

PART II - OBSERVATIONS AND RECOMMENDATIONS

FINANCIAL AUDIT

1. **Audit of the NBDB financial statements (FSs) disclosed that the same were free from any material misstatements and are prepared in accordance with the applicable and appropriate financial reporting framework of the Philippine Public Sector Accounting Standards (PPSAS); and thus, becomes the basis in rendering an unqualified audit opinion on the financial position of the Agency as at December 31, 2019 and its financial performance, cash flows, changes in net assets/equity, comparison of budget and actual amounts for the year then ended and notes to financial statements.**

COMPLIANCE AUDIT

Excess allocation of fund in the Agency's Budget Utilization

2. **Contrary to National Budget Circular (NBC) No. 577 dated May 2, 2019, ₱14,249,704.33 or 20 percent of the ₱70,917,869.00 allotments of NBDB in 2019 was not obligated/utilized, and compared with that of the past two years, this year's utilization rate is the lowest, which could be attributed to the deficient programming of funds for the Local Book Publishing Industry Development Program.**

- 2.1 Under NBC No. 577 dated May 2, 2019, departments, bureaus and offices of the NGAs, as a general rule, shall spend what is programmed in their respective appropriations. It highly encouraged, among others, the full budget utilization of each agency and provides for the following guidelines on the release of funds for FY 2019, to wit:

3.0 General Guidelines

3.1 In view of the publication of the FY 2019 GAA, i.e., RA No. 11260, in the Official Gazette on April 29, 2019, all unutilized allotments of agencies as of April 30, 2019 chargeable against the FY 2018 GAA as re-enacted, shall no longer be available for obligation;

3.2 All appropriations authorized under the FY 2019 GAA, as well as programmed automatic appropriations, shall be valid for release and obligation for the purpose specified until December 31, 2019. This validity shall be subject to the pertinent Special and General Provisions of said GAA, the President's Veto Message on the implementation of cash budgeting, as well as other pertinent laws.

2.2 For Fiscal Year (FY) 2019, the NBDB received a total allotment of ₱70,917,869.00, of which ₱56,668,164.67 or 80 percent was obligated, thereby leaving an unobligated balance of ₱14,249,704.33 or 20 percent per Agency's Statement of Appropriations, Allotments, Obligations, Disbursements and Balances (SAAODB) – FAR No. 1 as at December 31, 2019.

2.3 Analysis of allotments and obligations of the NBDB showed that the rate of incurrence of obligations of the Agency had consistently decreased since 2017, from 94 percent down to 80 percent in the current year, and the unobligated amount primarily pertains to the MOOE, details are as follows:

Type of Expenditure	Allotments Received (₱)	Obligations Incurred (₱)	Percentage of Obligations Incurred	Unobligated	
				Amount (₱)	Percentage
2019					
PS	26,209,453.00	26,088,229.66	99.54	121,223.34	.46
MOOE	44,279,416.00	30,179,843.83	68	14,099,572.17	32
CO	429,000.00	400,091.18	93	28,908.82	7
Total	70,917,869.00	56,668,164.67	80	14,249,704.33	20
2018					
PS	23,091,044.00	23,082,182.87	99	8,861.13	1
MOOE	25,060,000.00	21,538,294.07	86	3,521,705.93	14
CO	656,000.00	650,430.18	99	5,569.82	1
Total	48,807,044.00	45,270,907.12	93	3,536,136.88	7
2017					
PS	21,555,873.00	21,409,148.39	99	146,724.61	1
MOOE	23,184,805.75	20,823,630.37	90	2,361,175.38	10
CO	2,066,502.12	1,888,568.41	91	177,933.71	9
Total	46,807,180.87	44,121,347.17	94	2,685,833.70	6

2.4 The details of the unobligated allotments of ₱14,249,704.33 in FY 2019 are the following: a) MOOE from Regular Appropriations for General Administration and Support (GAS) and NBDB Operations for Local Book Publishing Industry Program totaling ₱14,099,572.17; b) CO for GAS of ₱28,908.82; and c) PS for GAS, Automatic Appropriations, and Special Purpose Fund totaling ₱121,223.34.

