



Republic of the Philippines
Department of Education
 REGION XI
 SCHOOLS DIVISION OF DAVAO DEL NORTE

DEPED DIVISION OF DAVAO DEL NORTE
 RECORDS SECTION
RECEIVED
 Date: 3/11/2022

March 10, 2022

DIVISION MEMORANDUM
 No. 313, s. 2022

NON-DISCLOSURE OF TRANSFERRED EQUIPMENT IN THE NOTES TO FINANCIAL STATEMENTS

To: MA. LOURDES M. QUESADA
 Accountant III

ALDRIN GEVILA
 Supply Officer II

1. This has reference to AOM No. 22-017-(21) which was issued on March 8, 2022 re "Non-Disclosure by the Division Accountant of the transferred equipment from the Provincial Government of Davao del Norte in the amount of P4,579,999.86 contravened Section 3 Chapter 10 of the Government Accounting Manual and PPSAS 1 -Presentation of Financial Statements, thereby affecting the completeness of the CY 2021 Notes to Financial Statements".
2. In any case, when the Office receives donations especially in the form of equipment, the Supply Officer is hereby instructed to immediately inform the Accounting Unit of the receipt by forwarding to that Unit the needed documents to take up the transfer or donation and subsequently to be acknowledged in the Notes to Financial Statements.
3. For strict compliance.

DEE D. SILVA, DPA, CESO V
 Schools Division Superintendent

Cc:
 Resident COA

For The Schools Division Superintendent

REBECCA C. SAGOT
 - Assistant Schools Division Superintendent





Republic of the Philippines
Department of Education
REGION XI
SCHOOLS DIVISION OF DAVAO DEL NORTE

March 10, 2022

RITA ANGELYN T. TORINO

State Auditor IV

OIC-Regional Supervising Auditor

THRU: **PHOEBE LAINE D. CHINILLA**

State Auditor III

Dear Ms. Torino:

This has reference to AOM No. 22-017-(21) which was issued on March 10, 2022 re "Non-disclosure by the Division Accountant of the transferred equipment from the Provincial Government of Davao del Norte in the amount of P4,579,999.86 contravened Section 3, Chapter 10 of the Government Accounting Manual and PPSAS 1-Presentation of Financial Statements, thereby affecting the completeness of the CY 2021 Notes to Financial Statements".

The Accounting Unit through the Division Accountant, was not informed of the transfer and no supporting documents were forwarded by the Supply Unit to effect the said transfer of the equipment from the Provincial Government of Davao del Norte

The Division Accountant and the Division Supply Officer are already instructed to effect the recommendations given by your end.

Rest assured, that transfer will be taken up this year of 2022.

Very truly yours,

DEE D. SILVA, DPA, CESO V
Schools Division Superintendent

Cc:

Resident COA

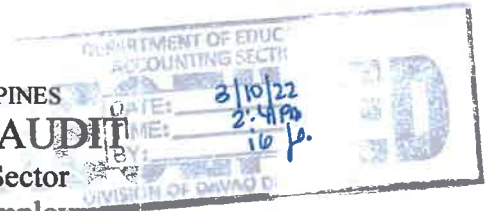
For The Schools Division Superintendent


REBECCA C. SAGOT
- Assistant Schools Division Superintendent





REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
National Government Sector
Cluster 5 – Education and Employment



Office of the Auditor- Audit Team No. R11-14
Department of Education-Division of Davao del Norte
Mankilam, Tagum City

DEPED DIVISION OF DAVAO DEL NORTE
SDS OFFICE
RECEIVED 2:47 PM
By: [Signature]
Date: 3/10/22

AOM No. : 22-017-(21)
Date : March 10, 2022

AUDIT OBSERVATION MEMORANDUM

DEE D. SILVA, DPA, CESO V
Schools Division Superintendent
DepEd-Division of Davao del Norte
Mankilam, Tagum City

Attention: **MA. LOURDES M. QUESADA**
Division Accountant

We have reviewed the financial reports of the Department of Education, Division of Davao Del Norte for the period covered January 1, 2021 to December 31, 2021 and observed the following deficiency:

Non-disclosure by the Division Accountant of the transferred equipment from the Provincial Government of Davao del Norte in the amount of P4,579,999.86 contravened Section 3, Chapter 10 of the Government Accounting Manual and PPSAS 1-Presentation of Financial Statements, thereby affecting the completeness of the CY 2021 Notes to Financial Statements.

