

# Audited Project Financial Statements

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Project Number: 45089-002

Loan/Grant Number: 3237

Period covered: 01 January – 31 December 2015

## PHI: Senior High School Support Program

Prepared by Department of Education

For the Asian Development Bank

Date received by ADB: 31 December 2016

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Republic of the Philippines  
**Department of Education**

**CERTIFICATION FOR SHSSP FINANCIAL REPORTING REQUIREMENT  
FY2015**

This is to certify that the following key Program/Activity/Project (PAPs) include programmed budgets for the Senior High School (SHS) Program for Fiscal Year 2015.

UACS Code	Program/Activity/Project	Total Appropriations (P'000)	Amount Obligated vs. Total Appropriations (P'000)	Programmed Budget Intended for SHS (P'000)
268003020700000	Provision and Maintenance of Basic Education Facilities (New Classroom Construction)	45,660,000	39,144,508	30,000,000
268003020700000	Provision and Maintenance of Basic Education Facilities (Construction of Technical Vocational and Livelihood Workshops)	1,137,500		1,137,500
268003020700000	Provision and Maintenance of Basic Education Facilities (Provision of School Furniture)	1,206,000	19,626	764,082
<b>Total</b>		<b>48,003,500</b>	<b>39,164,134</b>	<b>31,901,582</b>

Of the Department of Education's Forty Eight Billion Three Million Five Hundred Thousand Peso (**P48,003,500,000**) appropriations for the above PAPs, funds amounting to Thirty One Billion Nine Hundred One Million Five Hundred Eighty Two Thousand Pesos (**P31,901,582,000**) is programmed for the SHS Program.

Out of the Total Appropriations, funds amounting to Forty Six Billion Seven Hundred Ninety Seven Million Five Hundred Thousand Pesos (P46,797,500,000), are "transferred appropriations" to the Department of Public Works and Highways (DPWH) categorized as "For Later Release" under the Department of Budget and Management's (DBM) National Budget Circular No. 556 issued on January 5, 2015. Of this amount, Thirty One Billion One Hundred Thirty Seven Million Five Hundred Thousand Pesos (P31,137,500,000) is intended for the SHS Program.

Based on financial reports submitted by DPWH as of December 31, 2015, a total amount of Thirty Nine Billion One Hundred Forty Four Million Five Hundred Seven Thousand Nine Hundred Fifty Six and 67/100 Pesos (P39,144,507,956.67) has been obligated/utilized out of the transferred appropriations, including for SHS school building program.

Meanwhile, based on the Department of Education's Consolidated Statement of Appropriations, Allotment, Obligations, Disbursements and Balances (SAAODB) as of end-December 2015, the amount of Nineteen Million Six Hundred Twenty Six Thousand Pesos (P19,626,000) has been obligated/utilized from the Department's school furniture provision program.

The total funds utilized as of the end of FY 2015 is Thirty Nine Billion One Hundred Sixty Four Million One Hundred Thirty Four Thousand Pesos (**P39,164,134,000**) or **82% of the Total Appropriations** of Forty Eight Billion Three Million and Five Hundred Thousand Pesos (P48,003,500,000).

Issued this 23rd day of November 2016. Pasig City, Philippines.

Signed:



**ANNALYN M. SEVILLA**  
Undersecretary for Finance Service -  
Budget and Performance Monitoring



**VICTORIA M. CATIBOG**  
Undersecretary for Finance Service -  
Disbursements and Accounting



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

# **CONSOLIDATED ANNUAL AUDIT REPORT**

**on the**

**DEPARTMENT OF EDUCATION**

**For the Year Ended December 31, 2015**

## **EXECUTIVE SUMMARY**

### **A. Introduction**

Republic Act (RA) No. 9155, the “Governance of Basic Education Act of 2001” changed the name of the agency from Department of Education, Culture and Sports (DECS) to Department of Education (DepEd).

The Department is organized into two major structural components: the Central Office and the Field Offices, which consists of 16 Regional Offices (ROs), 207 Division Offices (DOs) with 7,976 secondary schools and 38,684 elementary schools. Under the Office of the Secretary (OSEC) at the Central Office are five support services, namely: Administrative Service, Financial and Management Service, Human Resource Development Service, Planning Service, and Technical Service. The formulation of policies, standards and programs on curriculum and staff development is undertaken by the three staff bureaus, the Bureau of Elementary Education (BEE), Bureau of Secondary Education (BSE), and Bureau of Alternative Learning System (BALS).

The centers/units attached to the Department similarly provide technical and administrative support towards the realization of its vision, namely; the Educational Development Projects Implementing Task Force (EDPITAF), National Educational Testing and Research Center (NETRC), Health and Nutrition Center (HNC), National Educators Academy of the Philippines (NEAP), National Science Teaching Instrumentation Center (NSTIC), Instructional Materials Council Secretariat (IMCS), and the National Council for Children’s Television (NCCT).

Other attached and support agencies are the Philippine High School for the Arts (PHSA), Literacy and Coordinating Council (LCC), Baguio Teacher’s Camp (BCT), National Museum (NM), National Book Development Board (NBDB), and the Early Childhood Care Development Council (ECCDC).

The Secretary is assisted by four undersecretaries and four assistant secretaries. The directors and assistant directors of support services, staff bureaus, centers/units and attached agencies also assist the key officials of the Department. Total personnel complement as of December 31, 2015 is 692,287 teachers, 46,833 teaching related, 3,619 non teaching and 30,473 administrative staff. It has: 38,657 Public Elementary Schools, and 8,082 Public Secondary Schools. Total learners of 21,426,942 which comprises of 1,737,313 Kindergarten learners, 13,157,333 Elementary pupils, 6,012,761 Secondary students and 519,535 Alternative Learning System learners.

## B. Operational Highlights

The DepEd reported the following major accomplishments per Major Final Output (MFO) and Performance Indicator for Calendar Year (CY) 2015<sup>1</sup>:

Major Final Output/Performance Indicator	Target	Actual	% of Accomplishment
<b>Operations</b>			
<b>MFO 1: Basic Education Policy Services</b>			
No. of plans and policies formulated, reviewed, issued and disseminated	2	14	700
% of policies updated over the last three years	25%	40%	160
<b>MFO 2: Basic Education Services</b>			
<b>Phase 1: Public Kindergarten and Elementary Education</b>			
No. of learners ages 5-11 years old enrolled in kindergarten and elementary education	15,148,560	12,241,842	81
% of learners who scored average or better in the National Achievement Test (NAT)	85%	83%	98
% of learners who completed the school year	81%	83%	102
<b>Phase 2: Public Secondary Education</b>			
Number of learners ages 12-15 years old enrolled in secondary education	5,904,740	4,857,249	82
% of learners who scored average or better in the NAT (Y4)	52%	48%	92
% of learners who completed the school year	78%	77%	99
<b>Phase 3: Alternative Learning System</b>			
Number of learners above 15 years old served thru Alternative Learning System (ALS) Program	331,150	409,013	123
% of ALS completers to total number of ALS learners	75%	50%	67

<sup>1</sup>DepEd Physical Report of Operation as of 31 December 2015

Major Final Output/Performance Indicator	Target	Actual	% of Accomplishment
<b>MFO 3: Regulatory &amp; Developmental Services</b>			
Number of GASTPE grantees	995,000 <sup>2</sup>	855,449	86
% increase of grantees who scored average or better in the NAT (Y4)	2%	2.19%	109
Ratio of completers to grantees	80%	78.21%	98

This year's highlights of DepEd Accomplishments as indicated in their 2015 Physical Report of Operations provides the following:

- a. A total of 39,002 teaching items were created.
- b. A total of 18,060 new classrooms were constructed by end of 2015.
- c. A total of 3,330 water and sanitation facilities have been constructed.
- d. A total of 1,066,586 school seats were procured and delivered.
- e. A total of 47,707,957 Textbooks and Instructional/Learning Materials were procured and 25,368,901 were delivered.
- f. There were 910,312 Government Assistance to Students and Teachers in Private Education (GASTPE) grantees.
- g. A total of 11,498 schools received ICT package and 9,571 schools received funds for internet connectivity.
- h. There were 20,907,407 beneficiaries of School Operations, of which 1,737,313 were learners in Kindergarten, 13,157,333 were pupils in Elementary Schools, and 6,012,761 were students in Secondary schools.
- i. A total of 448,214 Out of School Youths (OSYs) were enrolled.

### C. Financial Highlights

For CY 2015, DepEd has a total appropriations of ₱352,379,638,192.37 which includes the Regular Budget of ₱271,036,901,358.00, the Special Purpose Funds of ₱38,665,926,874.66 and the Automatic Appropriations of ₱21,373,990,623.70 as

<sup>2</sup> Original target number of grantees per GAA was 1,044,899 but was revised to 855,449 due to increase in subsidy for schools outside National Capital Region (NCR) per DepEd Order No. 34, s. 2014 dated August 5, 2014.

provided for in the General Appropriations Act (GAA) for Fiscal Year 2015 or the RA No. 10651 and Prior Year's Continuing Appropriations of ₱21,302,819,336.01. During the year, the Department received a total allotment of ₱351,113,569,961.37, out of which total obligations of ₱308,135,967,600.51 were incurred leaving an unexpended balance of ₱42,977,602,360.86 as at year-end, the details of which are presented below.

Source of Funds	Appropriations	Allotment	Obligation Incurred	Unobligated Balance
<b>A. Current Year (CY) Appropriations</b>				
1. Agency Specific Budget				
Personal Services (PS)	209,709,214,557.00	209,709,214,557.00	206,702,757,886.69	3,006,456,670.31
Maintenance and Other Operating Expenses (MOOE)	41,369,856,237.50	41,281,728,237.50	27,674,939,567.16	13,606,788,670.34
Financial Expenses (FE)	3,312.50	3,312.50	4,302.50	(990.00)
Capital Outlay (CO)	19,957,827,251.00	18,779,887,020.00	2,928,800,910.40	15,851,086,109.60
<b>Subtotal</b>	<b>271,036,901,358.00</b>	<b>269,770,833,127.00</b>	<b>237,306,502,666.75</b>	<b>32,464,330,460.25</b>
2. Special Purpose Funds				
2.1. Miscellaneous Personnel Benefits Fund				
PS	37,186,439,505.93	37,186,439,505.93	35,932,718,443.93	1,253,721,062.00
MOOE	1,158,822.26	1,158,822.26	423,590.00	735,232.26
2.2. Retirement Benefits Fund				
PS	1,023,126,473.47	1,023,126,473.47	1,009,926,056.06	13,200,417.41
2.3. Monetization of Leave Credits				
PS	455,192,073.00	455,192,073.00	439,396,578.91	15,795,494.09
2.4. Productivity Incentive Bonus				
PS	10,000.00	10,000.00	10,000.00	-
<b>Subtotal</b>	<b>38,665,926,874.66</b>	<b>38,665,926,874.66</b>	<b>37,382,474,668.90</b>	<b>1,283,452,205.76</b>
3. Automatic Appropriations				
PS	21,260,219,456.70	21,260,219,456.70	20,686,548,741.85	573,670,714.85
MOOE	113,771,167.00	113,771,167.00	36,287,758.23	77,483,408.77
<b>Subtotal</b>	<b>21,373,990,623.70</b>	<b>21,373,990,623.70</b>	<b>20,722,836,500.08</b>	<b>651,154,123.62</b>
<b>Total CY's Appropriations</b>	<b>331,076,818,856.36</b>	<b>329,810,750,625.36</b>	<b>295,411,813,835.73</b>	<b>34,398,936,789.63</b>
<b>B. Prior Years (PY) Continuing Appropriations</b>				
Unreleased Appropriation				
CO	2,370,425,066.92	2,317,206,826.05	1,212,332,561.43	1,104,874,264.62
<b>Subtotal</b>	<b>2,370,425,066.92</b>	<b>2,317,206,826.05</b>	<b>1,212,332,561.43</b>	<b>1,104,874,264.62</b>
Unobligated Allotment				
PS	185,000,204.00	185,000,204.00	185,000,204.00	-
MOOE	8,078,345,200.71	8,078,345,200.71	4,002,149,052.23	4,076,196,148.48
CO	10,669,048,864.38	10,722,267,105.25	7,324,671,947.12	3,397,595,158.13
<b>Subtotal</b>	<b>18,932,394,269.09</b>	<b>18,985,612,509.96</b>	<b>11,511,821,203.35</b>	<b>7,473,791,306.61</b>
<b>Total PY's Continuing Appropriations</b>	<b>21,302,819,336.01</b>	<b>21,302,819,336.01</b>	<b>12,724,153,764.78</b>	<b>8,578,665,571.23</b>
<b>Grand Total</b>	<b>352,379,638,192.37</b>	<b>351,113,569,961.37</b>	<b>308,135,967,600.51</b>	<b>42,977,602,360.86</b>



Other fund sources during the year came from foreign donations of the Philippine Response to Indigenous Peoples and Muslim Education (PRIME), Education Performance Incentive Partnership (EPIP), and from the United Nation Children's Emergency Fund (UNICEF) with the amount of ₱384,400,000.00, ₱174,801,198.28, and ₱4,163,348.86, respectively, and a transferred fund received from Philippine Amusement and Gaming Corporation (PAGCOR) during the year in the amount of ₱2,000,000,000.00.

The Department's assets, liabilities, equity and sources and application of funds for CY 2015 with comparative figure from CY 2014 are as follows:

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
<b>Financial Position</b>		
Assets	141,952,831,328.47	118,273,484,950.44
Liabilities	33,581,537,370.85	24,891,658,757.53
Equity	108,371,293,957.62	93,412,127,515.62
<b>Financial Performance</b>		
Revenue	432,265,942.37	2,626,849,015.94
Less: Current Operating Expenses		
Personnel Services (PS)	265,760,724,465.56	236,502,180,208.32
Maintenance and Other Operating Expenses (MOOE)	27,419,751,706.46	17,905,740,343.49
Financial Expenses (FE)	711,935,841.65	1,076,002.47
Non-Cash Expenses	2,700,021,549.26	2,362,087,521.08
Surplus (Deficit) from Current Operations	(296,160,167,620.56)	(254,144,235,057.42)
Financial Assistance/Subsidy from the National Government	310,088,431,240.99	272,561,131,422.28
Less: Financial Assistance/ Subsidy to National Government Agencies	965,805,682.5	9,340,460,630.97
Net Financial Assistance/ Subsidy	309,122,625,558.49	263,220,670,791.31
Other Non-Operating Income	6,274.55	47,484.00
Gains/(Losses)	7,749,882.72	6,696,935.65
Surplus (Deficit) for the Period	<b>12,970,214,095.19</b>	<b>9,083,180,151.54</b>

#### **D. Scope of Audit**

The audit covered the accounts and operations of the DepEd for CY 2015 except for the DOs and National High Schools under the jurisdiction of the Autonomous Region in Muslim Mindanao (ARMM), to determine the fairness of presentation of the financial statements and propriety of the recorded and reported financial transactions in accordance

with applicable laws, rules and regulations. The audit accordingly included such tests of accounting records, and review of internal controls and procedures as were considered essential for the performance of this audit.

Review of DepEd's budget utilization, school facilities program, DepEd Internet Connectivity Project, School Based Feeding Program, and Payroll System were also undertaken to determine whether operations were conducted in an economical, efficient and effective manner.

#### **E. Auditor's Report on the Financial Statements**

The Auditor rendered a qualified opinion on the fairness of the presentation of the financial statements of the DepEd for CY 2015 in view of the deficiencies noted in the accounts and non-compliance with the existing laws, rules and regulations as stated in the Independent Auditor's Report and discussed in detail in Part II of the report.

#### **F. Audit Observations and Recommendations**

The following is a summary of significant observations and recommendations, among others, the details of which are discussed in Part II-Observations and Recommendations of the report:

1. Of the ₱42.977 billion unutilized allotment of the DepEd, the Central Office (CO) has 69 percent share of the unutilized portion totaling ₱29.670 billion, the Regional Offices with ₱11.985 billion or 28 percent, and the remaining ₱1.323 billion or three percent for the Bureaus. The CO's unutilized allotment affected the efficient implementation of the DepEd's programs and projects on the delivery of its performance targets attributed to some gaps noted in carrying out required processes/procedures such as: (a) 43,544 undelivered ICT packages worth ₱7.46 billion under the Department of Education Computerization Program, (b) 71,692 undelivered packages of basic Science and Mathematics Equipment compliant to the K to 12 Curriculum valued at ₱4.79 billion, (c) 1,139,192 Out of School Youth not yet enrolled/covered under the Abot Alam Program of ₱2.92 billion, and (d) 114,307,233 unprocured Kinder to Grade 10 Textbooks and Instructional/Learning Materials amounting to ₱2.413 billion. (Observation No. 1)

**We recommended that the Management revisit its operating strategies to ensure achievement of the strategic objectives that it envisioned to realize based on the commitment laid down in the General Appropriations Act and strengthen monitoring and coordination among the DepEd Offices in the implementation of various programs/projects since accomplishment of every segment of the**

**DepEd's organization will have an effect in the assessment of the performance of DepEd as a whole.**

2. The PSIP I with contract cost of ₱16.280 billion to construct 9,298 classrooms in Region I, III and IV-A and PSIP II for contract amount of ₱3.859 billion to construct 4,370 classrooms in CAR, CARAGA, Region I, II, III and X to address the backlog and increasing classroom requirements and completely provide the school children with the needed school facilities that would contribute to the improvement of their learning process were not completed within the construction schedule under the Build-Lease-Transfer (BLT Agreement for PSIP I and Build-Transfer (BT) Agreement for PSIP II due to inability to consider and evaluate projects sites and thorough conduct of assessment of would-be recipient schools, lapses in the procurement process and unattended deficiencies/defects which delayed the completion of schools buildings. (Observation No. 2.a)

**We recommended the concerned Management to:**

**a. OSEC –**

- **provide adequate guidelines for reporting school building infrastructures needing repair, rehabilitation, or reconstruction works under the PSIP I and II;**
- **evaluate project sites and conduct a thorough assessment of would-be recipient schools;**
- **ascertain compliance with the PD No. 1096, the 1997 National Building Code of the Philippines (NBCP) and other relevant rules and regulations related to construction;**
- **ensure that the Proponent undertake the repair, rehabilitation, or reconstruction in accordance with Section 13 of the BT Agreement and imposed the necessary liquidated damages upon failure of the Proponent to comply therewith;**

**b. Concerned Regions –**

- **make proper coordination among officials/personnel/contractors involved in the implementation of projects to ensure that the Proponent comply with its obligation to repair or rectify, at its own cost, all defects and deficiencies observed by DepEd during the period in order to make the Project conform to the MPSS;**

- **conduct thorough site inspection/appraisal and consider all factors that may affect the construction of proposed school buildings; and**
- c. henceforth, exercise diligent monitoring and supervision of the implementation of project to ensure that only those projects done in accordance with the requirements of the contract are accepted and paid.**
3. Repair and rehabilitation of classrooms costing at least ₱922,568,510.13 located in 12 regions were not done/completed as planned/scheduled due to non-observance of the rules and procedures of RA No. 9184 and its revised Implementing Rules and Regulations (IRR) that delayed the procurement process and implementation of projects, and unattended deficiencies/defects which affected the efficient implementation of the projects.

Moreover, delayed provision of classrooms in Region VII (DO Bohol) has been observed as total of 88 classrooms or 68.22 percent of 129 classrooms for construction worth ₱53,446,425.39 funded by CY 2012 BEFF were completed as of December 31, 2015, while 41 or 31.78 percent of classrooms with allocated cost of ₱25,685,547.52 were abandoned but no action was taken against the erring contractors that resulted in unfinished/unstarted projects to the detriment of the students. (Observation No. 2.b)

**We recommended that the Management require concerned Offices of the Department to exercise diligent monitoring and supervision on the implementation of projects on the construction and rehabilitation of classrooms to immediately address issues and lapses thereof, which certainly affects the delivery of physical targets, to address resource gap in school facilities and the provision of adequate, safe, comfortable and functional facilities conducive to learning and teaching.**

4. In Region X (DO Gingoog City), of the 150 classrooms having total contract cost of ₱199,827,967.32 supposed to be accomplished during the year by the DPWH, only 5 classrooms or three percent costing ₱4,439,899.17 was reported 100 percent completed; 131 classrooms or 88 percent worth ₱181,634,458.15 were still under-going construction; while 14 classrooms or nine percent of the total number of classrooms amounting to ₱13,753,610.00 were not yet started due to problems encountered in the procurement, site and release of funds. On the other hand, the inability to consider site condition in cost estimates, the school buildings with allocated amount of ₱24,015,939.46 for two schools under NCR (DO Caloocan) were not fully completed for insufficient fund; while in CAR (DO Kalinga), four school buildings funded by the 2013 BEFF remained unfinished and abandoned as of December 31, 2015 due to legal disputes on land ownership and labor. (Observation No. 2.c)

**We recommended that the Management require the regional and division offices to strictly observe the monitoring/coordination requirement starting from the pre-construction stage to completion of school buildings constructed by DPWH as provided under DBM, DepEd and DPWH Joint Circular No. 2013-1 and DepEd Order No. 1, s. 2010.**

5. The equitable and adequate provision of school furniture in the schools located in Regions NCR, CAR, II, VI, X and XI to address the gaps in school facilities under BEFF was affected by: (a) deficiencies observed in the execution of procurement process that delayed the use of furniture with allocated budget of at least ₱69,367,593.76; (b) inclusion in delivery of defective or inferior quality armchairs attributable to leniency in adhering the required procedures on inspection of procured furniture worth ₱1,282,070.00; (c) non-adherence to the prescribed procedures in accepting deliveries; (d) non-compliance with applicable provisions of RA No. 9184 and its IRR and (e) inadequate assessment/validation of school furniture allocation. (Observation No. 2.d)

**We recommended that the Management require the concerned Offices to strengthen the monitoring of project implementation and to ensure that funds and school furniture reached the intended implementers and recipient schools early on before the start of school year, the Suppliers/Contractors faithfully perform their contractual obligations, and the DepEd Regional/Division/School officials observe prudence in carrying out their duties to avoid delays in the provision of adequate school seats.**

6. The implementation of the SY 2015-2016 School Based Feeding Program (SBFP) as reported in five Regions (IV-A, VI, VIII, X, NCR) with disbursements aggregating ₱213,483,449.00 encountered interruptions/delays due to late receipt or lack of funds of implementers that eventually resulted to deferred/non completion of the 120 feeding days and unprocured or inadequate provision of iron supplement, toothbrush/toothpaste/soap essential to health care and hygiene; and unmonitored cycle menu and healthy meals served. These lapses could adversely affect the attainment of the targeted significant impact on the health and nutritional status of the school children and likewise, depriving them to have gain the full benefits expected from the program.

Similarly, the DSWD-funded SBFP for SY 2014-2015 also encountered delayed implementation attributed to late receipt of funds and non-compliance to operational guidelines by implementing schools affecting completion of the 120 feeding days and healthy food requirements. (Observation No. 3)

**We recommended that the Management require concerned implementing DepEd Offices/Schools to:**

- a. assign a Regional Technical Working Group or a focal person to monitor the activities of the SDOs including the timely release of funds to SHs, progress of implementation, liquidation of funds and submission of reports, as required by DepEd Order No. 33, s. 2015;**
  - b. conduct regular monitoring in the release, receipt and use of funds and enforce the timely submission of reports by the Region/Division Offices and schools to immediately address issues concerning the program implementation so that concerned officials can strategize for the effective delivery of desired results for SBFP;**
  - c. henceforth, exert extra effort to observe the implementing guidelines set forth under DepEd Order No. 33, s. 2015 on SBFP; and**
  - d. for DSWD funded SBFP, submit to DSWD all required reports and return any unutilized fund balance as provided for under DepEd Order No. 37, s. 2014.**
7. The lack of a more comprehensive monitoring and evaluation by the Program Management Committee for CY 2014 DepEd Computerization Program covering Batches 26, 27 and 28 E-Classroom Packages totaling ₱2.7 billion resulted to: (a) undelivered computer packages amounting to ₱1.5 billion which are delayed following the time schedule prescribed in the contract that could not only adversely affect the timely provision of appropriate technologies to public schools as desired by DepEd but would also determine suppliers' liability for liquidated damages on late deliveries without valid time extension; (b) unrecorded deliveries of IT Packages totaling P1.1 billion in the books of accounts of the Division Offices and secondary schools hence no controlling account for the accountability and understating the appropriate equipment account in their respective financial statements; and (c) payment of suppliers' progress billings not in compliance with the payment provisions of the contract. (Observation No. 4)

**We recommended and the Management agreed to require the concerned OSEC Offices:**

**a. ICTS -**

- to ensure the school readiness immediately after the project planning design stage and not during contract implementation. Early notice to school recipients allows for preparation with adequate time, resources and personnel before project**

implementation. It will also allow the Management to consider a realistic contract completion date for the project which will eliminate extension of completion dates.

