invoice, the list of bank-validated ADA shall be attached to the DV as proof of payment. x x x"

107. Following the above-mentioned requirement, the Accountant shall be able to submit all posted JEVs for each month on the corresponding prescribed period pending submission of the related ORs.

108. **We recommended and Management agreed to require:**

- a. the Property and Supply Officer to submit the remaining POs, and to provide the justification for the delays incurred in the submission of POs and Notice of deliveries to COA within the set deadline;**
- b. the Accountant to immediately submit all unsubmitted JEVs, ensuring that the pertinent DVs shall be duly supported with bank-validated ADA while awaiting submission of the related ORs, and to disclose the same in the transmittal of the JEVs for each month; and**
- c. all concerned personnel to ensure compliance with the prescribed guidelines on the submission of the reports/documents for audit.**

109. As of this report, Management was able to submit the financial reports and JEVs, except for fifteen (15) remaining JEVs.

Other Mandatory Issues

Gender and Development (GAD)

110. The Institute expended **₱6.173 million or 6.40 percent of its total budget of ₱96.387 million for the implementation of GAD activities pursuant to Section 32 of the General Provisions of RA No. 11260, otherwise known as the General Appropriations Act (GAA) of Fiscal Year (FY) 2019.**

111. Section 32 of the General Provisions of the FY 2019 GAA or RA No. 11260 requires, among others, that agencies allocate at least five percent (5%) of their budgets for activities which relate to GAD. The preparation and submission of the annual GAD Plan and Budget (GPB) and annual GAD Accomplishment Report shall be subject to the guidelines issued by the agencies concerned.

112. For CY 2019, the Institute prepared GPB for the 10 gender issues identified involving client-focused and organization-focused issues with allocated funds totaling **₱6,535,168.00** which was 6.78 percent of Institute's **₱96,387,000.00** total annual appropriations. Verification of fund utilizations in the submitted accomplishment report showed that of the **₱6,535,168.00** total allocations, **₱6,172,879.67** or 94.46 percent was expended/utilized for GAD related activities.

113. Only 20.40 percent of the expenses were direct expenditures of GAD activities while the remaining 79.60 percent was derived from the attributed costs of the regular programs/projects/activities (PPAs) of the Institute to GAD as a result of the Program Implementation and Management and Monitoring and Evaluation (PIMME) checklist of the Harmonized Gender and Development Guidelines (HGDG) as prescribed in the PCW-NEDA-DBM Joint Memorandum Circular No. 2012-01, the details of which are as shown below:

Table 13. GAD Allocation and Expenditures

Particulars	Total Cost	% of attribution assigned by GAD Focal Person	Attributable Cost	% over total GAD expenditures
Direct GAD activities	1,259,136.96	100%	1,259,136.96	20.40
<i>Attribution of PPAs:</i>				
STARBOOKS (HGDG score: 15)	6,551,656.95	75%	4,913,742.71	79.60
Total			6,172,879.67	

114. It bears noting that the Institute was able to integrate gender-perspectives in its regular/flagship programs; nevertheless, implementation of GAD-focused programs, projects and activities is also encouraged as it vividly describes gender issues to be addressed.

115. We recommended and Management agreed to continue the integration and mainstreaming of GAD projects and activities in its operations with a budget of at

least five percent of its total appropriations to address gender issues and gender responsive governance in compliance with the provisions of the GAA.

Senior Citizens and Persons with Disability

116. The Institute failed to formulate plans, programs, and projects intended to address the concerns of senior citizens and persons with disability (PWDs) insofar as it relates to their mandated functions pursuant to Section 33 of the General Provisions of the FY 2019 GAA.

117. Section 33 of the General Provisions of the FY 2019 GAA or RA No. 11260 directs all agencies of the government to formulate plans, programs and projects intended to address the concerns of senior citizens and persons with disability, insofar as it relates to their mandated functions, and integrate the same in their regular activities. Moreover, all government infrastructures and facilities shall provide architectural or structural features, designs, of facilities that will reasonably enhance to mobility, safety and welfare of persons with disability pursuant to Batas Pambansa Blg. 344 and RA No. 7227.

