



Republic of the Philippines
Department of Education
REGION VIII - EASTERN VISAYAS

July 11, 2023

REGIONAL MEMORANDUM

ESSD-2023- **727**

**SUBMISSION OF JUSTIFICATION/EXPLANATION ON THE AUDIT
OBSERVATIONS AND RECOMMENDATIONS**

To: Schools Division Superintendent of Borongan
Schools Division Superintendent of Eastern Samar
All Others Concerned

1. Attached is an unnumbered DepEd Memorandum dated July 10, 2023, from Nenneth Esplana-Alama, PhD., Director IV, Bureau of Learner Support Services, DepEd Central Office, Pasig City requesting to submit the justification/explanation and status of response or compliance to the Audit Observation Memorandum (AOM) on the implementation of School-Based Feeding Program (SBFP) on or before July 12, 2023.
2. To facilitate the submission process, we kindly ask to send the AOM status report to the BLSS-School Health Division, Attention: SBFP Team, via email at sbfp@deped.gov.ph.
3. Should you have any concerns or queries regarding this matter, Mr. Ferdinand M. Nunez, Technical Assistant II, may be reached at sbfp@deped.gov.ph or 09175620849.
4. Immediate dissemination of and compliance with this Memorandum are desired.

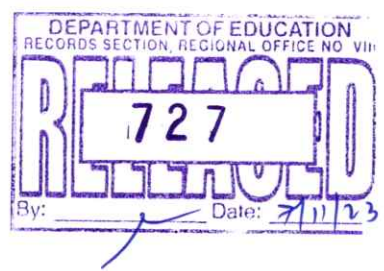

EVELYN R. FETALVERO, CESO IV
 Regional Director

Enclosures: As stated
References: As stated

To be indicated in the Perpetual Index under the following subjects:

AOM SBFP SUBMISSION

ESSD-SHS-ALSL



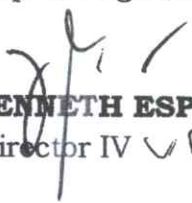


Republic of the Philippines
Department of Education
BUREAU OF LEARNER SUPPORT SERVICES

Office of the Director

MEMORANDUM

FOR : **REGIONAL DIRECTORS**
SCHOOLS DIVISION SUPERINTENDENTS
SBFP TECHNICAL WORKING GROUPS
DepEd Regions I – XII, CARAGA, CAR and NCR

FROM :  **NENNETH ESPLANA-ALAMA, PhD**
Director IV ✓✓

SUBJECT : **SUBMISSION OF JUSTIFICATION/EXPLANATION ON THE AUDIT**
OBSERVATIONS AND RECOMMENDATIONS

DATE : **10 JULY 2023**

This is in reference to the Audit Observations and Recommendations released by the Commission on Audit (COA) for CY 2022 regarding the implementation of the School-Based Feeding Program (SBFP) nationwide. As the urgency of the matter requires immediate attention, we kindly request the cooperation of the concerned regions/divisions in providing us with the justification/explanation and status of response or compliance to the Audit Observation Memorandum (AOM) on or before July 12, 2023.

To facilitate the submission process, we kindly ask that you send the AOM status report to the BLSS-School Health Division, Attention: SBFP Team, via email at sbfp@deped.gov.ph. Attached is the Summary of Audit Observations and Recommendations for ready reference.

Should you have any concerns or queries regarding this matter, please do not hesitate to contact Mr. Ferdinand M. Nunez, Technical Assistant II, at the above email address or by calling 0917-5620849.

Appendix 3-1. Summary of Audit Observations and Recommendations

Agency : DEPARTMENT OF EDUCATION Prepared by : REGEN B. VOLOSO Audit Team Leader Date: July 7, 2023
 Period : CALENDAR YEAR (CY) 2022 Approved by : IMELDA G. CELSO Supervising Auditor Date: July 7, 2023

A. Matrix of Financial Audit Observations and Recommendations

1	<p>For CY 2022, the attainment of the projected outputs of the Department was not fully ensured when out of total adjusted allotments of P658,536,689,007.69 received by CO and 16 ROs during the FY 2022, P625,964,803,878.37 or 95.05 percent was obligated, leaving an unutilized balance of P32,571,885,129.32 or equivalent to 4.95 percent of the total allotments as at year-end, which was not availed due to the procedural lapses in its budget utilization such as: (a) unutilized allotment of CO, NCR, CAR, ROs I, IV-B, V, XI, XII, and XIII which was mainly caused by the delayed/partial/non-implementation of various programs, projects and activities (PPAs) and Personnel Services (PS) funds which was attributable to the unfilled plantilla position, and other personnel benefits of the teaching and non-teaching of DepEd; and (b) unutilized Notice of Cash Allocation (NCAs) totaling P130,279,475.90 in NCR and RO XII.</p> <p>Moreover, other deficiencies related to budget utilization were also noted, such as (a) obligations incurred without valid and legitimate claim; and (b) unauthorized re-alignment of funds, among others.</p>	<p>We recommended and Management agreed to require the concerned offices to:</p> <ul style="list-style-type: none"> a. maximize the utilization of the budget and disbursement of NCAs it received within the period of its validity to ensure that the optimum results and benefits derived from the funds would be realized; b. observe efficiency in the implementation of the programs/activities/projects to fully achieve the objectives and address the needs of its intended beneficiaries; c. intensify the hiring of unfilled plantilla positions for teaching and non-teaching personnel of the SDOs/IUs/Non-IUs through publication of the vacant positions; <p>CO to-</p>	<p>See Annex A.</p>
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- d. conduct thorough annual planning to ensure that targets set for procurement and implementation of DepEd's PPAs are realistic and feasible;
- e. identify and address lapses in the Agency's procurement process to ensure timely delivery of equipment, tools and learning resources to intended recipient schools; and
- f. present a catch-up action plan including interventions on the programs/projects/activities with unutilized/underutilized allotments in FY 2022;