- to conduct an effective program orientation for the recipient schools, division and regional offices highlighting the importance of coordination, and preparation of reports in accordance with existing DepEd guidelines. The reportorial requirements as per the related DepEd issuances serve as indicators that would allow the Central Office to objectively measure the program's progress, verify the achievement of its objectives and become aware of other conditions which could restrict the progress of activities, and the primary outcome of the program.
  - b. Property Division to prepare the Property Transfer Report for the delivered ICT packages to be submitted to Accounting Division which the latter will be used as a basis for dropping the ICT equipment from the books of accounts.
  - c. Accounting Division to consider the interest of the government by not allowing payments to supplier billings not in accordance with the conditions as stipulated in the provisions of the contract.
8. In six Regions, the inability to evaluate and regularly monitor implementation of the DepEd Internet Connectivity Project hampered the immediate provision of necessary interventions on internet connectivity problems and proper utilization of funds that could be detrimental to students and teachers learning activities through the use of high-tech communication facilities. (Observation No. 5)

**We recommended that the Management in concerned offices:**

- a. DepEd Central Office –
  - facilitate early release of funds to implementing offices for the efficient implementation of DICP;
- b. Region/Division Offices –
  - institute assessment and monitoring mechanism on the DICP implementation to determine actual condition of the internet connections in schools and to immediately address problems encountered along the way so as not to hamper students and teachers school activities; and

- **remind the School heads/Principals of IUs to charge internet subscription fees from the DICP funds; avoid charging them from school MOOE; and strictly adhere to the guidelines set on each pursuant to DepEd Order No. 50 s. 2009.**
9. The DepEd Payroll System allowing the “Queuing” of loan deductions or the “First In – First Served” system in the employees’ payroll slips impaired the prioritization of deductions provided under Section 48 of the General Provisions of RA No. 10651 (FY 2015 GAA) thereby causing the piling up of employees’ obligations due to the Government Service and Insurance System (GSIS), Home Development Mutual Fund (HDMF)/Pag-IBIG and Private Lending Institutions (PLIs) which deprives the employees-borrowers of their benefits due upon retirement since the amount equivalent of the outstanding loan, inclusive of interest, penalties and surcharges would be later collected/deducted from their benefits. (Observation No. 6)

**We recommended that the Management enhance or upgrade the payroll system to consider the provision of Section 48 of the General Provisions of FY 2015 GAA and the yearly GAA thereafter which provides the order of priority of authorized deductions from payroll such as the preference for contributions and loans due to BIR, PhilHealth, GSIS and HDMF to avoid incurrence of penalty and surcharges which affect the benefits due to teachers/employees upon their retirement/separation from the service, and the required minimum monthly net take home pay of P3,000.00.**

**Likewise, we recommended that Management disregard the classification of loan deductions into two column deductions (left side and right side deductions) in the Payroll System and adopt only one column area of all mandatory and other authorized loan deductions in the Payroll System in consonance with the provision of the GAA.**

10. In Regions II, VIII, X, XIII, the unreliable RPSU database, inadequate systems controls, and inefficient processing of payrolls by the Secondary/Elementary Schools, Implementing Units (IUs), Division Offices (DOs) and the Regional Office (RO) resulted in the overpayment in salaries/ allowances/ benefits of employees no longer in service amounting to ₱2,631,549.28, over remittances of employees payroll deductions to the GSIS amounting to ₱5,569,739.48, deleted/ unverified deductions from the monthly salary teachers and employees for loans amortizations to the GSIS, HDMF and the PLIs totalling to ₱8,542,029.10 and unsupported monthly remittances to GSIS for premiums and loan repayments showing variance of ₱282,701,496.73. (Observation No. 6.10)



**We recommended that the Management undertake the following courses of action:**

**a. Regional Director to –**

- **strengthen internal control system in the payroll processes through appropriate review and approval by concerned officials of SS/ES/IUs/DOs and RO of payroll documents such as Form 7, DTRs, Application for Leave; Payroll Disbursement Reports, detailed Payrolls and other supporting papers, and their timely submission for updating of records and effecting actual service;**

**b. Schools Division Superintendents to –**

- **submit the duly reviewed Monthly Payroll Worksheet and Report of Service (Form 7) in a timely manner so that retired/separated/ transferred teachers and employees are deleted immediately from the payroll;**

**c. RPSU to –**

- **cause intensive cleansing of the database, updating of personnel information on a regular basis through reconciliation of records with that of the DOs/IUs/SS/ES, comprehensive enhancement of the payroll system by ascertaining security features and access rights of users and facility for review and approval of all transactions;**
- **ensure that remittances to the GSIS and HDMF for premiums and loans amortizations and the PLIs shall be supported with the monthly billing statements and that the total amount remitted should correspond to the total amount billed;**
- **ensure that the Summary of Payroll/Disbursement Reports with detailed payrolls indicating the employees' names and corresponding deductions be transmitted to the DOs/IUs with ample time for their review before transfer of payroll funds be made to the RO;**
- **embed in the payroll system adequate integrity constraints to prevent duplication of ID Numbers and retention of old Personnel Information Profile to avoid retrieval of erroneous record during payroll preparation; and**
- **determine the total amount of overpayment in salaries and cause refund thereof in coordination with the concerned DOs/IUs and**

**the amount of overpayment/over-remittance to the GOCCs and PLIs for the offsetting in future remittances.**

**G. Status of Implementation of Prior Years' Audit Recommendations**

Out of the 31 prior years' audit recommendations, one is fully implemented and 30 were partially implemented, and these are presented in detail in Part III of this report.

We enjoin Management to ensure full implementation of all partially implemented audit recommendations in prior years to improve the operational as well as financial efficiency of the Agency.

# **PART I**

## **FINANCIAL STATEMENTS**

## **PART II**

# **OBSERVATIONS AND RECOMMENDATIONS**

## **PART III**

# **STATUS OF IMPLEMENTATION BY THE AUDITEE OF PRIOR YEAR'S AUDIT RECOMMENDATIONS**

# **ANNEX**



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

## **INDEPENDENT AUDITOR'S REPORT**

**The Honorable Secretary**  
Department of Education  
Meralco Avenue, Pasig City

We have audited the accompanying financial statements of the Department of Education, which comprise the Statement of Financial Position as at December 31, 2015, and the Statements of Financial Performance, Cash Flows, Changes in Net Assets/Equity, Comparison of Budget and Actual Amounts, and Notes to Financial Statements comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Public Sector Accounting Standards (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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Philippine Public Sector Standards on Auditing (PPSSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Basis for Qualified Opinion*

As discussed in Part II of the Report, our audit disclosed the following audit observations which affected the fair presentation of the financial statements:

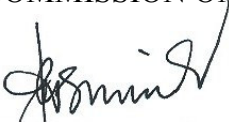
1. Overstatement of account Due from National Government Agencies-DBM-PS by ₱2,076,399,780.00 due to unrecorded Information Technology packages delivered to recipient schools;
2. Overstatement of the accounts Due from Regional Offices and Accumulated Surplus/Deficit by ₱1,766,949,121.00 due to erroneous accounting treatment in recognizing the transfer and receipt of fund by the Central Office and the Regional Offices;
3. Understatement of account Textbooks and Instructional Materials Inventory by ₱4,183,072.37 due to unrecorded issuances totaling ₱1,452,844.12, receipts of textbooks procured by the DepEd Instruction Material Corporation totaling ₱1,407,928.25 and donated books of ₱1,322,300.00;
4. Understatement of accounts Property, Plant and Equipment by ₱109,351,910.67 due to erroneous recording/non-recording, and misclassification of PPE accounts amounting to ₱1,549,625,768.54; and
5. Overstatement of Accounts Payable by ₱158,999,804.78 due to recognition of undocumented payables of ₱392,316,707.53, non-reversion of long outstanding payables without existing valid claims of ₱45,076,153.59, and misclassification of liability accounts in net amount of ₱74,816,534.03.

#### *Opinion*

In our opinion, except for the effects on the financial statements of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Department of Education as at December 31, 2015, and its financial performance, cash flows, changes in net assets/equity, comparison of budget and actual amounts, and notes to financial statements for the year then ended in accordance with PPSAS.



COMMISSION ON AUDIT

A handwritten signature in black ink, appearing to read 'Marivel C. Broñola', written over the printed name.

**MARIVEL C. BROÑOLA**

State Auditor V

Supervising Auditor

28 June 2016



Republic of the Philippines  
**Department of Education**

Office of the Chief Accountant  
Financial and Management Service

Telephone No. (02)633-79-61

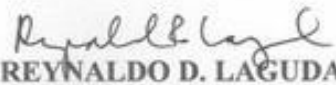
**STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL  
STATEMENTS**

The management of **Department of Education – Regular Agency Fund** is responsible for all information and representations contained in the accompanying Statement of Financial Position as at **December 31, 2015** 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 year then ended. The financial statements have been prepared in conformity with the Philippine Public Sector Accounting Standards and generally accepted state accounting principles, and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which 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.

  
**MA. RHUNNA L. CATALAN**  
Chief Accountant

April 15, 2016  
Date Signed

  
**REYNALDO D. LAGUDA**  
Undersecretary  
For Finance and Administration

April 15, 2016  
Date Signed

**DEPARTMENT OF EDUCATION**  
**STATEMENT OF FINANCIAL POSITION**  
**Regular Agency Fund**  
**As of December 31, 2015**

	<u>Note</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	6	₱ 10,970,747,061.86	₱ 12,534,134,052.34
Investments	7	9,385,793.39	9,312,396.49
Receivables	8	12,644,319,166.21	10,032,975,665.47
Inventories	9	4,227,531,563.64	3,759,191,153.97
Other Current Assets	10	4,662,506,010.28	3,881,274,645.13
<b>Total Current Assets</b>		<b><u>32,514,489,595.38</u></b>	<b><u>30,216,887,913.40</u></b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	11	109,135,789,756.11	87,773,304,625.58
Biological Assets	12	967,229.83	293,411.00
Intangible Assets	13	8,354,895.51	9,193,339.61
Other Non-Current Assets	14	293,229,851.64	273,805,660.85
<b>Total Non Current Assets</b>		<b><u>109,438,341,733.09</u></b>	<b><u>88,056,597,037.04</u></b>
<b>Total Assets</b>		<b><u>141,952,831,328.47</u></b>	<b><u>118,273,484,950.44</u></b>
<b>LIABILITIES</b>			
Financial Liabilities	15	17,976,186,784.58	11,366,355,368.91
Inter-Agency Payables	16	8,295,307,816.82	7,859,063,885.55
Intra-Agency Payables	17	1,700,059,796.29	832,824,290.84
Trust Liabilities	18	1,013,487,426.74	779,288,261.67
Deferred Credits/Unearned Income	19	58,868,942.87	19,077,843.26
Provisions	20	10,760.06	89,027.06
Other Payables	21	4,537,615,843.49	4,004,658,757.53
<b>Total Liabilities</b>		<b><u>33,581,537,370.85</u></b>	<b><u>24,861,357,434.82</u></b>
<b>NET ASSETS/EQUITY</b>			
Accumulated Surplus/Deficit		<u>108,371,293,957.62</u>	<u>93,412,127,515.62</u>
<b>Total Net Assets/Equity</b>		<b><u>108,371,293,957.62</u></b>	<b><u>93,412,127,515.62</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS/EQUITY</b>		<b><u>₱ 141,952,831,328.47</u></b>	<b><u>₱ 118,273,484,950.44</u></b>

**DEPARTMENT OF EDUCATION**  
**DETAILED STATEMENT OF FINANCIAL POSITION**  
**Regular Agency Fund**  
**As of December 31, 2015**

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
<b>Cash and Cash Equivalents</b>	<b>₱ 10,970,747,061.86</b>	<b>₱ 12,534,134,052.34</b>
Cash on Hand	13,019,658.79	16,593,801.34
Cash - Collecting Officers	7,556,063.75	11,740,508.43
Petty Cash Fund	5,463,595.04	4,853,292.91
Cash in Bank Local Currency	10,306,642,711.69	11,900,444,350.28
Cash in Bank - Local Currency, Current Account	10,304,831,148.61	11,898,416,166.82
Cash in Bank - Local Currency, Savings Account	1,811,563.08	2,028,183.46
Cash in Bank - Foreign Currency	167.67	167.67
Cash in Bank - Foreign Currency, Savings Account	167.67	167.67
Treasury/Agency Cash Account	651,084,523.71	617,095,733.05
Cash - Treasury/Agency Deposit, Regular	1,229,066.45	79,581,567.47
Cash - Treasury/Agency Deposit, Trust	579,023,380.80	330,047,517.96
Cash-Modified Disbursement System (MDS), Regular	62,964,331.46	166,275,798.94
Cash-Modified Disbursement System (MDS), Special Account	0.00	49,296.60
Cash-Modified Disbursement System (MDS), Trust	543,001.15	33,649,250.50
Cash - Tax Remittance Advice	7,324,743.85	7,492,301.58
<b>Investments</b>	<b>9,385,793.39</b>	<b>9,312,396.49</b>
Financial Assets-Held to Maturity	9,385,793.39	9,312,396.49
Other Investments	9,385,793.39	9,312,396.49
<b>Receivables</b>	<b>12,644,319,166.21</b>	<b>10,032,975,665.47</b>
Loans and Receivable Accounts	4,884,735.02	10,211,384.30
Accounts Receivable	4,881,235.02	2,456,391.30
<i>Net account Receivable</i>	4,881,235.02	2,456,391.30
Notes Receivable	3,500.00	3,500.00
<i>Net Notes Receivable</i>	3,500.00	3,500.00
Loans Receivable - GOCCs	0.00	7,751,493.00
<i>Net Value- Loans Receivable-GOCCs</i>	0.00	7,751,493.00
Inter - Agency Receivables	5,948,104,103.14	6,220,878,812.18
Due from National Government Agencies	5,700,865,532.99	5,878,940,693.98
Due from Government-Owned and/or Controlled	168,984,796.18	171,110,933.98
Due from Local Government Units	78,253,773.97	170,827,184.22
Intra Agency Receivables	6,002,639,979.43	3,249,202,527.26
Due from Central Office	77,587,325.10	123,056,901.63
Due from Bureaus	81,925,552.40	56,088,820.89
Due from Regional Offices	2,498,730,483.05	755,272,184.60
Due from Operating Units	3,344,396,618.88	2,314,784,620.14
Other Receivables	688,690,348.62	552,682,941.73
Receivables - Disallowances/Charges	373,456,767.08	372,157,363.54
Due from Officers and Employees	190,163,582.63	37,135,377.87
Due from Non-Government Organizations/People's	37,200,474.54	36,885,497.97
Other Receivables	87,869,524.37	106,504,702.35

	2015	2014
<b>Inventories</b>	<b>4,227,531,563.64</b>	<b>3,759,191,153.97</b>
Inventory Held for Sale	166,905.46	221,241.93
Merchandise Inventory	166,905.46	221,241.93
Inventory Held for Distribution	526,115,296.12	543,287,648.88
Drugs and Medicines for Distribution	2,529,808.44	2,221,158.59
Medical, Dental and Laboratory Supplies for Distribution	2,343,719.04	1,942,102.67
Textbooks and Instructional Materials for Distribution	489,999,630.02	497,876,642.63
Construction Materials for Distribution	3,808.00	0.00
Property and Equipment for Distribution	8,500,444.22	18,525,609.63
Other Supplies and Materials Distribution	22,737,886.40	22,722,135.36
Inventory Held for Consumption	3,701,249,362.06	3,215,682,263.16
Office Supplies Inventory	480,385,024.61	464,613,687.11
Accountable Forms, Plates and Stickers Inventory	3,988,495.04	5,120,887.41
Non-Accountable Forms Inventory	311,517.50	102,845.00
Food Supplies Inventory	45,708.54	0.00
Drugs and Medicines Inventory	14,975,570.29	16,154,765.11
Medical, Dental and Laboratory Supplies Inventory	27,472,466.51	34,657,506.93
Fuel, Oil and Lubricants Inventory	387,531.27	306,483.56
Agricultural and Marine Supplies Inventory	293,735.96	317,157.96
Textbooks and Instructional Materials Inventory	2,569,944,515.49	1,974,659,056.09
Chemical and Filtering Supplies Inventory	24,810.00	42,280.00
Construction Materials Inventory	5,823,002.61	4,729,885.68
Other Supplies and Materials Inventory	597,596,984.24	714,977,708.31
<b>Other Current Assets</b>	<b>4,662,506,010.28</b>	<b>3,881,274,645.13</b>
Advances	4,103,841,541.54	3,529,282,197.44
Advances for Operating Expenses	2,259,764,801.27	1,685,934,360.17
Advances for Payroll	545,798,692.62	762,398,559.10
Advances to Special Disbursing Officer	815,782,593.50	348,690,525.46
Advances to Officers and Employees	482,495,454.15	732,258,752.71
Prepayments	548,161,799.81	345,439,316.56
Advances to Contractors	502,229,979.65	274,749,375.88
Prepaid Rent	57,564.00	1,155,826.04
Prepaid Registration	9,065.10	115,741.78
Prepaid Insurance	5,960,048.02	6,010,122.85
Other Prepayments	39,905,143.04	63,408,250.01
Deposits	10,502,668.93	6,553,131.13
Deposit on Letters of Credit	0.00	59,865.00
Guaranty Deposits	10,449,878.88	6,468,325.37
Other Current Assets	52,790.05	24,940.76
<b>Total Current Assets</b>	<b>32,514,489,595.38</b>	<b>30,216,887,913.40</b>
<b>Non-Current Assets</b>		
<b>Property, Plant &amp; Equipment</b>	<b>109,135,789,756.10</b>	<b>87,773,304,625.58</b>
Land and Land improvements	12,272,982,397.30	11,342,607,426.71
Land	12,119,617,011.46	11,171,234,465.91
Land Improvements, Aquaculture Structures	27,462,173.87	16,738,910.41
Accumulated Depreciation-Land Improvements,	(6,914,170.19)	(6,040,712.41)
Net Value	20,548,003.68	10,698,198.00
Other Land Improvements	235,672,394.50	255,331,335.52
Accumulated Depreciation-Other Land Improvements	(102,825,925.94)	(94,656,572.72)
Accumulated Impairment Losses-Other Land Improvements	(29,086.40)	0.00
Net Value	132,817,382.16	160,674,762.80

	2015	2014
Infrastructure Assets	14,207,483.40	8,999,154.32
Water Supply Systems	5,783,376.10	6,827,238.12
Accumulated Depreciation-Water Supply Systems	(2,065,825.68)	(1,887,207.49)
Net Value	3,717,550.42	4,940,030.63
Power Supply Systems	5,574,827.85	4,742,040.24
Accumulated Depreciation-Power Supply Systems	(994,786.53)	(682,916.55)
Accumulated Impairment Losses-Power Supply Systems	(8,574.50)	0.00
Net Value	4,571,466.82	4,059,123.69
Communication Networks	1,423,310.60	0.00
Accumulated Depreciation-Communication networks	(1,031,316.44)	0.00
Net Value	391,994.16	0.00
Other Infrastructure Assets	5,526,472.00	0.00
Net Value	5,526,472.00	0.00
Buildings and Other Structures	60,806,336,463.73	55,025,215,759.75
Buildings	3,793,114,510.98	3,866,545,341.98
Accumulated Depreciation-Buildings	(1,219,013,828.49)	(1,189,761,482.85)
Accumulated Impairment Losses-Buildings	(342,897.56)	(32,493.76)
Net Value	2,573,757,784.93	2,676,751,365.37
School Buildings	76,746,993,431.64	68,104,488,134.45
Accumulated Depreciation-School Buildings	(19,737,756,591.44)	(16,781,069,674.66)
Accumulated Impairment Losses-School Buildings	(6,499,509.21)	(12,008,480.12)
Net Value	57,002,737,330.99	51,311,409,979.67
Hostels and Dormitories	16,190,611.94	10,408,381.54
Accumulated Depreciation-Hostels and Dormitories	(2,682,974.87)	(3,551,585.95)
Net Value	13,507,637.07	6,856,795.59
Other Structures	1,532,306,131.52	1,279,559,865.18
Accumulated Depreciation-Other Structures	(315,972,420.78)	(249,299,512.63)
Accumulated Impairment Losses-Other Structures	0.00	(62,733.43)
Net Value	1,216,333,710.74	1,030,197,619.12
Machinery and Equipment	5,201,132,657.79	4,006,673,830.06
Machinery	53,469,298.48	43,084,485.83
Accumulated Depreciation - Machinery	(30,222,050.67)	(26,378,614.46)
Net Value	23,247,247.81	16,705,871.37
Office Equipment	2,085,174,230.67	2,038,227,529.93
Accumulated Depreciation-Office Equipment	(1,173,665,851.20)	(1,065,480,493.88)
Accumulated Impairment Losses - Office Equipment	(296,963.98)	(2,694,473.73)
Net Value	911,211,415.49	970,052,562.32
Information and Communication Technology Equipment	7,279,993,388.21	6,097,083,456.67
Accumulated Depreciation-Information and Communication	(3,898,685,410.68)	(3,709,332,221.06)
Accumulated Impairment Losses -ICT Equipment	(1,019,586.14)	(30,536.18)
Net Value	3,380,288,391.39	2,387,720,699.43
Agricultural and Forestry Equipment	6,469,460.18	8,849,748.80
Accumulated Depreciation-Agricultural and Forestry	(3,472,642.01)	(6,120,737.78)
Net Value	2,996,818.17	2,729,011.02
Marine and Fishery Equipment	608,117.00	0.00
Accumulated Depreciation-Marine and Fishery Equipment	(640,832.50)	0.00
Net Value	(32,715.50)	0.00
Communication Equipment	240,582,944.27	234,087,274.80
Accumulated Depreciation-Communication Equipment	(147,258,894.46)	(136,973,482.09)
Accumulated Impairment Losses-Communication Equipment	(812,458.25)	0.00
Net Value	92,511,591.56	97,113,792.71
Construction and Heavy Equipment	3,019,897.83	31,050.00
Accumulated Depreciation - Construction and Heavy	(546,539.61)	(29,497.50)

	2015	2014
<i>Net Value</i>	2,473,358.22	1,552.50
Disaster Response and Rescue Equipment	19,951,032.86	18,611,930.19
Accumulated Depreciation-Disaster Response and Rescue	(11,602,194.85)	(9,128,734.70)
<i>Net Value</i>	8,348,838.01	9,483,195.49
Military, Police and Security Equipment	326,866.62	645,492.61
Accumulated Depreciation-Military and Police Equipment	(129,370.54)	(430,717.26)
<i>Net Value</i>	197,496.08	214,775.35
Medical Equipment	58,402,415.59	60,721,626.03
Accumulated Depreciation-Medical Equipment	(41,154,522.71)	(41,122,734.40)
Accumulated Impairment Losses-Medical Equipment	(10,607.48)	0.00
<i>Net Value</i>	17,237,285.40	19,598,891.63
Printing Equipment	1,586,574.76	282,802.00
Accumulated Depreciation-Printing Equipment	(242,499.05)	(44,919.72)
<i>Net Value</i>	1,344,075.71	237,882.28
Sports Equipment	44,032,248.61	39,143,708.59
Accumulated Depreciation-Sports Equipment	(16,477,225.14)	(14,093,105.96)
<i>Net Value</i>	27,555,023.47	25,050,602.63
Technical and Scientific Equipment	833,555,146.17	551,392,666.34
Accumulated Depreciation - Technical and Scientific Equipment	(322,804,885.45)	(303,843,430.36)
Accumulated Impairment Losses-Sports Equipment	(547,778.14)	0.00
<i>Net Value</i>	510,202,482.58	247,549,235.98
Other Machinery and Equipment	422,487,983.00	400,344,827.26
Accumulated Depreciation - Other Machinery and	(198,811,358.15)	(170,061,300.71)
Accumulated Impairment Losses-Other Machinery and	(125,275.46)	(67,769.20)
<i>Net Value</i>	223,551,349.39	230,215,757.35
Transportation Equipment	108,616,080.73	113,132,113.95
Motor Vehicles	330,879,011.89	315,290,355.80
Accumulated Depreciation - Motor Vehicles	(222,902,738.59)	(202,625,347.84)
Accumulated Impairment Losses-Motor Vehicles	(642,150.00)	(206,700.00)
<i>Net Value</i>	107,334,123.30	112,458,307.96
Watercrafts	842,645.25	780,388.50
Accumulated Depreciation - Watercrafts	(347,956.98)	(303,607.05)
<i>Net Value</i>	494,688.27	476,781.45
Other Transportation Equipment	1,784,960.41	270,415.00
Accumulated Depreciation-Other Transportation Equipment	(997,691.25)	(73,390.46)
<i>Net Value</i>	787,269.16	197,024.54
Furniture, Fixtures and Books	3,634,077,364.59	3,272,655,463.69
Furniture and Fixtures	5,428,367,847.35	4,830,359,159.23
Accumulated Depreciation-Furniture and Fixtures	(2,046,798,912.92)	(1,806,000,151.50)
Accumulated Impairment Losses - Furniture and Fixtures	(3,253,356.22)	0.00
<i>Net Value</i>	3,378,315,578.21	3,024,359,007.73
Books	551,149,943.19	526,256,017.68
Accumulated Depreciation- Books	(295,220,030.76)	(277,951,849.45)
Accumulated Impairment Losses - Books	(168,126.05)	(7,712.27)
<i>Net Value</i>	255,761,786.38	248,296,455.96
Leased Assets	39,395.00	221,401,325.65
Leased Assets, Buildings and Other Structures	0.00	221,401,325.65
<i>Net Value</i>	0.00	221,401,325.65
Leased Assets, Machinery and Equipment	19,395.00	0.00
<i>Net Value</i>	19,395.00	-
Other Leased Assets	20,000.00	0.00
<i>Net Value</i>	20,000.00	0.00
Leased Assets Improvements	196,168.56	577,770.33