118. In CY 2019, the Institute conducted a Corporate Social Responsibility Activity with a budget of ₱4,700.00. It was held in Bahay ni Maria Inc. which has been a home for the abandoned, abused, and neglected young children from the underprivileged communities. The objective of the activity was to bring joy to young children during the season of Christmas and to see and understand the situation of the children who are living in this kind of center.

119. While this activity involved mentally-challenged and psycho-socially impaired individuals, its objectives were not related to the Institute's mandate and functions. The activity involved games, song presentations, gift and food giving, which seemed to be a typical volunteering setup. The Institute should have integrated activities related to S&T or at least introduced STII programs and projects or impart S&T knowledge as what is required in the provisions in the GAA.

120. Nevertheless, a ramp had been provided in front of the STII Building's main entrance to facilitate mobility of senior citizens and PWDs who might be visiting the Institute's offices and a comfort room designed for PWDs is provided at the ground floor for their convenience. The building has no elevator since it has only two (2) floors but its library rooms and STARBOOKS corner are located at the ground floor for easy access of interested senior citizens and PWDs.

121. We recommended and Management agreed to implement programs/activities intended to address the concerns of senior citizens and persons with disability, insofar as it relates to the Institute's mandated functions.

122. For 2020 and onwards, Management committed to continue implementing programs and activities for PWDs and/or senior citizens that are aligned with their mandate which may include the following:

- a. Engaging the service of a deaf interpreter for the Institute's virtual learning sessions;
- b. Expanding text-to-speech initiatives;
- c. Purchase of braille and audio aids; and
- d. Bringing the Institute's programs to senior citizens and PWDs.

Youth Development

123. Management has provided support to youth development activities as advocated in the GAA by accepting students from different colleges and universities to undergo on-the-job training necessary for the completion of their academic requirements.

124. In compliance with Section 34 of the FY 2019 GAA, the Institute has provided trainings and assistance to 30 students from various colleges and universities who were required to undergo on-the-job training necessary for the completion of their academic curriculum. Thus, Management has provided support to youth development activities as advocated in the GAA.

Compliance with Hiring of Job Orders (JOs) and Contractuals

125. To implement its programs/activities for CY 2019, the Institute hired a total of 41 JO/contractual employees representing an additional workforce of 79% percent to the 52 regular plantilla employees to provide administrative and technical assistance. Of the said 41 employees, 32 employees were paid against the General Fund and 9 employees against the Project Funds. The Institute paid the services of the JOs/contractuals at a total amount of ₱19,006,251.95, of which ₱8,875,977.04 was charged against Maintenance and Other Operating Expenses (MOOE) of the General Fund and ₱10,130,274.91 against the Project Funds.

Compliance with Other Mandatory Accounts

126. For CY 2019, the Institute has faithfully deducted from the salaries of its personnel the required taxes, premiums and loan installments, and remitted the same as well as the government share within the prescribed period to the concerned institutions or agencies. Details are in *Table 14*:

Table 14. Summary Status of Remittances to Concerned Institutions

Area	Account Affected	Status
Compliance with Tax Laws	<i>Due to BIR</i>	For CY 2019, the Institute remitted the taxes withheld from salaries and wages of employees and from suppliers/creditors in compliance with BIR Regulations. The Taxes withheld totalled ₱10,615,160.98 (including the prior year's balance of ₱1,231,827.22), of which ₱9,833,934.52 was remitted. Thus, leaving a balance amounting to ₱781,226.46 at year-end. The amount was remitted to the BIR in January 2020.