NCR and RO XII to-

- g. stop immediately the obligation of funds without legitimate claimants and transferring the same from MDS to current account;

CAR to -

- h. submit written explanation for the obligation of the amount of P805,000.00 despite the non-completion of the procurement process and incomplete documentation;
- i. coordinate with DepEd CO to download funds only for activities that are certain to be conducted for the current year to avoid

under-utilization of the budget of under-spending of funds;

- j. that the procurement documents for each project be prepared earlier so as not to cause delay in the project implementation;

RO II - SDO of Santiago City to -

- k. provide details of the computed cash deficiency amounting to P32,572,165.09 and the corresponding justification with supporting documents for the non-utilization of funds amounting to P26,691,692.14;

RO V SDO's Catanduanes and Masbate City & Province to -

- l. address the factors impeding the efficient utilization of the budget and disbursement of its funds and observe the period of its validity to ensure that the optimum results and benefits would be realized;

- m. direct the accountant to require the concerned officials and employees to hasten the preparation of the DVs and their supporting documents to facilitate immediate payment of claims to avoid reversion of unutilized cash allocation to the BTr during a given quarter; and

RO XII to --

n. submit the MAF and strictly abide by Section 78 of the GP of GAA for FY 2022 Par. 5.1 of NBC 587 by seeking first approval for modification of allotments before certifying that allotment was available and obligated for the purpose to avoid payment of expenditures without approved modification of allotment.

Deficiencies in the preparation of POWs for DepEd-Implemented Infrastructure Projects

We recommended that the Management of RO III:

- a) instruct the SDO Engineers to comply with the corresponding rules and regulations in the preparation of ABC, technical specifications, plans, and POW Detailed Estimates for all infrastructure projects;
- b) require the School Head to exercise diligent supervision and monitoring in the implementation of all projects especially the projects on repairs and rehabilitation. Make sure that all repair projects are done satisfactorily before signing the certificate of acceptance and completion.

Deficiencies in the implementation of Repair and Rehabilitation of School Buildings

See Annex B

Deficiencies in the implementation of Electrification Projects

Basic Education Facilities Fund

The BEFF Programs - Repair and Rehabilitation of Schools Buildings, Upgrading of Electrical System and School Furniture Program of 14 ROs were not efficiently and effectively carried out given the several implementation setbacks during its execution contrary to existing laws and regulations.

Summary of Deficiencies re: Implementation of BEFF Program

Deficiencies		Regions
a	Deficiencies in the preparation of the Program of Works (POWs) for DepEd Implemented Infrastructure Projects	III
b	Deficiencies in the implementation of Repair and Rehabilitation of School Buildings	
i	Discrepancies in the actual work performed as against the approved POW and actual accomplishment and poor implementation of some aspects of the repair/rehabilitation	CAR, I, III, IV-A, IV-B, X, XI
ii	Non-Completion/Delayed Completion of Projects	CAR, II, III, IV-A, IV-B, X, XII, XIII
iii	Other deficiencies	I, IV-A, IX

<p>c</p>	<p>Deficiencies in the implementation of Electrification Projects</p>	<p>See Annex B <i>Deficiencies in the implementation of BEFF – Furniture and Fixtures</i></p>	<p>In their letter dated August 18, 2022, the NCR-ROP justified the granting of approved multiple delivery time extensions to the cooperative's requests for time extensions as the reasons cited for the requests are due to COVID-19 pandemic and the imposition of government lockdown/restrictions.</p>
<p>i</p>	<p>Discrepancies in the actual work performed as against the approved POW and some aspects of repairs/rehabilitation were carried out poorly</p>	<p>We recommended the Management of DepEd NCR-ROP to impose/collect liquidated damages against the Multi-Purpose Cooperative for each day of delay. For future programs/projects, we also recommended that Management create a Team to regularly monitor the timely delivery of procured goods to ensure the efficient and timely attainment of the programs/projects.</p>	<p>Henceforth, the Audit Team further recommended that Management of NCR-ROP properly evaluate and document all the Suppliers' request for time extension if justified and valid, before granting favorable consideration.</p>
<p>ii</p>	<p>Non-Completion/Delayed Completion of Projects</p>	<p></p>	<p></p>
<p>d</p>	<p>Deficiencies in the implementation of BEFF – Furniture and Fixtures</p>	<p></p>	<p></p>
<p>i</p>	<p>Delayed deliveries of items by contractors/suppliers and Non-imposition of Liquidated Damages</p>	<p></p>	<p></p>
<p>ii</p>	<p>Grant of extension period longer than what is allowed</p>	<p></p>	<p></p>
<p>iii</p>	<p>Non-compliance with the prescribed manner of allocation of budget and prescribed materials to be used</p>	<p></p>	<p></p>
<p>iv</p>	<p>Other deficiencies</p>	<p></p>	<p></p>
<p></p>	<p></p>	<p>We recommended and Management of NCR-ROP agreed to direct the Bids and Awards Committee (BAC) to properly verify and evaluate during post-qualification the operating capacity of machines/equipment and other technical requirements.</p>	<p>See Annex B.</p>
<p></p>	<p></p>	<p>We recommended and the Management of RO XI (ROP) agreed to submit justifications as to why:</p>	<p></p>