	2015	2014
Other Leased Assets Improvements	196,168.56	1,175,353.88
Accumulated Depreciation-Other Leased Assets Improvements	0.00	(597,583.55)
<i>Net Value</i>	196,168.56	577,770.33
Heritage Assets	-	28,500.00
Works of Arts and Archeological Specimens	0.00	28,500.00
<i>Net Value</i>	0.00	28,500.00
Service Concession Tangible Assets	11,863,548,341.83	0.00
Other Service Concession Assets	11,863,548,341.83	0.00
<i>Net Value</i>	11,863,548,341.83	0.00
Other Property, Plant and Equipment	252,747,401.32	243,687,227.53
Work/Zoo Animals	1,478,798.00	2,288,511.30
<i>Accumulated Depreciation-Work/Zoo Animals</i>	(50,422.50)	0.00
<i>Net Value</i>	1,428,375.50	2,288,511.30
Other Property, Plant and Equipment	533,069,655.85	513,896,730.45
<i>Accumulated Depreciation-Other Property, Plant and</i>	(281,632,010.60)	(272,498,014.22)
<i>Accumulated Impairment Losses-Other Property, Plant and</i>	(118,619.43)	0.00
<i>Net Value</i>	251,319,025.82	241,398,716.23
Construction in Progress	14,981,906,001.86	13,538,326,053.59
Construction in Progress- Land Improvements	2,105,879.18	10,401,857.12
Construction in Progress- Infrastructure Assets	2,627,496.58	2,598,996.58
Construction in Progress-Buildings and Other Structures	14,977,172,626.10	13,525,325,199.89
<b>Biological Assets</b>	<b>967,229.83</b>	<b>293,411.00</b>
Bearer Biological Assets		
Breeding Stocks	481,671.00	60,700.00
<i>Net Value</i>	481,671.00	60,700.00
Livestock	471,347.83	218,500.00
<i>Net Value</i>	471,347.83	218,500.00
Livestock Held for Consumption/Sale/Distribution	14,211.00	14,211.00
<i>Net Value</i>	14,211.00	14,211.00
<b>Intangible Assets</b>	<b>8,354,895.51</b>	<b>9,193,339.61</b>
Intangible Assets		
Computer Software	30,644,630.68	32,243,642.99
<i>Accumulated Amortization - Computer Software</i>	(22,351,649.11)	(23,050,303.38)
<i>Net Value</i>	8,292,981.57	9,193,339.61
Other Intangible Assets	61,913.94	0.00
<i>Net Value</i>	61,913.94	0.00
<b>Other Non-Current Assets</b>	<b>293,229,851.64</b>	<b>273,805,660.85</b>
Acquired Assets	2,367,083.27	1,138,737.50
<i>Net Value</i>	2,367,083.27	1,138,737.50
Abandoned Property/Assets	236,038.15	236,038.15
<i>Net Value</i>	236,038.15	236,038.15
Other Assets	292,562,973.42	274,266,714.62
<i>Accumulated Impairment Losses-Other Assets</i>	(1,936,243.20)	(1,835,829.42)
<i>Net Value</i>	290,626,730.22	272,430,885.20
<b>Total Non Current Assets</b>	<b>109,438,341,733.09</b>	<b>88,056,597,037.04</b>
<b>TOTAL ASSETS</b>	<b>141,952,831,328.47</b>	<b>118,273,484,950.44</b>

## LIABILITIES AND NET ASSETS / EQUITY

### Liabilities



	2015	2014
<b>Financial Liabilities</b>	<b>17,976,186,784.58</b>	<b>11,366,355,368.91</b>
Payable	17,975,988,501.91	11,365,928,842.28
Accounts Payable	3,360,069,097.98	3,873,899,620.11
Due to Officers and Employees	3,723,920,448.08	7,491,911,284.51
Internal Revenue Allotment Payable	0.00	117,937.66
Service Concession Arrangements Payable	10,891,998,955.85	0.00
Bills/Bonds/Loans Payable	198,282.67	426,526.63
Treasury Bills Payable	0.50	120.00
Bonds Payable - Domestic	196,282.17	424,439.95
Loans Payable - Domestic	2,000.00	1,966.68
<b>Inter-Agency Payables</b>	<b>8,295,307,816.82</b>	<b>7,859,063,885.55</b>
Due to BIR	567,426,041.70	464,008,301.66
Due to GSIS	5,383,912,588.68	5,012,607,314.05
Due to PAG-IBIG	330,473,049.08	251,177,109.20
Due to PHILHEALTH	941,734,384.91	900,379,691.00
Due to NGAs	1,035,778,181.86	1,183,379,527.03
Due to GOCCs	6,898,385.47	7,671,197.29
Due to LGUs	29,085,185.12	39,840,745.32
<b>Intra-Agency Payables</b>	<b>1,700,059,796.29</b>	<b>832,824,290.84</b>
Due to Central Office	958,994,493.95	108,315,026.92
Due to Bureaus	34,401,556.52	40,689,755.81
Due to Regional Offices	435,592,990.95	451,674,328.13
Due to Operating Units	271,070,754.87	232,145,179.98
<b>Trust Liabilities</b>	<b>1,013,487,426.74</b>	<b>779,288,261.67</b>
Trust Liabilities	78,866,732.49	89,682,515.38
Bail Bonds Payable	0.00	2,913,949.30
Guaranty/Security Deposits Payable	933,958,243.91	686,062,846.65
Customers' Deposit Payable	662,450.34	628,950.34
<b>Deferred Credits/Unearned Income</b>	<b>58,868,942.87</b>	<b>19,077,843.26</b>
Other Deferred Credits	58,868,942.87	19,077,843.26
<b>Provisions</b>	<b>10,760.06</b>	<b>89,027.06</b>
Leave Benefits Payable	0.00	89,027.06
Other Provisions	10,760.06	0.00
<b>Other Payables</b>	<b>4,537,615,843.49</b>	<b>4,004,658,757.53</b>
<b>TOTAL LIABILITIES</b>	<b>33,581,537,370.85</b>	<b>24,861,357,434.82</b>
<b>Net Assets/Equity</b>		
<b>Equity</b>	<b>95,437,237,242.41</b>	<b>84,328,947,364.08</b>
Accumulated Surplus/(Deficit), Beginning	93,412,127,515.62	87,559,577,933.85
Adjustments to beginning balance	2,025,109,726.79	(3,230,630,569.77)
Adjusted beginning balance	95,437,237,242.41	84,328,947,364.08
Retained Operating Surplus	12,934,056,715.21	9,083,180,151.54
Adjustment of net revenue recognized directly in net	(36,157,379.98)	-
Current Operations	12,970,214,095.19	9,083,180,151.54
<b>Total Net Assets/Equity</b>	<b>108,371,293,957.62</b>	<b>93,412,127,515.62</b>
<b>TOTAL LIABILITIES AND NET ASSETS/EQUITY</b>	<b>₱ 141,952,831,328.47</b>	<b>₱ 118,273,484,950.44</b>

**DEPARTMENT OF EDUCATION**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**Regular Agency Fund**  
**For the Year Ended December 31, 2015**

	<u>Note</u>	<u>2015</u>	<u>2014</u>
<b>REVENUE</b>			
Service Income and Business Income	22	₱ 351,724,083.19	₱ 382,850,899.53
Shares, Grants and Gains	23	80,495,537.56	2,243,891,507.29
	24	46,321.62	106,609.12
<b>Total Revenue</b>		<b>432,265,942.37</b>	<b>2,626,849,015.94</b>
<b>Less: Current Operating Expenses</b>			
Personnel Services	25	265,760,724,465.56	236,502,180,208.32
Maintenance and Other Operating Expenses	26	27,419,751,706.46	17,905,740,343.49
Financial Expenses	27	711,935,841.65	1,076,002.47
Non Cash Expenses	28	2,700,021,549.26	2,362,087,521.08
<b>Current Operating Expenses</b>		<b>296,592,433,562.93</b>	<b>256,771,084,075.36</b>
<b>Surplus (Deficit) from Current Operations</b>		<b>(296,160,167,620.56)</b>	<b>(254,144,235,059.42)</b>
Net Financial Assistance/ Subsidy	29	309,122,625,558.49	263,220,670,791.31
Sales of Assets	30.1	6,274.55	47,484.00
Gains	30.2	9,577,076.04	11,573,629.16
Losses	30.3	1,827,193.32	4,876,693.51
<b>Surplus/(Deficit) for the Period</b>		<b>₱ 12,970,214,095.19</b>	<b>₱ 9,083,180,151.54</b>

**DEPARTMENT OF EDUCATION**  
**DETAILED STATEMENT OF FINANCIAL PERFORMANCE**  
**Regular Agency Fund**  
**For the Year Ended December 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>REVENUE</b>		
<b>Service Income</b>		
Documentary Stamp	P -	P 2,460.00
Permit Fees	3,224,220.00	8,822,430.00
Registration Fees	19,166,610.22	13,686,390.00
Clearance and Certification Fees	103,601.76	34,580.00
Legal Fees	300.00	0.00
Inspection Fees	9,934,910.00	3,531,030.00
Verification and Authentication Fees	40,520.00	150.00
Processing Fees	500,600.00	0.00
Fines and Penalties-Service Income	54,685,860.49	3,939,302.06
Other Service Income	167,157,177.60	207,097,876.86
<b>Total Service Income</b>	<b>254,813,800.07</b>	<b>237,114,218.92</b>
<b>Business Income</b>		
School Fees	2,350,746.31	17,165.00
Affiliation Fees	57,600.00	49,400.00
Examination Fees	4,057,130.19	2,020,835.01
Seminar Fees/Training Fees	74,965,789.39	124,119,263.50
Rent/Lease Income	7,634,202.49	5,734,162.58
Income from Printing and Publication	274,063.00	1,235,015.89
Sales Revenue	0.00	13,000.00
Interest Income	1,610,417.73	1,438,512.18
Fines and Penalties - Business Income	1,590,446.74	7,683,707.76
Other Business Income	4,369,887.27	3,425,618.69
<b>Total Business Income</b>	<b>96,910,283.12</b>	<b>145,736,680.61</b>
<b>Shares, Grants and Donations</b>		
Share from PAGCOR/PCSO	230,000.00	858,843.94
Income from Grants and Donations in Cash	19,108,148.14	2,135,702,816.49
Income from Grants and Donations in Kind	61,157,389.42	107,329,846.86
<b>Total Shares, Grants and Donations</b>	<b>80,495,537.56</b>	<b>2,243,891,507.29</b>
<b>Gains</b>		
Gain on Sale of Biological Assets	30,000.00	0.00
Gain on Sale of Agricultural Produce	16,321.62	106,609.12
<b>Total Gains</b>	<b>46,321.62</b>	<b>106,609.12</b>
<b>Total Revenue</b>	<b>432,265,942.37</b>	<b>2,626,849,015.94</b>
<b>Less: Current Operating Expenses</b>		
<b>Personnel Services</b>		
<b>Salaries and Wages</b>		
Salaries and Wages - Regular	175,630,735,885.95	162,263,911,609.40
Salaries and Wages - Casual/Contractual	1,085,212,835.89	1,134,557,865.87
<b>Total Salaries and Wages</b>	<b>176,715,948,721.84</b>	<b>163,398,469,475.27</b>
<b>Other Compensation</b>		
Personnel Economic Relief Allowance (PERA)	16,261,381,733.90	15,068,120,902.09
Representation Allowance (RA)	67,971,905.99	63,462,052.33
Transportation Allowance (TA)	234,640,104.09	54,828,888.01

	2015	2014
Clothing/Uniform Allowance	3,482,353,744.27	3,168,076,274.23
Subsistence Allowance	91,417,320.61	44,030,662.24
Laundry Allowance	5,253,545.83	6,515,941.70
Quarter Allowance	3,569,857.96	501,908.99
Productivity Incentive Benefits	1,272,634,290.52	1,261,520,135.04
Honoraria	34,392,757.58	34,301,636.86
Hazard Pay	521,590,230.98	284,941,953.05
Longevity Pay	187,235,648.07	256,447,144.04
Overtime and Night Pay	146,533,125.25	101,356,895.71
Year End Bonus	14,125,974,329.06	13,501,344,138.69
Cash Gift	3,571,697,574.27	3,220,574,664.43
Other Bonuses and Allowances	20,381,887,191.24	7,132,019,544.91
<b>Total Other Compensation</b>	<b>60,388,533,359.62</b>	<b>44,198,042,742.32</b>
<b>Personnel Benefits Contributions</b>		
Life and Retirement Insurance Contributions	20,840,091,779.83	19,272,012,212.11
Pag-IBIG Contributions	1,033,688,452.66	805,229,877.24
PhilHealth Contributions	2,018,570,052.81	1,846,807,681.17
ECC Contributions	826,520,610.52	766,823,964.48
Provident/Welfare Fund Contributions	672,909.42	537,626.44
<b>Total Personnel Benefits Contributions</b>	<b>24,719,543,805.24</b>	<b>22,691,411,361.44</b>
<b>Other Personnel Benefits</b>		
Pension Benefits	1,458,105.05	9,188,171.20
Retirement Gratuity	152,782,191.64	590,119,339.63
Terminal Leave Benefits	1,002,486,611.96	1,566,013,664.49
Other Personnel Benefits	2,779,971,670.21	4,048,935,453.97
<b>Total Other Personnel Benefits</b>	<b>3,936,698,578.86</b>	<b>6,214,256,629.29</b>
<b>Total Personnel Services</b>	<b>265,760,724,465.56</b>	<b>236,502,180,208.32</b>
<b>Maintenance and Other Operating Expenses</b>		
<b>Travelling Expenses</b>		
Traveling Expenses - Local	1,340,239,739.27	1,115,239,404.29
Traveling Expenses - Foreign	40,180,649.28	3,693,508.43
<b>Total Travelling Expenses</b>	<b>1,380,420,388.55</b>	<b>1,118,932,912.72</b>
<b>Training and Scholarship Expenses</b>		
Training Expenses	3,058,814,434.73	2,326,178,435.64
Scholarship Expenses	6,146,780.10	12,892,084.76
<b>Total Training and Scholarship Expenses</b>	<b>3,064,961,214.83</b>	<b>2,339,070,520.40</b>
<b>Supplies and Materials Expenses</b>		
Office Supplies Expenses	2,707,437,572.61	2,332,196,386.76
Accountable Forms Expenses	11,120,795.96	12,672,374.42
Non-Accountable Forms Expenses	4,426,202.99	3,583,558.11
Animal/Zoological Supplies Expenses	334,521.22	53,957.00
Food Supplies Expenses	458,681,173.51	144,199,233.16
Welfare Goods Expenses	312,108.50	2,698,734.00
Drugs and Medicines Expenses	54,239,194.30	44,440,793.68
Medical, Dental and Laboratory Supplies Expenses	39,904,791.13	30,903,392.11
Fuel, Oil and Lubricants Expenses	86,515,762.58	100,275,881.66
Agricultural and Marine Supplies Expenses	3,902,977.81	1,023,701.89
Textbooks and Instructional Materials Expenses	727,566,158.64	535,273,430.81
Military, Police and Traffic Supplies Expenses	190,487.00	0.00
Chemical and Filtering Supplies Expenses	860,097.21	344,904.24
Other Supplies Expenses	1,902,462,387.60	1,617,701,515.91
<b>Total Supplies and Materials Expenses</b>	<b>5,997,954,231.06</b>	<b>4,825,367,863.75</b>

	2015	2014
<b>Utility Expenses</b>		
Water Expenses	388,436,756.49	338,405,473.32
Electricity Expenses	1,372,358,682.94	1,220,024,392.18
<b>Total Utility Expenses</b>	<b>1,760,795,439.43</b>	<b>1,558,429,865.50</b>
<b>Communication Expenses</b>		
Postage and Courier Services	22,006,816.33	8,503,749.17
Telephone Expenses	241,123,402.65	222,915,474.33
Internet Expenses	398,767,476.89	268,797,144.46
Cable, Satellite, Telegraph, and Radio Expenses	7,187,266.61	4,572,518.01
<b>Total Communication Expenses</b>	<b>669,084,962.48</b>	<b>504,788,885.97</b>
<b>Awards/Rewards and Prizes Expenses</b>		
Awards/Rewards Expenses	7,600,026.38	6,920,679.23
Prices	3,860,334.60	1,887,477.50
<b>Total Award/Rewards and Prizes</b>	<b>11,460,360.98</b>	<b>8,808,156.73</b>
<b>Survey, Research, Exploration and Development Expenses</b>		
Survey Expenses	744,506.27	912,927.69
Research, Exploration and Development Expenses	367,823.95	285,426.34
<b>Total Survey, Research, Exploration and Development Expenses</b>	<b>1,112,330.22</b>	<b>1,198,354.03</b>
<b>Demolition and Relocation Expenses</b>		
Demolition and Relocation Expenses	149,451.00	97,000.00
Desilting and Dredging Expenses	0.00	725,716.84
<b>Total Demolition and Relocation Expenses</b>	<b>149,451.00</b>	<b>822,716.84</b>
<b>Confidential, Intelligence and Extraordinary Expenses</b>		
Confidential Expenses	3,928.00	1,000.00
Intelligence Expenses	5,514.00	0.00
Extraordinary and Miscellaneous Expenses	28,115,734.79	23,184,573.12
<b>Total Confidential, Intelligence and Extraordinary Expenses</b>	<b>28,125,176.79</b>	<b>23,185,573.12</b>
<b>Professional Services</b>		
Legal Services	7,096,363.42	8,735,614.06
Auditing Services	10,022,735.37	6,932,142.29
Consultancy Services	12,249,947.27	84,180,615.84
Other Professional Services	609,404,952.24	682,193,276.73
<b>Total Professional Services</b>	<b>638,773,998.30</b>	<b>782,041,648.92</b>
<b>General Services</b>		
Environment/Sanitary Services	2,826,944.96	3,600,621.84
Janitorial Services	271,057,783.45	203,811,288.58
Security Services	337,877,651.06	265,877,952.67
Other General Services	450,891,490.52	395,145,700.94
<b>Total General Services</b>	<b>1,062,653,869.99</b>	<b>868,435,564.03</b>
<b>Repairs and Maintenance</b>		
Repairs and Maintenance-Investment Property	8,194,740.61	10,582.00
Repairs and Maintenance-Land Improvements	35,963,145.36	16,822,018.97
Repairs and Maintenance-Infrastructure Assets	4,276,017.39	9,087,192.83
Repairs and Maintenance-Buildings and Other Structures	2,823,090,546.28	2,857,427,289.85
Repairs and Maintenance-Machinery and Equipment	77,906,096.97	83,119,589.44
Repairs and Maintenance -Transportation Equipment	36,754,912.06	32,284,568.61
Repairs and Maintenance - Furniture and Fixtures	63,278,751.45	24,399,444.63
Repairs and Maintenance - Leased Assets	20,685.00	0.00

	2015	2014
Repairs and Maintenance - Leased Assets Improvements	16,125.00	14,698.54
Restoration and Maintenance - Heritage Assets	0.00	6,330.86
Repairs and Maintenance - Other Property, Plant and Equipment	14,945,757.77	15,419,578.86
<b>Total Repairs and Maintenance</b>	<b>3,064,446,777.89</b>	<b>3,038,591,294.59</b>
<b>Taxes, Insurance Premiums and Other Fees</b>		
Taxes, Duties and Licenses	9,417,138.38	4,012,565.80
Fidelity Bond Premiums	71,151,554.33	63,206,750.35
Insurance Expenses	12,940,101.06	12,746,955.00
<b>Total Taxes, Insurance Premiums and Other Fees</b>	<b>93,508,793.77</b>	<b>79,966,271.15</b>
<b>Labor and Wages</b>		
<b>Labor and Wages</b>	<b>101,120,638.62</b>	<b>65,460,232.14</b>
<b>Other Maintenance and Operating Expenses</b>		
Advertising Expenses	17,470,876.42	6,081,795.30
Printing and Publication Expenses	598,639,387.36	552,408,951.02
Representation Expenses	71,968,109.50	52,886,153.25
Transportation and Delivery Expenses	57,222,755.21	49,413,091.91
Rent/Lease Expenses	26,248,188.54	21,746,702.18
Membership Dues and Contributions to Organizations	15,432,798.58	1,231,047.62
Subscriptions Expenses	10,442,734.40	16,879,415.17
Donations	6,840,663,192.91	866,383.61
Litigation/Acquired Assets Expenses	18,807.65	0.00
Other Maintenance and Operating Expenses	1,907,077,221.99	1,989,126,943.54
<b>Total Other Maintenance and Other Operating Expenses</b>	<b>9,545,184,072.56</b>	<b>2,690,640,483.60</b>
<b>Total Maintenance and Other Operating Expenses</b>	<b>27,419,751,706.46</b>	<b>17,905,740,343.49</b>
<b>Financial Expenses</b>		
Interest Expenses	710,639,507.60	15,458.41
Guarantee Fees	1,500.00	0.00
Bank Charges	1,076,806.82	768,921.40
Other Financial Charges	218,027.23	291,622.66
<b>Total Financial Expenses</b>	<b>711,935,841.65</b>	<b>1,076,002.47</b>
<b>Non Cash Expenses</b>		
<b>Depreciation</b>		
Depreciation - Investment Property	0.00	4,828.83
Depreciation-Land Improvements	21,092,063.38	5,098,107.57
Depreciation-Infrastructure Assets	521,228.08	150,420.30
Depreciation-Buildings and Other Structures	1,999,001,077.86	1,655,159,714.30
Depreciation-Machinery and Equipment	331,992,621.29	351,449,366.00
Depreciation-Transportation Equipment	18,865,636.05	15,223,325.39
Depreciation-Furniture, Fixtures and Books	281,696,877.43	269,166,650.48
Depreciation-Leased Assets	18,503.23	0.00
Depreciation - Heritage Assets	0.00	18,350.00
Depreciation - Other Property, Plant and Equipment	46,380,484.70	64,041,807.68
<b>Total Depreciation</b>	<b>2,699,568,492.03</b>	<b>2,360,312,570.55</b>

	2015	2014
<b>Amortization</b>		
Amortization - Intangible Assets	<u>208,180.78</u>	<u>1,563,925.43</u>
<b>Impairment Loss</b>		
Impairment Loss-Property, Plant and Equipment	203,438.55	0.00
Impairment Loss-Other Assets	41,238.01	191,051.60
Total Impairment Loss	<u>244,676.56</u>	<u>191,051.60</u>
<b>Losses</b>		
Loss on Sale of Biological Assets	<u>199.90</u>	<u>19,973.50</u>
<b>Total Non Cash Expenses</b>	<u>2,700,021,549.26</u>	<u>2,362,087,521.08</u>
<b>Current Operating Expenses</b>	<u>296,592,433,562.93</u>	<u>256,771,084,075.36</u>
<b>Surplus (Deficit) from Current Operations</b>	<u>(296,160,167,620.56)</u>	<u>(254,144,235,059.42)</u>
<b>Financial Assistance/Subsidy from NGAs, LGUs, GOCCs</b>		
Subsidy from National Government	309,369,147,252.13	270,923,255,124.41
Subsidy from Other National Government Agencies	588,693,487.97	1,063,754,943.52
Assistance from Local Government Unit	98,537,692.51	52,526,529.01
Assistance from GOCCs	47,500.00	0.00
Subsidy from Other Funds	32,005,308.38	521,594,825.34
<b>Total Financial Assistance/Subsidy from NGAs, LGUs, GOCCs</b>	<u>310,088,431,240.99</u>	<u>272,561,131,422.28</u>
<b>Less : Financial Assistance/Subsidy to NGAs, LGUs, GOCCs, NGOs/POs</b>		
Subsidy to National Government Agencies	168,656,136.47	238,793,013.62
Financial Assistance to NGAs	732,100,617.26	2,822,939,889.58
Financial Assistance to LGUs	249,748.75	13,153,430.00
Financial Assistance to NGOs/Pos	41,397,160.93	57,766,555.80
Internal Revenue Allotment	0.00	50,371.41
Subsidies - Others	23,402,019.09	6,207,757,370.56
<b>LGUs, GOCCs</b>	<u>965,805,682.50</u>	<u>9,340,460,630.97</u>
<b>Net Financial Assistance/Subsidy</b>	<u>309,122,625,558.49</u>	<u>263,220,670,791.31</u>
<b>Other Non - Operating Income</b>		
<b>Sales of Assets</b>		
Sale of Garnished/Confiscated Abandoned/Seized Goods	<u>6,274.55</u>	<u>47,484.00</u>
<b>Gains</b>		
Gain on Sale of Property, Plant and Equipment	26,010.00	88,840.00
Other Gains	9,551,066.04	11,484,789.16
<b>Total Gains</b>	<u>9,577,076.04</u>	<u>11,573,629.16</u>
<b>Losses</b>		
Loss on Sale of Property, Plant and Equipment	421,693.81	696,739.97
Loss on Sale of Assets	89,476.13	846,436.68
Loss of Assets	951,894.46	3,270,707.82
Other Losses	364,128.92	62,809.04
<b>Total Losses</b>	<u>1,827,193.32</u>	<u>4,876,693.51</u>
<b>Surplus/(Deficit) for the Period</b>	<u><b>₱ 12,970,214,095.19</b></u>	<u><b>₱ 9,083,180,151.54</b></u>

**DEPARTMENT OF EDUCATION**  
**STATEMENT OF CASH FLOWS**  
**Regular Agency Fund**  
**For the Year Ended December 31, 2015**

	<u>Note</u>	<u>2015</u>	<u>2014</u>
<b>Cash Flows From Operating Activities</b>			
<b>Cash Inflows</b>			
Receipt of Notice of Cash Allocation (NCA)	31	<b>P 306,343,843,898.97</b>	<b>P 282,286,045,861.35</b>
Proceeds from sale of goods and services		0.00	2.00
Collection of Income/Revenues		441,281,186.13	3,121,315,362.13
Receipt of Assistance and Subsidy from Other NGAs, LGUs and GOCCs		438,621,058.31	-
Collection of Receivables		4,819,677,015.08	4,509,307,471.09
Receipt of Inter-Agency Fund Transfers		16,934,096,850.38	3,252,842,102.11
Receipt of Intra-Agency Fund Transfers		93,519,647,590.22	93,834,109,584.87
Trust Receipts		5,846,011,700.24	80,634,285.33
Other Cash Receipts		611,753,765.76	9,623,358,600.99
Adjustments		3,242,640,150.17	469,355,342.10
<b>Total Cash Inflows</b>		<b>432,197,573,215.26</b>	<b>397,176,968,611.97</b>
<b>Cash Outflows</b>			
Replenishment of Negotiated MDS Checks (for BTr)		6,569,110.67	-
Remittance to the National Treasury		650,129,422.19	795,493,212.11
Payment of Expenses		204,935,130,972.53	159,113,019,782.47
Purchase of inventories		782,393,245.22	1,059,926,936.63
Purchase of Consumable Biological Assets		1,431,963,235.48	-
Grant of Cash Advances		8,707,089,570.71	9,903,004,597.20
Prepayments		139,714,111.70	207,451,065.45
Refund of Deposits		48,283,053.40	-
Payment of Accounts Payables		7,118,192,846.85	35,572,249,256.53
Remittance of Personnel Benefit Contributions and Grant of Financial Assistance/Subsidy		127,508,416,477.03	94,325,092,914.81
Release of Inter-Agency Fund Transfers		488,083,705.22	1,584,628,138.08
Release of Intra- Agency Fund Transfers		14,696,935,464.86	8,855,419,422.55
Other Disbursements		49,348,928,291.75	51,080,028,018.01
Reversal of Unutilized NCA		2,756,190,859.93	13,097,362,234.43
Adjustments	32	10,116,345,312.55	16,791,143,355.59
<b>Total Cash Outflows</b>		<b>431,825,363,900.08</b>	<b>392,766,290,187.85</b>
<b>Net Cash Provided by Operating Activities</b>		<b>372,209,315.19</b>	<b>4,410,678,424.12</b>