Area	Account Affected	Status
Deduction and Remittance of GSIS premiums	<i>Due to GSIS</i>	For CY 2019, the Institute withheld and remitted GSIS contributions/premiums of its officials and employees including the employer's share of Life & Retirement premiums. The contributions withheld and remitted totalled ₱4,388,097.67.
Deduction and Remittance of PhilHealth premiums	<i>Due to PhilHealth</i>	During the year, STII withheld monthly PhilHealth contributions of its officers and employees and remitted the same as well as the government share. The contributions withheld and remitted during the year totalled ₱287,198.79.
Deduction and Remittance of Pag-IBIG premiums	<i>Due to Pag-IBIG</i>	Pag-IBIG contributions of STII personnel were monthly withheld and remitted including the amount of government share. The contributions/premiums withheld and remitted during the year totalled ₱323,450.38.

Enforcement of Settlement of Suspensions, Disallowances and Charges

127. The total audit suspensions, disallowances and charges found in the audit of various transactions as at December 31, 2019 based on the Notice of Suspension (NS)/ Notice of Disallowance (ND)/Notice of Charges (NC)/Notice of Settlement of Suspensions and Disallowances/Charges (NSSDC) issued by this Commission is summarized in *Table 15*.

Table 15. Statement of audit suspensions, disallowances and charges (SASDC)

Particulars	Beginning Balance as of January 1, 2019	This Period January 1 to December 31, 2019		Ending Balance as of December 31, 2019
		NS/ND/NC	NSSDC	
NS	₱ 0.00	0.00	0.00	₱ 0.00
ND	9,074,050.43	0.00	0.00	9,074,050.43
NC	0.00	0.00	0.00	0.00
Total	₱ 9,074,050.43	0.00	0.00	₱ 9,074,050.43

128. The details of the disallowances are as follows:

Table 16. Details of audit disallowances

Nature of Disallowance	ND No. / Date	Amount	Remarks
CNA 2009-2010	11-001(09) / 11-28-11	₱ 4,623,000.00	Pending with the CP
	12-001(10) / 3-19-12	2,420,500.00	Under appeal with the Cluster Director
Overpayment of Step Increment	10-003-101(09) / 7-9-2010	8,190.00	Final and Executory - pertains to disallowances of retired/ separated employees
Excess payment of Longevity Pay for CYs 2015 & 2016	17-01-101(2015/2016)/ 05-26-17	2,022,360.43	Under appeal with the Cluster Director
Total		₱ 9,074,050.43	

129. We recommended and Management agreed to exert effort to enforce the settlement of all audit disallowances that have become final and executory and to secure information needed to locate the persons held liable who are already retired/no longer in the service for the serving of due notices and demand for settlement.

PART III- STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

We made a follow-up on the actions taken by the Science and Technology Information Institute (STII) in the implementation of prior years' audit recommendations and noted the following as at December 31, 2019:

Status of Implementation	No. of Recommendations
Implemented	20
Not Implemented	6
Total	26

The results of our validation are as follows:

Observation and Recommendation	Ref.	Management Action	Audit Recommendation Status	Result of Auditor's Validation
CY 2018				
1. Various accounts of the Science and Technology Information Institute (STII) have misstatements overstating its total Assets and Net Assets/Equity by ₱2.143 million, which represent 2.61 percent and 6 percent of its total Assets and Net Assets/Equity, respectively. 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 and completeness of the said accounts could not be relied upon.	AAR 2018 Par. 1-16 Pages 37-40			

Observation and Recommendation	Ref.	Management Action	Audit Recommendation Status	Result of Auditor's Validation
<p>Accounting Errors:</p> <p>a) Errors and omissions in recording of procurement to PS-DBM;</p> <p>b) Non-recognition as expenses of issued semi-expendable items; and</p> <p>c) Errors and omissions in recording of unserviceable assets</p> <p>We recommended and Management agreed to require the Accountant to:</p> <p>a. record the undelivered purchases from PS-DBM as receivables, and compel the PS-DBM for the immediate delivery of said items;</p>		<p>Starting February 2019, the full amount of advance payments to PS-DBM were recorded under <i>Due from NGAs</i> account.</p> <p>The Accountant will record the delivered items upon submission of Delivery Receipts from Property Section.</p>	Implemented	<p>The Institute already observed proper treatment of the prepayments and recorded them as receivables.</p>