2.5 The unobligated amount of the PS of ₱121,223.14 is attributed to Transportation Allowance (TA), Honoraria, Collective Negotiation Agreement (CNA) Incentive, Retirement and Life Insurance Premiums (RLIP) and Miscellaneous Personnel Benefits Fund, while ₱28,908.82 of unobligated CO pertains to Other Machinery and Equipment.

2.6 The unobligated MOOE amount of ₱14,099,572.17 comprised mainly of Travelling Expenses, General Services, Other General Services, Other MOOE, Representation Expenses, and Operating Lease. Moreover, notwithstanding the continuous decreasing trend in the MOOE utilization rate and having the significant component of the total unobligated amount in FY 2019, NBDB's

MOOE has the highest percentage of allotment increase in the same year, from ₱25,060,000.00 to ₱44,279,416.00 or 77 percent for its programs and activities, particularly those relating to the Local Book Publishing Industry Development Program, the Agency's flagship program, as shown below:

Increase (Decrease) in the Allotments

	PS	MOOE	CO
2019			
Allotments	26,209,453.00	44,279,416.00	429,000.00
2018			
Allotments	23,091,044.00	25,060,000.00	656,000.00
Increase/(Decrease)	3,118,409.00	19,219,416.00	(227,000.00)
Percentage of Increase/(Decrease)	14	77	(35)

Decrease in the Utilization Rate

	PS	MOOE	CO
2019			
Allotments	26,209,453.00	44,279,416.00	429,000.00
Disbursements	25,542,125.00	25,268,592.47	342,891.18
% of Utilization	97	57	80
2018			
Allotments	23,091,044.00	25,060,000.00	656,000.00
Disbursements	22,530,784.20	16,396,996.46	650,430.18
% of Utilization	98	65	99
2017			
Allotments	21,555,873.00	23,184,805.75	2,066,502.12
Disbursements	20,226,787.18	18,232,398.69	825,791.73
% of Utilization	94	79	40

2.7 Except for the percentage increase in the number of manuscripts/titles by NBDB registered authors/publishers, which fell short by 40 percent, the NBDB's Accomplishment Report as of December 31, 2019 showed that targeted projects/activities under Capacity Building and Trade Promotion Incentives such as book fairs, Booklatan sa Bayan, training workshop and those under Policy Development, Research, Information System Management, and Information Campaign were carried out as planned by the Agency. However, the total amount of expenses incurred was way lower than the allotments received during the year, thus resulted in unutilized MOOE funds at year-end. Hence, this may indicate that the NBDB had overestimated the funding requirement for the said activities in its budget proposal, which was used as the basis for the appropriations provided to the Agency in Fiscal Year 2019.

2.8 Management submitted the following justifications on the unutilized amounts:

PPAs	Amount (in Pesos)	Justification/Explanation
General	PS – 121,223.34	The unused amount under Personnel

PPAs	Amount (in Pesos)	Justification/Explanation
		and professional fees due to the reduction in the number of NBDB staff sent to the regions for implementation and the decrease in the number of commissioned resource persons. Also, some of the logistical needs of the activities were shouldered by partner agencies/institutions.
Administration of Awards, Grants, and Incentives	MOOE – 332,898.87	<p>A workshop for TADFI processes was not implemented but was replaced by the monitoring of TADFI grantees. Expenses incurred (representation) for the monitoring and DOF visits were not charged to the project since the personnel involved have RATA to use.</p> <p>Also, the cost incurred for postage and courier, to be used for book donations, was minimal which resulted in a significant savings amount.</p>
Policies Developed, Research Conducted, Information Systems Developed and/or Managed, and Information Campaigns Conducted	MOOE – 1,055,486.16	<p>A large portion of the savings in the 2019 NBDB Annual Report came from the Printing and Publication item. The NBDB annual report will be published online (by the end of February 2020) hence, the unused budget from the line item.</p> <p>Most of the savings in the Registration of Book Industry Stakeholders were from Postage and Delivery and Printing and Publication.</p> <p>Savings from Postage and Delivery was due to the low number of certificate deliveries to registrants as this is only allowed if an applicant is from outside Metro Manila. Also, registrants from nearby regions chose to drop by the office and personally pick up the certificates.</p> <p>Printing and Publication budget was not maximized because the agency minimized the printing of collaterals</p>