	<u>Note</u>	<u>2015</u>	<u>2014</u>
<b>Cash Flows from Investing Activities</b>			
<b>Cash Inflows</b>			
Proceeds from Sale/Disposal of Property, Plant and Equipment		67,623.00	0.00
<b>Total Cash Inflows</b>		<u><b>67,623.00</b></u>	<u><b>0.00</b></u>
<b>Cash Outflows</b>			
Purchase/Construction of Investment Property		9,556,220.71	0.00
Purchase/Construction of Property, Plant and Equipment		1,926,068,507.96	2,349,308,573.95
Purchase of Bearer Biological Assets		24,200.00	0.00
Purchase of Intangible Assets		15,000.00	0.00
<b>Total Cash Outflows</b>		<u><b>1,935,663,928.67</b></u>	<u><b>2,349,308,573.95</b></u>
<b>Net Cash Provided by Investing Activities</b>		<u><b>(1,935,596,305.67)</b></u>	<u><b>(2,349,308,573.95)</b></u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>		<b>(1,563,386,990.48)</b>	<b>2,061,369,850.17</b>
<b>Cash and Cash Equivalents, January 1, 2015</b>		<u><b>12,534,134,052.34</b></u>	<u><b>10,472,764,204.17</b></u>
<b>Cash and Cash Equivalents, December 31, 2015</b>	<b>P</b>	<u><u><b>10,970,747,061.86</b></u></u>	<b>P</b> <u><u><b>12,534,134,054.34</b></u></u>

**DEPARTMENT OF EDUCATION**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS/EQUITY**  
**Regular Agency Fund**  
**For the Year Ended December 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>Balance at January 1, 2015</b>	<b>₱ 93,412,127,515.62</b>	<b>₱ 87,559,577,933.85</b>
Other Adjustments	2,025,109,726.79	(3,230,630,569.77)
<b>Restated Balance</b>	<b><u>95,437,237,242.41</u></b>	<b><u>84,328,947,364.08</u></b>
<b>Changes in Net Assets/Equity for the Calendar Year</b>		
Adjustment of net revenue recognized directly in net assets/equity	(36,157,379.98)	-
Surplus for the period	12,970,214,095.19	9,083,180,151.54
<b>Total recognized revenue and expense for the period</b>	<b><u>12,934,056,715.21</u></b>	<b><u>9,083,180,151.54</u></b>
<b>Balance at December 31, 2015</b>	<b>₱ <u><u>108,371,293,957.62</u></u></b>	<b>₱ <u><u>93,412,127,515.62</u></u></b>

**DEPARTMENT OF EDUCATION**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT**  
**General Fund 101**  
**For the Year Ended December 31, 2015**

Particulars		Budgeted Amount		Actual Amounts on Comparable Basis	Difference Final Budget and Actual
		Original	Final		
RECEIPTS		Notes			
Tax Revenue	3.13 & 3.15	-	-	180,268.05	(180,268.05)
Services and Business Income	3.13 & 3.15	125,533,058.91	125,533,058.91	351,724,083.19	(226,191,024.28)
Assistance and Subsidy	3.13 & 3.15	-	-	-	-
Shares, Grants and Donations	3.13 & 3.15	7,161,439.90	7,161,439.90	80,495,537.56	(73,334,097.66)
Gains	3.13 & 3.15	1,306,606.49	1,306,606.49	7,802,478.89	(6,495,872.40)
Others:	3.15				-
Other Non-Operating Income		1,160,891.33	1,160,891.33	-	1,160,891.33
Other Non-Operating Receipts:		-	-	-	-
Loan Proceeds		-	-	-	-
Total Receipts		135,161,996.63	135,161,996.63	440,202,367.69	(305,040,371.06)
PAYMENTS					
Personnel Services	3.15	229,458,085,000.00	269,819,202,270.10	259,647,788,709.61	10,171,413,560.49
Maintenance and Other Operating Expenses	3.15	41,382,623,000.00	49,563,131,427.47	27,278,833,916.02	22,284,297,511.45
Capital Outlay	3.15	68,139,396,000.00	32,997,301,182.30	2,006,794,274.43	30,990,506,907.87
Financial Expenses	3.15	-	3,312.50	3,312.50	-
Others		-	-	-	-
Total Receipts		338,980,104,000.00	352,379,638,192.37	288,933,420,212.56	63,446,217,979.81
NET RECEIPTS/PAYMENT		(338,844,942,003.37)	(352,244,476,195.74)	(288,493,217,844.87)	(63,751,258,350.87)

Note 3.13 - 3.15 Original based from BESF 2015, Final and Actual from FAR No. 5

3.15 Based from FAR 1/1A - Original and Final)

Certified Correct:

  
**SELWYN C. BRIONES**  
Supervising Administrative Officer  
Officer In Charge, Budget Division

Verified the Actual Amounts:

  
**MA. RHUNNA L. CATALAN**  
Chief Accountant

**DEPARTMENT OF EDUCATION**  
**Notes to Consolidated Financial Statements**  
For the year ended December 31, 2015

**1. General Information /Agency Profile**

The consolidated financial statements of the Department of Education (DepEd) were authorized for issue on April 7, 2015 as shown in the Statement of Management Responsibility for Financial Statements signed by Mr. Reynaldo Antonio D. Laguda, Undersecretary for Finance and Administration.

The DepEd is the primary agency of the government responsible to provide the framework for the governance of basic education, which shall set the general directions for educational policies, standards, established authority, accountability and responsibility for achieving higher learning outcomes. It shall also fulfill the mandate embodied in the Constitution per Article XVI, Section 1, which provides that: “The State shall protect and promote the right of all citizens to quality education at all levels and shall take steps to make such education accessible to all.” Its mission is to provide quality education that is equitably accessible to lay the foundation for holistic, life-long learning through critical and creative thinking. Its ultimate aim is to develop Filipinos to be functionally literate, economically secure, socially and morally responsible and nationalistic citizens who will contribute to sustain global development.

On August 11, 2001, Republic Act (RA) No. 9155 or the “Basic Education Governance Act of 2001” came into law and on August 22, 2012, the then DepEd Secretary Edilberto C. De Jesus signed the Implementing Rules and Regulations (IRR) of RA No. 9155.

RA No. 9155 renamed among others, the Department of Education Culture and Sports (DECS) to the Department of Education wherein the functions and programs related to sports competition was transferred to the Philippine Sports Commission (PSC) but the programs for school sports and physical fitness still forms part of basic education curriculum. RA No. 9155 put emphasis on the decentralization of functions and governance in basic education through the school based management framework and mechanisms and stresses the principles of “shared governance.” The Act and its IRR also call for an equitable, direct, immediate release of resources to field offices and assuring that financial resources are within the reach of the schools. The Department of Budget and Management (DBM) and the DepEd issued Joint Circular (JC) No. 2004-1 dated January 1, 2004 which covers the release of funds to DepEd-Central Office (CO), Regional Offices (RO)s, Division Offices (DO) and Secondary Schools (SS) for their respective regular operating requirements, locally-funded and foreign-assisted projects and the nationwide/region-wide lump-sum appropriations as provided in the General Appropriations Act (GAA).

RA No. 10533, the Enhanced Basic Education Act of 2013, was signed by President Benigno S. Aquino III on May 15, 2013 and its IRR was promulgated on September 3, 2013. Under RA No. 10533, the enhanced basic education program encompasses at least one year kindergarten education, six years elementary education, six years secondary education wherein in the secondary education includes four years of Junior High School and two years senior high school. The K to 12 Program under RA No. 10533 envisions to provide sufficient time for mastery of concepts and skills, develop lifelong learners, and prepare graduates for tertiary education, middle-level skills development, employment, and entrepreneurship.

The Agency registered office is located at DepEd Complex, Meralco Avenue Pasig (formerly University of Life Complex).

## 2015 at a Glance

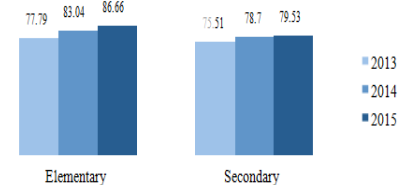
### ❖ We are keeping more learners in school

More elementary and secondary learners are able to reach the final year of education.



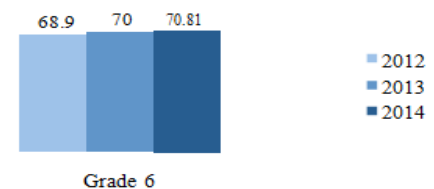
### ❖ We are getting more learners to complete their schooling

More learners are able to complete their elementary and secondary education.



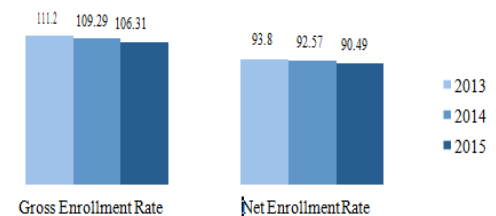
### ❖ We are seeing improvements in our learners' performance

More Grade 6 learners are improving their performance in the National Achievement Test.



### ❖ But we must continue to get more learners to school

Gross and net enrollment rates in the elementary level have declined in the past few years.



❖ **We provide our learners with critical resources**



Over **18,000**  
classrooms  
constructed



Over **25 million**  
instructional and learning  
materials delivered



Over **39,000**  
teaching items  
created



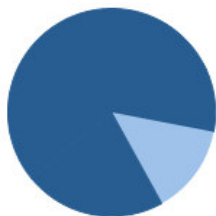
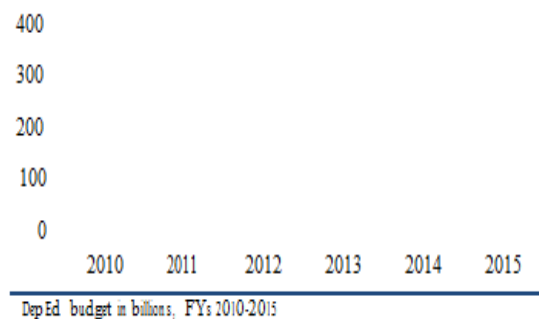
Over **3,000**  
water, sanitation, and hygiene  
facilities constructed



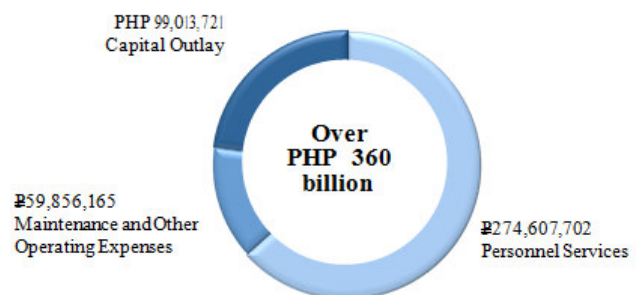
Over **1 million**  
classroom seats  
provided

**In FY 2015, we were responsible for a budget of ₱367,121,596,000**

Our FY 2015 budget grew by 18.65%,  
or over PHP 57.7 billion



We managed **13.99%** of the  
national budget, making us  
the department with the  
largest budgetary allocation.

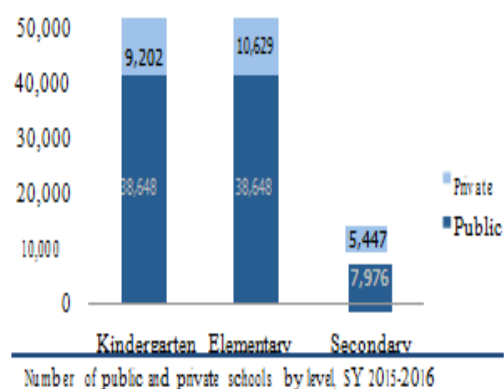


## I. Basic Education Profile

As the nation's largest bureaucracy, we are responsible for managing a considerable number of schools, personnel, and learners across the country. We continue to ensure that all aspects of the basic education sector are adequately supported towards developing the well-being of our learners.

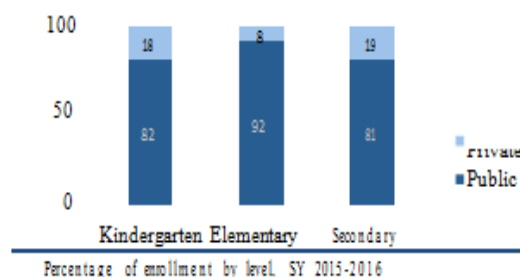
### Our schools

The Department of Education (DepEd) covers 17 regions through 221 school divisions and 2,602 school districts. A total of 38,648 public schools offer elementary and kindergarten education, while 7,976 offer secondary education. Aside from regular schools, DepEd also offers special programs nationwide. We have 357 secondary schools offering special programs, 269 regular schools with Special Education (SPED) Centers, and 35 schools operating solely as SPED Centers. We likewise have 39 Science High Schools, and 11,751 multigrade schools.



### Our learners

In 2015, we served 1,812,960 kindergarten, 13,301,248 elementary, and 5,928,042 secondary public school learners nationwide. While the number of kindergarten learners decreased by roughly 3%, elementary and secondary enrollment increased by 0.42% and 2.68%, respectively.



### Our personnel

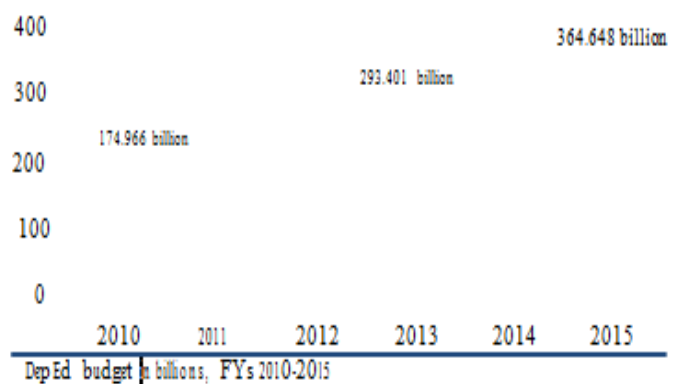
Encompassing different levels of governance, DepEd is comprised of 722,139 personnel at the central, regional, and division offices. A total of 1,389 personnel are employed at the central office, while 2,230 serve in the regional offices. At the division level, 718,520 serve as teaching, teaching-related, and administrative staff.

Level of governance	Number of personnel
Central	1,389
Regional	2,230
Division	718,520
Teaching personnel	637,558
Teaching-related personnel	47,229
Administrative and support	33,733
<b>Total</b>	<b>722,139</b>

Number of DepEd personnel, SY 2014-2015

## Our Budget

Over the years, the Department has received strong support from the national government, reflecting a commitment to keeping education as one of the nation's top priorities. For FY 2015, we were granted a budget of ₱367,121,596,000, giving our Department the largest allocation of the national budget. Our FY 2015 budget marked an 18.65% increase from 2014.

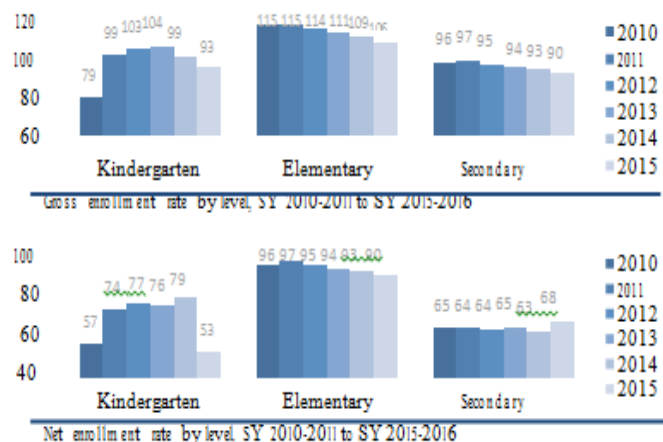


## II. Key performance indicators

We measure our achievements against key education performance indicators. We have consistently increased our performance in cohort survival and completion rates, and are working towards improving our performance in the remaining indicators.

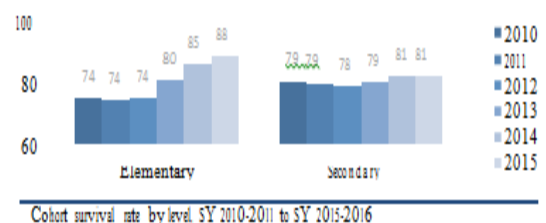
### Enrollment rate

In 2015, the gross enrollment rate of secondary learners dropped slightly by 0.6 points to 84%. However, the enrollment rate of school-aged<sup>1</sup> learners in the secondary learners in the secondary level increased by roughly 5%, attaining a net enrollment rate of 70%. At the elementary and kindergarten levels, we saw a decline in both gross and net enrollment rates. We are currently implementing efforts to uncover causes behind this decline, and how to best address them. We likewise continue to implement interventions to improve our enrollment rates.



### Cohort survival rate

Over the past few years, we were able to consistently increase our performance in keeping our learners in school. In 2015, we were able to sustain this growth, with both the elementary and secondary levels showing improvements in their cohort survival rates.

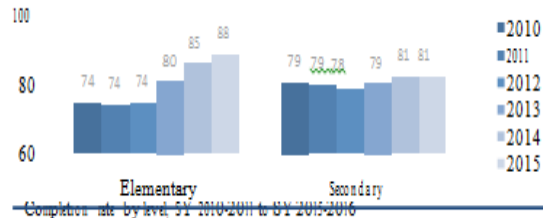


<sup>1</sup> School-aged: The age set by law for children to start school attendance.



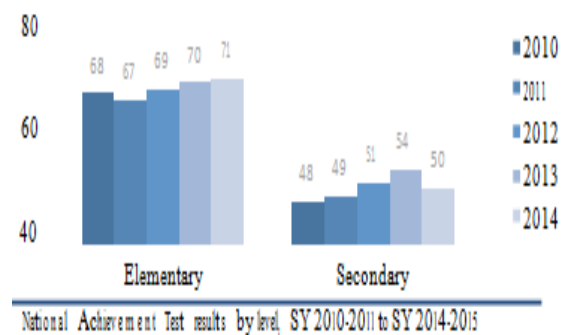
## Completion rate

We have also remained consistent in increasing the number of learners who are able to complete the required years of basic education. In 2015, both the elementary and secondary levels showed growths in their completion rates.



## National Achievement Test results

Since SY 2012-2013, we have seen a steady growth in the performance of our learners in annual National Achievement Test (NAT). As with the rising trend over the past years, we saw an increase in the 2014 NAT performance at the elementary level. However, the NAT performance at the secondary level dropped the secondary level dropped by roughly 3.5% in SY 2014-2015. In response to this, we continue to implement appropriate interventions to ensure our learners attain high performance through the mastery of competencies.



### 1.1. Below are the major organizational reforms at the Department of Education in CY 2015:

#### 1.1.1. DO 52, s. 2015 - New Organizational Structures of the Central, Regional, and Schools Division Offices of the DepEd

In August 2001, RA No. 9155, An Act Instituting A Framework of Governance for Basic Education, Establishing Authority and Accountability, Renaming the Department of Education, Culture and Sports as the Department of Education, and for Other Purposes, otherwise known as the Governance of Basic Education Act of 2001, was issued. It provided a framework for the governance of education, decentralizing governance to the field, and making the schools and learning centers the heart of the education system. The law also established the authority and accountability of the various organization levels of the DepEd.

In October 2004, Executive Order No. 366 s. 2004, Directing A Strategic Review of the Operations and Organizations of the Executive Branch and Providing Options and Incentives for Government Employees Who May Be Affected by the Rationalization of the Functions and Agencies of the Executive Branch, was issued. According to Section 2 of the said EO, the initiative aimed to: (a) focus government efforts and resources on its vital/core service; and (b) improve the quality and efficiency of government services delivery by eliminating/minimizing overlaps and duplication, and

improving agency performance through the rationalization of service delivery and support systems, and organization structure and staffing.

In December 2011, DepEd embarked on the review and revision of its Rationalization Plan (RP) based on RA No. 9155 and long-term reforms needed in the education sector to respond to fast-changing demands of the local and global environment. On November 15, 2013, the DepEd RP was approved by the DBM. The approval included the rationalized structure and staffing pattern of offices at the central, regional, and schools division levels.

**Rationale of the Organizational Structures** - The rationalized organizational structures and staffing patterns were a result of the thorough study of the DepEd Change Management Team (CMT) on the current structures, functions and staffing complement of the DepEd offices vis-à-vis the long-term education reforms, requirements of the learners and the changing environment, and national government policies. The approved organizational structures are consistent with the provisions of RA No. 9155 in applying the principles of decentralization and shared governance to ensure accountability and relevance to the context, and development needs of the learners and stakeholders of the various organizational levels. In developing the organizational structures, the DepEd CMT also identified the themes or organizational strands common to all levels of the Department. These organizational strands reflect the similarity of functions and objectives of offices and units. The organizational strands are as follows:

*Office of the Secretary:* The Office of the Secretary (OSEC) provides overall leadership and direction at the national level. Attached and support agencies to DepEd are included under the OSEC.

*Curriculum and Instruction:* This strand ensures that the organization focuses on the delivery of a relevant, responsive, and effective basic education curriculum around which all other strands and offices provide support.

*Strategic Management:* This strand enables the organization to focus on long-term directions and interface with the internal and external environment and stakeholders.

*Governance and Operations:* This strand ensures the capacity of the organization to continuously improve and be strategic in managing the environment for which “teaching and learning” takes place. In accordance with RA No. 9155, the Secretary of Education delegates the supervision of field offices (regional and schools division offices) to the Undersecretary for Governance and Operations. The Office of the Regional Director provides leadership and management of the Department’s mandate at the regional

level; and The Office of the Schools Division Superintendent provides local management and administration of the Department's mandate at the schools division level.

*Legal and Legislative Affairs:* This strand enhances capacity of the organization to deal with legal matters and to be proactive in moving forward its legislative agenda.

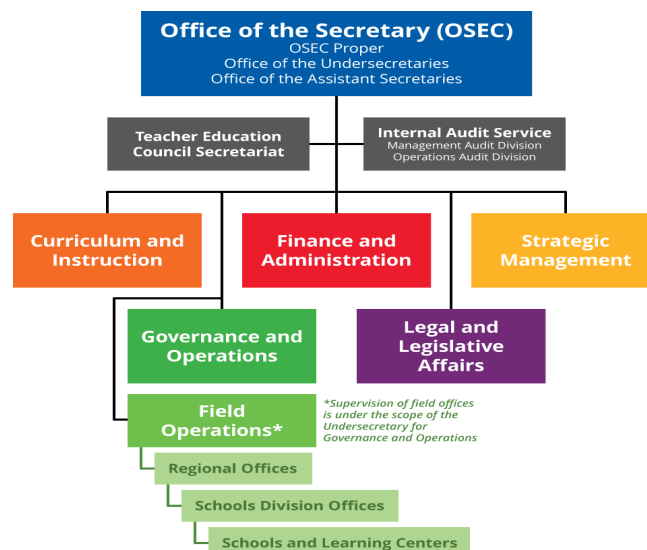
*Finance and Administration:* This strand ensures the efficiency to support the organization as a whole to focus on its core business and thus attain its targets through the provision of finance and administrative services.

The Regional Offices (ROs) shall be classified as small, medium or large; and Schools Division Offices (SDOs) shall be classified as small, medium, large, or very large. New offices to be established shall follow the approved organizational and staffing standards agreed upon by the DepEd and DBM.

*Transitory Provisions* - Given the changes in the organizational structures and functions of DepEd offices, the offices are given until the end of December 2015 to complete their transition and be operational in the rationalized structures. The completion of the transition may be in different paces for offices due to their nature and scope and their respective transition processes.

The new Bureau of Human Resource and Organization Development (BHROD), under the Office of the Undersecretary for Governance and Operations, shall take the lead in managing the transition of offices and personnel to the rationalized structures. This shall be done in collaboration with the heads of offices for each strand/bureau/ service/division/unit.

The new organizational structures, as shown below, shall take effect no later than January 1, 2016.



### **1.1.2. Creation of Negros Island Region (NIR)**

Pursuant to Section 1 of EO No. 183 entitled “Creating a Negros Island and For Other Purposes” and DBM Circular Letter No. 2015-13 entitled “Guidelines to Implement (EO) No. 183: Creating a Negros Island Region (NIR).”, DepEd Secretary Bro. Armin A. Luistro issued the unnumbered memorandum dated December 9, 2015 establishing DepEd Regional Office for Negros Island Region, officially designated as DepEd Region No. 18. The NIR is composed of the following provinces, including the cities, municipalities and barangays comprising the provinces: a) Negros Oriental and b) Negros Occidental. It is composed of seventeen (17) Schools Divisions as follows: From Region VI – 1. Bacolod City; 2. Bago City; 3. Cadiz City; 4. Escalante City; 5. Kabankalan City; 6. La Carlota City; 7. Negros Occidental; 8. Sagay City; 9. San Carlos City; and 10. Silay City. From Region VII – 1. Bais City; 2. Bayawan City; 3. Dumaguete City; 4. Guihulngan City; 5. Negros Oriental; 6. Talisay City; and 7. Tanjay City. Director Gilbert T. Sadsad is designated as Officer-In-Charge, Director IV of the newly created NIR effective December 15, 2015.

## **1.2. Financial Reforms 2015**

### **Financial Management Issuances**

Complementing the reforms in educational programs, projects and activities, DepEd introduced a number of governance-related innovations for Calendar Year 2015 to ensure that meager resources are put to optimum use.