Observation and Recommendation	Ref.	Management Action	Audit Recommendation Status	Result of Auditor's Validation
b. effect the necessary adjustments on the errors and omissions in the recording of transactions as well as in the misclassification of accounts to correct the reported balances of the affected accounts in the FSs; and		<p>Prepayment and deliveries from PS-DBM will be recorded under <i>Due from NGAs (PS-DBM)</i> account for monitoring and reconciliation of records.</p> <p>The Accountant already made necessary adjustment effecting current and prior year's balances of <i>Due to NGAs (PS-DBM)</i>.</p> <p>The Accountant will record the delivered items upon submission of Delivery Receipts from Property Section.</p> <p>Prepayment and deliveries from PS-DBM will be recorded under <i>Due to NGAs (PS-DBM)</i> account for monitoring and reconciliation of records.</p>	Implemented*	<p>Accountant made adjusting entries for errors: (a) amounting to ₱9,629.95 under JEV No. 2019-02-000169, and ₱87,069.08 under JEV No. 2019-03-000172; (b) amounting to ₱410,933.41 under JEV Nos. 2019-12-001524 and 2019-12-001526; and (c) amounting to ₱134,500.00 under JEV No. 2019-03-000171, and ₱59,697.59 per JEV No. 2019-09-000947</p> <p>There are still balances for the error in semi-expendable accounts and unrecorded deliveries of PS-DBM that</p>

Observation and Recommendation	Ref.	Management Action	Audit Recommendation Status	Result of Auditor's Validation
c. observe the highest degree of objectivity and consistency in the keeping of the accounts to safeguard against inaccurate and misleading information.		The Institute will observe objectivity and consistency in recording accounting transactions.	Implemented*	<p>remain unadjusted.</p> <p><i>Reiterated in Part II of this report, Paragraph Nos. 1-16, Pages 38-41, with revised/updated information and recommendation.</i></p> <p>Errors were found in 2019 audit, affecting the accuracy of the accounts.</p> <p><i>Reiterated in Part II of this report, Paragraph Nos. 1-16, Pages 38-41, with revised/updated information and recommendation.</i></p>
<p>Accounting Deficiencies:</p> <p>2. Unreconciled balance of <i>Due from National Government Agencies (PS-DBM)</i> – ₱781,760.05</p> <p>We recommended and Management agreed to:</p> <p>a. direct the Supply</p>	<p>AAR 2018 Par. 17-27 Pages 40-42</p>	We already	Implemented*	Request for

Observation and Recommendation	Ref.	Management Action	Audit Recommendation Status	Result of Auditor's Validation
<p>Officer and the Accountant to request ledgers from PS-DBM for all the transactions/period affected by the unreconciled amounts per STII records. Conscientiously trace the recorded prepayments and deliveries on both records and make necessary adjustments in the books; and</p> <p>b. direct the Accountant record all prepayment and deliveries from PS-DBM under the <i>Due from NGAs (PS-DBM)</i> account for ease monitoring and reconciliation of records with PS-DBM.</p>		<p>submitted a request for reconciliation per Agency Procurement Request (APR) to Procurement Service (PS-DBM) last 12 November 2018. Copy of the reconciliation was forwarded to COA last 14 December 2018. Adjustments will be made after reconciliation with PS-DBM.</p> <p>Starting February 2019, the full amount of prepayments to PS-DBM were recorded under Due from NGAs account.</p>	Implemented	<p>reconciliation was made but pending adjustments as reconciliation is still on process.</p> <p><i>Reiterated in Part II of this report, Paragraph Nos. 29-37, Pages 43-45, with revised/ updated information and recommendation.</i></p> <p>Prepayments out of project funds are already recorded in <i>Due from NGAs</i> account.</p>
<p>3. Non-issuance of ICS for issued semi-expendable items – ₱2,234,443.67</p> <p>We reiterated our prior year's recommendations, with some alterations, and Management agreed</p>	AAR 2018 Par. 28-37 Pages 42-44			

