



Republic of the Philippines
Department of Education
REGION VI – WESTERN VISAYAS
SCHOOLS DIVISION OF AKLAN

January 26, 2021

DIVISION MEMORANDUM
No. **13**, s. 2021

**DISSEMINATION OF AUDIT OBSERVATION MEMORANDUM
(AOM) No. 2020-14-101 (20)**

To: Assistant Schools Division Superintendent
Chief Education Supervisors
Public Schools District Supervisors
Heads of Public Elementary, Secondary and Integrated Schools
Financial Staff of Implementing Unit (IU) Schools
All Others Concerned

1. Please find the attached **AOM No. 2020-14-101 (20) dated November 25, 2020** regarding the existence of unpaid electric and water utilization of contractors for on-going and completed projects and the non-issuance of Official Receipts (ORs) on receipt of cash by some school heads representing collection of contractor's share of water and electric usage during the period of construction.
2. Particular attention is invited to the recommendations in paragraph 14 to 16 of said AOM. Strict compliance to the recommendations is enjoined.
3. For your information, guidance and strict compliance.


MIGUEL MAC D. APOSIN EdD, CESO V
Schools Division Superintendent *dy*

Enclosures : As stated
MTR/MAJ



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AUDIT OBSERVATION MEMORANDUM (AOM)

AOM No. 2020-14-101 (20)
November 25, 2020

Dr. Miguel Mac D. Aposin, CESO V
Schools Division Superintendent
Department of Education, Division of Aklan
Numancia, Aklan

Attention:

Mr. Michael T. Rapiz, Chief, School Governance and Operations Division
Engr. Meljan I. Torres, Engineer III

We have audited sample Disbursement Vouchers (DVs) and Liquidation Report (LRs) for the payment of water and electric bills of recipient schools of 2018-2020 School Building Basic Education Fund Facilities (SB-BEFF) Program implemented by the Department of Public Works and Highways-District Engineering Office of Aklan (DPWH-DEO Aklan), and noted the following deficiencies:

1. Existence of unpaid electric and water utilization of contractors for on-going and completed projects;
2. Unrecelpted receipt of cash by some School Heads representing collection of contractor's share of water and electric usage during the period of construction.
3. DepEd Order (DO) No. 042, s. 2018 dated September 21, 2018 embodies the Updated Guidelines on Delivery, Inspection, Acceptance and Recording of DepEd Procured assets, including school buildings constructed by the DPWH. Among the procedures cited under the Infrastructure Projects and Other Facilities (New Construction and Repair) states that "The School Governance and Operations Division (SGOD) through the Education Support Unit shall monitor

the progress of construction of school buildings being implemented by the DPWH."

4. On the otherhand, the Philippine Bidding Documents declares that it is the responsibility of the contractor to settle its liability upon completion of the project to workers, supplier of materials, and to the school for their water and electricity utilization if they used such facilities of the school.
5. Section 68 of Presidential Decree (PD) No. 1445 otherwise known as the State Audit Code of the Philippines provides that "No payment of any nature shall be received by a collecting officer without immediately issuing an official receipt in acknowledgement thereof. The receipt may be in the form of postage, internal revenue or documentary stamps and the like, officially numbered receipts, subject to proper custody, accountability and audit." (underscoring supplied)
6. Audit of sample DVs and LRs for the Maintenance and Other Operating Expenses (MOOE) Fund of Elementary and National High Schools in the Division of Aklan disclosed an irregular increase in water and electric consumption for certain months. Interview with some School Heads revealed that it was during those times when there was an on-going construction of new school building implemented by the DPWH-DEO Aklan. Contractors used the water and electric facilities of the school, thus the increased usage.
7. A confirmation with the recipient schools was made and the following were disclosed: *(Please see Annex A and B for the list of recipient schools.)*
 - For on-going projects, some contractors failed to pay their monthly share regularly and on time.
 - For completed projects with the Certificate of Completion (COC) already signed by the Schools Division of Aklan (SDO Aklan) representatives, some schools were promised to be paid once payment is received from the DPWH-DEO Aklan
 - Schools under sub-contractors and who abandoned the projects were left with nothing but unpaid bills and long overdue unfinished projects.
8. In all these situations, School Heads have no other option but to pay the full amount of bills out of the school's MOOE to avoid disconnection, depriving the teachers and pupils for the use of their funds.
9. Confirmation likewise revealed that some School Heads receive cash representing contractor's share of water and electric bills, however, the same was not issued with the government's Official Receipt or Accountable Form (AF) No. 51 in violation of Section 68 of PD No. 1445. Though utilization thereof were supported with Sales Invoices/Receipts on expenses spent for school supplies and projects, proper procedures were not followed, thus audit was not made.