### **National Budget Circular (NBC) No. 556, June 3, 2015 (DBM)**

DepEd fully supports DBM policy statement of promoting greater budget efficiency in executing its programs, activities and projects and in delivering planned results in a timely manner wherein the Department submitted its 2015 plans and targets as reflected in the Budget Execution Documents (BEDs) per DBM NBC No. 555 of CY 2014 and Budget Circular No. 556 as its Guidelines on the Release of Funds for FY 2015.

Likewise, the implementation of vital reforms during budget execution was continued which includes the following:

- 1) General Appropriations Act-as Release-Document (GAARD) to facilitate the procurement process and bolster the efforts to minimize carry-over allotments in the succeeding year;
- 2) Unified Accounts Code Structure (UACS) to ensure efficient fund release, accounting and reporting of financial transactions by agencies;
- 3) Performance-Informed Budgeting (PIB) to make clear to the public and

legislators the outputs and outcomes agencies are committing to deliver in exchange for their budgets; and

- 4) Checkless Payment System (CPS) through Advice to Debit Account (ADA) to settle government payables in a timely and transparent manner as well as ensure predictability of disbursements.

### **Summary Performance Monitoring Report**

Under Circular No. 2015-9 dated June 30, 2015, the DBM requires the submission of Summary Performance Monitoring Report wherein DepEd thru its Full-time Delivery Unit under the OSEC submits a flash performance monitoring report in order to address the need for timely submission of accountability reports which is important in evaluating agency performance versus plans and targets.

The flash performance monitoring report is from the Budget and Financial Accountability Reports (BFARs) and shall summarize the agencies' monthly cumulative absorptive capacity, i.e, obligation and disbursement rates, by appropriations source and allotment class only, without accomplishing at length the information by Major Final Output (MFO), Program/Activities/Project (PAP), and by object of expenditure. Said report is accompanied by a supporting document citing the reasons for the underperformance, if any, as well as action plan outlining the necessary delivery and execution strategies to address the reasons for the underperformance.

Submission of this report is submitted to the Department of Budget and Management every tenth day of the following month, copy furnished the NEDA and the Office of the Cabinet Secretary.

### **Department Order (DO) No. 2, s. 2015 - Guidelines on the Establishment and Implementation of the Results-Based Performance Management System (RPMS) in the Department of Education.**

DO. No. 2 s. 2015 sets the Guidelines on the Establishment and Implementation of the Results-Based Performance Management System (RPMS) in the DepEd which aims to provide comprehensive guidelines for the adoption of the Civil Service Commission's (CSC) Strategic Performance Management System (SPMS) in DepEd. These guidelines likewise stipulate the specific mechanisms, criteria and processes for the performance target setting, monitoring, evaluation and development planning for schools and offices, covering all officials and employees, school-based and non-school-based, in the Department holding regular plantilla positions. Personnel under contracts of service/job order and LGU-funded employees shall likewise be covered, but for purposes of performance evaluation only.

**Voucher Program under the Government Assistance to Students and Teachers in Private Education (GASTPE) Program DO 11, s. 2015 - Policy Guidelines on the Implementation of the Senior High School (SHS)**

The Enhanced Basic Education Act of 2013 (RA No. 10533) provides for the expansion of the benefits and assistance programs under the Government Assistance to Students and Teachers in Private Education (RA No. 8545) to qualified students under the Senior High School (SHS) Program, which is the additional two years of secondary education included in compulsory basic education beginning School Year (SY) 2016-2017.

In relation to this, the DepEd has developed the SHS Voucher Program, which provides qualified public and private Junior High School (JHS) completers with government subsidies which will enable them to enroll and study in non-DepEd schools licensed to offer the SHS Program.

The enclosed SHS Voucher Policy Brief outlines the policy guidelines on the implementation of the said program, which will take effect starting SY 2016-2017. These policy guidelines were issued early on by the DepEd to inform and motivate all stakeholders, including students, parents and potential non-DepEd SHS providers, to prepare and mobilize for the full implementation of SHS in SY 2016-2017.

**DO 20, s. 2015 - Fiscal Year 2015 Guidelines on the Utilization of Financial Assistance to Schools Implementing Special Curricular Programs**

The DepEd issues the unified guidelines in line with the new national government policy to directly release funds to the recipient schools. The issued DepEd Order standardize the implementation process of the financial assistance to the following special curricular programs: Support to Special Elementary Science Schools (SESS), Support to Special Education (SPED) Centers/Schools, Support to Secondary Schools with Special Programs for the Arts and Sports (SPA/SPS), Support to Science, Technology and Engineering High Schools (formerly ESEP), and Financial Assistance to Regional Science High Schools (RSHS).

The funds of the five special programs have been lodged already at the Regional Offices (ROs) as part of the Comprehensive Release of Allotment. These funds shall be used for expenses classified under Maintenance and Other Operating Expenses (MOOE) as prescribed in Annex A of the Commission on Audit (COA) Circular No. 2003-001 on the Revised Chart of Accounts under the New Government Accounting System (NGAS). To facilitate judicious and smooth implementation of the said programs, this Department specifies the roles and responsibilities of each level of governance, the monitoring and evaluation mechanism and the specific timelines.

**MADRASAH** - To positively contribute to the peace process and improvement of the quality of life of the Muslims through education and training, programs for the Muslim out-of-school youths and adults have been developed.

**DO 28, s. 2015 - Guidelines on the Utilization of Fund for Madrasah/Muslim Education Program (MEP).**

To sustain the gains of the program, the Department continues to provide fund support for the MEP under the FY 2015 General Appropriations Act subject to the guidelines on the fund availment, release, utilization, liquidation, monitoring, evaluation and reporting.

**DO 30, s. 2015 - Guidelines on the Grant of Performance-Based Bonus (PBB) for the DepEd Employees and Officials.**

Pursuant to the provisions of Administrative Order (AO) No. 25 issued by the President on December 21, 2011 entitled Creating an Inter-Agency Task Force on the Harmonization of the National Government Performance, Monitoring, Information and Reporting Systems, the national government seeks to rationalize, harmonize, streamline, simplify and unify the efforts of all of the agencies towards the realization of the commitments in the Philippine Development Plan 2011-2016 and the Administration's five Key Results Areas (KRAs) under Executive Order (EO) No. 43. The AO establishes a unified and integrated Results-Based Performance Management System (RPMS) across all departments and agencies within the Executive Branch incorporating a common set of performance scorecard to serve a single source of information on the status of government performance.

PBB is a system of rewards administration to all bureaus or delivery units, and personnel within the Department according to their contribution to the overall agency performance. DO No. 30, s 2015 aims to establish a set of guidelines that provides for systematic and evidence-based mechanisms, procedures, and criteria for the granting of PBB for the DepEd Employees and Officials for FY 2014 in DepEd.

**DO 35, s. 2015 - 2015 Guidelines on the Utilization of Support Funds for Adopt-A-School Program (ASP)**

This year, support funds amounting to Eleven Million and Nine Hundred Fifty Thousand Pesos (₱11,950,000.00) shall be downloaded to the implementing regions through Sub-Allotment Release Order (SARO) issuance.

**DO 38, s. 2015 - Guidelines on the Utilization of Support Funds for the Special Education (SPED) Program**

The DepEd through the Bureau of Elementary Education (BEE) and the Bureau of Secondary Education (BSE) issued the Guidelines on the Utilization of Support

Funds for the Special Education (SPED) Program.

Pursuant to DECS Order No. 26, s. 1997 entitled Institutionalization of SPED Program in All Schools, the support funds aims to enhance the operation of the Program and augment the regular Maintenance and Other Operating Expenses (MOOE) of all recognized SPED Centers for elementary and secondary schools with classes for learners with special needs. Specifically, it aims to enhance access to and upgrade the quality of SPED programs and services, as well as to raise the efficiency of their operations.

The mechanisms and procedures constituting the downloading of support funds shall guide school recipients on proper utilization, which shall be used for eligible SPED related activities and expenses as stated in the enclosure.

### **School-Based Management**

#### **DO 45, s. 2015 - Guidelines on School-Based Management (SBM) Grants for FY 2014**

To further strengthen decentralization efforts at the school level and in line with RA No. 9155, the Governance of Basic Education Act of 2001, the DepEd shall continue providing SBM Grants as additional funds to public elementary and secondary schools, which shall be used to augment the school fund on Maintenance and Other Operating Expenses. Funds for this purpose come from the GAA for FY 2014.

Eligible disadvantaged elementary and secondary schools shall be entitled to receive this Grant, subject to the enclosed guidelines on the availment, release, utilization, and liquidation of the SBM grants.

#### **DO 54, s. 2015 - Amendment to DepEd Order No. 55, 2003 (Increase of Payment of Loyalty Cash Gift)**

Pursuant to the Civil Service Commission Memorandum Circular No. 06, s. 2002, entitled Revised Policies on the Grant of Loyalty Award, the payment of Loyalty Cash Award (LCA) was increased to an amount not less than ₱500.00 but not more than ₱1,000.00 for every year of service to qualified officials and employees. This is also in line with the COA Circular No. 2013-003A s. 2013 which prescribed the revised rates of the LCA. The loyalty cash award is given to an official/employee who has completed at least 10 years, and every five years thereafter, of continuous and satisfactory service in the government.

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

The consolidated financial statements of the Department of Education have been prepared in accordance with and comply with the Philippine Public Sector Accounting Standards (PPSAS) issued by the Commission on Audit per COA



Resolution No. 2014-003 dated January 24, 2014.

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

For RO X - All accounting and personnel records were burned when the Division Office of Cagayan de Oro City was razed by fire last August 12, 2012. Its financial statements include those accounts that will be adjusted once request of the relief of accountabilities of all concerned accountable officers of that Office will be approved by the Commission on Audit. As of December 31, 2015, the COA has approved only one (1) out of the seven (7) of the said requests.

### **3. Summary of Significant Accounting Policies**

#### **3.1. Basis of Accounting**

- a. The consolidated Financial Statements are prepared on an accrual basis in accordance with the Philippine Public Sector Accounting Standards (PPSAS). All expenses are recognized when incurred and reported in the financial statements in the period to which they relate. Income is on accrual basis, except for transactions where accrual basis is impractical or when other methods are required by law.
- b. Notices of Cash Allocation (NCAs) received from the Department of Budget and Management are recorded in the Regular Agency (RA) books, as well as, those income/receipts which the agency is not authorized to use and are required to be remitted to the National Treasury.
- c. The Modified Obligation System is used to record allotments received and obligations incurred. Separate registries are maintained to control allotments and obligations for each class of allotment.
- d. The one fund concept is adopted in accounting for all funds received from the National Government. Funds received from other donor agencies such as the funds from the local government received by our operating units and the financial assistance from the World Bank (WB), Asian Development Bank (ADB), Japan Bank for International Cooperation (JBIC), United Nations Children's Emergency Fund (UNICEF), Australia Agency for International Development (AusAID), The Government of Spain (GOS), etc. are accounted for and recorded separately.
- e. Correction of Fundamental Errors-Fundamental errors of prior years are corrected as direct adjustments to Accumulated Surplus (Deficit)

Account. Errors affecting current year's operation are charged to the current year's account.

- f. Subsequent Events - Non-adjusting entries after the balance sheet date which are so significant that non-disclosure would affect the ability of the users of the financial statements to make proper evaluation and decisions, have to be disclosed by stating the nature of the event and an estimate of its financial effects. Information received after the balance sheet date about conditions that existed at that date has to be stated to update the disclosures made.

### **3.2. Consolidation**

#### **Consolidated entities**

The Consolidated Financial Statements reflect the assets, liabilities, revenues and expense of the DepEd Central Office and all sixteen (16) Regional Offices, 207 Division Offices, 2,430 Implementing Units, Attached Agencies of the Department namely, Baguio Teachers' Camp (BTC), National Educators' Academy of the Philippines (NEAP), and National Science Teaching and Instrumentation Center (NSTIC); and Foreign Assisted Projects namely, Education Development Projects Implementing Task Force (EDPITAF), UNICEF, Educational Performance Incentive Partnership (EPIP,) and School Based Program for Basic Education (SBP4BE).

### **3.3. 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, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The DepEd 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 DepEd commits to purchase or sell the asset.

DepEd's financial assets include: cash and short-term deposits; trade and other receivables; loans and other receivables.

### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification.

### *Financial assets at fair value through surplus or deficit*

Financial assets at fair value through surplus or deficit include financial assets designated upon initial recognition at fair value through surplus and deficit.

### *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*

DepEd derecognizes a financial asset or, where applicable, a part of a financial asset or part of an Agency's of similar financial assets when:

- The rights to receive cash flows from the asset have expired or is waived; and
- DepEd 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 Agency has transferred substantially all the risks and rewards of the asset; or (b) the agency has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

### *Financial assets carried at amortized cost*

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

recognized are not included in a collective assessment of impairment Investments.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in surplus or deficit. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or transferred. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in surplus or deficit.

## **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 Group determines the classification of its financial liabilities at initial recognition.

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

The Agency's financial liabilities include loans, borrowings such as Service Concession Arrangements Payable, Treasury Bills, Bonds Payable, Due to GOCCs/NGAs/LGUs, Guaranty Deposits Payable, Internal Revenue Allotment Payable etc.

### *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 designated upon initial recognition as at fair value through surplus or deficit.

### *Loans and borrowing*

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

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.

### *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.

## **3.4. Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and cash at 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.

## **3.5. Inventories**

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

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

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 the Agency.

### **3.6. Investment Property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over its estimated useful life.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use.

The DepEd use the cost model for the measurement of investment property after initial recognition.

### **3.7. 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.

An item of PPE is recognized as an asset if:

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

#### *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 PPE are stated at cost less accumulated depreciation and impairment losses.

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

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

### *Depreciation*

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

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

### *Initial Recognition of Depreciation*

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

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 shall be adopted unless another method is more appropriate for agency operation.

### *Estimated Useful Life*

The Agency uses the Schedule on the Estimated Useful Life of PPE by classification prepared by COA.

DepEd uses a residual value equivalent to at least five percent 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*

The DepEd derecognizes items of PPE 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.

The DepEd Regional Office No. VIII derecognized various PPE in the total amount of ₱37,269,405.35 due to damaged brought about by super Typhoon Yolanda last November 8, 2013, per Journal Entry Voucher (JEV) No. 2015-12-001053 dated December 31, 2015.

### **3.8. Leases**

#### *Finance Lease*

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item.

Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Agency also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Agency will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

#### *Operating Lease*

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

#### *Finance Lease*

The Agency recognizes lease payments receivable under a finance lease as assets in the statements of financial position. The assets are presented as receivable at an amount equal to the net investment in the lease.

The finance revenue is recognized based on a pattern reflecting a constant periodic rate of return on the net investment in the finance lease.

#### *Operating Lease*

Leases in which the Agency does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases.

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term.

Rent received from an operating lease is recognized as income on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.

The depreciation policy for PPE is applied to similar assets leased by the entity.

### **3.9. 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 Expenditure on an Acquired In-process Research and Development Project*

Subsequent expenditure on an in-process research or development project acquired separately and recognized as an intangible asset is:

- Recognized as an expense when incurred if it is research expenditure;
- Recognized as an expense when incurred if it is development expenditure that does not satisfy the criteria for recognition as an intangible asset; and

- Added to the carrying amount of the acquired in-process research or development project if it is development expenditure that satisfies the recognition criteria for intangible assets.

#### *Intangible Assets Acquired through Non-Exchange Transactions*

The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date these were acquired.

#### *Internally Generated Intangible Assets*

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

#### *Recognition of an Expense*

Expenditure on an intangible item was recognized as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria of an intangible asset.

#### *Subsequent Measurement*

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with a finite life are amortized over its useful life:

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 shall not to be amortized.

Intangible assets with an indefinite useful life or an intangible asset not yet available for use were assessed for impairment whenever there is an indication that the asset may be impaired.

The amortization period and the amortization method, for an intangible asset with a finite useful life, were reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset were considered to modify the amortization period or method, as appropriate, and were treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in surplus or deficit as the expense category that is consistent with the nature of the intangible asset.

Gains or losses arising from de-recognition of an intangible asset were measured as the difference between the net disposal proceeds and the carrying amount of the asset and were recognized in the surplus or deficit when the asset is derecognized.

### **3.10. Provisions**

Provisions are recognized when the Agency has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Agency expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Provisions were reviewed at each reporting date, and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provisions are reversed.

#### *Contingent liabilities*

The Agency does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote

#### *Contingent assets*

The Agency does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Agency in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

### **3.11. Changes in accounting policies and estimates**

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

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

The DepEd corrects 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.

### **3.12. Foreign Currency Transactions**

Transactions in foreign currencies are 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 are translated using the closing rate;
- Nonmonetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and
- Nonmonetary items that are measured at fair value in a foreign currency shall be 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, are 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.

Transactions in foreign currencies are recorded in Philippine Peso based on Bangko Sentral ng Pilipinas (BSP) rate of exchange prevailing at the date of transaction.

### **3.13. 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 are recognized as an asset if the following criteria are 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 the Agency 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.

#### *Fees and fines not related to taxes*

The Agency recognizes revenues from fees and fines, except those related to taxes, when earned and the asset recognition criteria are 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 are 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*

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

On initial recognition, gifts and donations including goods in-kind are 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 is ascertained by reference to quoted prices in an active and liquid market.

### *Transfers*

DepEd 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.

For DepEd Region VIII - Transfers for Science and Math Equipment from DepEd CO were recognized as assets by DepEd RO VIII implementing units in the same manner as transfers from DepEd Regional Office VIII.

### *Services in-Kind*

Services in-kind are 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 are 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 the Agency and can be measured reliably.

### **3.14. Revenue from Exchange transactions**

#### *Measurement of Revenue*

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

#### *Rendering of Services*

The DepEd 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 the DepEd.

#### *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.

#### *Dividends*

Dividends or similar distributions are recognized when the Agency's right to receive payments is established.

#### *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.

### **3.15. Budget information**

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



Website of the Department of Budget and Management under the General Appropriations Act CY 2015.

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.

The annual budget figures included in the financial statements were for the Department of Education and include the budget for the sixteen (16) Regional Offices, (207) Division Offices 2,427 implementing units, Attached Agencies and Foreign Assisted Projects as reflected in the General Appropriation Act for CY 2015, as approved.

### **3.16. Impairment of Non-Financial Assets**

#### *Impairment of cash-generating assets*

At each reporting date, the Agency assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Agency estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or the cash-generating unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Agency estimates the asset's or cash-generating unit's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that

the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in surplus or deficit.

#### *Impairment of non-cash-generating assets*

The DepEd assesses at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the DepEd estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash generating asset's fair value less costs to sell and its value in use.

Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount. The DepEd classifies assets as cash-generating assets when those assets were held with the primary objective generating a commercial return. Therefore, non-cash generating assets would be those assets from which the DepEd does not intend (as its primary objective) to realize a commercial return.

### **3.17. Service concession arrangements**

The DepEd analyzes all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the DepEd recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide the, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized were measured at their fair value. To the extent that an asset has been recognized, the Agency also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

### **3.18. Borrowing Costs**

The benchmark treatment is used by the DepEd in the recognition of borrowing costs pertaining to loans borrowed by the National Government (NG) which were recorded in the Bureau of the Treasury (BTr).

Under the benchmark treatment, borrowings costs were recognized as expense in the period in which they were incurred, regardless of how the borrowings were applied.

### **3.19. Employee benefits**

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

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

The Agency also recognizes expenses for accumulating compensated absences when these are paid (commuted or paid as terminal leave benefits). Unused entitlements that have accumulated at the reporting date are not recognized as expense. Non-accumulating compensated absences, like special leave privileges, are not recognized.

### **3.20. Measurement uncertainty**

The preparation of consolidated 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 consolidated 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, impairment of assets, liability for contaminated sites, etc.

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

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

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

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

The Agency also corrects 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.

The DepEd changed its accounting estimates on the use of residual value equivalent to five percent to ten percent of the cost of the PPE starting CY 2014. During prior years (2013 and below), residual value is pegged at ten percent of the cost of PPE.

For CAR, effective March 2015, collections for performance bonds, performance security, bidders bond and proceeds from the sale of bid documents are deposited/remitted to the BTr as Trust Account (account 184). Release of NCA for these trust collections are requested from DBM, supported by certifications of remittance from BTr.

The 13 Division Offices of DepEd Region VIII adopted the following new accounting policies: a) The replenishment basis was strictly followed in the downloading of School MOOE. Downloading was made to the cluster heads through direct credits to the ATM Payroll Accounts of the school heads. During the first semester, downloading was through MDS check under the name of the Central School principals in the District. This is to strictly implement the guidelines as set forth in DepEd Order No. 12, s. 2014; and b) Financial statements for CY 2014 while not prepared according to the guidelines of PPSAS were converted during the first quarter of the year to facilitate the preparation of PPSAS-compliant FSs for 2015.

## 5. Prior Period Adjustments

In CAR - There are expenses in prior years which were not recognized as expenses at the time these were incurred. As a result the amount of ₱21,756,175.61 was adjusted from the beginning balance of Accumulated Surplus (Deficit) Account.

RO VIII (SDO – Leyte) has determined that beginning balances of Advances and Accounts Payable were erroneous and were adjusted for errors with either a debit or credit to Accumulated Surplus.

## 6. Cash and Cash Equivalents

Total major account group balance amounted to ₱10,970,747,061.86 as of December 31, 2015 and is broken down into the following general ledger accounts such as:

Accounts	Amount
Cash - Collecting Officers	7,556,063.75
Petty Cash	5,463,595.04

<b>Accounts</b>	<b>Amount</b>
Cash in Bank - Local Currency, Current Account	10,304,831,148.61
Cash in Bank - Local Currency, Savings Account	1,811,563.08
Cash in Bank - Foreign Currency, Savings Account	167.67
Cash - Treasury/Agency Deposit, Regular	1,229,066.45
Cash - Treasury/Agency Deposit, Trust	579,023,380.80
Cash-Modified Disbursement System (MDS), Regular	62,964,331.46
Cash-Modified Disbursement System (MDS), Trust	543,001.15
Cash - Tax Remittance Advice	7,324,743.85
<b>Total Cash and Cash Equivalents</b>	<b>10,970,747,061.86</b>

Cash and Cash Equivalents include:

**Cash - Collecting Officers** – This account represents undeposited collections of various collecting officers on the last working day of the year. The same was deposited on the first working day of January 2016.

**Petty Cash** - This account pertains to amount of cash granted to designated officers for payment of authorized petty or miscellaneous expenses.

**Cash in Bank- Local Currency, Current Account** – The bulk amount pertains to Regional Offices and Operating Units account amounting to ₱10,304,831,148.61. This represents the remittances of the implementing units of payroll deductions and government shares to various government and private financial institutions which were transferred to cover the RPSU payrolls for the month of December which were received by the Regional Office few days before the cut-off date and disbursements were not effected during the reporting period.

This also includes intra-agency fund transfers from DepEd, Central Office intended to cover funding requirements for the implementation of various Centrally-Managed Projects as well as fund transfers emanating from the Regional Office to cover funding requirements of the operating units. Furthermore, the same consists of cash balances of trust collections of secondary schools intended for student related activities.

<b>Region</b>	<b>2015</b>
I	102,523,886.94
II	153,793,233.33
III	1,106,782,560.74
IV-A	1,413,761,826.35
IV-B	291,063,505.01
V	393,724,957.00
VI	742,370,151.07
VII	696,821,176.80
VIII	1,211,145,497.98
IX	958,374,736.94

<b>Region</b>	<b>2015</b>
X	746,070,026.44
XI	8,026,158.92
XII	38,435,860.16
CARAGA	299,096,498.91
CAR	81,698,633.71
NCR	1,523,013,450.65
RO DESKS	6,175,108.86
OSEC, Bureaus, Centers	531,918,127.01
EDPITAF	35,751.79
<b>Total</b>	<b>10,304,831,148.61</b>

***Cash in Bank – Foreign Currency, Savings Account*** – This account is used to record deposits and withdrawals of foreign currency in savings account maintained with Authorized Government Depository Banks (AGDBs).

The EDPITAF maintains a foreign currency account for its foreign funded projects. As of December 31, 2015 it has a balance of \$167.67 which represents foreign funding balances from the Government of Spain (GOS) for the GOS-EEP (Grant) Project-Years 2 and 3.

***Cash in Bank- Treasury/Agency Deposit, Regular*** – This account is used to record in the agency books the amount of collections remitted to the BTr under the General Fund, either directly or thru the Authorized Agent Banks (AABs) and Authorized Government Depository Banks (AGDBs). At year-end this account was credited to close to the Government Equity.

***Cash in Bank- Treasury/Agency Deposit, Trust*** – This account represents the amount deposited to BTr for service fees collected by the agency from private lending institutions and cooperatives. The account is credited upon receipt of Certificate of Deposit from BTr which is transmitted to DepEd Central Office for transfer of liability to request NCA from DBM-CO. Furthermore, part of this account pertains to the PAGCOR-SBP Fund deposited by the Division Offices to BTr subject to request of NCA upon progress billing of various creditors.

For RO X Cash – Treasury/Agency Deposit, Trust account has a balance of ₱105,303,315.65 which represents remittances of service fees collected by the agency from the private lending institutions and cooperatives deposited to the BTr which will be released back to the agency as an additional amount for provident fund upon request.

***Cash- Modified Disbursement System (MDS), Regular*** - The receipt of NCA, an authorization issued by the DBM to the agency to withdraw cash from the National Treasury is recorded using the Modified Disbursement System (MDS) wherein an MDS account is being maintained. All disbursements are being done by issuing an MDS check which is chargeable against the account of the Treasurer of the

Philippines. The unused balance minus the unreleased checks of the MDS account as of December 31, 2015 is automatically reverted to the National Treasury. The unreleased checks are restored to the corresponding cash account vis-a-vis the appropriate payable/liability account as of December 31, 2015 and then again reverted back to the corresponding liability account on the first working day of January 2016.