Observation and Recommendation	Ref.	Management Action	Audit Recommendation Status	Result of Auditor's Validation
to require the:				
a. Property Officer to immediately prepare the RSMIs, issue the related ICSs with reference to the previously issued PARs, and submit the same to the Accounting Unit for recording; and		The Property Officer already prepared the ICS to replace the issued MRs for signature of accountable officers.	Not Implemented	ICS were prepared for signature of accountable employees but not yet fully accomplished and submitted to Accounting Unit for recording.
b. Accountant to effect the necessary adjustment upon receipt of the copies of ICSs from the Property Officer by debiting Accumulated Surplus/(Deficit) account and crediting the related Semi-expendable property account.		The Accountant will prepare adjusting entries upon receipt of RSMIs and ICSs.	Not Implemented	Only ₱410,933.411 out of ₱2,234,443.67 was adjusted.
Moreover, we recommended and Management agreed to require the property Officer to ensure complete documentation and inventory of semi-expendable assets for proper accountability and management. And demand the end-users/accountable officers to ascertain the existence of the		The Inventory Committee will conduct a physical count of serviceable/unservicable PPEs and inventories and will submit reliable reports within the year.	Not Implemented	Only the current year report was submitted to COA; reconciliation of prior years' issuances is still on-going.

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properties issued to them or make them accountable for the losses.				
<p>4. Non-reconciliation of RPCPPE and PPE and Other Asset account and non-disposal of unserviceable PPE— ₱966,030.30</p> <p>We recommended and Management agreed to require:</p> <p>a. the Accountant to coordinate with the Property Officer and conduct reconciliation of the account and preparation of IIRUP, determine the status and existence of the all unserviceable assets and make necessary accounting entries to effect the nature of transactions;</p> <p>b. the Property Officer to: (i) coordinate with the Accountant in using uniform property codes and description to facilitate reconciliation of property and accounting reports</p>	<p>AAR 2018 Par. 38-50 Pages 44-47</p>	<p>The Property Section will conduct an inventory of all serviceable and unserviceable PPEs and will submit reliable reports within the year.</p> <p>The Property Officer will coordinate with the Accountant for a uniform code and description to be assigned to each item of PPE to be reflected in</p>	<p>Implemented*</p> <p>Implemented*</p>	<p>Reconciliation of unserviceable assets is still on-going prior to disposal.</p> <p><i>Reiterated in Part II of this report, Paragraph Nos. 38-46, Pages 45-46, with revised/ updated information and recommendation.</i></p> <p>Variances were found in the reports of Accounting and Property and unserviceable assets remained unreconciled and undisposed.</p>

Observation and Recommendation	Ref.	Management Action	Audit Recommendation Status	Result of Auditor's Validation
<p>and attach property tags/stickers to every item/property for proper identification; (ii) conduct proper inventory of all equipment, both serviceable and unserviceable PPEs, to ensure reliability of the reports being prepared such as the RPCPPE and IIRUP; (iii) provide proper storage for all unserviceable properties awaiting disposal to avoid further deterioration and decrease in disposal value; and (iv) intensify efforts to identify those unserviceable assets and waste materials stockpiled in the storage area, include them in the IIRUP, and facilitate evaluation of its reasonable value and immediate disposal of said items, together with already identified unserviceable assets, pursuant to Section 79 of PD No. 1445 and Section V of COA Circular No. 89-296.</p>		<p>various reports. After reconciliation, the Property Section will proceed on tagging PPEs for proper identification. A proper storage space was proposed for FY 2020 budget.</p>		<p><i>Reiterated in Part II of this report, Paragraph Nos. 38-46, Pages 45-46, with revised/updated information and recommendation.</i></p>