	<p>a) the manner of budget allocation as prescribed in Item 1, Enclosure No. 3 of DO No. 35, s. 2017 and special provision no. 4 (c) of the GAA for the FY 2017 were not followed; and</p> <p>b) the ITB did not specify the specie of wood and the necessary treatment that should have been done to assure the quality of the materials used.</p> <p><i>Other Deficiency</i></p> <p>We recommended the Management of SDO IGACOS to:</p> <p>a) direct the Accountant to record the receipt and transfer of the Semi-Expendable Properties to the IUs; and</p> <p>b) direct the Supply Officer to prepare an Inventory Transfer Report and forward the same to the recipient IUs, together with the JEV for the dropping of the said Semi-Expendable properties in the books of the Division, to facilitate proper transfer of properties.</p>	
<p>3</p> <p><i>Learning Tools and Equipment</i></p> <p>The provisions for the Science and Mathematics Equipment (SME) and Technical-Vocational Livelihood (TVL) tools and equipment intended for public schools with total allocated budget of P3,798,412,478.72 sourced from the current and continuing appropriations of the Agency were not realized when the program registered a low budget and disbursement utilization rates of only 14.54 percent and 37.51 percent, respectively. Likewise, the following deficiencies were observed in the implementation of the programs: a. non-accomplishment of targets; b. undelivered goods and non-availability of remedies to protect the interest of Agency; c. non-conformance with technical</p>	<p>We recommended that the Management:</p> <ul style="list-style-type: none"> ● <u>On deficiencies noted in Fund Utilization:</u> <i>DepEd Central Office/Main -</i> <ol style="list-style-type: none"> a) fast-track the implementation of the remaining contracts to maximize the utilization of the funds for the LTE program; 	<p>See Annex C</p>

specifications; and d. other related deficiencies/observations. Moreover, failure to deliver the SMEs to recipient schools by the third-party logistics service-provider, bears on the DepEd's realization of the timely distribution of these much-needed items designed to advance the learnings in Science and Mathematics subjects and the technical-vocational skills nationwide. Further, the non/poor monitoring by the Bureau of Learning Resources (BLR) and Contract Management Division (CMD) of the deliveries hauled by the said logistics service-provider resulted in the failure to account for the delivered items to recipient schools, thus, the unreliability of physical accomplishment reports.

Deficiency	Region/SDO
a. Low target accomplishment rate	CO, NCR and XIII
b. Undelivered goods and non-availment of remedies to protect the interest of the Agency	CO, NCR-ROP and Quezon City, I-ROP, V, VIII-Calbayog, Catbalogan
c. Non-compliance with technical specifications and violations of the conditions of the contract	CO, X-Misamis Oriental
d. Other Deficiencies	NCR-ROP and Quezon City, VIII-Calbayog City

RO VIII SDO Samar

b) direct the Bids and Awards Committee (BAC) to fast-track the procurement planning and process for its future allotments that will be received in order not to delay the implementation of Science, Mathematics and Technical Vocational Livelihood (SM and TVL) programs for the succeeding years;

RO XIII SDO Surigao del Sur and Tandag City

c) the BAC, to expedite the procurement of the necessary learning tools and equipment and ICT equipment and devices. Moreover, the focal persons and Chief of the CID institute measures to ensure timely implementation of projects and utilization of funds within the year,

- On the low target accomplishment rate
- DepEd Central Office/Main* -
- d) submit the status of the procurement made by DepEd SDOs under the FYs 2021-2022 LTE Fund;
- RO NCR SDO QC* -
- e) instruct the Inspection Officer/Committee to completely accomplish the IAR such that

all the required information are indicated therein;

RO XIII SDO Bislig -

f) the BAC, to expedite the procurement of learning tools and ensure the timely implementation of projects in order not to deprive the intended recipient the benefits that can be derived therefrom;

● *On the undelivered goods and non-availability of remedies to protect the interest of the Agency:*

DepEd Central Office/Main -

g) ensure the immediate delivery of undelivered items for the benefit of the students and teachers in advancing their learnings in Science and Mathematics, and technical-vocational subjects;

h) provide a detailed status of deliveries of the SME and TVL contracts from FY 2021 to 2022 Funds as of March 30, 2023 showing the date and receipt of the respective recipient schools;

NCR ROP -

i) provide the Audit Team with the latest status report on the SME Packages

program/project, including relevant supporting documents, and information on the action taken against the supplier for the undelivered goods worth P1,217,210.00;

j) require the responsible project official/personnel to ensure the timely completion of the programs/projects towards the attainment of its goals/objectives;

NCR SDO QC -

k) impose liquidated damages against the erring suppliers, rescind the contract and impose appropriate sanctions, if warranted;

ROIROP -

l) To comply in the provisions of Section 39 – Performance Security by reviewing the possible forfeiture and enforcement of the performance securities in favor of DepEd ROI Proper;

m) To impose liquidated damages to the defaulting supplier for every day of delay. If warranted, until the effectivity date of termination of contract and deducted from the retention money due to Jozeth Trading;

n) To complete the procedures in the Annex I
– Guidelines on Termination of Contracts of
the Revised IRR of RA 9184;

o) To propose and implement courses of action
in providing TVL Equipment to students;

RO V ROP –

p) We recommended and the Management of
DEpEd RO V Proper agreed to give
feedback to DepEd Central Office on the
observations noted in connection with the
storage and delayed distribution of
Technical Vocational Livelihood Tools and
Equipment and Learning Tools and
Equipment for Science and Math
particularly on:

q) the need for coordination/information by
the Central Office with the regional office
and other divisions, of equipment,
inventories and other items the CO bought
for distribution;

r) giving update/status to recipients of the
cause of delay and other unresolved issues;

s) updating COA of the actions made in addressing the delays on the delivery of equipment and supplies;

RO VIII SDO Calbayog and Catbalogan -

t) coordinate with the supplier for the immediate delivery of the procured goods and impose the corresponding liquidated damages for the delayed deliveries incurred which shall be deducted from any money due or which may become due to the supplier;

• *On non-compliance of technical specifications and violations of the conditions of the contract:*