Section 3, Chapter 10 of the Government Accounting Manual, Volume I provides the criteria for recognition of Property, Plant and Equipment.

The cost of an item of PPE shall be recognized as assets if, and only if:

- a. it is probable that the future economic benefits or service potential associated with the item will flow to the entity;
- b. the cost or fair value of the item can be measured reliably;
- c. **beneficial ownership and control clearly rest with the government;**
- d. the asset is used to achieve government objectives; and
- e. it meets the capitalization threshold of P15,000.00. xx

Paragraph 93 of PPSAS 1 provides that “An entity shall disclose, either on the face of the statement of financial position or in the notes, further sub-classifications of the line items presented, classified in a manner appropriate to the entity’s operations.”

Inquiry with the Supply Officer disclosed that DepEd, Division of Davao del Norte received the following equipment from the Provincial Government of Davao del Norte (PGO Davao del Norte) totaling P4,579,999.86:

Reference	Supplier	Item	Quantity	Unit Cost	Amount
Purchase Order No. 2021041561 dated April 15, 2021	IMILJIC Marketing Center	Laptop Computers with laptop bag and mouse (usb) <ul style="list-style-type: none"> • Branded Lap top Computer • Core i3 1005g1 • 4GB Ram • 1TB + 128GB SSD • 14" or higher • Windows 10 (SLV) • Lap top Bag • Mouse (usb) 	46 pieces	P34,500.00	P1,587,000.00
Purchase Order No. 2021052211 dated May 28, 2021	Gakken Philippines, Inc.	Duplo Digital Duplicator - Model DP-G225	17 pieces	167,777.77	2,992,999.86
		HP Laserjet Multifunctional Heavy Duty Photocopier	1piece	140,777.77	
		Total			P4,579,999.86

In a verification of the above transfer, the Accountant of PGO Davao del Norte confirmed that the equipment were purchased from the Special Education Fund and it is still recorded in their books.

The Division Accountant prepared the Notes to Financial Statements of DepEd, Division of Davao del Norte for the following PPE account balances as at December 31, 2021:

	Office Equipment	Information and Communication Technology Equipment
Gross Cost	P1,998,172.25	P91,656,628.04
Less: Accumulated Depreciation	(860,851.47)	(47,509,291.80)
Carrying Amount, 12/31/2021	P1,137,320.78	P44,147,336.24

Based on the records of the Supply Officer, the equipment were already distributed to the schools of the Agency. However, in the review of the Notes to the Financial Statements of the Agency, the transferred equipment were not disclosed by


the Division Accountant since the former did not provide the latter of the documents as basis for the recording of transferred property.

In the absence of the Journal Entry Voucher from the PGO Davao del Norte to record the official transfer of the equipment in the books of DepEd, Division of Davao del Norte, the Division Office should disclose the property in the Notes since the Agency already controls the equipment from which future economic benefits or service potential is expected to flow to the Agency and to promote transparency of the transferred equipment received by the Agency for CY 2021.

We recommend that Management instruct the Supply Officer to provide a detailed list of received donated/transferred inventory or property to the Division Accountant for basis of disclosure in the Notes.

May we have your comment/s on the foregoing audit observation within two (2) calendar days from receipt hereof.


PHOEBE LAINE D. CHINILLA
State Auditor III
OIC - Audit Team Leader


RITA ANGELYN T. TORINO
State Auditor IV
OIC-Regional Supervising Auditor

PROOF OF RECEIPT OF AOM No: 22-017-(21) dated March 10, 2022:

Name	Position/Designation	Date	Signature
Dee D. Silva	Schools Division Superintendent		
Ma. Lourdes M. Quesada	Division Accountant		