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<p>5. Effective internal control system was not adopted by Management with the designation of the Cashier to simultaneously perform as Collecting Officer and Special Disbursing Officer.</p> <p>We recommended and Management agreed to refrain from designating the Cashier as Collecting Officer and Special Disbursing Officer/Petty Cash Fund Custodian at the same time, and instead, assign another personnel to assume the latter, to avoid possible misuse/loss of collections. Thus, providing the Institute of an effective internal control pursuant to the provisions of Section 124 of PD No. 1445.</p>	<p>AAR 2018 Par. 51-60 Pages 47-48</p>	<p>A special order was created assigning Ms. Ma. Teresa Rosqueta as the new PCC/SDO starting June 2019.</p>	<p>Implemented</p>	<p>Copy of the special order was obtained.</p>
<p>6. Out of ₱3.071 million completed projects, 80 percent or ₱2.457 million of fund transfers remained outstanding due to lack of pertinent documents to support</p>	<p>AAR 2018 Par. 61-70 Pages 48-51</p>			

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<p>agreed to:</p> <p>a. Facilitate the completion of the obligated projects in order to fully utilize/disburse the allotments or funds within the year that they were budgeted;</p> <p>b. Compel the suppliers/contractors to observe prompt and timely deliveries or purchased goods or services; and</p> <p>c. Promptly initiate early procurement process and ensure the timely completion of the locally funded infrastructure projects within the year the allotments are received in accordance with the cited rules.</p> <p>b) Low and/or protracted utilization of received GIA funds due to inadequate planning and</p>		<p>The Infrastructure Rehabilitation and Improvement of STII Building-Library Extension project was completed last June 2019.</p> <p>We will strictly comply with the delivery schedule indicated in the PO/ WO/ Contract and penalize late deliveries of goods and services.</p> <p>For 2019, we already conducted early procurement activities of at least 50% of STII's projects.</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>	<p>The infrastructure project was completed last June 2019. No other infrastructure projects were programmed/pending for CY 2019.</p> <p>Corresponding penalties were applied.</p> <p>Early procurement activities of at least 50% of the agency's projects were conducted.</p>

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<p><i>monitoring of programs/ projects/ activities implementation; and unutilized cash from General Fund amounting to ₱23,384,185.49 was reverted to National Treasury</i></p> <p>We recommended and Management agreed to:</p> <p>a. Instigate proper planning and optimize strategies to ensure timely implementation and efficient utilization of funds of the Institute's programs/projects/activities;</p> <p>b. Establish procurement timelines in consonance with project schedule to avoid disbursements/procurement when the project is supposedly winding down unless necessary in achieving its intended purpose; and</p> <p>c. Require the</p>		<p>Instigate proper planning and monitoring of GIA projects to ensure timely implementation of project objectives and efficient utilization of funds.</p> <p>For 2019, early procurement activities was conducted to avoid delays in project implementation.</p> <p>Require project</p>	<p>Implemented</p> <p>Implemented</p> <p>Implemented</p>	<p>No delays were noted in the implementation of projects that started in 2019.</p> <p>Early procurement activities of at least 50% of the agency's projects were conducted.</p> <p>No extensions/</p>

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Project Leaders to strictly supervise adherence to the schedule of activities to avoid delays and extensions.		<p>leaders to strictly supervise and monitor the schedule of activities to avoid project extensions</p> <p>Series of meetings were conducted prior to submission of new program/project proposals for funding under GIA</p>		delays were noted in the implementation of projects that started in 2019.
<p>8. The Institute expended ₱4.872 million or 4.83 percent of its total budget of P100.864 million for the implementation of GAD activities which is still below the required five percent allocation; likewise, proper attribution of budget and actual cost/expenditure of the Institute's major programs/ projects/ activities to GAD was not observed.</p> <p>We recommended and Management agreed to require the GFPS to:</p> <p>a. Ensure allocation of at least 5 percent</p>	<p>AAR 2018 Par. 95-105 Pages 58-60</p>	<p>STII conducted a GAD</p>	Implemented	In 2019, the Institute