PPAs	Amount (in Pesos)	Justification/Explanation
		<p>for registration as it was, still is, finalizing the NBDB e-registration system. It is more cost beneficial if collaterals to be produced will include information about the new e-registration system.</p> <p>A Project Development Assistant for ITIR Division who was supposed to handle the Industry Research and Data Gathering wasn't hired until the 2nd semester of 2019 which resulted in an unutilized budget for Other General Services.</p> <p>Also, some supplies needed by the project were taken from the available supplies of the Agency.</p>
Total	₱14,249,7704.33	

2.9 We recommended that Management plan and identify properly the activities intended to be undertaken and provide realistic budget estimates for its programs and projects to improve budget utilization rate, avoid excess allocation of funds and assure the efficient and effective apportionment of government resources.

2.10 Management mentioned in their reply to the AOM that majority of the unutilized amount of ₱10,940,545.00 in MOOE and CO as per submitted copy of Negative SARO No. SARO-BMB-F-20-0012119 dated June 23, 2020 was contributed to the Bayanihan Act (RA 11469) to fight the spread of the infectious disease known as the Corona Virus Disease 2019 (COVID-19), an emergency health situation in the country. The remaining amount was used to augment the rental expense for FY 2020 because of the transfer to a bigger office space/location in Quezon City from the temporary office area in Pasig City.

Non-adherence to RA No. 9521 or the National Book Development Trust Fund (NBDTF) Act

3. Minimal disbursements of only ₱100,000.00 or 1.20 percent in favor of only two grantees in CY 2018 and none in CY 2019, out of the total interest income of ₱8,366,132.45 earned from the Trust Fund (TF) for CYs 2018 to 2019, indicate non-adherence to the purpose for the creation of the TF, which is specifically intended for grant awards for promoting the Filipino authorship and support to local publication, as provided in RA No. 9521 or the NBDTF Act.

3.1 Section 3 of RA No. 9521 or the NBDTF Act provides that:

- NBDTF is established exclusively for the support and promotion of Filipino authorship especially in science and technology and in subject areas wherein locally authored books are either few or non-existent.
- Only the interest drawn from the Fund shall be awarded as grants to promote Filipino authorship and to support the completion of local manuscripts or research works for publication.
- The NBDB shall be the administrator of the Fund. It was further expressed under Rule III, Section 4 of the Implementing Rules and Regulations (IRR) of the Act that as such, NBDB shall prepare guidelines and decision-making mechanisms related to the Fund.

3.2 Rule IX, Section 1 of the IRR declared that the Board may, from time to time, promulgate additional issuances, policies, and guidelines, for the effective implementation of the Fund and its IRR, which shall thereafter form an integral part of the IRR.

3.3 In the awarding of grants to eligible author-grantees of the Trust Fund, an Advisory Committee will be organized to evaluate the manuscript proposals per designated category or subject matter. The Board (and partner LGU, if applicable) shall make public announcements on the deadlines for proposals and applications for grants, which may specify the subject areas for a specific year available for funding. The Advisory Committees shall evaluate applications per category, and recommend to the NBDB Governing Board the winning proposals that merit the giving of a grant and the recommended amount for approval. The Board shall have the authority to decide with finality the grantees in any given year and the specific amounts to be granted upon endorsement of the advisory committee concerned. The NBDB shall announce the names of the winning applicants and manuscript proposals.