RO X

Require the BAC-TWG to:

u) explain why the brand "C by Helix" was not indicated as the brand of the android tablet in the purchase order of the procurement, when what was expected was a branded android tablet;

v) submit the document of the approval of the brand "C by Helix" by the Bureau of Trademarks of the Intellectual Property Office of the Philippines or the equivalent office of China;

w) explain why the Supplier has passed the eligibility screening of the public bidding, when it did not have the authority as a reseller of the android tablets issued by Shenzhen Alldocube Technology and Science Co. Ltd. of China;

x) require the Inspection Committee to submit the report of the test it conducted that determined the compliance of the android tablets to all the technical specifications of the procurement;

● On Other Deficiencies/Observations:

RO NCR ROP -

y) instruct the Inspection Officer/Committee to completely accomplish the IAR such that all the required information are indicated therein;

RO NCR SDO QC -

z) immediately provide the lacking computer peripherals needed to put into use the servers for the Computer Systems Servicing of the Batasan Hills National High School;

aa) instruct the concerned Property Custodian of the recipient schools to document the movement/issuance of equipment by accomplishing the Borrower Slip to establish accountability;

bb) require the SDO Curriculum Implementation Division (CID) and the Property Section to regularly coordinate with the recipient schools on the monitoring and evaluation of the utilization and condition of LTEs so that issues/problems that may be identified could be promptly addressed/acted upon;

RO VIII SDO Calbayog -

cc) require the BAC, through the BAC Secretariat, to submit immediately all contract and bidding documents to COA Audit Team and submit a written explanation for the delayed and/or non-submission thereof;

- On the poor performance of third-party logistics service-provider for the delivery of SME and LTE packages to recipient schools

DepEd Central Office/Main -

dd) demand the 100 percent completion of hauling and delivery of SME and TVL

		<p>packages from Transpac Cargo Logistics, Inc. covered by the 2021 Call-Off contract, and immediately terminate the contracts as provided under the relevant provisions of RA No. 9184 and its IRR; and</p> <ul style="list-style-type: none"> • <u>On the poor Monitoring of Delivery to Recipient Schools</u> <p><i>DepEd Central Office/Main -</i> ee) review the DepEd Order No. 48, s. 2021 particularly on the administrative capacity of the Offices designated to undertake duties and responsibilities in the DILMS.</p>	
<p>4 School-Based Feeding Program</p> <p>The commitment to provide good nutrition to learners amidst the COVID-19 pandemic was not optimally achieved due to the following deficiencies that hampered the successful implementation of the program: a) delayed implementation of both Regular and Milk Feeding Component in the aggregate amount P86,660,343.29; b) lapses in the procurement process of pasteurized milk and nutritious food products covering contracts in the total amount of P60,899,192.18; c) non-compliance with technical specifications and non-provision of complete item specifications in PO; d) lapses and problems encountered in the deliveries of food and supply of milk; e) lapses in the liquidation of funds; f) lapses in the use of Program Support Funds; g) non-compliance with the standard templates of SBFP reports; h)</p>	<p>In view of the foregoing observations, we recommended the Management to:</p> <p><u>On the delayed implementation of both Regular and Milk Feeding Component in five ROs in the aggregate amount of 86,660,343.29:</u></p> <p>RO NCR SDO Makati -</p> <p>a) enhance the efficiency and effectiveness of program/project executions through better planning and greater coordination among all the levels of Management in the Department to ensure the optimum</p>	<p>See Annex D</p> <p>The program team is constantly monitoring the implementations of each SDO and provides technical assistance whenever needed. To those delayed SDOs we encourage them to submit a catch-up plan in order to meet the implementation timeline. Their implementation status was monitored through the Monthly Progress Report Google sheet wherein the</p>	

delayed payments amounting to P22,790,855.45 to suppliers of; and i) other deficiencies.

Deficiency	Region/SDO
a. Delayed implementation of both Regular and Milk Feeding Component in five ROs in the aggregate amount of P86,660,343.29	NCR-Makati, CAR-Baguio, II-Cagayan, IV-B-Oriental Mindoro, and XII-Cotabato and Kidapawan
b. Lapses in the procurement process of pasteurized milk and nutritious food products in three ROs covering contracts in the total amount of P60,899,192.18	I-Ilocos Norte, IV-A-General Trias, Bacoort, Cavite, and X-Tangub
c. Non-compliance with technical specifications stipulated in SBFP Contracts in ROs IV A and X and non-provision of complete item specifications in PO in SDO Batangas	IV-A-Batangas, Rizal, Antipolo, and X-Iligan
d. Lapses and problems encountered in the deliveries of food and supply of milk in CAR and RO III	CAR-Baguio, III-Sta. Maria Central, Norzagaray, Bocaue, Pandi North
e. Lapses in the liquidation of funds for the implementation of SBFP	CAR-Apayao, I-Ilocos Norte, Pangasinan II, III-Pampanga, IV-A-Tanauan, Antipolo, IV-B-Oriental Mindoro, Calapan, VI-Iloilo, VIII-Eastern Samar, IX-Zamboanga del Sur, X-Misamis Oriental
f. Lapses in the use of Program Support Funds in CAR	CAR-Benguet

utilization of funds within the program implementation timelines;

- b) ensure that funds are immediately transferred by the SDO to PCC/NDA as soon as the Operating MOA (Purchase Order) has been signed by both parties for the prompt implementation of the program;

RO CAR SDO Baguio -

- c) look into the causes of the delayed procurement of both the Regular and Milk components, and address them properly. Also, consider conducting early procurement activities short of an award to ensure the timely implementation of the program in the ensuing years;

RO II SDO Cagayan -

- d) submit explanation why the MOA did not include any provision on the period or duration of delivery and proof of completion of the 26 feeding days within the seven-month period. Correspondingly, the Management may

SDO Focal Persons update this monthly based on their implementation status.