10. Similarly, this exposes funds to be improperly used or not used at all for the school due to the absence of check and balance with one person having full control of the cash.

Recommendations:

11. For future DPWH SB Program, the SDO Aklan must consider recommending to the DPWH-DEO Aklan that Contractors must have their own water and electric meters to protect the school's interest.
12. For on-going and completed projects with pending request for payment with the DPWH-DEO Aklan, the SDO Aklan must coordinate with the former to require Contractors to secure Certification from School Heads of no pending obligation for water and/or electricity bills during the covered months with on-going construction as a requirement for the payment of progress billings and final payment.
13. The SDO authorized signatories must not sign any Progress Reports or COC without the above Certification.

14. The management must remind the School Heads that all payments made by the contractors for electric/water consumption should be issued with OR/AF No. 51 by the Division Office Cashier (DOC) or the respective School Disbursing Officer (SDO) of the Implementing Units. The following procedures are suggested, to wit:

- a. The Accountant/Bookkeeper/Designated Bookkeeper computes the amount to be charged to the contractor for the duration of the project and then prepares the Billing Statement (A suggested Billing Statement template is attached-Annex C).
- b. The School Head reviews the information indicated therein and approves the same by affixing his/her signature.
- c. The contractor presents the bill to the DOC/SDO of Implementing Unit (IU) for payment.
- d. The DOC/SDO receives the cash payment and issues official receipt. Then, the DOC/SDO fills-out the official receipt number and date on the billing statement and returns the same to the contractor together with the original copy of the OR.
- e. The contractor attaches the Billing Statement and OR when claiming from the DPWH-DEO Aklan the progress/final billing for the project.

15. For Elementary Schools and Non-IUs, they should submit to the DOC the paid billing statement and the corresponding official receipts of the electric/water bill to be charged against the amount paid by the contractor as reimbursement.


16. For claims (utility bills) which are more than the amount paid by the contractor, the original copy of the paid billing statement and its OR (AKELCO and Water District) should be submitted to the DOC/SDO to support liquidation. The DOC/SDO then should issue a certification that a particular amount has been claimed from the payment of the contractor. The balance will be taken from the school's MOOE. Photocopy of the official receipt and billing statement (AKELCO and Water District) together with the certification issued by the DOC should be attached to the Liquidation Report/Disbursement Voucher for MOOE.

17. The DOC/SDO should prepare the Liquidation Report, of which the DOC should liquidate per school. Liquidation report should include the original copy of the paid billing statement and its corresponding OR (AKELCO and Metro Kalibo Water District) and the COA's copy of the AF No. 51 for the amount paid by the contractor.

18. Any excess amount or amounts not claimed within 60 days from the date of payment by the contractor should be deposited to the account of the Bureau of Treasury by the DOC/SDO.

19. The DOC and the Budget Office should prepare and maintain control accounts to monitor cash collections and its disbursements per school.

May we have your comments on the foregoing audit observations within fifteen (15) days upon receipt hereof.


STEPHANIE F. STA. MARIA
State Auditor III
Audit Team Leader


JOHN T. MENEZ
State Auditor IV
OIC-Regional Supervising Auditor

Proof of receipt of AOM:

By: _____

Date: _____

Copy Furnished:

Ms. Marissa A. Jazmundo, Accountant III