3.4 Transactions related to the Fund were recorded under Investments in Treasury Bonds – Local, Interest Income and Unrealized Gain/(Loss) while Other Professional Services paid for reviewers and expenses for committee meetings, honoraria and other related expenses were sourced from the NBDB's Maintenance and Other Operating Expenses (MOOE) budget for the covered year in accordance with Rule IV, Section 3 (f) of the IRR, which states:

“Expenses for advisory committee meetings, honoraria and other related expenses shall be sourced from the NBDB's Maintenance and Other Operating Expenses (MOOE) budget for the covered year.”

3.5 Post-audit and confirmation of submitted reports and documents for CYs 2018 to 2019 on the Trust Fund, being maintained with the Land Bank of the

Philippines (LBP), revealed the proper and accurate posting of transactions, authorization including the verification of existence of the Investment account. Withdrawals/utilizations made therefrom were in accordance with the existing guidelines; thus supporting the balances as of December 31, 2019 of the accounts Investments in Treasury Bonds – Local amounting to ₱133,735,492.40, and Unrealized Gain/(Loss) of ₱721,995.13 and the Interest Income for the years ended December 31, 2018 and 2019 totaling ₱8,366,132.45.

- 3.6 However, it was noted that there were only two payments of awards made in CY 2018 representing the last tranche (25%) of the grants for the two NBDTF 2015 awardees. Moreover, non-implementation of the NBDTF 2019 and non-issuance of awards to supposed grantees were noted. The details are as follows:

Fund Release	Grantees		Total
	Prima Lou Imperial	Dinah Roma	
Approved Grant	₱200,000.00	₱200,000.00	₱400,000.00
Category	Food Science and Technology/Organic Agriculture/Sustainable Agriculture/Agritourism titled "I go for Organic! Organic Farming Practitioners in the Philippines"	Local History and Culture titled "Weaving Basey: A Poet's History of Home"	
<i>Last Tranche (25%) - 2018</i>	₱50,000.00	₱50,000.00	₱100,000.00

- 3.7 Scanned copies of the required supporting documents on the above payments adequately support the claims for the last tranche of grants, except for the copy of the Final Evaluation Report from the Advisory Committee on Ms. Imperial's submitted manuscript.
- 3.8 Moreover, the Other Professional Services totaling ₱45,000.00 were paid in CY 2018 that came from the last tranche (25%) intended for the reviewers of the submitted manuscript proposals under the category "Local History and Culture", as shown below:

DV No.	Date	Payee	Gross Amount
2018-04-178	04/12/2018	Maria Karina A. Bolasco	₱15,000.00
2018-04-177	04/12/2018	Jose Victor Torres	15,000.00
2018-04-180	04/12/2018	Emmanuel Franco Calairo	15,000.00
Total			₱45,000.00

- 3.9 On the other hand, we had observed that no projects/activities belonging to NBDTF 2019 were undertaken by the Management. No grants were provided to the intended grantees in CY 2019. Justification letter dated March 12, 2020 for the non-implementation of NBDTF was sent to the Audit Team thru email on April 30, 2020 by the Management. They explained that it was due to

difficulty in convening the Advisory Committee members who were expected to conduct the selection and evaluation of grantees. In addition, the deadline of submission was scheduled on September 30, 2019, however, not all submissions were completed on the even date. It was only accomplished in November 2019 as well as the identification of the composition of the Evaluation Committee for each category, which was proposed to the Governing Board for approval.

3.10 The Advisory Committee members were approved with the exception of the experts and professionals belonging under the proposed Curriculum Development. The Management had consistently communicated with the members for their confirmation, however, as of January 2020, only three out of 15 members gave their confirmation. To date, they still have to convene themselves as a body to evaluate the manuscript submissions. It was also mentioned that the schedules and commitments of the Advisory Committee are beyond its control as the members are external to its organization. The selection and evaluation cannot push through without the complete composition of the Advisory Committee for each category, hence the delay in the awarding of the grants.