The Program Team will check with SDO Makati if the reason why funds were not transferred immediately was due to unliquidated funds for the previous year.

The Program Team will find out from SDO Baguio City on the reasons for delayed procurement.

The delivery period is not stated in the Operating MOA but it should be stated in the attached Purchase Order.

<p>g. Non – compliance with the standard templates of SBFP reports in RO IX</p>	<p>IX-Pagadian</p>	<p>consider, in their future transactions, the timely completion of their feeding program/s to fully achieve the intended purpose thereof;</p> <p>RO IVB SDO Oriental Mindoro -</p> <p>e) instruct the SBFP Focal Person to submit an explanation for the noted delays in the delivery of milk component, and henceforth observe the timeliness in carrying out the SBFP to fully serve its commitment to provide good nutrition to learners;</p> <p>RO XII SDOs Cotabato and Kidapawan -</p> <p>f) request the Central/Regional Office for the timely downloading of funds to ensure the timely release of funds and for the prompt execution of procurement process; and</p> <p>g) require the BAC to fast-track the procurement. Henceforth, Management may consider conducting early procurement activities short of award to ensure the timely implementation of government PAPs and increase the utilization of allotments.</p>
<p>h. Delayed Payments to Suppliers of Procured Goods & Services in ROs II and XII totaling P22,790,855.45</p>	<p>II-Cagayan, XII-Cotabato, Kidapawan, South Cotabato</p>	<p><i>The Program Team will find out from SDO Oriental Mindoro on the reasons for delayed procurement.</i></p>
<p>i. Other Deficiencies</p>	<p>NCR-Quezon City, Makati, I-Pangasinan II, VIII-Borongan City</p>	<p><i>BLSS-SHD requested for the downloading of funds in February 2022 and SubAROs were dated March 1, 2022.</i></p>

On the lapses in the procurement process of pasteurized milk and nutritious food products in three ROs covering contracts in the total amount of P60,899,192.18:

RO I SDO Ilocos Norte -

h) strictly adhere to Annex D - Contract Implementation Guidelines for the Procurement of Goods, Supplies and Materials of the 2016 RIRR of RA No. 9184 by carefully determining the presence of any conditions to warrant the issuance of amendment to order to avoid denial to the other bidders of the opportunity to bid on the same terms and to safeguard the public from unlawful schemes where the technical specifications initially set out as basis for bidding will later be modified during contract implementation without sufficient legal basis;

RO IVA SDOs General Trias and Bacoor –

i) require the BAC to submit the following:

- DOST_FNRI certifications on the products offered by the two suppliers as required in the Operational Guidelines of DepEd Order No. 31;

In the coming SBFP Planning Implementation Review (SBFP-PIR)SBFP ROs and SDO focal persons will be re-oriented on the procurement process and financial operations. As to the recommendation of COA on the lapses, we will refer this to the Procurement Service.

The Program Team will confer with SDOs General Trias and Bacoor on the matter.

<ul style="list-style-type: none"> ● Copy of invitation to qualified observers from the private sector to attend the bidding; ● Minutes of Pre-bid conference; and ● Eligibility documents in compliance to Section 23 of the RIRR of RA No. 9184; 	
<p>j) submit justifications on the deficiencies noted which are contrary to DepEd Order No. 31 and the applicable provisions of the RIRR of RA No. 9184;</p>	
<p>k) instruct the BAC to re-visit the RIRR of RA No. 9184 to enhance transparency and competitiveness of the procurement process and to ensure that the offer is the most responsive and most advantageous price is obtained in favor of the government.</p>	
<p>RO IVA SDO Cavite -</p> <p>l) explain/justify the lapses encountered in the implementation of the SBFP contrary to the existing provision of the 2016 RIRR of RA No. 9184 and Philippine Bidding Documents – Procurement of Goods and DepEd Order No. 031, s.2021 dated August 9, 2021, otherwise the payment made thereof will be suspended/</p>	<p><i>The Program Team will confer with SDO Cavite on the matter.</i></p>

disallowed in post-audit by the Audit Team; and

RO X SDO Tangub -

m) instruct the BAC in future analogous transactions to look into the nature of business registration of supplier/bidders/contractors as issued by appropriate government offices and likewise exert extra efforts in the conduct of post-qualifications and that all transactions beyond the P1,000,000.00-threshold— even procurement by lot— should be done via Public Bidding, whenever possible to ensure that suppliers/contractors are duly authorized to engage business with the government and transactions are determined to be the most advantageous to the government.

The Program Team will confer with SDO Tangub City on the matter.

On non-compliance with technical specifications stipulated in SBFP Contracts in ROs IVA and X and non-provision of complete item specifications in PO in SDO Batangas:

RO IVA DO Rizal Province and SDO Antipolo -

n) instruct the BAC Committee to be vigilant in the determination of compliance of the

winning Supplier/Bidder on the Specific Provisions and/or Technical Specification stated in the contract specifically in the implementation of the SBFP as provided in DepEd Order Nos. 31, s.2001 and 10, s.2020, to ensure the attainment of the objectives of the program;

RO IVA SDO Batangas –

o) instruct The School Heads to include/provide in the POs the technical specification of the NFPs based on DepEd Order Nos. 030, series of 2021, and 010, series of 2022;

p) instruct the Accountant to see to it that POs attached to liquidation reports have complete detailed item specifications of the NFPs as required in COA Circular No. 96-010, DepEd Order Nos. 030, series of 2021, and 010, series of 2022 and certifications that the suppliers were technology adopters from DOST, FNRI and PCC, to avoid suspension in audit;

RO X SDO Iligan -

q) submit justification/explanation on the non-compliance with the terms and conditions of MOA, particularly on the deficiency of nutritional contents of every

The Program Team will confer with SDOs Rizal and Antipolo City on the matter.