For Region IV-B, the MDS accounts of the Division Offices of Palawan and Puerto Princesa City were being maintained in the Philippine Veterans Bank. The LBP Puerto Princesa Branch does not accommodate the MDS checks from the PVB issued for deposit by the said Division Offices to fund the Elementary and Secondary payroll CFC Current Accounts with the LBP. The Regional Office's Trust Fund Account serves as a parking account, upon confirmation from the PVB of the fund transfer, the ROP shall again process the transfer of the same fund to our LBP-RPSU Remittances Current Account. Thus, at the end of the year the balance of the Regional Office's Trust Fund includes the funds for transfer to the said LBP accounts.

## 7. Investments

Account	2015
Financial Assets at Fair Value Through Surplus or Deficit	-
Financial Assets-Held to Maturity	9,385,793.39
<b>Total Other Investments</b>	<b>9,385,793.39</b>

Of the total investment of ₱9,385,793.39, the OSEC has a balance of ₱3,411,280.00, Cordillera Administrative Region (CAR) has ₱32,936.00 and EDPITAF has ₱5,974,513.39.

For OSEC, the balance of the account consists of the following:

- 10% Cumulative Shares Series "B" re: Installation of MERALCO – ₱538,560.00
- Bill Deposit to MERALCO -₱1,271,690.00
- 10% Cumulative Shares Series "B" re: Installation of MERALCO Electric Facilities -₱1,078,790.00
- Meter Deposit to MERALCO -₱522,240.00

For EDPITAF, the amount of ₱1,111,677.33 and ₱4,746,003.16 represent investments with DBP under the Engineering Education Project (EEP) and Technical Vocational Education Project (TVEP), respectively, funded by the Asian Development Bank (ADB). For EEP, corresponding adjustments are recorded monthly upon receipt of financial statements from DBP. On the other hand the amount of ₱10,500.00 pertains to stocks issued by PLDT.

## 8. Receivables

Included in the above major account group as of December 31, 2015 are the following general ledger accounts such as:

<b>Particulars</b>	<b>2015</b>
Accounts Receivable	4,881,235.02
Allowance for Impairment - Accounts Receivable	-
Net Value- Accounts Receivable	4,881,235.02
Notes Receivable	3,500.00
Allowance for Impairment-Notes Receivable	-
Net Value- Notes Receivable	3,500.00
<b>Total Receivables</b>	<b>4,884,735.02</b>

*Accounts Receivables* – This represents amount due from customers/clients resulting from services rendered, trading/business transactions, and sale of merchandise or property which are expected to be collected in the regular course of business or over a definite period.

For Region V, Accounts Receivable includes unpaid canteen rental by Edna's Catering Services in 2003 amounting to ₱459,80.94.

For CARAGA, this represents overpayments of salaries of newly hired teachers in various Divisions. Refund will be collected from said teachers.

For RO VIII, this represents various receivables such as from Rosary & Tom Catering and other overpayment to suppliers.

### 8.1. Inter-Agency Receivables

<b>Accounts</b>	<b>2015</b>
Due from National Government Agencies	5,700,865,532.99
Due from Government-Owned or Controlled Corporations	168,984,796.18
Due from Local Government Units	78,253,773.97
<b>Total Inter-Agency Receivables</b>	<b>5,948,104,103.14</b>

*Due from National Government Agencies* – This account represents receivables from various national government agencies such as cash advances released to the Department of Public Works and Highways (DPWH) and also that of DBM Procurement Service (pre-payment).

At the Central Office, this account includes receivables from National Government Agencies and advances to contractor which are dormant for more than five years, hence request for to write-off these accounts was already submitted to COA.



For EDPITAF, balance of this account is primarily composed of balances from completed projects which are presently being analyzed and reconciled for eventual closing.

For NCR - Due from National Government Agencies balance represents payment to DBM-Procurement Service (PS) for various purchases but undelivered office and other supplies as of December 31, 2015.

***Due from Government-Owned or Controlled Corporations*** – This account consists of claims from government-owned or controlled corporations arising from over-remittances of contributions and other deductions due them. The account also includes over-remittance to GSIS due to cancelled checks which were not deducted from the succeeding monthly remittances. This is the accumulated amount of over remittances since the start of operations of the RPSU in CY 2002.

At the Central Office, this includes accounts which remained dormant for years and the supporting documents are either not available or cannot be located.

For NCR, the account refers to over remittance of premiums to GSIS arising from the late reporting of cancelled salary. It was for the year 2012 and below when GSIS did not allow offsetting of cancelled deductions which were previously remitted. It was already avoided effective CY 2013, when we required the retiree or his/her legal heirs were required to pay the over remittance to GSIS and to other GFIs.

***Due from Local Government Units*** – This account is used to record the amount due from provinces, cities, municipalities, barangays and other Local Government Units (LGUs).

At the Central Office - Due from Local Government Units amounting to ₱40,776,144.48 pertains to releases made to different LGUs for the implementation of specific government projects/activities subject to liquidation or delivery of goods and services.

For Region III, this account represents long time unliquidated advances to LGUs for the implementation of NFE-SRA Priority Projects granted in CY 1997 and 1998. Despite repeated efforts to follow up the submission of liquidation reports, no liquidation report is received due to various reasons ranging from non-passing in audit and/or the responsible officers are no longer in office.

For Regions CAR and CARAGA, balance of this account represents the uncollected ten (10) percent LGU Equity of TEEP School Building Construction.

## 8.2. Intra - Agency Receivables

Accounts	2015
Due from Central Office	77,587,325.10

<b>Accounts</b>	<b>2015</b>
Due from Bureaus	81,925,552.40
Due from Regional Offices	2,498,730,483.05
Due from Operating Units	3,344,396,618.88
<b>Total Intra-Agency Receivables</b>	<b>6,002,639,979.43</b>

***Due from Central Office*** – This account is used to record inter-office transactions in the books of Regional Offices/Staff Bureaus/Operating Units. For the DepEd, these are receivables arising out of cancellation of payroll checks by the PSD (RPSU), Central Office which were already remitted to the Central Office, the amount of which shall be deducted to the following year's fund transfer to CO and unfunded Sub-Allotment Release Orders (Sub-AROs) received by ROs from CO.

***Due from Bureaus*** – This account is used to record transfer of funds not covered by allotment to the Department/Offices from their Bureaus and Offices. It also includes fund transfers to a Bureau/Office from another Bureau/Office of the same Department/Office. For Region I, this represents the reclassified account Due from Other Funds.

***Due from Regional Office/Staff Bureaus*** – This account is used to record inter-office transactions in the books of CO/OUTs. It includes receivables from RO/Staff Bureaus at year-end equivalent to the unobligated balance of allotment covered by funding check. For DepEd, these are largely RPSU checks cancelled by the Division Offices. Cash covering net payment and deductions of said cancelled checks were already transferred to the ROPs. Likewise, this includes receivables by the Regional Office Desks (RO Desks-CO) from the Regional Offices' funding requirements for personal and Government shares of teachers' deductions serviced by the Payroll Services Division for remittance to various GOCCs and private institutions.

For Region X, Due from Regional Offices account amounting to ₱63,153,105.82 represents remittance of funds intended for the payment of contributions to Government Financial Institutions (GFIs) and Private Lending Institutions (PLIs) for the ensuing month.

For Region XI, the amount is in the books of Digos City which remains dormant for more than five (5) years. Reconciliation is on-going and corresponding adjustment will be made as soon as the activity will be done.

For CARAGA, the account for the Regional Office Proper refers to the cost of properties which were not found and were confirmed lost by the accountable employees during the conduct of the actual physical count of properties with the presence of the Resident Auditor representative.

***Due from Operating Units*** – This account is used to record inter-office transactions in the books of Central/Regional/Division Offices (CO/RO/DO). It also includes

receivables from OUs at year-end equivalent to the un-obligated balance of allotment covered by funding check. The big portion of this account pertains to receivables due to the timing difference of deposits from the operating units' funding requirements for payment of salaries of all teaching and non-teaching personnel.

For Region III, the balance of this account cannot be eliminated because this is also being used for reclassifying unliquidated balances of downloading of MOOE to Non-IU schools at year-end.

For the Education Assessment Division (NETRC), the account is composed of prior years' unremitted collection of examination fees for NEAT/NSAT and PEPT, and funding checks issued in previous years purposely to cover the expenses of Testing Programs subject to liquidation by the field offices.

RO X - Due from Operating Units has a balance of ₱803,453,975.66. Of the amount, ₱803,423,970.66 pertains to the Regional Office Proper representing amount released for payment of the Productivity Enhancement Incentive (PEI) to all teaching and non-teaching personnel of the Region. Such release is subject to the submission of audited liquidation reports by the 14 Division Offices and 39 Secondary Implementing Units. The amount of ₱30,005.00 pertains to the Division of Gingoog City.

### 8.3. Other Receivables

<b>Accounts</b>	<b>2015</b>
Receivables - Disallowances/Charges	373,456,767.08
Due from Officers and Employees	190,163,582.63
Due from Non-Government Organizations/People's Organizations	37,200,474.54
Other Receivables	87,869,524.37
Allowance for Impairment-Other Receivables	-
Net Value-Other Receivables	87,869,524.37
<b>Total Other Receivables</b>	<b>688,690,348.62</b>

***Receivables-Disallowances/Charges*** – This account refers to amounts due from officers and employees and those outside of government agencies for audit/disallowances/charges, which have become final and executory. It also includes claims from retired accountable officials and employees which remained unsettled to date.

For Region II, the balance amounting to ₱17,368,788.90 have been requested for lifting in view of the dismissal of cases filed against various officials of DepEd by the Sandiganbayan.

Region III has Disallowances/Charges in the amount of ₱23,299,235.58. This

represents mainly the unsettled disallowances of prior years. Although some of these disallowances were requested for settlement by submitting justifications, they were not given favorable action by the previous Auditors.

For NCR, in the books of the Regional Office, this account amounting to ₱2,543,732.51 refers to the recording of unpaid Disallowances/Charges issued by the Commission on Audit.

***Due From Officers and Employees*** – This account is used to record amount of claims from agency's officers and employees for overpayment, cash shortage, loss of assets and other bills issued by the agency.

***Due from Non-Governmental Organizations (NGOs)/People's Organizations (POs)*** – This account represents fund releases entrusted to NGOs/POs for the implementation of government projects.

For OSEC - Due from NGO/POs amounting to ₱34,254,318.00 represents advances granted to NGOs and Pos for the realization of specific projects.

***Other Receivables*** – This account is used to record amount due from debtors and other agencies not falling under any of the specific receivable account.

For Region I, account represents remittance of deduction for loans to private lending, insurance and corporations of employees whose payroll checks were cancelled.

## 9. Inventories

The huge amount of inventories totaling ₱4,227,531,563.64 consists mainly of Textbooks and Instructional Materials Inventory, Other Supplies and Materials Inventory, Textbooks and Instructional Materials for Distribution and Office Supplies Inventory as of December 31, 2015. Breakdown of Inventories as to Sub-Major Account Group as of December 31, 2015 are as follows:

### 9.1. Inventory Held for Sale

Accounts	2015
Merchandise Inventory	166,905.46

This Merchandise Inventory is in the books of Zamboanga del Norte Division which has been requested for relief from property accountability from COA due to fire incident.

### 9.2. Inventory Held for Distribution

Accounts	2015
Drugs and Medicines for Distribution	2,529,808.44

Medical, Dental and Laboratory Supplies for Distribution	2,343,719.04
Textbooks and Instructional Materials for Distribution	489,999,630.02
Construction Materials for Distribution	3,808.00
Property and Equipment for Distribution	8,500,444.22
Other Supplies and Materials Distribution	22,737,886.40
<b>Total Inventory Held for Distribution</b>	<b>526,115,296.12</b>

***Textbooks and Instructional Materials for Distribution-*** Total balance of this account amounted to ₱489,999,630.22. This account is used to record the cost of textbooks and instructional materials including flipcharts, video clips/slides, and the like, purchased/received for distribution.

### 9.3. Inventory Held for Consumption

<b>Accounts</b>	<b>2015</b>
Office Supplies Inventory	480,385,024.61
Accountable Forms, Plates and Stickers Inventory	3,988,495.04
Non-Accountable Forms Inventory	311,517.50
Food Supplies Inventory	45,708.54
Drugs and Medicines Inventory	14,975,570.29
Medical, Dental and Laboratory Supplies Inventory	27,472,466.51
Fuel, Oil and Lubricants Inventory	387,531.27
Agricultural and Marine Supplies Inventory	293,735.96
Textbooks and Instructional Materials Inventory	2,569,944,515.49
Chemical and Filtering Supplies Inventory	24,810.00
Construction Materials Inventory	5,823,002.61
Other Supplies and Materials Inventory	597,596,984.24
<b>Total Inventory Held For Consumption</b>	<b>3,701,249,362.06</b>

***Office Supplies Inventory-*** This account has a balance of ₱480,385,024.61 as of December 31, 2015. This is used to record the cost or value of purchased/acquired office supplies such as bond papers, inks, and small tangible items like staple wire removers, punchers, staplers and other similar items for government operations.

Bulk of Inventory items are attributed to ***Textbooks and Instructional Materials Inventory*** totaling ₱2,569,944,515.49. This balance represents prior year inventories that need to be dropped from the books of accounts of the regional/division offices/operating units. Reconciliation efforts and monitoring of these inventories are still on-going at all levels.

DepEd CARAGA Region has a balance of ₱20,415,790.59 Office Supplies Inventory and ₱15,370,246.10 Other Supplies and Materials Inventory as of December 31, 2015. Majority of these were already issued to the end-users but left in the books of account as of year-end due to non-submission of

Report of Supplies and Materials Issued (RSMI).

***Other Supplies and Materials Inventory Account*** amounted to ₱597,596,984.24 represents items that cannot be classified under any specific inventory accounts held for consumption. It also includes costs of obsolete books, destroyed chairs, tools and materials which are due for condemnation. Dropping of these obsolete items in the books of accounts should further reduce this account.

At the Central Office (BEE), the amounting of ₱2,008,924.50 pertains mostly to Office Supplies Inventory balance since 2008. Request letter had been issued for the submission of documents to support any changes in the inventory.

For Region III, the accounts Office Supplies Inventory, Textbooks & Instructional Materials Inventory and Other Supplies Inventory represents the accumulated inventories carried at the individual books of accounts of all Implementing Units, including the Regional Office. To validate these figures, physical inventory report and accounting records should be reconciled.

For Region V, Accountable Forms Inventory consists of checks stubs for Modified Disbursement (MDS) and commercial checks.

For Region IX, physical count of inventories is still on-going. Reconciliation of inventory account is subject to submission of inventory reports so as to bring balances (subsidiary ledger cards and general ledger) into agreement.

For CARAGA, Office Supplies Inventory pertains to supplies and materials procured for operational requirements of the agency. Majority of these were already issued to end-users but left unliquidated at the end of the year due to non-submission of RSMIS to the accounting Unit by the Accountable Officer.

For NCR, the bulk of inventory amount can be found in the Consolidated Financial Report of various Division Offices. Reclassification of inventory accounts to appropriate expense accounts will be effected immediately upon receipt of Inventory Custodian Slip (ICS) and Report of Materials and Supplies Issued (RSMI) from the Supply Officer.

For Baguio Teachers Camp, the inventory accounts represent balances of supplies, materials and merchandise consisting of Centennial Plates and History Books as of December 2015.

For NSTIC, this account consists of supplies and materials to be used in the

production of various prototypes of Science Teaching Equipment which is the major mandate of the Agency.

## 10. Other Current Assets

Included in the above major account group as of December 31, 2015 are the following General Ledger (GL) accounts such as:

### 10.1. Advances

<b>Accounts</b>	<b>2015</b>
Advances for Operating Expenses	2,259,764,801.27
Advances for Payroll	545,798,692.62
Advances to Special Disbursing Officer	815,782,593.50
Advances to Officers and Employees	482,495,454.15
<b>Total Advances</b>	<b>4,103,841,541.54</b>

Under the Revised Chart of Accounts for National Government Agencies the previous account Advances to Officers and Employees (Old Code 148) was now broken and converted into 4 general ledger accounts such as *Advances for Operating Expenses, Advances for Payroll, Advances to Special Disbursing Officer and Advances to Officers and Employees* under the new UACS Codes 1990101000, 1990102000, 1990103000 and 1990104000, respectively.

The abovementioned accounts which were categorized under the sub-major account *Advances* represents MOOE downloaded to various Elementary and Non-Implementing Secondary Schools, advances granted for the release of personnel benefits charged under the Personnel Services (PS), advances granted for the release of fund for DepEd special programs charged under MOOE and unliquidated cash advances granted for travel.

In RO IX - Division of Pagadian City, downloading of school MOOE and other funds thru cash advances in 2014 and prior years was accounted as Advances to Officers and Employees. In the current year the account was reclassified and adjusted according to purpose. Advances given to school heads intended for their school MOOE were reclassified and accounted as Advances for Operating Expenses. Advances for special purpose such as SBRMS, Multigrade, SPED, Internet Connectivity and SBFP were reclassified as Advances to Special Disbursing Officer.

For NCR, Advances for Operating Expenses of ₱239,425,499.40 represents unliquidated MOOE cash advances granted to Elementary Schools by various Division Offices while Advances for Payroll of ₱21,976,088.80 is the balance of cash advances granted by Schools and Division Offices for payment of newly hired teachers' pay, step increments, salary differentials of teachers, substitute teachers salary, and other teacher's benefits which are not yet liquidated as of December 31, 2015.

For this year, Consolidated Status of Cash Advances of the Agency as of December 31, 2015 totaled to ₱4,294,005,124.17. This includes Due from Officers and Employees of ₱190,163,582.63 plus Cash Advances of ₱4,103,841,541.54. Total Cash Advances for current year amounted to ₱15,891,529,295.51 of which a total of ₱12,581,312,125.58 or an equivalent of 79.17 percent was liquidated. This reveals an over-all increase in liquidation of 3.77 percent from that of last year of 75.40 percent. For prior years account balance of ₱3,566,402,202.66 (inclusive of adjustment) a total of ₱2,673,803,715.90 or an equivalent of 73.10 percent was liquidated thereby leaving a total balance of unliquidated cash advances amounting to ₱4,294,005,124.17 for both current and prior years account at year end.

Aging of Cash Advances as of December 31, 2015 are as follows:

<b>Age</b>	<b>2015</b>
Current: Less than 30 days	1,877,076,954.81
31-60 days	524,013,598.62
61-90 days	446,293,710.75
91-365 days	669,746,118.38
Past Due: Over 1 year	412,465,585.61
Over 2 years	221,064,395.48
3 years & above	143,344,760.52
<b>Total</b>	<b>4,294,005,124.17</b>

Total *Prepayments* and *Deposits* as of December 31, 2015 amounted to ₱548,161,799.81 and ₱10,502,668.93, respectively. The two sub-major accounts consist of prepaid expenses, advances to contractors for their unrecouped mobilization fee in the implementation of projects under School Building Program, deposit on letters of credit and guaranty deposits to water district, water and electric meters as well as other installation provided by them.

## 10.2. Prepayments

<b>Accounts</b>	<b>2015</b>
Advances to Contractors	502,229,979.65
Prepaid Rent	57,564.00
Prepaid Registration	9,065.10
Prepaid Insurance	5,960,048.02
Other Prepayments	39,905,143.04
<b>Total</b>	<b>548,161,799.81</b>

For the BALS, the accounts Advances to Contractors and Other Prepayments amounting to ₱354,550.96 pertains to prior years' balances which remained in the books and could not ascertain its existence due to unavailability of records. Adjustment will be made accordingly once supporting documents for these transactions will be retrieved and verified thoroughly.



For the OSEC, Advances to Contractors and Other Prepayments amounted to ₱232,382,717.00 as of December 31, 2015.

### 10.3. Deposits

<b>Accounts</b>	<b>2015</b>
Guaranty Deposits	10,449,878.88
Other Deposits	52,790.05
<b>Total</b>	<b>10,502,668.93</b>

The EDPITAF has Guaranty Deposits of ₱275,000.00 as of December 31, 2015.

## 11. Property, Plant and Equipment (PPE)

The total balance of PPE accounts amounting to ₱109,135,789,756.11 are carried at cost less accumulated depreciation and impairment losses. These accounts are subject to reconciliation and valuation based on the actual physical count. Minor replacements and maintenance expenses of fixed asset accounts are charged to MOOE as incurred while major additions and improvements that extend the estimated economic life of the assets are capitalized.

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
Land	12,119,617,011.46	11,171,234,465.91
Accumulated Impairment Losses- Land	-	-
Net Value	12,119,617,011.46	11,171,234,465.91
<b>Land Improvements</b>	<b>153,365,385.84</b>	<b>171,372,960.80</b>
Land Improvements, Aquaculture Structures	27,462,173.87	16,738,910.41
Accumulated Depreciation-Land Improvements, Aquaculture Structures	(6,914,170.19)	(6,040,712.41)
Accumulated Impairment Losses-Land Improvements, Aquaculture Structures	-	-
Net Value	20,548,003.68	10,698,198.00
Other Land Improvements	235,672,394.50	255,331,335.52
Accumulated Depreciation-Other Land Improvements	(102,825,925.94)	(94,656,572.72)
Accumulated Impairment Losses-Other Land Improvements	(29,086.40)	-
Net Value	132,817,382.16	160,674,762.80
<b>Infrastructure Assets</b>	<b>14,207,483.40</b>	<b>8,999,154.32</b>
Water Supply Systems	5,783,376.10	6,827,238.12
Accumulated Depreciation-Water Supply Systems	(2,065,825.68)	(1,887,207.49)
Accumulated Impairment Losses-Water Supply Systems	-	-

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
<i>Net Value</i>	<i>3,717,550.42</i>	<i>4,940,030.63</i>
Power Supply Systems	5,574,827.85	4,742,040.24
Accumulated Depreciation-Power Supply Systems	(994,786.53)	(682,916.55)
Accumulated Impairment Losses-Power Supply Systems	(8,574.50)	-
<i>Net Value</i>	<i>4,571,466.82</i>	<i>4,059,123.69</i>
Communication Networks	1,423,310.60	-
Accumulated Depreciation-Communication networks	(1,031,316.44)	-
Accumulated Impairment Losses-Communication Networks	-	-
<i>Net Value</i>	<i>391,994.16</i>	<i>-</i>
Other Infrastructure Assets	5,526,472.00	-
Accumulated Depreciation-Other Infrastructure Assets	-	-
Accumulated Impairment Losses-Other Infrastructure Assets	-	-
<i>Net Value</i>	<i>5,526,472.00</i>	<i>-</i>
<b><i>Buildings and Other Structures</i></b>	<b><i>60,806,336,463.73</i></b>	<b><i>55,025,215,759.75</i></b>
Buildings	3,793,114,510.98	3,866,545,341.98
Accumulated Depreciation-Buildings	(1,219,013,828.49)	(1,189,761,482.85)
Accumulated Impairment Losses-Buildings	(342,897.56)	(32,493.76)
<i>Net Value</i>	<i>2,573,757,784.93</i>	<i>2,676,751,365.37</i>
School Buildings	76,746,993,431.64	68,104,488,134.45
Accumulated Depreciation-School Buildings	(19,737,756,591.44)	(16,781,069,674.66)
Accumulated Impairment Losses-School Buildings	(6,499,509.21)	(12,008,480.12)
<i>Net Value</i>	<i>57,002,737,330.99</i>	<i>51,311,409,979.67</i>
Hostels and Dormitories	16,190,611.94	10,408,381.54
Accumulated Depreciation-Hostels and Dormitories	(2,682,974.87)	(3,551,585.95)
Accumulated Impairment Losses-Hostels and Dormitories	-	-
<i>Net Value</i>	<i>13,507,637.07</i>	<i>6,856,795.59</i>
Other Structures	1,532,306,131.52	1,279,559,865.18
Accumulated Depreciation-Other Structures	(315,972,420.78)	(249,299,512.63)
Accumulated Impairment Losses-Other Structures	-	(62,733.43)

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
<i>Net Value</i>	<i>1,216,333,710.74</i>	<i>1,030,197,619.12</i>
<b><i>Machinery and Equipment</i></b>	<b><u>5,201,132,657.79</u></b>	<b><u>4,006,673,830.06</u></b>
Machinery	53,469,298.48	43,084,485.83
Accumulated Depreciation - Machinery	(30,222,050.67)	(26,378,614.46)
Accumulated Impairment Losses - Machinery	-	-
<i>Net Value</i>	<i>23,247,247.81</i>	<i>16,705,871.37</i>
Office Equipment	2,085,174,230.67	2,038,227,529.93
Accumulated Depreciation-Office Equipment	(1,173,665,851.20)	(1,065,480,493.88)
Accumulated Impairment Losses - Office Equipment	(296,963.98)	(2,694,473.73)
<i>Net Value</i>	<i>911,211,415.49</i>	<i>970,052,562.32</i>
Information and Communication Technology Equipment	7,279,993,388.21	6,097,083,456.67
Accumulated Depreciation-Information and Communication Technology Equipment	(3,898,685,410.68)	(3,709,332,221.06)
Accumulated Impairment Losses -ICT Equipment	(1,019,586.14)	(30,536.18)
<i>Net Value</i>	<i>3,380,288,391.39</i>	<i>2,387,720,699.43</i>
Agricultural and Forestry Equipment	6,469,460.18	8,849,748.80
Accumulated Depreciation-Agricultural and Forestry Equipment	(3,472,642.01)	(6,120,737.78)
Accumulated Impairment Losses-Agricultural and Forestry Equipment	-	-
<i>Net Value</i>	<i>2,996,818.17</i>	<i>2,729,011.02</i>
Marine and Fishery Equipment	608,117.00	-
Accumulated Depreciation-Marine and Fishery Equipment	(640,832.50)	-
Accumulated Impairment Losses-Marine and Fishery Equipment	-	-
<i>Net Value</i>	<i>(32,715.50)</i>	<i>-</i>
Communication Equipment	240,582,944.27	234,087,274.80
Accumulated Depreciation-Communication Equipment	(147,258,894.46)	(136,973,482.09)
Accumulated Impairment Losses-Communication Equipment	(812,458.25)	-
<i>Net Value</i>	<i>92,511,591.56</i>	<i>97,113,792.71</i>
Construction and Heavy Equipment	3,019,897.83	31,050.00
Accumulated Depreciation - Construction and Heavy Equipment	(546,539.61)	(29,497.50)