3.11 Moreover, we have noted that the NBDB had not taken adequate actions on how to fully address the aforementioned issues. The Board could have conducted a thorough evaluation on how to improve their procedures in creating the Advisory Committee and facilitates the awarding of grants. Results of their evaluation may be used as a basis in promulgating amendments to the existing IRR of the RA No. 9521 in order to effectively improve the Agency's performance in providing grant awards to intended author-grantees.

3.12 With this implementation setbacks, the full attainment of the purpose of the establishment of the NBDTF as mandated under RA No. 9521 was not ensured. It affected, among others, the granting of the fund to eligible Filipino authors as a government support contemplated in the same law.

3.13 **We recommended that, in order that the purpose of the establishment of the Fund in supporting and promoting Filipino authorship is attained, Management, as Fund Administrator of the NBDTF:**

- a) **issue additional policies and guidelines for the effective and efficient implementation of the Fund as required under Rule IX, Section 1 of the IRR;**
- b) **exert efforts in contracting and completing the Advisory Committee members for each category;**
- c) **require the applicants to comply within the set deadline of the submission of manuscripts, and immediately provide any lacking**

documents to avoid further delay in the review of the proposals and awarding of grants; and

- d) submit to the Audit Team a copy of the Final Evaluation Report by the Advisory Committee on Ms. Prima Lou Imperial's submitted manuscript.**

3.14 Management commented that NBDTF is, at all times, for the support and promotion of Filipino authorship. Part of their strategies being developed now is opening the grant to more categories. In this way, NBDB will be able to accommodate more prospective grantees. They will also review the IRR and recommend updates, if found to be necessary, to the Governing Board for their deliberation and decision. Moreover, the NBDB Secretariat has submitted the list of complete Advisory Committee members to the Board and is now being ranked. The Management likewise stated on their reply to the AOM that they will strive to require the applicants to comply within the set deadline of the submission of manuscripts. Lastly, the needed supporting document for the last tranche of the grant of Ms. Prima Lou Imperial was also provided.

OTHER COMPLIANCE ISSUES

Compliance with Property Insurance Law

- 4. NBDB has complied with RA No. 656 or the Property Insurance Law. Its properties were insured with the GSIS under Fire Insurance Policy No. F1-NM-GSISHO-0031947 for the period February 24, 2019 to December 31, 2019.**

Gender and Development (GAD)

- 5. The NBDB had allocated ₱2,650,000.00 or 3.74 percent only of its total appropriations of ₱70,917,869.00 for GAD-related programs/activities, in violation of Sections 2.3 and 6.1 of the PCW-NEDA-DBM Joint Circular No. 2012-01. However, the total disbursements incurred amounting to ₱3,946,555.30 had exceeded the approved GAD Budget of the Agency for CY 2019 which is 5.56 percent of the total appropriations. Moreover, despite of the higher actual expenditures than the budgeted amount two out of nine planned GAD activities were not implemented and one activity was partially done only during the year.**

- 5.1 Pertinent provisions provided under Sections 2.3 and 6.1 of the PCW-NEDA-DBM Joint Circular No. 2012-01 or the Guidelines for the Preparation of Annual GAD Plan and Budget (GPB) and Accomplishment Reports (ARs) to Implement the Magna Carta of Women (MCW) are the following:

Section 2.3. Pursuant to the MCW and the General Appropriations Act (GAA), all government departments, including their attached agencies,

offices, bureaus, state universities and colleges (SUCs), government-owned and controlled corporations (GOCCs), local government units (LGUs) and other government instrumentalities shall formulate their annual GPBs within the context of their mandates to mainstream gender perspectives in their policies, programs and projects. GAD Planning shall be integrated in the regular activities of the agencies, the cost of implementation of which shall be at least five percent (5%) of their total budgets. The computation and utilization shall be implemented in accordance with the specific guidelines provided therein.