The Program Team will confer with SDO Batangas on the matter.

	<p>distributed and delivered bottle or pack of milk; and</p> <p>r) ensure next delivery to be compliant with the terms and conditions of MOA.</p> <p><u>On lapses and problems encountered in the deliveries of food and supply of milk:</u></p> <p>i. <i>Lapses in food deliveries:</i></p> <p>RO CAR SDO Baguio -</p> <p>We reiterated our prior year's audit recommendation that Management:</p> <p>s) conscientiously evaluate the capability of local cooperatives to supply the milk requirements within the implementation period. Otherwise, consider the procurement of commercial powdered/sterilized milk from other sources to ensure the timely implementation of the program;</p> <p>RO III DOs Sta. Maria, Norzagaray and Bocaue -</p> <p>t) observe strict compliance and adherence with the guidelines on the implementation of the SBFP to provide the beneficiaries with the optimum benefits of the program;</p>	<p><i>The Program Team will confer with SDO Iligan City on the matter.</i></p> <p><i>The Institutional Guidelines for FY 2023 already includes a template for the packaging design which includes all the elements as prescribed by the Food Labeling Law.</i></p> <p><i>According to RA 11037, DepEd should source milk through NDA & PCC, as far as practicable. In CY 2020 to 2022, only NDA was able to commit supply to Baguio City, hence, the SDO has no</i></p>
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<p>option but to source the milk from NDA. For FY 2023, PCC has committed to supply sterilized milk to Baguio City.</p>	<p>ii. <i>Problems encountered in the supply of milk:</i></p> <p>RO III DO Sta. Maria -</p> <p>u) address the issue of milk and food spoilage during delivery;</p> <p>RO III DOs Norzagaray, Bocaue -</p> <p>v) observe strict compliance and adherence with the guidelines on the implementation of the SBFP to provide the beneficiaries with the optimum benefits of the program; and</p> <p>RO III DOs Bocaue and Pandi North -</p> <p>w) instruct the Feeding Coordinator to ensure that all food packs are claimed and/or delivered to the intended beneficiaries/learners to avoid wastage and food getting rotten.</p> <p><u>On lapses in the liquidation of funds for the implementation of SBFP:</u></p> <p>i. <i>Incomplete supporting documents attached in the Liquidation Reports of CAR and RO IVA of P31,891,834.24</i></p>	<p>The Program Team is constantly conducting dialogues with NDA and PCC on the improvement of the milk quality and the timeliness of their deliveries.</p>
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<p>CAR SDO Apayao -</p> <p>x) require the PCC through SBFP Focal Person to submit the Final Liquidation Report with complete supporting documents pursuant to Article III 3.5 of the MOA;</p>		
<p>RO IVA SDO Antipolo</p> <p>y) direct the Accountant to submit the lacking documents in the disbursements pertaining to the SBFP in the aggregate amount of P30,483,658.24 to the Office of the Auditor. Henceforth, ensure that all processed claims are completely supported with the necessary documents as required in Section 4(6) of PD No. 1445 and COA Circular No. 2012-001;</p>		<p><i>The Program Team will confer with SDO Apayao on the matter.</i></p>
<p>ii. <i>Non-liquidation of fund transfers by Implementing Units in eight ROs totaling P96,444,935.62</i></p> <p>RO I SDOs Ilocos Norte and Pangasinan</p> <p>z) instruct the School-Based Feeding Program Focal Person to follow up on the submission of liquidation reports and supporting documents;</p>		<p><i>The Program Team will confer with SDO Antipolo City on the matter.</i></p>

<p>aa) direct the Accountant to refrain from transferring funds to implementing agencies if previously transferred funds remain unliquidated and unaccounted for in the books;</p> <p>bb) strictly enforce the terms and conditions set under the MOA and comply with the operational guidelines on the implementation of the SBFP;</p>	
<p>RO III SDO Pampanga -</p> <p>cc) direct the Division Accountant to continue to monitor and enforce the liquidation of fund transfer in accordance with COA Circular No. 94-013 by making proper coordination with the Implementing Agency and requiring them to immediately submit the reports on the utilization of funds with complete supporting documents, and return any unexpended/unutilized funds for completed projects, if any;</p>	<p>The SDO-SBFP Focal Persons are constantly following-up liquidation reports from partner-agencies. In fact, during the Milk Supply Mapping for FY 2023, the milk supply is not granted to a partner who still has unliquidated funds for the previous transactions.</p>
<p>RO IVB SDO Oriental Mindoro -</p> <p>dd) instruct the Accountant to require the liquidation reports of the fund transfers to NDA in accordance with the MOA;</p> <p>RO IVB SDO Oriental Mindoro and Calapan -</p>	

ee) instruct the Accountant to submit the liquidation report of the fund transfer to PCC to the Audit Team for post audit;

RO VI DO Iloilo -

ff) strictly monitor the implementation of the SBFP, as well as, the compliance of the suppliers with the guidelines;

gg) require the PCC and NDA to submit the full liquidation reports on the fund transfers for the milk component of the SBFP;

RO VIII DO Eastern Samar -

hh) instruct the Accountant to require the liquidation of the two cash advances relative to the fund transfers made to NDA for the implementation of the Milk Feeding Program;

RO IX DO ZDS -

ii) direct the Division Accountant to communicate and/or coordinate with the accounting unit of the NDA and request the submission of the liquidation report as soon as possible, and if proven to be already submitted to the SDO, exert effort to locate the said documents to facilitate recording;