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
Accumulated Impairment Losses-Construction and Heavy Equipment	-	-
<i>Net Value</i>	<i>2,473,358.22</i>	<i>1,552.50</i>
Disaster Response and Rescue Equipment	19,951,032.86	18,611,930.19
Accumulated Depreciation-Disaster Response and Rescue Equipment	(11,602,194.85)	(9,128,734.70)
Accumulated Impairment Losses-Construction and Heavy Equipment	-	-
<i>Net Value</i>	<i>8,348,838.01</i>	<i>9,483,195.49</i>
Military, Police and Security Equipment	326,866.62	645,492.61
Accumulated Depreciation-Military and Police Equipment	(129,370.54)	(430,717.26)
Accumulated Impairment Losses-Military, Police and Security Equipment	-	-
<i>Net Value</i>	<i>197,496.08</i>	<i>214,775.35</i>
Medical Equipment	58,402,415.59	60,721,626.03
Accumulated Depreciation-Medical Equipment	(41,154,522.71)	(41,122,734.40)
Accumulated Impairment Losses-Medical Equipment	(10,607.48)	-
<i>Net Value</i>	<i>17,237,285.40</i>	<i>19,598,891.63</i>
Printing Equipment	1,586,574.76	282,802.00
Accumulated Depreciation-Printing Equipment	(242,499.05)	(44,919.72)
Accumulated Impairment Losses-Printing Equipment	-	-
<i>Net Value</i>	<i>1,344,075.71</i>	<i>237,882.28</i>
Sports Equipment	44,032,248.61	39,143,708.59
Accumulated Depreciation-Sports Equipment	(16,477,225.14)	(14,093,105.96)
Accumulated Impairment Losses-Sports Equipment	-	-
<i>Net Value</i>	<i>27,555,023.47</i>	<i>25,050,602.63</i>
Technical and Scientific Equipment	833,555,146.17	551,392,666.34
Accumulated Depreciation - Technical and Scientific Equipment	(322,804,885.45)	(303,843,430.36)
Accumulated Impairment Losses-Sports Equipment	(547,778.14)	-
<i>Net Value</i>	<i>510,202,482.58</i>	<i>247,549,235.98</i>
Other Machinery and Equipment	422,487,983.00	400,344,827.26
Accumulated Depreciation - Other Machinery		

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
and Equipment	(198,811,358.15)	(170,061,300.71)
Accumulated Impairment Losses-Other Machinery and Equipment	(125,275.46)	(67,769.20)
<i>Net Value</i>	<i>223,551,349.39</i>	<i>230,215,757.35</i>
<b><i>Transportation Equipment</i></b>	<b><i>108,616,080.73</i></b>	<b><i>113,132,113.95</i></b>
Motor Vehicles	330,879,011.89	315,290,355.80
Accumulated Depreciation - Motor Vehicles	(222,902,738.59)	(202,625,347.84)
Accumulated Impairment Losses-Motor Vehicles	(642,150.00)	(206,700.00)
<i>Net Value</i>	<i>107,334,123.30</i>	<i>112,458,307.96</i>
Watercrafts	842,645.25	780,388.50
Accumulated Depreciation - Watercrafts	(347,956.98)	(303,607.05)
Accumulated Impairment Losses - Watercrafts	-	-
<i>Net Value</i>	<i>494,688.27</i>	<i>476,781.45</i>
Other Transportation Equipment	1,784,960.41	270,415.00
Accumulated Depreciation-Other Transportation Equipment	(997,691.25)	(73,390.46)
Accumulated Impairment Losses - Other Transportation Equipment	-	-
<i>Net Value</i>	<i>787,269.16</i>	<i>197,024.54</i>
<b><i>Furniture, Fixtures and Books</i></b>	<b><i>3,634,077,364.59</i></b>	<b><i>3,272,655,463.69</i></b>
Furniture and Fixtures	5,428,367,847.35	4,830,359,159.23
Accumulated Depreciation-Furniture and Fixtures	(2,046,798,912.92)	(1,806,000,151.50)
Accumulated Impairment Losses - Furniture and Fixtures	(3,253,356.22)	-
<i>Net Value</i>	<i>3,378,315,578.21</i>	<i>3,024,359,007.73</i>
Books	551,149,943.19	526,256,017.68
Accumulated Depreciation- Books	(295,220,030.76)	(277,951,849.45)
Accumulated Impairment Losses - Books	(168,126.05)	(7,712.27)
<i>Net Value</i>	<i>255,761,786.38</i>	<i>248,296,455.96</i>
<b><i>Leased Assets</i></b>	<b><i>39,395.00</i></b>	<b><i>221,401,325.65</i></b>
Leased Assets, Land	-	-
Leased Assets, Buildings and Other Structures	-	221,401,325.65
Accumulated Depreciation- Leased Assets, Buildings and Other Structures	-	-
Accumulated Impairment Losses - Leased Assets, Buildings and Other Structures	-	-
<i>Net Value</i>	<i>-</i>	<i>221,401,325.65</i>
Leased Assets, Machinery and Equipment	19,395.00	-

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
Accumulated Depreciation- Leased Assets, Machinery and Equipment	-	-
Accumulated Impairment Losses - Leased Assets, Machinery and Equipment	-	-
<i>Net Value</i>	<i>19,395.00</i>	-
Other Leased Assets	20,000.00	-
Accumulated Depreciation- Other Leased Assets	-	-
Accumulated Impairment Losses - Other Leased Assets	-	-
<i>Net Value</i>	<i>20,000.00</i>	-
<b><i>Leased Assets Improvements</i></b>	<b><u>196,168.56</u></b>	<b><u>577,770.33</u></b>
Other Leased Assets Improvements	196,168.56	1,175,353.88
Accumulated Depreciation-Other Leased Assets Improvements	-	(597,583.55)
Accumulated Impairment Losses-Other Leased Assets Improvements, Land	-	-
<i>Net Value</i>	<i>196,168.56</i>	<i>577,770.33</i>
<b><i>Heritage Assets</i></b>	-	<b><u>28,500.00</u></b>
Works of Arts and Archeological Specimens	-	28,500.00
Accumulated Depreciation-Works of Arts and Archeological Specimens	-	-
Accumulated Impairment Losses-Works of Arts and Archeological Specimens	-	-
<i>Net Value</i>	-	<i>28,500.00</i>
<b><i>Service Concession Tangible Assets</i></b>	<b><u>11,863,548,341.83</u></b>	-
Other Service Concession Assets	11,863,548,341.83	-
Accumulated Depreciation-Other Service Concession Assets	-	-
Accumulated Impairment Losses-Other Service Concession Assets	-	-
<i>Net Value</i>	<i>11,863,548,341.83</i>	-
<b><i>Other Property, Plant and Equipment</i></b>	<b><u>252,747,401.32</u></b>	<b><u>243,687,227.53</u></b>
Work/Zoo Animals	1,478,798.00	2,288,511.30
Accumulated Depreciation-Work/Zoo Animals	(50,422.50)	-
Accumulated Impairment Losses-Work/Zoo Animals	-	-
<i>Net Value</i>	<i>1,428,375.50</i>	<i>2,288,511.30</i>
Other Property, Plant and Equipment	533,069,655.85	513,896,730.45
Accumulated Depreciation-Other Property, Plant and Equipment	(281,632,010.60)	(272,498,014.22)
Accumulated Impairment Losses-Other Property,	(118,619.43)	-

Particulars	2015	2014
Plant and Equipment		
<i>Net Value</i>	<i>251,319,025.82</i>	<i>241,398,716.23</i>
<b>Construction in Progress</b>	<b>14,981,906,001.86</b>	<b>13,538,326,053.59</b>
Construction in Progress- Land Improvements	2,105,879.18	10,401,857.12
Construction in Progress- Infrastructure Assets	2,627,496.58	2,598,996.58
Construction in Progress-Buildings and Other Structures	14,977,172,626.10	13,525,325,199.89
<b>Totals</b>	<b>109,135,789,756.11</b>	<b>87,773,304,625.58</b>

The biggest portion of PPE can be found in the School Buildings account and it has a total balance amounting to ₱57,002,737,330.99. This accounts for fifty-two percent (52%) of the total amount of PPE. For almost all regions, the amount of buildings booked-up does not include the School Building Projects implemented by Department of Public Works and Highways (DPWH) due to non-availability of documents particularly the Journal Entry Voucher (JEV), Certificate of Final Completion and Certificate of Acceptance by end-user.

For the OSEC - The School Building account consists of completed projects implemented by the Department and other NGAs. The same shall be dropped in the books of accounts once the project is completed and transferred to implementing units. It also includes current and prior years' completed projects implemented by DPWH.

Included in the balance of Construction in Progress – Building and Other Structure account were ongoing projects implemented by the Department such as School Building Program, repair of various buildings and the on-going projects implemented by other NGAs. The same shall be credited upon project completion.

Quarterly lease payment of school building under PSIP I amounting to ₱768,418,569.34 was adjusted from Construction in Progress to recognized the Service Concession Asset and Service Concession Payable amounting to ₱11,863,548,341.83 as observed from AOM No. 2015-019.

The cost of Other Service Concession Assets (OSCA) was computed as follows: Particulars	BFC-RDC Consortium - Package A	Citicore Holdings Investment Inc- Megawide Const. Corp – Package B	Citicore Holdings Investment Inc- Megawide Const. Corp – Package B	Total
Construction Cost	2,374,572,800.00	3,777,332,749.75	5,641,698,347.64	11,793,603,897.39
Management Fee (Deped 's Share)	19,434,056.48	23,148,636.48	27,361,751.48	69,944,444.44
<b>Adjusted Construction Cost</b>	<b>2,394,006,856.48</b>	<b>3,800,481,386.23</b>	<b>5,669,060,099.12</b>	<b>11,863,548,341.83</b>

Depreciation Expenses and Accumulated Depreciation pertaining to Service

Concession Asset will be recognized in the books in January 2016.

*Other Assets*

<b>Particulars</b>	<b>2015</b>
Acquired Assets	2,367,083.27
Accumulated Impairment Losses - Acquired Assets	-
<i>Net Value</i>	<i>2,367,083.27</i>
Abandoned Property/Assets	236,038.15
Accumulated Impairment Losses -Abandoned Property/Assets	-
<i>Net Value</i>	<i>236,038.15</i>
Other Assets	292,562,973.42
Accumulated Impairment Losses-Other Assets	(1,936,243.20)
<i>Net Value</i>	<i>290,626,730.22</i>

For the OSEC, *Other Asset* amounting to ₱123,162,875.34 pertains to the cost or accumulated value of imported equipment already paid but not yet delivered/received. This account remained dormant and outstanding since CY 2004.

*Accounts Payable* amounting to ₱56,256,774.19 pertains to the obligations/indebtedness to contractors/suppliers arising from the purchase of goods and services and other obligations in connection with the agencies' operation/trade/business.

Unreconciled difference of ₱4,324,631.71 between the general and subsidiary ledger was still subject for checking and verification.

For Region I, Motor Vehicles account still includes the two damaged vehicles due to fire in CY 2008 while Construction in Progress account still includes completed projects but not yet reclassified to its proper accounts pending the issuance of the Certificates of Completion and Acceptance.

For RO III, the School Buildings balance of ₱185,862,921.78 as at December 31, 2015 in the Regional Office books (Fund 101) represents cost of repairs and rehabilitation of classrooms located in schools throughout the region under the CY 2014 and CY 2013 Basic Education Facilities Fund (BEFF).

Cost incurred for non-fiscally autonomous schools will be transferred to the respective Schools Division Offices and cost for Fiscally Autonomous High Schools will be transferred accordingly through the issuance of Transfer Journal Entry Vouchers (JEVs) after completion and turnover.

Likewise, the Furniture and Fixtures and Water Supply Systems accounts balances of ₱10,508,000.00 and ₱1,291,978.71, respectively in the Regional Office books (SBP4BE) will be transferred to the respective Schools Division Offices and



Fiscally Autonomous High Schools through the issuance of Transfer JEVs.

Fully depreciated assets as at December 31, 2013 have been reclassified to Other Assets in CY 2014.

PPE will be assessed in CY 2016 and reclassified accordingly in accordance to the Government Accounting Manual.

For RO IV-A, Construction in Progress – Buildings and Other Structures – ₱524,435,070.19 is the balance as of December 31, 2015 after debiting the identified appropriate asset accounts. The amount of ₱74,963,900.41 pertains to the ending balance as of December 31, 2005, prior to the implementation of CY 2005 School Building Project. Efforts have been exerted in tracing the origin of this amount but to no avail, hence it has remained unadjusted as of this date. The balance amounting to ₱449,471,169.78 pertains to the final billings of various contractors. The latter is for adjustment to appropriate asset account.

For Region V, Property, Plant and Equipment are carried at cost. Depreciation cost is not provided for all property and equipment for the reason that there is no complete data available to compute for the depreciation, such as cost and date of acquisition of some properties and equipment especially the donated properties. It may be noted that an untoward incident happened in Malapay NHS, an annex school of Ligao NHS where some school equipment were stolen. The Supply Custodian and the Teacher in Charge were not yet relieved of accountability and the items lost were not yet dropped from the books of accounts.

For Region VIII, part of the PPE are those of the Regional Office Proper and other Division Offices which were heavily damaged/washed out by Typhoon Yolanda in November 2013 which are being reconciled per Physical Inventory Report from the Supply Section.

For Region IX, physical count of PPE is still ongoing. Reconciliation of PPE account is subject to submission of inventory reports so as to bring balances (SL and GL) into agreement.

During the year, the Regional Office Proper (ROP) transferred a building completed to Division Offices under Cluster 2011 in the amount of ₱9,584,191.70, net of Accumulated Depreciation of ₱1,745,098.41.

For RO X, the Accumulated Depreciation - Due to the fire incident on December 8, 2014 which destroyed all the records and documents of the existing PPE as of December 31, 2014, adjustments due to the change of residual value from 10 percent to 5 percent were made according to the assumption that all property and equipment were depreciated uniformly over their useful lives as provided by the Table of Estimated Useful Life of PPE by the COA.

For Region XI, the amount of PPE is inclusive of the properties of the Regional Office Proper and various Division Office/Schools which are not yet reconciled. Reconciliation of the said asset is on-going, after reconciliation the office will issue Journal Entry Voucher for the transfer of accountability from the Regional Office to the Division Offices/Schools. The amount reflected in the Inventory Report is subject for verification and reconciliation from the books of accounts, as it does not tally with the records.

For CARAGA, the lot occupied by DepEd CARAGA where the Teacher Development Center is located has an area of 3,000 sq. m. It is leased from the Provincial Government of Agusan del Norte for 50 years at ₱1.00 per year. The lot of DepEd CARAGA at Tiniwisan, Butuan City is part of the government center identified by the City Government of Butuan. It consists of 2,000 sq. m. and out of this area, 1,000 sq. m. was given by the City Government of Butuan while the other 1,000 sq. m. will be paid by DepEd Caraga. To date this was not yet booked by the Regional Office because no payment has been made since the valuation of the property is still in process and the supporting documents for the above property is not yet received from the City Government of Butuan. However, expenses incurred for the filling of the land were charged to Land Improvements.

For NCR, there is a total of ₱1,111,923,690.50 under account Construction in Progress – Buildings and Other Structures as of December 31, 2015. This account will be reclassified to the appropriate Building account upon receipt of certification of completion and acceptance to be issued by the Education Support Services Division (ESSD).

For National Science Teaching and Instrumentation Center (NSTIC), per Transfer Certificate of Title No. 151568, the parcel of land containing an area of 3,000 square meters more or less, where the buildings of DepEd NSTIC are located, has been registered in the name of the Department of Education, Culture and Sports on March 30, 1999 at the City of Cebu. This parcel of land is not yet recorded in the books of accounts.

## 12. Biological Assets

This major account group includes the following GL accounts in the Books of Regions I, III and CAR such as ***Breeding Stocks, Livestock and Livestock Held for Consumption/Sale/Distribution*** with the corresponding balances of ₱481,671.00, ₱471,347.83, ₱14,211.00 respectively as of December 31, 2015.

Particulars	2015
<i>Bearer Biological Assets</i>	<i>953,018.83</i>
Breeding Stocks	481,671.00
Accumulated Impairment Losses-Breeding Stocks	-
Net Value	481,671.00
Livestock	471,347.83

<b>Particulars</b>	<b>2015</b>
Accumulated Impairment Losses-Livestocks	-
Net Value	471,347.83
<i>Consumable Biological Assets</i>	<i>14,211.00</i>
Livestock Held for Consumption/Sale/Distribution	14,211.00
Accumulated Impairment Losses-Livestock held for Consumption/Sale/Distribution	-
Net Value	14,211.00
<b>Total Biological Assets</b>	<b>967,229.83</b>

In CAR, the Livestocks are farm animals raised by Governor Bado Dangwa Agro-Industrial School, a Technical and Vocational School.

### 13. Intangible Assets

Balance pertains to the purchase costs or capitalized development costs of *Computer Software* program for use in government operation. This account is in the books of Regions I, III, VI, VII, VIII, IX, X, CARAGA, CAR and NCR as of December 31, 2015.

<b>Accounts</b>	<b>2015</b>
Computer Software	30,644,630.68
Accumulated Amortization - Computer Software	(22,351,649.11)
Net Value	8,292,981.57
Other Intangible Assets	61,913.94
Accumulated Amortization - Other Intangible Assets	-
Net Value	61,913.94
<b>Total Intangible Assets</b>	<b>8,354,895.51</b>

### 14. Other Assets

Asset accounts that cannot be classified properly as PPE or current asset are being booked in this account. This account is also used to record fully depreciated assets. Likewise, obsolete and unserviceable assets awaiting final disposition as well as those assets still serviceable but are no longer being used form part of this account.

For OSEC, the balance of this account in the amount of ₱123,162,875.34 pertains to the cost or accumulated value of imported items already paid but could not be recorded in the books of accounts due to the inaccessibility of the supporting documents. This account remained dormant and outstanding since CY 2004 and should be requested for write-off upon availability of supporting documents as per COA's recommendation.

<b>Accounts</b>	<b>2015</b>
Acquired Assets	2,367,083.27
Accumulated Impairment Losses - Acquired Assets	
Net Value	2,367,083.27
Abandoned Property Assets	236,038.15
Accumulated Impairment Losses - Abandoned Property Assets	-
Net Value	236,038.15
Other Assets	292,562,973.42
Accumulated Impairment Losses - Other Assets	(1,936,243.20)
Net Value	290,626,730.22
<b>Total Other Assets</b>	<b>293,229,851.64</b>

## 15. Financial Liabilities

Included in the above major account group as of December 31, 2015 are the following general ledger accounts:

<b>Accounts</b>	<b>2015</b>	<b>2014</b>
Accounts Payable	3,360,069,097.98	3,888,125,934.62
Due to Officers and Employees	3,723,920,448.08	7,492,516,343.41
Internal Revenue Allotment Payable	-	117,937.66
Service Concession Arrangements Payable	10,891,998,955.85	-
<b>Total Payables</b>	<b>17,975,988,501.91</b>	<b>11,380,760,215.69</b>

**Accounts Payable** – This account pertains to the obligations/indebtedness to contractors/suppliers arising from the purchase of goods and services and other obligations in connection with the agencies’ operation/trade/business. It also includes prior year obligations and unreleased checks of the MDS account as of December 31, 2015 which are subject for reversion. The unreleased checks are restored to the corresponding cash account vis-a-vis the appropriate payable/liability account as of December 31, 2015 and then again reverted back to the corresponding liability account on the first working day of January, 2016.

The principle of recognizing payables only when there is actual delivery of goods and rendition of services is being applied for MOOE and Capital Outlay projects. However, recognition of payables in the books of accounts is subject to availability of released allotments, hence unpaid prior years step increments which are not provided allotments are not recognized in the books of accounts.

For NSTIC, the balance of this account in the amount of ₱3,655,260.47 represents the 10 percent retention due to Trojan Marketing for the contract involving the Manufacturing and Door to Door Delivery to the Division Offices of 520 sets of Physics Mechanics Science Equipment “Batch B”, 550 sets of Basic Science

Equipment “Batch A” and Supply of 550 sets of Laboratory Glass wares as component of Basic Science Equipment in the total amount of ₱36,552,604.72. It was awarded on December 31, 2003. Equipment under “Batch B” were completely delivered, however, delivery of “Batch A” items were incomplete, hence, the 10 percent retention amounting to ₱3,655,260.47 remained unpaid. The case was referred by NSTIC to the Legal Department of DepEd Central Office for final action.

***Due to Officers and Employees*** – This account is used to record incurrence of liability to officers and employees for salaries, benefits and other emoluments including authorized expenses advanced by them.

*For OSEC Service Concession Arrangements Payable* amounting to ₱10,891,998,955.85 represents the book value as of December 31, 2015 of financial obligation regarding Public-Private Partnership for School Infrastructure Project (PSIP) Phase I which was covered by a Build-Lease-Transfer (BLT) Agreement between DepEd and Contractors to finance, design and construct classrooms in exchange of quarterly lease payments from DepEd for the period of ten years of which ownership of classrooms will be transferred to DepEd after the Lease Period.

***Bonds Payable – Domestic*** – This account is used to record issuances/flotations of peso-denominated bonds.

Particulars	2015
Treasury Bills Payable	0.50
Bonds Payable - Domestic	196,282.17
Loans Payable - Domestic	2,000.00
<b>Total Bills/Bonds/Loans Payable</b>	<b>198,282.67</b>

For Region II, this account pertains to school bonds posted by private schools which are to be refunded to them when they cease to operate. This account was used upon the recommendation of their Resident Auditor.

#### 16. Inter-Agency Payables

Particulars	2015	2014
Due to BIR	567,426,041.70	468,596,591.47
Due to GSIS	5,383,912,588.68	5,014,250,701.00
Due to PAG-IBIG	330,473,049.08	251,178,009.20
Due to PHILHEALTH	941,734,384.91	900,379,691.00
Due to NGAs	1,035,778,181.86	1,196,539,270.90
Due to GOCCs	6,898,385.47	7,671,197.29
Due to LGUs	29,085,185.12	39,840,745.32
<b>Total Inter-Agency Payables</b>	<b>8,295,307,816.82</b>	<b>7,878,456,206.18</b>

***Due to BIR*** – this account pertains to taxes withheld from internal/external contractors and creditors subject to remittance to the Bureau of Internal Revenue (BIR) either thru the Tax Remittance Advice (TRA) payment scheme upon receipt of Notice of Cash Allocation (NCA) for regular operating expenses from the Department of Budget and Management (DBM) in CY 2015 or thru bank debit system.

***Due to GSIS, Pag-IBIG and Philhealth*** – the accounts represent unremitted life and retirement contributions/loans, Pag-IBIG premiums/loans and Medicare contributions due to the Government Service Insurance System (GSIS), Home Development and Mutual fund (HDMF) and Philippine Health Insurance Corporation (PHIC), respectively.

***RO IX*** - The account Due to GSIS do not reflect an outstanding obligation of the unresolved unremitted account for DepEd ARMM Basilan from May 2003 to June 2004. Billing Statement of GSIS as of February 28, 2015 addressed to Regional Director, DepEd RO IX, the Agency has an outstanding principal obligation of ₱5,955,112.92 plus interest of ₱27,371,956.85 or a total of ₱33,327,069.77. Last December 31, 2015, a partial obligation of ₱458,858.27 has been made in booking NBC 557. In a meeting with GSIS last January 2016, the OIC-ARD promised to settle such principal on a staggered basis within the year provided a moratorium on interest and other charges shall be made that interest and other such charges shall be stopped or charges shall be condoned, and/or a possible reduction of interest to 6% per annum shall be requested to GSIS management and have this matter referred to Central Office for appropriate action.

For NCR, most of these balances pertain to the December 2015 transactions/ which is to be paid and remitted/liquidated in January 2016. In the Regional Office, remittances to BIR were thru Tax Remittance Advice (TRA) which was for Accounts Payable-Capital Outlay, while GSIS, Pag-IBIG and PhilHealth were made on January 8, 2016.

In the Division of Caloocan, Due to NGAs account consists of the amount received from DSWD in the amount of ₱18,395,520.00 less liquidation for the implementation of School based Feeding Program for SY 2014-2015

***Due to NGAs*** – This account is used to record the amount of liabilities due to National Government Agencies including those inter-agency transferred funds received for the implementation of specific programs/projects.

***For OSEC - Due to NGAs*** amounting to ₱544,131,436.64 pertains to the receipt of fund transfer from different agencies for the implementation of specific programs and projects. The same will be debited upon submission of corresponding liquidation reports to these agencies.

In the Divisions of San Juan City and Pasay City, Due to NGAs account represents the unliquidated cash advances to spending units for the implementation of School-Based Feeding Program DSWD Fund (2014-2015).

In the Division of Caloocan, Due to NGAs account consists of the amount received from DSWD in the amount of ₱18,395,520.00 less liquidation for the implementation of School based Feeding Program for SY 2014-2015

***Due to LGUs*** – This account is used to record the receipt of funds from LGUs for delivery of goods/services as authorized by law, fund transfers for the implementation of specific programs or projects and other inter-agency transactions.

The aforementioned accounts particularly the mandatory deductions for the month of December 2015 and as of the closing of books are due for remittance by January 2016. Reconciliations are also being done regularly to effect some adjustments on the remittances made by the Agency to these GOCCs and Bureau of Internal Revenue.