Section 6.1. At least five percent (5%) of the total agency budget appropriations authorized under the annual GAA shall correspond to activities supporting GAD plans and programs. The GAD budget shall be drawn from the agency's maintenance and other operating expenses (MOOE), capital outlay (CO), and personal services (PS). It is understood that the GAD budget does not constitute an additional budget over an agency's total budget appropriations.

5.2 For FY 2019, the allocated budget for GAD related PAPs is ₱2,650,000.00 or 3.74 percent only of its adjusted appropriations of ₱70,917,869.00. Nonetheless, the accomplishment report (AR) submitted to the Audit Team showed favorable and effective implementation of the PAPs with utilization rate of 5.56 percent or ₱3,946,555.30 of its FY 2019 appropriations, thus exceeding the allocated GAD budget.

5.3 Further evaluation of NBDB's GAD AR disclosed that two out of nine formulated GAD activities with a budget totaling ₱400,000.00 were not implemented and one activity was partially done for the year.

5.4 **We recommended that Management:**

- a. **allocate at least five percent of the Agency's total budget appropriations for GAD activities which can be fully implemented to address existing gender related issues in the Agency; and**
- b. **submit to the Audit Team justification for the incurrence of expenditures in excess of the budget and the non/partial implementation of three GAD planned activities.**

Senior Citizens and Differently-abled Persons

6. The NBDB complied with Section 33 of the General Provisions (GP) of the GAA for FY 2019 in the implementation of programs/activities for senior citizens and differently-abled persons.

6.1 Section 33 of the GP of GAA for FY 2019 states that “All agencies of the government shall formulate plans, programs and projects intended to address the concerns of senior citizens and persons with disability, insofar as it relates to their mandated functions, and integrate the same in their regular activities.”

6.2 Report submitted to the Audit Team disclosed the following programs and activities conducted by the Agency for senior citizens and differently-abled persons for FY 2019 costing ₱1,084,791.30:

No.	Activity	Budget	Actual	Venue	Date	Accomplishment
1	Read Aloud in Bulacan	₱35,000.00	₱16,576.14	Balagtas Hall, Capitol Convention Center, Malolos City, Bulacan	February 20, 2019	The audience in this activity were differently-abled children and daycare children from different districts of Bulacan. Two stories entitled "Ang Mahiyaing Manok" and "Just Add Dirt" were read by Teacher Dyali. There were also games, singing, and prizes for children.
2	Read Aloud in Leyte	109,320.00	100,799.98	San Joaquin Barangay, Palo, Leyte	April 10, 2019	Audience were differently -abled children.
3	Read Aloud in Tacloban City			Price Mansion, Tacloban City	April 10, 2019	Audience were elderly citizens.
4	Read Aloud in Calbayog City			Calbayog City	April 11, 2019	Audience were out-of-school youths.
5	Read Aloud in Leyte			Office of the Federation of Senior Citizen Association of Villaba, Villaba, Leyte	April 12, 2019	Audience were elderly citizens.
6	Philippine International Literary Festival	997,441.00	967,415.18	Great Eastern Hotel, Diliman, Quezon City	June 14-15, 2019	"Publishing Accessible Books for Persons with Disability (PWDs)" session discussed how to publish books for PWDs and its impact to the target group.
Total		₱1,141,761.00	₱1,084,791.30			

Remittances to GSIS, BIR and Pag-IBIG

7. For CY 2019, the Agency has faithfully deducted from the salaries of its personnel the required taxes and premiums and remitted total taxes of ₱3,235,053.45, GSIS deductions of ₱4,592,634.26 and Pag-IBIG deductions of ₱407,075.69 as well as the government share within the prescribed period to the concerned institutions or agencies as summarized below.