<p>To ensure the timely implementation and liquidation, the current MOA to be routed, indemnification/liquidated damages were included as safeguard and protection to DepEd.</p>	<p>RO X DO Misamis Oriental -</p> <p>jj) require the NDA to account in its liquidation report the amount of P235,888.80 to complete the liquidation of the fund transfer;</p> <p>iii. <i>Lapses in the handling of CAs in RO III</i></p> <p>RO III Bataan National High School -</p> <p>kk) secure a fidelity bond for the SBFP Coordinator; and</p> <p>ll) comply strictly with the provisions of Section 89 of PD No. 1445 and COA Circular No. 97-002 dated February 10, 1997</p> <p><u>On lapses in the use of Program Support Funds in CAR:</u></p> <p>RO CAR SDO Benguet -</p> <p>mm) require the BAC to ensure that procurement is promptly undertaken upon receipt of PR from implementing units/end-users for the effective implementation of programs including SBFP; and</p>	
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<p>nn) require the IUs to monitor and ensure all procurement activities relevant to the efficient implementation of succeeding programs are concluded within the timeline set in the Work and Financial Plan.</p>	
<p><u>On non-compliance with the standard templates of SBFP reports in RO IX:</u></p> <p>RO IX DO Pagadian -</p> <p>oo) We recommended and the Management of DO Pagadian City through SBFP – Technical Working Group agreed to:</p>	
<p>pp) accomplish the proper Program Terminal Report and SBFP Form 2 based on the template provided by DepEd Order No. 31 s.2021;</p>	
<p>qq) ensure that the required SBFP Forms shall be appropriately accomplished by the personnel concerned to ensure the validity and correctness of information;</p>	
<p>rr) conduct monthly monitoring of the schools' compliance with guidelines and food distribution using SBFP Form 11; and</p>	
	<p><i>In the guidelines, there are prescribed uses of SBFP Program Support Funds. The Program Team is constantly reminding all SDO Focal persons to utilize all the funds downloaded to them to maximize the implementation of the program and to avoid balance.</i></p>
	<p><i>The program team is always updating the focal persons on the SBFP forms through orientation of SBFP Guidelines.</i></p>

<p>ss) revise the consolidated Program Report by the DO and reflect relevant analysis and recommendations as provided in the individual reports of the school.</p> <p><u>On the Delayed Payments to Suppliers of Procured Goods & Services in ROs II and XII totaling P22,790,855.45:</u></p>	
<p>RO II SDO Cagayan -</p> <p>tt) submit explanation for the delayed payments to the suppliers of the procured goods and services</p> <p>RO XII South Cotabato -</p> <p>uu) require the Program Holder/s to comply the required documents for payment;</p> <p><u>On Other Deficiencies/Observations:</u></p>	
<p>RO I SDO Pangasinan II -</p> <p>vv) require the School-Based Feeding Coordinator to submit the Work Financial Plan showing the approved utilization of the excess and unutilized funds for the purchase of the subject medical supplies and to submit proofs that the provisions in V.D.3 of DepEd Order No. 31, S. 2021</p>	<p>The program team is constantly reminding all SDOs to do staggered payment to their suppliers in order for funds to be utilized accordingly. The Finance</p>

	<p>were complied with prior to the utilization of funds for other SBFP activities</p> <p>NCR SDOs Pasig, Quezon City and Caloocan</p> <p>ww) require the BAC, through its Secretariat, to submit to the COA Audit Team the copy of MOA, Contract/PO, and all the lacking documents enumerated. Henceforth, submit copies of contracts/PO, irrespective of amount, to the Auditor within five days from its issuance.</p> <p>RO VIII SDO Borongan - xx) direct the personnel concerned to submit the lacking documentary requirements to the Audit Team for evaluation and henceforth, strictly implement the pertinent provisions of the 2016 RIRR of RA No. 9184 and DepEd Order No. 31 s.2021.</p>	<p><i>Service is monitoring the fund utilization of SBFP.</i></p> <p><i>The Program Team will conduct a meeting with concerned SDOs to discuss the findings, comply with requested documents/reports, and ensure compliance to guidelines.</i></p>
<p>5</p> <p><i>Textbooks & Other Instructional Materials</i></p> <p>The non-delivery of textbooks (TXs) to recipient schools in RO V amounting to P36,748,798.34 deprived the students of the benefits that can be obtained from its use. Meanwhile, procurement of reading kits at school-level by the Division of Misamis Occidental in RO X totaling P9,152,701.01 was made</p>	<p><i>On non-delivery of TXs to recipient schools - RO V</i></p> <p>Give feedback to DepEd-CO, as regards the need of the following:</p>	<p>In RO X, Management of SDO Misamis Occidental explained that the school-level procurement of the subject learning materials was essential to improve</p>

using MOOE Funds, thus, depriving the schools from using the funds for its main purpose. Moreover, the following lapses were noted, such as: a) poor monitoring and implementation of the basic policies and guidelines on the issuance and retrieval of TXs to teachers/students in RO III; and b) failure to ensure the safekeeping of delivered items in RO X. Hence, the objectives of the program to improve access to TXs, maximize their use, and minimize or eliminate damages and/or losses were not fully attained.

Deficiency	Region/SDO
a. Undelivered TXs in RO V amounting to P36,748,798.34	V
b. Procurement of reading kits at school-level by a division office in RO X totaling P9,152,701.01 were undertaken using the MOOE Funds	X
c. Poor monitoring and implementation of the basic policies and guidelines on issuance and retrieval of TXs to teachers/students in RO III	III--Malolos and San Jose del Monte
d. Failure to ensure the safekeeping of delivered items in ROs V and X	V and X

- a. coordination/information by the Central Office with the regional office and other divisions, of equipment, inventories and other items the CO bought for distribution;
- b. giving of update/status by DepEd-CO to recipients on the cause of delays and other unresolved issues; and
- c. updating COA on the actions made in addressing the delays on the delivery of textbooks.