#### **17. Intra- Agency Payables**

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
Due to Central Office	958,994,493.95	108,475,062.13
Due to Bureaus	34,401,556.51	40,729,755.81
Due to Regional Offices	435,592,990.95	451,674,328.13
Due to Operating Units	271,070,754.87	232,165,279.98
<b>Total Intra-Agency Payables</b>	<b>1,700,059,796.28</b>	<b>833,044,426.05</b>

***Due to Central Office*** – This account is used to record the receipt of funds not covered by allotment from Central Office by Bureaus/ Regional Offices/ Operating Units of the same agency for the implementation of specific program or project and other intra-agency transactions.

For Region IX, balance of this account represents funds downloaded to the Regional and Division Offices and considered to be long overdue reciprocal accounts like the P.E.P.T., NETRC and other funds.

For RO X, Due to Central Office account has a balance of ₱710,706,598.00. Of the amount, ₱706,279,598.00 pertains to the Regional Office proper representing amount released for payment of the Productivity Enhancement Incentive (PEI) to all teaching and non-teaching personnel of the Region. Such release is subject to the submission of audited liquidation reports by the 14 Division Offices and 39 Secondary Implementing Units. The amounts ₱21,000.00, ₱1,470,000.00 and ₱6,000.00 pertains to the Divisions of Misamis Oriental, Cagayan de Oro City and Valencia City respectively.

***Due to Bureaus*** – This account is used to record the receipt of funds not covered by allotment from a Bureau by the Central Office/ Regional Offices/ Operating Units or another Bureau within the same agency for the implementation of specific program or project and other intra-agency transactions.

For OSEC, the account consists mainly of payables for the advances made to DECS Salaries/Deployed Employees (Trust Account) due to insufficient OSEC Regular Cash Allocations to cover payments of salaries of deployed employees and different shared expenses of the different Bureaus for janitorial, security, electric and water bills.

***Due to Regional Offices*** – This refers to amount payable by Central Office/Bureaus/Operating Units of NGAs to their Regional Offices.

RO X Due to Regional Office account amounting to ₱109,597,244.27 represents fund received from the Regional Office to the Division Offices for the School Based-Feeding Program and the amount released for payment of the Productivity Enhancement Incentive (PEI) per Executive No. 181, s. 2015 dated May 15, 2015 subject for liquidation.

## 18. Trust Liabilities

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
Trust Liabilities	78,866,732.49	89,692,515.00
Guaranty Deposits Payable	933,958,243.91	-
Customers' Deposit Payable	662,450.34	-
<b>Total Trust Liabilities</b>	<b>1,013,487,426.74</b>	<b>89,692,515.00</b>

***Trust Liabilities*** – This account is used to record the receipt of amount held in trust for specific purpose.

***Guaranty/Security Deposits Payable*** - This pertains to the withheld portion of payments to contractors of school buildings and other infrastructures to guarantee performance which are refundable/returnable to the depositor upon the completion of the purpose for which it was given or may be used to cover possible future damage to the constructed/repaired property.

For the DepEd, Guaranty Deposits Payable represents 10% retention automatically deducted from the progress billing submitted by contractors and payment will be made after satisfying all the requirements.

RO IV-A Guaranty/Security Deposits Payables account represents 10% retention payable to various contractors for construction and repairs or rehabilitation of various schools and supplier of furniture and fixtures amounting to ₱46,347,447.33.



## 19. Deferred Credits/Unearned Income

**Other Deferred Credits** – This account is used to record other transactions not falling under any of the specific deferred credit accounts. Balance of this account as of December 31, 2015 is ₱58,868,942.87. This balance is in the books of Regions III, IV-B, VIII, XII, CARAGA and NCR; RO Desks and OSEC, Bureaus and Centers as well.

## 20. Provisions

**Other Provisions of ₱10,760.06** – This account is used to recognize liabilities of uncertain timing or amount.

## 21. Other Payables

**Other Payables** – Generally, this account is used to record other liabilities not falling under any of the specific payable accounts. It includes balances of trust liability accounts of operating units and amounts payable to Private Lending Institutions and Insurance Companies for loan repayments and insurance premium deducted from salaries of the employees.

RO IV-A Other Payables account represents unpaid remittances to Provident Fund and Private Lending Institutions (PLIs) as of December 29, 2015 amounting to ₱704,972,730.48.

## 22. Service and Business Income

Total Service and Business Income recorded for the year is ₱351,724,083.19. Large amount of income were derived from registration/seminar fees and service fee collected from the private lending Institutions (PLIs).

Particulars	2015	2014
<b><i>Service Income</i></b>		
Documentary Stamp	-	2,460.00
Permit Fees	3,224,220.00	8,822,430.00
Registration Fees	19,166,610.22	13,686,390.00
Clearance and Certification Fees	103,601.76	34,580.00
Legal Fees	300.00	-
Inspection Fees	9,934,910.00	3,531,030.00
Verification and Authentication Fees	40,520.00	150.00
Processing Fees	500,600.00	-
Fines and Penalties-Service Income	54,685,860.49	3,939,302.06
Other Service Income	167,157,177.60	207,097,876.86
<b><i>Subtotal</i></b>	254,813,800.07	237,114,218.92
<b><i>Business Income</i></b>		
School Fees	2,350,746.31	17,165.00

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
Affiliation Fees	57,600.00	49,400.00
Examination Fees	4,057,130.19	2,020,835.01
Seminar Fees/Training Fees	74,965,789.39	124,119,263.50
Rent/Lease Income	7,634,202.49	5,734,162.58
Income from Printing and Publication	274,063.00	1,235,015.89
Sales Revenue	-	13,000.00
Interest Income	1,610,417.73	1,438,512.18
Fines and Penalties - Business Income	1,590,446.74	7,683,707.76
Other Business Income	4,369,887.27	3,425,618.69
<b>Subtotal</b>	<b>96,910,283.12</b>	<b>145,736,680.61</b>
<b>Total Service and Business Income</b>	<b>351,724,083.19</b>	<b>382,850,899.53</b>

Clearance and certification fees are for the collections from individuals requesting certification/authentication of names and from private schools requesting for certification/authentication/recognition as to their status to operate.

Inspection fees are collections from private schools applying for permit to operate and offer courses.

Fines and Penalties – Service Income are for penalties imposed to the supplier for late delivery of various procurement.

Examination fees are for collections for various students, teachers, principals and superintendents' tests.

For NCR, Seminar/Training Fees are for the collections from the participants for payment in the venue, foods, supplies and materials, honorarium of resource persons. This is separate from the collections of Regional Education Learning Center (RELC).

Rent/Lease Income are fees charged by RELC for using the conference room, computer, projector, microphone, and other facilities of RELC.

Also for NCR, Other Business Income account represents income collections generated by RESPCI of the Division of Pasig and Division of Paranaque.

Interest Income is for bank interest.

## 23. Shares, Grants and Donations

Total Shares, Grants and Donations for the year is ₱80,495,537.66 which is composed of donations in kind and in cash, breakdown are as follows:

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
Share from PAGCOR/PCSO	230,000.00	858,843.94

Income from Grants and Donations in Cash	19,108,148.14	2,135,702,816.49
Income from Grants and Donations in Kind	61,157,389.42	107,329,846.86
<b>Total Shares, Grants and Donations</b>	<b>80,495,537.56</b>	<b>2,243,891,507.29</b>

## 24. Gains

Particulars	2015	2014
Gain on Sale of Biological Assets	30,000.00	0.00
Gain on Sale of Agricultural Produce	16,321.62	106,609.12
<b>Total</b>	<b>46,321.62</b>	<b>106,609.12</b>

## 25. Personnel Services

Total Expenses for personnel services for the year is ₱265,760,724,465.56 which is ninety-two percent (92%) of the total operating expenses for the year. The Agency being the largest Executive Agency of the National Government and having a workforce almost half of the total public employees spends and accounts most of its appropriations for personal services expenses.

### 25.1. Personnel Services

Particulars	2015	2014
Salaries and Wages - Regular	175,630,735,885.95	162,263,911,609.40
Salaries and Wages - Casual/Contractual	1,085,212,835.89	1,134,557,865.87
<b>Total Salaries And Wages</b>	<b>176,715,948,721.84</b>	<b>163,398,469,475.27</b>

For CAR, the amount of ₱5,250,919,978.94 was utilized for salaries, other compensation and benefits of DepEd-CAR personnel. The full implementation of the rationalization plan of DepEd-CAR was in CY 2015. The region hired personnel for the RAT plan positions starting from April, 2015 to October 2015.

### 25.2. Other Compensation

Particulars	2015	2014
Personnel Economic Relief Allowance (PERA)	16,261,381,733.90	15,068,120,902.09
Representation Allowance (RA)	67,971,905.99	63,462,052.33
Transportation Allowance (TA)	234,640,104.09	54,828,888.01
Clothing/Uniform Allowance	3,482,353,744.27	3,168,076,274.23
Subsistence Allowance	91,417,320.61	44,030,662.24
Laundry Allowance	5,253,545.83	6,515,941.70
Quarters Allowance	3,569,857.96	501,908.99
Productivity Incentive Allowance	1,272,634,290.52	1,261,520,135.04
Honoraria	34,392,757.58	34,301,636.86
Hazard Pay	521,590,230.98	284,941,953.05

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
Longevity Pay	187,235,648.07	256,447,144.04
Overtime and Night Pay	146,533,125.25	101,356,895.71
Year End Bonus	14,125,974,329.06	13,501,344,138.69
Cash Gift	3,571,697,574.27	3,220,574,664.43
Other Bonuses and Allowances	20,381,887,191.24	7,132,019,544.91
<b>Total Other Compensation</b>	<b>60,388,533,359.62</b>	<b>44,198,042,742.32</b>

### 25.3. Personnel Benefits Contributions

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
Retirement and Life Insurance Contributions	20,840,091,779.83	19,272,012,212.11
Pag-IBIG Contributions	1,033,688,452.66	805,229,877.24
PhilHealth Contributions	2,018,570,052.81	1,846,807,681.17
Employees Compensation Insurance Premiums	826,520,610.52	766,823,964.48
Provident/Welfare Fund Contributions	672,909.42	537,626.44
<b>Total Personnel Benefits Contributions</b>	<b>24,719,543,805.24</b>	<b>22,691,411,361.44</b>

### 25.4. Other Personnel Benefits

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
Pension Benefits	1,458,105.05	9,188,171.20
Retirement Gratuity	152,782,191.64	590,119,339.63
Terminal Leave Benefits	1,002,486,611.96	1,566,013,664.49
Other Personnel Benefits	2,779,971,670.21	4,048,935,453.97
<b>Total Other Personnel Benefits</b>	<b>3,936,698,578.86</b>	<b>6,214,256,629.29</b>

## 26. Maintenance and Operating Expenses

Total Maintenance and Operating Expenses incurred during the year amounted to ₱27,419,751,706.46 wherein large amount of expenses were incurred for travelling expenses, training and scholarship expenses, supplies and materials, utility expenses, repair and maintenance and other MOOEs.

### 26.1. Travelling Expenses

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
Traveling Expenses - Local	1,340,239,739.27	1,115,239,404.29
Traveling Expenses - Foreign	40,180,649.28	3,693,508.43
<b>Total Travelling Expenses</b>	<b>1,380,420,388.55</b>	<b>1,118,932,912.72</b>

## 26.2. Training and Scholarship Expenses

Particulars	2015	2014
Training Expenses	3,058,814,434.73	2,326,178,435.64
Scholarship Expenses	6,146,780.10	12,892,084.76
<b>Total Training and Scholarship Expenses</b>	<b>3,064,961,214.83</b>	<b>2,339,070,520.40</b>

## 26.3. Supplies and Materials Expenses

Particulars	2015	2014
Office Supplies Expenses	2,707,437,572.61	2,332,196,386.76
Accountable Forms Expenses	11,120,795.96	12,672,374.42
Non-Accountable Forms Expenses	4,426,202.99	3,583,558.11
Animal/Zoological Supplies Expenses	334,521.22	53,957.00
Food Supplies Expenses	458,681,173.51	144,199,233.16
Welfare Goods Expenses	312,108.50	2,698,734.00
Drugs and Medicines Expenses	54,239,194.30	44,440,793.68
Medical, Dental and Laboratory Supplies Expenses	39,904,791.13	30,903,392.11
Fuel, Oil and Lubricants Expenses	86,515,762.58	100,275,881.66
Agricultural and Marine Supplies Expenses	3,902,977.81	1,023,701.89
Textbook and Instructional Materials Expenses	727,566,158.64	535,273,430.81
Military, Police and Traffic Supplies Expenses	190,487.00	-
Chemical and Filtering Supplies Expenses	860,097.21	344,904.24
Other Supplies Expenses	1,902,462,387.60	1,617,701,515.91
<b>Total Supplies and Materials</b>	<b>5,997,954,231.06</b>	<b>4,825,367,863.75</b>

## 26.4. Utility Expenses

Particulars	2015	2014
Water Expenses	388,436,756.49	338,405,473.32
Electricity Expenses	1,372,358,682.94	1,220,024,392.18
<b>Total Utility Expenses</b>	<b>1,760,795,439.43</b>	<b>1,558,429,865.50</b>

## 26.5. Communication Expenses

Particulars	2015	2014
Postage and Courier Services	22,006,816.33	8,503,749.17
Telephone Expenses	241,123,402.65	222,915,474.33
Internet Expenses	398,767,476.89	268,797,144.46

Cable, Satellite, Telegraph, and Radio Expenses	7,187,266.61	4,572,518.01
<b>Total Communication Expenses</b>	<b>669,084,962.48</b>	<b>504,788,885.97</b>

#### 26.6. Awards/Rewards and Prices Expenses

Particulars	2015	2014
Awards/Rewards Expenses	7,600,026.38	6,920,679.23
Prices	3,860,334.60	1,887,477.50
<b>Total Award/Rewards and Prices</b>	<b>11,460,360.98</b>	<b>8,808,156.73</b>

#### 26.7. Survey, Research, Exploration and Development Expenses

Particulars	2015	2014
Survey Expenses	744,506.27	912,927.69
Research, Exploration and Development Expenses	367,823.95	285,426.34
<b>Total</b>	<b>1,112,330.22</b>	<b>1,198,354.03</b>

#### 26.8. Demolition and Relocation Expenses

Particulars	2015	2014
Demolition and Relocation Expenses	149,451.00	97,000.00
Desilting and Dredging Expenses	-	725,716.84
<b>Total Demolition and Relocation Expenses</b>	<b>149,451.00</b>	<b>822,716.84</b>

#### 26.9. Confidential, Intelligence and Extraordinary Expenses

Particulars	2015	2014
Confidential Expenses	3,928.00	1,000.00
Intelligence Expenses	5,514.00	-
Extraordinary and Miscellaneous Expenses	28,115,734.79	23,184,573.12
<b>Total Confidential, Intelligence and Extraordinary Expenses</b>	<b>28,125,176.79</b>	<b>23,185,573.12</b>

#### 26.10. Professional Services

Particulars	2015	2014
Legal Services	7,096,363.42	8,735,614.06
Auditing Services	10,022,735.37	6,932,142.29
Consultancy Services	12,249,947.27	84,180,615.84
Other Professional Services	609,404,952.24	682,193,276.73
<b>Total Professional Services</b>	<b>638,773,998.30</b>	<b>782,041,648.92</b>

**26.11. General Services**

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
Environment/Sanitary Services	2,826,944.96	3,600,621.84
Janitorial Services	271,057,783.45	203,811,288.58
Security Services	337,877,651.06	265,877,952.67
Other General Services	450,891,490.52	395,145,700.94
<b>Total General Services</b>	<b>1,062,653,869.99</b>	<b>868,435,564.03</b>

**26.12. Repairs and Maintenance**

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
Repairs and Maintenance-Investment Property	8,194,740.61	10,582.00
Repairs and Maintenance-Land Improvements	35,963,145.36	16,822,018.97
Repairs and Maintenance-Infrastructure Assets	4,276,017.39	9,087,192.83
Repairs and Maintenance-Buildings and Other Structures	2,823,090,546.28	2,857,427,289.85
Repairs and Maintenance-Machinery and Equipment	77,906,096.97	83,119,589.44
Repairs and Maintenance - Transportation Equipment	36,754,912.06	32,284,568.61
Repairs and Maintenance - Furniture and Fixtures	63,278,751.45	24,399,444.63
Repairs and Maintenance - Leased Assets	20,685.00	-
Repairs and Maintenance - Leased Assets Improvements	16,125.00	14,698.54
Restoration and Maintenance - Heritage Assets	-	6,330.86
Repairs and Maintenance - Other Property, Plant and Equipment	14,945,757.77	15,419,578.86
<b>Total Repairs and Maintenance</b>	<b>3,064,446,777.89</b>	<b>3,038,591,294.59</b>

**26.13. Taxes, Insurance Premiums and Other Fees**

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
Taxes, Duties and Licenses	9,417,138.38	4,012,565.80
Fidelity Bond Premiums	71,151,554.33	63,206,750.35
Insurance Expenses	12,940,101.06	12,746,955.00
<b>Total Taxes, Insurance Premiums and Other Fees</b>	<b>93,508,793.77</b>	<b>79,966,271.15</b>

**26.14. Labor and Wages**

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
Labor and Wages	101,120,638.62	65,460,232.14
<b>Total Labor and Wages</b>	<b>101,120,638.62</b>	<b>65,460,232.14</b>

**26.15. Other Maintenance and Operating Expenses**

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
Advertising Expenses	17,470,876.42	6,081,795.30
Printing and Publication Expenses	598,639,387.36	552,408,951.02
Representation Expenses	71,968,109.50	52,886,153.25
Transportation and Delivery Expenses	57,222,755.21	49,413,091.91
Rent/Lease Expenses	26,248,188.54	21,746,702.18
Membership Dues and Contributions to Organizations	15,432,798.58	1,231,047.62
Subscriptions Expenses	10,442,734.40	16,879,415.17
Donations	6,840,663,192.91	866,383.61
Litigation/Acquired Assets Expenses	18,807.65	-
Other Maintenance and Operating Expenses	1,907,077,221.99	1,989,126,943.54
<b>Total Other Maintenance and Other Operating Expenses</b>	<b>9,545,184,072.56</b>	<b>2,690,640,483.60</b>

**27. Financial Expenses**

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
Interest Expenses	710,639,507.60	15,458.41
Guarantee Fees	1,500.00	-
Bank Charges	1,076,806.82	768,921.40
Other Financial Charges	218,027.23	291,622.66
<b>Total Financial Expenses</b>	<b>711,935,841.65</b>	<b>1,076,002.47</b>

**28. Non-Cash Expenses**

The Non-Cash expenses represents the recorded depreciation of various property, plant and equipment of the Department as well as amortization of some intangible assets. Total Non-Cash expenses for the year amounted to ₱2,700,021,549.26.

**28.1. Depreciation**

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
Depreciation - Investment Property	-	4,828.83
Depreciation-Land Improvements	21,092,063.38	5,098,107.57
Depreciation-Infrastructure Assets	521,228.08	150,420.30



<b>Particulars</b>	<b>2015</b>	<b>2014</b>
Depreciation-Buildings and Other Structures	1,999,001,077.86	1,655,159,714.30
Depreciation-Machinery and Equipment	331,992,621.29	351,449,366.00
Depreciation-Transportation Equipment	18,865,636.05	15,223,325.39
Depreciation-Furniture, Fixtures and Books	281,696,877.43	269,166,650.48
Depreciation-Leased Assets	18,503.23	-
Depreciation - Heritage Assets	-	18,350.00
Depreciation - Other Property, Plant and Equipment	46,380,484.70	64,041,807.68
<b>Total Depreciation</b>	<b>2,699,568,492.03</b>	<b>2,360,312,570.55</b>

## 28.2. Amortization

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
Amortization - Intangible Assets	208,180.78	1,563,925.43
<b>Total Amortization</b>	<b>208,180.78</b>	<b>1,563,925.43</b>

## 28.3. Impairment Loss

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
Impairment Loss-Property, Plant and Equipment	203,438.55	-
Impairment Loss-Other Assets	41,238.01	191,051.60
<b>Total Impairment Loss</b>	<b>244,676.56</b>	<b>191,051.60</b>

## 28.4. Losses

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
Loss on Sale of Biological Assets	199.90	19,973.50
<b>Total Losses</b>	<b>199.90</b>	<b>19,973.50</b>

## 29. Net Financial Assistance/Subsidy

### Financial Assistance/Subsidy from NGAs, LGUs, GOCCs

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
Subsidy from National Government	309,369,147,252.13	270,923,255,124.41
Subsidy from Other National Government Agencies	588,693,487.97	1,063,754,943.52
Assistance from Local Government Unit	98,537,692.51	52,526,529.01
Assistance from GOCCs	47,500.00	-

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
Subsidy from Other Funds	32,005,308.38	521,594,825.34
<b>Total Financial Assistance/Subsidy from NGAs, LGUs, GOCCs</b>	<b>310,088,431,240.99</b>	<b>272,561,131,422.28</b>

**Less: Financial Assistance/Subsidy to NGAs, LGUs, GOCCs, NGOs, POs**

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
Subsidy to National Government Agencies	168,656,136.47	238,793,013.62
Financial Assistance to NGAs	732,100,617.26	2,822,939,889.58
Financial Assistance to LGUs	249,748.75	13,153,430.00
Budgetary Support to GOCCs	-	-
Financial Assistance to NGOs/Pos	41,397,160.93	57,766,555.80
Internal Revenue Allotment	-	50,371.41
Subsidies - Others	23,402,019.09	6,207,757,370.56
<b>Total Financial Assistance/Subsidy to NGAs, LGUs, GOCCs</b>	<b>965,805,682.50</b>	<b>9,340,460,630.97</b>
<b>Net Financial Assistance/Subsidy</b>	<b>309,122,625,558.49</b>	<b>263,220,670,791.31</b>

**30. Other Non-Operating Income**

**30.1. Sale of Assets**

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
Sale of Garnished/Confiscated Abandoned/Seized Goods	6,274.55	47,484.00
<b>Total Sales of Assets</b>	<b>6,274.55</b>	<b>47,484.00</b>

**30.2. Gains**

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
Gain on Sale of Property, Plant and Equipment	26,010.00	88,840.00
Other Gains	9,551,066.04	11,484,789.16
<b>Total Gains</b>	<b>9,577,076.04</b>	<b>11,573,629.16</b>

**30.3. Losses**

<b>Particulars</b>	<b>2015</b>	<b>2014</b>
Loss on Sale of Property, Plant and Equipment	421,693.81	696,739.97
Loss on Sale of Assets	89,476.13	846,436.68
Loss of Assets	951,894.46	3,270,707.82
Other Losses	364,128.92	62,809.04

Particulars	2015	2014
<b>Total Losses</b>	<b>1,827,193.32</b>	<b>4,876,693.51</b>

### 31. Receipt of Cash Allocation

Notices of Cash Allocation (NCAs) received from the Department of Budget and Management are recorded in the Regular Agency (RA) books as well as those income/receipts which the agency are not required to use and are required to be remitted to the National Treasury.

Total NCAs received by the Agency for the year to settle its current and prior years obligations are stated below. The releases are composed of Regular/Budgetary Allocations and Trust Receipts accounts of the Agency.

Region	Amount
I	16,484,965,385.00
II	12,025,538,691.45
III	27,788,513,772.43
IV-A	29,692,027,899.20
IV-B	10,197,311,223.64
V	21,191,155,684.00
VI	27,459,235,437.06
VII	20,876,373,386.99
VIII	18,292,163,110.94
IX	12,116,359,018.44
X	12,829,464,644.83
XI	13,916,489,961.20
XII	12,187,949,103.00
CARAGA	9,637,417,312.20
CAR	6,327,730,230.08
NCR	23,624,334,183.27
OSEC, BU's & CTRS.	31,554,191,302.00
ATTACHED AGENCIES	91,771,072.00
EDPITAF	50,852,481.24
<b>Total NCA Received</b>	<b>306,343,843,898.97</b>

### 32. Reversal of Unutilized NCA

Below is the breakdown of the unutilized NCAs that was reverted back to the National Treasury:

Region	Amount
I	214,484,980.10
II	190,333,466.02
III	950,458,800.41
IVA	830,705,651.26

<b>Region</b>	<b>Amount</b>
IV-B	110,202,600.89
V	319,107,942.42
VI	463,450,362.86
VII	794,017,462.08
VIII	733,323,674.96
IX	262,425,505.73
X	197,799,535.50
XI	1,418,487,985.83
XII	103,239,962.73
CARAGA	448,922,448.20
CAR	155,557,866.43
NCR	349,719,465.23
OSEC, Bureaus, Centers	2,486,730,935.58
Attached Agencies	52,212,272.30
EDPITAF	35,164,394.02
<b>Total Reversal of Unutilized NCA</b>	<b>10,116,345,312.55</b>

### **Division of Zamboanga Sibugay**

The allocation amounting to ₱29 million of the Division of Zamboanga Sibugay represents total lapsed as of the reporting period. This was incurred mainly due to salaries and other benefits which was not paid for the third quarter because of the late submission of documents of the employee's salaries for the quarter and it also include allocation for various unfilled position which amounts to ₱18 million. The employee's benefits was only paid the following month(October) hence we requested for release of NCA to be able to meet our cash requirement for the fourth quarter in time for the payment of year- end bonus. On the other hand the lapse for MOOE was also due to none implementation of the activity for IPED and ABOT ALAM on the scheduled time due to conflict of schedule with other equally important activities that transpired during the period and also because some of the payee's/creditor do not have account numbers/incomplete documentation.

### **Division of Zamboanga del Sur**

Reverted NCA resulted from unfilled positions due to promotion, deceased, and retirement of personnel affected due to Rationalization Plan. This Office waits for the memorandum from the Central Office for the authority to pay prior years' payables and other incentives of personnel services charged to current appropriation and cash allocation. However, unpaid obligations were treated as payables pending receipt of said memorandum. In addition, different programs and projects were programmed on the MDP based from the Work and Financial Plan (WFP) submitted by the respective coordinators. When NCA arrives, the scheduled program is not implemented due to some overlapping activities which have to be given priority.