Area	Account Affected	Status
Compliance with Tax Laws	Due to BIR	Out of the gross total of ₱3,214,695.25 tax withheld, ₱3,235,053.45 was remitted to BIR as of December 31, 2019. The ending balance of (₱20,358.20) represents over remittance made to BIR from a resigned employee in CY 2019 and was refunded to that employee in CY 2020. Taxes withheld in December 2019 amounting to ₱603,843.21 was recognized in the books in the same period, while Tax Remittance Advice was submitted to BIR on January 10, 2020 for the amount of ₱457,835.96 and the remaining balance of ₱146,007.25, on January 17, 2020.
Deduction and Remittance of GSIS Premiums	Due to GSIS	Verification of the total GSIS contributions for remittance for CY 2019 disclosed that the total amount of ₱4,592,634.26 withheld payroll deductions was remitted to GSIS, in compliance with Section 6 (b) of RA No. 8291 or the GSIS Act of 1997 on the remittance of compulsory contributions including GSIS loans of the employees.
Deduction and Remittance of Pag-IBIG Premiums	Due to Pag-IBIG	The Management remitted to Home Development Mutual Fund (HDMF)/Pag-IBIG the total payroll deductions of ₱407,075.69, in accordance with Section e (4) of the HDMF Circular No. 275 dated January 22, 2010 on the remittance of compulsory contributions.

Status of Settlement of Audit Suspensions, Disallowances and Charges (SASDC)

8. Management failed to enforce settlement of audit disallowances of ₱92,400.00, contrary to Sections 7.1 and 7.2 of COA Circular No. 2009-006 dated September 15, 2009.

8.1 Sections 7.1 and 7.2 of COA Circular No. 2009-006 dated September 15, 2009 state, among others, that:

7.1 Responsibility of the Agency Head

7.1.1 a) xxx;

b) the settlement of disallowances and charges is made within the prescribed period xxx.

- 7.1.2 The head of the Agency shall initiate the necessary administrative and/or criminal action in case of unjustified failure/refusal to effect compliance with the foregoing requirements by subordinate officials. Gross negligence in disciplining subordinates who are the subject of repeated adverse audit findings shall subject the officials concerned to disciplinary action by the proper authorities as the evidence may warrant.
- 7.1.3 He shall enforce the COA Order of Execution (COE) by requiring the withholding of salaries or other compensation due the person liable in satisfaction of the disallowance or charge.
- 7.1.4 He shall ensure that all employees who are retiring or transferring to other agencies shall first settle the disallowances and charges for which they are liable.

7.2 Responsibility of the Agency Accountant

- 7.2.1 The Chief Accountant, Bookkeeper or other authorized official performing accounting and/or bookkeeping functions of the audited agency shall ensure that:
 - a) xxx;
 - b) the audit suspensions, disallowances and charges including their settlements, are properly monitored and reconciled with the SASDC issued by the Auditor in accordance with these rules;
 - c) the disallowances and charges that have become final and executory as contained in the Notice of Finality of Decision (NFD) are recorded in the books of accounts, and settlements thereof under the NSSDC are dropped therefrom; and
 - d) the subsidiary ledgers/records are maintained and properly updated for each official/employee determined to be liable/responsible for the amount disallowed/charged/suspended.

8.2 Moreover, the 2009 Revised Rules of Procedure of the COA (RRPC) provides that the disallowance shall be settled within six months from receipt of the Notice of Disallowance (ND) by the person/s liable.

8.3 The balance of the Account Receivables-Disallowances/Charges of ₱92,400.00 as at December 31, 2019, as shown below, consists of the disallowed payment for Economic Relief Assistance Package (ERAP) granted in CY 1999 and Rice

and Transportation Subsidy paid from June to December 2008 to persons liable who were already resigned/dropped from the roll without securing their clearances.

Notice of Disallowance No.	Date	Balance as of December 31, 2019
2000-101-001 (99)	March 10, 2000	₱ 36,400.00
2009-001	January 18, 2010	56,000.00
Total		₱ 92,400.00

- 8.4 **We recommended that Management enforce settlement of the disallowance as required under Sections 7.1 and 7.2 of COA Circular No. 2009-006 dated September 15, 2009 and the 2009 RRPC.**