On the procurement of reading kits at school-level by a division office in RO X using MOOE Funds

- d. discontinue the use of school MOOE funds in the procurement of learning materials;
- e. direct non-Implementing Schools to utilize school MOOE funds exclusively for allowable expenses as prescribed in DepEd Order No. 008, s. 2019; and
- f. submit justification on the reoccurrence of the same nature of procurement despite the issuance of NS in 2021.

On poor monitoring and implementation of the basic policies and guidelines on issuance and retrieval of TXS -- RO III:

- g. strictly monitor the distribution as well as the retrieval of the issued TXs;
- h. submit to the Audit Team the following reports:
 - list of retrieved/returned TXs by students/ learners; and

the reading proficiency level of the Division of Misamis Occidental, and that reading kits were necessary to the training to be conducted for teachers in reading. Nevertheless, the Management further stated that it shall abide with the audit recommendations.

For SDO Lanao del Norte, the Management already started canvassing for container van as storage. In addition, funds from division intended for repairs include provision of storage facilities which will be implemented within the year 2023. Documents requested for these funds were already submitted to the central office.

<ul style="list-style-type: none"> ● list of lost TXs, if any <p>i. cause the payment of the lost or missing TXs based on the purchase amount and remit the same to the Bureau of the Treasury;</p> <p>j. strictly adhere to the provisions of DepEd Order No. 14, s.2012 on the proper distribution, retrieval and care of TXs;</p> <p>k. report the obsolete TXs to the Division Property Custodian and inform the same of the condition of the TXs.</p> <p><i>On failure to ensure the safekeeping of delivered items – RO X:</i></p> <p>l. immediately provide adequate storage facility to safe keep the delivered items such as books, tablets and other items from fire hazards, possible theft and other fortuitous events.</p>					
<p>We recommended that Management:</p> <p>a) re-evaluate the present distribution list and ensure that the majority of the laptops are issued to teaching personnel which was the purpose of the procurement of the same under the Bayanihan II Act, and avoid double issuance of laptops to the recipients;</p> <p>b) require the concerned SDOs to submit a status report on the defective/unissued/returned laptops;</p>	<p>6</p> <p><i>Teacher's laptops procured thru the PS-DBM under the Bayanihan Act II</i></p> <p>In ROs I, II, III, V, VI, VII, VIII, XI and CAR, evaluation of laptops procured thru the PS-DBM under the Bayanihan Act II revealed the following deficiencies: a) recipients of the laptops were non-teaching Personnel; b) defective/returned/unissued laptops; c) poor performance of laptops; and d) double issuance of laptops to same personnel, thus the intended purpose of the funds to alleviate the adverse effects of the pandemic in the education sector was not attained.</p> <table border="1" data-bbox="1252 1120 1388 2038"> <thead> <tr> <th>Deficiency</th> <th>Region/SDO</th> </tr> </thead> <tbody> <tr> <td>a. 43 percent laptop-recipients in five ROs were Non-Teaching Personnel</td> <td>CAR, I, III, V, VIII</td> </tr> </tbody> </table>	Deficiency	Region/SDO	a. 43 percent laptop-recipients in five ROs were Non-Teaching Personnel	CAR, I, III, V, VIII
Deficiency	Region/SDO				
a. 43 percent laptop-recipients in five ROs were Non-Teaching Personnel	CAR, I, III, V, VIII				
<p>See Annex E</p>					

<p>b. Defective, returned and unissued laptops</p> <p>c. Poor performance of procured laptops</p> <p>d. Double issuance of laptops</p>	<p>CAR, I, II, III, V, VI, VII, VIII</p> <p>III, V, VI, VIII, XI</p> <p>CAR-Benguet, V, VIII-Biliran</p>	<p>c) coordinate with supplier for the repair/replacement of the defective/low performing laptops, whichever is applicable;</p> <p>d) require the SDOs to identify new list of teaching personnel to whom the unissued laptops will be distributed; and</p> <p><i>in Regional I</i></p> <p>e) require the return of laptops from private schools and individuals and instead distribute the same to the intended recipients who are determined to be in need of the equipment.</p>
<p>OTHER COMPLIANCE ISSUES</p>		
<p>7</p>	<p><i>Audit of Yolanda and Marawi Funds</i></p> <p>The Management failed to implement our prior years' audit recommendations to expedite the utilization of the remaining Yolanda and Marawi funds or remit the same to the BTr if there are no plans to use such donated funds for the Typhoon Yolanda and Marawi Siege victims.</p>	<p>We recommended and Management agreed to expedite the:</p> <p>a) implementation of the newly-identified projects in order to maximize the benefits that can be derived from the remaining Yolanda and Marawi funds; or</p> <p>b) remittance to the BTr of the unutilized Yolanda funds for which no new project was identified.</p> <p>We recommended and the Management agreed to:</p> <p>a) initiate the termination of the contract with the Contractor in compliance with Annex I of the Revised IRR of RA No. 9184;</p>
<p>8</p>	<p><i>Philippine Amusement and Gaming Corporation (PAGCOR)-funded School Building project</i></p> <p>The non-completion of the PAGCOR-funded School Building project of Regional Office No. VI costing P10,854,360 deprived the intended</p>	<p></p>

beneficiaries of the timely usage thereof, thus inconsistent with the provisions of Section 2 of PD No. 1445.

- b) coordinate with the Municipality of Panitan, Capiz regarding the suspension of construction activities and evaluate whether it is still feasible to continue the project in that location;
- c) instruct the BAC to review and ensure compliance with the required observers in all stages of procurement as provided in Section 13 of the Revised IRR of RA No. 9184 to avoid delays in the procurement activities; and
- d) monitor all projects being undertaken and ensure their timely implementation and completion.