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of the Institute's annual appropriations while maximizing its utilization by implementing the programs and activities in consonance with the approved annual GPB;		Mainstreaming and Analysis Training and Workshop of DOST-STII GFPS and Project Leaders last April 3-5, 2019 to ensure that GAD is integrated in the Agency's PPAs.		expended ₱6.173 million or 6.40 percent of its total budget of ₱96.387 million for the implementation of GAD activities, exceeding the 5 percent requirement.
b. Intensify efforts for gender mainstreaming by attributing major flagship programs in GAD Plan through the use of HGDG tool with proper orientation on preparing the appropriate checklists; and		GAD HGDG Training was conducted last May 15-17, 2019 to come up with a HGDG tool for STII.	Implemented	The Institute already use PIMME Checklist of the HGDG for attribution of major flagship programs to GAD.
c. Print the GMMS authenticated GPB and GAD AR for signature of the Institute head and submit signed copies to PCW and COA.		FY 2020 GAD Plan and Budget to be submitted through the GMMS, awaiting advisory from PCW on the schedule of encoding. FY 2018 Accomplishment Report is currently under review of PCW.	Implemented	The Institute submitted GMMS authenticated GPB and GAD AR.

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<p>9. The Institute allocated funds of ₱105,000.00 for the implementation of the project intended to address the concerns of senior citizen and person with disability of which, ₱46,660.00 or 44 percent were expended pursuant to the requirements of Section 31 of the General Provisions of FY 2018 GAA.</p> <p>We recommended and Management agreed to continue to implement programs/activities intended to address the concerns of senior citizens and persons with disability, insofar as it relates to the Institute's mandated functions and maximize the utilization of funds by conforming to the program/activity requirements as planned.</p>	<p>AAR 2018 Par. 106-111 Page 61</p>	<p>For CY 2019, the STII will be consulting the Department of Social Welfare and Development (DSWD), National Council on Disability Affairs (NCDA) and Local Government Units-Office for Senior Citizens Affairs (OSCA) on most fitting activities that we can conduct for Persons With Disability and Senior Citizens. We assure you that the agency will continue to adhere to the requirements of</p>	<p>Not Implemented</p>	<p>The Institute failed to formulate plans, programs, and projects intended to address the concerns of senior citizens and persons with disability insofar as it relates to the Institute's mandated functions.</p>

Observation and Recommendation	Ref.	Management Action	Audit Recommendation Status	Result of Auditor's Validation
submission of procurement documents to the Auditor.				as observed ranging from 6 to 38 days and some POs for the year and even for the previous years' were not yet submitted. <i>Reiterated in Part II of this report, Paragraph Nos. 100-109, Pages 57-59, with revised/ updated information and recommendation.</i>
11. Non-liquidation of funds transferred to the PSHSS for a completed project resulted in the long-outstanding year-end balance of Due from National Government Agencies of ₱0.217 million. We recommended that Management impose appropriate sanctions to compel the persons responsible for the immediate compliance /submission of LR for the full liquidation of outstanding balances.	AAR 2015 Pages 29-30	PSHSs already submitted a terminal report. Consistent follow ups of the unexpended balance which was reverted to BTr were conducted last year. We will resend a demand letter for the	Implemented*	The balance remained unliquidated despite consistent follow-ups and demands. <i>Reiterated in Part II of this report, Paragraph Nos. 29-37, Pages 43-</i>

Observation and Recommendation	Ref.	Management Action	Audit Recommendation Status	Result of Auditor's Validation
		return of the unexpended balance.		<i>45, with revised/ updated information and recommendation.</i>

*Summary of Reiterated Observations considered as Implemented:

Reference of Observation and Recommendation as presented above	Reference	Reiteration found in Part II
1.b	AAR 2018 Par. 1-16 Pages 37-40	Paragraph Nos. 1-16 Pages 38-41
1.c		
2.a	AAR 2018 Par. 17-27 Pages 40-42	Paragraph Nos. 29-37 Pages 43-45
4.a	AAR 2018 Par. 38-50 Pages 44-47	Paragraph Nos. 38-46 Pages 45-46
4.b		
10.a	AAR 2017 Pages 48-49	Paragraph Nos. 100-109 Pages 57-59
10.b		
11	AAR 2015 Pages 29-30	Paragraph Nos. 29-37 Pages 43-45